

Myanmar in the US Indo-Pacific Strategy

Why Is China Winning and What to Do about It?

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The Tatmadaw—Myanmar’s military—under the leadership of Commander in Chief Min Aung Hlaing, began a coup on the morning of 1 February 2021, deposing the democratically elected members of Aung San Suu Kyi’s National League for Democracy (NLD) and declaring a year-long state of emergency. This decision by the Tatmadaw came after its repeated assertions regarding irregularities in the November 2020 elections—a claim Myanmar’s Union Election Commission dismissed, citing lack of evidence. As things stand currently, Beijing is best positioned to play the role of a mediator to impress upon the new military regime to honor its commitment to re-establishing democratic governance. However, the question is, would Beijing want to do so? Since the coup, China has insisted that the international community should not interfere in Myanmar’s internal affairs and has encouraged engagement with the Tatmadaw. On the other hand, Washington has voiced support for member countries facing China’s aggression and urged the Association of Southeast Asian Nations (ASEAN) to act to end violence and restore democracy in Myanmar. What do these divergent approaches toward Myanmar indicate about the extent of Washington’s leverage vis-à-vis Beijing’s clout? Does Washington’s reliance on ASEAN to bring about a change of course in Myanmar, amid China’s multifaceted influence there, reflect a viable strategy? Moreover, where does Myanmar, situated at the confluence of South and Southeast Asia, feature in the US Indo-Pacific strategy, and can Washington’s rhetorical flourish of ASEAN Centrality in its Indo-Pacific strategy realistically help the United States navigate Myanmar’s quagmire?

Keeping these fundamental questions in context, the article will probe Washington’s relative lack of attention to Myanmar in its Asia rebalancing and Indo-Pacific strategies and its failure to reap the benefits of Myanmar’s reform and opening. The article will also assess the extent of the leverage of China’s power in Myanmar and its implications for Myanmar’s own ability to hedge its bets, and that of other major players to promote their interests in Myanmar. Lastly, the ar-

ticle will analyze the emerging trajectory of China's role in Myanmar post the military coup and argue that Washington needs to soberly assess the value of Myanmar in its strategic calculus for the Indo-Pacific. Based on such an assessment, Washington needs to clarify the objectives of its approach to Myanmar and then arrive at its strategy to achieve those objectives, which might include recalibrating its reliance on ASEAN, its dynamics with China vis-à-vis Myanmar, and engagement with like-minded partners of the Indo-Pacific region.

Washington's Myopic Vision for Myanmar and China's Gain

The trajectory of the US approach to Myanmar can best be described as misguided oscillation. Not only does Washington keep reverting to an approach that has met with repeated failure but also the distance between the US objectives and means have been so wide that their implementation has only resulted in shifting the goal posts further away every time. So far, the United States has employed the entire range of its diplomatic temper to get the military dispensation in Myanmar to acquiesce to US demands, ranging from avoidance to ostracization and punishment (sanctions and introducing UN Security Council resolutions to censure the regime on its human rights records), while also periodically shifting from limited to pragmatic engagement.

Ever since the 1988 uprising that brought the military junta to power, US foreign policy in Myanmar has been aimed to restore the democratically elected NLD government, led by Aung San Suu Kyi, and ending the military regime—this despite the fact that General Saw Maung-led State Law and Order Restoration Council had merely replaced an equally brutal military government, to which Washington had been providing assistance periodically.¹ The zeal with which Washington has attempted to end military rule and establish electoral democracy in Myanmar has been exceptional when compared to other authoritarian and military regimes in the neighborhood that are arguably of greater strategic and economic import to the United States.² Perhaps that is the reason why Washington is more willing to test the limits of the Tatmadaw's political flexibility and commitment to peaceful transition to democracy.

