



CHINA'S MYANMAR POLICY: DILEMMA OR STRATEGIC AMBIGUITY?

Bernt Berger

Enmeshed directly and indirectly in Myanmar's ethnic conflicts, Beijing is facing a dilemma in how to deal with ethnic Chinese irredentist groups amidst ongoing fighting in northern Shan State. Failure to diffuse suspicions of Chinese support for such groups and rein in local actors calls into question relations with Myanmar and China's neighborhood policy more generally, writes Bernt Berger.

Events in the last two months have thrown up further question marks over China's activities and intentions regarding Myanmar. In view of rekindled armed conflicts in Myanmar's Shan State along the Chinese border, China has been concerned about its border security. Meanwhile in Myanmar mistrust endures towards its large neighbor. In January, the arrest of over a hundred Chinese nationals in Kachin State on account of illegal logging activities created a diplomatic row. Furthermore, China's role and interests with regard to the ethnic Han Chinese Kokang minority (with whom the Myanmar armed forces are involved in increasingly bloody skirmishes) in northern Shan state remain murky, with suspicions about what China's intentions might be. In fact, China itself is facing a dilemma about whether and how to deal with ethnic Chinese irredentist groups across the border. Any decisive moves will not only determine the nature of future relations with Myanmar, but also set a precedent for new directions in China's neighborhood policy.

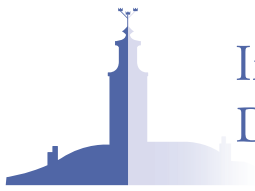
Arrests, Rumors, and Fighting

Two unrelated events have since the turn of the year provoked intense media coverage and public debate in Myanmar concerning China. The first was the news in early January that over one hundred Chinese nationals had been arrested in northern Kachin State for illegal logging activities. The arrests took place in Waingmaw township near the Kachin State capital of Myitkyina, en route from Sagaing Division, on the Indian border, towards China. Chinese diplomats have reacted by undertaking efforts to guarantee their fair treatment and to gain access to the de-

tainees and broker their release.

The context behind the arrests is the fact that in April 2014 the Myanmar government imposed a ban on timber exports. Yet, Chinese traders have seemingly ignored the ban, and local authorities in the neighboring Yunnan Province have done little if nothing to stop such cross-border activity. Furthermore, trade with China and the extraction of commodities such as timber or gemstones has been a key source of revenue for the various conflict economies along the Myanmar-China border. The arrests have served to fuel resentment and spark a blame game about who is benefitting from resource concessions.

Second, ongoing clashes since December between the Myanmar Armed Forces (MAF) and Kokang fighters have occurred around Muse, Laukkaing (Laogai), and Tamoenye in northern Shan State. It is reported by some sources that since February 9 alone, more than 50 government troops have been killed, with the number likely to be higher still. The Kokang are an ethnic Han Chinese minority residing along the Chinese border. In 2009, during the so-called Kokang incident, clashes between the Myanmar National Democratic Alliance Army (MNDAA) and the MAF saw over 30,000 refugees cross the border into China. While a ceasefire agreement was subsequently signed, this caused a split in the MNDAA, with a renegade faction under former commander and drug kingpin Peng Jiasheng (Pheung Kya-shin) fleeing to China. The recent fighting has been ascribed to Peng and his son, who have revived their faction of the MNDAA abroad and returned to Myanmar to commit reprisals against his adversary Pe Sauk Chain (Cheng Baisuo) and in so doing reoccupy the autonomous Kokang region. While the Chinese authori-



ties are worried about stability in the border region—a PLA delegation was sent to visit the Ministry of Defense in Naypyidaw late last year—the issue is more complex still.

Until the late 1980s, China supported the Communist Party of Burma, a Kokang-based group that was led by Peng Jiasheng. The group was instrumental to Beijing in exerting leverage over Burma. What is more, recent skirmishes were preceded by an interview with Peng in the Chinese nationalist mouthpiece *Huangqu Shibao* (*Global Times*) which was published on December 20. The interview achieved its goal of arousing specters of the past and stirring up anti-Chinese sentiment in Myanmar. Besides announcing sustained guerilla warfare in alliance with other armed groups, he suggested the option of a Crimean-style referendum, which would either lead to a high degree of autonomy or even integration into “Greater China.” In so doing, he also pleaded for the greater involvement of China in Northern Myanmar/Burma in support of ethnic Chinese conflict parties. Meanwhile Myanmar’s military is seemingly speculating about a “contained” intra-Kokang conflict whereby it will make valuable strategic gains. With Peng Jiasheng back in leadership backed by a non-armistice group, taking over control in the region by way of decreeing martial law would appear a legitimate move.

