

# The Development of Sino-Myanmar Relationship Since Aung San Suu Kyi Took Power in Myanmar

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## I. THE ERA WHEN THE NATIONAL LEAGUE FOR DEMOCRACY IS IN POWER AND AUNG SAN SUU KYI HEADS THE ADMINISTRATION

On March 30, 2016, Myanmar's new National League for Democracy (NLD) government was sworn and inaugurated, replacing the Union Solidarity and Development Party (USDP) government supported by the military and led by President Thein Sein (in office between March 2011 and March 2016), putting an end to the history of the military and its agent (including acting party) in power for 54 years. Myanmar ushered in the era of Aung San Suu Kyi-led NLD in power, which is very important in the history of Myanmar's politics.

NLD's rise to power has the legitimate grounds as NLD won approximately 70% seats of the Assembly of the Union in the presidential election held on November 8, 2015, and gained more

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than half of the seats in both the Pyithu Hluttaw and Amyotha Hluttaw, and most of the officials of the NLD government were no longer military personnel or retired military personnel disliked by the people.<sup>1</sup> A prominent feature of the NLD administration is that Aung San Suu Kyi actually leads the NLD government and Myanmar ushered in the “Aung San Suu Kyi era”. According to Yan Jirong, a famous professor of politics from Peking University, in politics, the power is manifested in the ability to control and influence the public resources and members of the organizations.<sup>2</sup> Aung San Suu Kyi is a legitimate and charismatic political leader (Charismatic leader) in the NLD government and a leader with high degree of authority.<sup>3</sup> The top decision-maker of the domestic and international affairs of the NLD government is not the President Htin Kyaw but Aung San Suu Kyi who, widely called the Democratic Superman, is also the General Secretary of the NLD, State Counselor,<sup>4</sup> Minister for the President’s Office (the only one), Minister for Foreign Affairs and Chairperson of the National Reconciliation and Peace Center. The reason is only Aung San Suu Kyi can keep “different forces” under control and it is mainly because of the strong personal charisma of Aung San Suu Kyi that the NLD could have existed until now and won the general election held in November, 2015 in spite of frequent persecution by former military government since it was founded in 1988. She was prevented from becoming the President in the new NLD government mainly due to a clause in the Constitution, which provides that the spouse and immediate relatives of the President shall not be aliens while the late husband and sons of Aung San Suu Kyi were British. So, the NLD picked Htin Kyaw, a loyal aide to Aung San Suu Kyi, for the presidency to allow for coordination and operation of the powers.

## II. AUNG SAN SUU KYI IN POWER: MYANMAR BESET WITH TRANSFORMATION AND DEVELOPMENT CHALLENGES

Since its independence in 1948, Myanmar has gone through a twisted path of transformation and development, which can be divided into five stages from the capitalist democracy led by U Nu,

Myanmar's Way to Socialism followed by the Ne Win military government, incremental democratic transition initiated by General Saw Maung and his successor the Than Shwe military government, accelerated transformation toward democracy initiated by retired soldier Thein Sein and democratic transformation and national development dominated by Aung San Suu Kyi and the NLD government. Generally speaking, the capitalist parliamentary democracy (1948 - 1962) led by U Nu failed as a result of split of the ruling group, inefficient governance, exacerbation of the ethnic conflicts and outbreak of the civil war as well as the military coup; the military ruling of Ne Win (1962 - 1988) featured high degree of concentration of powers, "Myanmar's Way to Socialism", stiff system, unceasing civil wars, closed-door policy, as a result of which the country went onto the verge of economic collapse; the military government led by General Saw Maung and his successor General Than Shwe (1992 - 2010) made certain progresses in implementing controllable incremental democratic transition and the comprehensive reform led by President Thein Sein yielded more fruitful results (2011 - 2016). From the historical perspective, the contradiction facing Myanmar during the transformation process showed a tendency from escalation to mitigation on the whole.

The difficult situation facing the transformation of Myanmar was largely eased when Aung San Suu Kyi took over the former government to lead Myanmar's democratic transformation and development process. The NLD government has made remarkable progresses in taking many measures that benefit the people, promoting national reconciliation, including reconciliation between the Buddhists and Muslims, developing the economy, attracting foreign investment and expanding the diplomatic landscape of Myanmar.

However, as Aung San Suu Kyi and NLD were in opposition from 1988 to 2015, the NLD government is still faced with a lot of difficulties in spite of their great ambitions in view of the complex situation in Myanmar, tough development tasks as well as the democratic transformation that remains in the deepening process. In the following paragraphs, this paper will examine the thorny transformation and development issues facing Myanmar with Aung

San Suu Kyi in power from the perspectives of ruling legitimacy crisis, difficulty of national development and external environment (external pressure).

Firstly, from the historical perspective, the legitimacy crisis of the ruler is the biggest issue facing Myanmar's transformation and development. Although both the civil government and the military government have the legitimacy issues, the legitimacy crisis of the civil government comes more from ruling failure while the legitimacy of the military government is inherently defective and decreases due to ruling failure. Since the NLD government was elected to power with high approval rating, it has no legitimacy issue temporarily, but is faced with many thorny issues and whether the NLD government will encounter the legitimacy crisis is yet to be seen.

The NLD government does not operate totally smoothly and there are various difficulties in integrating the team since the Vice President and the ministers and vice ministers come from different cliques. Meanwhile, the NLD government mostly relies on Aung San Suu Kyi for decision-making; other government officials dare not to make decisions and some ministers are incompetent, which negatively affects the operation efficiency and governance effects of the NLD government. Moreover, the NLD government is not the sole power core in Myanmar and the military is another power core that exists side by side with the NLD government. The military possesses considerable power and even privileges granted pursuant to the Constitution established by the former military government in 2008. The power and privileges of the military are listed as follows: the military holds 25% of the seats, the military personnel serve as the ministers of such ministries as internal affairs, border affairs and defense of the union government, and the union government, region and state governments, union territory and ethnic autonomous regions shall have the military personnel nominated by the Commander-in-Chief of Myanmar's Armed Forces to participate in such administrative work as national defense, security and border administration.<sup>5</sup>

Hence, the NLD government still needs to maintain a good relationship with the military, and coordinate with the military

in governance of the country, and even the government is subject to the will of the military in governance, especially on the key issues involving national peace and security. Under the military government, the main contradiction in the development of Myanmar's politics is the contradiction between the military government and the opposition democratic forces; but now, with the democratic forces in power and the military exiting the stage, the former rises while the latter falls. At what pace, through what means and to what extent will Aung San Suu Kyi and the NLD expand the governmental powers? Likewise, at what pace and through what means will the military delegate the powers? The dynamic gambling between the two sides is crucial for the political trends and stability of Myanmar. Presently, the NLD and the military group each have their own advantages, check and balance each other and neither side can overwhelm the other side, so "the civil-military relations" will be a long-term state.

