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## **Can the Kokang Chinese Problem in Myanmar be Resolved?<sup>1</sup>**

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### **EXECUTIVE SUMMARY**

- In early 2015, the Myanmar National Democratic Alliance Army (MNDAA) led by Peng Jiasheng launched a sudden attack on security forces at Laukkai, the Kokang capital. Following some serious fighting, MNDAA retreated to the Sino-Myanmar border, pursued by the Myanmar security forces who shelled the hiding place of the rebels. Myanmar aircraft joined the fight and a bombing raid killed peasants on the Chinese side of the border.
- MNDAA entered Chinese territory and Peng Jiasheng, a Kokang Chinese, sought support in Yunnan. This has affected China-Myanmar relations, with Beijing stating that it had not supported Peng while the Myanmar government thinks otherwise. Tensions have risen between the two countries.
- The Kokang problem is a complex one. The territory was only given by China to British India in 1897. It was later incorporated into the Shan region but remained autonomous, and was governed by the Yang family. After World War Two, Kokang was ruled by the Burmese Communist Party (BCP) until 1989, when Peng left the BCP, established the

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<sup>1</sup> I would like to thank Dr. Tin Maung Maung Than and Mr Daljit Singh of ISEAS for their comments. Nevertheless, I alone am responsible for the views expressed in this paper.

MNDAA and signed an agreement with the central government. Kokang became a special region and Peng was allowed to keep his troops to maintain border security. Kokang continued to be autonomous, used Chinese as its administrative language and the Renminbi as its currency, and followed China's time. Apparently it kept closer ties with Yunnan Province than with the central authority of Myanmar.

- Peng went on to become the ruler of Kokang, and the Yang family was expelled. His desire to build a personal kingdom resulted in a split between Peng and his deputy Bai Suocheng. When the central government wanted to demobilize Peng's troops in 2008, Peng refused and rebelled against the government. Bai Suocheng sided with the government and Peng was defeated and fled Kokang.
- Peng reappeared in 2015 but failing to regain control over the region, began a protracted guerrilla war against the security forces, allegedly using Chinese territory as a base.
- China does not wish to jeopardize Sino-Myanmar relations but would prefer to resolve the problem to satisfy both Peng and the Myanmar government.
- During Aung San Suu Kyi's recent visit to China, Peng declared a unilateral ceasefire. The Myanmar government has not officially responded.

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## INTRODUCTION

On 9 February 2015 the Myanmar National Democratic Alliance Army (MNDAA) led by Peng Jiasheng (also known as Phone Kyar Shin or Pheung Kya-shin) suddenly returned to Laukkai, the Kokang capital with an attack on government security forces there. Serious fighting took place which resulted in the exodus of many Kokang Chinese seeking refuge in Chinese territory. Fighting lasted for several days with heavy casualties on both sides. MNDAA failed to capture Laukkai, however, and fled to the border and allegedly entered into Chinese territory. Myanmar security forces went in pursuit and fired shells at the area they believed to be the rebels' hiding place. The Myanmar air force joined the fighting and on 13 March a fighter plane dropped bombs on the Chinese side of the border, killing five Chinese villagers and wounding eight (Xue Li, 2015). Beijing protested and Nay Pyi Daw apologized (Tiezzi, 2015). High level meetings followed between the two countries to look for a solution.

Nevertheless, fighting continued for more than three months. On 2 June, China conducted a live firing exercise along the Sino-Myanmar border, raising tensions between the two countries (Peng Nian, 2015). Nevertheless, scholars close to the People's Liberation Army noted that the purpose of the exercise was to pacify domestic critics, and was not aimed at the central government of Myanmar.

*“Myanmar is a key exit to the sea for southwestern China. It also plays a crucial role for the security of the Sino-Myanmar oil pipeline and the development of China's future maritime silk road. Meanwhile the US and Japan have eagerly drawn Myanmar to their side, and China is in a dilemma, especially on the shelling issue. On the one hand, it would like to stop the civil war in Myanmar from hurting Chinese citizens but on the other, it would also like to prevent a Sino-Myanmar conflict. Therefore China has to move cautiously” (Yangguang Huaxia, 2 June 2015).*

On June 10, a National League for Democracy (NLD) delegation led by Aung San Suu Kyi arrived in Beijing, invited by the Chinese Communist Party in what appears to be a move by Beijing to mend ties with Myanmar's opposition (Deng Yuwen, 2015). Many interpreted this as an expression of a dual-track policy by China towards Myanmar, showing Beijing's dissatisfaction with Myanmar (Peng Nian, 2015B). Several questions can be posed here: What is China's position on the Kokang Chinese issue? How does Myanmar see the issue being resolved? How deeply will this affect Sino-Myanmar relations? How soon can the Kokang problem be solved? In order to get some answers, it is useful to look at the history of the Kokang Chinese in Myanmar.

