



# MYANMAR AND THE UNITED STATES: PROSPECTS FOR A LIMITED SECURITY PARTNERSHIP

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# Executive summary

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- **The prospect for the development of a limited but mutually beneficial security partnership with the United States is reasonably good, barring a major crisis in post-election Myanmar politics.**
  - **Myanmar will not stray from its long held foreign policy platforms of non-alignment and neutralism, and will look to supplement relations with China and the United States with a growing network of other international and regional powers, namely Russia and Japan.**
  - **The relationship between Myanmar and China is in need of repair after several ongoing disputes, culminating most recently with China's apparent intervention in the Kokang conflict. Myanmar's maturation from de facto alignment with China to a robust and diverse foreign policy has also changed the power dynamics between the two states.**
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Long considered a pariah state, Myanmar has been quick to embrace an increasingly robust, mature, and smart foreign policy platform. With non-alignment and neutralism at its core, Myanmar has shrugged off de facto alignment with China to improve bilateral relations with the United States and other international and regional powers. Myanmar appears, due to its geopolitical and strategic positioning, to be caught within the dynamics inherent in the balance of power, interests, and intentions between China and the United States.

Though China–Myanmar relations are at a relative low, the extensive history and *paukphaw* — kinship — that exists between these two countries will form the basis for a re-emergence in the mid to longer term. While the comprehensive strategic cooperative partnership has been invoked regularly at bilateral exchanges, the partnership seems largely rhetorical in diplomatic, political, and security terms.

Political relations have clearly cooled in the wake of Myanmar's rapprochement with the United States, and the increasing difficulties affecting bilateral ties appear to have limited military-to-military cooperation. Myanmar–US relations have come a long way under President U Thein Sein and the Obama administration, notwithstanding a number of major differences. Importantly, since 2011, both sides have made policy decisions that have helped to build the foundations for the new relationship. Not only is Myanmar emerging as a possible security partner for the United States, but Myanmar has made promising steps down the long-awaited path of ongoing state-building, democratisation, and international legitimacy.

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## Introduction

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**Following Myanmar’s November 2015 elections, Washington and Naypyidaw will have the opportunity to revisit discussions aimed at further strengthening bilateral relations, including security-related ties. While Myanmar should not be expected to align closely with Washington as a major security partner in mainland South-East Asia – irrespective of the parliamentary election outcomes – the prospects for the development of a limited but mutually beneficial security partnership are reasonably good barring a major crisis in post-election Myanmar politics.**

A substantial security partnership between Washington and Naypyidaw, along the lines of other security relationships the United States maintains with declared non-aligned states in South-East Asia, would first of all require a different political consensus in America. Until now this consensus has been that the United States should support Myanmar’s democratic transition but not proceed with any significant military engagement until the country’s military commits unambiguously to withdraw from politics, with related constitutional amendments. A new consensus on Myanmar in Washington seems possible, but this hinges, to a large extent, on assessments of the November elections and the way in which Myanmar’s political and military elites respond to the people’s vote. Other factors will also matter for Washington: the dynamics of armed conflict between the Myanmar military and ethnic armed groups, or Myanmar’s many remaining domestic challenges, including the “dark side” of its political transition — such as Buddhist nationalism and the treatment of the self-identifying Rohingya — which, from a US domestic political perspective, will continue to court controversy and possibly restrain policy choices for some time to come.

From Myanmar’s side, a number of factors will restrain the country from avidly pursuing a close security

partnership with the United States. Firstly, such an arrangement would need to be compatible with the country’s longstanding preference for non-alignment and neutralism. Myanmar’s commitment to non-alignment and neutralism is not tokenism and has been ideologically embedded in its foreign policy for decades. While governments have practised non-alignment in different ways, they have rarely deviated from non-alignment in practice.

Secondly, even on the rare occasion when Myanmar was prepared to somewhat deviate in practice — for example, by relying on China and embracing a form of limited alignment with Beijing during the 1990s and early-2000s — the military leadership found the situation politically unpalatable.<sup>1</sup> Notably, such reliance notwithstanding, the military government remained wholly committed to non-alignment and neutralism in declaratory terms.

Thirdly, at the same time, the relationship with Beijing continues to be regarded as being “special,” it being the only one that is expressed in kinship (*paukphaw*) terms, and on which a consensus exists that the country must proceed with caution in its relations with China. Due to this, a security partnership with the United States, which appeared to be principally “aimed” at



# 1. The strategic context of Myanmar

Leaders of Myanmar have always been wary of getting caught up in international power politics and regional conflict involving the major powers.<sup>2</sup> This attitude was informed by the recognition that Myanmar was a weak state and an appreciation that neighbouring countries and major powers could seriously undermine the country's security by interfering in its already-fractious domestic security and political environment. To deal with the perceived interrelated nature of external and internal threats, Myanmar already at independence embraced an uncompromising neutralist foreign policy. Notably, throughout the Cold War, Yangon practised non-alignment and neutralism in such a principled manner that Myanmar (then Burma) even temporarily took leave of absence from the Non-Aligned Movement when it felt the latter's orientation was not sufficiently non-aligned.<sup>3</sup>

In the post-Cold War period, however, the external environment for the ruling military government changed dramatically. Following democratic uprisings in 1988

and the government's invalidation of election results in 1990, the United States, in cooperation with democracy and human rights activists, increased pressure on the State Law and Order Restoration Council (SLORC)/ State Peace and Development Council

(SPDC). By the 2000s, the regime was eventually obliged to contemplate political change due to the prospect of UN sanctions and possible international intervention. By this point, the SPDC had relied on a rising China for diplomatic protection, even at the risk of diverging in practice from its declared principles of non-alignment. Though conceptualised by analysts as "limited alignment,"<sup>4</sup> Myanmar's political-security relationship with China at the time involved no more favourable a view of China in Naypyidaw than existed before. Indeed, it insisted unequivocally that Myanmar was "nobody's ally." While its claim to unambiguous non-alignment seemed not particularly persuasive, the

ruling junta tried hard to balance its external relations to the greatest extent then possible.<sup>5</sup>

Indeed, the military regime intermittently also probed whether it was possible to recast its relations with the United States. For instance, the regime's then-Secretary 1 — and later Prime Minister — Khin Nyunt cautiously reached out to Washington in the early 2000s as the Bush administration came to office.<sup>6</sup> Some years later, in June 2007, a Myanmar delegation met US officials for exploratory talks in Beijing. However, at no point during the Bush presidency was the SPDC willing to make the domestic political "sacrifices" — such as a genuine political dialogue with the domestic political opposition — that it would have taken to fundamentally change the nature of relations with Washington. Unremitting US diplomatic pressure on the SPDC and support for Daw Aung San Suu Kyi meant the military government under Than Shwe regarded the United States as a threat to regime security until at least 2009 and the arrival of the Obama administration.

## Myanmar's current security environment

Myanmar's current external security environment is increasingly shaped by dynamics inherent in the balance of power, interests, and intentions between China and the United States.<sup>7</sup> It appears Beijing increasingly believes Washington seeks to contain China's rise while exploiting differences between China and regional states in that effort. In Washington, more and more voices speak of China's rise as a regional military and global economic power, and especially its "rapid military modernisation and assertive behavior toward regional neighbors," as the most enduring regional challenge for the United States.<sup>8</sup> While the United States and China in their public diplomacy remain committed to a constructive relationship with one another, the current pattern of relations, including potentially dangerous incidents at sea and the unrelenting defence build-up by both sides suggests Beijing and Washington are increasingly caught up not just in a competitive logic, but also in a security dilemma and, arguably, in an evolving arms race. Myanmar's external security environment is also

To deal with the perceived interrelated nature of external and internal threats, Myanmar already at independence embraced an uncompromising neutralist foreign policy.

increasingly shaped by overt balancing against “China’s rise” by governments in India and Japan.<sup>9</sup>

### **Myanmar as a locus for major power competition**

Until relatively recently, arguments about Myanmar’s geostrategic location and significance were largely ignored or dismissed in Washington. However, reassessments about strategic competition became more prominent by the mid-2000s. For some defence analysts, Myanmar was, from 2005, already considered part of the supposed “string of pearls” network of commercial and military access points created by Beijing in the Indian Ocean region.<sup>10</sup> Washington also seemed increasingly concerned about China’s deals to secure energy deliveries from Myanmar, including through the construction of gas and oil pipelines connecting the Bay of Bengal to southern China, as well as discussions to establish a land transport corridor that would provide China access to the Indian Ocean.

### **Myanmar’s long-term strategic goals**

Myanmar’s strategic objectives, as understood by power holders in national politics, are formulated both against the backdrop of strategic competition and rivalry among major and regional powers, the legacy of the past, as well as an unfinished and contested process of political transition and continued state and nation-building as illustrated by the ongoing conflict with ethnic armed organisations (EAO). Above all, the strategic objectives outlined below thus primarily reflect the shared worldview and concerns in the military and the executive branch of government.

Myanmar’s current government and the military arguably place emphasis on three overarching, interrelated, and concurrent strategic goals.<sup>11</sup> The first is to achieve external security. This objective includes maintaining sovereignty and territorial integrity, and safeguarding the country’s key institutions. In this regard, Myanmar aims to avoid being a proxy for great power competition and rivalry. This objective entails

being able to counter and overcome political threats to the independence of the state as well as outside pressure on Myanmar’s ruling regime. The second strategic objective is to work toward a stable peace and to realise the military’s longstanding state-building ambition. Naypyidaw’s third strategic objective focuses on building a modern and developed state that will be respected internationally. This involves political and economic reforms at home but also re-integrating the country more fully into the regional and world economy while avoiding foreign economic exploitation.

None of these objectives is in any way surprising in the context of the country’s own political history. In Myanmar’s case, historical memories reinforce the importance of peaceful great power relations. Only 70 years ago, the country was a major theatre in the Pacific War. To avoid becoming once more a strategic battlefield and to reduce the risks of external intervention more generally, Burma’s post-independence governments purposefully sidestepped the Cold War superpower rivalry and regional conflict by pursuing a non-aligned and neutralist foreign policy that aimed to maintain equidistance between the major powers.<sup>12</sup> Neutralism was deemed particularly suited to deal with the threat emanating from a revolutionary China.<sup>13</sup> In the immediate post-Cold War period, Myanmar faced strong pressure from the United States when it was considered to be an “outpost of tyranny” as once described by former Secretary of State Condoleezza Rice. While foreign intervention is unlikely, the government of President U Thein Sein has identified the “perpetuation of sovereignty” as one of the principal three national causes, just as the SPDC did.

The second primary strategic objective is linked to another one of the so-called “national causes,” namely the “non-disintegration of the union.”<sup>14</sup> This objective aims to ensure that the country’s borderlands wholly accept the authority of the state to ensure successful state-building. The significance of this objective is underscored by the fact that Myanmar’s armed forces (*Tatmadaw*) are still prevented even today from exercising full control within the country’s borders. Also, the state enjoys little or no authority over certain parts of the country’s border regions, particularly along

the frontier with China in areas that are economically far more integrated with China than with Myanmar. It is entirely uncertain how much autonomy the Myanmar authorities are willing to cede to ethnic nationalities and EAOs in a new federal state structure, including de facto separate military forces. This challenge is best illustrated with regard to the Wa, who are formally committed to staying within the Union. The 20,000-strong United Wa State Army (UWSA) is for all intents and purposes the backbone of a state within the state,<sup>15</sup> and wields a level of political and military power that makes it unlikely to accept anything less than a high degree of administrative and political autonomy in the form of a Wa State Government Special Administrative Region.<sup>16</sup>

Myanmar's third strategic objective, to reform the country's political system and to elevate the economy, signals a break from a past that has been characterised by political stagnation and conflict as much as by economic impoverishment and mismanagement. Multiple motivations underpin the drive to become a more legitimate, more developed, and stronger sovereign state. One is to strengthen political stability. In addition, policymakers see regional integration and economic diversification as essential to boosting economic capacity and performance.