According to Prof. David Steinberg of Georgetown University, Myanmar is a "boutique issue" in US foreign policy—.³ He asserts that Myanmar was not a major crisis relative to the other issues, which US needed to address in its foreign policy. However, owing to the lobbying capacity of expatriates from the country, it had gained some currency with administrations and in the US Congress. Prior to Obama administration, America's Myanmar policy was steered by the legislature. Democracy promotion in Myanmar was a bipartisan issue and congressmen from both sides of the aisle have introduced legislations sanctioning the members

of Junta since the early 90's.⁴ Such a bipartisan attitude against an antidemocratic military ruled Myanmar translates to legislative pressures on the executive.⁵

For instance, following is the statement from the executive order sanctioning Myanmar by Pres. Joe Biden in February 2021, "... rejecting the will of the people of Burma as expressed in elections held in November 2020 and undermining the country's democratic transition and rule of law, constitutes an unusual and extraordinary threat to the national security and foreign policy of the United States."⁶ This next statement is from the executive order signed by Pres. Barack Obama in 2009, also imposing sanctions on Myanmar, "... the actions and policies of the Government of Burma continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States."⁷ In both statements, given more than a decade apart, the situation in Myanmar is categorized as an unusual and extraordinary threat to US national security and foreign policy. The only likely challenge that could emanate is the precedent that is set from the executive having to deploy sanctions in pursuance of democracy promotion abroad. Moreover, considering the relative lack of Myanmar's importance in the plethora of US foreign policy issues and its low cost-benefit ratio, American presidents are less likely to challenge the legislature on its decisions pertaining to Myanmar.

One major regional ramifications of this approach has been an increase in China's influence in the region and in ASEAN. Following the group's decision to induct Myanmar in 1997 over objections from the United States, Washington did not sign ASEAN's Treaty of Amity and Cooperation for more than a decade. The United States also reduced its participation in the ASEAN summit and refused to host ASEAN meetings to avoid meeting officials of Myanmar's State Peace and Development Council regime.⁸ During the tenure of Pres. George W. Bush, the United States also became preoccupied with Afghanistan and Iraq to the detriment of its ties with ASEAN.⁹ This affected the United States' broader strategic objective, as the void created by America's absence provided space for China to emerge as one of the biggest trading partners and investment destinations for Myanmar and the region.¹⁰ This would had a direct bearing on the structure of US-China competition thereon, as ASEAN emerged as the platform for addressing regional security issues, and China leveraged its deep economic linkages with a few Southeast Asian neighbors to prevent the grouping from arriving at a consensus against China's territorial intransigencies in the South China Sea. This made the grouping ineffective in coordinating a regional response.

Change in US approach to the region and to Myanmar did not happen until the Obama administration called for a review of Myanmar policy in September 2009.¹¹ This change in approach was premised on how sanctions and constructive

engagement had failed to meet US objectives in Myanmar.¹² Rather, a multilateral initiative led by the United States, including ASEAN, India, Japan, and China—which was envisioned as encouraging reform and reconciliation in Myanmar—was deemed the way forward.¹³ Then-US Secretary of State Hillary Clinton laid down Washington’s new approach to the region during her visit to the ASEAN secretariat in Jakarta in 2009. The same year, Clinton attended the ASEAN Regional Forum and signed the Treaty of Amity and Cooperation. Secretary Clinton decoupled Myanmar from the US–ASEAN relationship and announced that Washington’s Myanmar policy was under review and that the new administration did not believe sanctions to be an effective strategy in Myanmar. Thereon, the Obama administration’s strategy was to deepen ties with ASEAN, while at the same time continuously engaging Myanmar for reforms and maintaining a flexible policy approach to address any number of possible outcomes during Myanmar’s transition process.

Despite some resistance to this approach in the US Congress, Senator Jim Webb (D-VA), Chairman of Senate Foreign Relations Committee on Southeast Asia, argued the need for the United States to balance between its concerns for democracy and human rights on one hand and its strategic interests in the region on the other.¹⁴ He also went on to assert that China was able to expand its influence in Myanmar because of US sanctions.¹⁵ While this opportunity could have proven to be an ideal reset strategy—and in many ways, it was—the American beltway’s overt support for Suu Kyi and the NLD, coupled with reluctance to engage important domestic political actors in Myanmar, hindered a more realist strategy. The United States was following what one analyst calls a “tit-for-tat” diplomacy in Myanmar, where every step the ruling junta took toward democratic reforms was reciprocated with greater political and diplomatic outreach by the Obama administration.¹⁶ To that end, Pres. Thein Sein of the Tatmadaw-backed Union Solidarity and Development Party (USDP) undertook some genuine reform measures, including conducting free and fair by-elections in April 2012, which the NLD won comfortably. Thereafter, the United States lifted investment sanctions later that year and suspended a ban on importing goods from Myanmar.¹⁷ However, Derek Mitchell’s (who was confirmed as the US ambassador to Myanmar) direct involvement in Suu Kyi’s campaign made it appear as if the United States was interfering in the 2015 elections.¹⁸

