



**NAVAL
POSTGRADUATE
SCHOOL**

MONTEREY, CALIFORNIA

THESIS

**ECONOMIC AND SECURITY DRIVERS
OF MYANMAR'S COOPERATION
WITH CHINA BETWEEN 2016 AND 2021**

by

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June 2022

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REPORT DOCUMENTATION PAGE			<i>Form Approved OMB No. 0704-0188</i>
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington, DC, 20503.			
1. AGENCY USE ONLY (Leave blank)	2. REPORT DATE June 2022	3. REPORT TYPE AND DATES COVERED Master's thesis	
4. TITLE AND SUBTITLE ECONOMIC AND SECURITY DRIVERS OF MYANMAR'S COOPERATION WITH CHINA BETWEEN 2016 AND 2021			5. FUNDING NUMBERS
6. AUTHOR(S) Jonathan H. Crockett			
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey, CA 93943-5000			8. PERFORMING ORGANIZATION REPORT NUMBER
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES) N/A			10. SPONSORING / MONITORING AGENCY REPORT NUMBER
11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.			
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release. Distribution is unlimited.			12b. DISTRIBUTION CODE A
13. ABSTRACT (maximum 200 words) <p>Myanmar's bilateral relations with China have varied widely since its independence in the late 1940s despite the two countries' use of the term "pauk-phaw" or kinsfolk to describe their relationship. The primary drivers of the variation in Sino-Myanmar relations have been Myanmar's internal security and economic conditions. Successive governments in Myanmar have responded to changes in these conditions by strengthening or weakening the country's bilateral relations with China. This thesis considers the extent that these drivers affected Myanmar's cooperation with China between 2016 and 2021.</p> <p>This thesis finds that the National League for Democracy (NLD) strengthened Myanmar's bilateral cooperation with China in response to the country's internal security and economic conditions under the leadership of Aung San Suu Kyi. Cooperation with China presented the NLD with an opportunity to overcome the security threats posed by ethnic armed organizations (EAO) and receive economic investment. These findings contribute to the scholarly literature on Sino-Myanmar relations.</p>			
14. SUBJECT TERMS Myanmar, China, National League for Democracy, NLD, liberalization, Aung San Suu Kyi, economic, security, ethnic armed organizations, EAO			15. NUMBER OF PAGES 69
			16. PRICE CODE
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UU

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COOPERATION WITH CHINA BETWEEN 2016 AND 2021**

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Submitted in partial fulfillment of the
requirements for the degree of

**MASTER OF ARTS IN SECURITY STUDIES
(EAST ASIA AND THE INDO-PACIFIC)**

from the

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ABSTRACT

Myanmar's bilateral relations with China have varied widely since its independence in the late 1940s despite the two countries' use of the term "pauk-phaw" or kinsfolk to describe their relationship. The primary drivers of the variation in Sino-Myanmar relations have been Myanmar's internal security and economic conditions. Successive governments in Myanmar have responded to changes in these conditions by strengthening or weakening the country's bilateral relations with China. This thesis considers the extent that these drivers affected Myanmar's cooperation with China between 2016 and 2021.

This thesis finds that the National League for Democracy (NLD) strengthened Myanmar's bilateral cooperation with China in response to the country's internal security and economic conditions under the leadership of Aung San Suu Kyi. Cooperation with China presented the NLD with an opportunity to overcome the security threats posed by ethnic armed organizations (EAO) and receive economic investment. These findings contribute to the scholarly literature on Sino-Myanmar relations.

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LIST OF ACRONYMS AND ABBREVIATIONS

AA	Arakan Army
AFPFL	Anti-Fascist People’s Freedom League
BCP	Burmese Communist Party
BGF	Border Guard Force
BRI	Belt and Road Initiative
CCCC	China Communications Construction Company
CCP	Chinese Communist Party
CITIC	China International Trust and Investment Corporation
CMEC	China-Myanmar Economic Corridor
CREC	China Railway Engineering Corporation
CREEG	China Railway Eryuan Engineering Group
EAO	Ethnic Armed Organization
FPNCC	Federal Political Negotiation and Consultative Committee
GDE	Government Designated Entity
ICJ	International Court of Justice
KIA	Kachin Independence Army
KMT	Kuomintang
MNDAA	Myanmar National Democratic Alliance Army
MOU	Memorandum of Understanding
MSDP	Myanmar Sustainable Development Plan 2018–2030
NCA	Nationwide Ceasefire Agreement
NLD	National League for Democracy
NRDC	National Development and Reform Commission
NUG	National Unity Government
NYDC	New Yangon Development Company
PLA	People’s Liberation Army
PRC	People’s Republic of China
RC	Revolutionary Council
SAC	State Administration Council
SEZ	Special Economic Zone

SLORC	State Law and Order Restoration Council
SPDC	State Peace and Development Council
TNLA	Ta'ang National Liberation Army
UNSC	United Nations Security Council
UPC	Union Peace Conference
USDP	Union Solidarity and Development Party
UWSA	United Wa State Army

ACKNOWLEDGMENTS

I am incredibly grateful for the encouragement that I received from my family throughout my experience at the Naval Postgraduate School. I am especially grateful for Larissa's constant support.

I appreciate my thesis advisors for the massive assistance and guidance they provided. Dr. Malley, your advice, perspective, edits, and encouragement pushed me throughout the entire thesis process. Dr. Mabry, your contributions at key points greatly strengthened my writing.

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I. INTRODUCTION

A. MAJOR RESEARCH QUESTION

Myanmar's cooperation with China decreased after its political liberalization in 2011. Prior to liberalization, the United States and Western countries sanctioned Myanmar because of the Tatmadaw's human rights abuses during the 1988 pro-democracy uprising. This resulted in the military-dominated State Law and Order Restoration Council (SLORC) and State Peace and Development Council (SPDC) regimes to closely cooperate with China.¹ After liberalization, Western countries reduced sanctions on Myanmar. This enabled the Union Solidarity and Development Party (USDP) to reduce its cooperation with China as it increased cooperation with the United States and other Western countries.² The National League for Democracy's (NLD) electoral victory in 2015 signaled further political liberalization and suggested Myanmar's cooperation with China would continue to decline for three main reasons. First, the NLD seemed to represent a bolder step towards democracy than the previous USDP government. Second, the NLD's de facto leader, Aung San Suu Kyi had a history of criticizing China's support to Myanmar's previous military regimes.³ Third, Aung San Suu Kyi had achieved international recognition as an advocate for democratic progress.⁴ Combined, these factors suggested that the NLD would continue to decrease Myanmar's cooperation with China.

Contrary to expectations, Myanmar's "diplomatic honeymoon" with the West that began after 2011 abruptly ended in late 2016 and the NLD increased Myanmar's

¹ Jürgen Haacke, "China's Role in the Pursuit of Security by Myanmar's State Peace and Development Council: Boon and Bane?," *The Pacific Review* 23, no. 1 (March 2010): 114, <https://doi.org/10.1080/09512740903501982>.

² Jürgen Haacke, *Myanmar's Foreign Policy under President U Thein Sein: Non-Aligned and Diversified*, Trends in Southeast Asia (Singapore: ISEAS-Yusof Ishak Institute, 2016), 22, [https://www.iseas.edu.sg/wp-content/uploads/pdfs/TRS4_16%20\(003\).pdf](https://www.iseas.edu.sg/wp-content/uploads/pdfs/TRS4_16%20(003).pdf).

³ Maung Aung Myoe, "The NLD and Myanmar's Foreign Policy: Not New But Different," *Journal of Current Southeast Asian Affairs* 36, no. 1 (April 2017): 90, <https://doi.org/10.1177/186810341703600104>.

⁴ Myoe, 90.

cooperation with China.⁵ Despite liberalization, Myanmar's economic, security, and diplomatic challenges necessitated China's support during the first half of the NLD government.⁶ However, during its last two years, Myanmar's cooperation with China became less certain. In 2018, Myanmar cemented its commitment to China's Belt and Road Initiative (BRI) while also significantly decreasing the scope of one of its flagship projects. Myanmar negotiated a reduction in the cost of the Kyaukphyu port project from USD \$7.3 billion down to USD \$1.3 billion because of concerns of overdependence.⁷ This thesis considers the extent of the NLD's cooperation with China between 2016 and 2021 to answer the following question: Why did the NLD cooperate with China to the extent it did?

B. SIGNIFICANCE

Myanmar's liberalization in 2011 affected its cooperation with China. Compared to the previous SPDC regime, the USDP government pursued a more balanced approach between China and the West.⁸ The NLD's victory in the 2015 elections continued Myanmar's more liberal government. This research question considers the variation in Myanmar's cooperation with China under the NLD government from 2016 to 2021. This is significant for three reasons. First, Myanmar's relationship with China provides insight into Myanmar's future relations with the international community. Myanmar adjusts its cooperation between China and alternative partner nations when able to maintain a neutral and balanced foreign policy. Second, Myanmar's cooperation with China affects its domestic security. China maintains ties to various ethnic minorities in Myanmar and uses them as levers to maintain its influence on the Myanmar government.⁹ Third, Myanmar's

⁵ Andrea Passeri, "Myanmar's Foreign Policy under the NLD Government: A Return to Negative Neutralism?," *Southeast Asian Affairs* 2021 (2021): 226, <https://muse.jhu.edu/article/796864>.

⁶ Steve Lanuzo, "The Impact of Political Liberalization on Sino-Myanmar Cooperation" (Master's Thesis, Naval Postgraduate School, 2018), <https://calhoun.nps.edu/handle/10945/59704>.

⁷ Thomas Bernhardt, "Myanmar's Unsteady Exit from China's Orbit," *East Asia Forum*, May 27, 2020, <https://www.eastasiaforum.org/2020/05/27/myanmars-unsteady-exit-from-chinas-orbit/>.

⁸ Hongwei Fan and Yizheng Zou, "Burma-China Early Approach and Implications for Contemporary Bilateral Relations," *Asian Perspective* 43, no. 3 (Summer 2019): 474, <https://doi.org/10.1353/apr.2019.0021>.

⁹ *China's Myanmar Dilemma*, Asia Report 177 (Brussels, Belgium: International Crisis Group, 2009), 11, <https://www.crisisgroup.org/asia/north-east-asia/china/china-s-myanmar-dilemma>.

cooperation with China affects its economic security. Myanmar manages its foreign economic policy to increase interdependence and reduce dependence. Thus, the variation in the NLD's cooperation with China provides insight into Myanmar's willingness to partner with the international community, domestic security environment, and foreign economic policy.

C. LITERATURE REVIEW

Since independence in the late 1940s, Myanmar's China policy officially has been based on its pursuit of sovereign equality and non-interference in each other's domestic affairs.¹⁰ Since the 1950s, successive governments of Myanmar and China have referred to their unique relationship using the term "pauk-phaw" or kinsfolk. Though "pauk-phaw" implies the closeness of family-like connections, the relationship between Myanmar and China has varied widely since Myanmar's independence in 1948. This literature review describes the variety of Sino-Myanmar cooperation since independence, identifies how analysts have explained this variation, and explores possible explanations for the NLD's foreign policy towards China. This literature review finds that Myanmar's cooperation with China was driven by type of political regime as well as diplomatic, economic, and security factors.

