

The March 2015 Bombings of Yunnan and the Decline in Sino-Myanmar Relations 2015年3月の雲南省爆撃と中緬関係の低下

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Abstract: Myanmar's accidental bombings of China's Yunnan province on 8 and 13 March 2015 are symptomatic of a recent decline in Sino-Myanmar relations. This article will first examine the recent unrest in Myanmar's Kokang region that led to the bombings of Yunnan. The relationship between China and the Communist Party of Burma will be shown to connect the unrest in Kokang with the Myanmar government's long-term suspicions of China. It then shifts to a broader overview of Sino-Myanmar relations, with their close ties during the international isolation of Myanmar after 1988 shown to be one of necessity for Myanmar, which ended with Myanmar's rapprochement with the US in 2011. The final section focuses on the collapse of Chinese investment in Myanmar following the Myanmar government's 2011 suspension of the Myitsone Dam project, and discussion ends with the reminder that Chinese energy concerns, manifest in the oil and gas pipelines connecting Yunnan with the Indian Ocean, make Myanmar an essential component of China's long-term plans for its energy security, thereby making it crucial for the Chinese foreign policy establishment to seek an improvement of China's bilateral relations with Myanmar.

Keywords: China, Myanmar, Yunnan, Insurgency, Energy



Kokang soldiers in Shan State (AFP)

Introduction: The March 2015 Bombings of Yunnan

On March 8, 2015, a Tatmadaw (Myanmar armed forces) fighter jet battling rebels from the pro-autonomy Myanmar National Democratic Alliance Army (MNDAA) in the Kokang region of Myanmar's northern Shan State accidentally bombed a village in Gengma county in China's Yunnan province, destroying a house. Apart from the damage in property, there were no casualties, and the Chinese government asked their Myanmar counterparts to ensure such an incident never happened again.¹ However, less than a week later, on March 13, another Tatmadaw fighter jet bombed a sugarcane field in Lincang prefecture in Yunnan, killing five villagers and injuring eight. High-level complaints from China were issued to Myanmar, and Chinese fighter jets scrambled to patrol the border, but while Myanmar expressed sorrow for the casualties, they blamed the MNDAA rebels for the incident.² These were not the first

instances of Myanmar's civil warfare crossing the border into China. In 2013 the Tatmadaw accidentally bombed Yunnan during a fight against the Kachin Independence Army.³ Then, as now, China offered to mediate between the warring sides to secure peace along the border.⁴ This is essential given the geography of the borderlands between Myanmar and Yunnan province. As observers note, the Tatmadaw fighter jets were probably within Myanmar airspace when they released the bombs that strayed into Yunnan. This suggests that similar incidents could occur in the future should peace not be secured within Myanmar.⁵ Indeed, a week after the fatal bombing of Lincang, the Tatmadaw resumed air patrols over the border region, and local residents in Mengdui township near Lincang reported airdrops of unexploded bombs, apparently from Tatmadaw aircraft.⁶

The crisis began a month earlier, when the sudden resumption of fighting between the MNDAA and the Tatmadaw on February 9 prompted almost 50,000 ethnic Chinese civilians from Kokang to flee across the border to seek refuge in Yunnan.⁷ Chinese officials initiated bilateral talks aimed at restoring stability on the border and organizing the repatriation of the refugees.⁸ Apart from the refugee crisis, the conflict in Kokang also negatively impacted the transborder traffic of trade goods between Yunnan province and Shan State.⁹ As we shall see later, this trade corridor is of strategic importance for China, allowing goods to travel to and from ports on the Indian Ocean without having to pass through the Straits of Malacca and the South China Sea. Hence the peaceful settlement of the Kokang conflict is of utmost importance to China. In order to defuse the Myanmar government's suspicions of Chinese support for the MNDAA, the Chinese government has cracked down on grassroots-level activism in Yunnan organizing medical and other supplies for the MNDAA rebel effort.¹⁰ In addition, the recent arrest of Major General Huang Xing,

reportedly for unauthorized provision of military intelligence to the MNDAA, highlights China's desire to win the trust of the Myanmar government.¹¹

The MNDAA and the Ethnic Kokang

The Myanmar government's suspicions of China are rooted in ethnicity and history. The ethnic dimension is rooted in the fact that the Kokang Chinese, the minority group associated with the MNDAA, are descendants of Han Chinese Ming dynasty loyalists who arrived from China in the 17th century to escape from Qing rule, and later, Kuomintang fighters and party members who settled in Burma after the 1949 Communist revolution in China. The historical dimension is that the MNDAA was once part of the Communist Party of Burma (CPB). The CPB was supported in its insurgency against the Burmese state by the Chinese Communist Party, and the leaders of Myanmar today continue to recall the challenges of the communist insurgency. While Chinese support for the insurgents emerged in the early years of Burmese independence, it reached its peak during China's Cultural Revolution, when the Chinese sent significant aid to the CPB. Indeed, China continued to support the CPB, albeit at a lower level, into the 1980s, and Tatmadaw forces suffered heavy casualties against the CPB in battles in late 1988. In 1989, when the CPB insurgency collapsed, China sheltered its ousted leaders and cadres. Myanmar's current military leaders most likely have personal memories of battle engagements against the Chinese-backed CPB insurgents.¹²