America’s support for Suu Kyi led the junta to accuse her of being an “axe--handle of the West.”¹⁹ Apart from wasting away America’s goodwill through such explicit support, Washington’s approach was extremely shortsighted. Neither the NLD nor Suu Kyi were in any way representative of the many ethnic organizations in the country.²⁰ Moreover, without the support of the Tatmadaw, neither

Suu Kyi nor any other civilian administration can govern Myanmar. Apart from being the most important political actor in the country, the Tatmadaw's role in ensuring political stability is vital. Myanmar is and will continue to be a conflict zone for some time to come. Much of the peripheral regions are under de-facto control of the ethnic armed organizations, which sustain themselves through a thriving parallel economy financed by drug, arms, and human trafficking. By supporting the NLD and Suu Kyi, the United States, for all its intents and purposes, backed the strongest civilian candidate who would guarantee a victory in general elections. However, Washington lost the plot in having a sustainable political transition by antagonizing all other important players.

During the Trump administration, both houses of the Congress had Republican majorities, and if there was indeed a vision to resurrect America's deficient role in Myanmar's treacherous politico-economic transition, a more effective model for engaging multiple actors in Myanmar could have been built. The Trump presidency however, with its "America first" rhetoric and focus on cutting down America's international commitments, did not seem to have any purposeful vision for Myanmar in its broader Indo-Pacific strategy. Thus, during the recent increase in political tensions, America's withering points of engagement with political players in Myanmar stood exposed. The United States has been deficient, perhaps intentionally, in its outreach to the Tatmadaw.²¹ While this approach can be explained by placing it in context of Washington's priority in ensuring the NLD's electoral success, it was incredibly myopic. By sidelining the most powerful domestic political actor, which had retained the constitutional authority to snap--back the democratic reforms at any given time, the United States, in effect, limited its own ability to help sustain the NLD government.

In the previous three decades, US foreign policy toward Myanmar was consistent in that any action of the Tatmadaw deemed detrimental to the goal of democracy promotion or preserving human rights has been swiftly met with US sanctions. However, by now, it is evident that such measures do not get Washington anywhere closer to its goal. What is worse is the lack of international reciprocity to Myanmar's reform process has made it less likely that the Tatmadaw will see any benefits from investing in political reforms moving forward.

According to Bertil Lintner, the Tatmadaw was keen to reduce its dependence on China.²² However, the US legislative and executive branches would not settle for anything less than allowing Suu Kyi and the NLD free and unconditional participation in the elections. In this phase, Washington had little to lose from the Tatmadaw's refusal and hence was more willing to use coercive diplomacy. The Tatmadaw had a lot to lose if the United States and the international community did not accept the reform measures, which made it more willing to acquiesce to

international demand for deeper reforms. After the 2012 by-elections and 2015 general elections, the Tatmadaw had seemingly come through on its commitment. Now, the ball was in the US court, whereby Washington had to reciprocate by providing alternate sources of investments—thereby reducing Naypyidaw's economic dependence on Beijing. However, as discussed earlier, Myanmar has always been a boutique issue in US foreign policy. Therefore, the consequences of failure of agreement were not too severe in Washington's strategic calculus. Thus, the United States was less willing to put its weight behind American businesses to ensure reciprocity.

Currently, the situation is much different. The Tatmadaw has seen that it can no longer count on the West to substitute or at least reduce its economic dependence on China. Moreover, unlike during the reform phase, the junta does not have to consider domestic public opinion any longer, as its actions are not bound by electoral outcomes for the time being. In the 2008 constitution, the junta reserved for itself the right to declare a state of emergency if it perceived a threat to Myanmar's sovereignty. In such a circumstance, the legislative, executive, and judicial authority is transferred to the Commander in Chief of Myanmar's Defence services.

