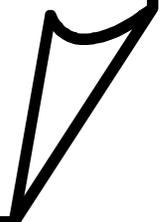


CHAPTER - 5

China - Myanmar Relations Since 1948



MYANMAR - CHINA ECONOMIC RELATIONS:

In Myanmar for India, the comparison with China is inevitable.¹ China, so far, had left no stone unturned in wooing the generals in Myanmar and their relationship had reportedly peaked as a 'strategic partnership', during the May 2011 visit of President Thein Sein to Beijing.²

Through the ages, the perception in Myanmar had been that their country, surrounded by two giant neighbours in the West and North, should watch out carefully for the preservation of its security, territorial integrity and other interests. If not handled properly, these neighbours could pose serious threats, but if tackled wisely, they could be a source of valuable support and assistance. Traditionally, the fundamental approach of authorities in Myanmar, had been to engage in a balancing exercise in relations with China and with India.³ They not had always succeeded in their endeavours, but that was the goal policy makers strived for. They were of the opinion that the operation of the said triangle (Myanmar, India and China) depended not only on them, but also on the development of India - China relations, as well as on developments in the larger region, surrounding the three countries.

¹ Dahiya, Rumel., and Behuria, Ashok, K., *India's Neighbourhood : Challenges in the Next Two Decades*, Institute for Defence Studies and Analysis, Pentagon Security International Press, New Delhi, 2012, p. 116.

² Myanmar Official Media Hail President's China visit, May 29, 2011, *People's Daily*, available at <http://english.popularly.com.cn/90001/90776/90882/7393992.html>, accessed on May 30, 2011.

³ Bhatia, Rajiv., *Crafting a Richer India- Myanmar Partnership*, *The Hindu*, 11 October, 2012.

It is noteworthy that the triangle was not static; it had been susceptible to fluctuations. Evidently, its evolution through history was remembered much more in Myanmar, than was in the other two countries.⁴ The impact of Indian and Chinese cultures on Burma, through history had been a subject of immense interest.⁵ Its faith Buddhism, came both from India and China. Burma suffered many invasions from the north and its kings carried out several attacks in the West.⁶ Hence, the tendency to fear the northern neighbour and to consider friendship with the western neighbour, had always been a part of the nation's mindset.⁷

This blend of fear of China and kind sentiments towards India, came into sharp focus immediately after Burma's independence, when the newly installed government of Prime Minister U Nu confronted a near mortal threat from rebels comprising of various ethnic groups, communist factions and some units of the army. Rangoon turned towards New Delhi for urgent help. Jawaharlal Nehru's bold decision to supply much-needed arms⁸ saved the first democratic government of Burma, denying an early victory to Communist forces that received inspiration, if not assistance, from the North.

⁴ Hall, D.G.E., *Burma.*, Hutchinson's University, Library London, 1950, p. 7.

⁵ Harvey, G.E., *Outline of Burmese History* Longmans, Green and Company, London, 1947, p. 4.

⁶ Silverstein, Josef., *Burma : Military Rule and the Politics of Stagnation*, Cornell University Press, New York, 1977, pp. 170.

⁷ Silverstein, Joha., *The Political Legacy of Aung San*, Cornell University, New York, 1993, pp. 146-7.

⁸ Bhatia, Rajiv., *India-Myanmar Relations, Changing Contours*, Rutledge Publication, New Delhi, 2016 p. 193.

In the years after independence, Burma showed activism in nurturing cordial ties with China. With India's acquiescence, it became the first non-communist country in the world to grant recognition to the Republic of China and on the other hand, the Communist Party of Burma (CPB) continued to be used by China as a tool to destabilise Burma. Rangoon took clear cut and firm diplomatic measures to oppose the presence of remnants of Nationalist China's troops on its territory, which enjoyed US backing, fearing that their activities would invite a invasion by Communist China.⁹

Burma had to devise its own clever ways to deal with the CPB which caused immeasurable trouble to the government, with full support and connivance of Beijing. Ne Win was denounced by Radio Peking as a 'contra- revolutionary, fascist and reactionary', as mentioned by Bertil Lintner.¹⁰ China, driven by favour of the Cultural Revolution, felt no hesitation in pressing the CPB to stir trouble by staging demonstration and fuelling insurgency in Burma.

The nadir was reached in June 1967, when reaction came in the form of attacks by Burmese on Chinese community members and their properties. Attempted attacks and demonstrations in front of the Chinese Embassy in Rangoon, were followed by similar, but larger demonstrations also took place against the Burmese Embassy in Peking. In 1968, a large force composed of Burmese Communist that enjoyed Chinese armed

⁹ Ibid, p. 193.