In 1989, the MNDAA was the first faction to emerge from the collapse of the CPB to sign a bilateral ceasefire with the Myanmar government. In the two decades between 1989 and 2009, Kokang enjoyed a peace dividend from the ceasefire, and the region prospered from the production and trafficking of narcotics, illegal logging, as well as arms

trafficking from China to insurgent groups in northeastern India. The funds from these illicit activities financed development projects in Kokang and elsewhere in Myanmar, including casinos, entertainment, real estate, hospitality, retail, and construction. Many of these projects were co-financed by Chinese investors, leading many Myanmar locals to regard the ethnic Kokang as outlaws supported by China, and to support the Tatmadaw's fight against the MNDAA.¹³

In 2009 Kokang's two decades of peace ended when the MNDAA resisted the government's instruction to reorganize itself into a paramilitary force under the control of the Tatmadaw. The Tatmadaw commenced hostilities, and MNDAA leader Peng

conflict, the MNDAA has reportedly been supported by other ethnic militias, including the Ta'ang National Liberation Army, the Kachin Independence Army, and the Arakanese Army. Myanmar's United Nationalities Federal Council, representing a collective of ethnic militias, has voiced support for the ethnic Kokang, and has asked the government to enter into peace negotiations with the MNDAA.¹⁷ A senior Ta'ang National Liberation Army commander explained that the current conflict derives from the ethnic minorities' unhappiness over their being sidelined by the Myanmar government.¹⁸ In broader historical perspective, the current struggle of the ethnic Kokang is the latest iteration in a history of failed nation-building in the Burmese state. As Bertil Lintner explains:



Peng Jiasheng (Irrawaddy.org)

Jiasheng was ousted in a mutiny supported by the government. The violence prompted over 37,000 civilians to flee across the border into Yunnan, a precursor to the refugee crisis of February 2015.¹⁴ Peng, who had forged connections with the Chinese Communist Party during his years with the CPB, claims to have spent 2009-2014 in exile in China and other countries in the region.¹⁵ In the middle of 2014, he was back in Myanmar, and on February 9, 2015, he commenced his attempt to retake Kokang with the MNDAA.¹⁶ In the current

From the very beginning, the problem has been one that many Burmese rulers and even ordinary citizens are reluctant to admit: Burma is a colonial creation that includes nationalities which historically had little or nothing to do with each other until British authority was established over the old *bama* kingdom and a horseshoe-shaped ring of surrounding mountain ranges. Even today, there are remote tribal areas where the local people do not even know that they belong to a country called "Burma," or even less so "Myanmar" - the official name of the country since 1989 and which is supposed to encompass the country's "135 national races," as if such a term existed in any language.¹⁹

The Recent Decline in Sino-Myanmar Relations

Despite its support for the CPB, China has

enjoyed a history of close bilateral relations with Myanmar. The Chinese recall that Burma was the first country outside of the socialist bloc to establish relations with Beijing after the founding of the People's Republic of China in 1949, helping China break out of the diplomatic isolation imposed by the anticommunist West. More recently, when Burma suffered Western sanctions after the 1988 military crackdown, China provided a diplomatic and economic lifeline, including much-needed concessionary loans and technical assistance for infrastructural and industrial projects. Chinese immigration into Burma increased under the military rule of the State Peace and Development Council (SPDC) (1988-2011), as Western sanctions shielded Chinese investors from Western competition.²⁰ Sino-Myanmar economic relations further intensified after the turn of the millennium, when China's globalizing state-owned enterprises turned to Myanmar as a convenient location for the extraction of timber, gems, minerals, and hydropower. By 2010 China had become Myanmar's largest foreign investor.²¹ Indeed, in May 2011, when Myanmar's new President Thein Sein visited Beijing, China announced the elevation of its bilateral relationship with Myanmar to a "comprehensive strategic cooperative partnership."²² The Chinese were hence blindsided just a few months later when Thein Sein suspended China's Myitsone Dam project, which had faced significant criticism from local people and non-governmental organizations for the population displacement its construction would cause, not to mention the destruction of important sites of cultural and environmental significance.²³



Construction of Myitsone Dam (Irrawaddy.org)



Myitsone Dam Protestors (Democratic Voice of Burma & Reuters)

(China Power International, the Chinese partner in the project, hopes that the suspension will be lifted when Thein Sein leaves office in 2015. Should the project instead be terminated, however, it may pursue legal channels for reimbursement of its investment of over 1 billion USD.²⁴) Chinese officials would later cite the suspension of Myitsone Dam as the third major instance, following 2005's surprise relocation of Myanmar's capital to Naypyidaw, and 2009's Tatmadaw attack on Kokang, of Myanmar's harming and embarrassing China.²⁵ As we shall see, Sino-Myanmar relations have subsequently gone into a steep decline.

