

RESEARCHERS AT SINGAPORE'S *INSTITUTE OF SOUTHEAST ASIAN STUDIES* SHARE THEIR UNDERSTANDING OF CURRENT EVENTS

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China Adapts to New Myanmar Realities

*By Fan Hongwei **

EXECUTIVE SUMMARY

- China is adjusting its Myanmar policy in response to Myanmar's changing domestic political landscape and foreign policy, particularly given that Naypyitaw is already distancing itself from Beijing.
- Ever since China's new ambassador to Myanmar Yang Houlan took office, he has been actively engaging with local media, civil society, opposition leaders, activists and government officials in Myanmar. It can be argued that Yang is carrying out Beijing's new approach in improving relations with all sides in Myanmar and correcting "misunderstandings" about China's economic interests.
- Chinese enterprises in Myanmar are also launching a charm offensive, aiming to improve its image and earn goodwill and trust from the local people. In addition, they have been encouraged to embrace corporate social responsibility practices.
- China is also shifting its previous policy of pursuing relations strictly at an inter-governmental level, and has launched massive people's diplomatic campaigns in Myanmar.

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- Amidst China's re-adoption of people's diplomacy to court Myanmar, the engagement of some new actors, especially semi-official and non-state ones, constitutes an important change in China's Myanmar policy. It adds new dynamics and dimensions to bilateral ties.
- Beyond repairing relations with Myanmar, Beijing is faced with a bigger dilemma – how to preserve its traditional non-interference policy towards a neighbouring country while protecting growing Chinese business interests and maintaining border stability. Beijing recognizes that it has an interest in securing resolution to the ongoing cross-border conflict as this has an impact on its investments.

INTRODUCTION

President Thein Sein's abrupt decision to halt the Chinese-funded Myitsone Dam project on 30 September 2011 was a blow to China especially given the newly upgraded strategic partnership between the two countries. Beijing was left in a state of bewilderment. Not only did China face reproaches for the negative social and environmental impacts in the aftermath of the suspended project, it also had to contend with burgeoning interactions between Myanmar and western countries, democratic reforms, and anti-China resentment in Myanmar all at once. Relations between the two countries reached a nadir in 2011 immediately following the suspension of the project.

The widely accepted position among China's policy communities is that Myanmar's new regime is just "old wine in new bottles" and that its military will continue to wield power behind the scene for a long time to come. Its generals are highly aware of China's overwhelming strategic weight over the country and are eager to diversify and reduce its military and economic dependence on China.

Beijing thus has to shift its Myanmar policy in response to Myanmar's changing domestic political landscape and foreign policy, particularly given that Naypyitaw is already distancing itself from Beijing.

CHINA'S NEW MEDIA-SAVVY AMBASSADOR TO MYANMAR

The relaxation of media censorship under Myanmar's new government has allowed for unprecedented freedom of the press and expression in the long-repressed nation, especially in private weekly journals. Beijing has exploited this opportunity to increase transparency of its Myanmar policy, foster Sino-Myanmar relations, and earn goodwill and trust from the local population. A case in point is China's new Ambassador to Myanmar Yang Houlan's open and energetic attitude as well as receptiveness towards the media. Yang arrived in Yangon on 20 March 2013. One week later, he began frequent participation in media interviews.

According to statistics from the Chinese Embassy in Myanmar, Ambassador Yang accepted as many as seventeen exclusive interviews by Chinese, Myanmar and international media between 28 March and 29 November that year. On 17 May, Yang gave a reception exclusively for representatives from over twenty Burmese and international news agencies in Yangon. During his interaction with the media, he elaborated on China's Myanmar policy and the problems and prospects of Sino-Myanmar relations after the Myitsone saga. Yang also met with a large number of opposition leaders, civil society groups, activists and government leaders. Political analysts have called Yang "one of the most hardworking diplomats they've encoun-

tered” as a result of his receptiveness to the media.¹ Yang’s pragmatic approach and amiable personality have also been well received by the local Burmese-Chinese community.² It can be argued that China’s new ambassador is carrying out Beijing’s new policy in response to the recent changes in Myanmar.