Failings of Neighborhood Policy?

Beijing has emphasized the importance of stability along the border and paid lipservice to Myanmar’s peace process. Former UN Ambassador Wang Yingfan, appointed Special Envoy for Asian Affairs, initiated a couple of half-hearted attempts to facilitate talks between Kachin Independence Organization (KIO) and the Myanmar government in Ruili, China, in 2013; Wang subsequently attended as an observer in further talks in May 2014. Notwithstanding, in early February 2015, Wang met the MAF Commander-in-Chief Min Aung Hlaing in Naypyidaw, during which Aung deplored the uncontrolled situation across the border in Yunnan Province, with individual actors including military personnel getting unilaterally involved in cross-border affairs. Further obfuscating China’s policy is that Beijing has exercised so far what can be termed “indecisive restraint” in regard to the situation in northern Shan State. Indeed, Chinese direct and indirect enmeshment in Myanmar’s conflict situation is much deeper rooted and diplomatic window-dressing is no longer sufficient to handle the issues and diffuse suspicions.

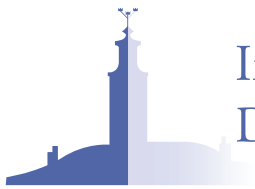
First, in terms of local-level capacities, the skills and

willingness to implement official policies are often lacking. All too often provincial authorities have had different views and interests concerning Myanmar and cross-border issues than does the Chinese central government. While local authorities have lacked the means to handle all kinds of cross-border activities and organized crime, local businesses, particularly from the Xishuangbanna Prefecture, have profited from the porous border and conflict situation by conducting illicit trade. Suspicion about ongoing support for armed groups or at least connivance of arms trafficking and training, such as for the Wa ethnic group, still exists. While it can only be speculated, the revamped MNDAA most likely indirectly obtained its arms supplies from Chinese suppliers.

Second, Chinese efforts to combat narcotics in Yunnan have been successful but have created new problems in Myanmar. On October 22, 2013, the Chinese *Renmin Ribao* Online described clashes between foreign and national criminals. During a large-scale crackdown, border security was stepped up, with the so-called “three lines of defense system” under the auspices of public security considered a success. In spite of this, poppy replacement programs across the border in Myanmar have been established by Chinese companies, which have not only been unfavorable to local farmers, but also pushed the problem further into Myanmar and so created new problems in a region with a dense geographic patchwork of ethnic army areas.

Third, geo-strategic narratives on the side of China are fueling suspicions in Myanmar. The experience of a small state being trapped in-between Great Power calculations still resonates among Myanmar’s leaders. Beijing’s grand designs for geo-economically important regional economic linkages, including transport corridors towards India (Southern Silk Road/BCIM Corridor), raise concerns. Since most planned and existing transport infrastructure and pipelines pass through Kachin and northern Shan State, legitimate fears exist that construction projects in ethnic territories stir discontent. Furthermore, direct links between Chinese representatives and ethnic Chinese groups in Myanmar prompt concerns that these promote the interests of the latter over those of Naypyidaw.

To make matters worse, narratives about geo-political competition between the U.S. and China are impacting Myanmar’s international outlook. Hawkish analysts in Beijing are advocating an assertive policy and the support of ethnic groups in order to maintain leverage on Myanmar’s military. Myanmar has in the past avoided leaning to any side and has tried to balance outside powers.



Dilemma or Strategic Ambiguity?

Mistrust between a small state and a large neighbor is nothing unusual. But China as a rising economic power with considerable military might is still finding its role in its neighborhood, not least in regard to Myanmar. With some effort China will be able to deal with the challenges of center-periphery coordination, controlling and handling all kinds of illicit practices, and even reviewing existing policies. Such an effort would fall under the purview of President Xi Jinping's continuing efforts to improve China's neighborhood policy. However, in view of irredentist ethnic armed groups in particular, Beijing is facing a dilemma. In the past China has repeatedly requested Myanmar to guarantee stability in the border region. Beijing has itself promised political support and non-interference. Naypyidaw in return has called on Beijing to prevent local authorities from providing any unofficial support to armed groups. Although Beijing is supportive of an autonomous (ethnic Han) Kokang region, exactly how and whether to support dubious nationalist rebel groups causes a dilemma, and its actions in this regard will inevitably send signals hinting at what other countries can expect from China's emerging neighborhood policy. At the same time, not pursuing a clear stance may also serve Beijing's interests as part of a policy of strategic ambiguity.

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