¹⁰ Linter, Bertil., *Burma in Revolt : Opium and Insurgency Since 1948*, Silkworm Books, Bangkok, 1999, p. 242.

support captured a part of Burmese territory in the northeast. ‘It was nothing less than an invasion from China.’¹¹ Ne Win steadily curbed CPB without attracting China's wrath. Eventually, the CPB ceased to be a potent political factor, only when it was disbanded in 1989.

Hence, while the 1950's was largely a happy time for China - Burma relations, the next decade and half recorded marked deterioration, marked by ill-will, bitterness and disappointment that spilled over to the people's level. From the late 1970's, radicalism in China subsided, China- Burma relations began returning to an even keel displaying mutual pragmatism. Deng Xiaoping's visit in 1978, did much to restore cordiality and warmth as he withdrew considerable support of the CPB, thus, paving the way for what eventually became a relationship between Pauk-Phaw (cousins or kinsfolk).¹²

Taking an overall view of the paramilitary rule period, Josef Silverstein observed – ‘Burma had demonstrated that it could live alongside a powerful neighbour and pursue an independent policy in the face of pressures from across the border.’¹³ Throughout the 1980's, the Ne Win government seemed to work harder on relations with China than with India. This trend gathered momentum, once the military rule replaced his government.

¹¹ Myint-U, Thant., *Where China Meets India*, Faber and Faber Limited, London, 2011, p. 52.

¹² Aung Myoe, Maung., *In the Name of Park-Phaw*, Singapore, ISEAS, 2011, p. 8

¹³ Silverstein., *Burma : Military Rule and the Politics of Stagnation*, p. 180.

China adopted a carrot and stick policy that made the Myanmar government and military appropriately aware of the need to be mindful of China's interests, Bertil Lintner, the Thailand based strategic analyst, who had spent a lifetime studying Myanmar, had asserted that 'regardless of the political nature of the government in power (in Myanmar), China had always considered Myanmar to be a vassal state.' Support to BCP was the main element of China's Myanmar policy, until the late seventies.¹⁴ The puppet master calibrated the timing, extent and levels of violent revolt, depending on its then agenda and objectives and irrespective of whether the official relationship between the governments of the two countries was bad, good or indifferent. Burma and China, were engaged in a peculiar tango that saw them resolving their border disputes in an exemplary fashion, a sphere, in which India and China failed.¹⁵

China had boundary disputes with all its neighbours, including India. Displaying great strategic foresight, China signed its first boundary agreement with a neighbour, i.e., with Myanmar in 1960, in which China accepted the McMohan Line delineation, though not its nomenclature. As a result of this boundary agreement, Myanmar was greatly relieved.¹⁶

China courted Myanmar and massaged its ego through numerous high level visits. Zhou Enlai paid eight visits to Myanmar between June 1954

¹⁴ Linter, Bertil., Burma and its Neighbours, Paper presented at the Nehru Memorial Museum and Library, New Delhi, February, 1992, <http://www.asiapacificms.com/papers/pdf/burma - India - China.pdf> (accessed on 17 October 2013).

¹⁵ Bhatia, Rajiv., India - Myanmar Relations : Changing Contours, Rutledge Publication, New Delhi, 2016, p. 193.

¹⁶ Kumar, Satish., Indian National Security Annual Review, 2013, Rutledge Publication, New Delhi, 2014, p. 268.

and April 1965, amongst them, one visit was for twenty days and another for nine days. President Liu Shaoqi visited Myanmar in 1963 and 1966, as also the revered Vice Premier and Foreign Minister Marshal Chen Zi in 1966. Deng Xiaoping paid a landmark six day visit to Myanmar in 1978; in contrast, Jawaharlal Nehru, Lal Bahadur Shastri, Indira Gandhi and Rajiv Gandhi paid one brief visit each to Myanmar.¹⁷

Post-1988, China had forged a multidimensional all embracing relationship with Myanmar. The most significant features were summarised below:

- a) Myanmar's economy was increasingly integrally linked with the economy of northern Myanmar, in particular linked more with that of Yunnan, than with rest of the country.
- (b) Myanmar's official statistics indicated that China had become the leading investor in Myanmar, with a total investment of US \$ 15.5 billion. In September 2008, Earth Rights International (ERI) had identified 69 Chinese Multinational Corporations (MNC's) were involved in at least 90 projects in Myanmar.¹⁸ Since then, the number and scope of projects had increased significantly in all sectors. China was proprietarily executing the largest number of infrastructure and hydropower projects in Myanmar; it dominated the oil, gas and mining sectors. China had also developed 4 ports -

¹⁷ Ibid, pp. 268.

¹⁸ China in Burma : The Increasing Investment of Chinese Multinational Corporations in Burma's Hydropower, Oil and Natural Gas and Mining Sectors, September 2008, <http://www.earthrights.org/sites/default/files/publications/China-in-Burma-update-2008-English.pdf> (accessed on 17 October 2013).