This new stance has not gone unnoticed by Burmese journalists:

[W]hile used to being stonewalled by the embassy and its officials, journalists now find themselves invited to meet-and-greets with the Chinese ambassador. Emails and phone calls are promptly returned ... They are active; before it was very difficult to interview the ambassador or any Chinese officials ... They [China] really lost their relationship with the people [but] now they are trying to rebuild it.³

In addition, the Chinese embassy in Myanmar has opened accounts in Weibo/ Microblog (the Chinese equivalent of Twitter), Facebook, and Twitter since 2011. The embassy has made full use of social and new media to complement “the embassy’s efforts to better reach out to the media through press releases, briefings and access to Chinese officials” and “provide an update on the interactions between Chinese and Burmese diplomats, civil society groups and political parties.”⁴

CHINESE ENTERPRISES’ CHARM OFFENSIVE IN MYANMAR

In a move that can be interpreted as a response to soften widespread external criticism of its cross-border investment projects, Beijing has privately ordered Chinese state-owned companies to do something they rarely did before – embrace Western-style corporate social responsibility practices and act sensitively towards the local people who live near their project sites.⁵ On 5 July 2013, the Chinese Enterprises Chamber in Myanmar invited 35 key Chinese companies to participate in a press conference at the Chinese embassy in Yangon to launch “Initiative by Chinese Enterprises in Myanmar”.. Forty-one Burmese media organizations, including *7Day News Journal*, *Yangon Times* and *News Watch*, attended this event. The initiative encouraged Chinese enterprises in Myanmar to embrace corporate social responsibility and foster a good public image.⁶ At the same time, Beijing also urged and reminded them to engage with local media and civil society groups. According to

¹ Shibani Mahtani, “China’s Ambassador to Myanmar Stresses Communication”, *The Wall Street Journal*, October 10, 2013.

² Interview Yang, Yangon, September 9, 2013.

³ Tim McLaughlin, “Through Facebook, China Reaches Out”, *Myanmar Times*, May 27, 2013

⁴ Tim McLaughlin, “Through Facebook, China Reaches Out”, *Myanmar Times*, May 27, 2013

⁵ Jane Perlez and Bree Feng, “China Tries to Improve Image in a Changing Myanmar”, *The New York Times*, May 18, 2013.

⁶ “Initiative by Chinese Enterprises in Myanmar”, *The Gold Phoenix*, July 8, 2013.

Jin Honggen, the Economic Counselor at the Chinese Embassy in Myanmar, “in the past, we simply did things without saying anything, or we did a lot but only talked a little. Now our companies must both do things and talk about them.”⁷

China National Petroleum Corporation (CNPC) established “Pipeline Friendship Association” in Myanmar to deal with public relations soon after the Myitsone event, and launched more public welfare programmes in infrastructure construction, health-care, education and disaster relief. In 2012, Wanbao Mining established an office of public relations in Yangon and appointed its own spokesperson. As Western media described it, “facing unexpected turbulence over its investments in Myanmar, China is employing a strategy more commonly used by Western corporations: The ‘corporate social responsibility’ campaign.”⁸ In addition, China’s embassy in Yangon and consulate in Mandalay have held lectures on Burmese culture, religion, ethnicity, etiquette, habits and customs for hundreds of Chinese investors and businessmen in the country since 2012.

The Myitsone event arguably drew international attention—notably of a negative variety—to the impacts of Chinese cross-border investments, but it bears remembering that China’s government and enterprises also made various charitable donations to Myanmar prior to the saga.⁹ However, China’s assistance to Myanmar failed to yield desirable results primarily because it was largely channeled to the former military regime rather than to its intended causes.