However, there are many conflicts and struggles between the two sides. Since the NLD came to power, the NLD legislators have dominated the Assembly of the Union, making it difficult to pass the proposals put forward by the Union Solidarity and Development Party legislators, who protested against the NLD government over such issues as creation of the State Counselor post specially for Aung San Suu Kyi, but mostly in vain. But the proposal put forward by the NLD legislators to reduce the land and other rights and interests obtained by the military was also opposed by the military.

The democratic transformation of Myanmar is hardly reversible, but there still exist many uncertainties. Whether the country can maintain stability is largely determined by whether the military, NLD and people can deal with the civil-military government relationship and the distribution of national interests in a relatively rational and smart manner and the radical behaviors by either side (especially whether the NLD will take actions to reduce the rights and interests of the military) may exacerbate the military-government gambling. In the event of any major crisis, the Commander-in-Chief of the National Armed Forces may take over and exercise the administrative, legislative and judicial powers of the

State in accordance with the Constitution.

Economically, Myanmar is notorious for poor infrastructure, severe shortage of electricity and weak national industries. Although the NLD government has made some progresses, some people are dissatisfied with the slow socioeconomic development. If this situation persists for several years, it will inevitably weaken the public support for Aung San Suu Kyi and the NLD government. According to statistics of the World Bank, the GDP growth rate of Myanmar in 2016 - 2017 fiscal year (from April 1, 2016 to March 31, 2017) is 6.5%, with a year-on-year decrease of 0.8%. According to the official statistics of Myanmar, the inflation rate in 2016 was about 6.93%. Meanwhile, during the 2016 - 2017 fiscal year, Myanmar attracted contractual foreign investment of USD 6.8 billion dollars, which exceeded the anticipated USD 6 billion dollars, but showed a decline of about 30% from USD 9 billion dollars of the 2015 - 2016 fiscal year. To make it worse for the NLD government and Myanmar's people, since the NLD came to power one year ago, Myanmar's currency has devaluated by about 14% and the prices are high. The reasons include increases in government deficit, trade deficit of nearly USD 5 billion dollars during the 2016 - 2017 fiscal year and US dollar appreciation.<sup>6</sup> And, according to the IMF data in April, 2017, the per capita GDP of Myanmar in 2016 was USD 1,269 dollars only and the total government debts accounted for about 35.8% of the GDP.<sup>7</sup> No obvious improvements have been made to the thorny issues such as power shortage, poor infrastructure and difficult livelihood of the people after the NLD came to power, which is not satisfactory. In the parliamentary by-elections held in early April 2017, the NLD won nine out of the 19 by-election seats, a rate of votes obtained much lower than that of the general election held in November 2015, which reflected the discontent of some people with Aung San Suu Kyi and the NLD government.<sup>8</sup> Whether Aung San Suu Kyi and the NLD government can solve the development problems properly while pushing forward the democratic transformation without running into the legitimacy crisis is worthy of attention.

Secondly, Aung San Suu Kyi and the NLD government are still faced with more difficulties in tackling the thorny issues that have

remained unresolved since Myanmar's independence, such as the ethnic conflicts, religious conflicts and national development.

Myanmar's ethnic issues can roughly be divided into two categories. The first is the struggle for rights and interests among the dominant ethnic group-the Bamar, which is mainly manifested in the struggle between the military (including the former military government) and the democratic forces including the NLD led by Aung San Suu Kyi, which has lasted since 1988 until now. Today, with the NLD in power and the Union Solidarity and Development Party in opposition, the gambling between the two is continuing. The disunity inside the dominant ethnic group makes it difficult to develop the country.

**The second one is the conflict between the Bamar and the 134 ethnic minorities. It is difficult for the NLD government to achieve nation-wide lasting peace during the five-year term and achieve the "one country, one army" objective of military within a short period of time.** Since Myanmar became independent, the majorities of the senior military leaders and chief government leaders are Bamar, and the representation of the ethnic minorities in the union government and national armed forces is far from being adequate. Hence, since the independence of Myanmar, the contradiction and conflicts between the central government & national armed forces and the ethnic minorities and ethnic armed groups have never ceased. With Aung San Suu Kyi taking care of the reconciliation and peace matters in person, certain progresses have been achieved, but the result is far from being satisfactory.

Myanmar's government and the government armed forces and several "ethnic armed groups" in north Myanmar lack trust in each another and have been in acute conflicts in the areas of politics, military, economy and resources. Since the independence in 1948, the peace has never been achieved in Myanmar. The former Thein Sein administration signed the national ceasefire agreement with eight "ethnic armed groups" in October

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2015, which, however, is not a national one since only eight armed groups signed the agreement and another ten-plus armed groups in north Myanmar did not sign it. The NLD government held two “21<sup>st</sup> Century Panglong Conferences” that aimed to achieve ethnic reconciliation and peace at the turn of August and September, 2016 and in May 2017, respectively. The first conference achieved no remarkable results and the second one achieved a major breakthrough---the participation of “ethnic armed groups” that had been in fierce conflicts with the government armed forces, including the Myanmar National Democratic Alliance Army, Ta’ang National Liberation Army so that the representatives of seven armed groups including the United Wa State Army, Kachin Independence Organization, Shan State Army-North, Mongla Army, Ta’ang National Liberation Army, Myanmar National Democratic Alliance Army and Arakan Army in north Myanmar attended the conference, at which the participants held discussions around five topics, namely politics, economy, society, security and land & natural environment in an effort to achieve reconciliation and peace. Except security, the representatives agreed on 37 of the 41 clauses concerning the other four issues.<sup>9</sup> However, several armed groups still did not attend the conference, as a result of which “maximum inclusiveness of the participants” was not achieved. The ethnic conflicts, political conflicts and military conflicts cannot be solved easily in the near future, the conflicts in north Myanmar occur intermittently and there still exists the difficulty in achieving nationwide ceasefire. Since stability is the precondition for development, if the peace process drags on and even encounters twists and turns, it will be difficult to build and develop the nation state.

