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China and Myanmar: Beijing's Conflicting Role in the Kachin Peace Process

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Key findings and conclusions

- China has played a conflicting role in the troubled relations between Myanmar's national government and its northern state Kachin, which is decisive for the success of Myanmar's transition.
- As tensions along China-Myanmar border escalated to threaten China's border security in late 2012 and early 2013, China changed its decade-long policy of non-interference and openly hosted and mediated the Kachin peace talk.
- Multiple Chinese actors are pursuing heterogeneous interests in Myanmar, from strategic planning of the central government in Beijing to profit-seeking Yunnan provincial government.
- Some of these interests are conflicting with each other, resulting in China's inconsistent policy towards the Kachin peace process.

Myanmar's democratic and economic transformation is one of the major events in Asia in the first decade of the 21st century. Yet, the success of the transition is highly dependent on Myanmar's domestic peace process. China has played a conflicting role in the relations between Myanmar's national government and its northern state Kachin, where

ethnic rebels have been engaged in resistance against the central government since 1961. Beijing changed its position of non-interference in the conflict between Myanmar's government army and the Kachin Independence Army (KIA), when the conflict escalated and brought significant instability to

the China-Myanmar border in late 2012 and early 2013.

For the first time, China openly hosted and mediated a foreign country's domestic peace talk on Chinese territory. However, China failed to formulate a consistent policy towards the Kachin peace process due to its conflicting interests in Myanmar. The inconsistent Chinese position has contributed to complicating the peace process.

1. China's heterogeneous interests in Myanmar

Myanmar's strategic importance to China

China's interests in Myanmar can be generally identified on two levels: national level and local level (in our case: the Kachin region). On the national level, China's central government and State Owned Enterprises (SOEs) are the key players to pursue Chinese interests throughout Myanmar. These interests are mixed, involving China's national security, strategic planning and economic needs. Beijing's top security concern is to keep the Myanmar national government and regional Kachin forces from joining the "encirclement of China" policy of the U.S., as perceived by Chinese strategists (Zheng, Liu, 2012). Myanmar's government has been eager to build up friendly relations with the West, including the US, so as to balance its traditional political and economic dependence on China (Jennings, 2013; Qin, 2012). The US government's support of Myanmar's reform and its attempt to participate in Myanmar's peace dialogue are seen by Beijing as an alarming competition for influence in the region, potentially threatening China's geostrategic interests and border security (Sun, 2014).

Beijing strives to secure the cooperation of Myanmar's government and the Kachin region to achieve strategic access to the Indian Ocean. In 2013, China National Petroleum Company completed a pipeline running from Myanmar's Indian Ocean coast to Kunming, the capital city of Yunnan Province. The pipeline was built to diversify China's crude oil imports routes from the Middle East and Africa, and avoid traffic through the Strait of Malacca. A deepsea port near the pipeline, which will be linked by a railway to Kunming in 2015, is being built by Chinese investors and companies. Since this pipeline also runs through part of the area controlled by the KIA, Beijing needs to tread a cautious line on its policy to Kachin to avoid possible sabotage (Li, Wang, Yang, 2013).

Myanmar serves as a bridge connecting South Asia and Southeast Asia in China's new global strategy, as China is pursuing a "New Maritime Silk Road" alongside a "China-India-Myanmar Corridor" to increase China's gravity in Asia (Li, 2013). The idea demonstrates the importance of Myanmar on Beijing's regional strategic map. Meanwhile, China is the biggest investor in Myanmar, investing widely in natural resource industries. It is also one of the few major investors in Myanmar's backward manufacturing industry.

Exploiting Natural Resources and Keeping Ethnic Bonds

Inside Kachin, China's interest mostly lies in harvesting the rich water energy and natural resources, including jade and timber. Moreover, concerns about border security have also lingered along with the Kachin conflict. Chinese economic activities have added to the tension between the Kachin Independence

Organization and Myanmar's central government by fomenting, though unintentionally, their competition for control over natural resources in Kachin.

The government of the Chinese province bordering Kachin, Yunnan, is another actor that contributes to the complications of the peace process. Since the 1990's the Yunnan provincial government has encouraged Chinese private traders and investors to take an active part in exploiting natural resources across the border in Kachin. These activities went against repeated appeals aimed by the Myanmar national government towards Beijing to stop illegal trade of jade and timber (ICG, 2010). China reached an agreement with Myanmar about cracking down on illegal trade in 2006. But Beijing failed to enforce the regulations against local cross-border traders. Illegal trade has provided funding for the KIO and its resistance movement, but Burmese government and military officials in the region have also profited from the deals (Qin, 2013). Consequently, natural resources exploitation in Kachin has strengthened those actors who see a ceasefire as potentially hurting their flourishing illicit business (Sun, 2014).

Increasing number of dams built by Chinese state companies constitute another trigger of conflict, on top of "decades of builtup tensions, the unsettled status of the KIO, and the unresolved ethnic grievances" (Su, 2013; Sun, 2014). KIO believes that Myanmar's national army attacked KIA on June 9, 2011, breaking the 17 years of ceasefire, because it wants to secure its control over two Chinese dams near KIA controlled area (Qin, 2013). A major Chinese energy project in Kachin, the Myitsone Dam, has caused fierce local protests due to cultural, environmental and compensation disagreements (Harvey, 2011). Myanmar president Thein Sein suspended

the project in 2011. And this action was seen by Chinese policymakers and business people as hurting Chinese interests so as to please the US. Foreign policy circles in Beijing believe that local protests were actually instigated by US and other Western NGOs to reduce China's influence in Kachin. Such accusations add to Beijing's mistrust of the Christian-dominant Kachin minority which is seen as susceptible to Western manipulations (Qin, 2012).