Moving forward, the Tatmadaw will be less willing now to make concessions as it had before. On the other hand, while the Trump administration had little to no interest in pursuing democratic reforms in Myanmar, the Biden administration is yet to formulate its priorities in the region. If Biden's response to the coup earlier this year is anything to go by, then it was a clear indication that promoting democracy and human rights abroad are once again going to become an important pillar of US foreign policy.²³ Does this necessarily mean that the United States would be more willing to offer rewards in exchange for the junta restoring democracy? While an articulation of US foreign policy priorities in the region is still awaited, moving forward it seems unlikely that the Biden administration would be more successful or willing than the Obama administration in getting US businesses to invest in Myanmar.

To meet US objectives in Myanmar, Washington has exhausted both the carrot (promise of investment, trade, political assistance in reconciliation process) and the stick (sanctions, UNSC resolutions) toward this end. Both approaches have antagonized powerful domestic actors in Myanmar. One possible alternative could be to expend more energy in reducing China's influence in Myanmar by making Myanmar an integral component of US Indo-Pacific strategy.

Situating Myanmar in the US Indo-Pacific Strategy

From Obama administration's Pivot to Asia to Trump's *Indo-Pacific Strategy*, certain commonalities in America's approach continue to persist. At the core,

both strategies signal a realignment of US resources to counter China's growing capability and a willingness to change the status quo in the region. This has taken the form of economic leverages that make the aid and investment recipients in the littoral regions less inclined to use multilateral forums like ASEAN to counter China's belligerence. The Obama administration sought to dilute China's coercive capability by integrating the ASEAN and ASEAN Regional Forum into the security architecture of the region. However, in return, China has been successful in using its economic leverage in nonlittoral states like Cambodia to dilute the collective bargaining capacity of the ASEAN by blocking any attempt at censuring Beijing for China's intransigence.²⁴

In this broader strategic framework, Myanmar's relevance to the US Indo-Pacific strategy has been limited to ending Naypyidaw's weapons purchases from North Korea. Back in 2011, while seeking to improve ties with the United States, Naypyidaw had to give assurances and end its weapons purchases as part of its reform process.²⁵ However, since 2018, reports of Myanmar purchasing weapons from North Korea, including ballistic missiles, have begun to surface in the media.²⁶ It is likely that once again the United States will link Myanmar's reform process with its military ties with North Korea. The declassified *U.S. Strategic Framework for the Indo-Pacific* identifies two regional countries as strategic threats to US national interest—North Korea and China. Myanmar has traditionally maintained deep ties with both regimes. While Washington insisted on Naypyidaw severing military ties with the former, during the beginning of the Pragmatic Engagement back in 2009, Secretary Clinton saw China as a partner when it came to assisting in Myanmar's reform process.

Despite the junta's overtures, the fact that Naypyidaw was actually trying to move closer to Washington and pivot away from Beijing did not matter as much to successive US administrations. As long as the democratic reforms went forward in a steady pace, the Obama administration was willing to incrementally concede political recognition to the USDP. However, judging by the administration's support to Suu Kyi and the NLD in winning the election, it is apparent that Washington cared more about the political transition rather than checking Chinese influence. On the other hand, the Tatmadaw itself had adopted a very cautious approach to the reform process, including installing constitutional safeguards to protect its interests in a democratic Myanmar. Through its support to the NLD, the United States might have inadvertently democratized Myanmar at a faster pace than the Tatmadaw was ready to accept, thereby creating further distrust among the Tatmadaw's leadership regarding America's long-term intentions.

Washington's limited goal in Myanmar cost it a partner who was willing to make difficult political concessions to reduce China's influence in the region, a

primary objective of the US *Indo-Pacific Strategy*. While Myanmar falls geographically in the region that the United States defines as the Indo-Pacific, it is not of strategic import to Washington given its limited role in addressing the flashpoints that have been the focus of US Indo-Pacific strategy so far: the South China and the East China Seas. While Washington has sought to bring together all regional countries that may perceive shared interest with the United States given their own contentions with Beijing, America's objective has been limited to amplifying opposition to China's belligerence in the high seas and seeking commitments to deter any eventuality that may arise from China's misadventures in these zones. The United States has never promised to reciprocate such commitments with a promise to come to aid of nonlittoral countries in their own conflict with China. This understanding of expectations also limits the extent of cooperation in the region. However, there are certain low-intensity issue areas where a shared Indo-Pacific objective can be met with limited costs, and Myanmar is the lowest hanging fruit.