Moreover, another thorny issue facing the stability and security of Myanmar is the conflicts between the Buddhists and the Muslims (mostly the Rohingya) and the resulting threat posed by extremism and terrorism. The Rakhine State in west Myanmar is a place where Myanmar’s Buddhists and Muslims are in a tense relationship and frequently thrown into bloody conflicts with a lot of refugees. After the NLD government took power, it established the Rakhine Advisory Commission and invited former United



Nations Secretary-General Kofi Annan to chair the Commission and put forward many suggestions for solving the problems. However, the NLD government also needs to take care of the interests of the Buddhists who constitute the bulk of the population and could not take more measures to take care of the interests of the Rohingya. Meanwhile, Myanmar's political parties such as the Union Solidarity and Development Party and the radical Buddhists strongly opposed to external interference in the internal affairs of Myanmar. Hence, the conflicts between the Buddhists and Muslims in the Rakhine State are continuing; the terrorist attacks that took place in the region in October and November 2016 left many people killed and injured. The terrorist risks in the Rakhine State will exist in the long run. Under the NLD government, the security situation in the Rakhine State is worsened instead of being improved in comparison with the former Thein Sein government.

In a nutshell, domestically, the ruling team of the NLD government is not competent enough, the results of socioeconomic development are far from being satisfactory, the ethnic conflicts and religious conflicts are fierce, there exists great difficulty in building the nation and state, and it is difficult to achieve peace and stability within a short period of time. All of these problems are intermingled, constituting the thorny issues of comprehensive transformation facing Myanmar with Aung San Suu Kyi in power.

Thirdly, Aung San Suu Kyi herself is the symbol of the identity of Myanmar's democratic state; she acts as the Minister for Foreign Affairs in person, which is helpful for enhancing the sense of pride of Myanmar, elevating the international status and winning more international aids. The NLD government attaches great importance to regionalism, participates in pushing ahead with the building of the ASEAN Community with focus laid on the ASEAN, and carries out East Asia and Asia Pacific cooperation by leveraging East Asia cooperation and on this basis strengthens cooperation with Euroasia and Asia-Africa. Hence, since the NLD came into power, Myanmar becomes skillful in implementing the diplomatic policy of balancing the major powers, connects China, India, Bangladesh and Thailand through the Lancang River - Mekong River sub-region, steps up strategic cooperation with China, America, Japan,

and India, promotes virtuous strategic gambling of the major powers in Myanmar, enables Myanmar to become a major strategic gateway that connects the Asia Pacific-India Pacific strategy of the major powers, transforms Myanmar's geographic advantages into development resources and elevates the international status of Myanmar. So far, Myanmar has ushered in one of the periods with the best diplomatic environment since its independence.

Since it became independent in 1948, Myanmar has been faced mainly with the following external environments (pressures): changes in the international landscape, for instance, the rise and end of the Cold War and whether the gambling between America and the Soviet Union is fierce in Southeast Asia during the Cold War; changes in the regional situation, for instance, the establishment and expansion of the ASEAN, the Vietnam War, etc.; international pressure of democracy, for instance, the former military governments were faced with western sanctions and pressure from September 1988 to March 2011. On the whole, under the former Thein Sein government, Myanmar's international image was improved, the international pressure was alleviated but the West still adopted the Carrot and Stick policy toward Myanmar's military and Thein Sein government without lifting all sanctions on Myanmar. The NLD government strives to expand the friendly relationships with all countries, the NLD leaders including Aung San Suu Kyi have visited China, America, Japan, India, Russia, ASEAN countries and EU countries, and the diplomacy of Myanmar has ushered in the best period since Myanmar became independent. In September 2016, in a move to welcome Aung San Suu Kyi's visit to the US, the Obama administration, thinking that Myanmar has made remarkable progresses in democratic transformation, announced the lifting of the sanctions within the framework of the presidential executive orders and granted Myanmar generalized system of preferences and other aids as a big gift bag for Aung San Suu Kyi herself and Myanmar, which had profound significance in the history of U.S.-Myanmar relationship.

However, the issues such as the Rohingya issue make it difficult for Myanmar to fully evade the pressure from the international communities including the West. And, the casualties caused by

the religious conflicts in the Rakhine State as well as the resulting refugee issues and crisis draw strong criticism toward and interference with Myanmar from the Muslim-majority nations like Indonesia, Malaysia and Bangladesh, international Islamic organizations, America, EU and the United Nations and triggered quarrels between Myanmar and the international communities. In December 2016, under the pressure of some ASEAN countries, Myanmar convened the ASEAN Foreign Ministers' Meeting to discuss the Rohingya issue; however, the meeting could not be counted on to solve the issue.

Generally speaking, Aung San Suu Kyi is leading Myanmar into a new era. During the five-year term of the NLD administration, she must combine various powers such as the personal powers, governance powers and diplomacy powers into the unique Aung San Suu Kyi wisdom so as to tackle the new transformational issues. The process will not be a smooth one, but will be one with difficulties and even twists and turns.

### III. THE DEVELOPMENT TREND OF THE SINO-MYANMAR RELATIONSHIP SINCE NLD CAME TO POWER

The outsiders used to worry that the NLD government may favor the West and alienate China as the NLD has the political concepts similar to those of the West and has long been supported by the West. However, since the NLD came into power more than one year ago, Sino-Myanmar relationship has maintained the trend of friendly development and withstood the trial on the whole. In view of significant shared interests as well as close relationship between the two countries, the cooperation has geographic advantages and the prospect is bright.