The current leadership also wants Myanmar to catch up with more developed countries in South-East Asia. The calculation is that greater economic opportunities will also help to maintain political security. The goals for recognition underlying Naypyidaw's reform drive are also obvious: the hybrid regime seeks legitimacy from the people, but it is also eager to achieve international acceptance; and to do away once and for all with the image of Myanmar as an international outcast.

## Challenges and prospects

Since 2011, Myanmar has undergone a political transition from a military dictatorship to a presidential system of government in which the military retains a constitutionally anchored role in the national politics of the country and remains institutionally autonomous. Myanmar's hybrid civilian-military government

under U Thein Sein pursued significant but limited domestic political reforms against the backdrop of the US rebalance toward the Asia-Pacific: first, rebalancing the country's foreign relations; second, winning international support for domestic reforms and capacity building, as well as commitments in relation to major infrastructure improvements; and, third, recasting the country's international image and staking a claim for legitimacy of the hybrid regime in power. In other words, by initiating political reforms, the Thein Sein government has created opportunities to achieve a number of goals that are also critical to attaining its strategic objectives. These reform policies have also opened up opportunities for developing and expanding military-to-military relations with a broader set of foreign countries in the Western world. However, such progress in bilateral relations has remained tied to continued political reform that would refashion civil-military relations. In the interim, the 2015 national elections will form a major benchmark. If judged to satisfy relevant international standards,<sup>17</sup> the elections stand to reinforce the legitimacy of parliament as well as Myanmar's international respectability. The elections are also likely to generate renewed interest from international investors in Myanmar.

### Challenges

From the perspective of Myanmar's leadership, domestic political developments in Myanmar in the lead up to and beyond the November 2015 elections also have the potential to frustrate some of the country's strategic objectives noted above. There are at least two domestic political challenges faced by the ruling regime, and how they are managed has implications for Naypyidaw's foreign relations, not least with Washington and Beijing. The first relates to attempts to promote a message of political reform while seeming intent on reining in Aung San Suu Kyi's political prospects and that of the National League for Democracy (NLD). The second concerns progress in state-building and particularly achieving a nationwide ceasefire arrangement.

The major lines of division in intra-elite Myanmar politics are clear. For Aung San Suu Kyi, the current



constitutional order requires major overhaul; among the main known contenders for high political office, she is the only leader who stands for a platform of liberal democracy. Her political vision has contrasted sharply with that of the current Commander-in-Chief Senior General Min Aung Hlaing. The latter seems content with practicing “disciplined democracy” within the existing constitutional framework, as crafted by the former junta leader Senior General Than Shwe, who continues to play an important role from behind the scenes.<sup>18</sup> This position is based in part on the stated assessment that the country continues to lack sufficient maturity for the armed forces to withdraw from politics.

There is considerable uncertainty concerning the electoral outcome and transitional period that follows. Yet the NLD leader has already indicated her intention of forming the next government on the back of a targeted electoral “landslide.”<sup>19</sup> This may happen but cannot be taken for granted. Most assessments see the NLD as being poised to win a majority of seats in the House of Representatives, Pyithu Hluttaw.<sup>20</sup> By comparison, the electoral prospects of the majority Union Solidarity

and Development Party look dim, in part because the USDP failed to force the issue of scrapping the current first-past-the post electoral system.<sup>21</sup> For the House of Nationalities, Amyotha Hluttaw, predictions are difficult because it is unclear how well the ethnic parties will fare. The question for the military may be not how to prevent a possible NLD landslide but how to deal with it should it occur.

Until recently, the ruling regime’s challenge to prolong its rule was accentuated by the apparent informal political partnership agreed between Aung San Suu Kyi and Thura Shwe Mann, the charismatic speaker of the lower house and interim USDP chairman. Notwithstanding doubts as to whether he could rely on votes from the military or his own party, the USDP, it seemed possible that Thura Shwe Mann might benefit from NLD votes to have his name put forward and even win the presidency, while Daw Suu would possibly take over as speaker.<sup>22</sup> However, such ideas were summarily thwarted when, in August 2015, Speaker Thura Shwe Mann was ejected from his position as USDP party chairman in a move designed to burst the bubble of his presidential ambitions. Portrayed as an intra-party

Pyithu Hluttaw,  
Myanmar’s  
House of  
Representatives  
*Photo: United  
Nations*

affair in an apparent attempt to delimit international criticism and concern, the removal allowed Shwe Mann to retain his party membership and — in the interim — even his role as speaker.<sup>23</sup> For Myanmar's political-military leadership there were probably some open questions about how the Obama administration would respond to Shwe Mann's apparent political demotion. While some in Myanmar's political-military leadership may have worried about the US reaction, in the event, Washington expressed concerns over the involvement of security forces in the apparent "coup," while privately the event was apparently associated with the "dark days" of Myanmar's politics.

As that episode highlights, the current regime remains very cautious about political change and ceding power. Among the scenarios probably considered is one that would see Daw Suu rely on an overwhelming NLD victory to claim the presidency, notwithstanding her ineligibility in accordance with Article 59f of the 2008 constitution, or the de facto leadership of a political coalition. She may hope that an emphatic victory at the polls will also make the military more likely to accept an NLD-led political transition. But how the military leadership would respond is unclear. What does seem clear though is that, in this scenario, the military would no longer have the kind of useful political buffer between the *Tatmadaw* and the NLD that it enjoyed in the person of President U Thein Sein. As Western governments generally agree with Daw Suu in so far as they want to see Myanmar shift towards civilian control of the military, her political opponents may face the challenge of battling for the constitutional and institutional status quo without provoking a falling-out with Daw Suu's international supporters, and the United States in particular.

Armed conflict returned to the north of the country with the collapse of the 1994 ceasefire with the Kachin Independence Organisation in June 2011 and with the protracted violence from early 2015 as the Myanmar National Democratic Alliance Army (MNDAA) and other forces, the Arakan Army (AA) and the Ta'ang National Liberation Army (TNLA), sought to displace the *Tatmadaw* from the Kokang Special Region. Myanmar's north-east had turned from a "region of relative peace to a conflict-zone."<sup>24</sup>

Nevertheless, in mid-October 2015 the government and eight armed groups signed a nationwide ceasefire accord that was negotiated in the wake of several individual ceasefire agreements initially pursued by the Thein Sein government. The other signatories comprised the Karen National Union (KNU), Democratic Karen Benevolent Party (DKBA), Karen National Liberation Party–Peace Council (KNLA-PC), Chin National Front (CNF), Restoration Council of Shan State/Shan State Army–South (RCSS/SSA–S), Pa-O National Liberation Organization (PNLO), Arakan Liberation Party (ALP) as well as the All Burma Students Democratic Front (ABSDF).

The signing of the NCA constitutes a considerable, yet only partial success. On the one hand, agreement on the NCA was achieved despite a serious trust deficit among the parties and continued insecurity. Also, matters had been complicated by the uneven ethnic representation across different negotiating coalitions and the government's varied relations with members of these groups.<sup>25</sup> In February 2015, in the lead up to the October signing ceremony, the government had signed a "deed of commitment for peace and reconciliation" with four ethnic organisations from the country's south-east, and, in March, reached a draft nationwide ceasefire accord. On the other hand, there are a number of notable non-signatories, at least for now, including the Kachin Independence Army (KIA), the Shan State Army–North (SSA–N) and the United Wa State Army (UWSA). Notably, uncertainty had surrounded the signing of the negotiated NCA due to sharp disagreements between Naypyidaw and EAOs over the inclusion of insurgent groups currently fighting in Kokang in the ceasefire accord. The government was adamant that it would exclude these groups from the signing, forcing other ethnic groups to consider they should uphold their demand for an inclusive arrangement or sign anyway. Notwithstanding the partial success ultimately attained, Naypyidaw still faces the serious challenge of bringing the fighting to an end and, in the medium to longer term, achieving lasting legitimate political arrangements.

This challenge for the government also has a China dimension. Stability on the border between the two countries has been seriously affected by violence,

refugee flows, and internally displaced persons, as well as by instances of mistaken cross-border shelling. The ensuing border tensions have led to deterioration in relations with China, as well as far greater pressure on Myanmar by Chinese authorities leveraging their relations with EAOs and undermining Naypyidaw's state-building objectives.

### **Prospects**

It is clear that further political conflict within the country or even major disagreements in Naypyidaw's relations with external partners will complicate and delay the attainment of the country's strategic objectives. In regards to post-election intra-Burman elite politics, the exercise of responsible politics and sound judgement would likely reinforce the ground on which the country can pursue its strategic goals. However, given Myanmar's political history, the mutual distrust among key players, and the stakes involved, the election results might also herald a new political storm. Certainly, a significant electoral victory would see the NLD and Aung San Suu Kyi project their ideas for political reforms in an accentuated challenge to the current ruling regime. Also, the apparent failure to achieve a truly nationwide ceasefire accord before the November elections between the EAOs points to continued armed conflict in the country's north. In sum, there is considerable uncertainty as to how Myanmar's politics will play out in the near to medium term.

This uncertainty will affect Naypyidaw's ties with China and the United States: critically important relationships for Myanmar's strategic future which the following pages will examine in detail.

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## 2. Myanmar's relations with China

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In June 2015, China's People's Liberation Army (PLA) staged live-fire exercises on the border with Myanmar in response to repeated off-target cross-border shelling by the *Tatmadaw*. Chinese media carried warnings that the PLA possessed the capability to locate and destroy the source of such misfiring. The integrated military exercises marked a new escalation in China's use of coercive diplomacy to influence the behaviour of Myanmar's armed forces in their fight against the MNDA. More significantly, these developments also exposed further deterioration in bilateral relations to arguably their lowest point since the 1980s when China still supported the Communist Party of Burma (CPB). While an outright border war is unlikely, relations between Naypyidaw and Beijing have declined to an extent that both Chinese officials and scholars have eagerly sought to steer the relationship back to a more positive direction.<sup>26</sup>

### Trajectory of Myanmar-China relations

Myanmar and China have at various stages characterised their relationship in terms of kinship (*paukphaw*, which literally means "cousin").<sup>27</sup> Both formally subscribe to and celebrate the Five Principles of Peaceful Coexistence, not only as a foundation for bilateral ties, but also as the basis for a stable world order. Historically, imperial China launched numerous invasions against Burmese kingdoms, with the key ones undertaken under the Mongols and then the Manchu in the 13th and 18th centuries respectively. When Chinese soldiers next fought in Burma, it was Republic of China Kuomintang (KMT) soldiers battling Imperial Japan during the Second World War. Burma at the time was geostrategically crucial to the Allied war effort, a conduit through which the KMT could be supplied in their fight against Japan on Chinese soil. KMT troops who later fled from the victorious PLA made camp in newly independent Burma with a view to retaking the mainland.

