



Delhi Policy Group

DPG POLICY BRIEF

The Internal Situation in Myanmar and Its Strategic Consequences

Author

Ishita Singh

Volume IV, Issue 19

JULY 24, 2019



Delhi Policy Group

Core 5A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003

www.delhipolicygroup.org



DPG Policy Brief, Vol. IV, Issue 19 July 24, 2019

ABOUT US

Founded in 1994, the Delhi Policy Group is among India's oldest independent think tanks with its primary focus on international and strategic issues of critical national interest. Over the past decades, the Delhi Policy Group has established itself in both domestic and international circles, particularly in the area of national security.

In keeping with India's increasing global profile as a leading power and the accompanying dynamism of India's foreign and security policy, the Delhi Policy Group has expanded its focus areas to include India's broader regional and global role; India's initiatives to strengthen its strategic periphery; India's political, security and connectivity challenges and policies across the Indo-Pacific; and the strategic partnerships that advance India's rise. To support these goals, the DPG undertakes research, publishes policy reports and organises conferences on strategic and geo-political, geo-economic, and defence and security issues.

Author

Ishita Singh, Summer Intern, Delhi Policy Group

The views expressed in this piece are those of the author and should not be attributed to the Delhi Policy Group as an Institution.

Cover Photographs:

(Photographs top to bottom)

State Counsellor Aung San Suu Kyi attends the Third Session of the Union Peace Conference – 21st Century Panglong held in Naypyidaw, on July 17, 2018. Source: State Counsellor Office, The Republic of the Union of Myanmar

The Fourth Meeting of Myanmar-Bangladesh Joint Working Group (JWG) on the repatriation of displaced persons from Bangladesh held in Naypyidaw on May 3, 2019. Source: Ministry of Information, The Republic of the Union of Myanmar

State Counsellor Aung San Suu Kyi and Commander-in-Chief of Myanmar Armed Forces Aung Hlaing greet each other at a special meeting held between the Union Government and the signatories of the Nationwide Ceasefire Agreement in Naypyidaw on October 16, 2018. Source: State Counsellor Office, The Republic of the Union of Myanmar.

© 2019 by the Delhi Policy Group

Delhi Policy Group

Core 5A, 1st Floor,
India Habitat Centre,
Lodhi Road, New Delhi- 110003.
www.delhipolicygroup.org

The Internal Situation in Myanmar and Its Strategic Consequences

by

Ishita Singh

The state of affairs in the domestic sphere of a country is often perceived to be the foundation of its foreign relations and policies. During the last decade, the internal condition of the Republic of the Union of Myanmar has undergone a significant transformation with its progress being marred by numerous nascent and persisting challenges. The general elections of November 2010 marked a turning point in the country's history with the rule by the military junta, for first time in decades, giving way to a democratically elected government under President Thein Sein. The trend continued when in 2015, the noble laureate and political activist Aung San Suu Kyi secured a landslide victory in the general elections. While Myanmar has made political and economic progress, successive governments have been unsuccessful in adequately addressing the pressing issues which threaten Myanmar's sovereignty, integrity and act as impediments to the country's growth and development.

This paper provides the historical background of current developments and examines the contemporary challenges that Myanmar is faced with; primarily, the persisting ethnic conflicts manifesting themselves in the form of a civil war between the ethnic minorities and the *Tatmadaw* (state military), the sluggish peace process undertaken irrespective of the willingness and requisite support to the present Government by various stakeholders, the resurgence of the Rohingya crisis, the continued dominance of the *Tatmadaw*, the growing illicit and informal trade networks in the golden triangle region and the sustained political and economic inroads into Myanmar's internal affairs made by China, which have endangered the political autonomy and sovereignty of the country. Numerous initiatives have been undertaken by successive governments to remedy the situation and bring about sustained peace and stability in the country. However, success has continued to remain elusive. The root cause of the principal challenges faced by Myanmar is the continuing differences between the major domestic actors in the state.

1. Ethnic Conflicts and the Peace Process

The Union of Myanmar is an amalgamation of diverse ethnicities, cultures and languages and has granted official recognition to 135 ethnic groups. The Bamar community comprises the majority accounting for approximately 65 percent

of the country's population.¹The present administrative construct of Myanmar was essentially developed during the British period, dividing the country into seven regions (formerly known as divisions), seven states and the union territory of Naypyidaw, in order to facilitate efficiency and control.²The states denote the areas occupied by the ethnic minorities and are named after the largest community residing in the respective territories. The Chin, Kachin, Kayin, Kayah, Mon, Rakhine and Shanare constitute the majority in the respective states bearing their name. The regions, on the other hand, are inhabited primarily by the Bamar populace.³

British rule in Myanmar was mostly limited to the mainland regions essentially sidelining the ethnic minorities to the periphery (frontier regions). Prior to the attainment of independence, General Aung San attempted to bring about greater integration and cohesion between the ethnic minorities and the mainstream Bamar population. This initiative manifested in the form of the Panglong⁴ Agreement signed on February 12, 1947 by representatives from the Shan, Chin and Kachin states and General Aung San. The agreement established the principle of granting 'full autonomy in internal administration of frontier regions' to the ethnic communities.⁵ However, the general's assassination in 1947 put an end to the integration effort and no further nationwide initiatives were adopted by successive governments for decades.

Myanmar faced frequent insurgencies and conflicts since the pre-independence period, primarily based on territorial claims and demands for autonomy by ethnic minorities. Political, economic and social underdevelopment and exclusion alongside the 'Burmanization'⁶of the ethnic populace triggered massive dissent in the minority groups.⁷ In 1961, the

¹Chandrasekharan, S. "Myanmar: NLD's bid for Constitutional Change- An Analysis", South Asia Analysis Group, Paper No. 6497, February 21, 2019.

²Steinberg, David I. "Burma/Myanmar: What Everyone Needs To Know". 2010

³"Myanmar Climate-Friendly Agribusiness Value Chain Sector Project", Ethnic Group Development Framework, Ministry of Agriculture, Livestock and Irrigation, Asian Development Bank, 2018 Link: <https://www.adb.org/sites/default/files/project-documents/48409/48409-003-ippf-en.pdf>

⁴Panglong is a town in Loilem district in the Shan state of Myanmar.