In view of shared interests, the two countries are expanding cooperation to bring benefits to each other. Presently, China has a lot of interests in Myanmar. Economically, according to the statistics from Myanmar's Directorate of Investment and Company Administration, as of June 30, 2017 (statistics starting from 1988), the total contractual investment of the Chinese Mainland and Hong Kong (hereinafter the same) reached about USD 26.77 billion

dollars<sup>10</sup>. Hence, the protection of these investment projects and relevant personnel is an important part of the protection of China's overseas interests. And some present and future key Sino-Myanmar cooperation projects, for instance, the existing large cooperation projects like Sino-Myanmar oil & gas pipelines, Letpadaung cooper mines, Tagaung Taung nickel mines as well as the proposed large cooperation projects like Kyaukpyu special economic zone, China (Yunnan)-Myanmar land & water transport and cross-border economic cooperation involve key interests of China. If bilateral cooperation goes smoothly, China may carry out economic & trade cooperation with the countries along the Indian coast and even African countries more conveniently through Myanmar. As far as the stability of the Sino-Myanmar border is concerned, China and Myanmar share a borderline that extends more than 2,210km, the bulk of which is the Yunnan-Myanmar borderline; on Myanmar's side of the borderline is Myanmar's Shan State and Kachin State (namely North Myanmar), which has been the scene of frequent conflicts between the ethnic armed groups including the Kachin Independence Army and the government armed forces in recent years, posing potential risks to the safety of the Yunnan-Myanmar border. Moreover, the criminal activities such as prostitution, gambling and drug smuggling are rampant on the two sides of the borderline. It is also in the best interest of China to maintain border stability, promote cross-border cooperation, expand border trade, invigorate the border and enrich the people. On the multi-lateral level, the implementation of overall cooperation between China and ASEAN requires a good Sino-Myanmar relationship as one of the key supports. China's active efforts to push ahead with the Belt and Road initiative, especially some regional cooperation initiatives or mechanisms involving Southeast Asia and South Asia, for instance, the BCIM Economic Corridor, China-Indo-China Peninsula Economic Corridor and the Lancang-Mekong Cooperation Mechanism, require the support and cooperation of Myanmar.

For Myanmar, the NLD government is faced with many thorny issues, some of which require the assistance of China for solving them. In the economic field, China is Myanmar's No.1 source of foreign investment and trade partner and the Chinese capital plays

an important role in improving the infrastructure of Myanmar, promoting economic growth, employment and improvements in the living standards of the people. The NLD government needs to expand economic cooperation with China to accelerate the development of Myanmar. In national reconciliation and border stability, Myanmar's government and government armed forces and several ethnic armed groups in north Myanmar do not trust in and are in fierce conflict with each other and Myanmar's national reconciliation and peace process requires China to play a constructive role. In geopolitics and diplomacy, to transform the geopolitical and resource advantages into development advantages, Myanmar needs to align itself with the regional cooperation programs advocated by China including the Lancang-Mekong Cooperation Mechanism, BCIM Economic Corridor, Belt and Road initiative and take advantages of China's development resources and diplomacy resources to elevate Myanmar's status in the region.<sup>11</sup>

Furthermore, the overall diplomacy policy of the new NLD government is to focus on the national interests rather than the ideology and it will not lean toward the West simply because of political concepts similar to those of the West and will generally not cooperate with America and the Europe to serve as a counterweight to China. It is a wise choice for the NLD government to adopt a friendly policy toward China while expanding cooperation with the western countries.

Several "firsts" or "first times" have been achieved in the exchanges between the senior Chinese and Myanmar's government leaders since the NLD came to power. Within one week after the new NLD government was inaugurated in early April 2016, at the invitation of Myanmar's Foreign Minister Aung San Suu Kyi, the Chinese Foreign Minister Wang Yi visited Myanmar, becoming the first foreign senior leader that visited Myanmar after the NLD government was inaugurated. This indicates the close relationship between the two countries and the support of China for the NLD government. On August 17-21, Aung San Suu Kyi led a delegation to visit China, which was the first time that she had visited a non-ASEAN country after she became the State Counselor and Foreign

Minister, highlighting the importance attached by the NLD government to Sino-Myanmar relationship.<sup>12</sup> On April 6-11, 2017, Myanmar President Htin Kyaw paid a state visit to China, during which he expressed thanks to China for the support given by China in Myanmar's efforts to achieve national reconciliation, promote socioeconomic development and improve the livelihood of the people and said that Myanmar supported and would like to take an active part in the Belt and Road initiative, and step up cooperation between the two sides in infrastructure construction, border economic cooperation zone and other key programs.<sup>13</sup> In mid-May, Aung San Suu Kyi came to China to attend the Belt and Road Forum for International Cooperation. To sum up, since the NLD government came to power until May 2017, Htin Kyaw visited China once, Aung San Suu Kyi visited China twice, making China the non-ASEAN country mostly visited by the two core leaders of the NLD government.

The cooperation between the two countries in military and security is also very close. At the end of September 2016, Guo Shengkun, the Chinese State Councilor, Minister of Public Security met with Kyaw Swein, Myanmar's Minister of Home Affairs in Naypyidaw, Capital of Myanmar, and they co-chaired the 5<sup>th</sup> Sino-Myanmar Work Conference on Law Enforcement Security to strengthen bilateral cooperation over law enforcement security in an effort to crack down on transnational crimes. On October 28 - November 3, Min Aung Hlaing, Commander-in-Chief of the Myanmar's Armed Forces headed a delegation to visit China and held talks with the national and military leaders of China. Both sides exchanged opinions over the relationships between the two countries, armies and the international and regional issues. On November 24-25, the first round of the Sino-Myanmar Foreign Affairs & National Defense 2+2 High-Level Consultation Meeting was held in Naypyidaw; on February 7, 2017, the second round of the Sino-Myanmar Foreign Affairs & National Defense 2+2 High-Level Consultation Meeting was held in Kunming and both sides agreed to hold discussions in China again in 2017. The fact that the two countries held two foreign affairs and national defense 2+2 high-level consultation meetings in 4 months indicated

