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## Reasoning to China's Mediating Role in Myanmar's Political Crisis

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### Introduction

Three years have passed since the 2021 Myanmar political turmoil, and the situation has been evolving from multifaceted domestic complications involving many actors to a full-fledged civil war. Many regional and international actors have proactively de-escalated the fighting and are working towards a ceasefire. One of the most active third parties is the People's Republic of China. Following the principle of non-interference in internal affairs, the People's Republic of China generally behaves in a way that does not involve any state's domestic affairs in the international system. The Myanmar political turmoil is no different for Myanmar, at least on paper, since China has abstained or vetoed UN resolutions on Myanmar numerous times.<sup>1</sup> However, China has been very involved in the issue by taking the role of Mediator by working with the conflicted parties such as the State Administration Council, the Ethnic Armed Organizations (EAOs) like the Arakan Army, the Myanmar National Democratic Alliance Army (MNDAA), and the Ta'ang National Liberation Army (TNLA) of the Three Brotherhood Alliance (3BHA), the National Unity Government (NUG), and related parties towards a peaceful resolution.

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<sup>1</sup> "Security Council Demands Immediate End to Violence in Myanmar, Urges Restraint, Release of Arbitrarily Detained Prisoners, Adopting Resolution 2669 (2022)" UNSC, December 21, 2022, <https://press.un.org/en/2022/sc15159.doc.htm>

This paper suggests that China is taking the role of Mediator because (1) the fighting and instability in Myanmar have negative economic, security, and social impacts on China due to the close trading relations and the shared border between the two; (2) China hopes to showcase its diplomatic skill and promote its peace-lover international image by brokering ceasefire agreements and contributing to peaceful political talks; (3) China plans to use this moment of political vulnerability to further its dominance in the region by playing both side and expending its economic influence with infrastructure investments such as the Belt and Road Initiative.

### **Instability in Myanmar Has Negative Impact on China’s Interests**

As its primary trading partner and key regional investor, China is directly affected by conflicts with its neighbors.<sup>2</sup> Myanmar and China share a long border; therefore, Myanmar’s ongoing instability poses significant challenges to China’s economic, social, and security interests. As a result, it is not in China's best interest for its neighbor to be experiencing heated conflicts, which could result in disrupted trading and economic activities, fragile border security, increasing illegal migration, and transnational crimes.

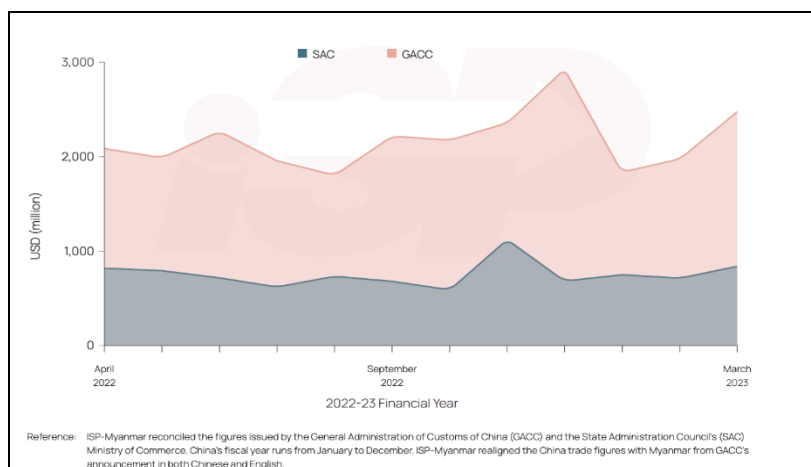
#### ***Disrupt in Trade Relations between Myanmar and China***

Economically, Myanmar’s instability would disrupt trade relations and investments critical to China’s growth. According to the General Administration of Customs of China (GACC), Myanmar is a vital trading partner, with bilateral trade reaching approximately \$26 billion in the fiscal year 2022–2023, as shown in Figure 1. Such trade underpins the economies of both nations, particularly in sectors like agriculture and energy, where Myanmar supplies crucial resources to China’s growing demand.<sup>3</sup>