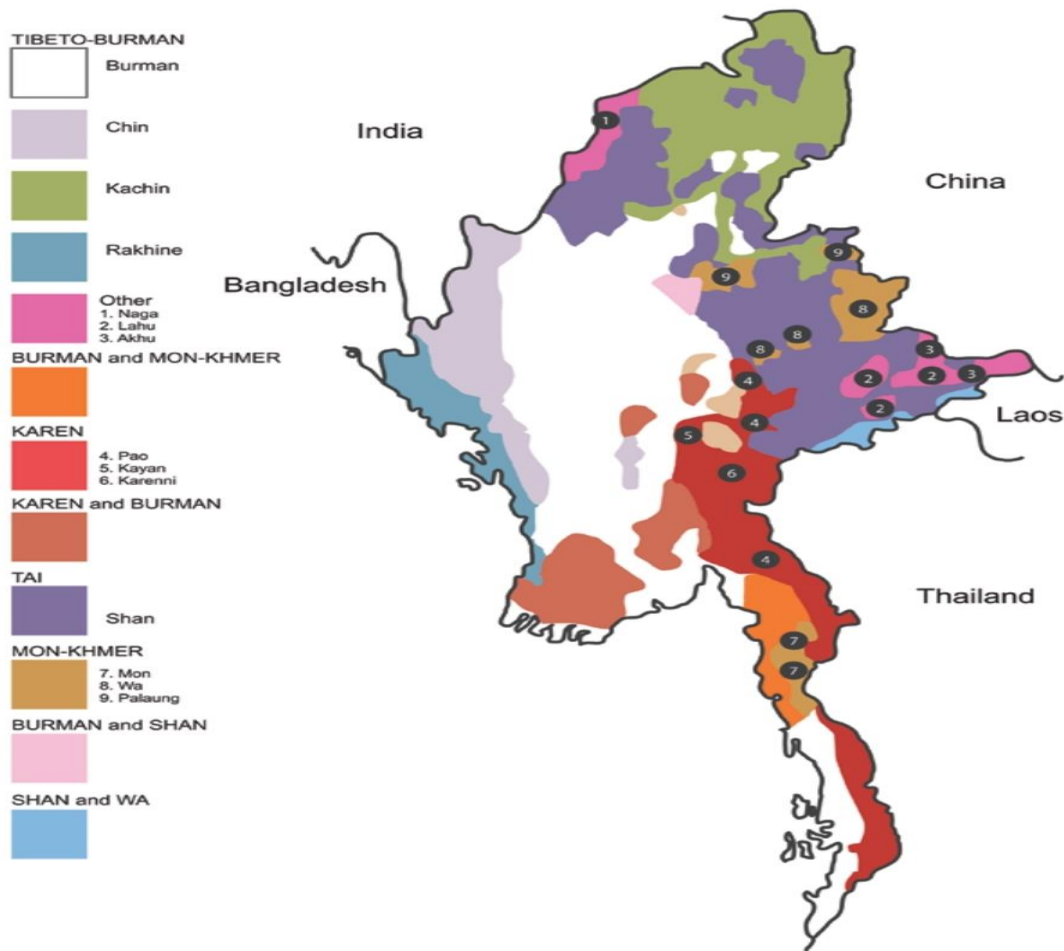
⁵Mallempati, Samantha. "Myanmar's National Reconciliation Process: Key Challenges", Indian Council of World Affairs, 9 October 2017 Link: <https://icwa.in/pdfs/IB/2014/NationalReconciliationProcessIB09102017.pdf>

⁶Burmanization refers to the process of forced assimilation of the ethnic groups in Myanmar with the adoption of policies warranting the Burman identity and culture alongside the persistent marginalization and suppression of diverse ethnicities by the Myanmar government.

⁷Holmes, Robert A. "Burmese Domestic Policy: Politics of Burmanization", Network For International Protection of Refugees, Asian Survey, Vol 7, No. 3, March 1967, P 188 Link:

government adopted 'Burmese' as the official language in education institutions and government centers and recognized 'Buddhism' as the official religion of the state.⁸ These actions faced condemnation by the groups practicing other religions, particularly the minorities. Moreover, the total disregard towards the provisions of the Panglong Agreement (1947), which had assured equality, autonomy and the right to secede, albeit with conditions, to the ethnic minorities enhanced the dissenting sentiments within the groups.

Major Ethnic Groups of Burma/Myanmar



Based on: Martin Smith: Burma - Insurgency and the Politics of Ethnicity

Major ethnic communities in Myanmar. Source: Reliefweb

Different factions such as the Communist Party of Burma (CPB), the Mon National Defense Organization, Burma Communist Party and the Karen National Defense Organization took up arms to oppose the adoption of

http://www.netipr.org/policy/downloads/19670301_politics-of-burmanization-by-robert-holmes.pdf

⁸Ganesan, N and Kyaw Yin Hlaing. "Myanmar: State, Society and Ethnicity", Institute of Southeast Asian Studies, 2007, P 263

contentious policies by the government. This period witnessed the emergence of numerous new 'Ethnic Armed Organizations' (EAOs) establishing dominance and control over particular territories and challenging the legitimacy of the military junta. Under General Ne Win, the junta aspired to strengthen itself and build a homogenous and unitary state. These developments undermined the rights of equality and autonomy of the ethnic minorities and coupled with economic stagnation led to the outburst of one of the biggest nationwide protests in the history of Myanmar demanding democratic reforms in 1988.

After the 1988 military takeover, the Communist Party of Burma (CPB), which had hitherto been one of the oldest parties in the country, disintegrated into four factions, i.e., the United Wa State Party (UWSP), Myanmar National Democratic Alliance Army (MNDAA), National Democratic Alliance Army (NDAA), and the New Democratic Army (NDA).⁹ Other major Ethnic Armed Organizations (EAOs) active in the country, included the Kachin Independence Organization (KIA), The National Socialist Council of Nagaland- Khaplang (NSCN-K), Ta'ang Army, Karen National Union (KNU) and the Arakan Army.

The efforts of bringing about peace and stability in Myanmar have been continuing since the country attained independence from the British colonial rule. The signing of the Panglong¹⁰ Agreement in 1947 marked a major breakthrough for the key actors in the state, i.e. the government, the *Tatmadaw* and the ethnic minorities. The agreement accepted the longstanding demand for 'full autonomy' of the Chin, Shan and the Kachin ethnic groups in their respective frontier states.¹¹ However, the accord failed to materialize. The military government that followed faced incessant rebel uprisings opposing its rule in frontier regions. Under the military regime, efforts at brokering peace with ethnic minorities were undertaken in the 1960's and the 1990's, albeit with meager success.