## HISTORICAL LEGACY

Kokang (Guo Gan 果敢 in Mandarin, meaning the Brave), which is part of the Shan state of Myanmar today, was Qing territory before 1897. Under the Anglo-Chinese Agreement that was signed that year, the Qing government ceded Kokang to British India which then included Burma. Kokang was incorporated into the Shan region when Burma was no longer part of British India. (Myint Myint Kyu, 2011:202).

During the colonial period, the British had some presence at Kokang in the person of a British-appointed regent. But after Burma's independence, Kokang was left alone to govern itself. The Yang family became *de facto* leaders of the area. The region soon came under the control of the Kuomintang army, and later the Burmese Communist Party (BCP), which was receiving support from the Chinese Communist Party (CCP). It was thus virtually independent of the central government of Burma. Kokang self-defense troops, led by a Kokang Chinese named Peng Jiasheng (birth year 1931), had joined BCP to fight the central government. But in 1989, Peng split from the BCP and signed a ceasefire agreement with the Burmese Government; and Kokang was renamed the "Kokang Special Region" (Myint Myint Kyu, p.204). Peng was allowed to retain his own army, which was renamed the MNDA, to maintain border security. A power struggle between Peng and Yang Maoliang, the traditional leader of the Kokang region saw the Peng emerge the winner (Baidu Baike, on Peng Jiasheng). Yang was ousted and eventually left Kokang. His family now lives in Yangon.

Peng sought to replace his deputy, Bai Suocheng (birth year 1954), with his own son Peng Deren. This resulted in a split between the two men (Baidu Baike, on Bai Suocheng).

Meanwhile, the military government of Myanmar had drafted the new constitution of 2008 in which it is stated that there can only be one union army. In other words, all other armed groups were told to demobilize and form a Border Guard Force (BGF) with some involvement of military officers from the central government. They should also be trained in accordance with central government guidelines (Myint Myint Kyu, p.206). Peng refused to comply with the guidelines, and rebel on 8 August 2009. However, he was defeated by the Myanmar Army and fled; and his former deputy, Bai Suocheng, was appointed by the government to become the new leader of the Kokang Special Region. Under the management of Bai Suocheng, Kokang appeared to be peaceful.

When Peng and Bai were still working together, Peng initiated a programme to eradicate opium from the region, and Bai was chairman of the Ban Opium Committee. In 2002 the Kokang authorities announced the region free of poppy cultivation, the first in Myanmar to succeed in eradicating opium. The Kokang Chinese had been dependent on poppy cultivation, and this crop was now replaced by rubber, sugar cane, tea and corn (Myint Myint Kyu, p.5).

After his defeat by the central army, Peng disappeared from the scene for about five years. One source says that he moved to Thailand, Malaysia and Singapore before returning to Kokang in 2014 (Baidu Baike, on Peng Jiasheng). His overseas movements cannot be

verified. As a fugitive and outlaw, he could not have used a Myanmar passport. Another source notes that he might have been hiding in Yunnan or northern Myanmar all along as his son is married to the daughter of the leader of the Mangla region. Peng had also contacted the Kachin Independence Army (KIA). According to rumours, he had staged some attacks at Kokang together with the Kachin Independence Army, but again, this cannot be verified. In any case, the Myanmar Army was caught by surprise by Peng's sudden onslaught in February 2015.

## **THE KOKANG CHINESE COMMUNITY**

Despite becoming part of the Shan State, the Kokang Chinese community was never really integrated into the Burmese national system the way some other ethnic minorities in the northern border areas had done. The situation of Kokang Chinese is also unique in other ways. Due to Kokang's history and proximity to Yunnan Province, many of the Kokang Chinese still retain strong Chinese cultural characteristics.