Hanggyi, Mergui and Zadetyeki in the South and the excellent deep water part of Kyaukphu in the North, from where Myanmar gas would be supplied to Yunnan province through pipelines. Oil from the Persian Gulf region, would also be received there.

- (c) China - Myanmar trade soared by 53.2 percent to US \$ 4.44 billion dollars in 2010, as compared to the previous year, making China, Myanmar's second largest trading partner after Thailand.¹⁹
- (d) Since 1988, China had been Myanmar's pre-eminent international patron, providing it with diplomatic protection from international punitive actions, inter alia, vetoing a United States of America (USA) sponsored resolution in the United Nations Security Council in 2007.²⁰
- (e) China was by far the main weapons supplier to Myanmar, supplying almost US \$ 2.5 billion worth of arms, since 1988 in a continuing strong military relationship.²¹
- (f) To consolidate the economic, military and political ties, there had been an absolutely intense exchange of visits, between the two

¹⁹ 'Myanmar - China Border Trade Fair Launched in Muse', People's Daily Online, 29 April 2011, [http:// english.peopledaily.com.cn/90001/90776/90883/7365992.html](http://english.peopledaily.com.cn/90001/90776/90883/7365992.html) (accessed on 17 October 2013).

²⁰ China, Russia Veto Myanmar Resolution; China Daily, 1 January 2007, <http://>

²¹ Kumar Satish., India's National Security, Annual Review 2013, Rutledge Publication, New Delhi, 2014, p. 270.

countries between ministers, top ranked communist party functionaries and high government and military officials.²²

- (g) Locals conservatives estimated that there were over 2 million Chinese in Myanmar today, in which, Mandalay had become a virtual Chinese city, where even small business was being increasingly owned by Chinese.²³

China had thus, at least theoretically, acquired capabilities in Myanmar of playing a role of enormous strategic consequences for India, in the context of all the factors affecting India's national interests and security that were mentioned earlier. India could become hostage to China's strategic plans and designs. Therefore, it was critical for India to prevent Myanmar from becoming a pawn of China's strategic ambitions, vis-à-vis, India. Indian policy options towards Myanmar had to be considered in the context of these overarching imperative.²⁴

Despite armed conflict and periods of ups and down, China had succeeded in securing all four of its main strategic interest in Myanmar :

- a) Becoming by far the most influential foreign country in Myanmar;

²² Kumar, Satish., *India's National Security, Annual Review, 2013*, Rutledge Publication, New Delhi, 2014, p. 270.

²³ Ibid, p. 271.

²⁴ Gupta, Ranjeet., *China, Myanmar and India, A Strategic Perspective*, Indian Foreign Affairs Journal, Vol.8, No.1, January-March 2013, p.85.

- b) Making itself the indispensable interlocutor in establishing peace between the central government and the ethnic groups, thus, also ensuring stability on its borders;
- c) Making Myanmar a significant contributor to China's energy security both as a buyer of Myanmar's natural gas and providing the modalities and also importing Middle East oil via oil pipelines through Myanmar, of importing Middle East oil, thus, enabling it a partial fulfillment of its vital oil needs by passing the potential Malacca choke point; and
- d) Providing long term viable modalities for the economic development of the relatively backward and landlocked Yunnan province by increasing border trade and establishing reliable Chinese owned and operated multi - pronged transport links to the Indian Ocean.²⁵

In the process, China acquired this theoretical capability of posing a serious challenge to India's national interests and security, particularly, in the northeast and Bay of Bengal regions.²⁶

Myanmar had also benefited substantially from the development of its relations with its two giant neighbours, China and India. While from 1988, the SLORC looked to Beijing to satisfy its immediate need for political support, military assistance and trade in more recent years, the focus had been on diplomatic support and assistance with Myanmar's

²⁵ Ibid, p. 271.

²⁶ Ibid, p. 271.

industrial and infrastructural development. Myanmar's ties with India had improved only marginally, since New Delhi re - evaluated its foreign policy towards Rangoon in the mid 1990's. Although since independence, there had never been a time, when Rangoon relations with both Beijing and New Delhi had been simultaneously as good. Khin Nyunt's political departure in 2004 ignited speculation over it whether Myanmar would begin to lean more towards India.²⁷

MYANMAR - CHINA DEFENCE RELATIONS :

Some external observers took the view that Myanmar was on course to become a 'Client State' of China. This assessment was in part based on reports of China delivering and allegedly operating equipment for SIGINT activities on Great Coco Island, Ramree Island off the Rakhine coast, Hainggyi Island at the mouth of the Ayeyarwardy Delta, Monkey Point in Rangoon and Zadetkgi Kyun off the Kra Peninsula along the Tanintharyi coast, with a view to collect intelligence on air and naval movements in the eastern parts of the Bay of Bengal and on Indian's facilities on the Andaman Islands. One further possible objective was also to intercept telemetry from Indian ballistic missile test launches. Myanmar and China negotiated a military cooperation agreement in 1996 containing provisions for intelligence exchanges.²⁸

Economic relations continued to flourish, despite changing political attitudes. According to Myanmar's Directorate of Investment and

²⁷ Haacke, Jurgen., Myanmar's Foreign Policy : Domestic Influences and International Implications, Adelphi Paper 381, Routledge Publications, New York, 2006, p. 25.