that both countries attached great importance to coordination in foreign affairs and security. The first meeting was held when Muse Port, the most important border trade port between China and Myanmar, was closed for more than one month due to the conflicts in north Myanmar since November 20, 2016. The second meeting was held when the NLD government was making preparations for the 2<sup>nd</sup> “21<sup>st</sup> Century Panglong Conference”, which could not have been called if the conflicts in north Myanmar continued. In a word, for the regions along the Sino-Myanmar border, peace is the precondition for development while development is the key to lasting peace. Hong Liang, the Chinese ambassador to Myanmar pointed out on May 19, 2017 that “China supports Myanmar’s government to push ahead with the peace process in an inclusive manner and is working with the parties concerned to resume the dialogues between the ethnic armed groups in north Myanmar and Myanmar’s government and army. We are actively urging the ethnic armed groups to participate in the peace process and pushing them to consider the signing of the nationwide ceasefire agreement as soon as possible. Meanwhile, the Chinese government also suggests that Myanmar’s government and army take more flexible measures to address the concerns of the ethnic armed groups”<sup>14</sup>. China works together with Myanmar’s government and army to allow for “greater inclusiveness” in the representatives participating in the second 21<sup>st</sup> Century Panglong Conference and assists Myanmar in pushing ahead with the peace process.

The two countries are also making positive progresses in the cultural exchanges and to bring the two peoples closer to each other has become an important part of the development of the Sino-Myanmar relationship. In personnel training, in 2016, the Chinese Ministry of Commerce solely funded the training of 759 persons for different departments and industries of Myanmar.<sup>15</sup> In the field of Buddhism, a magnitude 6.9 earthquake hit Myanmar in August 2016, damaging many pagodas in Bagan, a city famous for Buddhism. China dispatched experts to participate in the repair work and donated USD 1 million dollars to Myanmar for this purpose.<sup>16</sup> In the field of education, on August 5, 2016, the Brother Grant Launch Project & China Foundation for Poverty Alleviation

Myanmar Office Inauguration Ceremony sponsored by China Foundation for Poverty Alleviation was held in Yangon, and the Foundation provided four-year grants to 600 students from poor families. In the cultural field, the two countries have held several large scale exchange events. For instance, on January 28, 2017 (the first day of the lunar new year), the large spring festival evening party themed “celebrate the Chinese new year and meet in Yangon” sponsored by All-China Federation of Returned Overseas Chinese and undertaken by Yunnan Provincial Federation of Returned Overseas Chinese was held in the Chinatown in Yangon. The Chinese Ambassador Hong Liang and his wife, NLD’s Honorary Chairman U Tin Oo, Phyo Min Thein, Governor of Yangon Division, etc. attended the opening ceremony. In the field of health, on the morning of February 21, 2017, the groundbreaking ceremony of the new building of the Daw Khin Kyi Women’s Hospital donated by the Chinese Embassy in Myanmar was held in Yangon and the upgraded hospital will be a full-fledged maternity hospital with complete equipment and the first Sino-Myanmar friendship hospital.

However, the Sino-Myanmar relationship is still faced with many challenges, which may also have implications for the efforts of Aung San Suu Kyi and the NLD under her leadership to solve the thorny issues of domestic development and stability.

Firstly, In spite of continuous development of Sino-Myanmar economic and trade cooperation, there are still problems. According to the statistics from the Chinese Ministry of Commerce, the trade volume between China and Myanmar reached USD 12.28 billion dollars in 2016, with a year-on-year decrease of 18.6%.<sup>17</sup> And, in the 2015 - 2016 fiscal year of Myanmar (from April 1, 2015 to March 31, 2016), China’s investment in Myanmar reached about USD 3.324 billion dollars; in the 2016 - 2017 fiscal year of Myanmar, (April 1, 2016 to March 31, 2017), China’s investment in Myanmar reached about USD 700 million dollars, an obvious year-on-year decline.<sup>18</sup> This is related to the frequent smearing, protests and even raid of the Chinese enterprises in Myanmar by some Myanmar’s media outlets, NGOs, people and western media; in particular, since Myitsone Power Station was suspended by the former



Myanmar's government on September 30, 2011, although the NLD set up an investigation committee in August 2016, no final decision has been made as to how to solve the problem. The severe shortage of power in Myanmar affects the economic development and the Chinese investment in hydropower in Myanmar encounters difficulties, which is one of the thorny issues facing economic and trade cooperation between the two countries and the issue remains unresolved, damaging the interests of the both sides. And, the serious incident of Myanmar's workers raiding the Chinese-funded textile plant that occurred in February 2017 impaired the confidence of the Chinese investors, which is harmful for both sides.

Secondly, The security field. The conflicts in north Myanmar are continuing. It takes time to achieve ultimate peace, and the stability of the Sino-Myanmar border is affected from time to time. Although China has made remarkable progresses in "trying to maintain peace and promoting talks" among the parties involved in the conflicts in Myanmar, especially north Myanmar, China is still faced with many challenges. The ethnic conflicts in Myanmar remain unresolved for many years and China can only assist in solving them. While some people in Myanmar wrongly thought that China supported the "ethnic armed groups" in north Myanmar behind the scenes, some Chinese were dissatisfied with the conflicts in north Myanmar endangering border security and the people living along the borderline. Meanwhile, the security situation in the Rakhine State in west Myanmar is worrisome. Since several large cooperation programs between the two countries such as the Sino-Myanmar Oil & Gas Pipeline, multiple hydropower stations and Kyaukpyu Economic Zone (to be built in 2018) are either located in or pass through north Myanmar and the Rakhine State, the security risks of some programs cannot be ignored.

Thirdly, The obvious asymmetry in the relationship between the two countries due to the big difference in the strength of the two countries. According to the IMF statistics in April, 2017, China's GDP reached about USD11.2 trillion dollars in

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Myanmar's mixed attitude towards China will hinder the development of bilateral relationship.