The Thein Shein government, which came to power in the historic elections of 2011, played a monumental role in its efforts to restore peace and stability in Myanmar. The government introduced an outline of the "National Peace Process" in the form of the 'Nationwide Ceasefire Agreement' (NCA) in 2011. The objective was to enhance peaceful dialogue between the *Tatmadaw* and

⁹Lintner, Bertil. "The United Wa State Army and Burma's Peace Process", United States Institute of Peace, No. 147, April 2019

¹⁰Panglong is a town in Loilem district in the Shan state of Myanmar.

¹¹Mallempati, Samantha. "Myanmar's National Reconciliation Process: Key Challenges", Indian Council of World Affairs, 9 October 2017. Link: <https://icwa.in/pdfs/IB/2014/NationalReconciliationProcessIB09102017.pdf>

the EAOs and develop a more inclusive political order. The NCA was signed by major EAOs such as the Restoration Council of the Shan State (RCSS) in December 2011 and the Karen National Union (KNU) in January 2012, which ended one of the longest civil wars of the country.¹² However, most of the EAOs displayed a lack of trust in the government's initiative and intentions.¹³ The introduction and the signing of the 'Deed of Commitment for Peace and National Reconciliation' in February 2015 by the representatives of the government, *Tatmadaw*, political parties and the EAOs was a major step forward for the government.¹⁴ The Deed introduced and implemented federalism in Myanmar, which was welcomed by the EAOs.

With the victory of the National League for Democracy (NLD), led by Aung San Suu Kyi, in the 2015 elections, drastic transformation in the internal conditions of Myanmar was anticipated. The government prioritized national reconciliation and attainment of sustained peace to end the ongoing armed conflict between the *Tatmadaw* and the EAOs by means of active and continuous political dialogue. The Suu Kyi government started its term with optimism and aimed to conclude the signing of the NCA prior to the general elections in 2020. On October 15, 2015, eight EAOs became signatories to the NCA; however, the non-signatory EAOs still constitute about 80 percent of the state's armed groups which necessitates further dialogue with the elected government in order to come up with effective solutions.¹⁵ The non-signatories include the members of the Federal Political Negotiation and Consultative Committee (FPNCC) or the Federal Committee¹⁶ established in 2017 and essentially comprises of the United Wa State Army (UWSA), the Myanmar National Democratic Alliance Army (MNDAA), the Ta'ang National Liberation Army (TNLA) and the Northern Alliance. On January 12, 2016, the

¹²Zaw, H. T. (2018). Conflict Resolution and Peace building: The Long-Lasting Trauma of Myanmar. *Advances in Journalism and Communication*, 6, 121-138. <https://doi.org/10.4236/ajc.2018.64010>

¹³Myanmar's Peace Process: A Nationwide Ceasefire Remains Elusive International Crisis Group, Asia Briefing N°146, 16 September 2015. Link: <https://www.crisisgroup.org/asia/south-east-asia/myanmar/myanmar-s-peace-process-nationwide-ceasefire-remains-elusive>

¹⁴Mallempati, Samantha. "Myanmar's National Reconciliation Process: Key Challenges", Indian Council of World Affairs, 9 October 2017. Link: <https://icwa.in/pdfs/IB/2014/NationalReconciliationProcessIB09102017.pdf>

¹⁵*Ibid*

¹⁶ Federal Committee is a political alliance formed in 2017 between the UWSA, National Democratic Alliance Army (NDAA), Shan State Army-North (SSA-N) and the Northern Alliance. The Northern Alliance emerged in 2016 with four members, i.e., Kachin Independence Army (KIA), Arakan Army (AA), Ta'ang National Liberation Army (TNLA) and the Myanmar National Democratic Alliance Army (MNDAA). Therefore, the Federal Committee is essentially a conglomeration of seven EAO's.

government convened the Union Peace Conference with around 700 participants in an effort to end the civil wars with the EAOs.¹⁷ Non-signatory actors, who have not signed the Nationwide Ceasefire Agreement (NCA), also participated in the conference, albeit as observers. Although the government succeeded in achieving large-scale participation of the major actors involved in the longstanding conflict, the conference failed to achieve any substantial results.



State Counsellor Aung San Suu Kyi attends the Third Session of the Union Peace Conference – 21st Century Panglong held in Naypyidaw, on July 17, 2018.

Source: State Counsellor Office, The Republic of the Union of Myanmar

This was followed by the 21st Century Panglong Conference, held for the first time, from August 31 to September 4, 2016 at Naypyidaw, Myanmar. However, the conference could not reach any decisive outcome due to the rigid stance of the *Tatmadaw* and the uncompromising demands of the EAOs. The *Tatmadaw* demands disarmament, demobilization and reintegration of the EAOs, which is viewed as equivalent to surrender by the latter. Three Panglong Conferences have been organized and there has been partial success with the signing of the 37 agreements on 'sovereignty and exercising sovereign power'

¹⁷Mallempati, Samantha. "Myanmar's National Reconciliation Process: Key Challenges", Indian Council of World Affairs, 9 October 2017. Link: <https://icwa.in/pdfs/IB/2014/NationalReconciliationProcessIB09102017.pdf>

between the military and the ethnic groups in May 2017.¹⁸At present, the signatories of the NCA have increased from eight to ten. The military has also extended ceasefire period for two months till the end of August 2019 in five military command regions. However, the recent outbreak of conflict between the *Tatmadaw* and the Karen National Liberation Army (KNLA) in the Kayin state may hinder the National Peace Process.

2. Rohingya Crisis

The past few years have seen the intensification of the Rohingya Crisis in the Rakhine state of Myanmar. The targeted violence undertaken by the military has displaced more than a million Rohingya refugees to the neighboring countries. However, violence against the Rohingyas is not a recent phenomenon. The contempt of the indigenous populace towards the Rohingyas has been persisting for decades, taking firm root during British rule. The colonial period in Myanmar witnessed massive demographic transformation in the state and a sustained increase in the Muslim population. A major ramification of this change was the growing insecurity within the majority Buddhist community. Post-independence, the animosity between the indigenous Buddhists and the Rohingya Muslims, residing primarily in the Northern region of the Arakan state (now Rakhine state) exacerbated.