²⁸ Ibid, pp. 26-27.

Company Administration, China was Myanmar's largest trade partner. China's cumulative investment in Myanmar reached the level of US \$ 14.45 billion by 31 August 2014.²⁹

The view of Myanmar as China's client state was also based on claims of Chinese involvement in massive civil and military development projects, including the upgrading of airstrips and ports, that it was believed could potentially serve as forward operating basis for the Peoples Liberation Army Navy [PLAN] and even support a permanent Chinese military presence in future.³⁰

Indeed, evidence abounds that Myanmar was eager to avoid undue military, political or economic dependence on China. The regime quickly diversified its sources of weapons procurement, as illustrated by the purchase from Russia of helicopter gunships in 1955 and 10 second hand MIG-29s in 2001. Myanmar had also broadened its arms supply sources to include India, North Korea, Serbia and Ukraine. While they continued, purchases of Chinese military equipment was no longer on the scale as was seen in the early 1990's, although observers in 2004 speculated that a further major arms deal was being negotiated.³¹

On the political level, Myanmar's leaders may effectively had recognised China as its 'senior' in their paukphaw (cousin, literally one

²⁹ Bhatia, Rajiv., *India - Myanmar Relation : Changing Contours*, Routledge Publication, New York, 2016, p. 198.

³⁰ Haacke, Jurgen, *Myanmar's Foreign Policy : Domestic Influences and International Implications*, Adelphi Paper 381, Routledge Publications, New York, First edition, 2006, p. 27.

³¹ *Ibid*, pp. 27-28

womb away) relationship, but they had also continued nevertheless to stress the five Principles of peaceful coexistence, emphasising sovereign equality and non-interference. This suggested that Myanmar's leaders were interested in good working relations with China, but suspicious of its long term strategic intentions. And to diversify its sources of diplomatic support, the regime had also focussed on developing bilateral relations with India, Thailand, other ASEAN members, as well as with Russia.³²

Strategically, China wanted access to the ports on the Andaman sea, not only for trade, but also as a possible staging ground and basing location for aircraft, warships and troops. If a road and railway were built alongside the pipeline it would allow China to base troops along the road and deliver supplies to Chinese naval vessels using Burmese west coast ports. This potential increase in China's ability to project power in the region was a key concern for Southeast Asian countries and in Singapore's long term strategic thinking. Besides China adopted the strategy of expanding its trade in goods and investment in developing capacity in areas of importance to China's interests. The areas of concentrated efforts had been in the mining, energy (oil and natural gas) and hydropower sectors and the investment in infrastructure had been largely linked to the areas that had served China's strategic interests.³³

Myanmar also occupied a critical space on China's south-western flank. Economically, Myanmar was important for China as a trading outlet to the Indian Ocean, for its landlocked inland provinces of Yunnan and

³² Ibid, p. 28

³³ Malik, Preet., *My Myanmar Years*, Sage Publications, New Delhi, 2016, pp.165-166.

Sichuan. China's Myanmar policy had been dictated to a large extent by what would help Yunnan's economy to move forward. According to Thant Myint, "for much of its early history, Burma's neighbour to the north-east was not China, but independent kingdom of Yunnan." The Myanmar market was seen as a major opportunity for cheap Chinese products. Ever since then, Myanmar had been largely dominated by Chinese investors and traders gathering timber, jade and rubber. Yunnan for that matter was compared with India's neglected northeastern states.³⁴

The Chinese strategy also saw Myanmar as the bridge to the Bay of Bengal and waters beyond. This was a matter of serious concern for India, as it brought the threat from Chinese mainland nearer home to the northeast. There were two other factors influencing China's calculations. China saw Myanmar as having increasingly important role in its energy security. Another factor impacting Beijing's strategy towards Myanmar was the US Administration's engagement policy.³⁵

Located between China, India and other ASEAN nations, Myanmar was China's best shortcut to the Indian Ocean. A core objective of China's policy towards Myanmar was to establish a strategic route from Yunnan province in Southwest China through Myanmar to the Indian Ocean. According to Voon Phin Keong, the director of the Centre of Malaysian-Chinese Studies in Kuala Lumpur, "an outlet to the Indian Ocean would add a new dimension to China's spatial relations with the world. It would

³⁴ Bhatia, Rajiv K., Shakhua, Vijay and Ranjan., *Change in Myanmar*, Shipra Vikas, Publications, New Delhi, 2014, p. 92.