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<sup>2</sup> “China’s Influence Increases amid Myanmar’s Instability: Beijing's longer-term strategy aims to fragment the anti-junta resistance in Myanmar” United States Institute for Peace, December 20, 2023, <https://www.usip.org/publications/2023/12/chinas-influence-increases-amid-myanmars-instability>

<sup>3</sup> “China Studies”, ISPDData Matter no. 49, August 3, 2023, <https://www.ispmyanmar.com/wp-content/uploads/2023/08/Data-matters-49-eng.pdf>



**Figure 1: The Trading Value between China and Myanmar from 2022-2023**

Additionally, China is a leading source of foreign direct investment (FDI) in Myanmar, with a cumulative total of \$22 billion since 1988 and \$50.917 million approved as of November 2024. These investments, ranging from infrastructure to resource extraction, hinge on stability in Myanmar for consistent returns and growth. The ongoing conflict would disrupt supply chains, slow trade activities, and risk project delays, collectively impacting China’s economic planning.<sup>4</sup>

### ***Investment Projects Under the Belt and Road Initiative (BRI)***

China’s hydropower projects in Myanmar, particularly the Myitsone Hydropower Dam, are central to its strategic and economic objectives under the Belt and Road Initiative (BRI). Beyond energy generation, these projects support energy-intensive infrastructure, such as Special Economic Zones (SEZs) in Yunnan, which rely on electricity imports from Myanmar. They also enhance China’s geopolitical influence by embedding its presence in Myanmar’s energy and resource sectors. Economically, these projects benefit Chinese state-owned enterprises through lucrative contracts for construction and equipment supply, bolstering industrial growth and maintaining China’s global dominance in hydropower engineering. Furthermore, control over transboundary rivers like the Irrawaddy secures China’s energy needs and influences downstream agricultural and industrial activities.

<sup>4</sup> “Yearly Approved Amount of Foreign Investment” Directorate of Investment and Company Administration (“DICA”), November 30th, 2024, [https://www.dica.gov.mm/sites/default/files/document-files/2024-november\\_foreign\\_direct\\_investment\\_yearly\\_approved\\_amount\\_country.pdf](https://www.dica.gov.mm/sites/default/files/document-files/2024-november_foreign_direct_investment_yearly_approved_amount_country.pdf)

However, the suspension of the Myitsone project highlights growing resistance among local communities concerned about environmental and social impacts. This opposition reflects increasing activism in Myanmar and challenges China's broader hydropower ambitions, both regionally and globally. Such resistance threatens the feasibility of similar projects, particularly in countries with active civil societies or fragile political systems. To mitigate these challenges, China must adapt its strategies to address local concerns better, minimizing the risk of future delays or cancellations that could undermine its regional objectives.<sup>5</sup>

On December 26, 2023, the State Administration Council (SAC), Myanmar's military regime, signed an addendum to the concession agreement with China for the Kyaukphyu Special Economic Zone (SEZ) and its deep-sea port.<sup>6</sup> The Kyaukphyu SEZ includes plans for industrial parks, residential areas, and improved infrastructure to boost local employment and economic development in Rakhine State. The deep-sea port is integral to China's energy security, allowing oil and gas transported from the Middle East and Africa to bypass the Strait of Malacca, reducing transit time and potential geopolitical risks.<sup>7</sup> The CMEC is strategically designed to provide China's landlocked southwestern provinces with direct access to the Bay of Bengal, significantly enhancing China's strategic and economic reach in the region.<sup>8</sup>

The timing of the addendum's signing is particularly interesting as it occurred in the aftermath of *Operation 1027*, a surprise offensive launched by the Three Brotherhood Alliance (3BHA) in northern Shan State. Formed in 2019, the 3BHA is a coalition of three major ethnic armed organizations (EAOs): the Arakan Army (AA), the Myanmar National Democratic Alliance Army (MNDAA), and the Ta'ang National Liberation Army (TNLA). Even before, especially following

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<sup>5</sup> The Diplomat, "Myanmar Myitsone Dam Dilemma", March 11, 2019, <https://thediplomat.com/2019/03/myanmars-myitsone-dam-dilemma/>

<sup>6</sup> The Irrawaddy, "Myanmar Junta 'Sweetens Deal' for China in US\$ 8 Billion SEZ and Port in Rakhine State", December 27, 2023, <https://www.irrawaddy.com/specials/myanmar-china-watch/myanmar-junta-sweetens-deal-for-china-in-us-8-billion-sez-and-port-in-rakhine-state.html>.