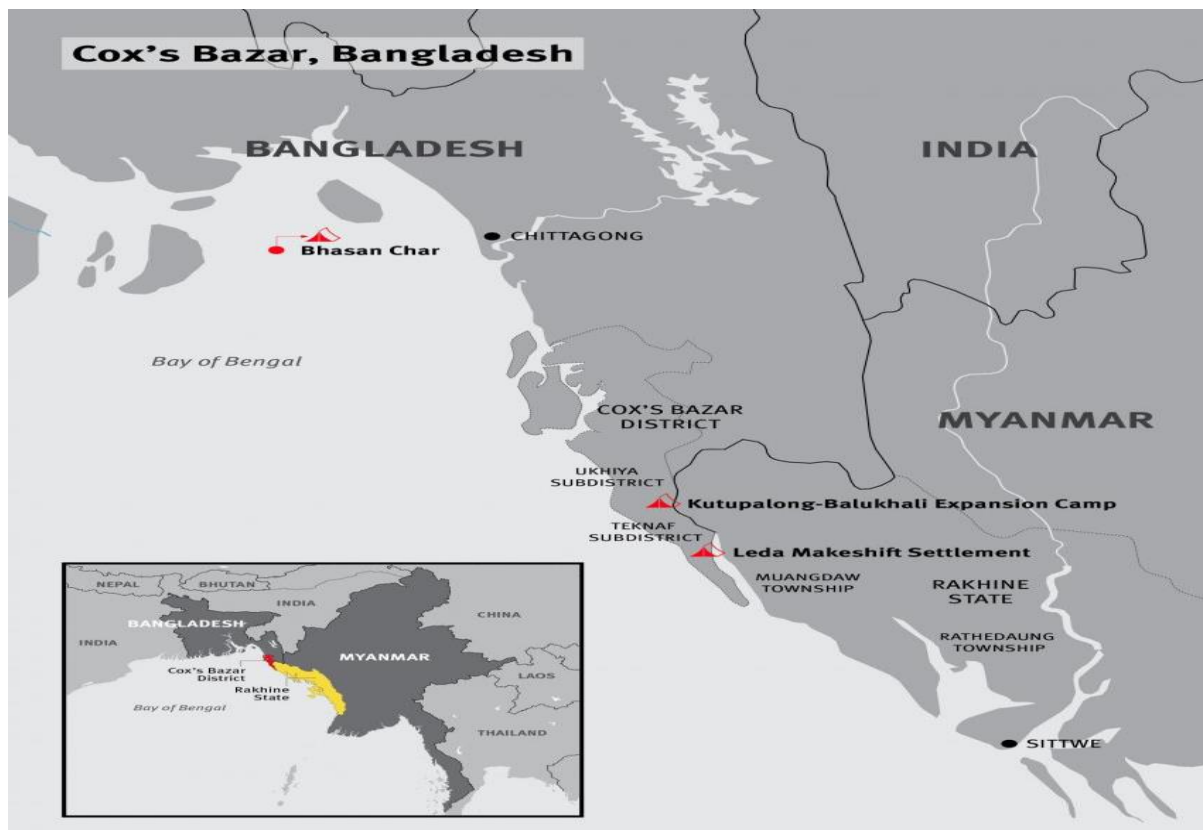
The Rohingya crisis is essentially rooted in the rise of ethno-nationalist sentiments. It first manifested in the form of Operation Naga Min, popularly known as Operation Dragon King, in 1978.¹⁹The operation was undertaken by the *Tatmadaw* and targeted the Rohingya population with the intention of expelling the 'illegal foreigners' from the Rakhine state. In a span of three months, relentless violence, murders and rapes carried out by the *Tatmadaw* led to a mass exodus of over 2,00,000 Rohingyas to Bangladesh.²⁰ The impact of the overwhelming refugee intake put a strain on the capacity and resources of the neighboring Bangladeshi government. Subsequently, the two countries concluded an agreement for the repartition of the refugees to Myanmar. However, the violence and discrimination against the community continued to persist.

¹⁸ "37 Points Signed As Part of Pyidaungso Accord", National Reconciliation and Peace Centre, May 29, 2017 Link: <http://www.nrpc.gov.mm/en/node/226>

¹⁹ Martin, Michael. F. "Burma's Brutal campaign Against the Rohingyas", Congressional Research Service, September 26, 2017, Link: <https://docs.house.gov/meetings/FA/FA05/20170927/106434/HHRG-115-FA05-Wstate-MartinM-20170927.pdf>

²⁰ "Human Rights Watch Report", 2000, Link: <https://www.hrw.org/reports/2000/burma/burm005-01.htm>

When the State Law and Order Restoration Council (SLORC) led government passed the Citizenship Law in 1982 giving formal recognition to 135 ethnic communities residing in the country, it denied citizenship rights to the Rohingyas.²¹ The community was marginalized and has, as a result, become one of the world's largest stateless populations. Stringent restrictions on the right to movement, education, and employment coupled with arbitrary confiscation of property and forced labor left the community vulnerable to the abuse and exploitation by the *Tatmadaw*. In 1991-92, in the Rakhine state and particularly in the Buthidaung, Rathedaung, and Maungdaw townships, the Rohingyas were yet again faced with religious persecution and mass atrocities, at the hands of the security forces, resulting in the flight of over 2,50,000 Rohingyas to Bangladesh.²² The repatriation of these refugees commenced once more from September 1992 onwards, continuing over the next few years with thousands of refugees returning to Myanmar every year.



Cox's Bazar is the largest Rohingya refugee camp in Bangladesh. Source: Human Rights Watch, 2018

²¹Hundal, Amal. "The Rohingya Crisis", Delhi Policy Group, Policy Brief, Vol II, Issue 7, September 27, 2017, P 2, Link: https://www.delhipolicygroup.org/uploads_dpg/publication_file/the-rohingya-crisis-1063.pdf

²² "Human Rights Watch Report", 2000, Link: <https://www.hrw.org/reports/2000/burma/burm005-01.htm>

The stance of the Myanmar government on the 'illegal Rohingya migrants' continued well into the twenty-first century. Over half a million refugees still resided in camps in the south-eastern part of Bangladesh, with Cox's Bazar emerging as the location of the largest refugee settlement in the world. The crisis re-surfaced in 2012 with strong religious underpinnings. Clashes between the Buddhists and the Rohingyas led to the resurgence of large-scale hate crimes against the latter in the Rakhine state. As a response to the unprecedented violence and atrocities faced by the Rohingyas over decades, the Arakan Army (AA) and the Arakan Rohingya Salvation Army (ARSA) emerged in 2009 and 2016 respectively to safeguard the interests of their community. The ARSA attacked military outposts in 2016 and 2017 killing nine and twelve personnel respectively. The military retaliated with a severe crackdown on the group resulting in the large-scale persecution and mass exodus of around 8 lakh Rohingyas to Bangladesh.²³ The camps in Bangladesh have long crossed their capacity to accommodate refugees, however, the continued violence and systematic discrimination has resulted in a constant flow of people seeking refuge in the country.