³⁵ Times of India, 2013.

enable China to overcome its 'single-ocean strategy' and to realize what would constitute a highly significant plan for a two - ocean strategy'.³⁶

CHINA'S ROLE IN MYANMAR'S DEVELOPMENT :

Chinese penetration into Myanmar was initially driven by the need to develop its Southern provinces, but the resultant diplomatic check on India, was a welcome byproduct. Also, China happily filled up the "strategic vacuum" created by the withdrawal of the Western countries in the aftermath of the 1988 pro - democracy uprising. Over the years, China's entrenchment in Myanmar had generated regional strategic challenges. As part of its logistic development work, China had built roads and railways that connected its Yunnan province to upper Myanmar, causing an influx of Chinese migrants into northern Myanmar, a cause of concern not only for Myanmar, but also for India. This unwelcome development prompted India and ASEAN to engage the regime to create a counterweight to the Chinese presence.³⁷

Relations with China had always been of supreme importance to Burma. In Myanmar usage, as already mentioned, Chinese were toyok or pauk phaw (distant cousins), while all were rest Kala or foreigners. Myanmar's international isolation, gave China an important opportunity to be friend with the military regime. Sino - Myanmar relations were "built on the basis of the clinical rational of geography, strategy and politico-economic complementarities."³⁸

³⁶ Wai, Moe., China Signs Burmese Gas Deal for 30 Year Supply, December 26, 2008. (www.irrawaddy.org/article/php?artid=14849).

³⁷ Kesavan, K.V., and Singh, Daljit., South and Southeast Asia : Responding to Changing Geo-political and Security Challenges, KW Publications, New Delhi, 2010, p. 83.

³⁸ Thomas, C. Joshua., Engagement and Development : India's Northeast and Neighbouring Countries, Akansha Publishing House, New Delhi, 2006, p. 253.

Table- 1: Myanmar- China Bilateral Trade Volume

Year	Value in American Dollor
2005-06	0.84 billion
2006-07	1.345 "
2007-08	1.6 "
2008-09	2.626 "
2009-10 (beginning of 2010)	2.907 "

From 1990 to 2011, China was an important contributor to Myanmar's national economy and its economic development got enhanced through trade promotion and direct investment. In sharp contrast to the West's financial sanctions and trade embargoes, China's trade with Myanmar increased significantly at an annual average growth rate of 25 percent from 1988 to 1995 and 35.8 percent from 2000 to 2008.³⁹

China also lobbied the Myanmar government about the need and desirability of economic reforms. According to a senior Chinese analyst, China wished for the Myanmar military government to understand that "an authoritarian government did not have to democratize to be legitimate. The ability to generate economic growth, would also be a source of legitimacy. Economic reforms, in China's hope, would also stabilize the domestic politics of Myanmar and diffuse the international pressure, which China

³⁹ Steinberg, David I., Myanmar : The Dynamics of an Evolving Polity, Lynne Rienner Publishers, Colorado, 2015, p. 272.

had to carry for the political and economic failure of the military government.⁴⁰

In 2008, China National Petroleum Corporation (CNPC) signed a contract to import natural gas from the Shwe gas fields in the Bay of Bengal and started the construction of oil and gas pipeline in 2010. It had been reported that the natural gas pipeline, which had the capacity to carry 12 billion cubic meters of gas annually, would be operational by 30 May, 2013 and the crude oil pipeline would be operationalized in 2014.⁴¹

China had also invested \$ 100 million in funding an airport near Nagpyidaw. Increasingly, both Air China and China's Southern Airlines had added more flights between Rangoon and Kunming, as well as, between Rangoon and Guangzhou to facilitate increased air traffic between both the countries.⁴²

China, according to some reports, pumped in \$ 5 billion in the hydropower sector, within the first five months of 2010. The Earth Rights International report elaborated - at least 45 Chinese MNC's had been involved in approximately 63 hydropower projects in Burma, including several related substation and transmission line projects. Of these hydropower projects, the largest was the 7,100 megawatt (MW) Tasang Dam on the Salween River, which was to be integrated into the Asian

⁴⁰ Ibid, p. 273.

⁴¹ Bhatia, Rajiv K., Sakhuja, Vijay., Ranjan, Vikash., Change in Myanmar, Shipra Publications, New Delhi, 2014, p. 126.

⁴² Dahia, Rumel., and Behuria, Ashok K., India's Neighbourhood : Challenges in the Next Two Decades, Published by Pentagon Security International, New Delhi, 2012, p. 117.