Low levels of economic development due to economic mismanagement and decades of sanctions have pushed Myanmar deep into China's embrace. Reducing this dependence was one of the reasons Myanmar sought development partners in the West. While China has invested in infrastructure development, most of it is built to connect resources to Chinese businesses in Yunnan or Chinese businesses to markets and ports. Infrastructure connectivity within different parts of Myanmar itself is still wanting. The 2019 US document, *Free and open Indo-Pacific: Advancing a Shared Vision*, acknowledged the infrastructure deficit in the region, which China has been leveraging for influence using the Belt and Road Initiative (BRI). The document reflected on infrastructure programs that could provide an alternative to the BRI to countries in the region.

Transitioning to democracy is difficult in the absence of peace. For peace to sustain in a fractured political environment like Myanmar, there needs to be certain peace dividends. Even if establishing a democratic system with Suu Kyi at its helm continues to be the guiding objective of Biden's Myanmar strategy, it will not sustain merely by helping the NLD win elections. For democracy to survive, all political parties must feel assured that their political and economic interests are protected. This means that moving forward, the Tatmadaw and regional ethnic political groups and armed organizations need to be included in the crafting of Myanmar's political future. This will not be easy given China's insecurities and proxy actors like the Myanmar National Democratic Alliance Army (MNDAA)—aka Kokang Army and Arakan Army (AA)—which could incite violence to scuttle any process of reconciliation.

Unless a long-term picture of Myanmar's role in US regional strategy is articulate and established, the US–Myanmar relationship will continue to oscillate with every change in presidency or more often, if the frequency of coups increases. While countering China's influence is the broader strategic objective, the task might be easier said than done. Given the favorable position it enjoys, trying to rout Chinese influence can lead to backlash from the Myanmar military, which is presently counting on China to insulate it from international censures. However, there is a limit to how much Beijing can leverage China's current position. It can only build so many miles of highways and railways. Similarly, it cannot perpetuate the conflict for eternity just to keep itself politically relevant.

By partnering with like-minded countries like India and Thailand, which have stakes in a peaceful Myanmar, the United States can leverage political capital of regional countries that have been engaging with Myanmar and its domestic actors since independence. More importantly, if Washington were to maintain consistency in the US approach to Myanmar, the United States will need to accept that its broader strategic objective will always take precedence over its limited regional goals. By prioritizing democracy promotion and relying solely on Suu Kyi to deliver it, Washington risks losing its political capital and pushing Myanmar further into China's embrace, thereby scuttling even the broader objective. Navigating such complexities will require a more sophisticated foreign policy, which does not rely solely on one person or party. To that end, assessing China's foreign policy approach to Myanmar might have some lessons for the United States.

China's Multilayered Engagement with Myanmar

China's engagement with Myanmar is one of the most sophisticated bilateral relationships that Beijing operates. As a neighboring country, China, like India, has inherited a restive borderland along the China–Myanmar border. The political reach of the central government in Myanmar, and to some extent the Bamar--dominated Tatmadaw, is restricted to the center of the country, while along the country's borders, non-Bamar ethnic communities maintain their semi-sovereign enclaves with their own ethnic armed organizations (EAO). Most of these EAOs finance their operations through illegal farming and trafficking of opium, illegal manufacturing and trading of firearms and weapons, and illicit logging, mining, and trafficking in precious minerals.

Given this neighborhood, Beijing has been exceptionally successful in navigating a complex political landscape and extracting maximum benefits for China. In the initial decades after coming to power, the Chinese Communist Party (CCP) focused on supporting the Burmese Communist Party—comprised of non-Bamar ethnic groups—to defeat the Kuomintang forces that had taken shelter in the

southern neighbor following their defeat in China's civil war. Following a period of economic reforms, China's policy became increasingly federated and operated from Kunming for a brief while. It was focused on finding markets for local businesses that could not compete with big businesses along China's eastern coast. Thus, Myanmar became a conduit for developing China's landlocked Yunnan province. Myanmar provided the easiest means for shipping and exports to Yunnan. Consequently, Myanmar is home to a large Chinese business community. As per one account, 700–800 Chinese enterprises are operating in Myanmar.²⁷

China's top foreign policy objectives in Myanmar are threefold. First is ensuring stability along its border. EAOs operating along the China–Myanmar border are nonsignatories to the Nationwide Ceasefire Agreement (NCA). This means frequent clashes between these EAOs and the Tatmadaw are commonplace. Chief among these EAOs are the Kachin Independence Army (KIA), the United Wa State Army (UWSA), and the aforementioned MNDAA.