1. Variation of Sino-Myanmar Cooperation

Myanmar's relations with China were initially established with the Kuomintang (KMT) in 1948 and then subsequently withdrawn and re-established with the Chinese Communist Party (CCP) in 1949. Myanmar's Anti-Fascist People's Freedom League (AFPFL) government was willing to recognize the People's Republic of China (PRC) diplomatically but was also critical of its communist policy. As a result, Sino-Myanmar relations began as an "icy state of estrangement."¹¹ Following the establishment of

¹⁰ Maung Aung Myoe, *In the Name of Pauk-Phaw: Myanmar's China Policy Since 1948* (Singapore: ISEAS–Yusof Ishak Institute, 2011), 1, Project MUSE.

¹¹ Liang Zhi, "Heading Toward Peaceful Coexistence: The Effects of the Improvement in Sino-Burmese Relations from 1953 to 1955," *Asian Perspective* 42, no. 4 (December 2018): 529, <https://doi.org/10.1353/apr.2018.0024>.

diplomatic ties, Myanmar's cooperation with China proceeded with "uncertainty and caution."¹² Three main events complicated relations. First, China's civil war spilled over into Myanmar's northern periphery and resulted in fighting between Myanmar and Chinese militaries. Second, China supported communist factions within Myanmar which undermined its central government. Third, the Sino-Myanmar border did not have an agreed upon demarcation and was disputed. Collectively, these issues threatened Myanmar's security and complicated its relationship with China.

Sino-Myanmar relations gradually improved in the mid-1950s through a series of diplomatic agreements. In 1954, Premier Zhou Enlai and Prime Minister U Nu agreed to the "Five Principles of Peaceful Coexistence." This agreement provided the foundation for further bilateral cooperation and protected Myanmar against Chinese interference in its internal affairs.¹³ In 1960, Ne Win signed a series of deals with China which peacefully demarcated the Sino-Myanmar border and assured mutual friendship and non-aggression. These agreements overcame Myanmar's initial security concerns and resulted in a "honeymoon period" into the early 1960s.¹⁴

In 1962, Ne Win's Revolutionary Council (RC) seized control of Myanmar's government and established the "Burmese Way to Socialism." The RC nationalized all major industries and isolated Myanmar from international influences. During this period, Myanmar's relations with China soured.¹⁵ China exported its cultural revolution to Myanmar because it was dissatisfied with Myanmar's strict neutralism. In the late 1960s, confrontations between Myanmar citizens and overseas Chinese residents escalate to full scale anti-Chinese riots. Scholars describe this point in Sino-Myanmar relations as the

¹² Myoe, *In the Name of Pauk-Phaw*, 22.

¹³ Myoe, 23.

¹⁴ Maung Aung Myoe, "The Logic of Myanmar's China Policy," *Asian Journal of Comparative Politics* 1, no. 3 (September 2016): 290, <https://doi.org/10.1177/2057891116637476>.

¹⁵ Chiung-Chiu Huang, "Balance of Relationship: The Essence of Myanmar's China Policy," *The Pacific Review* 28, no. 2 (January 2015): 197, <https://doi.org/10.1080/09512748.2014.995122>.

lowest in history.¹⁶ In the wake of deteriorated relations, China generously supported the Burmese Communist Party's (BCP) armed struggle against the Myanmar government. Thus, China's foreign policy towards Myanmar shifted to prioritize relations with Myanmar's communist party rather than its government.¹⁷

Bilateral relations were not normalized until Ne Win's 1971 diplomatic visit to China at the invitation of Zhou Enlai. This diplomatic visit resulted in two significant outcomes. First, Myanmar learned to live with China's "two-pronged" strategy in which it maintained relations with both Myanmar's government and its communist opposition. Second, China resumed development aid to Myanmar and provided it with \$64 million for development projects in 1979.¹⁸ However, despite normalized relations, China's support to the BCP continued to estrange relations throughout the 1970s and 1980s.¹⁹ Full government-to-government relations were not restored until China withdrew active support from the BCP in 1985.²⁰ Consequently, Sino-Myanmar relations consisted of both conflict and cooperation.²¹

In 1988, student-led protests against Myanmar's socialist government resulted in a violent military suppression and a military coup in which the SLORC seized power and instituted martial law. The events surrounding the 1988 uprising had two significant implications. First, the international community condemned the actions of the military regime and withdrew economic and military assistance to Myanmar. Second, Aung San Suu Kyi emerged as a leading figure in opposition to the military regime. In this context, China emerged as a leading partner to Myanmar. China shielded Myanmar from international criticism of its human right abuses, poor governance standards, and

¹⁶ Myoe, "The Logic of Myanmar's China Policy," 291; Kalyani Bandyopadhyaya, "China in Burma's Foreign Relations in the 1970s," *China Report* 13, no. 6 (November 1977): 43, <https://doi.org/10.1177/000944557701300604>; Tin Maung Maung Than, "Myanmar and China: A Special Relationship?," *Southeast Asian Affairs*, no. 30 (2003): 192, <https://www.jstor.org/stable/27913234>.

¹⁷ Myoe, "The Logic of Myanmar's China Policy," 291.

¹⁸ Myoe, *In the Name of Pauk-Phaw*, 97.

¹⁹ Hongwei Fan, "The 1967 Anti-Chinese Riots in Burma and Sino-Burmese Relations," *Journal of Southeast Asian Studies* 43, no. 2 (June 2012): 234, <https://www.jstor.org/stable/41490323>.

²⁰ Than, "Myanmar and China: A Special Relationship?," 194.

²¹ Bandyopadhyaya, "China in Burma's Foreign Relations in the 1970s," 49.

suppression of democratic opposition.²² China's veto of a 2007 resolution at the United Nations Security Council (UNSC) symbolized "one of the most important tests of Sino-Myanmar friendship."²³ However, China's diplomatic protection came at a cost. As a "reward" for China's diplomatic protection, the SPDC seemingly offered Myanmar's natural resources and expanded Chinese infrastructure investment in return.²⁴ Additionally, China adopted a more active role in Myanmar's security environment by encouraging ethnic armed organizations (EAO) to enter into ceasefire agreements with Myanmar's government.²⁵

Myanmar's leadership felt increasingly vulnerable to China's overwhelming economic, security, and diplomatic influence in the late 2000s.²⁶ To recalibrate its relations with China, the SPDC was willing to employ extreme measures.²⁷ In 2009, the SPDC launched a military offensive against EAOs in the Kokang region resulting in a spillover of fighting and refugees into China. Myanmar's relations with China entered a difficult phase during the final years of the SPDC regime and became strained when Myanmar began to democratize in 2011.²⁸ The USDP used democratization as a tool to recalibrate Myanmar's relations with China and pursue a more balanced international diplomacy.²⁹ In 2011, President Thein Sein implemented a series of reforms that allowed wider political participation, reduced censorship, and liberalized public events. In support of Myanmar's reform, the United States significantly eased sanctions and strengthened US-Myanmar

²² Jürgen Haacke, "The Nature and Management of Myanmar's Alignment with China: The SLORC/SPDC Years," *Journal of Current Southeast Asian Affairs* 30, no. 2 (June 2011): 115, <https://doi.org/10.1177/186810341103000206>.

²³ Myoe, "The Logic of Myanmar's China Policy," 292.

²⁴ Haacke, "The Nature and Management of Myanmar's Alignment with China: The SLORC/SPDC Years," 133.

²⁵ Myoe, *In the Name of Pauk-Phaw*, 110.

²⁶ Yun Sun, "China and the Changing Myanmar," *Journal of Current Southeast Asian Affairs* 31, no. 4 (December 2012): 57, <https://doi.org/10.1177/186810341203100403>.

²⁷ Haacke, "China's Role in the Pursuit of Security by Myanmar's State Peace and Development Council: Boon and Bane?," 133.

²⁸ Fan and Zou, "Burma-China Early Approach and Implications for Contemporary Bilateral Relations," 476.

²⁹ Fan and Zou, 474.

cooperation.³⁰ Ultimately, Myanmar's weakening relations with China was symbolized by the USDPs suspension of the Myitsone Dam project in 2011.³¹

In 2016, Myanmar's democratic progression continued following the NLD's landslide victory under the leadership of Aung San Suu Kyi. Though analysts anticipated Aung San Suu Kyi would lean towards the West, the NLD initially embarked on a foreign policy seeking balance among major powers.³² However, Myanmar's honeymoon period with western countries was brief. Since 2016, the Tatmadaw's disproportionate military actions against the Rohingya ostracized Myanmar from the international community and pushed it back into China's orbit.³³ Indeed, Myanmar strengthened its diplomatic cooperation with China as a way of overcoming its internal problems.³⁴ In 2018, the NLD signed an agreement to implement the China-Myanmar Economic Corridor (CMEC) and welcomed China's BRI with a "warm embrace."³⁵ Devoid of international options, Sino-Myanmar relations seemed "firmly positive."³⁶

2. Explanations of Sino-Myanmar Cooperation

The previous section characterizes the variation in Myanmar's cooperation with China since 1948 and finds that Myanmar's relations with China have oscillated widely between stronger and weaker ties. Scholars describe the fluctuation in Myanmar's bilateral cooperation with China according to changes in its political regime and diplomatic, economic, and security factors. Though all four of these factors could contribute to

³⁰ Haacke, *Myanmar's Foreign Policy under President U Thein Sein*, 22–23.

³¹ Debby Sze Wan Chan, "Asymmetric Bargaining Between Myanmar and China in the Myitsone Dam Controversy: Social Opposition Akin to David's Stone Against Goliath," *The Pacific Review* 30, no. 5 (September 2017): 674, <https://doi.org/10.1080/09512748.2017.1293714>.

³² Myoe, "The NLD and Myanmar's Foreign Policy: Not New But Different," 133.

³³ Passeri, "Myanmar's Foreign Policy under the NLD Government: A Return to Negative Neutralism?," 224.

³⁴ Jaesoo Park, "Myanmar's Foreign Strategy Toward China Since Rohingya Crisis: Changes, Outlook and Implications," *Journal of Liberty and International Affairs* 6, no. 1 (May 2020): 28, ProQuest.

³⁵ Lee Jones and Khin Ma Ma Myo, "Explaining Myanmar's Response to China's Belt and Road Initiative: From Disengagement to Embrace," *Asian Perspective* 45, no. 2 (2021): 319, <https://doi.org/10.1353/apr.2021.0002>.

³⁶ Hunter Marston, "Has the U.S. Lost Myanmar to China?," *The Diplomat*, January 20, 2020, 3, ProQuest.

variation in Sino-Myanmar relations, the most important of these factors are security and economic because these factors are closely and directly connected with China. Since independence, China's influence in Myanmar's security environment has varied and ranged from physical support to Myanmar's ethnic organizations as well as the promotion of peace. China's partnership with Myanmar's government to address the challenges of its internal security environment has resulted in stronger bilateral relations. Similarly, China has been a source of economic stimulus to Myanmar to the extent Myanmar's government was open to receiving Chinese investment. This economic cooperation has supported Myanmar and resulted in its stronger relations with China.

This thesis will consider Myanmar's economic and security factors as the most important ones that drive Myanmar's cooperation with China. Myanmar's bilateral cooperation with China may be expected to strengthen as Myanmar's government cooperates with China to establish ethnic peace or promote economic growth. Conversely, Myanmar's bilateral cooperation with China may be expected to weaken as Myanmar's government does not need Chinese assistance to establish ethnic peace or economic stimulus. In both cases, cooperation will be measured by Myanmar and China's fulfillment of an agreement to strengthen or weaken one or multiple of the driving factors.