2016, compared to only 66.32 billion dollars of Myanmar.<sup>19</sup> The gap between the absolute value of the GDP of China and Myanmar is large, the gap between the absolute value of the annual increment of the two is growing, and the asymmetry in the comprehensive strength of the two countries is becoming more obvious. And, as of June 30, 2017, the total contractual investment of China in Myanmar exceeded more than 1/3 of the GDP of Myanmar in 2016. The geographic proximity to each other and the growing gap between the comprehensive strength of the two countries will continue to affect both countries' recognition and definition of interests toward each other, especially the recognition of China by Myanmar's people. On one hand, Myanmar needs to expand cooperation with other major countries to balance China's influences; on the other hand, it is guarding against China; such a mixed mentality of cooperation and precaution will hinder the development of the bilateral relationship.<sup>20</sup>

Fourthly, Sino-Myanmar cooperation is faced with intense pressure of competition from the West, and whether Myanmar is able to balance the relationship with China and the West is crucial to Myanmar's diplomacy pattern and external pressure. America, Japan, India and EU attached great importance to pouring strategic resources into Myanmar and one purpose of doing so is to contain the rise of China. While striving to win support from the western countries like America and UK, Aung San Suu Kyi and the NLD government sometimes need to improve the diplomacy pattern of balance of major countries by means of developing relationships with other major countries so as to balance the influences of China in Myanmar.

Moreover, after long-term ruling by the military government, the NLD government lacks financial officials who know well about the situation in Myanmar and possess superb economic expertise. Hence, in socioeconomic development, the NLD government relies more on the American, European and Japanese experts, as a result of which Sino-Myanmar economic & trade cooperation is faced with growing "Barriers of Western Rules", preventing cooperation within the framework of the Belt and Road initiative. As the gambling between major countries in Myanmar is exacerbated, if

it goes beyond the control of Myanmar, Myanmar may be subject to the counter-action of the intense gambling between the major countries. Whether the small geopolitical country can implement “diplomacy policy of balancing the major countries” is closely related to the fate of the country.

IV. IN THE FUTURE, CHINA SHALL CONTINUE TO TAKE EFFECTIVE MEASURES TO HELP MYANMAR TACKLE THE THORNY ISSUES OF TRANSFORMATION

As one of the “pilot demonstration zones” for the implementation of the Belt and Road initiative, Myanmar is endowed with abundant natural resources for rapid economic development and is pushing forward national transformation and opening-up and its development prospect is bright. Moreover, Myanmar is a country with great geopolitical significance, a strategic hub and the second largest country in Southeast Asia, which is very important for China, and it is the country where China

puts its strategic priorities in pursuing neighborhood diplomacy, especially southwestward diplomacy. China needs a Myanmar that is gradually moving toward normalization, stability, unification and prosperity and largely friendly to China and is striving to turn it into an active participant in the BCIM Economic Corridor and Belt and Road initiative as well as a “pilot demonstration zone”. Myanmar is of great importance for China. A small country with great strategic significance, it is the strategic pivot whereby China stabilizes, protects, invigorates and explores the border areas and then expands the development space to the two oceans and the globe. to turn Myanmar into the pilot demonstration zone in China’s efforts to stabilize, manage and shape the

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To help Myanmar is to help China, which is a convincing evidence of the efforts to enhance the Sino-Myanmar brotherhood and the requirements for further developing the Sino-Myanmar relationship.

**peripheral areas, proper overall planning and crisis management are needed to help Myanmar push ahead with its modernization process. Hence, to help Myanmar is to help China, a convincing evidence of the efforts to enhance the Sino-Myanmar brotherhood and the requirements for further developing the Sino-Myanmar relationship.**

To achieve this objective, the key is to accurately understand that the problems that arise in the Sino-Myanmar relationship are temporary and regional and believe that the Sino-Myanmar relationship will maintain the overall trend of friendly development. Meanwhile, it is essential to accurately understand the diplomatic doctrine of “balancing the major countries” or “Neutralism” of Myanmar as well as the complexity of the Sino-Myanmar relationship. The gradual adjustment and transformation of the Sino-Myanmar relationship is a new normal and its development prospect will feature “a mixture of joy and sorrow and joy greater than sorrow”.

Firstly, give play to the concepts of “self-discipline and stabilizing others”, “doing good things” and “mutually beneficial cooperation” in traditional Chinese diplomatic thinking, build a community of shared future with the neighboring countries and a cooperative development model that is recognized by both countries. “Self-discipline and stabilizing others” means that China should give Myanmar sufficient room while developing itself, include Myanmar organically into China’s neighboring area development strategy, share the benefits of China’s economic development actively and push ahead with industrial transformation and economic modernization in Myanmar; “doing good things” means that China should respond to the urgent need of Myanmar to address its various thorny issues, especially the economic, ethnic and non-traditional security risks in the transformation stage, and introduce to Myanmar China’s advanced experience in opening-up, border governance and anti-terrorism and violence; mutually beneficial cooperation means that China shall lay equal emphasis on official diplomacy and nongovernmental diplomacy toward Myanmar, attach importance to achieving both cultural & ethical progress and ecological progress in Myanmar so as to achieve win-win situation

between the two countries.

Secondly, focus on promoting the development of the Sino-Myanmar relationship through regional multilateral exchanges. Give full play to the dominant role of ASEAN in the regionalization of East Asia, and establish the Sino-Myanmar cooperation mechanism within the ASEAN framework. After taking office, Aung San Suu Kyi first visited ASEAN countries like Laos and Thailand, and took China as the first non-ASEAN country and the first major country to visit, before America, Europe and Japan, which fully highlighted the ruling wisdom of Aung San Suu Kyi. In Myanmar's ambition to promote self-development by taking advantage of regional development, ASEAN is the indispensable backing force; countries like Laos and Thailand in the Indo-China Peninsula are both ASEAN members and neighbors of Myanmar that are closely related to the security and development environment of Myanmar; China is both a neighbor of Myanmar and a major country in the world; Aung San Suu Kyi's visit to China showed her recognition of the Sino-Myanmar strategic cooperation relationship as well as the obvious tiering of Myanmar's diplomacy, namely "ASEAN-neighboring countries-major powers". China should support Myanmar's choice and make active efforts to develop the "Myanmar-ASEAN-China" relationship, which is not only beneficial to the development of Myanmar, but also beneficial for Myanmar to play a certain coordinating role in the "China-ASEAN" relationship, especially in solving the South China Sea issue.