The KMT presence created a serious security challenge for the first post-independence government of U Nu who saw the KMT as violating Burma's territorial integrity and endangering its external security due to

the possibility of PLA invasion. With U Nu committed to non-alignment and the Five Principles of Peaceful Coexistence, bilateral confidence continued to develop and, in January 1960, China and Burma signed a bilateral treaty of friendship and mutual non-aggression.<sup>28</sup> Burma also gave licence to the PLA to conduct cross-border strikes against remnant KMT troops. However, the positive relations established between U Nu and Zhou Enlai quickly fell victim to Mao Zedong's Cultural Revolution and, by the second half of the 1960s, China intervened in Burma's civil war on a massive scale by providing substantial material and other support for the CPB. Nevertheless, the Ne Win regime remained committed to "neutralism" and self-help.<sup>29</sup> According to Clapp, "So long as China was not a threat to central Burma, Ne Win was willing to play along with Beijing's pretense at cordial relations."<sup>30</sup> But heavy *Tatmadaw* losses, sustained in gruelling battles in Burma's north-east, proved to be a formative experience for some military commanders who would later rise through the ranks and serve with the SLORC/SPDC.

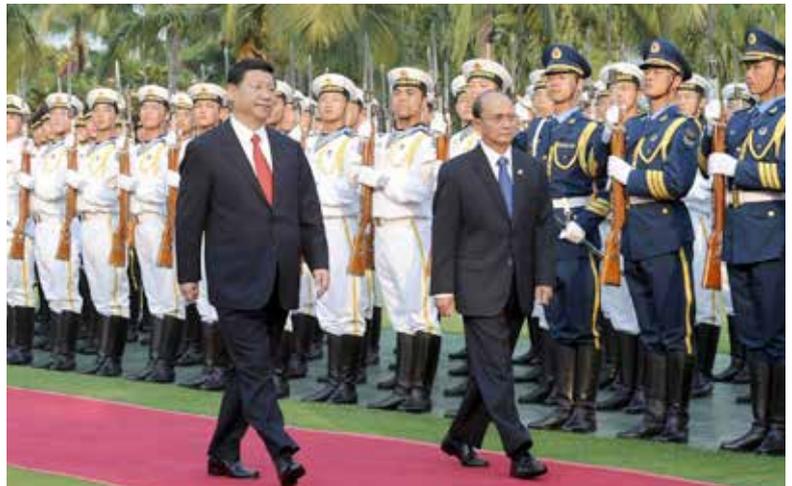
The arrival of the post-Cold War era coincided with improved relations between the two sides, attributable, in part, to the cessation of Chinese support for the CPB in the 1980s. Myanmar's incoming political-military leadership, which emerged from the political crisis of 1988, reacted to the cessation of international assistance and opted for an "open door policy" to stimulate border trade with China. Within a year, the CPB collapsed, leading its constituent ethnic armies to agree to ceasefire arrangements with Yangon that allowed them to govern so-called special regions and pursue their own commercial interests. Castigated by the West in the early 1990s, the Chinese Communist Party and SLORC developed closer relations.

Compared to China, Myanmar's military junta was much more exposed to international opprobrium after it refused to hand over political power to the opposition NLD. The SLORC hunkered down, however, and sought to take out regime opponents, particularly in the border regions. To upgrade the *Tatmadaw's* material capabilities and deal with old and new threats, Myanmar turned to the People's Republic of China (PRC) for equipment and training.<sup>31</sup> However, no significant political-military alignment developed

between Beijing and Yangon during this period. Contrary to many assertions made at the time, the SLORC did not allow China to set up military bases in Myanmar, and Chinese scholars have also disputed the existence of an intelligence-sharing agreement.<sup>32</sup> Importantly, the substance and tone of the bilateral cooperation agreement of June 2000, signed by foreign ministers Tang Jiaxuan and U Win Aung, suggested then that both countries would focus primarily on promoting economic and technical cooperation.

Bilateral ties in the following decade were characterised as “mutual dependence.”<sup>33</sup> This was in part due to diplomatic and economic pressure from Washington, which starved Myanmar of Western investments and deprived the country of valuable export markets from 2003. More significantly, this period coincided with China’s emergent “go abroad” strategy, which encouraged the extension of economic connectivity with China’s regional neighbours through outbound trade, investment, and infrastructure development. Myanmar–China economic relations quickly grew and deepened over the course of the early to mid-2000s.

A notable increase in major investment projects materialised in the final few years of the SPDC reign, which was dissolved in 2011, in key areas such as mining (Letpadaung copper mine), hydropower (Myitsone dam), and energy pipelines. China advanced as Myanmar’s top foreign investor nation, with cumulative investments topping US\$13 billion in 2011. From a Chinese perspective, these major projects satisfied several objectives: tapping into Myanmar’s extensive natural resources to fuel the PRC’s economic boom, fostering the economic development of China’s south-west (the landlocked Yunnan and Sichuan provinces, as well as Guangxi), and the easing of Chinese concerns about its energy security, including the so-called Malacca dilemma. For Myanmar leaders, the projects served the national interest, given that Myanmar was under sanctions. Most of the agreements followed China’s veto at the UN Security Council of a joint United States–United Kingdom draft resolution on Myanmar in January 2007 and the forceful suppression of the monk-led September 2007 protests. At the local level, meanwhile, the megaprojects elicited much criticism and controversy, even resistance.



## Contemporary relations

In May 2011, incoming President Thein Sein signed off on a comprehensive strategic cooperative partnership with the PRC, raising questions whether Myanmar would maintain its “limited alignment” with China or seek an even closer relationship. Thein Sein described the relationship as Myanmar’s “closest and most important diplomatic relationship” and Chinese President Hu Jintao identified “strengthening mutual strategic support” as one of the pillars of the partnership.<sup>34</sup> In particular, there was speculation that the two sides would agree to a port access arrangement for the PLA Navy. Instead, since May 2011, while the comprehensive strategic cooperative partnership has been invoked regularly at bilateral exchanges, the partnership seems largely rhetorical in diplomatic, political, and security terms. Political relations have clearly cooled in the wake of Myanmar’s rapprochement with the United States, and the increasing difficulties affecting bilateral ties appear to have limited military-to-military cooperation.

### Military–military and defence ties

Military–military and overall defence relations between China and Myanmar over the past few years appear neither very extensive nor very deep. There are no regular jointly undertaken military exercises of note; the last port call in Myanmar by two Chinese navy vessels that was to include a naval exercise was in May

Chinese President Xi Jinping met with Myanmar’s President U Thein Sein in China’s Hainan Province in April 2013  
*Photo: Ministry of Foreign Affairs, the People’s Republic of China*

2014 by ships also making a good will visit to India and Vietnam.<sup>35</sup> To be sure, various exchanges have occurred in bilateral as well as some multilateral settings, such as the ARF Conference on Security Policy — between Myanmar's deputy commander-in-chief and the PLA's deputy chief of general staff in June 2014. Also, China has remained for Myanmar a destination for some military education and training.

During the presidency of Thein Sein, Myanmar continued to receive military hardware from China (see Table 1).<sup>36</sup> Over the years China has been a major weapons supplier to Myanmar, including transfers of modern frigates, main battle tanks, armoured personnel carriers, artillery pieces, trainer and combat aircraft, and anti-ship missiles.<sup>37</sup> Some items were acquired only fairly recently, such as the 053 H1 Jianghu frigates, following their decommissioning in 2012.<sup>38</sup> It was reported in November 2013 that Myanmar would also purchase from China HQ-12 medium-range air-defence missiles.<sup>39</sup> Interestingly, the PRC has remained a source for the *Tatmadaw's* acquisition of military platforms even as the overall political-military relationship has weakened somewhat.

### **Economic relations**

Since 2011, a cloud has developed over Myanmar–China economic relations due to President Thein Sein's decision to suspend the Myitsone hydroelectric project until 2015. Beginning in the mid-2000s as a venture between China Power Investment Corporation, Asia World, and the Myanmar Ministry of Electric Power-1, construction of this US\$3.6 billion dam started in 2009. However, significant public concerns about the project — relating to points about Myanmar's national heritage, the validity of the environmental impact study, and resettlement of local populations — and a sustained campaign, which involved Western NGOs but also drew support from Daw Suu, ultimately forced the government to bow to public pressure.<sup>40</sup> In Myanmar, the mega-dam became widely associated with Chinese exploitation of domestic resources, as an overwhelming portion of the electricity being generated by the dam would have been exported to the PRC.

The suspension of Myitsone project has been widely interpreted as part of a reorientation in Myanmar foreign policy away from close ties with Beijing. Notably, China's repeated attempts to restart the project all failed, prompting an observer to call the Myitsone dam "a festering thorn in bilateral political relations."<sup>41</sup> Beijing has remained hopeful that the project may resume after the 2015 elections. China Power Investment Corporation (CPIC), which invested US\$1.2 billion before the suspension took effect, insists that the project is beneficial for Myanmar, in part because it would receive 10 per cent of the electricity free of charge.<sup>42</sup> Nevertheless, it seems unlikely that Myanmar's incoming government will lift the suspension.<sup>43</sup> That said, a number of other hydroelectric power projects on the Salween River, all of which seem to involve Chinese and also, in some cases, Thai investment will continue.<sup>44</sup>

Myanmar's political transition has also affected other high-profile Chinese investments, most notably the Letpadaung copper mine, which has been operated by Wanbao Mining, a subsidiary of one of China's largest arms manufacturers, NORINCO (China North Industries Corp), in cooperation with one of Myanmar's military conglomerates, the Union of Myanmar Economic Holdings Ltd. Despite grievances voiced by local villagers about illegal land-grabs and inadequate compensation, a parliamentary investigation commission, headed by Aung San Suu Kyi, concluded that the mine should continue to operate. Notably, however, the contract was renegotiated, giving the Myanmar government a majority share of the revenues.<sup>45</sup>

In a number of other cases, the government of Myanmar has not been as accommodating on major strategic infrastructure projects. This was already true for the "China–Myanmar land–water passage," an integrative scheme focused on land transport from Kunming to Bhamo via Baoshan and Ruili, and water transport from Bhamo which was brought to a halt by the Myanmar government.<sup>46</sup> The passenger and cargo railway link, between Kyaukphyu — in Rakhine state on Myanmar's west coast — and Yunnan, has also been temporarily shelved. This follows several years of inaction since the Myanmar Railway Ministry negotiated a memorandum of understanding with the

**Table 1: Transfers of major conventional weapons, China to Myanmar: 2000 to 2014**

Recipient/ supplier (S) or licensor (L)	No. ordered	Weapon designation	Weapon description	Year of order/ licence	Year(s) of deliveries	No. delivered/ produced	Comments
<b>Myanmar</b>							
<b>L: China</b>	(2)	Anawrahta	Corvette	(1997)	2001–2003	2	
	(1)	Aung Zeya	Frigate	2006	2011	1	
	(1)	FAC-491 Type	FAC	(2009)	2012	1	
	(2)	Aung Zeya	Frigate	(2010)			Status uncertain
<b>S: China</b>	(5)	EFR-1	Fire control radar	(1991)	2002–2003	(5)	For 5 Myanmar patrol craft produced in Myanmar
	(5)	Type-76A 37mm	Naval gun	(1991)	1998–2002	(5)	For 5 Myanmar patrol craft produced in Myanmar
	(3)	Type-344	Fire control radar	(1996)	2004–2005	(3)	For 3 Myanmar patrol craft produced in Myanmar
	(8)	AK-230 30mm	Naval gun	2001	2004–2007	(8)	For 4 Myanmar patrol craft produced in Myanmar; supplier uncertain
	(30)	C-801/CSS-N-4	Anti-ship missile	(2001)	2004–2005	(30)	For Myanmar FAC; designation uncertain (could be C-802)
	(25)	Type-59D	Tank	(2002)	2004	(25)	Probably second-hand Type-59 rebuilt to Type-59D before delivery
	(2)	BT-6	Trainer aircraft	(2005)	2006	(2)	
	(6)	SH-1 155mm	Self-propelled gun	(2008)	2009	(6)	
	(5)	TH-5711 Smart Hunter	Air search radar	2008	2010	(5)	
	(10)	C-802/CSS-N-8	Anti-ship missile	(2009)	2012	(10)	For FAC-491 Type FAC
	(50)	K-8 Karakorum-8	Trainer/combat ac	2009	2011–2013	(50)	No. could be 60 or 72; assembled in Myanmar
	(50)	Type-90-2/MBT-2000	Tank	2009	2012–2013	(50)	
	(100)	WMA-301 Assaulter	AFSV	(2010)	2012–2014	(75)	
	(10)	ZFB-05	APC	(2010)	2011	(10)	
	(25)	HY-2/SY-1A/CSS-N-2	Anti-ship missile	(2011)	2012	(25)	Possibly second-hand; for Type-053 (Jianghu-2) frigates
	2	Type-53/Jianghu-1	Frigate	2011	2012	2	Second-hand; Type-053H1 (Jianghu-2) version
(76)	WZ-551/Type-92	IFV	(2011)	2012–2013	(76)		