3. Explanations of the NLD's Cooperation with China

Many observers in the international community expected the NLD to represent further democratic progression beyond the previous USDP. However, the NLD surprised many scholars and analysts when it decided to strengthen ties with China rather than lean towards the West. There are two primary explanations for this decision. First, the NLD strengthened cooperation with China because China was willing to look past the Tatmadaw's human rights abuses in Rakhine State that escalated in 2017. China required fewer preconditions about human rights or democratic principles than Western countries and was willing to cooperate with Myanmar despite the actions of its military.³⁷ The second explanation is that economic considerations drove cooperation. Aung San Suu Kyi

³⁷ Park, "Myanmar's Foreign Strategy Toward China Since Rohingya Crisis: Changes, Outlook and Implications," 21.

was incentivized to demonstrate economic progress prior to the 2020 elections and China's BRI provided the opportunity for the NLD to obtain economic and infrastructure investment.³⁸

D. POTENTIAL EXPLANATIONS AND HYPOTHESES

This thesis provides two hypotheses to explain the variation in the NLD's cooperation with China. These hypotheses align with the two most important factors that affect Myanmar's cooperation with China: security and economics.

1. Hypothesis 1

Myanmar's domestic security issues, including sustained ethnic conflict, have led to increased cooperation with China.

The more Myanmar's government has sought China's assistance to negotiate a solution to its internal ethnic conflict, the stronger Sino-Myanmar ties have become. Alternatively, Sino-Myanmar cooperation has weakened as Myanmar's government has sought less assistance from China to negotiate a peace deal with EAOs. The USDP was unable to secure a comprehensive nationwide ceasefire agreement (NCA) in 2015 and as a result Myanmar's ethnic conflict persisted under the NLD government. Additionally, China demonstrated its assertiveness in Myanmar's peace process prior to the 2015 NCA by seemingly urging ethnic armed organizations to push for an inclusive agreement.³⁹ Thus, China maintained intimate influence in Myanmar's security environment just prior to the NLD government. This thesis will assess the strength or weakness in Myanmar's cooperation with China driven by Myanmar's security issues.

2. Hypothesis 2

The NLD's desire for external economic stimulus from China has led to increased cooperation with China.

³⁸ SiuSue Mark, Indra Overland, and Roman Vakulchuk, "Sharing the Spoils: Winners and Losers in the Belt and Road Initiative in Myanmar," *Journal of Current Southeast Asian Affairs* 39, no. 3 (September 2020): 387, <https://doi.org/10.1177/1868103420962116>.

³⁹ Haacke, *Myanmar's Foreign Policy under President U Thein Sein*, 10.

Myanmar's cooperation with China has increased as Myanmar's government desired and received economic investment from China. Conversely, the less Myanmar's government was interested in receiving economic investment from China, the weaker Sino-Myanmar relations became. Myanmar's transition from the USDP to the NLD did not change its demand for economic investment. The NLD's 2015 election manifesto prioritized joint economic cooperation with partner nations.⁴⁰ However, the Tatmadaw's military actions in the Rakhine State ostracized Myanmar in the international environment and contracted the supply of external economic stimulus to Myanmar from Western countries. This created an optimal condition for strengthened Chinese economic cooperation because China did not carry the same human rights and democratic preconditions for investment as Western countries. This thesis will assess the strength or weakness in Myanmar's cooperation with China driven by Myanmar's demand for economic investment.

E. RESEARCH DESIGN

This thesis will analyze the NLD's policy choices between 2016 and 2021. This research will consult a wide range of sources to include scholarly articles, books, official publications, government documents, newspaper articles, and reports from think tanks and NGOs. Additionally, it will incorporate resources from multiple viewpoints to consider a variety of perspectives. The resources used will classify the conditions that strengthened Myanmar's cooperation with China as well as the conditions that weakened cooperation.

This thesis will examine the impact of Myanmar's security and economic concerns on its cooperation with China from 2016 to 2021 in two major sections. The first major section will analyze the NLD's foreign policy choices towards China in response to Myanmar's internal security challenges. The second major section will consider the NLD's policy choices in response to the economic challenges Myanmar faced.

⁴⁰ NLD, *NLD 2015 Election Manifesto (English)* (National League for Democracy, 2015), 8, <https://www.burmalibrary.org/en/nld-2015-election-manifesto-english>.

F. THESIS OVERVIEW

This thesis will examine the extent of Myanmar's cooperation with China from 2016 to 2021 and will be comprised of four chapters. Chapter I presents an introduction to the thesis and contains the research question, significance, background context, possible hypotheses, research design, and an overview of the chapters to follow. Chapter II will consider Myanmar's internal security conditions and will examine how Myanmar's security situation shaped the NLD's cooperation with China. Chapter III will consider Myanmar's economic challenges and show how they may have shaped the NLD's policy towards China. Chapter IV will summarize the main findings from the preceding chapters, address the hypotheses, explore possible implications, and offer areas for further research.

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II. THE NLD AND COOPERATION TO ENHANCE SECURITY

A. INTRODUCTION

Chapter I examined the variation in Sino-Myanmar relations since the 1950s and identified the main factors that have caused this variation. One of the most important factors that caused variation in Sino-Myanmar relations was Myanmar's internal security conditions. This chapter assesses the impact of those conditions on the National League for Democracy's (NLD) cooperation with China from 2016 to 2021.

Chapter II answers the following question: how and how much did Myanmar's internal security threats affect the NLD's cooperation with China? This chapter especially focuses on the NLD's level of cooperation with China to overcome Myanmar's ethnic conflicts. Since 1989, Myanmar's government has officially recognized 135 distinct ethnic groups that are distinguished by unique forms of culture, language, religion, and customs. The disagreements between these various ethnic groups have contributed to armed conflicts in Myanmar as EAOs have challenged the idea of a single state that has been advocated by the national government.⁴¹ Chapter II finds that the NLD strengthened Myanmar's cooperation with China to support the establishment of a lasting peace agreement between Myanmar's government and ethnic armed organizations (EAO) and to end China's support to EAOs that fueled Myanmar's ethnic conflict.

The first section of this chapter describes the diplomatic actions that the NLD took to strengthen Myanmar's relations with China. The second section considers some of the conditions that contributed to the NLD's decision to strengthen Myanmar's bilateral cooperation with China by examining the security environment that the NLD inherited. Specifically, this section characterizes the previous government's unsuccessful efforts to negotiate a ceasefire agreement with all the country's EAOs, in part because the military continued to engage some of those rebel forces in combat. The third section explores the approach that the NLD took to address Myanmar's ethnic conflict and identifies the

⁴¹ Moe Thuzar and Darren Cheong, "Ethnicity, Citizenship and Identity in Post-2016 Myanmar," *Southeast Asian Affairs* 2019 (2019): 247, <https://muse.jhu.edu/article/722684>.

evolving dynamics of this conflict after 2016. The fourth section describes the result of the NLD's efforts to strengthen Myanmar's bilateral relations with China by identifying the actions China took to support the NLD's peace process.

B. NLD'S SECURITY COOPERATION WITH CHINA

The NLD's landslide victory in the 2015 elections reinvigorated hope that Myanmar's government could overcome its ethnic divisions and their associated security concerns. The NLD campaigned on reforming Myanmar's ethnic affairs and promised voters it would address the root cause of Myanmar's internal ethnic conflict by holding "political dialogue based on the Panglong spirit."⁴² This was widely supported by Myanmar citizens who provided the NLD with a decisive victory over the Union Solidarity and Development Party (USDP) in Myanmar's bicameral national legislature.⁴³ The NLD received more than 50% of the popular vote in Kachin, Kayah, Kayin, Mon, and Chin states which indicated popular support of the NLD by several of Myanmar's largest ethnic minorities.⁴⁴

In support of its goal of addressing Myanmar's ethnic affairs, the NLD signaled its intent to establish a strong relationship with China prior to its victory in the 2015 elections. Aung San Suu Kyi chaired a commission in 2013 that investigated the violent actions the Myanmar police had used to suppress protesters mobilizing against China's construction of the controversial Letpadaung Copper Mine. The ruling of the commission demonstrated Aung San Suu Kyi's sensitivity to China's concerns in Myanmar by downplaying the severity of the police actions and supporting China's construction of the project to maintain

⁴² NLD, *NLD 2015 Election Manifesto (English)*. The use of the word "Panglong" is a reference to the 1947 Panglong Agreement that attempted to unify Myanmar across ethnic lines prior to its political independence from British rule.

⁴³ *The Myanmar Elections: Results and Implications*, Crisis Group Asia Briefing 147 (Brussels, Belgium: International Crisis Group, 2015), 3, <https://www.crisisgroup.org/asia/south-east-asia/myanmar/myanmar-elections-results-and-implications>.

⁴⁴ *The 2015 General Election in Myanmar: What Now for Ethnic Politics?*, Myanmar Policy Briefing 17 (Transnational Institute, 2015), 10, <https://www.tni.org/en/publication/the-2015-general-election-in-myanmar-what-now-for-ethnic-politics>.

positive bilateral relations.⁴⁵ Aung San Suu Kyi also signaled the NLD's intent to strengthen relations with China by travelling to Beijing in June 2015 and establishing positive ties between the NLD and the China Communist Party (CCP).⁴⁶ This visit was significant because it normalized relations between Aung San Suu Kyi and China after the CCP had supported Myanmar's military junta which had imprisoned her for more than a decade.⁴⁷

The NLD formed its government in early 2016 and established a precedent for cooperative bilateral relations between Myanmar and China. The NLD extended its first foreign dignitary invitation to China's Foreign Minister Wang Yi which invited him to visit Naypyidaw in April 2016. During this meeting, Aung San Suu Kyi promoted the establishment of friendly bilateral ties and economic cooperation with China.⁴⁸ In response, China pledged its support for Myanmar's process of national reconciliation.⁴⁹ A few months later, Aung San Suu Kyi visited Beijing for her first major diplomatic engagement as Myanmar's head of state and discussed further areas of economic cooperation, reaffirmed Myanmar's commitment to the one-China principle, and expressed support for China's position on Taiwan, Tibet, and Xinjiang.⁵⁰ During Aung San Suu Kyi's meeting with Premier Li Keqiang, the NLD received support to cooperate with China to enhance security and bring peace to northern Myanmar.⁵¹

⁴⁵ *Commerce and Conflict: Navigating Myanmar's China Relationship*, Asia Report 305 (Brussels, Belgium: International Crisis Group, 2020), 7, <https://www.crisisgroup.org/asia/south-east-asia/myanmar/305-commerce-and-conflict-navigating-myanmars-china-relationship>.

⁴⁶ Michael Forsythe, "Aung San Suu Kyi of Myanmar Meets With Xi Jinping in Beijing," *New York Times*, June 11, 2015, <https://www.nytimes.com/2015/06/12/world/asia/aung-san-suu-kyi-of-myanmar-meets-with-xi-jinping-in-beijing.html>.

⁴⁷ Yun Sun, *Aung San Suu Kyi's Visit to Beijing: Recalibrating Myanmar's China Policy*, Myanmar in Focus (Transnational Institute, 2016), <https://www.tni.org/en/article/aung-san-suu-kyis-visit-to-beijing-recalibrating-myanmars-china-policy>.

⁴⁸ Myo Lwin and Ei Ei Toe Lwin Lwin, "China Pledges Support for New Myanmar Government," *Myanmar Times*, April 6, 2016, <https://www.mmtimes.com/national-news/yangon/19857-china-pledges-support-for-new-myanmar-government.html>.