According to Myint Myint Kyu, a local scholar who conducted field work there and completed her thesis on Kokang in October 2011, Kokang Chinese constitute about 90% of the region's population. They are a mixture of local-born and newer migrants. The administrative language of Kokang is Mandarin, and its currency is the Renminbi (not the Myanmar Kyat), and the time it uses is China's time. Nonetheless, Kokang Chinese are not a homogeneous group. A minority among them are quite integrated into local society and are able to speak local dialects.

Not all Kokang Chinese reside in Kokang. In fact, quite a few live in major cities in Myanmar, and overseas, and have assumed Myanmar identity. Law Sit Han (Lo Xinghan, 1935-2013) who was a leading businessman, for instance, lived in Yangon, and his businessman son U Tun Myint Naing (alias Steven Law) lives overseas and is a respectable business tycoon. (Daw Win, 2012, p. 495; Liang Dongbing 2015, p. 109). Law Sit Han had close relations with the Myanmar government, and was accredited for persuading Peng Jiasheng to leave the BCP in 1989. (Daw Win, *ibid.*)

Peng was born in Kokang and his ancestors came from Sichuan Province of China (Baidu Baike, on Peng Jiasheng). Bai Suocheng, Peng's former deputy, was also born in Kokang but his provincial origin is unknown. Peng appears to have multiple identities. Earlier he emphasized his Kokang identity, but after, he was pushed back to the China-Myanmar border following the recent attacks on the Myanmar security forces, he launched a campaign to recruit fighters from the Chinese population in China. He announced that he was a "Han Chinese" and appealed to Han Chinese for support. This identity shift is easy enough to make since the majority of Kokang Chinese still speak Chinese and keep Chinese traditions. Not many of them in the Kokang area speak the Shan language, let alone Burmese.

The central government does not consider MNDAA led by Peng as representing an “indigenous minority”, as they were not included in the nation-wide ethnic peace agreement it had prepared.<sup>2</sup> The Kokang Chinese are recognized by the government as one of Myanmar’s 135 “national ethnic groups”,<sup>3</sup> but it does not consider Peng and his followers in MNDAA to be their representative.

## **PERSPECTIVES OF MYANMAR AND CHINA OVER KOKANG CHINESE**

After Peng declared himself a “Han Chinese” and appealed for support in Yunnan, one report claims that the Yunnan Chinese did provide support while another says that the support was minimal (RFA China Today, 2015). Beijing had in fact stated that it did not and would not support Peng militarily, although the Myanmar military did not believe that. (Gleeson, 2015).

What is the view of the PRC on the Kokang Chinese? Are Kokang Chinese considered as Chinese? Beijing acknowledges that many of the Kokang Chinese are of Chinese (or Han) descent and they have inherited Chinese tradition and so forth, but they are not Chinese by nationality (citizenship) (Global Times, Editorial), and are instead an ethnic minority in Myanmar. Therefore, the conflict between Kokang Chinese and government is the internal affair of Myanmar and not a problem for the PRC. With regard to the Peng Jiasheng rebellion, Beijing has asserted that it is not supporting Peng Jiasheng, but wants Myanmar to solve the problem peacefully.

China has been very careful in responding to the Kokang rebellion as it may have domestic implications for China. If China intervenes in Kokang Chinese matters, it may create a problem for itself in dealing with its own minorities in Xinjiang and Tibet.

While China does not want to get involved in the Kokang Chinese matter, since that would be interfering in the internal affairs of another country, China will not help Myanmar crush the rebels either. Yun Sun, a fellow at the East Asia Program at the Henry L. Stimson Center and a non-resident fellow with the Brookings Institution argues:

*As a national policy, China does not support Peng Jiasheng. However, if Peng does successfully consolidate his control of Kokang, China will not opt to oppose him. China will accommodate such a reality, even if it indicates more uncertainties and risks. ...To manage uncertainty and resolve conflict requires strengths and wisdom from the Burmese authorities. Any suspicion of China undermining the process is as equally misplaced as any hope for China to solve the problem for Burma.” (Sun, 2015).*

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<sup>2</sup> I would like to thank Dr. Tin Maung Maung Than for providing me with this information.