The repatriation of the refugees has also become a cause of concern for Bangladesh. It has been trying to speed up the process as the camps are straining its economy and resources. The government of Myanmar continues to address the community as 'illegal migrants' despite the claims made by the group of having historical and ancestral linkages to the country. Furthermore, the United Nations (UN) has been actively involved in the process of peaceful resolution of differences and the repatriation of the refugees.²⁴ The UN was one of the first organizations to provide aid and relief to the Bangladeshi government post the sudden influx of the refugees. It encouraged dialogue and negotiations between the governments of the two nations involved to safeguard the Rohingyas. The UN and other humanitarian organizations also highlighted the hesitation and refusal of the refugees to return given the absence of assurances by the Myanmar government on their safety.²⁵ Given the increasing pressure on its resources, the Awami League government in Bangladesh also resorted to forced repatriation of the refugees resulting in subsequent condemnation by international organizations. Continued pressure from the international community and the government of Bangladesh resulted in the formation of the 'Joint Working Group' in 2017 comprising members

²³ "A New Dimension of Violence in Myanmar's Rakhine State", International Crisis Group, Asia Briefing N°154, 24 January 2019, Pg 2

²⁴ Human Rights Watch Report", 2000, Link: <https://www.hrw.org/reports/2000/burma/burm005-01.htm>

²⁵ *Ibid*

form Myanmar and Bangladesh to address the issue of repatriation of Rohingya refugees.



The Fourth Meeting of Myanmar-Bangladesh Joint Working Group (JWG) on the repatriation of displaced persons from Bangladesh held in Naypyidaw on May 3, 2019.

Source: Ministry of Information, The Republic of the Union of Myanmar

In November 2017, China proposed a three-step solution to resolve the Rohingya crisis which included the adherence to a ceasefire between the *Tatmadaw* and the EAOs, the active bilateral dialogue between the governments of Myanmar and Bangladesh and the pursuit of poverty alleviation programs targeted at the Rohingya community. The Indian government, on the other hand, signed a Memorandum of Understanding (MoU) with the NLD administration in September 2018 on the Rakhine State Development Programme wherein it agreed to provide a grant assistance of US \$25 million over a period of five years.²⁶ This is an infrastructure development program undertaken by the Indian government and involves the construction of houses for the displaced population in the Rakhine state. However, these initiatives have produced meager results in bringing the crisis to an end.

²⁶ India-Myanmar Joint Statement during State Visit of President to Myanmar, Ministry of External Affairs, December 13, 2018, Link: <https://www.mea.gov.in/bilateral-documents.htm?dtl/30722/IndiaMyanmar+Joint+Statement+during+State+Visit+of+President+to+Myanmar+1014+December+2018>

At present, the Rohingya issue constitutes one of world's biggest humanitarian crises and a major barrier to the development of a cohesive and unified Myanmar. The willingness and efforts by the Myanmar government have been lacking and demonstrate its disregard for the wellbeing of the Rohingya community. The Rohingyas suffer the oppression and opposition on ethno-nationalist and religious grounds perpetrated by the Buddhist majority and the *Tatmadaw*, alongside the lack of adequate safeguards by the NLD government. This institutionalized ignorance of the plight of the group in a way legitimizes the rise of militant groups fighting to secure a better future for their community.

3. Civil-Military Relations

Even prior to Myanmar's independence, the *Tatmadaw* has been the epicenter of the political, economic as well as administrative organization of the state. Given the centrality of the Burmese Independence Army (BIA) led by General Aung San, in the struggle for independence, the military has been an intrinsic and significant stakeholder in the country. The coercive reign of the *Tatmadaw* lasted for fifty-six years, directly and indirectly, facing intermittent resistance from the masses. Nonetheless, it played an important role in the democratic transition and sustained territorial integrity of the nation.²⁷

During its long rule, the military strengthened itself by increasing its capacity manifold over the years. At present, the Myanmar military constitutes one of the strongest armies in the Southeast Asian region with over 4 lakh active personnel.²⁸ Living up to its motto that enjoins it to ensure "the non-disintegration of the Union, non-disintegration of national solidarity and perpetuation of sovereignty"²⁹, the military has blatantly and arbitrarily used coercion and force to suppress the resistance and secessionist movements by ethnic minorities. Moreover, to secure its continued centrality in the functioning of the state, the military adopted two constitutions, in 1974 and 2008, buttressing the rationale for its role in parliamentary proceedings and in enacting constitutional amendments.

²⁷Mallempati, Samantha. "Myanmar's National Reconciliation Process: Key Challenges", Indian Council of World Affairs, 9 October 2017. Link: <https://icwa.in/pdfs/IB/2014/NationalReconciliationProcessIB09102017.pdf>

²⁸ Myanmar Military Strength" 2019, Link: https://www.globalfirepower.com/country-military-strength-detail.asp?country_id=myanmar

²⁹ "UPDJC Meeting Passes 14 Points on Major Sectors", Ministry of Information, The Republic of the Union of Myanmar, 2019, <https://www.moi.gov.mm/moi:eng/?q=news/14/11/2018/id-14227>



State Counsellor Aung San Suu Kyi and Commander-in-Chief of Myanmar Armed Forces Aung Hlaing greet each other at a special meeting held between the Union Government and the signatories of the Nationwide Ceasefire Agreement in Naypyidaw on October 16, 2018. Source: State Counsellor Office, The Republic of the Union of Myanmar

The commander-in-chief of the *Tatmadaw*, at present, occupies one of the most important positions in the country with all the armed forces falling under his direct command. In the political sphere, the nomination of the Vice-President as well as the Defense, Home and Border Affairs ministers fall under the purview of the military chief. Furthermore, the provisions of the 2008 constitution sanction the appointment of 25 percent of the personnel in the national and regional legislatures by the military chief thereby securing the military's centrality in the political realm.³⁰