⁴⁹ Myoe, "The NLD and Myanmar's Foreign Policy: Not New But Different," 100.

⁵⁰ Myoe, 102.

⁵¹ Ben Blanchard, "Myanmar's Suu Kyi Assures China of Solution to Stalled Dam," *Reuters*, August 17, 2016, <https://www.reuters.com/article/us-china-myanmar/myanmars-suu-kyi-assures-china-of-solution-to-stalled-dam-idUSKCN10T0LK>.

The escalation of violence in Rakhine State the following year contributed to conditions that supported stronger relations with China. In August 2017, the Tatmadaw conducted clearance operations in Rakhine State in response to a series of attacks on government security outposts by a Rakhine insurgent group that resulted in an estimated 745,000 Rohingya Muslims fleeing across Myanmar's border into Bangladesh.⁵² This international refugee crisis resulted in 134 out of 171 countries voting in favor of a United Nations General Assembly resolution against Myanmar and Myanmar's estrangement from the international community.⁵³ In November 2019, Gambia alleged that the Tatmadaw's actions amounted to genocide and filed charges against Myanmar at the International Court of Justice (ICJ).⁵⁴ These conditions supported China's efforts to reassert itself as the NLD's top diplomatic and economic partner following Myanmar's waning relations with China between 2011 and 2016.⁵⁵

The Myanmar government reacted to the Rohingya crisis by continuing to strengthen its diplomatic engagement with China. General Min Aung Hlaing visited senior Chinese leaders in Beijing in April 2019 and praised China for its support against international criticism of the Tatmadaw's military actions in Rakhine state.⁵⁶ This diplomatic visit resulted in promises between Myanmar and China to strengthen cooperation on border security and to work towards peace and stability. The NLD also extended an invitation to China's Foreign Minister Wang Yi days before Aung San Suu Kyi travelled to the Netherlands in December 2019 to defend Myanmar against charges of genocide at the ICJ. During this meeting, Aung San Suu Kyi expressed gratitude to China for its role in preserving Myanmar's national sovereignty, opposing foreign interference,

⁵² "Rohingya Refugee Crisis," United Nations Office for the Coordination of Humanitarian Affairs, March 18, 2022, <https://www.unocha.org/rohingya-refugee-crisis>.

⁵³ *Commerce and Conflict*, 11.

⁵⁴ "Developments in Gambia's Case Against Myanmar at the International Court of Justice," Human Rights Watch, February 14, 2022, <https://www.hrw.org/news/2022/02/14/developments-gambias-case-against-myanmar-international-court-justice>.

⁵⁵ Passeri, "Myanmar's Foreign Policy under the NLD Government: A Return to Negative Neutralism?," 227.

⁵⁶ Nan Lwin, "Myanmar Military Chief Thanks Beijing for Support on Rakhine Crisis," *Irrawaddy*, April 10, 2019, <https://www.irrawaddy.com/news/burma/myanmar-military-chief-thanks-beijing-support-rakhine-crisis.html>.

and promoting economic and social development.⁵⁷ This meeting was conducted in response to Myanmar's isolation and deteriorating credibility from the perspective of the international community.⁵⁸

C. MYANMAR'S INTERNAL SECURITY ENVIRONMENT BETWEEN 2011 AND 2016

The NLD campaigned on reforming Myanmar's ethnic affairs because the USDP had failed to achieve its goal of reaching a comprehensive nationwide ceasefire agreement (NCA) when it controlled the government from 2011 to 2016. After winning the 2010 elections, President Thein Sein declared it a national priority to overcome Myanmar's ethnic strife and announced a three-phased plan to facilitate a ceasefire dialogue between the government and EAOs.⁵⁹ This plan was intended to culminate in the signing of an NCA between the government and all ethnic groups as a prerequisite for political dialogue and the establishment of a peace agreement.⁶⁰ To encourage EAO participation, the USDP dropped several restrictive conditions that had undermined the peace efforts of previous governments, such as the requirement that EAOs disarm prior to negotiations.⁶¹ The USDP proposed to negotiate an NCA that included all twenty-one EAOs, but by 2015 only eight of them had signed the agreement.⁶²

The USDP's attempt to establish a fully inclusive ceasefire agreement was complicated by fighting between the Tatmadaw and various northern EAOs. In the early

⁵⁷ Thu Thu Aung and Poppy McPherson, "Myanmar Leader Suu Kyi Departs for Genocide Hearings amid Fanfare at Home," *Reuters*, December 7, 2019, <https://www.reuters.com/article/us-myanmar-rohingya-world-court-departur/myanmar-leader-suu-kyi-departs-for-genocide-hearings-amid-fanfare-at-home-idUSKBN1YC02Q>.

⁵⁸ Park, "Myanmar's Foreign Strategy Toward China Since Rohingya Crisis: Changes, Outlook and Implications."

⁵⁹ Nehginpao Kipgen, "Ethnic Nationalities and the Peace Process in Myanmar," *Social Research* 82, no. 2 (June 2015): 401, EBSCO.

⁶⁰ *Building Critical Mass for Peace in Myanmar*, Asia Report 287 (Brussels, Belgium: International Crisis Group, 2017), 1, <https://www.crisisgroup.org/asia/south-east-asia/myanmar/287-building-critical-mass-peace-myanmar>.

⁶¹ Kipgen, "Ethnic Nationalities and the Peace Process in Myanmar," 401.

⁶² *China's Role in Myanmar's Internal Conflicts*, Senior Study Group Final Report 1 (Washington, DC: United States Institute of Peace, 2018), <https://www.usip.org/publications/2018/09/chinas-role-myanmars-internal-conflicts>.

1990s, Myanmar experienced a period of relative peace following a series of bilateral ceasefire agreements between its government and EAOs.⁶³ However, tensions rose in 2009 after the State Peace and Development Council (SPDC) announced that EAOs under bilateral ceasefire agreements were suddenly required to disarm and join a military-controlled Border Guard Force (BGF) as a condition to participate in future democratic elections.⁶⁴ The Myanmar National Democratic Alliance Army (MNDAA) and Kachin Independence Army (KIA) rejected the idea of joining a BGF which resulted in the Tatmadaw breaking its existing ceasefire agreements to fight these groups in Kachin and Shan states. The Tatmadaw's conflict with these two groups occurred concurrently with the USDP's attempt to achieve a nationwide ceasefire agreement and "thwarted" the government's peace process.⁶⁵

Overall, the NLD inherited a complex internal security environment from the USDP that consisted of a patchwork of ceasefire agreements and military conflicts between the government and EAOs. These conditions required the NLD to navigate a complex, two-track process that included engaging in political dialogue with EAOs that had signed the 2015 NCA and conducting ceasefire negotiations with EAOs that had refused to sign the NCA.⁶⁶ However, the Tatmadaw's armed conflict with some EAOs added an additional layer of complexity to the government's ceasefire negotiations. Together, the incomplete ceasefire agreement and the Tatmadaw's war against some EAOs, presented obstacles that required the NLD to adjust aspects of the government's peace process to strengthen its ability to overcome Myanmar's ethnic conflict.

⁶³ Marco Bünte, "The NLD–Military Coalition in Myanmar: Military Guardianship and Its Economic Foundations," in *Khaki Capital: The Political Economy of the Military in Southeast Asia*, ed. Paul Chambers and Napisa Waitoolkiat, Nordic Institute of Asian Studies (Copenhagen, 2017), 103.

⁶⁴ Lee Jones, "Explaining Myanmar's Regime Transition: The Periphery Is Central," *Democratization* 21, no. 5 (January 2014): 796, <https://doi.org/10.1080/13510347.2013.863878>.

⁶⁵ *China's Role in Myanmar's Internal Conflicts*, 22.

⁶⁶ *Rebooting Myanmar's Stalled Peace Process*, Asia Report 308 (Brussels, Belgium: International Crisis Group, 2020), 1, <https://www.crisisgroup.org/asia/south-east-asia/myanmar/308-rebooting-myanmars-stalled-peace-process>.

D. MYANMAR'S INTERNAL SECURITY ENVIRONMENT BETWEEN 2016 AND 2021

The NLD intended to overcome the challenges of Myanmar's internal security environment by adopting and revising aspects of the USDP's peace process. The NLD preserved the broad framework of the USDP's peace process that focused on gaining additional signatories to the 2015 NCA and promised political dialogue towards a peace agreement based on a federal system.⁶⁷ However, the NLD also deviated from the USDP's framework by making impactful changes to the architecture of the peace process.⁶⁸ The most significant of these changes included rebranding the USDP's Union Peace Conference (UPC) to the 21st Century Panglong Conference which formed the centerpiece of the NLD's effort to negotiate a peace settlement with EAOs. The 21st Century Panglong Conference had similar characteristics to the previous government's UPC but was more inclusive because it included the participation of EAOs that did not sign the 2015 NCA.⁶⁹

The NLD's peace process was complicated by escalating armed conflict between the Tatmadaw and EAOs. In addition to the escalation of violence in Rakhine state, the Tatmadaw's armed conflict against the MNDA and KIA "intensified significantly" in Myanmar's northern states and expanded to include smaller EAOs such as the Ta'ang National Liberation Army (TNLA) and Arakan Army (AA).⁷⁰ The contradiction between the government's political intent and the military's offensives frustrated the MNDA, KIA, TNLA, and AA which resulted in the joint military cooperation of these ethnic groups

⁶⁷ Jacques Bertrand, Alexandre Pelletier, and Ardeh Maung Thawngmung, "First Movers, Democratization and Unilateral Concessions: Overcoming Commitment Problems and Negotiating a 'Nationwide Cease-Fire' in Myanmar," *Asian Security* 16, no. 1 (2020): 28, <https://doi.org/10.1080/14799855.2018.1471466>.

⁶⁸ *Building Critical Mass*, 2.

⁶⁹ Bertrand, Pelletier, and Thawngmung, "First Movers, Democratization and Unilateral Concessions: Overcoming Commitment Problems and Negotiating a 'Nationwide Cease-Fire' in Myanmar," 28.

⁷⁰ N. Ganesan, "Taking Stock of Myanmar's Ethnic Peace Process and the Third Twenty-First Century Panglong Conference," *Asian Journal of Peacebuilding* 6, no. 2 (November 2018): 381, <https://doi.org/10.18588/201811.00a072>.

and the creation of the Northern Alliance.⁷¹ In 2017, the Northern Alliance members joined three other EAOs that had not signed the 2015 NCA and formed the Federal Political Negotiation and Consultative Committee (FPNCC). The FPNCC contained approximately 80% of Myanmar's EAOs in a single organization and became central to meaningful progress towards peace.⁷² However, the FPNCC rejected the NCA as an acceptable framework and demanded a complete revision to the peace process.⁷³ As a result, the Tatmadaw's armed conflict directly undermined the NLD's peace process by fighting various EAOs and indirectly undermined it by contributing to the reorganization of ethnic alliances.

Thus, the success of the NLD's peace process depended on its ability to manage the armed conflict between the Tatmadaw and the EAOs. This conflict damaged the NLD's peace efforts and weakened the government's ability to overcome the country's ethnic divisions. However, the NLD had limited leverage over the Tatmadaw and could not control its behavior.⁷⁴ The 2008 constitution gave the Tatmadaw "considerable discretion over its use of force" by providing it with a quarter of all parliamentary seats and the control of the Ministries of Defense, Interior, and Border Affairs.⁷⁵ Consequently, the NLD was constrained from establishing an internal solution to Myanmar's ethnic conflict and incentivized to seek external assistance.