In the past two years, more and more Chinese enterprises, NGOs, and Chinese governments (both central and local) have consciously committed themselves to local social welfare and philanthropy. But this change may be superficial and only intended as a half measure to improve China’s image and protect Chinese commercial interests. China’s enterprises’ corporate social responsibility performance often falls short of public expectations. This is especially true with some Chinese state-owned enterprises which often strive for profit maximisation with their monopoly positions at a cost to social welfare. Moreover, corporate social responsibility among Chinese companies is still at the early stage of development.¹⁰

Beijing’s efforts to appease Myanmar and counteract anti-China resentment during Myanmar’s transition signify an intervention that is both necessary and a step away from past practice. However, given the distrust and even hostility against China and the Chinese which have accumulated over the past few decades, doubt and suspicion continue to linger over China’s intentions. Whether China’s outreach efforts

⁷ Wang Shifeng, “Jin Honggen: Chinese Companies must Engage in Both Words and Actions in Myanmar”, *China Business News*, August 13, 2013.

⁸ Joseph J. Schatz, “Chinese firms in Myanmar attempt to fix image problem”, *The Christian Science Monitor*, July 12, 2013.

⁹ For China’s enterprises aid to Myanmar livelihood, see “China’s Economic Aid to Myanmar”, *The Gold Phoenix*, January 4, 2013.

¹⁰ WWF, “Chinese Companies in the 21st Century (II): A Survey on the Social Responsibility and Sustainability of Chinese Companies”, April 2010, pp. 11-14.

will assuage anti-China sentiment in Myanmar is an open question. Nonetheless, the acknowledgement by China and its enterprises of the Burmese people's power and concerns as well as the shortcomings of its profit-oriented approach, while tactical, is definitely a step forward.

CHINA'S STRATEGY: A BALANCING ACT

China is adjusting its approach towards a changing Myanmar and is shifting its previous policy away from pursuing relations strictly at an inter-governmental level. In addition to political ties with Naypyitaw, Beijing is actively reaching out to opposition parties, ethnic groups, civil society organizations and people on the ground. In the past two years, Chinese bodies—including central and regional governments, the ruling communist party, official or semi-official NGOs, think tanks and research institutes—have invited their Burmese counterparts to visit China and attend various conferences and dialogues.

According to an official in the International Department of China's Communist Party (CCP) Central Committee, the CCP has initiated dialogue with the principal political parties of Myanmar.¹¹ Beijing had always treaded carefully in its relations with Aung San Suu Kyi and the largest opposition party National League for Democracy (NLD), which is led by her, but this has changed rapidly since 2013. In May 2013, a 12-member NLD delegation, including central executive committee members and members of parliament, paid a historic visit to China for the first time at the invitation of the CCP. Again, in June 2013, a delegation of NLD youths travelled to China. In December 2013, for the first time, the Chinese People's Institute of Foreign Affairs¹² invited the NLD to visit China. On 6 April 2013, the Chinese Embassy in Yangon donated 1 million kyat (around US\$ 1,000) to the NLD National Health Network. Aung San Suu Kyi and China's ambassador Li Junhua had met in December 2011, and on 22 April 2013, China's new ambassador also met her at her home on University Avenue. In November 2013, Suu Kyi reportedly accepted an invitation to visit China, extended by the China Association for International Friendly Contact (a quasi-governmental organization that has military ties). In April 2013, a political party delegation comprising 12 senior members from the All Mon Regional Democracy Party (AMRDP), National Unity Party (NUP), National Democracy Force (NDF), Shan Nationality Democracy Party (SNDP) and Rakhine Nationality Democracy Party (RNDP) visited China. In May 2013, the United Nationalities Alliance (UNA), whose delegates include members from the Mon Democratic Party (MDP), Zomi National Congress (ZNC), Arakan

¹¹ "China has already set up communications with the parties of Myanmar, October 27, 2013", <http://mm.china-embassy.org/eng/sgxw/t1093333.htm>

¹² The Chinese People's Institute of Foreign Affairs (CPIFA) was founded in December 1949 on the initiative of the late Premier Zhou Enlai, the first of its kind devoted to people-to-people diplomacy.

League for Democracy (ALD) and Shan Nationalities Democratic Party, accepted the CCP's invitation to visit China.