Finally, attach importance to its relations with major powers so as to gain momentum for cooperation. Myanmar should explore new ground for the Sino-U.S. cooperation in the process of implementation of the Belt and Road initiative rather than being an arena for zero sum gambling, and Sino-U.S. dialogues and cooperation shall move forward in this direction. Myanmar does not hope that the gambling between China and America affects the interests of Myanmar itself as this means that Myanmar will be faced with the dilemma of having to choose one side, but hopes that both China and America continue to support the transformation and development of Myanmar and give play to their respective

advantages. On June 28, 2016, during the dialogue over the Myanmar issues held among the Chinese and American scholars (in which the author participated), the American scholars stressed that the trilateral relationship among China, America and Myanmar should not become an arena for zero sum gambling; instead, Myanmar may play an important role in promoting Sino-U.S. cooperation in solving many issues.

To achieve stable and sustainable development of the Sino-Myanmar relationship, it is essential to ensure equality & mutual benefits and openness & inclusiveness. To be specific, China may take “adaptive win-win”, “development plus” and “development promotes” as the guiding principles and implementation paths, align with the development strategies of both countries gradually, achieve “peace, cooperation, development and win-win” through more balanced “dual wheel drive” and build a community with a shared future for common development and prosperity. Adaptive win-win through changes is advocated. The “development plus” and “development promotes” model is an integrated and diversified path that assists in the transformation process of Myanmar, for instance, “development plus environmental protection”, “development plus moral responsibility” and “development plus culture”, “development promotes security” and “development promotes improvements of the livelihood of the people”.

Firstly, To push ahead with “development plus environmental protection”. The Chinese enterprises shall promote the environment-friendly investment model and turn environmental protection from a negative factor and even failure of China’s investment in Myanmar into a highlight and even the guarantee for China’s investment in Myanmar. On one hand, the governments and nongovernmental organizations of the two countries shall make greater efforts in environmental protection, promote China’s strategic concepts of building a sound ecological environment and a resource-conserving, environmentally friendly society, and advocate bilateral cooperation to build the Belt and Road initiative and BCIM Economic Corridor in which the people and the society co-exist in harmony; on the other hand, China should support the concept of “build a sustainable economic system” put forward by

Aung San Suu Kyi in Myanmar's new national economic policy, and work together to advocate sustainable development to benefit the future generations of both countries.

Secondly, To push ahead with “development plus moral responsibility” and “development promotes improvements of the livelihood of the people”. Overall efforts shall be made to change existing pattern of aid funds of the Ministry of Commerce to Myanmar featuring “more government aids (mostly used for large projects like stadiums, roads and bridges) and fewer non-governmental projects”, change the situation of people-benefiting projects implemented by Chinese nongovernmental organizations dominated by short-term projects, improve the structure of aid to Myanmar and switch to the small and medium-sized projects that cater to the needs of the people of Myanmar, are welcomed, cost less, yield results more rapidly and benefit more people to allow Myanmar's people to see the real benefits of Chinese projects in the aspects of alleviating poverty and assisting in people in difficulties so as to “provide timely help” and “gild the lily”. Also, nongovernmental organizations shall join hands with the government to promote the public welfare undertaking and continue to change the prior dilemma of “lack of permanent establishments, shortage of personnel, insufficient fixed capital and small number of long-term projects” of nongovernmental Chinese organizations in Myanmar. Chinese nongovernmental organizations should integrate development into the strategy of “improve the overall development level of Myanmar”, demonstrate the kindness of China as a major country and enhance the role of “brotherhood” in strategic cooperation and public friendship to win Myanmar's firm and active support for China's overall neighborhood strategy system.

Thirdly, To push ahead with “development plus people-to-people and cultural exchanges”, lay equal emphasis on the government and the public, carry out the public relation and crisis management properly, and rapidly improve the organizational structure and staffing for guiding and implementing public diplomacy in Myanmar. Work shall be done to improve the standardized and institutionalized cooperation channels of public diplomacy

of Chinese nongovernmental organizations and Myanmar's nongovernmental organizations and media outlets; enhance the public diplomacy capabilities of the personnel of Chinese nongovernmental organizations and enterprises in Myanmar in a systematic manner and enable Myanmar's people to have a positive perception of China generally; improve China's socioeconomic development concepts of government-people mutual aid, mutual progress and win-win situation in a scientific manner and actively adjust the structural proportion of Chinese investments, projects and aids in Myanmar's society and promote all-round advancement of Myanmar's nation and society; demonstrate and popularize the successful experience and concepts of Chinese investments in Myanmar and create the coordination effects of public relations and cultural recognition, and work together with Myanmar's media, civil social groups to take the building of the Sino-Myanmar friendship and the brotherhood culture as the new driving force for the development of the Sino-Myanmar relationship.

Fourthly, To "promote security through development and promote mutual trust through security", tackle the conflicts in north Myanmar and the resulting traditional and non-traditional security issues along the Sino-Myanmar border, and eliminate the long-standing lack of trust between the two countries due to the north Myanmar issue. On one hand, measures shall be taken to work together with Myanmar on the building of the Sino-Myanmar security community and clarify in the overall planning that security is related to economic development, prosperity and social advancement of both countries as a core step in promoting the Sino-Myanmar community with shared interests; on the other hand, the bilateral and multi-lateral security cooperation shall be carried out to help Myanmar solve its long-standing domestic ethnic conflicts through internal negotiations, and build mechanisms for cracking down on illegal trade, illegal resources mining, dealing with and solving non-traditional security issues, in particular the threats and challenges posed by terrorism.



<sup>1</sup> For details, refer to the final results of the presidential election from the Union Election Commission as cited by *Myanmar Times*: <http://www.mmtimes.com/index.php/election-2015/live-blog.html>, accessed on May 8, 2016. According to Myanmar's Constitution 75% of the legislators of the Assembly of the Union are elected and the remaining 25% are filled by military personnel.

<sup>2</sup> Yan Jirong: *Fifteen Lectures on Political Science*, Peking University Press, 2013, pp.108 - 114.

<sup>3</sup> For detailed discussions about the basis of political legitimacy, refer to: Yan Jirong: *Fifteen Lectures on Political Science*, Peking University Press, 2013, pp.136 - 138.

<sup>4</sup> This position was created through proposal by the NLD at the Assembly of the Union and voted by the legislators and therefore the physical Ministry of State Counselor was created.