In counterpoint to China's reduced influence in Naypyidaw in 2011, the US saw a rapid rapprochement in its relations with Myanmar. The opening was Thein Sein's meeting with opposition leader Aung San Suu Kyi that August. The subsequent political liberalization saw the lifting of most of Washington's financial sanctions on Myanmar, as well as state visits by Secretary of State Hillary Clinton and President Barack Obama, and the appointment of a US ambassador to the country. The Chinese would soon come to see the US as having undermined their close friendship with Myanmar.²⁶ However, as we have seen earlier, Myanmar's suspicions of the Chinese date back to Beijing's historic support for the CPB. Myanmar's close relationship with China during the SPDC period was due to necessity, the Chinese being the only major power willing to invest in the country. With the US rapprochement of 2011, Myanmar is now free to pursue its preferred foreign policy of neutrality and nonalignment. In practical terms, as we shall see, this has meant the balancing of Chinese and Western interests. While China has not been shut out of Myanmar, it now has to compete with the Americans, Japanese, and other powers.²⁷

The response from Chinese investors to the Myitsone Dam debacle of 2011 was a collapse in new investment in Myanmar. While they continued with the implementation of existing projects, they have signed no new projects, in view of the political risks exposed by the suspension of the Myitsone Dam project. From 2012 to 2013, Chinese investment in Myanmar collapsed by over 90%, from over 8 billion USD to just 407 million USD.²⁸ China accounted for just 0.8% of foreign direct investment (FDI) in Myanmar in the nine months ending in December 2013. The top investors during that period were South Korea, Singapore and Thailand.²⁹ In terms of cumulative investment, however, China remains Myanmar's largest investor, with 14.25 billion USD invested in the country, especially in the power and oil and gas

sectors.³⁰ (China also remains Myanmar's largest trading partner.³¹) This appears to be changing. Following the lifting of Western sanctions on Myanmar, Thein Sein's government has sought to diversify the sources of FDI beyond China. In the oil and gas sector, for instance, Myanmar has awarded oil and gas blocks to Euro-American energy corporations including ConocoPhillips, Chevron, and Shell, avoiding the previously favored Chinese energy corporations.³²

Politically, China has publicly demonstrated its displeasure at Thein Sein's turn to the West by drastically reducing the number of official visits to Myanmar from senior officials. However, it has also started to cultivate other inroads into Myanmar. In late 2011 China recognized the legitimacy of the opposition National League for Democracy (NLD), and the Chinese ambassador has held multiple meetings with NLD leader Aung San Suu Kyi. On the cultural front, China has sought to improve its image with a broad public relations campaign. Its Buddhist diplomacy campaign appears especially prescient given the recent revival of Buddhist nationalism in Myanmar.³³

The Southwest Passage

A primary reason China cannot fully disengage from Myanmar is Myanmar's strategic location as China's southwest passage to the Indian Ocean. China lacks direct coastal access to the Pacific Ocean. Good relations with Myanmar make it possible for China to develop Myanmar as a transshipment passage between Yunnan and the Indian Ocean.³⁴ Indeed, the Chinese government's Five Year Plan of 2011-15 highlights Yunnan's strategic role as a bridgehead for China's engagement with the Indian Ocean, thereby transforming China from a "One Ocean" to a "Two Ocean" power.³⁵ As vice-mayor Liu Guangxi of Kunming explained in 2010, the Chinese government plans to transform Yunnan into "a gateway that links to neighboring countries and the Indian Ocean."³⁶

A key infrastructural project has been the 2.5 billion USD development of oil and gas pipelines crossing almost 800 km from the Indian Ocean across Myanmar into China. The Shwe gas pipeline, which went live in July 2013, runs from the port city of Kyaukphu to Ruili in Yunnan.



Shwe gas pipeline (Irrawaddy.org)

The oil pipeline, which went live in early 2015, runs parallel to the gas pipeline, and extends past Yunnan into Chongqing, supplying the energy needs of the growing cities of southern China. These pipelines enhance China's energy security by allowing oil and gas shipments to bypass the piracy-ridden Straits of Malacca and, more significantly, the South China Sea, where China has significant territorial disputes with regional powers.³⁷ The maintenance and enhancement of these pipelines hence constitute a key infrastructural component of China's energy security policy, which makes it essential for China's foreign policy establishment to pursue an improvement of China's bilateral relations with Myanmar past the setbacks of 2011.

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