Source: SIPRI Arms Transfers Database

Note: The “No. delivered/produced” and the “Year(s) of deliveries” columns refer to all deliveries since the beginning of the contract. Deals in which the recipient was involved in the production of the weapon system are listed separately. The “Comments” column includes publicly reported information on the value of the deal. Information on the sources and methods used in the collection of the data, and explanations of the conventions, abbreviations, and acronyms, can be found at [http://www.sipri.org/contents/armstrad/at\\_data.html](http://www.sipri.org/contents/armstrad/at_data.html). The SIPRI Arms Transfers Database is continuously updated as new information becomes available.

China Railway Engineering Corporation in April 2011. In March 2014, it also emerged that Myanmar turned down a proposed US\$2 billion loan to build a road linking Ruili and Kyaukphyu.<sup>47</sup>

The road and railway link to Kyaukphyu and its Special Economic Zone remains of interest to China in particular as it connects to Myanmar's west coast and the Bay of Bengal. China International Trust and Investment Corporation (CITIC) is one of the bidders for the project, which involves the development of a deep-sea port, a petrochemical processing plant, and various industrial factories.<sup>48</sup> In terms of completed strategic infrastructure projects, this leaves only the Myanmar–China gas and oil pipelines. While the former has been fully operational since 2013, the oil pipeline to Yunnan, which has a transmission capacity of 440,000 barrels per day, was put into trial operation in late January 2015.<sup>49</sup> The crude oil will be processed at a new refinery in Anning, outside Kunming, upon completion in 2016.

Meanwhile, the trade and investment relationship between Myanmar and China remains robust. According to Chinese sources, bilateral trade amounted to US\$10.15 billion in 2013, and reached US\$17.75 billion in the first nine months of 2014.<sup>50</sup> This means Myanmar–China trade accounts for approximately 30 per cent of Myanmar's overall trade.<sup>51</sup> In past years China emerged as a major source of capital across a broad spectrum of investments. According to official sources, China remains the biggest cumulative investor nation in Myanmar (US\$14.8 billion), followed by Thailand (US\$10.3 billion) and Singapore (US\$8.8 billion).<sup>52</sup> In November 2014, Chinese media announced that Beijing and Naypyidaw had entered agreements worth US\$7.8 billion, in part to build power plants.<sup>53</sup> In relation to the Asian Infrastructure Investment Bank (AIIB), presidential advisor Aung Tun Thet was quoted as saying that the Myanmar government would "take advantage" of competition between

the World Bank and the China-led bank.<sup>54</sup> In June 2015, parliament approved a \$264.5 million investment stake in AIIB. On balance, while China remains a critically important economic partner for Myanmar, the Thein Sein administration has made it more than clear that Myanmar is not China's colony and that Naypyidaw is quite happy to turn down Chinese offers of assistance when these do not appear to be of clear advantage or interest.

### **Difficult political relations: Growing trouble on the border**

Notwithstanding the rhetoric surrounding their comprehensive strategic cooperative partnership, Myanmar–China relations have substantially deteriorated since Presidents U Thein Sein and Xi Jinping assumed office in 2011 and 2013 respectively. Improving Myanmar–US relations, which Beijing views with suspicion, could be one explanation for this slide. But more damaging for Myanmar–China relations are their differing priorities and approaches in dealing with conflict in the Sino-Myanmar borderlands. In this regard, Beijing has been especially rattled by the willingness of Naypyidaw, and especially the *Tatmadaw*, to repeatedly defy Chinese demands concerning border stability. For their part, the Myanmar government and military retain their own suspicions about connections, relationships, and possible support that EAOs enjoy across the border, which is seen as an obstacle to their state building agenda.

The SLORC/SPDC regime routinely feted the ceasefires it reached with EAOs since the late 1980s. However, these arrangements have not in turn empowered the regime to fully extend its territorial control and political authority over the entire country. In particular, the reach of the state into the Sino-Myanmar borderlands has remained significantly circumscribed. The only significant advance occurred in 2009 when the *Tatmadaw* broke the longstanding ceasefire with the MNDAA to drive out the longtime Kokang leader Peng Jiasheng (Pheung Kya-shin). Though the military operation was successful in removing Peng, it did not weaken the territorial hold and military strength of the UWSA or the Wa-allied National Democratic Alliance

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Army (NDAA). Since February 2015, a vicious fighting continued in the Kokang region as the ousted Peng Jiasheng struggles to regain control of areas lost to the *Tatmadaw* in 2009. War returned as well to Kachin State with the collapse of the ceasefire with the Kachin Independence Army (KIA) in 2011. Among the reasons behind the resumption of fighting was conflict over the Chinese-invested Ta-pein hydropower plant.<sup>55</sup> The UWSA, MNDAA, and KIA, all situated in the Myanmar-China border regions, did not take part in the ceasefire arrangements announced in October 2015.

These developments in the borderlands have been of great concern to Beijing. The 2009 military operations by the *Tatmadaw* against MNDAA leader Peng Jiasheng prompted an influx of some 37,000 refugees into Yunnan, for which Chinese authorities were unprepared. Tens of thousands have been displaced by the war in Kachin State that escalated in late 2012 and early 2013: on several occasions shells landed on China's territory as the *Tatmadaw* waged its campaign close to the KIA's border-town headquarters in Laiza. Military operations in the Kokang Special Region have forced approximately 70,000 refugees to flee the heavy fighting.<sup>56</sup> Five Chinese nationals were also killed in an accidental bombing strike in March 2015, sparking outbursts from an indignant Chinese public. These developments have occurred despite repeated Chinese calls for Myanmar to maintain border stability.

China has supported efforts of the Thein Sein administration to forge a nationwide ceasefire agreement as a basis for peace negotiations. Notably, as fighting recently intensified in Kachin State, Beijing became formally involved in the Kachin–Myanmar government peace talks despite its usual emphasis on non-interference. Beyond an interest in border stability, China has also been keen to protect border trade and various investments in Myanmar.<sup>57</sup> Testifying to Beijing's concerns, China in March 2013 appointed a special envoy responsible for dealing with developments in Myanmar. However, by then, certain aspects of what Chinese scholars have referred to as "creative involvement"<sup>58</sup> caused offence — especially China's strong discouragement of involving third parties in government talks with the Kachin Independence Movement (KIO). This demand aligns with China's

general objective of preventing foreign powers from becoming involved with its borders with South-East Asia. Finding China's diplomacy overbearing, Naypyidaw effectively downgraded China to observer only, alongside the United Nations. Notably, relations between China and the KIO have also suffered. As KIO spokesperson La Nan said in March 2014: "They [the Chinese] talk and pressure us to do what the Burmese government wants, but they do not intervene to solve the ethnic armed groups' grievances."<sup>59</sup>

Given continued Kachin efforts to involve the United States, and others, in their engagement with Naypyidaw — most prominently the visit by KIA Brigadier General Gun Maw to Washington in April 2014 — Beijing remains concerned about internationalisation of the conflict. Not surprisingly, therefore, Beijing expects Naypyidaw to move more quickly to peacefully resolve the borderland conflicts while China plays a more "quiet, behind-the-scenes role of coordinating and mediating under the guidelines of 'persuading for peace and promoting dialogue'."<sup>60</sup>

If relations between Naypyidaw and Beijing were tested over the breakdown of the ceasefire in Kachin State, relations reached a new nadir over the Kokang crisis, which erupted in early 2015. Some 1,000 to 2,000 MNDAA troops loyal to the ageing warlord Peng Jiasheng and operating under the command of his son, Peng Deren (Pheung Daxun), launched a major offensive to reestablish control of the Kokang region and its regional capital Laukkai. The offensive triggered an unprecedented state of emergency in Kokang and the declaration of martial law. Having apparently suffered heavy losses in the attack, the *Tatmadaw* hit back hard, with fighting displacing some 60,000 persons by February.<sup>61</sup> Ethnic Chinese often sought refuge across the border in China.

For a number of reasons, political and military leaders in Naypyidaw began to suspect the possible involvement of Chinese entities in support of the MNDAA in the Kokang region. To begin, Peng Jiasheng had revealed his intention to retake Kokang in the Chinese state-run newspaper *Global Times* in December 2014.<sup>62</sup> In addition, the MNDAA troops were very well equipped, including with rocket launchers and anti-aircraft guns

presumably produced by the UWSA, which has close relations across the border into China. Some MNDAA troops were suspected of having entered Kokang from Yunnan, and some of those captured allegedly carried Chinese identity documents. Kokang insurgents were also believed to have benefited from Chinese financing. Lieutenant General Mya Htun Oo even argued the MNDAA insurgency included “Chinese mercenaries.”<sup>63</sup> Stopping short of accusing Beijing directly, Myanmar’s presidential spokesperson U Ye Htut nevertheless openly asked whether local governments and business circles on the Chinese side of the border were adhering to China’s non-interference policy.<sup>64</sup>

Having previously taken a low-profile position and urging restraint, when stray bombs from Myanmar warplanes accidentally hit Chinese territory and killed five Chinese citizens, Beijing adopted a harder line. The vice-chairman of China’s Central Military Commission Fan Changlong called on Commander-in-Chief Min Aung Hlaing to treat the issue seriously, investigate incidents immediately, punish perpetrators severely, and apologise to bereaved families.<sup>65</sup> Following an investigation involving both sides, Naypyidaw ultimately conceded responsibility and Foreign Minister U Wunna Maung Lwin, as the President’s special envoy, together with Lieutenant General Aung Than Htut, commander of the Bureau of Special Operations, personally conveyed apologies to China on behalf of the government and the armed forces.<sup>66</sup> In addition, Myanmar’s government was obliged to make the apology public. China also made clear that it would henceforth resolutely defend the security of the Myanmar–China border areas; threatening “decisive measures” in response to any recurrence.

Nevertheless, it was not long before the *Tatmadaw* fired another accidental cross-border strike in June. In response, the PLA carried out a live-fire training exercise. Although the Kokang conflict is unlikely to turn into a border war, it has undoubtedly set bilateral relations back significantly. The Kokang conflict underlines perceptions in Myanmar that Chinese entities, especially those with political and economic interests along the border regions, may have a close and relationship with some of the insurgent groups that

in turn undermines Naypyidaw’s goals for peace and state-building in the Kokang region.