<sup>5</sup> All clauses of Myanmar's Constitution cited in this article are from Compilation of Myanmar's Laws and Regulations (2008-2013) compiled by Li Chenyang and Quan Hongtao, Economic Management Press, 2014, pp.1 - 76: Constitution of the Republic of the Union of Myanmar(2008) and its 5 annexes.

<sup>6</sup> "The Invisible Hand behind Continuous Devaluation of Myanmar's Currency Since NLD Assumed" Power One Year Ago, [*Myanmar*] *Gold Phoenix News (Chinese)*, April 5, 2017.

<sup>7</sup> "World Economic Outlook Database, April 2017", The International Monetary Fund, [http://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2016&ey=2016&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=39&pr1.y=9&c=518&cs=NGDP\\_RPCH%2CNGDPD%2CNGDPDPC%2CPCPIPCH%2CGGXWDG\\_NGDP&grp=0&a=](http://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2016&ey=2016&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=39&pr1.y=9&c=518&cs=NGDP_RPCH%2CNGDPD%2CNGDPDPC%2CPCPIPCH%2CGGXWDG_NGDP&grp=0&a=). Accessed on July 14, 2017.

<sup>8</sup> Information obtained by the author through discussions with several Myanmar's scholars (names not given here) during the 1st Myanmar - China Thinking Tank Forum held on May 9-11, 2017.

<sup>9</sup> Zhuang Beining: "Representatives of the 2nd 21st Century Panglong Conference of Myanmar Signed the Union Agreement," *Xinhuanet*, May 29, 2017, [http://news.xinhuanet.com/world/2017-05/29/c\\_1121055601.htm](http://news.xinhuanet.com/world/2017-05/29/c_1121055601.htm). Accessed on May 31, 2017.

<sup>10</sup> "Yearly Approved Amount of Foreign Investment (By Country)", The Directorate of Investment and Company Administration, Myanmar, June 30, 2017, [http://www.dica.gov.mm/sites/dica.gov.mm/files/document-files/fdi\\_country\\_1.pdf](http://www.dica.gov.mm/sites/dica.gov.mm/files/document-files/fdi_country_1.pdf). All data about China's investment in Myanmar are sourced from Myanmar's Directorate of Investment and Company Administration. Accessed on July 10, 2017. Some projects were obstructed during the implementation process.

<sup>11</sup> This is the information obtained by the author when communicating with Myanmar's scholars from the NLD's thinking tank - Bayda Institute and the thinking tank of the largest opposition party Union Solidarity and Development Party-Center for Strategic and International Studies.

<sup>12</sup> K. Yhome, "Myanmar's Neighborhood Diplomacy at Play", *The Global New Light of Myanmar*, August 21, 2016. Certainly, Aung San Suu Kyi attached great importance to the Myanmar-U.S. relationship. Or it maybe because that Aung San Suu Kyi was busy with state affairs. From the perspective of the diplomatic agenda, she decided to attend the United Nations General Assembly in September 2016 and the best scheme was to visit the US while attending the United Nations General Assembly. It would be difficult if a separate visit to the America was arranged before visiting China. Hence, no excessive interpretation shall be made to her "visiting China before America. She and the NLD government laid equal emphasis on the relationship with China and the relationship with America.

<sup>13</sup> Li Weihong: "Xi Jinping Holds Talks with Myanmar's President Htin Kyaw and Both Heads of the Two States Agree to Push Ahead with Sustainable and Healthy Development of the Sino-Myanmar Relationship," *People.cn*, April 11, 2017, <http://cpc.people.cn/n1/2017/0411/c64094->

29200850.html. Accessed on April 12, 2017

<sup>14</sup> “Joint Interview of the Myanmar’s Official Media with Ambassador Hong Liang”, website of the Chinese Embassy in Myanmar, May 23, 2017, <http://mm.chinaembassy.org/chn/sgxw/t1464427.htm>. Accessed on May 23, 2017.

<sup>15</sup> “The Chinese Ministry of Commerce Trained More than 759 People for Myanmar in 2016”, *Myanmar’s Gold Phoenix Chinese Edition*, January 16, 2017.

<sup>16</sup> “Ambassador Hong Liang Attends the International Conference on Restoration of Cultural Relics Following the Bagan Earthquake”, website of the Chinese Embassy in Myanmar, February 17, 2017, <http://mm.china-embassy.org/chn/sgxw/t1439416.htm>. Accessed on March 15, 2017.

<sup>17</sup> “Statistics of China’s Trade with Asian Countries (Regions) between January and December” 2016, Department of Asian Affairs, The Ministry of Commerce, February 6, 2017, <http://yzs.mofcom.gov.cn/article/g/date/201702/20170202510057.shtml>. Accessed on February 16, 2017.

<sup>18</sup> “Yearly Approved Amount of Foreign Investment (By Country)”, The Directorate of Investment and Company Administration, Myanmar, March 31, 2017, [http://www.dica.gov.mm/sites/dica.gov.mm/files/document-fis/ldi\\_yearly\\_by\\_country.pdf](http://www.dica.gov.mm/sites/dica.gov.mm/files/document-fis/ldi_yearly_by_country.pdf). Accessed on July 6, 2017.

<sup>19</sup> Cited from the World Economic Outlook Database published by the International Monetary Fund in April 2017, Among them: the website of the Chinese economic data: [http://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2016&ey=2016&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=73&pr1.y=7&c=924&s=NGDPD&grp=0&a=](http://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2016&ey=2016&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=73&pr1.y=7&c=924&s=NGDPD&grp=0&a=,), the website of Myanmar’s economic data: [http://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2016&ey=2016&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=39&pr1.y=9&c=518&s=NGDP\\_RPCH%2CNGDPD%2CNGDPDPC%2CPCPIPCH%2CGGXWDG\\_NGDP&grp=0&a=](http://www.imf.org/external/pubs/ft/weo/2017/01/weodata/weorept.aspx?sy=2016&ey=2016&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=39&pr1.y=9&c=518&s=NGDP_RPCH%2CNGDPD%2CNGDPDPC%2CPCPIPCH%2CGGXWDG_NGDP&grp=0&a=,). Accessed on July 14, 2017.

<sup>20</sup> Brantly Womachk, *China and Vietnam: The Politics of Asymmetry*, New York: Cambridge University Press, 2006, pp.17-18.