Development Banks Greater Mekong Subregion Power Grid. Chinese private sector companies like YMEC had been involved in over 25 projects over the last five years.⁴³

According to a detailed report published by Earth Rights International, in 2008, at least 16 Chinese MNC's had been involved in 21 onshore and offshore oil and natural gas projects in Burma. In August 2007, Myanmar confirmed the sale of natural gas from the lucrative Shwe gas fields off the Rakhine state coast to petro China, at a lower price than other competitors, thus, clarifying China's influence in Burma's natural gas sector.⁴⁴

China's economic corporation programmes had strongly supported the massive construction of State owned factories such as textiles mills, plywood plants, rice mills, pulp and paper mills, sugar mills, agriculture, equipment factories and other light manufacturing facilities.⁴⁵ With this strong and effective influence of China in Myanmar, India was also involved in the investments in the A₃ and A₄ blocks, but was hampered by the lack of serious negotiations on our part and the delay in laying the necessary gas pipelines to transport the gas back into India.⁴⁶

India had been deeply concerned about China's ongoing process of comprehensive engagement of Myanmar, which had challenged gravely India's strategic interest in its next door neighbour. While the West and

⁴³ Ibid, p. 117.

⁴⁴ Ibid, p. 117.

⁴⁵ Ibid, p. 117.

⁴⁶ Yhome, K., Myanmar Can the Generals Resist Change, Published by Rupa and Company, New Delhi, 2008, p. 70.

India subjected Myanmar to isolation, China readily took advantage of the situation and pushed ahead with its plans to woo Myanmar. As a result of this grand strategy, China clinched energy and trade deals, offered massive economic assistance and extended political support in terms of vetoing the UN Security Council resolutions that had called for sanctions against Myanmar.⁴⁷

China was also involved in building an 85 foot jetty on the Coco Islands, which would have facilitated the docking of ships larger than those in the inventory of Myanmar's Navy. The strategic location of Chinese monitoring stations had also the potential to threaten India's naval activity and the tri-service command in Port Blair (Andaman Islands) located 300 miles away. China's initiatives to develop port in India's South Asian neighbours such as Bangladesh, Sri Lanka and Pakistan, in addition to those in Myanmar, was a part of its policy of expanding its strategic foot print in the Indian Ocean, had heightened India's security concerns and misgivings.⁴⁸

Deploring an unhealthy competition between India and China for gaining an access to Myanmar's resources which Myanmar had been admirably exploring to its advantage, some analysts suggested friendly operative approach between the two giants, so that their national goals

⁴⁷, Re-Whetting India's Look East Policy, Historic India- ASEAN Summit, World Focus, October 2010, p. 454.

⁴⁸ Ibid, p. 457.

could be realised and the depressing domestic scenario in Myanmar improved.⁴⁹

India's policy, which had been accommodative, understanding and benign, as opposed to China's assertive and self - centered policies, obviously touched the right chord with the military junta. India's help in critical areas and at critical times warmed the cockles of the junta's feelings. India offered a wide assortment of military equipments so as to avoid a situation in which Myanmar would be under constraints to rely on China for defence supplies. As an Indian strategic analyst had pointed out- 'the military cooperation between India and Myanmar paled in comparison to that between China and Myanmar, which had been facing problem caused by rather obsolete and outdated Chinese weapons, felt the need for an alternative source'.⁵⁰ It was in this background, that India's military cooperation assumed importance. India was one of the first few countries to send relief materials and extended necessary assistance to Myanmar, when it was hit by cyclone Nargis in 2008. India's sympathy and relief supplies to Myanmar under 'Operation Sahayta' was amply appreciated by the military leaders. During his visit to India, two years after the deadly cyclone affected Myanmar, President of Myanmar Than Shwe personally conveyed his country's gratitude to India.⁵¹

⁴⁹ Siddharth, Vardarajan., Facing up to the Myanmar Challenge, The Hindu, July 27, 2010.

⁵⁰ Kuppuswamy., Myanmar : Sandwiched between China and India and Gaining from Both, Paper No. 2574, January 31, 2008, <http://www.southasiaanalysis.org/papers/26/paper/2574.html>.

⁵¹ See Text of Joint Statement issued by Manmohan Singh, Prime Minister of India and Gen. Than Shwe, Chairman of SPDC, on July 27, 2010 at <http://meaindia.nic.in>

Although, Myanmar's interaction with China was far greater than that with India, there was no denying the fact, that India, as the land of the Buddha was held in high esteem by the Myanmarese. Before commencing his official programme in India on July 29, 2010, Than Shwe visited and offered prayers at Mahabodhi temple of Bodh Gaya, the site where Buddha had attained 'Enlightenment', as well as the Buddhist centre of Sarnath in Varanasi. Little wonder, Myanmar government declared that Than Shwe's visit was "religious in nature," although it included discussions on a wide range of issues. Than Shwe had also used his visit to India to acknowledge officially the assistance of the Archaeological Survey of India in the restoration of the historic Anonda temple in Bagan (Myanmar).⁵² Myanmar expressed gratitude to India for its numerous HRD initiatives in Myanmar, which included the setting up of the Myanmar - India Centre for English Language Training, the Myanmar - India Entrepreneurship Development Centre, the India-Myanmar Centre for Enhancement of it skills and the Industrial Training Centre in Pakokku. Needless to suggest, that all the above initiatives had benefited Myanmar hugely. Myanmar also hailed "the close and friendly tourism cooperation between the two countries, particularly under the frameworks of ASEAN plus India and BIMSTEC".⁵³

Myanmar's utmost dependence on China was an offshoot of certain geo-political considerations. But there prevailed certain misinterpretations

⁵² Times of India, July 26, 2010.