China's proactive involvement in Myanmar's National Reconciliation Process started due to frequent eruption of clashes on the Chinese side of the border. In 2009, fighting between the MNDAA and Tatmadaw drove nearly 30,000 refugees into Yunnan.²⁸ In 2015, while targeting MNDAA strongholds, Tatmadaw aircraft dropped bombs on the Chinese side of the border, killing five Chinese citizens.²⁹ In 2017, two Chinese died inside Myanmar during similar clashes.³⁰ These clashes threaten Chinese business interests, as the bulk of trade between Myanmar and Yunnan passes through border towns like Muse. Major economic projects like the China–Myanmar oil and gas pipeline, Ruili–Mandalay Railways, and Kyaukphyu Special Economic Zone are in conflict areas. Protecting these economic interests forms a second objective of China's diplomacy.

Third, and one of the most strategic aspects of China's interests in Myanmar is gaining access to the Indian Ocean. Shipping costs for transporting goods to inland Chinese provinces reduces greatly when imported through Myanmar's Kyaukphyu port. The China–Myanmar oil and gas pipeline, which reduces China's dependence on the narrow Straits of Malacca, makes Naypyidaw an important partner in China's energy security. This necessitates China to maintain a healthy relationship with any central government.

The economic and strategic stakes for China to protect these investments in Myanmar are high, thereby necessitating a multilayered approach to diplomacy. This requires Beijing to build multiple leverages with different political actors in a manner that China's role in Myanmar's domestic affairs becomes indispensable. Beijing does not see this as interference, claiming it is the domestic actors in Myanmar who request Chinese assistance and that China does not do anything of its own volition. However, it would be naïve to believe that Beijing is merely a

passive participant, when the whole purpose of China's engagement is to protect its interests in Myanmar at all costs. Moreover, the fact that China has traditionally held close ties to EAOs that are not signatories to the NCA has also led to speculations that China is providing economic and military assistance to these groups to perpetuate the conflict and maintain its political leverage with the Tatmadaw. Despite the distrust, the Tatmadaw has little room for maneuvering given its economic and military dependence on Beijing.

The leverages that China seeks to create are threefold: political, economic, and military. China has cultivated tremendous political capital for itself by becoming an active mediator of conflicts in Myanmar, often hosting meetings between factions to resume peace. China has displayed its ability to bring EAOs to the negotiating table—for example the 21st Century Panglong Union Peace Conference, organized by Special Envoy Sun Guoxiang—making it an important partner for all political actors in Myanmar. Weeks prior to this conference the KIA, MNDAA, AA, Ta'ang National Liberation Army (TNLA), and Shan State Army-North (SSA-N) formed the Federal Political Negotiation and Coordination Committee (FPNCC) to renegotiate the terms of the NCA. This threatened to derail the negotiations, as these groups were among the most powerful EAOs and had the most frequent clashes with the Tatmadaw. Sun Guoxiang used his influence to convince the FPNCC to attend the second session of the 21st Century Panglong Peace Conference.³¹ In 2018 Sun Guoxiang also arranged for individual EAOs of the FPNCC to meet with the Tatmadaw in Yunnan to negotiate terms for signing the NCA, once with the KIA in Dali and later that year with the Northern Alliance (TNLA, MNDA, AA, UWSA, and KIA) in Kunming.³² In August 2019, when clashes broke out between the Northern Alliance and the Tatmadaw at the Mandalay–Muse highway at Northern Shan State, the special envoy met the representatives of the Northern Alliance in Kunming and arranged a meeting between the alliance and Tatmadaw to end the fighting.³³