<sup>3</sup> It should be noted that the Kokang Chinese are recognized by the Myanmar government as one of the country’s ethnic minority groups. See Composition of the Different Ethnic Groups in Myanmar (<https://www.embassyofmyanmar.be/ABOUT/ethnicgroups.htm> (Accessed 18/6/2015)).

Yun Sun puts forward the argument based on her observation regarding Chinese foreign policy behavior in other region, that “in similar cases of internally divided and unstable countries, such as Pakistan and Afghanistan, China has developed a record of smoothly working with both local tribes/warlords and the central governments” (Sun, 2015). This analogy is inappropriate, however. The tribes in Pakistan and Afghanistan are not linked to the Han Chinese and the situation in these two Islamic states was also beyond Beijing’s control. Moreover, the strategic value of the two countries to China is different from that of Myanmar. China can do something if it wants to, but its actions decided by its foreign policy objectives. If it becomes in China’s national interest to be more interventionist, Beijing would most likely adjust its policy towards Peng Jiasheng accordingly.

Another more realistic argument on Beijing’s foreign policy behavior is put forward by another Chinese scholar, Xue Li. She argues that Myanmar is important for China and maintains that the current passive policy does not serve the interests of China. She therefore suggests that China take initiatives to create favourable environment for peace in Kokang by asking Peng to drop his weapons and negotiate with the Myanmar Government. If Peng refuses, China should cut all weapons supply to Peng. She says that a prosperous Kokang will serve the interests of both China and Myanmar:

*Establishing a Kokang Special Administrative Area (a step forward from the current autonomous area), where the Myanmar government is only responsible for defense and diplomacy, might be a viable solution. This will need Myanmar’s government to genuinely implement the Panglong Agreement,<sup>4</sup> and to go beyond the 2008 constitution, which is not recognized by local ethnic minorities (Li, 2015).*

Xue Li’s view that to have a prosperous Kokang and a more stable Myanmar will benefit China as well. China cannot afford to let the situation worsen as this will only benefit the rivals of China. Her argument is proving to be correct, at least in the short term. On 11 June, one day after Aung San Suu Kyi arrived in Beijing, the MNDAA suddenly announced that it had decided to start a unilateral ceasefire, ending the four months fierce fighting. It also noted that “the government of China has strongly urged that the peaceful situation should be restored along the Sino-Myanmar borders. This is one of the factors which contributed to the [unilateral cease fire] decision.”(Liahe Zaobao, 12 June 2015).

It is also worth noting that when Aung San Suu Kyi visited Yunnan province, the Chinese press reported that she thanked the Chinese government for accepting the refugees and giving them shelter. She was apparently also impressed by the development of Yunnan, which might be a model for Myanmar. The report noted that President Xi Jinping stressed the territorial integrity of Myanmar and expressed China’s strong wish to maintain friendly relations with Myanmar. (BBC Zhongwen Wang, 15-6-2015) The BBC Chinese network commented that

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<sup>4</sup> On 12 February 1947 the Burmese government under Aung San reached an agreement at Panglong with the Shan, Kachin and Chin people. The Panglong Agreement accepted “full autonomy in internal administration for the frontier area”. See The Panglong Agreement, Wikipedia.

this low-profile visit was not widely reported in other media and no report about the contents of the discussion between Aung San Suu Kyi and the Chinese leaders was made available.

## **CONCLUDING REMARKS**

Peng Jiasheng had declared a unilateral ceasefire during Aung San Suu Kyi's visit to China. Myanmar has not made any official response to this but it seems that there is no more fighting being initiated by the government. Nevertheless, one Western scholar noted that "the government has still refused to reconsider its military solution so far" (Haacke, 15 June 2015). However, on 30 June 2015, Reuters reported that the chief of the Myanmar Air Force, Major-General Lwin Oo, had been replaced by Brigadier-General Maung Maung Kyaw. This is seen as a move in response to China's anger over the stray bomb that fell on Chinese territory and killed four (sic) farmers three months ago.<sup>5</sup> (Straits Times, 30 June 2015)

Solving the Kokang issue remains an uphill task. The key to a solution—or to a containment of the problem—lies in the reaching of an understanding between China and Myanmar.

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<sup>5</sup> The report said that Reuters got the information from a senior official in the Myanmar President's Office but "it is unclear when the switch happened".

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