⁷¹ *A Return to War: Militarized Conflicts in Northern Shan State*, Asia Paper (Stockholm, Sweden: Institute for Security and Development Policy, 2018), 41, <https://www.isdp.eu/publication/return-to-war-militarized-conflicts-northern-shan-state/>.

⁷² Bertil Lintner, *The United Wa State Army and Burma's Peace Process*, Peaceworks 147 (Washington, DC: United States Institute of Peace, 2019), 3, <https://www.usip.org/publications/2019/04/united-wa-state-army-and-burmas-peace-process>.

⁷³ *Building Critical Mass*.

⁷⁴ N. Ganesan, "Changing Dynamics in Myanmar's Ethnic Peace Process and the Growing Role of China," *Asian Journal of Peacebuilding* 5, no. 2 (November 2017): 335, <https://doi.org/10.18588/201711.00a037>.

⁷⁵ Lionel Beehner, "State-Building, Military Modernization and Cross-Border Ethnic Violence in Myanmar," *Journal of Asian Security and International Affairs* 5, no. 1 (January 2018): 16, <https://doi.org/10.1177/2347797017748464>.

E. CHINA'S ROLE IN MYANMAR'S INTERNAL SECURITY ENVIRONMENT

The NLD strengthened Myanmar's diplomatic engagement with China as a means to overcome Myanmar's ethnic conflicts. This approach differed from the one taken by the USDP, which weakened Myanmar's relations with China in favor of stronger ties with western countries because President Thein Sein sought international support for Myanmar's new democracy and desired to cultivate greater national autonomy.⁷⁶ In contrast, Aung San Suu Kyi had stronger domestic authority which provided the NLD with the political latitude to strengthen Myanmar's relations with China and maintain popular political support in Myanmar.⁷⁷ These conditions provided Aung San Suu Kyi with the capability to reverse the trend of Myanmar's weakening relations with China between 2011 and 2016 and cooperate towards establishing a lasting peace agreement with ethnic minorities.

The NLD had a common interest with China to establish ethnic peace because it was unable to secure the Tatmadaw's support to stop fighting EAOs and the instability created by this ethnic conflict also threatened China. The primary reason China was threatened by instability in Myanmar was because fighting in Myanmar occasionally spilled over into China's Yunnan Province.⁷⁸ This was demonstrated by the Tatmadaw's military conflict in northern Shan state in 2015 which caused an estimated 50,000 Kokang refugees to flee across Myanmar's border into China and the death of five Chinese citizens.⁷⁹ Myanmar's internal fighting also had the potential to draw unwanted attention to China southwest border. The KIA had repeatedly requested that western countries become involved in Myanmar's peace process and reiterated this request in April 2014 by sending its Deputy Commander in Chief to Washington, D.C., to meet with the State

⁷⁶ Jones and Myo, "Explaining Myanmar's Response to China's Belt and Road Initiative: From Disengagement to Embrace," 303.

⁷⁷ Jones and Myo, "Explaining Myanmar's Response to China's Belt and Road Initiative: From Disengagement to Embrace."

⁷⁸ *China's Role in Myanmar's Internal Conflicts*, 6.

⁷⁹ Enze Han, "Geopolitics, Ethnic Conflicts along the Border, and Chinese Foreign Policy Changes toward Myanmar," *Asian Security* 13, no. 1 (February 2017): 66–67, <https://doi.org/10.1080/14799855.2017.1290988>.

Department.⁸⁰ These conditions provided China with an incentive to cooperate with the NLD to promote stability in Myanmar's northern regions to protect China's territorial integrity and the safety of its citizens.

China also had the capability to influence Myanmar's ethnic conflicts through a multilayered foreign policy.⁸¹ One layer of this foreign policy included relations with the Tatmadaw. The People's Liberation Army (PLA) had close military-to-military relations with the Tatmadaw and supplied it with weapons, assistance, equipment, and training.⁸² This relationship strengthened in 1988 after the United States and European Union imposed sanctions on Myanmar and limited its military partnership options.⁸³ Another layer in China's foreign policy included relations with the United Wa State Army (UWSA), one of the strongest EAOs in Myanmar. China not only supplied weapons to the UWSA but also used its relationship with the UWSA to supply military weapons and equipment to other EAOs.⁸⁴ This relationship provided China with a "virtual veto" over Myanmar's peace process, because the UWSA was the most powerful organization in the FPNCC.⁸⁵

The NLD's efforts to strengthen ties with China resulted in China's cooperation with the NLD to make its peace process more inclusive. China supported the participation of EAOs by urging their leaders to attend all four rounds of Myanmar's 21st Century Panglong Conferences, which took place between 2016 and 2020.⁸⁶ The extent of China's role even included coordinating the travel of FPNCC leaders to attend the May 2017 and

⁸⁰ David Brunnstrom, "Kachin Rebels Renew Plea for U.S. Role to Ensure Fair Myanmar Peace," *Reuters*, April 21, 2014, <https://www.reuters.com/article/us-kachin-rebels/kachin-rebels-renew-plea-for-u-s-role-to-ensure-fair-myanmar-peace-idUSBREA3L03420140422>.

⁸¹ Lintner, *The United Wa State Army*, 19.

⁸² Beehner, "State-Building, Military Modernization and Cross-Border Ethnic Violence in Myanmar," 23.

⁸³ David Steinberg, *The Military in Burma/Myanmar: On the Longevity of Tatmadaw Rule and Influence*, vol. 6, Trends in Southeast Asia 2021 (Singapore: ISEAS-Yusof Ishak Institute, 2021), 18, <https://www.iseas.edu.sg/articles-commentaries/trends-in-southeast-asia/the-military-in-burma-myanmar-on-the-longevity-of-tatmadaw-rule-and-influence-by-david-i-steinberg/>.

⁸⁴ Lintner, *The United Wa State Army*, 17.

⁸⁵ *Commerce and Conflict*, 9.

⁸⁶ Passeri, "Myanmar's Foreign Policy under the NLD Government: A Return to Negative Neutralism?," 230.

July 2018 conferences.⁸⁷ China also strengthened the inclusiveness of the NLD's peace process by convincing the Tatmadaw to allow groups it was actively fighting to participate. China hosted a meeting in Yunnan Province in December 2018 between the Tatmadaw and FPNCC leaders that resulted in the Tatmadaw agreeing to temporarily stop fighting the MNDAA, TNLA, and AA and seek a political solution to its conflict with these EAOs.⁸⁸ In this way, China helped the NLD overcome the "main stumbling block" that undermined the success of the USDP's peace process, which was the exclusion of the MNDAA, TNLA, and AA from participating in ceasefire dialogue.⁸⁹

Myanmar's stronger ties with China after 2016 also resulted in China cooperating with the NLD to protect Myanmar's government from international criticism following the military's clearance operations in Rakhine state. The United Nations Human Rights Council wanted to hold Myanmar's government accountable for its actions in Rakhine state and provide justice for the Rohingya.⁹⁰ However, China prevented the United Nations Security Council (UNSC) from pursuing a strong response against Myanmar.⁹¹ China blocked a UNSC statement that was drafted to express concern about the Rohingya crisis and advocate for providing humanitarian assistance to Myanmar's affected populations.⁹² China also voted against a United Nations General Assembly resolution that called on Myanmar's government to allow access to aid workers, repatriate refugees, and grant the

⁸⁷ *China's Role in Myanmar's Internal Conflicts*, 25.

⁸⁸ Yun Sun, "Why China Is Sceptical about the Peace Process," *Frontier Myanmar*, October 3, 2019, <https://www.frontiermyanmar.net/en/why-china-is-sceptical-about-the-peace-process/>.

⁸⁹ Tom Kramer, "'Neither War nor Peace': Failed Ceasefires and Dispossession in Myanmar's Ethnic Borderlands," *Journal of Peasant Studies* 48, no. 3 (December 2020): 487, <https://doi.org/10.1080/03066150.2020.1834386>.

⁹⁰ Su-Ann Oh, *The Rohingya Crisis, Two Years After: Impasses and Deadlocks*, ISEAS Perspective 65 (Singapore: ISEAS–Yusof Ishak Institute, 2019), 4, <https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/201965-the-rohingya-crisis-two-years-after-impasses-and-deadlocks-by-suann-oh/>.

⁹¹ Mohammad Tanzimuddin Khan and Saima Ahmed, "Dealing with the Rohingya Crisis: The Relevance of the General Assembly and R2P," *Asian Journal of Comparative Politics* 5, no. 2 (June 2020): 124, <https://doi.org/10.1177/2057891119868312>.

⁹² "China, Russia Block U.N. Council Concern About Myanmar Violence," *Reuters*, March 2017, <https://www.reuters.com/article/us-myanmar-rohingya-un/china-russia-block-u-n-council-concern-about-myanmar-violence-idUSKBN16O2J6>.

Rohingya citizenship rights.⁹³ Thus, China’s diplomatic defense of Myanmar upheld the principle of non-interference by protecting the NLD’s peace process from unwanted international involvement.

F. CONCLUSION

Chapter II considered Myanmar’s internal security environment and examined its effect on the NLD’s cooperation with China. This chapter finds that Sino-Myanmar cooperation strengthened between 2016 and 2021, at least in part because the NLD prioritized efforts to resolve the threats that the EAOs posed to Myanmar’s internal security. The NLD strengthened Myanmar’s diplomatic engagement with China which resulted in China’s promises to cooperate to address aspects of Myanmar’s ethnic conflict. These promises resulted in actual cooperation to strengthen the inclusiveness of the NLD’s peace process and to protect Myanmar from international criticism because of its internal ethnic conflict.

⁹³ “China and Russia Oppose UN Resolution on Rohingya,” *The Guardian*, December 2017, <https://www.theguardian.com/world/2017/dec/24/china-russia-oppose-un-resolution-myanmar-rohingya-muslims>.

III. THE NLD AND ECONOMIC COOPERATION

A. INTRODUCTION

Chapter II examined Myanmar's internal security conditions and found that the NLD's response to these conditions contributed to strengthened Sino-Myanmar relations between 2016 and 2021. Chapter III assesses the impact of economic factors on the NLD cooperation with China over these same years.

Chapter III answers the following question: how and to what extent did economic factors affect Sino-Myanmar relations from 2016 to 2021? This chapter finds that the NLD strengthened Myanmar's relations with China because the Belt and Road Initiative (BRI) provided it with an opportunity to receive economic investment. In support of this conclusion, Chapter III is organized in the following way. The first section considers the NLD's economic policy towards China and Myanmar's relationship with the BRI. The second section identifies the actions the NLD took to align Myanmar with the BRI. The third section details the limits of the NLD's cooperation with the BRI. The fourth section examines the results of the NLD's BRI cooperation.

B. NLD ECONOMIC POLICY AND THE BRI

Myanmar's cooperation with China was supported by the economic policy that the NLD established. The NLD announced that it would create a commission to review hydropower projects on the Irrawaddy River days before Aung San Suu Kyi's first diplomatic visit to China as State Councilor.⁹⁴ This indicated that the NLD was willing to review the Union Solidarity and Development Party's (USDP) decision to suspend the Myitsone Dam and cooperate with China on a financial issue that it was eager to resolve.⁹⁵ A month prior to this announcement, the NLD published a twelve-point economic policy that was supportive of cooperation with external partners. This economic policy provided

⁹⁴ Lun Min Mang, "NLD Under Pressure to Scrap Hydropower Projects," *Myanmar Times*, March 15, 2016, <https://www.mmmtimes.com/business/21664-nld-12-point-economic-policy-announcement.html>.