RESURGENCE OF BEIJING'S PUBLIC DIPLOMACY TOWARDS MYANMAR

China's efforts at public diplomacy or people's diplomacy is nothing new as demonstrated by Beijing's use of this instrument of influence to court Myanmar in the 1950s and 1960s. But this traditional diplomatic practice was greatly overshadowed by Beijing's government-centred policy towards the former Burmese military government. The main objective of Chinese public diplomacy is to promote Chinese values, such as non-interference in domestic affairs, and to try to create a positive image or perception about those values. In response to resentment in Myanmar against China and other new changes in Myanmar, Beijing has returned to emphasizing people-to-people diplomacy towards Myanmar since the beginning of 2012.

Amidst China's re-adoption of people's diplomatic initiatives inside Myanmar, the engagement of some new actors—especially some semi-official and even non-state actors—is an important change in China's Myanmar policy. It adds new dynamics and dimensions to China-Burmese bilateral ties.

The China Foundation for Peace and Development (CFPD) and the Union Solidarity and Development Party (USDP) have jointly organised the “Brightness Action” programme in Myanmar annually since 2011. This aims to offer free surgical treatment for local cataract patients. The Chinese People's Association for Friendship with Foreign Countries (CPAFFC), Sumitomo Chemical (China) and Glorious Myanmar Investment donated 40,000 mosquito nets and 1,000 sets of solar power equipment to people in Myanmar's remote areas on 8 November 2013.

The Chinese NGO Network for International Exchanges (CNIE) invited a Myanmar delegation of think tanks and NGOs and held a China-Myanmar civil dialogue in Beijing on 1 November 2012. Following that, CNIE and the Myanmar Development Resource Institute (MDRI) co-hosted the China-Myanmar Round-Table Conference on People-to-People Exchanges in Kunming on 14 May 2013.

In 2012, CNIE, CFPD and USDP had launched the China-Myanmar “Deep Fraternal Friendship” project, whose activities included cultural performances, “Brightness Action” programme, joint establishment of an eye-care center, donation of laptops to primary schools and business matching for small and medium enterprises. The China-Myanmar Friendship Association¹³ was also reestablished in April 2011. It is believed that this association played an active role in inviting Aung San Suu Kyi to visit China.

¹³ It was founded in 1952 and came to an end in the late 1960s because of the rift in China-Myanmar relations.

Some Chinese NGOs, such as the China Foundation for Poverty Alleviation, Green Watershed, and Global Environmental Institute (GEI), have initiated programmes on environmental protection, sustainable development, rural livelihoods development, and poverty alleviation in Myanmar. More interestingly, Chinese NGOs have established partnerships with Burmese think tanks and NGOs. For example, GEI established business relations with MDRI, Renewable Energy Association Myanmar (REAM), Vermont Law School (VLS), and the EU-funded Myanmar Peace Center.

Individuals also function very importantly as non-state actors. Born and brought up in Myanmar, China's Burmese-language professor Su Xiuyu won one of the highest religious medals of commendation conferred by Myanmar President Thein Sein in early 2013 for her contribution to education, religious affairs, social welfare and China-Myanmar friendship. She established the "Professor Su-Xiuyu Fund" on 30 March 2013, which immediately launched charity activities in Myanmar. From 27 November to 6 December 2012, China's former ambassador to Myanmar Chen Baoliu, who worked in the country for 12 years and has close relations with the local policy community, visited Myanmar. Beijing's intention seems to be to use her personal ties and influence there to gain support for its Myanmar policy.

In December 2011, the first research institute specializing in Myanmar study in China, the Center of Myanmar Studies (CMS) at Yunnan University, was established. It has become a very active actor in China's public diplomacy towards Myanmar, as it has developed close cooperative relationships with Myanmar NGOs. CMS not only invites Burmese journalists, NGOs, scholars, technical officials to visit China and attend their seminars, but also sends Chinese scholars to give lectures on China issues to Burmese parliamentarians in Naypyitaw.

WHITHER NON-INTERVENTIONISM?

Beyond repairing relations, Beijing is faced with a larger dilemma in its Myanmar foreign policy – how to preserve its traditional policy of non-interference while protecting growing Chinese business interests and maintaining border stability.