<sup>7</sup> Ibid.

<sup>8</sup> Kyi Sin, "Securing the China-Myanmar Economic Corridor: Navigating Conflicts and Public Skepticism" *Fulcrum*, October 24, 2024, <https://fulcrum.sg/securing-the-china-myanmar-economic-corridor-navigating-conflicts-and-public-scepticism/>

Operation 1027, the Arakan Army has been expanding its territorial control and administrative functions in Rakhine State, where the Kyaukphyu SEZ is located. For the first time, the AA is poised to wrest control of Rakhine from the SAC's central administrative reach. This shift challenges the authority of Myanmar's military government and has potential implications for foreign investments and infrastructure projects like the Kyaukphyu SEZ.<sup>9</sup>

### ***Border Clashes and Military Spillover***

In March 2015, intense fighting erupted between the Myanmar military and the MNDAA, an ethnic Kokang rebel group. During the clashes, artillery shells and rockets accidentally landed in China's Yunnan province.<sup>10</sup> On March 13, 2015, a bomb dropped by a Myanmar warplane struck a sugarcane field in Gengma County, Yunnan, killing five Chinese villagers and injuring eight others.<sup>11</sup> The incident prompted strong protests from China. The Chinese Air Force deployed fighter jets to patrol the border, and the government demanded an immediate ceasefire and a thorough investigation from Myanmar.<sup>12</sup> Unsurprisingly, that was not the first incident at the Myanmar-Chinese border. In earlier 2015, stray artillery shells from Myanmar landed in Chinese territory, causing property damage, but no casualties were reported.<sup>13</sup> The number of casualties, fatalities, and migrations has only increased further after the 2021 political turmoil.

### ***Refugee Flows and Illegal Migration***

The ongoing conflicts and border clashes involving groups like the 3BHA in Shan State have led to refugees crossing into China's Yunnan province. Since 2009, over 100,000 ethnic Kachins and Kokangs from Kachin State and Shan State, Myanmar, have sought refuge in Yunnan Province,

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<sup>9</sup> Oxford Academic, "Myanmar's strategy in China-Myanmar Economic Corridor: a failure in hedging", May 9, 2022, <https://academic.oup.com/ia/article/98/3/1013/6564934>

<sup>10</sup> Christ Buckley, "Myanmar Warplane kills four farmer in China" The New York Times, March 13, 2015, [https://www.nytimes.com/2015/03/14/world/asia/myanmar-warplane-kills-four-farmers-in-china.html?\\_r=0](https://www.nytimes.com/2015/03/14/world/asia/myanmar-warplane-kills-four-farmers-in-china.html?_r=0)

<sup>11</sup> SCPRC, "China, Myanmar conduct joint investigation on warplane bombing", March 27, 2015, [https://english.www.gov.cn/news/top\\_news/2015/03/27/content\\_281475078385858.htm](https://english.www.gov.cn/news/top_news/2015/03/27/content_281475078385858.htm)

<sup>12</sup> Alexandra Hansen, "Myanmar, Incident at the Chinese border, Last Modified 2024, <https://casebook.icrc.org/case-study/myanmar-incidents-chinese-border>

<sup>13</sup> Reuters, "China say five injured by artillery shells from Myanmar", May 15, 2015, <https://www.reuters.com/article/world/china-says-five-injured-by-artillery-shells-from-myanmar-idUSKBN00192/>

China.<sup>14</sup> Despite this, China maintains that these individuals are merely "border residents," not refugees, and bar the United Nations High Commissioner for Refugees (“UNHCR”) from accessing them.<sup>15</sup>

The 2021 military coup in Myanmar has profoundly reshaped the country’s displacement landscape, driving one of the most significant migration crises in recent history. According to UNHCR data, the coup’s aftermath sparked widespread conflict and instability, which have directly fueled an alarming rise in displacement from 2021 to 2023. Internally displaced persons (IDPs) surged from 671,000 in 2021 to 2.6 million by 2023, reflecting the escalating violence and insecurity linked to the coup.