⁹⁵ Yun Sun, *Aung San Suu Kyi's Visit to Beijing: Recalibrating Myanmar's China Policy* (Transnational Institute, 2016), <https://www.tni.org/en/article/aung-san-suu-kyis-visit-to-beijing-recalibrating-myanmars-china-policy>.

a framework that intended to create conditions conducive to foreign direct investment and infrastructure development in Myanmar in support of national reconciliation.⁹⁶ Combined, these developments signaled the NLD's intent to reverse the trend of weakening economic relations that Myanmar had with China between 2011 and 2016.

The NLD had the opportunity to strengthen Myanmar's economic relations with China by participating in the BRI. The BRI was first introduced by President Xi Jinping in 2013 as a framework to support "win-win cooperation" towards common development and prosperity between China and partner countries.⁹⁷ This initiative enabled China to provide a wide range of benefits to Southeast Asian countries that participated in its program such as free trade and investment, policy coordination, infrastructure connectivity, financial integration, and closer ties between people and institutions.⁹⁸ Since the BRI was introduced, China has invested approximately \$50 and 100 billion per year, primarily in infrastructure projects focused on power and transport.⁹⁹ Countries with developing economies are incentivized to cooperate with China under the framework of the BRI because of the economic benefits it provides.

Myanmar is important to China's BRI because of its geographic location. Myanmar is located at the crossroads of South and Southeast Asia and can provide China's southwestern regions with an overland route to the Bay of Bengal and thus a more efficient trading route for its landlocked provinces. Figure 1 illustrates China's seaborne transit routes and shows how resources that are shipped from Europe, Africa, and the Middle East transit the Strait of Malacca to reach China's eastern seaboard. These resources are then transported overland to supply China's western and southwestern provinces. However, a

⁹⁶ Aye Thidar Kyaw and Claire Hammond, "Government Reveals 12-Point Economic Policy," *Myanmar Times*, July 29, 2016, <https://www.mmmtimes.com/business/21664-nld-12-point-economic-policy-announcement.html>.

⁹⁷ *Speech by Chinese President Xi Jinping to Indonesian Parliament* (Jakarta, Indonesia: ASEAN-China Centre, 2013).

⁹⁸ Mark, Overland, and Vakulchuk, "Sharing the Spoils: Winners and Losers in the Belt and Road Initiative in Myanmar," 385.

⁹⁹ David Dollar, *Seven Years into China's Belt and Road*, Order From Chaos (Washington, DC: Brookings, 2020), <https://www.brookings.edu/blog/order-from-chaos/2020/10/01/seven-years-into-chinas-belt-and-road/>.

land route through Myanmar would be shorter, more cost effective, and reduce China’s dependence on the Strait of Malacca, which is a critical chokepoint and source of strategic vulnerability.¹⁰⁰ China’s Yunnan Province borders Myanmar’s Kachin and Shan states and is positioned to benefit economically from Myanmar’s incorporation in the BRI.¹⁰¹



Figure 1. China’s Oil Supply Network.¹⁰²

C. THE NLD’S COMMITMENT TO THE BRI

The NLD aligned Myanmar with the BRI by sending high level representatives to participate in China’s first two BRI forums. These forums provided China with a platform to strengthen cooperation with countries aligned to the BRI and push forward the

¹⁰⁰ Gregory Poling, *Kyaukpyu: Connecting China to the Indian Ocean*, CSIS Briefs (Washington, DC: Center for Strategic and International Studies, 2018), <https://www.csis.org/analysis/kyaukpyu-connecting-china-indian-ocean>.

¹⁰¹ Transnational Institute, *Selling the Silk Road Spirit: China’s Belt and Road Initiative in Myanmar*, Myanmar Policy Briefing 22 (Transnational Institute, 2019).

¹⁰² Source: Jiu Biing Sheu and Tanmoy Kundu, “Forecasting Time-Varying Logistics Distribution Flows in the One Belt-One Road Strategic Context,” *Transportation Research* 117 (September 2018): 14, <https://doi.org/10.1016/j.tre.2017.03.003>.

implementation of development projects.¹⁰³ Aung San Suu Kyi attended the first BRI forum in May 2017 and strengthened Myanmar's commitment to the BRI by signing five memorandums of understanding (MOU).¹⁰⁴ Importantly, one of the MOUs signed was an agreement on "Cooperation within the Framework of the Silk Road Economic Belt and the Twenty-First Century Maritime Silk Road Initiative" which resulted in the formal alignment of Myanmar to China's initiative.¹⁰⁵ Aung San Suu Kyi continued to expand Myanmar's commitment to the BRI in April 2019 by attending the second BRI forum and signing nine deliverables with China.¹⁰⁶ These deliverables included "early harvest" projects that committed Myanmar to jumpstart several construction initiatives.¹⁰⁷

The escalation of violence in Rakhine state contributed to conditions that supported stronger BRI cooperation between Myanmar and China. The Tatmadaw's escalation of violence against the Rohingya minority group in August 2017 ignited an international refugee crisis by driving an estimated 745,000 Rohingya Muslims into Bangladesh.¹⁰⁸ Many Rohingya took refuge in Cox's Bazaar where they suffered from overcrowded and inadequate living conditions.¹⁰⁹ The international community reacted to the crisis in Rakhine state by condemning Myanmar's treatment of the Rohingya and imposing sanctions on the Tatmadaw leaders responsible.¹¹⁰ Additionally, many western countries

¹⁰³ "What to Expect from Belt and Road Forum," *China Daily*, May 1, 2017, https://www.chinadaily.com.cn/beltandroadinitiative/2017-05/01/content_29154837.htm.

¹⁰⁴ "Timeline: China-Myanmar Relations," *Irrawaddy*, January 13, 2020, <https://www.irrawaddy.com/specials/timeline-china-myanmar-relations.html>.

¹⁰⁵ Jones and Myo, "Explaining Myanmar's Response to China's Belt and Road Initiative: From Disengagement to Embrace," 302.

¹⁰⁶ Nan Lwin, "Second BRI Forum Roundup: How Myanmar Fares," *Irrawaddy*, May 6, 2019, <https://www.irrawaddy.com/opinion/analysis/second-bri-forum-roundup-how-myanmar-fares.html>.

¹⁰⁷ Yun Sun, "Slower, Smaller, Cheaper: The Reality of the China-Myanmar Economic Corridor," *Frontier Myanmar*, September 26, 2019, <https://www.frontiermyanmar.net/en/slower-smaller-cheaper-the-reality-of-the-china-myanmar-economic-corridor/>.

¹⁰⁸ "Rohingya Refugee Crisis."

¹⁰⁹ Su-Ann Oh, *The Rohingya Crisis, Two Years After: Impasses and Deadlocks*, ISEAS Perspective 65 (Singapore: ISEAS Yusof Ishak Institute, 2019), https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2019_65.pdf.

¹¹⁰ Passeri, "Myanmar's Foreign Policy under the NLD Government: A Return to Negative Neutralism?"

weakened economic ties with Myanmar by withdrawing foreign direct investment that had increased after Myanmar's liberalization.¹¹¹

China responded to the weakening of economic relations between Myanmar and western countries as an opportunity to recalibrate its own economic ties with Myanmar.¹¹² Three months after the escalation of violence in Rakhine state, China's Foreign Minister Wang Yi proposed the establishment of the China-Myanmar Economic Corridor (CMEC). The CMEC is a subcomponent of the BRI and encompasses a series of development projects stretching 1,700-kilometers from China's Yunnan Province to Myanmar's Rakhine State. The purpose of the CMEC was to boost Myanmar's infrastructure investment and strengthen the comprehensive partnership between Myanmar and China.¹¹³ This initiative focused on developing new infrastructure projects and revamping several existing and stalled projects that had languished under the USDP.¹¹⁴

The NLD welcomed the establishment of the CMEC and participated in its forums. Myanmar's Minister of Planning and Finance attended the first CMEC forum in September 2018 and signed a fifteen-point MOU with China's National Development and Reform Commission (NRDC) which resulted in Myanmar's formal alignment to the CMEC as a component of the BRI.¹¹⁵ This MOU included an agreement to collaborate across several sectors such as infrastructure, construction, transport, telecommunications, and research and technology. Myanmar's Minister of Planning and Finance reaffirmed Myanmar's commitment to cooperate with the BRI by attending the second CMEC forum in February

¹¹¹ *Commerce and Conflict*, 11.

¹¹² *Selling the Silk Road Spirit*, 3.

¹¹³ Song Qingrun, "China-Myanmar Economic Corridor Could Stabilize Region," *China Daily*, November 22, 2017, https://www.chinadaily.com.cn/opinion/2017-11/22/content_34855231.htm.

¹¹⁴ Jones and Myo, "Explaining Myanmar's Response to China's Belt and Road Initiative: From Disengagement to Embrace," 303.

¹¹⁵ Nan Lwin, "Gov't Signs MoU with Beijing to Build China-Myanmar Economic Corridor," *Irrawaddy*, September 13, 2018, <https://www.irrawaddy.com/news/burma/govt-signs-mou-beijing-build-china-myanmar-economic-corridor.html>.

2019.¹¹⁶ This meeting included discussions to incorporate Chinese banks in CMEC projects, expand China's investment opportunities in Myanmar, and collaborate across various sectors such as agriculture, forestry, and mining.

D. THE LIMITS OF BRI COOPERATION

The NLD's embrace of the BRI was cautious despite its actions to align Myanmar's economy more closely with China. The primary reason the NLD maintained caution while embracing the BRI was because of the potential for Myanmar to fall into a debt trap which was a significant possibility given Myanmar's debt exposure to China. In 2016, Myanmar owed nearly 40% of its national debt to China in the form of high interest loans.¹¹⁷ The debt Myanmar owed to China was a threat to its national security because it provided China with economic leverage over Myanmar that could result in undesirable concessions. The potential impact of this leverage was displayed by Sri Lanka providing China with a 99-year lease of its Hambantota port after it was unable to make payments on Chinese debt. Aung San Suu Kyi's economic advisor was aware of a similar situation happening in Myanmar and emphasized the need to manage Myanmar's embrace of BRI projects to reduce this risk.¹¹⁸

The NLD managed the potential risks associated with the BRI by establishing conditions under which economic cooperation could occur. The NLD published the Myanmar Sustainable Development Plan 2018–2030 (MSDP) in August 2018 to establish a single national strategy for the development of a peaceful, prosperous, and democratic country.¹¹⁹ This strategy guided Myanmar's economic development to include only infrastructure projects that provided sustainable growth and economic diversification. A

¹¹⁶ "2nd China-Myanmar Economic Corridor Forum Held in Kunming," *Myanmar Digital News*, February 25, 2019, <http://www.mdn.gov.mm/en/2nd-china-myanmar-economic-corridor-forum-held-kunming>.

¹¹⁷ Moe Moe, "Loans from China Must Be Repaid 'As Early As Possible,'" *Irrawaddy*, January 25, 2019, <https://www.irrawaddy.com/news/burma/loans-china-must-repaid-early-possible.html>.