In addition to perceptions that Chinese entities may be involved in the Kokang crisis itself, the Chinese government has also been seen as undermining Naypyidaw in relation to the broader nationwide ceasefire and peace process. While purporting to support the peace process, Beijing preferred that the Myanmar government settle for an “inclusive” approach in relation to the signing of the NCA that would have included the MNDAA. For Naypyidaw and particularly the *Tatmadaw*, which wants to impose a military solution in Kokang, it has not been politically feasible to include the MNDAA and its military allies in a ceasefire and peace accord.<sup>67</sup> The impact of China’s direct and indirect involvement in the Kokang conflict on Myanmar–China relations should not be underestimated. Given the suspicions, military actions, and allegations of Chinese interference which have mounted since early 2015, nothing since the late-1980s has been as detrimental to Myanmar–China relations as the developments in Kokang. Indeed, China’s perceived role in relation to the recent Kokang conflict is arguably viewed in Myanmar as having a different quality than even the ambiguous cross-border links enjoyed by the Wa. It will take a good deal of time and effort to restore Myanmar–China ties to previous levels.

## Outlook for Myanmar-China relations

Myanmar and China relations may well revert to business as usual in the medium to longer term.<sup>68</sup> However, in the short-term, degraded bilateral ties will not recover significantly for at least three important reasons. First, a return to more productive and positive relations will require solutions along their shared border that are satisfactory to both sides. Beijing has emphasised the need to restore border stability and insisted on peaceful dialogue between all concerned parties. Naypyidaw however has indicated that it will continue to fight the MNDAA until it surrenders. This position is hardened within Myanmar’s political-military leadership by a strong sense of betrayal at the hands of

Peng Jiasheng and outrage over the great human cost of retaking the Kokang region from the MNDAA.<sup>69</sup>

Second, nationalist sentiments on both sides are increasingly complicating the relationship. A good example on the Chinese side was the public uproar which ensued following the jail sentences passed on more than 100 Chinese citizens arrested for illegal logging in Kachin State in early 2015.<sup>70</sup> There is also a strong nationalist response against what is seen as China's predatory exploitation of Myanmar's natural resources. Also, in more openly nationalist circles, Myanmar's apology to China over the mistaken killing of Chinese citizens in the course of prosecuting the war against the MNDAA seems not to have gone down very well, while the *Tatmadaw's* firmness in dealing with China has.

Third, there is a growing perception gap among analysts, policymakers, and other elites on both sides. The Chinese side believes it has been as accommodating and helpful as possible towards Myanmar. In Myanmar, however, China's behaviour too often comes across as imperious and unhelpful, which could have provoked the political-military leadership to exhibit a quantum of defiance and obstructiveness vis-à-vis the PRC that, in turn, adds to the cycle of mutual recrimination and distrust.

Specifically in relation to the Kokang conflict, there would appear to be a sense of desperation and shock in relation to China's perceived connivance. Meanwhile, attitudes among the Myanmar urban elite toward China appear to be overwhelmingly critical and even outrightly hostile, and, in the more open post-2011 political and media atmosphere, are more overtly and widely expressed.<sup>71</sup> Some of the invective criticises China for its role in propping up unpopular military and business elites in Myanmar and other views have a more nationalist tinge. It is arguably because of the pervasive nature of such attitudes and sentiments that China has embarked on a public diplomacy drive including engagement with the opposition NLD. The impact of such efforts seems tenuous, however, as China's public image remains dented. To be sure, a less dramatic and hostile perspective on China remains and continues to be well articulated, not least among

those who understand the exigencies of foreign policymaking and diplomacy. In these circles, there is a general inclination toward cautiousness *vis-à-vis* China, even if only for reasons of geography and the obvious power asymmetry between the two countries.

But overall it is difficult to see how the two countries will easily return to their former state of relations or achieve a true "comprehensive strategic cooperative partnership." Interestingly, China's Communist Party invited Daw Aung San Suu Kyi for a five day visit in June 2015 that served in part to assist her understanding of the complexity of the relationship as well as to communicate Beijing's hopes for a return to less discordant relations.<sup>72</sup> Hope alone will naturally not suffice if the goal for China is to restore the relationship with its southern neighbour, not least to promote the strategic aim for a major transportation corridor.<sup>73</sup>

China and Myanmar should thus be expected to engage above all in military-military talks to rebuild mutual confidence and to move the damaged relationship forward. The first such talks were seemingly undertaken by Sun Jianguo, the deputy chief of the PLA General Staff Department and his *Tatmadaw* counterpart, Deputy Commander-in-Chief Vice Senior General Soe Win, in China in late September 2015.<sup>75</sup> The success of this dialogue will in part depend on the future direction of Myanmar-US ties. Having followed the rapprochement between Myanmar and the United States with suspicion, Beijing no doubt sees the development of this relationship as yet another challenge for Myanmar-China ties.

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## 3. Myanmar's relations with the United States

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The United States' Burma policy is once more at a crossroads. The outcome of the 2015 elections will determine whether Washington can move beyond America's cautious engagement of Myanmar. Since 2011, US officials have offered both to listen and to dispense advice to Myanmar's political leaders — to those in opposition and to those in government — in order to move forward a complex reform process that depends on all the chief protagonists to work for the good of the country. Notwithstanding American democratic values, the Obama administration has sought to develop a balanced approach towards the Thein Sein government and the domestic political opposition. For Myanmar's political leaders, the past four years have been both a revelation and a challenge. The government has found in the Obama administration a partner across many policy areas, while in some it continues to have profound disagreements. Still, the relative even-handedness in US diplomacy seems for now to have reduced longstanding suspicions and trepidation about possible US interference. For Aung San Suu Kyi, the lesson has been that the United States has its own agenda and interests and that while the administration has supported democracy-building, this has not always meant that she and the Obama administration have seen eye to eye.

### Bilateral relations until 2009

During the Cold War, the United States, for the most part, respected Burma's non-aligned and neutralist foreign policy. That said, in the 1950s, the relationship suffered owing to US support for the KMT in northern Myanmar. The United States nevertheless became the primary provider of arms to the Burmese military for a decade from the late 1950s. During the 1960s, America's rapidly escalating military engagement in Indochina did not prompt the military government of General Ne Win to publicly condemn US actions, in line with Burma's neutralist principles. Indeed, by some accounts, General Ne Win quite liked the idea of balancing a revolutionary China with a US regional presence.<sup>75</sup> However, significant distrust of the United States existed, as did fears about possible interference in Burma's politics. True to non-alignment, at no point did General Ne Win seek American assistance in its

mammoth military struggle against the CPB. By the 1980s, the two countries cooperated in a number of fields, including counter-narcotics and military education.

Following Burma's violent military crackdown to break the 1988 protests, a major shift in US policy was set in motion. This policy shift hardened when the military did not allow the opposition NLD to form a government after winning the 1990 elections. For the next two decades, US Burma policy was essentially driven by a combination of major human rights concerns and Washington's support for the "restoration of democracy," while officials, activists, and academics denied that there was a geopolitical rationale for engaging Myanmar's military regime.<sup>76</sup> As late as 2008, the administration of George W. Bush, backed by many in Congress, followed the widely shared policy of seeking regime change in Myanmar.

### Contemporary relations

The embrace in September 2009 of "pragmatic engagement" later also termed "principled" engagement, towards Myanmar was portrayed by the US State Department as a response to the failure of the two main approaches adopted towards the country under SPDC rule: Washington's sanctions-heavy approach that had been in the making since the late 1980s and ASEAN's "constructive engagement." The key idea underlying pragmatic engagement was that the Obama administration should aim to influence developments in Myanmar on the basis of a political dialogue at senior levels. Embarking on a direct dialogue did not imply an abandonment of the main goals underlying US Burma policy until then: to foster real political change ("credible democratic reform"), to improve human rights ("immediate, unconditional release of political prisoners"), and to promote national reconciliation ("serious dialogue with the opposition and minority ethnic groups"). But it did imply moving beyond a strong reliance on the instrument of sanctions. How keen the administration was to move forward with a new approach toward Myanmar becomes clear when considering that the policy review was not abandoned even when the SPDC leadership decided in May 2009

to charge and then, in August, to sentence Aung San Suu Kyi for harbouring US national John Yettaw after the latter unexpectedly gained access to her property in an apparent attempt to warn her about dangers to her life.

Announced in September 2009, pragmatic engagement did not cause political change in Myanmar, however.<sup>77</sup> Indeed, for almost two years the SPDC failed to initiate a dialogue with the political opposition and refused concessions regarding the 2010 elections. However, once the incoming President Thein Sein had reached political accommodation with Daw Aung San Suu Kyi in August 2011 and introduced initial reforms, Obama commented positively on Myanmar's "flickers of progress" and asked Clinton "to explore whether the United States can empower a positive transition in Burma."<sup>78</sup> Undertaking her groundbreaking visit to Myanmar in late 2011, Clinton made clear that the United States would reciprocate under the formula of "action-for-action."<sup>79</sup> It captured the administration's conviction that while Myanmar's reforms were "real and significant," the reform process was also "fragile and reversible."<sup>80</sup> US rewards would be dependent on continued successive reform measures.

Myanmar's 1 April 2012 by-election, won comprehensively by the NLD, proved a milestone for bilateral ties. In response, Secretary Clinton outlined several action steps, which would involve sending an accredited ambassador, re-establishing an in-country USAID mission, creating the framework for private organisations based in the United States to commit to non-profit activity designed to assist the population at large, and facilitating travel to the United States for select government officials and parliamentarians. A month later, the Obama administration received Myanmar foreign minister U Wunna Maung Lwin in Washington. The United States also eased financial and investment sanctions. However, the licence authorising new investment has ruled out investment agreements with the Ministry of Defense, state or non-state armed groups, or entities owned by the above or a person blocked under the current sanctions program.<sup>81</sup> Moreover, reporting requirements were introduced in connection with cases where new investment by US companies exceeds US\$500,000, in part to encourage



responsible investment by US companies, not least in the oil and gas sector. By the autumn of 2012, Clinton had announced that the United States would begin easing restrictions on imports of Burmese goods. The administration justified the step with reference to Naypyidaw's continued reform efforts, including the removal of pre-publication censorship, the passing of a new labour law, a new Foreign Investment Law, Myanmar's efforts to join the Extractive Industries Transparency Initiative (EITI), as well as its moves to promote ethnic reconciliation. When President Thein Sein visited Washington in May 2013, the two governments also signed a Trade and Investment Framework Agreement.<sup>82</sup>

In November 2012, Obama visited Yangon while en route to the ASEAN Leaders Meeting in Phnom Penh. The visit sought to lock in the reform measures and boost the legitimacy of reformers in the Myanmar leadership. Obama suggested that if the Myanmar leadership followed the United States in promoting core freedoms judged fundamental to democracy, Naypyidaw would have "in the United States of America a partner on that long journey."<sup>83</sup> President Thein Sein vowed to undertake several further policy changes,<sup>84</sup> while the administration announced US\$171 million in development assistance. To boost livelihoods, funding has gone toward areas such as health, food security, and economic opportunity to enable the population to enjoy and sustain meaningful reforms.<sup>85</sup> US programs have also aimed to enhance human rights, civil liberties, and the rule of law. Significant emphasis has been placed on political education and support measures designed to ensure free, fair, and credible elections in

President Barack Obama with President U Thein Sein in Yangon, November 2012  
*Official White House Photo by Pete Souza*

2015, including political party development and general voter education. To this end, USAID announced a three-year multi-million dollar program in March 2013. Obama also signed a waiver in 2013 to allow the continuation of counter-narcotics assistance. Following the many years when counter-narcotics cooperation was curtailed, the two countries undertook in 2013 the first opium yield survey since 2004. Washington has also sponsored training for Myanmar counter-narcotics officials in Thailand.

