



***THE ARAKAN ARMY'S TRIUMPH AND
THE RAKHINE STATE'S GOVERNANCE
CHALLENGES***

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Just 15 years after its founding, the Arakan Army (AA) has risen to dominate Rakhine State in western Myanmar, controlling 15 of 17 key townships and over 90% of the territory, including the entire 271-kilometer border with Bangladesh. These military advances include the historic capture of Ann Township's Western Regional Command headquarters, cementing the AA's military and administrative dominance. Through its Arakan People's Revolutionary Government (APRG), the AA governs key sectors, from judiciary to public health, signaling its ambition for greater autonomy with confederate status. With Rakhine's strategic location, natural resources, and proximity to China-backed infrastructure, the AA's rise reshapes the region's geopolitical and security dynamics, presenting both opportunities and challenges for dialogue and stability.

The rising Arakan Army: The de facto power in Rakhine

In a remarkable show of resilience and strategy, the AA has established itself as the de facto governing authority in much of Rakhine State. The APRG has assumed roles previously held by the central authority, including administration, judiciary, and public services, underscoring the AA's bid for legitimacy.

The AA's rapid territorial expansion has intensified tensions with the Myanmar military. The military junta, struggling to maintain its grip on power, has

exploited divisions within Rakhine by recruiting fighters from Rohingya armed groups such as the Arakan Rohingya Salvation Army and the Rohingya Solidarity Organization. These actions have deepened ethnic fault lines between the Rakhine Buddhist majority and the Rohingya Muslim minority, exacerbating mistrust and perpetuating cycles of violence. While the AA has articulated a vision for inclusivity, particularly through the APRG's administrative framework, building trust with marginalized communities—including the Rohingya—remains challenging. The AA's ability to foster dialogue and demonstrate inclusive governance will determine its success in achieving lasting stability in Rakhine.

China's expanding footprint with new security measures

Rakhine State's wealth of natural resources and its strategic location along the Bay of Bengal have made it a focal point of China's Belt and Road Initiative. Key infrastructure projects, such as the Kyaukphyu deep-sea port and the Shwe gas pipeline, exemplify Beijing's economic ambitions and geopolitical priorities in the region. These projects not only secure critical energy routes for China but also enhance its access to the Indian Ocean, positioning Rakhine as a key node in its broader regional strategy.

Chinese investments in Myanmar are increasingly vulnerable amid the ongoing civil conflict. Since the launch of "[Operation 1027](#)," anti-junta forces have taken control of 23 out of 34 Chinese-funded projects, with key areas affected including Rakhine, northern Shan State, and the central lowlands. But the Three Brotherhood Alliance and the National Unity Government's People's Defense Force have refrained from directly targeting Chinese initiatives. However, reports indicate that the junta-backed Pyusawhti militia allegedly attacked the Chinese Consulate in Mandalay in October 2024, marking only the second such incident in the seven-decade history of China-Myanmar diplomatic relations.

To safeguard these investments, China has partnered with Myanmar's junta to establish a joint security company. The junta is reviewing the logistical aspects

of a draft memorandum of understanding for the joint venture, such as importing weapons and security equipment, while ensuring the plan does not undermine Myanmar's sovereignty. The proposal indicates Beijing's lack of confidence in the junta's ability to maintain control and security. This move also risks complicating local dynamics since the presence of foreign security forces could provoke resistance from local armed groups, including the AA, which already wields considerable influence in the area. While Chinese investments are vital to Myanmar's economy, overt alignment with the military junta risks alienating other stakeholders, including ethnic armed groups. Navigating these tensions will be crucial for Beijing to maintain its foothold in Rakhine without exacerbating existing conflicts.

Labyrinthine conflict dynamic

The relationship between the Arakan Army and Rohingya groups is marked by deep-seated mistrust and historical grievances. Ethno-nationalism has often marginalized the Rohingya, while human rights violations by the AA have further strained relations. These tensions present a formidable obstacle to achieving lasting peace in Rakhine. However, opportunities for reconciliation exist. The AA's recent statements advocating for an inclusive Rakhine and an openness to political dialogue signal a potential shift in its approach. Building trust will require concrete steps, such as addressing allegations of human rights violations, ensuring equitable representation for the Rohingya in the government structures, and fostering mutual respect.

In Cox's Bazar, refugee camps have become recruitment grounds for armed groups, further complicating the conflict landscape. Reports of forced recruitment and promises of citizenship documents have drawn thousands of Rohingya into the military junta's fold. These dynamics underscore the urgent need for targeted interventions to prevent armed group exploitation and support initiatives for peace and security. While the AA has expressed a willingness to include the Rohingya within its vision of an autonomous Rakhine, substantive action will be essential to move beyond rhetoric. Greater integration

of Rohingya communities into administrative structures and an emphasis on equitable development could build the foundations for trust and coexistence.

International actors can play a vital role in bridging this divide. Facilitated dialogues between the AA, Rohingya leaders, and other stakeholders could help create a framework for cooperation. Transparency and accountability must underpin these efforts to ensure they yield meaningful outcomes. A unified governance model that incorporates diverse voices could lay the groundwork for long-term stability in Rakhine.

India and Bangladesh's strategic role

As Rakhine's immediate neighbors, India and Bangladesh have a critical role to play in shaping the region's future. India's strategic initiatives, such as the Kaladan Multi-Modal Transit Transport Project, aim to enhance connectivity between its northeastern states and Southeast Asia. However, the AA's territorial control poses both challenges and opportunities for New Delhi. Engaging with the AA directly could help India secure its infrastructure projects and foster regional trade. Pragmatic collaboration would not only safeguard India's investments but also strengthen its influence in Rakhine. Additionally, India's engagement could serve as a counterbalance to China's growing presence in the region.

For Bangladesh, the ongoing Rohingya crisis remains a pressing concern. Hosting over a million refugees has strained Dhaka's resources and heightened domestic tensions. By adopting a more flexible approach toward the AA, Bangladesh could explore new avenues for cooperation, such as establishing humanitarian corridors and addressing cross-border security issues. Dialogue with the AA could also pave the way for the voluntary and dignified repatriation of Rohingya refugees. Both India and Bangladesh should recognize the AA's de facto authority and engage with it as a key stakeholder in Rakhine. Such an approach could foster stability and promote shared regional interests.

What can be done?

The path to sustainable peace and stability in Rakhine requires a multifaceted strategy that prioritizes governance, regional collaboration, and humanitarian relief. Key steps include:

1. **Fostering inclusive governance:** The AA should move beyond military gains to demonstrate its capacity for inclusive leadership. This includes protecting the rights of all communities, particularly the Rohingya, and creating equitable governance structures that reflect Rakhine's diversity.
2. **Promoting constructive dialogue:** Internationally facilitated dialogues between the AA, Rohingya groups, and other stakeholders are essential to building trust and addressing historical grievances. These efforts should be transparent and supported by mechanisms that ensure accountability and progress.
3. **Leveraging strategic investments:** China, India, and other stakeholders must ensure their projects contribute to the socioeconomic development of Rakhine's communities. Investments in education, healthcare, and infrastructure can foster goodwill and mitigate the underlying drivers of conflict.
4. **Enhancing humanitarian assistance:** Regional actors, including Bangladesh and India, should facilitate cross-border aid to address the acute needs of displaced populations. Coordinated efforts with international organizations can help rebuild livelihoods and alleviate suffering.

Rakhine's challenges are immense but not insurmountable. Through inclusive governance, strategic cooperation, and sustained international support, the region can transition from conflict to stability. By addressing historical grievances and fostering collaboration, Rakhine has the potential to become a model of resilience and progress in a troubled landscape.

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