



China: A Hidden Danger in Myanmar's Reform Process by Josh Gordon

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US President Barack Obama visited Myanmar in late November. This milestone is one of many over the last year plus of reform for the once pariah state. These reforms and the consequent improvement of US-Myanmar relations appear to be an unalloyed good. In the last year, the reform government of Myanmar President Thein Sein has released many political prisoners, allowed progressively greater political participation by the democratic opposition and made significant progress toward ending ethnic insurgencies that have troubled the country for decades.

As Myanmar has reformed, the US, which once had a harsh sanctions regime, has sought to encourage and support the process. Secretary of State Hillary Clinton visited Myanmar in December 2011. The US has lifted or suspended most of its economic sanctions. This, in turn, paves the way for aid, investment and advice from the US, its allies, and multilateral financial institutions. For US and western firms Myanmar holds the promise of rapid-growth investment opportunities in an underserved market of 60 million people. But, behind these positive developments lurks a danger: the sensitivity and potential reaction of China, Myanmar's neighbor to the north, to increased US involvement.

For China, the relationship with Myanmar has economic and strategic value. Myanmar is a market for Chinese goods. Myanmar also supplies China with primary products ranging from agricultural and fisheries to minerals and natural gas. China is also deeply involved in infrastructure construction in Myanmar. This includes several hydropower projects, and a special economic zone in Kyaukpyu in the west of Myanmar. China is also building a dual gas and oil pipeline and transportation corridor across Myanmar from Kyaukpyu to Ruili, on the China border. The natural gas will come from fields off Myanmar's west coast, but the oil will be brought from Africa and the Middle East. The pipeline allows China to bypass the straits of Malacca – a potential choke-point subject to control by the US Navy.

Chinese descriptions of China-Myanmar relations invariably stress harmony between the two peoples from time immemorial. These often use the Burmese word “Pauk Paw” for the special fraternal nature of the relationship. This

narrative glosses over historical conflicts, the last of which ended only in the mid-1980s as China shifted from supporting revolution to encouraging trade. China's vision of “Pauk Paw” harmony also papers over anti-Chinese sentiment prevalent in Myanmar today. Myanmar public opinion sees Chinese companies as using bribes and the Chinese government's support for Myanmar at the UN to obtain preferential concessions for resource and infrastructure projects. This popular view holds that the Myanmar military, the Tatmadaw, has been selling out the nation to the Chinese.

As long as the Tatmadaw was exercising dictatorial authority, the model Chinese companies brought to Myanmar worked, as it does in China. In China the key to any project is having good government connections. There is no need to develop relations with effected locals, civil society, or other stakeholders. When the political situation in Myanmar changed and the new civilianized government began to make reforms that reflected popular will, Chinese projects, not having developed support among non-government stakeholders, were vulnerable. In fact, despite precursors, the reform period in Myanmar can be dated from the September 2011 presidential decision to suspend work on the main dam (of seven) in the Chinese-backed Myitsone Hydropower Project.

Despite public outcry against the Myitsone project as hazardous to the natural environment and harmful to cultural heritage, less than a month prior to the suspension Myanmar Minister for Electric Power 1, Zaw Min, told the press that “We will not back down just because environmental groups are against it.” He may have been correct as the suspension may have had more to do with the perception of the project as Chinese exploitation. In a country suffering from chronic power shortages, 90 percent of the electricity produced was to be sold to China.

More recently protests against the Chinese operated copper mine at Letpadaung in central Myanmar have drawn national and international attention. The Chinese pipeline project has been criticized by local and exile NGOs over land use, compensation and environmental problems. International NGOs have criticized it for construction in conflict zones, and members of the democratic opposition have privately called the project a violation of Myanmar's national sovereignty.

Many Chinese policy intellectuals see the improvement of US-Myanmar relations, the reform process in Myanmar, and problems for Chinese projects there as part of a US directed plot to contain China. Yuan Peng of the American Research Center at the China Institute of Contemporary International Affairs (CICIR) wrote in the overseas edition of the *People's Daily* “the US will avail itself of various non-military means to delay or hinder China's progressive rise.” According to Yuan, these include “Strengthening alliances and enhancing

partnerships while undermining China's relationships with North Korea, Pakistan and Myanmar." The Obama administration's "Pivot to Asia" has only fed this dominant and paranoid strain in Chinese thought.

Why should Chinese anxiety about improvement in US-Myanmar relations matter? It might be tempting to see problems that China's projects have as just desserts for not taking account of a broad range of stakeholder interests. However, Myanmar and China share a long border, and despite a slowdown in its growth, China is still an economic powerhouse. Its influence in Myanmar will continue to be large. Support from China and Chinese companies for Myanmar's reforms and development will help quicken and deepen their implementation. Opposition could contribute to their stagnation.

What should President Obama do to assuage Chinese anxiety? First, he should make clear that China-US-Myanmar relations are not a zero-sum game in which any gain for the US is a loss for China. Myanmar needs support from the US, China, ASEAN, and its other neighbors to successfully implement sustainable and equitable reforms. Second, President Obama should frame US support for reform in terms that the Chinese use: stability and "win-win" outcomes. Reform in Myanmar will make the country more stable, and a more stable Myanmar will better protect China's long term interests by pushing Chinese investors to reach out to stakeholders. Chinese support for reform in Myanmar will result in a "win-win-win" situation which benefits Myanmar, the US, and China.

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