### **Economic relations**

The previous sanctions regime had proscribed new US investments in Myanmar and also imposed a blanket import ban (while still allowing for goods exports to Myanmar). The general import ban, contained in the Burma Freedom and Democracy Act (BFDA), expired in July 2013. Prohibitions pursuant to the BFDA had already been waived by the administration in November 2012, though the import of jadeite or rubies mined or extracted from Myanmar remained banned.<sup>86</sup> In August 2013, the US President issued a new Executive Order confirming the continued import ban on jadeite and rubies as part of the US policy to promote responsible economic engagement.

In spite of the removal of the broad BFDA import ban and the 2013 Trade and Investment Framework Agreement, bilateral trade has lagged. It has yet to regain the heights attained before the import ban was introduced. US goods exports to Myanmar in 2013 amounted to US\$145.8 million, with imports from Myanmar standing at only US\$29.9 million (60 per cent of which were fish and seafood). In 2014, bilateral goods trade was more evenly balanced, with US\$92.9 million in US exports and US\$92.7 million in imports. Figures through May 2015 show an increasing trade volume but with a trade balance favouring the United States, with US\$62.9 in exports versus US\$45 million in imports.<sup>87</sup>

Numerous American companies are eager to invest in Myanmar. According to the State Department, until mid-2014 US companies had apparently committed US\$612 million in investments, US\$200 million of which are to be realised by Coca-Cola by 2018.<sup>88</sup> However,

some sources suggest that actual US investment has been slow to materialise. The Bureau of Economic Analysis of the Department of Commerce notes that in 2012 and 2013, the US direct investment position in Myanmar was a mere US\$1 million.<sup>89</sup> US companies who want to invest in Myanmar face a number of challenges: high political risk, poor infrastructure, the fact that natural resources are overwhelmingly located in unstable ethnic borderlands, and limitations on the choice of business partners.

### **Security cooperation including military-to-military engagement**

To date, security cooperation between Washington and Naypyidaw has been limited although it is unclear to what extent the two sides may be involved in behind-the-scenes strategic dialogue or intelligence exchanges. There has, however, been routine contact between defence officials. Relevant forums include multilateral settings such as the US–ASEAN informal defence ministers’ meeting and the ASEAN Defence Ministers Meeting, plus the eight ASEAN dialogue partners (ADMM-Plus). Within the narrow policy guidelines set, interaction between representatives of the two militaries has also increased. This started with the visit of the USS *Bonhomme Richard* to Myanmar in November 2012 and has been followed with more tangible cooperation. For instance, the Obama administration accepted Thailand’s request for *Tatmadaw* officers to observe certain parts (e.g. humanitarian assistance/disaster response) of the multilateral Cobra Gold exercises, the largest Asia-based military exercise in which the United States participates. The two sides have also been working on POW/MIA issues, as approximately 730 Americans who fought in Burma during the Second World War remain unaccounted for.<sup>90</sup> Notably, there has also been security-related “track two” dialogue, for instance, which has focused on themes such as weapons of mass destruction, nuclear non-proliferation, and the implementation of UN Security Council Resolution 1540.<sup>91</sup>

Along with some think tanks and numerous analysts,<sup>92</sup> the administration has pondered the possibility of

promoting military engagement by building relationships with Myanmar's next generation of military leaders. Given the popularity and success of past International Military Education Training (IMET) programs in Myanmar, the administration has considered restoring this program.<sup>93</sup> Aware of the resistance to this idea among non-governmental organisations and several members of Congress, officials from the departments of State and Defense by the end of 2013 proposed only the adoption of an expanded-IMET, or E-IMET, that would focus on education and training in areas such as the civilian control of the military, international human rights law, international humanitarian law, as well as the management of defence resources, and cooperation on counter-narcotics.<sup>94</sup>

The State Department included in its budget request for FY 2015 only the sum of US\$250, 000 for an E-IMET program for Myanmar. Compared to funds sought by the State Department for other IMET recipients in Southeast Asia, this sum was modest.<sup>95</sup> Nevertheless, Congressional and other domestic political resistance proved so intense that a modest E-IMET program could not be implemented. The State, Foreign Operations, and Related Programs Appropriations Act 2014 stipulated that none of the funds appropriated under IMET and Foreign Military Financing would be available to Myanmar. State Department funds made available were linked instead to Washington's democracy and human rights strategy.<sup>96</sup>

Meanwhile, the National Defense Authorization Act for Fiscal Year 2015 similarly limited the scope of DOD activities in relation to Myanmar to consultation, education, and training in relation to human rights; the laws of armed conflict; civilian control of the military; English language; and disaster relief. As such, the legislation did not really allow the Department of Defense to do much, if anything, that it had not done already.<sup>97</sup> The legislation moreover came with specific reporting requirements to multiple Congressional committees, touching not only on the future development of military-to-military cooperation, but also on how such engagement, for instance, supports US national security strategy and promotes Myanmar's reforms. Not surprisingly, this legislation has led some to maintain that Congress has returned to the

driver's seat on Burma policy.<sup>98</sup> It is also against this background that Myanmar's government hired the D.C. lobbying firm Podesta Group to help influence opinion in Washington.

### The China factor in Myanmar-US relations

Myanmar may have expressed concerns about China as closer ties between Washington and Naypyidaw unfolded, but US diplomats were eager for Myanmar not to play the China card. Still, it was probably not a complete coincidence that the surprise and sensitive military move against the ethnically Chinese Kokang in August 2009 occurred against the backdrop of the early stages of Myanmar-US rapprochement, not least the symbolic talks between Senior General Than Shwe and then-US Senator Jim Webb, which were the first ever between the Senior General and a senior American policymaker. Six years later, Myanmar's *paukphaw* relationship with China has worsened significantly, and there is serious concern in Naypyidaw about Chinese entities complicating the government's approach

to pacifying its border regions, including perceived Chinese interference in the wider ceasefire and peace process. So far, the *Tatmadaw* continues to rely on its own experience, resources, and strength to deal with armed ethnic insurgency. The outgoing Thein Sein government appreciated the advantages of strengthening beyond China the role of international supporters of the peace process as stakeholders. More generally, constructive and friendly relations with Washington play an important part in Myanmar's efforts to balance out its foreign relations.

From the very beginning the Obama administration has been adamant that its pragmatic engagement of Burma has been about embedding democracy and human rights in Myanmar and not about China.

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Still, it was probably not a complete coincidence that the surprise and sensitive military move against the ethnically Chinese Kokang in August 2009 occurred against the backdrop of the early stages of Myanmar-US rapprochement.

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President Barack Obama and Secretary of State Hillary Rodham Clinton with Aung San Suu Kyi and her staff at her residence in Yangon, November 2012  
Official White House Photo by Pete Souza

This has always been debatable in the eyes of many observers. That said, it remains clear that Washington has not been overly eager to promote cooperation with China in Myanmar. Indeed, it is obvious that US officials working on and in Myanmar are instead keen to make Washington a better partner for important policy fields than Beijing ever was for Naypyidaw. Building political-security relations with Myanmar would support US policy toward ASEAN and chime with the ongoing efforts to forge or reinforce security partnerships across the wider Indo-Pacific region.

## Opportunities and challenges

For Myanmar, American support for the country has proven to be a double-edged sword. On one hand, Myanmar has derived much-desired international legitimacy from the US policy shift towards Naypyidaw. The shift has also propelled Myanmar's full reintegration into international society, as several Western states, encouraged by the Obama administration's embrace of pragmatic engagement, quickly recast their own Myanmar policy. The shift in US Burma policy has moreover allowed Myanmar to regain access to and assistance from international financial institutions.

On the other hand, Myanmar has come under pressure from the Obama administration to embrace reforms across a number of areas which the regime finds either unpalatable or premature given the country's continued armed conflict and the continued relevance of the military's perceived political-security imperative.

First, in line with the belief that a democratic system requires civilian control over the military, the Obama administration has suggested time and again that the *Tatmadaw* should withdraw from politics. The Obama administration and the Congress have also put pressure on the government of President Thein Sein in regards to the lifting of restrictions that stand in the way of Daw Aung San Suu Kyi successfully claiming the presidency, with some US policymakers even raising questions about whether the 2015 election could be considered free and fair if she were not eligible for the highest office. For now, based on the 2008 Constitution, the Defence Services have a guaranteed role in the exercise of national political leadership (Art. 6f) and remain institutionally autonomous. Moreover, the commander-in-chief nominates key ministerial appointments (defence, home affairs, border affairs, Art. 232 (b) ii). Also, the *Tatmadaw* maintains at least 25 per cent representation across the country's legislatures.<sup>99</sup> This also gives the military a blocking minority over proposed constitutional changes on crucial issues, not least concerning eligibility for the offices of president and vice-president. This is significant because current constitutional provisions appear to rule out Daw Suu for the presidency.

Notwithstanding the central role parliament plays in determining changes to the constitution, President Thein Sein signalled his opposition to any revisions that would reduce the constitutionally sanctioned role and autonomy of the military.<sup>100</sup> And Commander-in-Chief Senior General Min Aung Hlaing took the position that it was for the *Tatmadaw* to protect the 2008 constitution.<sup>101</sup> To be sure, even the senior general apparently believes that the participation of the *Tatmadaw* in Myanmar's politics will be reduced over time.<sup>102</sup> However, it is clear that he does not yet consider the country's political players and civilian institutions sufficiently "mature" for the military to step back.

Second, Myanmar has been challenged by the Obama administration in relation to Rakhine state. Persistent US diplomatic pressure on Myanmar's government seeks to improve the situation affecting the self-identifying Rohingya, even as the Myanmar government continues to stall on key issues. The US government understands

that the Thein Sein government operates in the context of a rise in violent Buddhism nationalism or chauvinism, as witnessed not only in Rakhine state but also in places such as Meikhtila, Lashio, and Mandalay. It also understands that this violence has occurred in the context of widely shared perceptions among Burmese whereby Buddhism is under threat from Muslims, and that the Buddhist community needs defending.<sup>103</sup> Nevertheless, US officials have sought to inculcate new ways of thinking. Assistant Secretary of State Daniel Russel re-articulated the administration's serious concerns about the situation in Rakhine state during his visit to Myanmar in April 2014, and the message was reinforced by the US ambassador to the United Nations, Samantha Power, when the UNSC was informally briefed on developments in Rakhine state. Even Obama himself, speaking in Malaysia shortly thereafter, warned somewhat obliquely that if the rights of Myanmar's Muslim population were not protected, Myanmar would not succeed. The central message about Myanmar's responsibility to protect its vulnerable populations was also repeated before and during Obama's second visit to Myanmar for the 2014 East Asia Summit. Indeed, when travelling to Myanmar in 2014, Obama's public diplomacy on the issue had become quite explicit as he:

*...stressed the need to find durable and effective solutions for the terrible violence in Rakhine state, solutions that end discrimination, provide greater security and economic opportunities, protect all citizens, and promote greater tolerance and understanding.*

In June 2015, Assistant Secretary of State Anne Richards suggested that citizenship, not segregation or resettlement, was the answer to reducing communal tension in Rakhine state.