⁵³ See Text of Joint Statement issued by Manmohan Singh, Prime Minister of India and Gen. Than Shwe, Chairman of SPDC, on July 27, 2010 at <http://meaindia.nic.in>

and over simplified notions, about the intricacies of the bilateral equations, which were :

- Myanmar was a client state of China and that Chinese influence is monolithic.
- China was so dominant that the current and any future Myanmar administration would be, by force, entirely dependent on its northern neighbour.
- Every move by the Chinese was part of a calculated plan to advance their power and interests in Myanmar.
- Burmese democratisation was entirely dependent on Chinese attitudes.
- Chinese perceptions of US policy changes towards Myanmar was basically attempts to encircle China.
- The previous US policy of "regime change" in Myanmar did not succeed because of Chinese support to the military junta.⁵⁴

The Sino-Burmese rapprochement since 1988, evolved almost naturally into a strong military cooperation between the two authoritarian states that had violently repressed two major waves of pro - democracy demonstrations. The two recluse countries that the international community had ostracized in 1988-89, initially adopted to this de facto alliance that suited their mutual short - term political and military objectives. In October 1989, General Than Shwe (then the number two

⁵⁴ Steinberg David., I. and Hongwei, Fan., Modern China- Myanmar Relations : Dilemmas of Mutual Dependence, Copenhagen, Denmark, 2012. p. 353.

man in the Burmese junta after the Head of State General Saw Maung), went to Beijing with a delegation of 24 members of the Burmese army for what was the first visit of officials from the new State of Myanmar to the People's Republic of China. The largest and most important weapons contract ever signed by Myanmar was negotiated during this highly publicised 12 day visit. This contract, worth over US \$ 1 billion of arms was aimed at reactivating the Tatmadaw's modernisation programme, which, in spite of the putsch of 1988, was in an advanced state of decay.⁵⁵

Deliveries appeared to have started in August 1990. Between 1988 and 1992, almost 60 percent of Myanmar's national budget was devoted to this extravagant Burmese army renovation programme. In addition to arms contracts, China had also undertaken to provide advance training (especially mastery of Chinese military technology) to 500 Burmese officers in the early 1990's.⁵⁶

Above all, the development by the Chinese of the small Burmese islands located in the wake of the India's Andaman and Nicobar Islands was the likeliest source of major disputes in the region. Three of the main northern islands (Prepairs, Greater Coco and Little Coco islands from North to South) belonged to Burma since the British colonisation and were strategically located between the Burmese coastline and the Andaman Island which in fact, was a strategic part of the Indian territory. Little Coco was just some 25 nautical miles away from the first Indian island (Landfall

⁵⁵ Egretau, Renaud., *Wooing The Generals : India's New Burma Policy*, Author Press, New Delhi, 2003, p. 89.

⁵⁶ *Ibid*, p. 90.

Island) in the extreme north of the Andamans. The channel separating them (Coco Channel) provides a trouble free passage along a deep-water pass. In 1994, an American spy satellite detected a massive radar antenna of about 150 feet (more than 45 meter high) installed on Greater Coco Island.⁵⁷

However, most observers and some military analysts had agreed with the assessment that the electronic antenna installed on Greater Coco Island could only be used and handled by Chinese engineers, who had the know how to operate this modern surveillance technology and that the Tatmadaw was not in a position to purchase and use this sophisticated monitoring and espionage equipment by itself.⁵⁸ The management of "SIGINT" (Signals Intelligence) called for extensive knowhow that the Burmese did not had in the early nineties, but the Chinese military intelligence was suspected to use wittingly as a priority, with the knowledge of the Burmese Generals.⁵⁹ Nevertheless, the ruling Burmese junta had reportedly started using the large SIGINT network for the monitoring of the Andaman sea.⁶⁰

India seemed to be the primary country concerned by the Chinese presence at its very doorstep. Aware of the possible threat posed by these

⁵⁷ Ibid, p. 93.

⁵⁸ Ang, Cheng Guan., Myanmar : Time for Unified Approach, Security Dialogue, Volume 22, Issue 4, December 2001, pp. 467-480.

⁵⁹ J. Mohan, Malik., Sino-Indian Rivatry in Myanmar : Implications for Regional Security,Contemporary Southeast Asia,Volume 16, No.2, September 1994, pp. 137-156.