The conflict between the Kachin Independence Army (KIA) and the Myanmar Tatmadaw that started in June 2011 has created a series of headaches for China. Their fighting triggered a large-scale influx of refugees across the porous China-Myanmar border into Yunnan Province. When Burmese Air Force jets launched strikes on the KIA at the end of 2011 and the beginning of 2012, they allegedly entered China's air space and some bombs landed on Chinese territory. More importantly, the air raids triggered the anger of the Jingpo people in Yunnan, who share the same ethnic identity with the Kachin on the Burmese side of the border. On 10 January 2013, over 2000 Jingpo people gathered in Nabang, a small border town in Yunnan, to protest against Burmese military's air attack on the Kachin. They

threatened to join the Kachin in their fight against the Burmese military if there was no immediate ceasefire. The spillover effect of the Kachin conflict caused Beijing some anxiety. China has long viewed border security and stability as its core interests, and kept close watch on cross-border ethnic groups who have cross-border separatist tendencies.

This time Beijing exerted unprecedented pressure on Myanmar. Two days after another shell landed in China's territory on 17 January 2013, Vice Foreign Minister Fu Ying, as a Special Envoy of the Chinese government, led a special delegation to visit Myanmar and met with President Thein Sein to voice China's dissatisfaction. On 20 January 2013, Qi Jianguo, the deputy Chief of General Staff, visited Naypyitaw and held the first Strategic Security Consultation between the two armed forces. While putting considerable pressure on the Burmese government and Tatmadaw to halt the fighting and restart peace talks, Beijing pushed the Kachin Independence Organization (KIO) to do the same. Beijing succeeded in getting the two parties back to the negotiating table, and in February and March of 2013, China arranged two rounds of peace talks for two parties in the border town of Ruili.

From a commercial perspective, the escalating conflict was a threat to the security of China-Myanmar oil and gas pipelines, a section of which is close to KIO-held areas in northern Shan State where armed clashes occurred. The conflict hindered the progress of existing Chinese investment projects in the Kachin state as well as the smooth operation of the pipelines. Broader economic stakes provided significant impetus for the Chinese government to intervene.¹⁴

On 11 March 2013, Beijing announced the appointment of Wang Yingfan, a former vice foreign minister, as the Chinese Foreign Ministry's first special envoy for Asian affairs, who would be largely responsible for China-Myanmar affairs. The appointment of Wang Yingfan as a *de facto* Myanmar envoy signifies that China's perception of insecurity towards Myanmar is rising, and Beijing is shifting from a conservative and reactive position to a more proactive and assertive approach to resolve the conflicts between the Tatmadaw and the armed ethnic groups in northern Myanmar. Beijing recognizes that it has a legitimate interest in securing resolution to the cross-border conflict as it has an impact on its investments.

CONCLUSION

After President Xi Jinping and Premier Li Keqiang were officially installed in office, Beijing began to upgrade its periphery diplomacy and launch new diplomatic initiatives. China's periphery diplomacy features dual characteristics under the Xi-Li administration – a combination of carrots, sticks, and other forms of diplomatic

¹⁴ "A Tentative Peace in Myanmar's Kachin Conflict", *ICG Asia Briefing*, No.140, 12 June 2013, p.15.

leverage. Beijing has on one hand adopted a hardline approach towards neighbours who present challenges to its core interests such as territorial sovereignty, and on the other is wooing other neighbouring countries with whom it does not have major conflict of interests.

Whatever China's aspiration may be—for example, the forging of a “China-ASEAN community of common destiny”, or a corresponding “China-Myanmar community of common destiny and common interest”—Myanmar and other neighbouring countries' concern is whether China can and how it will fulfill its promises. Beijing professed that “China is committed to realizing the dream through peaceful development... helping other countries, developing countries and neighboring countries in particular, with their development while achieving development of its own”. It maintains that “In growing relations with our neighbors and other developing countries that have long been friendly towards China yet face daunting challenges in development, we will accommodate their interests rather than seeking benefits at their expense or shifting troubles unto them.”¹⁵

¹⁵ Yang Jiechi, “Implementing the Chinese Dream, September 10, 2013”, <http://nationalinterest.org/commentary/implementing-the-chinese-dream-9026>

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