Third, the United States has at times challenged Myanmar's government in relation to the military's handling of armed conflict, especially regarding Kachin state. Washington has consistently supported national reconciliation between Naypyidaw and EAOs in the context of Naypyidaw's efforts to bring about a nationwide ceasefire amid continued disaffection of many ethnic nationalities with the 2008 constitution

and distrust between them and the *Tatmadaw*.<sup>104</sup> As Obama has said: "...the United States is engaging all parties to encourage a transparent, inclusive, and legitimate peace process."<sup>105</sup> For Myanmar, the challenge has been to keep the United States informed about and somehow involved in the "peace process" but not to the point of being subjected to open interference or criticism.<sup>106</sup> Washington has respected this position, but its representatives have not shied away from critical comments in certain situations. For instance, US Ambassador Derek Mitchell, following a visit to Kachin state, registered strong concerns about the Tatmadaw's decision to escalate military operations in late 2012 by bombarding positions near the KIO's headquarters in Laiza, involving an unprecedented use of fighter planes and helicopters.<sup>107</sup> A shift towards a new level of US involvement also seemed to be in evidence when General Gun Maw, formally the Kachin military's deputy chief of staff, visited Washington in April 2014 and outlined to various administration officials his concerns about Naypyidaw's demands and negotiation strategy in order to buttress his request for a greater US hand in the process. However, the administration has seen its possible contribution to the peace process to remain dependent on a request or approval from the government.<sup>108</sup> In the event, Naypyidaw has been content to let the United States talk to the KIO/KIA; Mitchell thus was also able to meet with KIO leaders and peace negotiators in advance of Obama's 2014 visit to Myanmar.<sup>109</sup> That said, aware of the possible implications of the negotiated NCA not being signed, American officials seem to have urged at least some EAOs to sign the agreement.<sup>110</sup>

Fourth, the United States has challenged Naypyidaw on Myanmar's political economy. Not only has Washington been critical of the military's continuing role in the national economy, but the administration has also targeted so-called "bad actors" by way of a Specially Designated Nationals and Blocked Persons (SDN) list. The purpose is to avoid commercial relationships between US businesses and Myanmar individuals or entities that profited from links with the previous military regime, so that these latter actors do not benefit from US investment, financial services, or trade. The underlying idea also is that those on the SDN-list will be encouraged to engage in better business practices

lest they want to lose their hold over the economy. The latter seems unlikely — Asia World, owned by “top crony” Steven Law, was, for instance, awarded the US\$300 million upgrade of Yangon International Airport ahead of at least one higher-ranked bid by a Japanese consortium.<sup>111</sup> Significantly, de-listings that can occur in the event of “positive steps” and “changed behavior” — Washington insists that removal from the list represents an administrative rather than a political process — have been infrequent.<sup>112</sup>

Notably, there is a view that the SDN list does not only contain the names of “cronies” but also of legitimate businesses. The perceived implications of SDN listing are serious. For instance, US banks are said to refuse to undertake transactions with Myanmar apparently over compliance fears.<sup>113</sup> Some analysts have even described the SDN list as “the restriction with the greatest impact for investors,”<sup>114</sup> and called for the removal of sanctions against conglomerates to facilitate the economic reform process. For Larkin, for example, “The US Specially Designated Nationals (SDNs) blacklist of many of Myanmar’s leading tycoons is therefore a direct and calculated assault by the USA on Myanmar’s developmental state.”<sup>115</sup> This argument builds on the point that the Myanmar government wants to build up manufacturing industries that can create lots of employment, and that infrastructure investment which raises the competitiveness of manufacturing exports thus represents a priority for Myanmar’s industrial development — a priority area in which Myanmar’s big conglomerates especially have a role to play in cooperation with external player/financiers. At least some local observers maintain that Myanmar–US economic ties will develop only once the tycoon “cronies” are removed from the SDN list.<sup>116</sup>

## Outlook for Myanmar-US relations

Myanmar–US relations have come a long way under President U Thein Sein and the Obama administration, notwithstanding a number of major differences. Importantly, both sides have taken policy decisions since 2011 that have helped to build the foundations for the new relationship. For Myanmar’s leadership, this

has involved addressing US concerns, especially with regard to its domestic reform agenda. Myanmar has also embraced a constructive position on international issues of concern to Washington, such as Naypyidaw’s military links with North Korea, a continuation of which Washington said would prevent the full normalisation of bilateral relations with Naypyidaw.

For the Obama administration, it has been necessary to look at Myanmar’s reforms as a drawn-out process and to have realistic expectations, not least regarding the military’s appetite for political change. Partly to build confidence and to strengthen reformers, the administration has been positive about the reforms achieved in the face of the various charges by the many detractors of Myanmar’s reformist government.<sup>117</sup> As Obama said, the “democratic process in Myanmar is real.” Moreover, pragmatism may have underpinned the administration’s stated yardstick for assessing the November 2015 election. Whereas initially the administration called for free and fair elections, the benchmark was later changed to “inclusive, credible, and transparent” elections. Although the administration denied this signalled a downgrade in expectations, the move nonetheless suggested that the Obama administration wished to evade a situation in which judgement on the elections was primarily based on whether Aung San Suu Kyi would be allowed to contest the presidency. It was, of course, she who intimated that the elections might be free but that without prior constitutional change they would not be fair. Arguably, such pragmatism has been important because it has given Myanmar’s ruling political-military leadership the confidence that US support for Myanmar’s political transition might well continue under certain post-election scenarios.

A number of questions and their outcomes will likely shape the future for the relationship. In the event of a landslide win by the NLD in November 2015, how will the military react to Daw Suu’s plan to lead a NLD government, irrespective of whether she becomes the president? In the event of a USDP-led coalition forming, backed by the military, how committed will the incoming government be in continuing reform policies? How will an incoming government deal with major domestic challenges that have international

dimensions, such as the situation in Rakhine state?<sup>118</sup> Either of the two post-election outcomes considered most likely so far — NLD-led government or USDP-led coalition with military backing<sup>119</sup> — would allow the Obama administration to either significantly deepen the bilateral partnership with Myanmar or at minimum sustain its commitment to promoting democracy, development, and peace within Myanmar's borders. It is too politically invested to give up on these processes in Myanmar.<sup>120</sup>

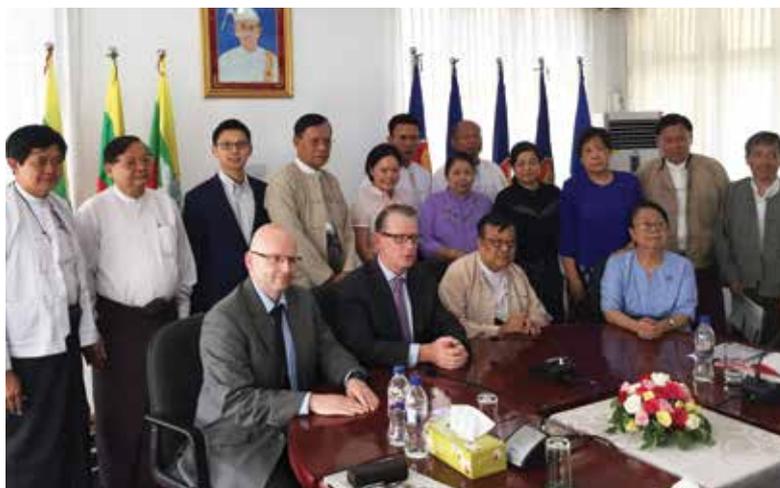
Congress has been less invested to date, in part because some members have taken a more critical line on developments in Myanmar and their colleagues have tended to follow suit, as reflected in particular by Congressional resistance to military engagement. In the months leading up to the November 2015 election, Congressional skepticism regarding Myanmar has remained strong. A draft resolution on free and fair elections was introduced in March 2015 that lays out expectations about how the President should respond to elections that do not meet accepted international criteria for free and fair elections.<sup>121</sup> Moreover, the rejection in June this year, by Myanmar's military representatives in parliament, of proposals to amend the 2008 constitution caused renewed umbrage among US legislators. As Senate majority leader Mitch McConnell put it: "When the most popular figure in the country is precluded from being a candidate for the highest office in the land and when approximately 80 per cent of the people's chosen representatives are stymied by lawmakers who are not democratically elected, it raises fundamental questions about the balloting this fall and about the Burmese government's commitment to democracy."<sup>122</sup> Notably, for the senator, the military's veto was sufficient reason to argue that Washington should for the moment not move forward on including Myanmar in the US Generalized System of Preferences (GSP)<sup>123</sup> or take other steps toward full normalisation. That said, in the event the NLD under Daw Suu should win comprehensively and lead the next government, one would naturally expect Congressional positions to shift markedly. On the other hand, continued opposition to Myanmar in Congress is likely to be accentuated should election observers conclude that Myanmar elections have fallen seriously short of international standards and if existing political

antagonisms turn into political turmoil. There are already concerns about the disenfranchisement of self-identifying Rohingya lacking proof of citizenship as well as problems with voter registration lists.

Barring certain scenarios in which the NLD and the military end up in confrontation over the formation of a new government and the future exercise of executive power, the two countries may look at the question of greater military engagement and perhaps new areas of security cooperation sooner rather than later. There is clearly an interest on both sides for defence cooperation and more extensive military relations. By numerous accounts, the *Tatmadaw* has expressed an interest at least in relation to dialogue and further professional education for its members. Cooperation on counter-terrorism has also been mooted.<sup>124</sup> The United States has an interest in using available opportunities for developing channels for bilateral dialogue and cooperation.<sup>125</sup> The deterioration of relations between Naypyidaw and Beijing arguably provides an added incentive in this regard. Notably, steps to develop a security partnership with Myanmar do not necessarily hinge on congressionally sanctioned funding for IMET. One could imagine a security partnership between the United States and Myanmar focusing on the further development of exchanges and relationships involving various US officials, including on the sidelines of regional meetings such as the Shangri-La Dialogue as well as intelligence exchanges. In the long term, with possible shifting attitudes in Congress, a resumption of IMET is not a forgone prospect either.

A Republican presidential victory in 2016 might of course lead to another Burma policy review. But even such a victory does not necessarily mean a return to the punitive thrust of US Burma policy in the pre-2009 period. Geopolitical considerations should be assumed to play greater importance in the making of US Burma policy even with a Republican administration. Even if a more meaningful security partnership between Washington and Naypyidaw emerges and formal security assistance was offered in the future, Naypyidaw is bound to reject any political strings attached. Indeed, it is unlikely that Myanmar would reverse its preference for a non-aligned and independent foreign policy.

## 4. Myanmar: Diversifying foreign relations



The project team and author meeting with the Myanmar Institute of International Strategic Studies in Yangon  
Photo: USSC

In line with the country's longstanding foreign policy tradition, Myanmar is constitutionally committed to an independent and active as well as non-aligned foreign policy (2008 Constitution, Article 41). The Thein Sein government has reaffirmed this commitment to non-alignment and neutralism. In his inaugural speech, President U Thein Sein referred to these principles as "the pride of [...] Myanmar's foreign affairs policy."<sup>126</sup> More recently, the President has said that Naypyidaw will continue to pursue an independent, dynamic, and multi-partner foreign policy. Espousing also the Five Principles of Peaceful Coexistence, Myanmar's foreign policy within the strictures of non-alignment subscribes to the idea of developing friendly relations with all. Notably, the NLD's current party political program similarly commits to an active and independent foreign policy.

### Relations with China and the United States: Non-alignment and neutralism

Myanmar may in practice have opted for "limited alignment" with China during the SPDC era, but under President U Thein Sein, the nature of this bilateral relationship has changed: the diplomatic and political support Naypyidaw still needed from Beijing in the 2000s is clearly no longer required. In fact, Naypyidaw's relations with China have deteriorated markedly.