⁶⁰ Desmond, Ball., SIGINT Strengths Form a Vital Part of Burmese Military Muscle, Jane's Intelligence Review, Volume 10, No.3, March 1, 1998.

sophisticated Chinese facilities, New Delhi decided in 1997 to set up a surveillance of the area and an observation aircraft flies now over the north Andaman zone, twice a week thanks to a bilateral cooperation with Singapore. Indeed, with two other suspected electronic surveillance facilities developed by Chinese engineers on the Tenasserim coast in Zadetki Island (Naval Base no. 58) and Sakanthit (where a second major radar had apparently been installed). Asian countries were obviously worried about China's presence in the Bay of Bengal. It was not just India that was concerned, but also other South-East Asian countries located close to these Sino-Burmese naval bases, namely - Thailand, Indonesia and Malaysia were also concerned about the safety of the sea routes and SLOC in this region (Singapore, Taiwan and Japan).⁶¹

The relationship with Myanmar also had its negative side, notably the impact on Yunnan of the cross-border trade in drugs. Speaking on the sidelines of the 2011 National People's Congress in Beijing, the Director of Yunnan's public security department, Meng Sutie confirmed that Myanmar was the source of up to 90% of the drugs smuggled into Yunnan and that imported synthetic drugs, such as, methamphetamine from Myanmar now exceeded imports of heroin and opium. Drug used in Yunnan, was frequently cited as the reason for the province's high rates of HIV/AIDS, which constituted some 22% of new cases reported nationally each year.⁶²

⁶¹ Egreteau, Renaud., *Woing The Generals, India New Burma Policy*, Author Press, New Delhi, 2003, pp. 94-95.

⁶² <<http://www.plosone.org/article/info:doi/10.1371/journal.pone.00590507>.

The strained Sino-Myanmar relationship, could be read as both a cause and an effect of Myanmar's political transition. President Thein Sein's liberalisation in 2011 was in fact simulated by elite concerns that Myanmar had become too dependent on China. His government's reformed programme, therefore, sought to balance Chinese influence with Western investment and as well as, political relations. At a popular level, China was perceived to have ridden roughshod over local interest, supporting partnership with Myanmar's unpopular military. Human rights groups had voiced concerns that China's pipelines and other infrastructure projects had displaced thousands of local people, damaging farming and fishing livelihoods and had benefitted China more than Myanmar.⁶³

The Myitsone dam would be the main dam in a cascade of seven planned for the Upper Irrawaddy River. In a highly symbolic act in September 2011, President Thein Sein suspended the project, citing five specific concerns about the dam - the threat to the natural beauty of Myitsone, which was a site of national importance in Kachin State; the risk of flooding villages in the upper reaches of the Irrawaddy River; the risk to private rubber and teak plantations; the potential consequence of flooding or an earthquake in the dam region and the environmental impact on the Irrawaddy itself.⁶⁴

In 2011, the dam project was a factor in the breakdown of the 17 years KIO (Kachin Independence Organisation) ceasefire. The KIO had cooperated with many engineering projects in its region, but was opposed to the building of the Myitsone dam and wrote an open letter to the then President Hu Jintao of China in March 2011, asking him to stop the

⁶³ Hilton, Irabel., *China in Myanmar : Implications for the Future Report* October 2013, Norwegian Peace Building Resource Centre, p. 3.

⁶⁴ *Ibid.* pp. 3-4.

project, warning that it could provoke a civil war. The ceasefire broke down in June 2011, resulting in explosions in the Kachin capital, Myitkyina, the closure of border trading routes and the destruction of at least three bridges. It also affected power transmission pylons of Dapein.

Thein Sein's suspension of the dam was a public rebuke to China and one that continued to rankle in Beijing. The first reactions in Beijing were intemperate, but China later took a more conciliatory track, as the seriousness of the threat that local resentment could pose to big infrastructure projects became clear. Writing in the usually nationalistic *Global Times*, December 2012, Bi Shihong, a professor at the Institute of the International Studies at Yunnan University, strongly criticized Chinese firms for failing to form relationships, other than with the military in Myanmar. He wrote, "It's time for Chinese enterprises to alter their old habit of only catering to the government in Myanmar. Instead, they should pay more attention to the demands of local communities and their cultures and customs."⁶⁵

What was likely to be the future shape and direction of the triangle under discussion? From his detailed study, Maung Aung Myoe concludedif Myanmar's engagement with China in the past decades offered any lesson for future reference, it was most likely that Myanmar would be very cautious in dealing with China, because Myanmar was thoroughly convinced that China, like all other countries, would determine its policies towards Myanmar, according to the calculation of her own interests.⁶⁶

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⁶⁵ <<http://www.globaltimes.cn/content/738207.Sgtml7>.

⁶⁶ <http://www.mea.gov.in/bilateral-documents.htm>? (accessed on 20 September 2014).