³⁰ Albert, Eleanor and Francis Wade. "How Myanmar's Military Wields Power from the Shadows", Council on Foreign Relations, October 2, 2017 Link: <https://www.cfr.org/interview/how-myanmars-military-wields-power-shadows>

The country was able to embark on a path towards democracy only with the consent and support of the military. The Thein Shein government was viewed essentially as a quasi-civilian government under which substantial efforts were undertaken to bring about cohesion and unity between the ethnic minorities and the *Tatmadaw*. State Counsellor Aung San Suu Kyi has also been trying to balance the interests and demands of the major stakeholders in and outside the state, including the military, to further the National Peace Process undertaken by the previous government. However, she faced international condemnation given her inaction and silence towards the agony of the Rohingya Muslims. In the recent past, the Suu Kyi government has made efforts to garner more control and limit the powers of the military. In February 2019, the government passed a proposal to amend the constitution despite the objections and opposition by the military.³¹

4. Illicit Trade Networks

Myanmar is located strategically, sharing borders with regional giants like India and China alongside Thailand, Laos and Bangladesh, while also having direct maritime access to the Indian Ocean. It has emerged as a bridge linking three distinct yet inter-dependent regions of South Asia, East Asia and Southeast Asia. Since its independence, along with the emergence of EAOs in the border regions, the country also saw the rise of global trade networks developed for smuggling of illicit goods. The Kachin and Shan states have emerged as the major trading points for illegal substances and resources, facilitated primarily by the support and patronage of the military. In the 1960's, the *Tatmadaw* had brokered a mutually beneficial ceasefire agreement with some prominent EAOs giving them autonomy over their region and a free pass to undertake any business or trade, in exchange for accepting the military's hegemony at the center.³²

The ceasefire agreement with the government enabled ethnic groups like the UWSA to build one of the biggest drug trade empires in Burma. The 1970's primarily saw an exponential rise in the cultivation and production of poppy and steep rise in the opium trade. The products were transported to the American and Australian markets via Thailand and Hong Kong. In the areas under the UWSA's control, poppy cultivation increased from 92,300 hectares in

³¹Aung, T T. "Thousands Rally in Myanmar's Biggest City to Change Army Drafted Constitution", Reuters, February 27, 2019 Link: <https://in.reuters.com/article/myanmar-protests/thousands-rally-in-myanmars-biggest-city-to-change-army-drafted-constitution-idINKCN1QG1IF>

³²"The United Wa State Army and Burma's Peace Process", United States Institute of Peace, No. 147, April 2019, Pg 8

1987 to 1,54,000 hectares in 1992 and by the mid 1990's, the annual opium production had reached 200 tones.³³ As a result, the UWSA emerged as one of the strongest groups exercising control over the major transit points in the Wa region of the Shan state. The opium cultivation and drug trade between the Shan state of Myanmar, northern Thailand and western Laos came to be recognized as the 'Golden triangle'.



Illicit crop cultivation in the Golden Triangle area of the Mekong

Source: United Nations Office on Drug and Crime

The Shan state used to be the global source of opium and heroin until the 1970's before Afghanistan and the golden crescent region took over. Myanmar has now transformed into a major center for manufacturing and trafficking

³³"The United Wa State Army and Burma's Peace Process", United States Institute of Peace, No. 147, April 2019, Pg 10.

Methamphetamine, particularly crystal Methamphetamine (Ice). Along with this, Myanmar also trades in agricultural products and natural resources such as jade, gold, teak and timber. According to the law in Myanmar, timber can only be exported through Yangon seaport; however, illicit trade worth millions has been documented by authorities from the borders of Kachin state.³⁴The illicit trading of narcotics and resources have produced massive profits for the EAOs and has played a key role in the emergence of a shadow economy bigger than the formal economy of the Shan state itself. This shadow economy has become the source that funds the EAOs and fuels criminality and corruption in the state. Drug trade and armed conflict have become interdependent since the 1950s and thus act as an impediment to the efforts to ease the long-standing ethnic conflicts.³⁵

5. Chinese Inroads into Myanmar

Historical linkages between Myanmar and the People's Republic of China can be traced back to 1949, when Myanmar emerged as the first non-communist nation to recognize the new Chinese government in Beijing.³⁶During the last decade, there has been a surge in the regional and global influence of China owing to its rapid economic and military advancement. Chinese involvement in the domestic affairs of Myanmar is seen as a means for Beijing to cater to its long-term interests. Long standing historical links had been established between China and major EAOs inhabiting the Sino-Myanmar border regions, beginning with the Communist Party of Burma (CPB).³⁷There has been strong speculation that China has been supplying advanced weapons and ammunitions to the organization. Post CPB's split continued Chinese patronage to the newly emerged factions has been a major factor in strengthening Chinese footprint in Myanmar.³⁸

Furthermore, the influence of the Chinese forces on the EAOs was reinforced with the Federal Committee demand for China to supervise the peace process.

³⁴ "State of Corruption: The Top-Level Conspiracy Behind The Global trade in Myanmar's Stolen Teak", Environmental Investigation Agency, February 2019, Link: <https://eia-international.org/wp-content/uploads/EIA-report-State-of-Corruption.pdf>