China maintains ties with political actors in Myanmar at all levels. Some scholars have said that it was the cancellation of the multibillion-dollar Myitsone dam and Letpadaung Copper mine due to local unrest that caused China to develop a horizontal foreign policy approach, seeking to establish political ties with all major political actors. However, Beijing has always maintained political ties with all major political players, including the opposition groups and EAOs. Chen Ruishen, China's ambassador to Myanmar between 1987 and 1991, met Suu Kyi several times during his tenure, even after the junta placed her under house arrest. Talking about China's approach to powerful political actors abroad, he said, "Our stance at the time was to not interfere in the disputes in Myanmar's politics and to take a neutral stance. After recognizing the military government, we still kept

contact with the opposition because it was an important political force in the country. . . . As long as the party is a legitimate one, there is no reason for us to avoid a meeting.”³⁴ Adding to this, another scholar from the China Institutes of Contemporary International Relations notes, “aside from keeping diplomatic relations with foreign governments, China often holds exchanges with foreign parties both in and out of power. . . . With the principle of not intervening in the internal affairs of others, China develops interparty relations only for further improving bilateral ties. It is just a method to expand the channels for communication.”³⁵

Following international ostracization on the heels of the Rohingya crisis of 2017, China’s importance to shelter the civilian regime and the Tatmadaw against any UNSC resolutions became even more pronounced. Moreover, this assistance increased Myanmar’s economic reliance and the Tatmadaw’s military dependence on China. While the Myanmar economy was witnessing a steady growth rate with moderately increased foreign investment following the 2015 elections, the COVID-19 pandemic, sanctions following the Rohingya crisis of 2017, and the domestic political turmoil following the coup served to bring the economy to a grinding halt. The World Bank has contracted Myanmar’s growth forecast for 2021 by 10 percent.³⁶ On the other hand, according to the UN Development Program, the series of crises that have impacted Myanmar’s economy could result in half the population of Myanmar living below the national poverty line by 2022.³⁷

As per one estimate, out of the approximately 26 billion USD worth of Myanmar’s total global trade, nearly 9 billion USD, or one-third, was conducted with China in 2019.³⁸ In 2020, 96 percent of China’s demand for tin concentrate and nearly half its heavy rare earth concentrates came from Myanmar.³⁹ Beijing invested USD 20 billion in Myanmar in 2020, making China the highest source of foreign investment in country.⁴⁰ At present, the debt owed by Myanmar to China is 28 percent of Myanmar’s GDP and 40 percent of its total debt.⁴¹ Myanmar’s Auditor General cautioned that at a 4.5-percent interest rate, the interest on Chinese loans is higher than that from any other country or lending agency, including the World Bank or International Monetary Fund.⁴² Naypyidaw pays USD 500 million to China annually toward loan repayment.⁴³ It is opined that the reason for the high interest rate is so that China can take controlling stakes of strategic projects like the deep-water port in Kyaukphyu.⁴⁴ Despite the optimism surrounding the bonhomie between the West and Myanmar in the beginning of the previous decade, the outcome that Myanmar was hoping for did not come to fruition. Other than China remaining Myanmar’s most important trade and investment partner, Beijing’s economic compulsion of Myanmar, coupled with the

scope and value of upcoming Chinese projects, render China so indispensable to Myanmar's economy, despite the concerns surrounding the debt burden that Myanmar would be taking on itself.

For a military embroiled in continuous conflict, access to arms and ammunition becomes vital for regime survival. As per the SIPRI database, Myanmar spent USD 1.3 billion on arms imports from China. Fifty percent of Myanmar's major arms imports between 2014–2019, including radars, warships, combat and trainer aircrafts and 90 percent of its military transport came from China.⁴⁵ To be able to sell weapons to the Tatmadaw and yet to maintain the trust of the EAOs that are fighting the Tatmadaw requires some measure of skilled balancing. Beijing's diplomacy in Myanmar benefits from the fact that it is not impinged on the success of a particular individual/party or a particular outcome. This allows a certain amount of maneuverability to China's diplomacy to work with multiple players who are at odds with each other to achieve Beijing's long-term strategic goals.

Conclusion—Is It Worth Winning Myanmar Back?