While bilateral ties with Washington have improved considerably, the relationship with Washington does not involve promises normally associated with alignment. In other words, Myanmar is not aligned with either power. Myanmar also upholds its neutrality in foreign policy. In relation to the South China Sea conflict, for instance, the Thein Sein government has not come out favouring any of the claimants. As Chairman of ASEAN in 2014, and in marked contrast to Cambodia in 2012, Naypyidaw was able to successfully oversee the formulation of a strong consensus on the South China Sea that was endorsed by ASEAN foreign ministers in May and reaffirmed in August,<sup>127</sup> without being unduly provocative to China, though it expressed "serious concerns" in the wake of the furore over a drilling rig moved by China into contested waters off Vietnam). Moreover, Myanmar proved even-handed both at the East Asia Summit and in meetings with Obama and Chinese Premier Li Keqiang organised on its sidelines. However, while non-aligned and neutral, Naypyidaw is clearly engaged in diversifying and balancing its relations with regional powers.

### Foreign policy diversification

The diversification strategy Myanmar adopted as the country came under increasing pressure from the West and growing reliance on China saw the then-military government join ASEAN in 1997 and develop relations with India and Russia. Some greater balance in Myanmar's foreign relations was achieved but — given the limitations of the respective relationships — not as much as Naypyidaw hoped. However, once Washington had relaxed its confrontational policy toward the military regime, and especially once Washington held out the prospect of rebuilding ties in response to the reform policies embraced by the Thein Sein government, important space was opened up for America's allies and partners — such as Japan, Australia, and in Europe — to recast their own relations with Naypyidaw. Unsurprisingly, the main thrust of Myanmar foreign policy since 2011 has been one of further foreign policy diversification.

While Naypyidaw has found support for its economic and political reforms among the full range of

democratic states now interacting with Myanmar, it has benefited especially from re-engagement with Japan, the European Union, and Australia. Tokyo has provided very generous debt relief and is strongly committed to supporting infrastructure development in Myanmar. Japanese companies are at the heart of efforts to develop the Thilawa Special Economic Zone near Yangon. More generally, the combination of Japanese official aid and private sector investments is likely to make for a formidable counterweight to China's economic presence in Myanmar over time, and will thus contribute to achieving Naypyidaw's goal to balance foreign economic linkages and political ties. Myanmar also capitalised from an early suspension and subsequent lifting of most EU sanctions. To support the political transition, the European Union has allocated €88 million from 2014 to 2020.<sup>128</sup> Separately from the European Union, the United Kingdom has pursued particularly strong engagement with Myanmar. These evolving relationships with Japan and European countries are turning the latter into important stakeholders in Myanmar across a range of areas, including capacity building, good governance, and the "peace process." Notably, Australia has become a major provider of development assistance as well, with contributions exceeding \$AUD 14 million since 2012.<sup>129</sup>

## Other evolving security partnerships

Russia has for some years been an important partner for Myanmar, particularly as far as weapons acquisitions are concerned. By some estimates, roughly half of weapons systems originate from Russia and Myanmar's interest in additional platforms remains vibrant. When Commander-in-Chief Senior-General Min Aung Hlaing visited Russia in June 2013, he apparently took an interest in Russian fighter jets, anti-tank missiles, radar systems, and artillery shells.<sup>130</sup>

Defence cooperation with India has also been reinforced since Indian Defence Minister A.K. Antony visited Myanmar in January 2013. Two months later, Myanmar's navy embarked on what was reportedly the first port call, involving a frigate and a corvette,

to the Indian mainland as well as joint patrolling in the southern Bay of Bengal. Myanmar's participation in exchanges and exercises organised by the Indian Navy has meanwhile continued. More recently, Commander-in-Chief Min Aung Hlaing visited Goa Shipyard, highlighting once more the interest of the Myanmar Navy in Indian offshore patrol vessels.<sup>131</sup> Following up what seems to have been an authorised but politically controversial cross-border military operation in June 2015 by Indian special forces intent on taking out anti-Indian forces who are able to take refuge in remote areas of north-western Myanmar, Naypyidaw and New Delhi reached agreement on more effective coordinated patrolling in return for India's support of the modernisation of the *Tatmadaw* and greater training opportunities.

Myanmar and Japan have also entered into a political-security dialogue and nascent defence cooperation. Japanese Prime Minister Shinzo Abe and President U Thein Sein agreed on enhanced dialogue on regional issues for the Indo-Pacific region and to promote cooperation and exchange between defence authorities.<sup>132</sup> A ship visit occurred in September 2013, involving two Japanese training vessels and an escort destroyer. Moreover, in the first high-level military exchange in the contemporary period, the chief of staff of Japan's Self Defense Forces Joint Staff, General Shigeru Iwasaki, visited Myanmar in May 2014.<sup>133</sup> Japan has for years been careful about offering funding to *Tatmadaw* personnel. However, a small number of Myanmar military officers now seem to be receiving non-combat training in Japan.<sup>134</sup>

## 5. Conclusions

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Myanmar's continued commitment to longstanding foreign policy principles — non-alignment and neutralism — has been underscored by the Thein Sein administration. By exploiting geopolitical trends in the Indo-Pacific, the military leadership has been able to put Naypyidaw on a path leading away from *de facto* limited alignment with China to renewed non-alignment and neutralism, and more able to build political, economic and military ties with other states. This growing diversification makes for a major foreign policy cornerstone for Naypyidaw in the foreseeable future.

For now, Myanmar–China relations remain in need of some repair. Notwithstanding a mutual interest in constructive relations, one would expect a serious confidence rebuilding effort to be necessary in decisively moving ties forward. In the interim, bilateral military–military dialogue and limited forms of security cooperation will continue but will not repair the damage that the *paukphaw* relationship has suffered especially over the Kokang conflict. China will no doubt be closely scrutinising the politicking that will follow the November 2015 elections in Myanmar to assess the balance that Naypyidaw will strike in its foreign policy. Though relations should be expected to improve over time, it is difficult to imagine circumstances under which a return to the *de facto* alignment would be contemplated.

Naypyidaw's principled approach to foreign policy, its search for balanced relations with the major powers, and the military's historical experience of, and preference for, relying on self-help to deal with insurgencies suggest that while bilateral relations will continue to grow, Myanmar–US *de facto* political-security alignment is unlikely. That said, even short of the promises and cooperation associated with alignment, there is considerable scope for the United States and Myanmar to develop their political and economic ties and to pursue a mutually beneficial limited security partnership in the years ahead.

In the event that the Myanmar elections are considered credible and legitimate, a security partnership of broader substance could emerge quite quickly. Proposals regarding the restoration of IMET are then

also likely to be back on the table as would be other forms of security assistance. Washington might also consider encouraging allies in the region, such as Australia, Japan, South Korea, and Thailand, to step up various forms of military-to-military engagement with Myanmar.

In short, constructive relations with both China and the United States form important platforms for Myanmar's bid to maintain friendly relations with all as part of its non-aligned and neutralist foreign policy. Importantly, however, Myanmar aims to rely on more major and regional powers than just China and the United States. The growing focus on relationships with Japan and Russia are testament to this effective and lucrative strategy. In this tighter web of shared interests, burgeoning interactions, and evolving relations, the prospects of securing political independence while becoming a more modern state that is better integrated into the regional and international economy and focused more on people-centred development are much better than during the SPDC period. Naypyidaw will also hope that productive bilateral relations and international support will allow the country to move closer to the completion of the state-building process that has eluded the country ever since independence. Washington should continue to support this agenda, while remaining sensitive to the complexity of Myanmar's politics and foreign policy.

## Endnotes

1. Aung Myoe, "Myanmar's China Policy since 2011: Determinants and Directions," *Journal of Current Southeast Asian Affairs*, vol.34 no.2 (2015), esp. 31–33
2. See, for example, Robert H. Taylor, *General Ne Win: A Political Biography* (Singapore: ISEAS, 2015).
3. Chi-shad Liang, *Burma's Foreign Relations: Neutralism in Theory and Practice* (New York: Praeger, 1990)
4. John D. Ciorciari "Management of Myanmar's Alignment with China: The SLORC/SPDC Years," *Journal of Current Southeast Asian Affairs*, 30 (2) 2011: 105–40
5. For works on Myanmar's foreign policy under Senior General Than Shwe, see Renaud Egretreau and Larry Jagan, *Soldiers and Diplomacy in Burma: Understanding the Foreign Relations of the Burmese Praetorian State* (Singapore: NUS, 2013); Andrew Selth, *Burma's Armed Forces: Power without Glory* (Norwalk, CT: East Bridge, 2002). Also see Jürgen Haacke, "Myanmar's Foreign Policy: Domestic influences and international implications," Adelphi Paper 381 (Abingdon: Routledge for IISS, 2006).
6. Secretary 1 refers to the first secretary of the State Peace and Development Council.
7. Evelyn Goh, *The Struggle for Order: Hegemony, Hierarchy & Transition in Post-Cold War East Asia* (Oxford: Oxford University Press, 2013). Also see Yuen Foong Khong, "American Tributary System," *The Chinese Journal of International Politics* 6 (2013): 1–47
8. Advance Policy Questions for Admiral Harry B. Harris, Jr., U.S. Navy, Nominee to be Commander, U.S. Pacific Command, [http://www.armed-services.senate.gov/imo/media/doc/Harris\\_12-02-14.pdf](http://www.armed-services.senate.gov/imo/media/doc/Harris_12-02-14.pdf)
9. See, for instance, Mohan Malik, *Samudra Manthan: Sino-Indian Rivalry in the Indo-Pacific* (Washington, DC: Carnegie Endowment for International Peace, 2012) and "India Balances China," *Asian Politics & Policy* 4 (3) 2014: 345–76; Jeffrey W. Hornung, "Japan's Growing Hard Edge Against China," *Asian Security* 10 (2) 2014: 97–122.
10. See Christopher J. Pehrson, "String of Pearls: Meeting the Challenge of China's Rising Power across the Asian Littoral," *Carlisle Papers in Security Strategy*, Strategic Studies Institute, July 2006; Virginia Marantidou, "Revisiting China's 'String of Pearls' Strategy: Places 'with Chinese Characteristics' and their Security Implications," *CSIS Issues & Insights* 14 (7) 2014.
11. See, for instance, The New Light of Myanmar, "President U Thein Sein delivers inaugural address to Pyidaungsu Hluttaw," 31 March 2011.
12. See, for instance, Chi-shad Liang, *Burma's Foreign Relations: Neutralism in Theory and Practice* (New York: Praeger, 1990); and Renaud Egretreau and Larry Jagan, *Soldiers and Diplomacy in Burma: Understanding the Foreign Relations of the Burmese Praetorian State* (Singapore: NUS, 2013), chapter 2.
13. Indeed, despite settling their border dispute in 1960, the two sides then also entered into a non-aggression treaty in which both assured each other that they would not enter into an alliance relationship that would target the other.
14. The SPDC has represented itself as one of the great unifying forces in Burmese history.
15. Tom Kramer, *The United Wa State Party: Narco-Army or Ethnic Nationalist Party* (DC: East-West Center, Policy Studies 38, 2007).
16. This demand exceeds what is offered in the 2008 Constitution, which lumps together six townships as a "self-administered division." Two are not under UWSA control: Hopang and Matman.
17. Among the concerns, President Thein Sein invalidated temporary registration certificates in March 2015, meaning a substantial number of residents were disenfranchised, not least among the self-identifying Rohingya Muslims in Rakhine State.
18. Personal communication, Yangon, May 2015.
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