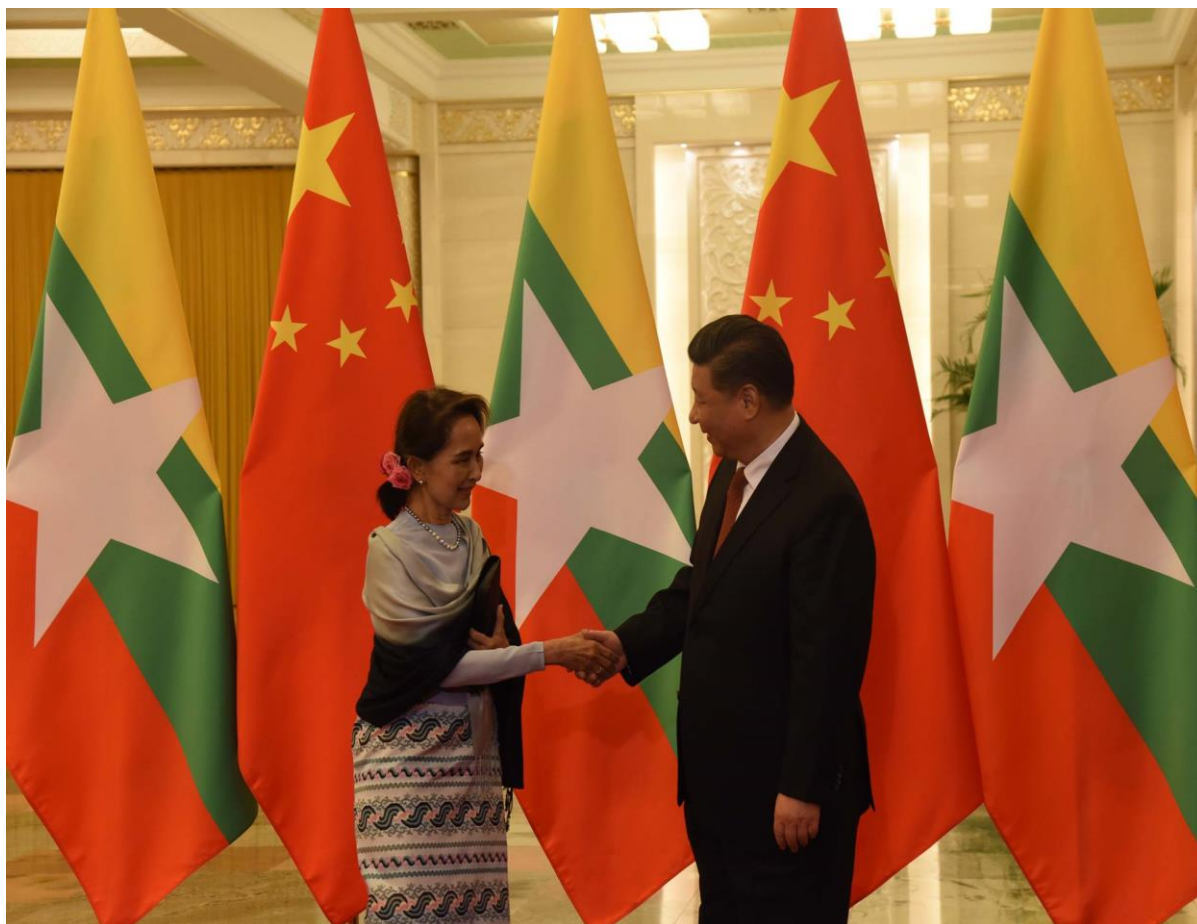
³⁵ "Fire and Ice: Conflict and Drugs in Myanmar's Shan State", International Crisis group, 8 January 2019

³⁶Fan, Hongwei and Charles Kraus. "Reassessing China-Myanmar Relations During the Cold War", Wilson Centre, May 5, 2014. Link :<https://www.wilsoncenter.org/publication/reassessing-china-myanmar-relations-during-the-cold-war>

³⁷"The United Wa State Army and Burma's Peace Process", United States Institute of Peace, Pg 16

³⁸*Ibid*

The committee released a statement in March 2018 affirming China's positive involvement in Myanmar's peace process while simultaneously declaring its support for the BRI.³⁹ Furthermore, the two countries also share a robust military trade and economic relations, with Myanmar emerging as the third largest market for Chinese arms exports in Asia. Between 2012 and 2017, China had supplied US \$954 million worth of weapons and ammunition to Myanmar. The major exports included 76 Type-92 Armoured Vehicles, 17 JF-17 aircraft, 12 Chinese Rainbow Unmanned Aerial Vehicle (UAV)'s and 2 Type-43 Frigates.⁴⁰



Chinese President Xi Jinping and Myanmar's State Counsellor Aung San Suu Kyi discussed bilateral cooperation at the Second Belt and Road Forum for International Cooperation in Beijing, China held on April 25, 2019. Source: Ministry of Information, The Republic of the Union of Myanmar

³⁹"The United Wa State Army and Burma's Peace Process", United States Institute of Peace, Pg 19

⁴⁰"How dominant is China in the Global Arms Trade", China Power Project, Center for Strategic and International Studies (CSIS). Link: <https://chinapower.csis.org/china-global-arms-trade/>

The strategic location of Myanmar plays a central role in the China-Myanmar relations.⁴¹ It constitutes the main corridor to get access to South and Southeast Asia as well as the Indian Ocean. Moreover, the United States-China tensions over bilateral trade have increased in the recent past, which has added fervor to Chinese opposition to western influence in Myanmar. China's assertions and the desire to forcefully protect its role in Myanmar's peace process has been driven by the efforts of the UWSA and other EAOs to reach out to the United States for conflict resolution – an area which had hitherto been a preserve of China.⁴²

China has also undertaken a number of infrastructural projects in Myanmar in its effort to strengthen bilateral relations. The Sino-Myanmar oil and gas pipeline is a major project undertaken by the two governments, talks for which started in 2004 and the pipeline began operating in April 2017. It links Myanmar's Kyaukpyu deep-sea port to Kunming in the Yunnan province of China, catering to a part of China's energy demands. The two nations signed a Memorandum of Understanding (MoU) in March 2018 to conduct feasibility studies for two major projects, i.e., the Mandalay-Tigyaing-Muse expressway and the Kyaukpyu-Naypyidaw highway project.⁴³

Another MoU on the China-Myanmar Economic Corridor (CMEC) was signed in September 2018 between the two states under China's global Belt and Road Initiative (BRI). The CMEC aims to connect Kunming to Mandalay in central Myanmar, extending to Yangon in the east and Kyaukphyu in the west. In April 2019, China and Myanmar signed three MoUs in order to reinforce the CMEC at the second Belt and Road Forum (BRF). Following this, in July 2018, a MoU was signed to build three economic zones in Muse, Chinshwehaw and Kanpiketi towns of the Kachin and the Shan states. Furthermore, The Kunming-Kyaukpyu Railway Project was revived in October 2018 after it was abandoned in 2014. The two countries are also collaborating to launch a 5G network in Myanmar since December 2018.⁴⁴ Therefore, numerous cooperative initiatives have been undertaken by China which demonstrate the significance and priority that has been accorded to Myanmar as an integral part

⁴¹"The United Wa State Army and Burma's Peace Process", United States Institute of Peace, Pg 19

⁴²Tourangbam, Monish and Pawan Amin. "China's Dynamic Grip on Myanmar", the Diplomat, May 7, 2019. Link: <https://thediplomat.com/2019/05/chinas-dynamic-grip-on-myanmar/>

⁴³"Emerging Dynamics of China-Myanmar Economic Corridor", Observer Research Foundation, May 15, 2019. Link: <https://www.orfonline.org/expert-speak/emerging-dynamics-of-the-china-myanmar-economic-corridor-50847/>

⁴⁴"Emerging Dynamics of China-Myanmar Economic Corridor", Observer Research Foundation, May 15, 2019. Link: <https://www.orfonline.org/expert-speak/emerging-dynamics-of-the-china-myanmar-economic-corridor-50847/>

of the BRI. These projects also give enormous leverage to the Communist Party of China (CPC) in terms of economic development and the domestic affairs of Myanmar.