Before assessing the differences in the two approaches, it would be fair to acknowledge the structural factors that influence bilateral relationships with Myanmar. By virtue of being a proximate power, China has had many more reasons to develop a deeper relationship with Myanmar. The CCP has had a long history with the Burmese Communist Party, which eventually dissolved into ethnic organizations along Myanmar's periphery. In the 1990s, China's Western Development Strategy—which intended to develop the western provinces of China—identified Myanmar as an ideal market to help grow the businesses of Yunnan province and as a footbridge to connect Yunnan to the Indian Ocean, thereby facilitating exports to global markets. More recently, with higher stakes in preserving China's expanded economic and strategic portfolio in Myanmar, Beijing has started playing an active role in conflict mediation. Some have opined that China's participation in the Myanmar's reconciliation process is merely a means to bring Naypyidaw closer into Beijing's sphere of influence. While that might be true, that does not diminish the fact that there was a strategic compulsion behind this approach. Needless to say, the potential fallout of a misstep is also equally great and will endanger China's investments, most of which are in conflict-prone regions.

While China has reaped rewards from its political investment—not only in the reconciliation process but also by protecting the central government against collective action in international forums—the risk exposure to Chinese economic and political investments are also equally high. Given China's increasing global portfolio of investments in other conflict regions, China has also had to walk a

tightrope between protecting its investment without conceding too much, lest it sets an expensive precedent that other investment recipients from China can use to their advantage.

There are two foreign policy strategies of China that are at interplay in Myanmar: Western Development strategy and the Malacca Dilemma. The latter is China's attempt to reduce the risk to its energy supply—the majority of which traverses the narrow Straits of Malacca. Given the friction in Beijing's ties with India and the United States, both of which have significant naval presence in the Indian Ocean, China has concerns that if a conflict were to break out, its crucial energy supplies could be disrupted. To prevent that, China has been setting up alternative routes for energy supply. This makes the the Kyaukphyu–Kunming oil and gas pipeline vital to China's energy security. These broader strategic objectives guide China's diplomacy in Myanmar.

On the other hand, while Washington has a well-articulated strategy for ensuring US primacy in the region, and Myanmar is in the geographical area covered by the Indo-Pacific, US strategy toward Myanmar has been a continuation of its priorities articulated in the 1990s. It continues to lobby for Suu Kyi and the NLD to be restored to power. This is purely an emotive and value-laden issue for the Congress and is devoid of any realpolitik considerations, since no military regime in recent history has challenged or threatened US interests in the region.

The USDP government implemented real political change and took Naypyidaw on the path to democracy in hopes of reducing economic and political dependence on China. This was an opportunity presented on a platter by a country enmeshed in China's sphere of influence, which was risking its most crucial relationship and implementing political reforms, in hopes of providing more political space to its rival to reduce China's influence. This was ostensibly a key objective of the US *Indo-Pacific Strategy*. However, for its part, Washington was only interested in the reforms undertaken by USDP so long as such measures ensured a transition of power to the NLD through an electoral victory. This has damaged America's political capital in Myanmar, as the Tatmadaw will be wary of implementing any change that dilutes its power without any reciprocal material benefits to Myanmar in return. While the Tatmadaw today is reliant on China for reviving Myanmar's economy, protecting the regime in multilateral forums, bringing a peaceful settlement to the decades-long civil war, the junta still has enough reasons to not trust China entirely. This provides a space for Washington to maneuver and not just bring the process of democratic transition back on track but also integrate Myanmar into the US *Indo-Pacific Strategy*.

Before Washington does that, however, the Biden administration must make an honest assessment of whether it wants to expend political capital in the Con-

gress to pursue a strategy that promotes democracy in Myanmar. The administration must also be prepared to expend economic resources to provide a viable alternative to Naypyidaw. There is a high chance that the pace of democratic transition will be slower than before or might not succeed. Considering the myriad of other foreign policy issues that require the Biden administration's attention, including its recent blunders in Afghanistan, the government must decide if Myanmar deserves the requisite attention. The primary objective of the US *Indo-Pacific Strategy* is to reduce China's influence in the region. If the Tatmadaw, as seen during Myanmar's phase of reform and opening, intends to reduce the nations overdependence on neighboring China, US policy toward Myanmar in itself and as a component of its broader *Indo-Pacific Strategy* requires a more realist turn. Such a strategy must be premised on effectively engaging multiple players of Myanmar's quagmire and doing so in concert with other like-minded partners of the Indo-Pacific region. 🌐

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