¹¹⁸ Chan Mya Htwe and Thompson Chau, "Myanmar Mindful of Sri Lanka's Debt Crisis When Mulling Kyaukphyu SEZ," *Myanmar Times*, June 13, 2018, <https://www.mmtimes.com/news/myanmar-mindful-sri-lankas-debt-crisis-when-mulling-kyaukphyu-sez.html>.

¹¹⁹ *Myanmar Sustainable Development Plan (2018-2030)* (Naypyidaw: Ministry of Planning and Finance, 2018).

month after the MSDP was published, the NLD further refined the conditions under which Myanmar's cooperation with the BRI could occur. The NLD established conditions with China that provided Myanmar with the authority to choose the projects it wanted to implement, finance projects through international institutions, and solicit international tenders to diversify project investors.¹²⁰

The NLD regulated Myanmar's cooperation with the BRI by creating mechanisms that oversaw the implementation of infrastructure projects. The NLD established the CMEC Implementation Steering Committee to scrutinize BRI projects and ensure they complied with Myanmar's short- and long-term goals.¹²¹ This committee was chaired by Aung San Suu Kyi and was comprised of twenty-five members, including ethnic minority leaders from Kachin, Shan, and Rakhine states. The NLD also established a Project Bank to ensure future infrastructure projects would be aligned with the MSDP. The Project Bank is a web-based management system that was intended to streamline the planning, decision-making, and financing of infrastructure projects in Myanmar.¹²² This system guides infrastructure projects through a three-step process that includes screening, appraisal and selection, and prioritization.¹²³

E. THE RESULT OF BRI COOPERATION

The NLD's embrace of the BRI resulted in the progress of new and existing CMEC projects. This section explores the extent to which the NLD's participation in the BRI affected the progress of three main CMEC initiatives: the Kyaukphyu port and special economic zone (SEZ), the Myanmar-China Railway, and the New Yangon City.

¹²⁰ Nan Lwin, "Gov't Spells Out Conditions for Signing BRI Deals with China," *Irrawaddy*, May 30, 2019, <https://www.irrawaddy.com/business/govt-spells-conditions-signing-bri-deals-china.html>.

¹²¹ Nan Lwin, "State Counselor Vows Proper Scrutiny of All BRI Projects in Myanmar," *Irrawaddy*, February 19, 2019, <https://www.irrawaddy.com/news/burma/state-counselor-vows-proper-scrutiny-bri-projects-myanmar.html>.

¹²² Sun, "Slower, Smaller, Cheaper."

¹²³ Linda Calabrese and Yue Cao, "Managing the Belt and Road: Agency and Development in Cambodia and Myanmar," *World Development* 141, no. 2021 (December 2021): 9, <https://doi.org/10.1016/j.worlddev.2020.105297>.

1. The Kyaukphyu Projects

The Kyaukphyu infrastructure projects predated the BRI and included the development of a \$7.3 billion deep-water port and an accompanying \$2.7 billion SEZ in Rakhine State. The State Peace and Development Council (SPDC) signed an MOU to implement both projects in 2009 with the China International Trust and Investment Corporation (CITIC) during Xi Jinping's first visit to Myanmar as Vice President.¹²⁴ Importantly, the Kyaukphyu infrastructure projects are located at the terminus of China's \$1.5 billion oil and gas pipelines which are designed to support large volumes of Chinese energy imports. These pipelines have the capacity to transport twelve billion cubic meters of natural gas and twenty-two million barrels of oil annually to China.¹²⁵ Though the pipelines were constructed between 2010 and 2015, the construction of the Kyaukphyu port and SEZ stalled under the leadership of the USDP because of public opposition to these projects.¹²⁶

The NLD reinvigorated the Kyaukphyu port and SEZ projects by initiating steps towards their construction. The NLD expressed its intent to reengage these projects during President Htin Kyaw's first goodwill visit to Beijing in April 2017. During this trip, President Htin Kyaw signed agreements that committed Myanmar to resume cooperation on the construction of the Kyaukphyu infrastructure projects and initiate the flow of oil and gas through the Sino-Myanmar pipelines.¹²⁷ These agreements also called for environmental and social assessments to be expedited so that construction of the port and SEZ could begin as soon as possible.¹²⁸ The NLD's reengagement of the projects

¹²⁴ Nan Lwin, "Myanmar, China to Sign Agreements on SEZ, Border Economic Cooperation During President Xi's Visit," *Irrawaddy*, January 10, 2020, <https://www.irrawaddy.com/news/burma/myanmar-china-sign-agreements-sez-border-economic-cooperation-president-xis-visit.html>.

¹²⁵ Poling, *Kyaukpyu*.

¹²⁶ Jones and Myo, "Explaining Myanmar's Response to China's Belt and Road Initiative: From Disengagement to Embrace," 313.

¹²⁷ Jones and Myo, 302.

¹²⁸ Yimou Lee and Wa Lone, "China's \$10 Billion Strategic Project in Myanmar Sparks Local Ire," *Reuters*, June 8, 2017, <https://www.reuters.com/article/us-china-silkroad-myanmar-sez/chinas-10-billion-strategic-project-in-myanmar-sparks-local-ire-idUSKBN18Z327>.

contributed to the signing of a framework agreement in November 2018 between the Kyaukphyu SEZ Management Committee and CITIC to develop the SEZ.¹²⁹

However, several aspects of the original agreement were changed because of the NLD's reengagement of the Kyaukphyu infrastructure projects. The Kyaukphyu SEZ Management Committee negotiated with the CITIC group to reduce the size of the deep-water port from ten berths to two berths which decreased its price tag from \$7.3 billion to \$1.3 billion.¹³⁰ The construction of the port was the first of three phases of construction, and each phase was required to demonstrate its commercial viability prior to the implementation of the subsequent phase. The Kyaukphyu SEZ Management Committee also renegotiated the shareholding agreement to increase Myanmar's ownership in the projects to 30% from the original 15% agreed to by the USDP.¹³¹ The revised shareholding agreement adjusted Myanmar's funding of the project to include an equal partnership between the national government and a Government Designated Entity (GDE) that was comprised of forty-eight private and public companies.

2. The Myanmar-China Railway

The Myanmar-China Railway is an infrastructure project that was designed to be a transportation link between Myanmar's Rakhine State and China's Yunnan Province. The Myanmar Railway Ministry signed an MOU in April 2011 with the China Railway Engineering Corporation (CREC) to build a \$20 billion railway between Ruili in China and Kyaukphyu in Myanmar.¹³² Ruili is a trading town located on the China side of the Sino-Myanmar border and would serve as a trading hub for cargo transported to and from the proposed Kyaukphyu SEZ. The conditions of the 2011 MOU stipulated that the railway's

¹²⁹ "Gov't Inks Agreement with Chinese Firm to Develop Kyaukphyu SEZ," *Irrawaddy*, November 8, 2018, <https://www.irrawaddy.com/news/burma/govt-inks-agreement-chinese-firm-develop-kyaukphyu-sez.html>.

¹³⁰ Kanupriya Kapoor and Aye Min Thant, "Exclusive: Myanmar Scales Back Chinese-Backed Port Project Due to Debt Fears - Official," *Reuters*, August 2, 2018, <https://www.reuters.com/article/us-myanmar-china-port-exclusive/exclusive-myanmar-scales-back-chinese-backed-port-project-due-to-debt-fears-official-idUSKBN1KN106>.

¹³¹ Calabrese and Cao, "Managing the Belt and Road: Agency and Development in Cambodia and Myanmar," 8.

¹³² *Selling the Silk Road Spirit*, 21.

construction could not commence until a feasibility study was completed and both sides agreed to the terms within a three-year period.¹³³ However, the project was cancelled in 2014 after both sides failed to agree on terms to commence construction due to the cost and environmental impacts of the project.¹³⁴

The NLD revived the China-Myanmar railway project under the CMEC by cooperating with China to reinstate the project. The NLD expressed its interest in welcoming the construction of a railway between China and Myanmar in April 2017 during a meeting between Myanmar Vice President Henry van Thio and CREC Chairman Li Changjin.¹³⁵ A month later, the CREC proposed a feasibility study for the construction of a railway between Mandalay and Muse. This study proposed a reduction of the original scope agreed to in 2011 but was a smaller component of the original path between Kyaukphyu and Ruili. In October 2018, Myanmar Railway signed an MOU to conduct the feasibility study for the reduced scope of work with the China Railway Eryuan Engineering Group (CREEG), a subsidiary of CREC.¹³⁶ The reversal on the national government's stance following the project's cancellation in 2014 occurred concurrently with the changing political and economic environment following the escalation in violence in Rakhine state.¹³⁷

3. The New Yangon City

The New Yangon City is a \$1.68 billion infrastructure project designed to expand the city of Yangon by developing 20,000 acres of land west of the Yangon River. This project was proposed to include the creation of five townships and an industrial zone as well as bridges, roads, power stations, and a water and sewage treatment plant as supporting

¹³³ Yun Sun, *China, Myanmar: Stop That Train*, China (Washington, DC: Stimson Center, 2014), <https://www.stimson.org/2014/china-myanmar-stop-train/>.

¹³⁴ Kyaw Hsu Mon, "Plan for Burma-China Train Link Derailed," *Irrawaddy*, July 21, 2014, <https://www.irrawaddy.com/business/plan-burma-china-train-link-derailed.html>.

¹³⁵ *Selling the Silk Road Spirit*, 22.

¹³⁶ Nan Lwin, "Analysis: Muse-Mandalay Railway Agreement with China Raises Debt, Conflict Fears," *Irrawaddy*, October 31, 2018, <https://www.irrawaddy.com/news/burma/analysis-muse-mandalay-railway-agreement-china-raises-debt-conflict-fears.html>.

¹³⁷ *Selling the Silk Road Spirit*, 22.

infrastructure.¹³⁸ The purpose of the New Yangon City was to provide an estimated two million jobs, housing, and basic infrastructure to Yangon's growing population.¹³⁹ In March 2018, the Yangon government used \$7.5 million in development funds provided by Myanmar's national government to create the New Yangon Development Company (NYDC) to manage the project.¹⁴⁰ Two months later, a framework agreement was signed between the NYDC and China Communications Construction Company (CCCC) to create a project proposal for the first phase of the city's development.¹⁴¹

The NLD supported the construction of the New Yangon City by incorporating the infrastructure project under the BRI framework. The NLD signed a letter of intent to develop the New Yangon City project in January 2020 during President Xi's diplomatic visit to Myanmar along with thirty-three other cooperative agreements.¹⁴² However, the NLD also reduced the scope of the project from a 13-kilometer to a 3-kilometer industrial zone which reduced its price tag from \$1.68 billion to \$800 million.¹⁴³ The purpose of this scope reduction was to generate competition and entice other firms to challenge the CCCC's bid to construct the project. This would decrease Myanmar's reliance on a single Chinese company to construct the New Yangon City and ensure Myanmar received competitive bids. The 2018 framework agreement between the NYDC and CCCC

¹³⁸ Sithu Aung Myint, "Yangon's 'New City' Plan Raises a Billion-Dollar Question," *Frontier Myanmar*, March 8, 2019, <https://www.frontiermyanmar.net/en/yangons-new-city-plan-raises-a-billion-dollar-question/>.

¹³⁹ Myo Pa Pa San, "Development Co to Build New City West of Yangon River," *Irrawaddy*, April 2, 2018, <https://www.irrawaddy.com/news/burma/development-co-build-new-city-west-yangon-river.html>.

¹⁴⁰ San.