Furthermore, Myanmar's strategic location as an Indian Ocean littoral state is critical to Chinese interests in gaining direct access to the potential and lucrative trade routes in the Indian Ocean. Access to pivotal maritime routes is a requisite for boosting its regional and global trade. This would reinforce its presence in the South and Southeast Asian markets besides creating new avenues for increasing its presence in the African and European markets. The Indian Ocean comprises major Sea Lanes of Communications (SLOCs) and accounts for about 80 percent of global energy trade, which also caters to the energy demands of China.⁴⁵In addition, direct access to the Indian Ocean through Myanmar would provide China with the opportunity to bypass important choke points such as the Malacca Strait making trade, time and cost effective for the country.⁴⁶

Conclusion: The Strategic implications of the internal situation in Myanmar

Myanmar's historical experience has been characterized by the persistence of extensive challenges, many of which continue to overshadow the country's domestic scene at present. These developments in the domestic and international domains have also played a decisive role in shaping the emergence of many contemporary issues. One of the foremost concerns for the government has been the sustained ethnic conflict between the *Tatmadaw* and the EAOs. Although the government has reaffirmed its commitment to the National Peace Process, it has essentially failed to bring about the effective integration of the EAOs with the mainstream political process in the country.

The persistence of ethnic conflict in the country has major long-term strategic consequences for Myanmar. The longstanding ethnic conflict undermines the legitimacy of the civilian government and strengthens the rationale for the role of military in Myanmar's internal affairs. In the political sphere, the *Tatmadaw* has continued to retain power and influence, inhibiting Myanmar's progress along its trajectory towards consolidating its democracy. The military's dominant role has been buttressed by the provisions of the 2008 constitution. The failure to reconcile the deep-rooted ethnic divisions and the continuation

⁴⁵ Lee, John and Charles Horner. "China Faces Barriers in the Indian Ocean", Hudson Institute, January 11, 2014. Link: <https://www.hudson.org/research/10054-china-faces-barriers-in-the-indian-ocean>

⁴⁶ Surendran, S M. "Bypassing the Malacca Strait: China circumnavigating 'Risk-Prone' Conduit to secure Energy Contingencies", Institute of Peace and Conflict Studies. March 19, 2013. Link: http://www.ipcs.org/comm_select.php?articleNo=3847

of the incessant armed conflict between the *Tatmadaw* and the EAOs, despite numerous efforts at brokering the peace, provides the opportunity and leverage to external actors, notably China, for interfering in the domestic affairs of Myanmar and undermining its political autonomy. Furthermore, the aggravation of the Rohingya crisis, in recent years, has emerged as an impediment to the progress of the NCA. Myanmar has also been at the center of the growing global narcotics trade network resulting in an enormous informal economy, which has not been addressed given the patronage and interests of the *Tatmadaw*.



Prime Minister Narendra Modi and State Counsellor Aung San Suu Kyi on the eve of the ASEAN-India Commemorative Summit in New Delhi on January 25, 2018, Source: PM India

Myanmar's strategic location, linking three major regions of South Asia, East Asia and Southeast Asia, in addition to its direct access to the Indian Ocean has been a key factor influencing the growing Chinese interference in Myanmar's internal affairs. China's assertions and promotion of major connectivity initiatives in Myanmar are broadly perceived to be advancing two strategic interests. The first is to integrate the Yunnan province of China with the northern region of Myanmar, manifesting itself in the form of the China Myanmar Economic Corridor (CMEC). Second, China is undertaking initiatives to provide its landlocked provinces to the west direct access to Myanmar's sea ports on the Bay of Bengal. Both these initiatives fall under the ambit of the BRI, which seeks to expand China's influence on its immediate and regional neighborhood. The repercussions of the massive infrastructural projects undertaken in Myanmar under the BRI would further enhance Chinese dominance in the country and could result in yet another Chinese inspired 'debt-trap' scenario as has been the case for Sri Lanka and the Maldives.

China's ingress through Myanmar into the Bay of Bengal is a part of a larger Chinese endeavor to counterbalance the geographical advantage and pivotal position that India enjoys in the Indian Ocean Region (IOR), along with the objective of curbing Western influence in the Indo-Pacific theatre. The expansion of the Chinese sphere of influence on the Indian Ocean littoral nations and in the island nations dotting the IOR through the BRI and the establishment of bases and places under what has been described in literature as the 'String of Pearls' in Gwadar, Kyaukpyu port in Myanmar, Hambantota and the Maldives has far reaching strategic implications for the power balance in the Indo-Pacific. Furthermore, China has also invested in the development of Myanmar's energy economy thorough the Sino-Myanmar gas pipeline. Finally, China has emerged as a significant arms supplier to the *Tatmadaw* which allows it unique access to and influence over the dominant political force in the country.

The complex nature of the Chinese involvement in Myanmar across various sectors, threatens Indian strategic interests in its immediate neighborhood. The inability of Aung San Suu Kyi, to deliver on the peaceful resolution of the sustained domestic conflict can be attributed to her efforts to balance the interests of the key stakeholders including the *Tatmadaw*, EAOs, China as well as the international community. In the absence of befitting policies and initiatives, Aung San Suu Kyi's party is likely to face a serious challenge during the upcoming general elections of 2020 and a weaker government will be less likely to resolve the deep-rooted challenges of Myanmar.



Delhi Policy Group
Core 5A, 1st Floor,
India Habitat Centre, Lodhi Road
New Delhi - 110003
India

www.delhipolicygroup.org