However, the historical ethnic bonds that reach across the Yunnan-Kachin border tend to alleviate this type of mistrust at least in the eyes of the Yunnan provincial government. The Jingpo minority in Yunnan and the Kachins belong to the same ethnic group, historically bonded by kinship. Their ethnic identification is often stronger than national identification. When the Kachin war broke out in 2011, many Chinese Jingpo displayed their support to the Kachins. Some of them even joined KIA to fight against the Myanmar National Army (Qin, August, 2013). Ethnic ties and a long history of cross-border trade, illegal or legal, have created a mutually dependent habitat that the Yunnan provincial government is striving to sustain (ICG, 2010).

2. China's role in the recent Kachin peace process

China broke its more than two decades-old "non-intervention" stance in early 2013 and openly stepped into the peace dialogue between Myanmar government and KIO. However, as a mediator and interested party at the same time, the Chinese national government is not able to bridge the fundamental disagreements that persist between Naypyidaw and Kachin. China has to tread a cautious line to secure its heterogeneous interests in Myanmar.

Why Openly Stepping in the Peace Talk

China decided to shift its aloof stance towards the Kachin peace talks in late 2012 to early 2013, when open conflict in Kachin brought significant instability to the China-Myanmar border. For the first time since the end of the Cold War, foreign country's bombs landed on Chinese soil. A continuous influx of refugees into Yunnan caused domestic and international concern (Li, 2012). Thus, facing a border security crisis, Beijing could no longer hide behind its traditional calls for "all sides to keep calm and exercise restraint" (BBC, 2011).

After an urgent dispatch from Chinese Vice Foreign Minister Fu Ying and General Qi Jianguo to Myanmar (Wen Wei Po, 2013), China brought the Myanmar national government and KIO to the negotiation table for two rounds of dialogue in Ruili, a Chinese border town near Kachin, in February and March 2013 (Changjiang Daily, 2013), China provided the venue and a security guarantee as the third party which helped to bring the conflicting parties together (Qiu, 2013). Chinese officials also attended followup talks that were held at a later date in Myanmar. In 2013, a seasoned diplomat, Ambassador Wang Yingfan, was appointed as China's first Special Envoy on Asian Affairs who was supposed to focus on coordinating Myanmar affairs (Wu, Su, 2013).

Not So Neutral

China initially kept a neutral position to facilitate the dialogue. But credibility was soon damaged by Beijing's strong position on keeping the peace process free of other international influences, especially the US. In

Ruili, Chinese officials strongly opposed proposals raised by the Myanmar national government and the Kachin's delegation to bring in US and UK representatives as international observers. In turn, delegates from both the national Myanmar government and Kachin region accused China of "intervening in Myanmar's domestic affairs". Myanmar negotiators yielded in the end, but decided to hold the following peace talks in Myanmar and only let Chinese delegates watch the negotiations from a screen in a neighboring room (Qin, May 2013). China ultimately accepted the UN as an observer in the peace talks (Phanida, 2013). Yet, China's initial interventions against international observers have caused some resentments among both the KIO and Myanmar government (Qin, 2013).

Unsuccessful Broker

However, Chinese influence is not the reason for the failure of the Kachin peace talks. The talks became stuck due to fundamental disagreements between Naypyidaw and Kachin. The two sides set opposite priorities as preconditions for further negotiation, and could not reconcile on any of these issues (Saw Yan Naing, 2013). KIO also accused the Myanmar National Army of launching attacks during the negotiation and showing a weak participation in the peace process (The Irrawaddy, 2014).

Despite Beijing's efforts to act as an honest broker, regional observers believe that Beijing has an ambiguous attitude towards the Kachin conflict (Qin, August 2013). On the one hand, it is in China's interest to prevent the conflict from escalating. On the other hand, there are ongoing discussions in Beijing on whether KIO could serve as a lever for Beijing to prevent future Myanmar leaders

from siding with the West against China (Sun, 2014). The latter consideration is further strengthened by the pro-Kachin actors in China, including Jingpo ethnic groups and Yunnan provincial officials and advisors. Jingpo officials and scholars claim that the Chinese government would “always need Kachin people” to deal successfully with the Myanmar central government (Qin, August 2013).

3. Conclusions

China has a strong interest in deescalating the Kachin conflict that may seriously affect China’s influence in Myanmar and its direct access to the Indian Ocean, the stability of the border region and major infrastructure projects as well as the already sizeable flow

of trade, investment and resources across the border. However, China’s role as an active and credible mediator in the peace process is constrained by conflicting strategic considerations. Its foremost concern is to keep US influence away from its border and out of Myanmar. Beijing wants to make sure it can work with both the Myanmar national government and Kachin regional leaders to pursue and safeguard China’s strategic and economic interests. As China’s interests in Myanmar keep on expanding, the major factors that have so far constrained Beijing’s credibility and maneuverability in the Kachin peace process will remain in place for the near future or even grow in importance.

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