¹⁴¹ "NYDC Signs Framework Agreement with Leading Infrastructure Company for First Stage of NYDC Challenge," NYDC, May 2, 2018, <https://www.nydc.com.mm/nydc-signs-framework-agreement-with-leading-infrastructure-company-for-first-stage-of-nydc-challenge/>.

¹⁴² Jason Tower and Jennifer Staats, *Xi Jinping's Visit to Myanmar: What Are the Implications?*, Analysis and Commentary (Washington, DC: United States Institute of Peace, 2020), <https://www.usip.org/publications/2020/01/xi-jinpings-visit-myanmar-what-are-implications>.

¹⁴³ Kyaw Phyto Tha, "Myanmar's Union Govt Splits Up Huge China-Backed New Yangon City Project," *Irrawaddy*, July 29, 2020, <https://www.irrawaddy.com/news/burma/myanmars-union-govt-splits-huge-china-backed-new-yangon-city-project.html>.

implemented a “Swiss challenge” model which allowed other firms to compete against the CCCC’s project proposal to construct the project.¹⁴⁴

F. CONCLUSION

This chapter considered economic factors and examined their effect on the NLD’s cooperation with China. This chapter finds that the NLD strengthened Myanmar’s cooperation with China between 2016 and 2021 because of the economic benefits of participating in the BRI. However, Myanmar’s cooperation had limits because of the potential for Myanmar to fall into a debt trap. These limits resulted in the downsizing of several CMEC projects and the NLD’s implementation of mechanisms to manage the implementation of CMEC.

¹⁴⁴ “NYDC Signs Framework Agreement with Leading Infrastructure Company for First Stage of NYDC Challenge.”

IV. CONCLUSION

A. SUMMARY OF FINDINGS

This thesis has examined the National League for Democracy's (NLD) policy toward China between 2016 and 2021 and asked the following question: Why did the NLD cooperate with China to the extent it did? This thesis found that security and economic factors contributed to the NLD's decision to enhance cooperation with China. Myanmar's internal security conditions contributed to stronger Sino-Myanmar relations because the NLD prioritized the establishment of a lasting peace agreement between Myanmar's government and ethnic armed organizations (EAO). To achieve peace, the NLD needed China's help to persuade powerful EAO leaders to participate in the government's peace negotiations. It also needed China to end its military support to those EAOs. Economic factors also encouraged the NLD to improve cooperation with China, because the NLD made economic growth one of its top priorities. To achieve this goal, the NLD viewed participation in China's Belt and Road Initiative (BRI) as an opportunity to receive large amounts of investment.

Chapter I surveyed the historical nature of Myanmar's cooperation with China and found that Sino-Myanmar relations have varied widely since the late 1940s. The most important factors that have contributed to this variation were security and economic. Myanmar's government has varied its cooperation with China to the extent that China assisted it in overcoming the challenges of Myanmar's internal security threats. China's influence over various EAOs in Myanmar ranged from direct physical support to the promotion of peace which enabled China to cooperate with Myanmar's government to enhance security and resulted in stronger bilateral relations. Similarly, Sino-Myanmar bilateral cooperation varied to the extent that Myanmar's government was eager to obtain economic investment from China and China supplied Myanmar with investment. Bilateral relations have been closer during times when Myanmar's government has been open to closer economic cooperation with China.

Chapter II examined the extent to which the NLD's cooperation with China was affected by Myanmar's internal security threats. It found that the NLD strengthened Myanmar's cooperation with China at least in part because it prioritized efforts to resolve the threats that EAOs posed to Myanmar's internal security. The NLD inherited a complicated internal security environment from the Union Solidarity and Development Party (USDP) that included a patchwork of ceasefire agreements and armed conflicts with EAOs. These conditions incentivized the NLD to cooperate diplomatically with China in order to cut off military support to the EAOs and compel the EAO leaders to participate in ceasefire negotiations. The NLD's efforts resulted in China's cooperation to strengthen the inclusiveness of the NLD's peace process and to protect Myanmar from international criticism of the government's response to ethnic conflict in Rakhine state. Thus, the findings of Chapter II validate the first hypothesis of this thesis.

Chapter III considered the extent that economic factors impacted the NLD's cooperation with China. This chapter found that the NLD strengthened relations with China in part because of the economic benefits that Myanmar could obtain by participating in the BRI. The NLD engaged positively with the BRI by participating in its various forums and cooperating with China to construct new and existing infrastructure projects in Myanmar. However, the NLD's cooperation was cautious, which resulted in the creation of mechanisms to limit Myanmar's participation in the China-Myanmar Economic Corridor (CMEC) and the downsizing of several infrastructure projects. The findings of Chapter III confirm the second hypothesis of this thesis.

Finally, Chapter IV answered the central question of this thesis: Why did the NLD cooperate with China to the extent that it did. This chapter integrates the findings of the first three chapters of this thesis and concludes that security and economic factors contributed to strengthened bilateral relations between Myanmar and China from 2016 to 2021.

B. IMPLICATIONS FOR MYANMAR'S FUTURE

The primary finding of this thesis is that security and economic conditions have affected the extent of Myanmar's cooperation with China under the democratic NLD

government just as they affected military-led governments during earlier eras. The main implication of this finding is that these factors are likely to continue to shape Sino-Myanmar relations in the future, regardless of changes in government. However, the recent military coup in Myanmar makes this relationship less certain. In February 2021, the Tatmadaw seized control of Myanmar's government and established a new military regime called the State Administration Council (SAC) under the leadership of General Min Aung Hlaing. This action followed the NLD's overwhelming victory in the November 2020 elections and was justified by the military based on claims of election fraud.¹⁴⁵ The coup resulted in the imprisonment of many high-ranking NLD leaders including Aung San Suu Kyi and the fragmentation of the NLD as a cohesive political party. Several NLD members who were ousted from government but were not arrested have established a new National Unity Government (NUG) as a political alternative and primary source of opposition to SAC rule.

The military coup has changed Myanmar's internal security and economic conditions in addition to shifting its political structure. Myanmar's internal security conditions have become more complex as political grievances between the SAC and NUG have escalated into armed conflict. The competing actions between these two groups have resulted in a "deadly stalemate" with both sides contributing to violence that likely constitute crimes against humanity.¹⁴⁶ EAOs have adopted a variety of responses to this conflict that include attacking the military in the country's border areas and helping anti-regime protestors by supplying military training and shelter.¹⁴⁷ The complexity of Myanmar's security conditions has plunged the country into a severe socio-economic crisis that includes increased poverty, food shortages, a health crisis, and a collapsed economic

¹⁴⁵ Gwen Robinson, "Can ASEAN Overcome the 'Myanmar Curse'?" *Nikkei Asia*, November 1, 2021, <https://asia.nikkei.com/Spotlight/Comment/Can-ASEAN-overcome-the-Myanmar-curse>.

¹⁴⁶ *The Deadly Stalemate in Post-Coup Myanmar*, Asia Briefing 170 (Brussels, Belgium: International Crisis Group, 2021), 2, <https://www.crisisgroup.org/asia/south-east-asia/myanmar/b170-deadly-stalemate-post-coup-myanmar>.

¹⁴⁷ "Ethnic Armed Groups Unite with Anti-Coup Protesters Against Myanmar Junta," *Irrawaddy*, April 30, 2021, <https://www.irrawaddy.com/news/burma/ethnic-armed-groups-unite-anti-coup-protesters-myanmar-junta.html>.

system.¹⁴⁸ These conditions have complicated Myanmar's businesses environment and threatened external economic investments.

Sino-Myanmar relations could be expected to change because of shifts in Myanmar's internal security conditions following the military coup. The SAC could weaken Myanmar's relations with China because the military is less interested in establishing internal peace through bilateral cooperation with China than the previous NLD government which was an important driver of Sino-Myanmar relations between 2016 and 2021. Indeed, the Tatmadaw contributed to the continuation of ethnic violence during this period by fighting various EAOs despite the attempts of the NLD to establish ethnic peace. Alternatively, security conditions could contribute to stronger bilateral relations if China cooperates with the NUG to overcome aspects of Myanmar's new internal security threat posed by the SAC. The NUG could be expected to adopt a similar approach as the NLD which cooperated with China to address the challenges of Myanmar's internal security issues because it is comprised of many of the same leaders.

Myanmar's evolving economic conditions could also affect its relations with China. The SAC and NUG have a shared interest in promoting economic growth and Myanmar's socio-economic crisis since the military coup has sharply increased the country's need for economic assistance. However, Myanmar's options to receive economic investment from many democratic countries will likely be more constrained than the period between 2016 and 2021. Many western countries decreased economic investment in Myanmar after the escalation of violence in Rakhine state in August 2017 and will likely continue withholding investment from Myanmar following the overthrow of its democratic NLD government and alleged human rights violations that have been committed by the SAC and NUG as they compete for power. These conditions could contribute to stronger Sino-Myanmar relations because China does not require the same human rights standards for investment and the SAC and NUG could be expected to cooperate with China to receive economic assistance.

¹⁴⁸ *The Deadly Stalemate*, 8.

However, a possible alliance between the NUG and various EAOs could also affect Sino-Myanmar relations. The NUG has sought a political and military alliance with many EAOs and has made significant political concessions to make this possible partnership more attractive. The NUG has agreed to replace the 2008 Constitution with a new federal charter and committed to a fairer distribution of political power under its government by appointing an ethnically diverse cabinet.¹⁴⁹ Combined, an alliance between the NUG and EAOs would unify their resistance against and pose a greater internal security challenge to the SAC. These conditions would likely cause the SAC to cooperate more closely with China for security assistance to address the challenge of a stronger internal threat to its military regime. On the other hand, an alliance between the NUG and EAOs could result in weaker cooperation between the NUG and China to enhance security because the NUG would be more capable of resisting the SAC regime with internal cooperation.

C. AREAS FOR FURTHER RESEARCH

This thesis found that security and economic factors contributed to stronger relations between Myanmar and China from 2016 to 2021. The NLD responded to Myanmar's security and economic conditions and made policy decisions that supported the strengthening of Sino-Myanmar relations. The primary perspective this research took was from the NLD viewpoint; however, bilateral relations are a product of the policy decisions of two countries. Therefore, a way to build upon the research of this thesis would be to assess the extent of the NLD's cooperation with China primarily from the viewpoint of the Chinese Communist Party (CCP). The CCP made policy decisions that supported the NLD's cooperative actions towards China. An analysis that primarily focuses on the CCP's policy decisions to support security and economic cooperation can provide additional context to explain the extent of Sino-Myanmar bilateral cooperation between 2016 and 2021 that is supplemental to the research in this thesis.

¹⁴⁹ *Myanmar's Coup Shakes Up Its Ethnic Conflicts*, Asia Report 319 (Brussels, Belgium: International Crisis Group, 2022), 11, <https://www.crisisgroup.org/asia/south-east-asia/myanmar/319-myanmars-coup-shakes-its-ethnic-conflicts>.

A second area to build upon this thesis would be to research the extent that the Tatmadaw influenced the NLD's foreign policy decisions towards China. The NLD responded to Myanmar's internal security and economic conditions by strengthening Myanmar's cooperation with China. However, the Tatmadaw was closely connected to Myanmar's internal security and economic conditions and could affect the extent which these conditions were issues that required China's cooperation. A deeper understanding of the Tatmadaw's role to shape Myanmar's internal conditions would supplement this thesis by providing more context behind the issues that required cooperation to overcome.

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