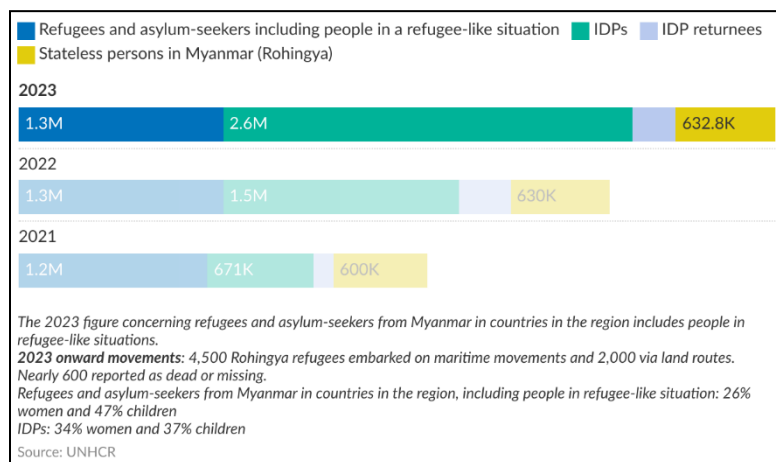


Figure 2: The Number of Forced Displacement in Myanmar (2021-2023)

This political upheaval has also severely impacted external migration. While refugees and asylum-seekers fleeing Myanmar to neighboring countries have remained stable at around 1.3 million since 2022, this stagnation likely underscores the difficulties individuals face in escaping the worsening conditions. Restrictions on movement, limited asylum opportunities, and increased border controls may have hindered further outflows, trapping many within the country. The plight of the stateless

<sup>14</sup> Lili Song, “Refugees or Border Residents from Myanmar? The Status of Displaced Ethnic Kachins and Kokangs in Yunnan Province, China”, *International Journal of Refugee Law*, 2017, Vol 29, No 3 (September 13, 2017), 466–487 doi:10.1093/ijrl/eex031.

<sup>15</sup> UNHCR, “China: UNHCR Calls for Access to Myanmar Refugees”, September 4, 2009, accessed 4 November 2024

Rohingya population, which reached 632,800 in 2023, adds another layer of complexity, as their status leaves them particularly vulnerable in the volatile post-coup environment.

Further underscoring the migration crisis, 2023 saw approximately 4,500 Rohingya refugees risk dangerous maritime journeys and 2,000 more attempt land routes to escape Myanmar's deteriorating conditions. Tragically, nearly 600 individuals were reported dead or missing during these desperate attempts, a sobering testament to the dire circumstances created by the coup. The demographic breakdown of displaced populations further highlights the far-reaching consequences of the 2021 coup. Women and children, already among the most vulnerable groups, bear the brunt of the crisis. Among refugees and asylum-seekers, 26% are women, and 47% are children; for IDPs, 34% are women, and 37% are children. These figures illustrate the immense humanitarian toll of the military coup, as conflict-induced migration continues to destabilize lives and communities both within and beyond Myanmar's borders.<sup>16</sup>

### ***Transnational Crimes***

The political turmoil following Myanmar's 2021 military coup has exacerbated the situation, creating a conducive environment for transnational criminal activities.<sup>17</sup> The United Nations Office on Drugs and Crime (UNODC) has reported a significant increase in drug trafficking in East and Southeast Asia, with Myanmar emerging as a major source of *methamphetamine* production. In 2023, a record 190 tons of methamphetamine were seized in the region, with 89% of these seizures occurring in Southeast Asia. The majority of this methamphetamine is produced in Myanmar's Shan State, an area known for its political instability and limited law enforcement presence, which organized crime groups have exploited to expand drug production.<sup>18</sup>

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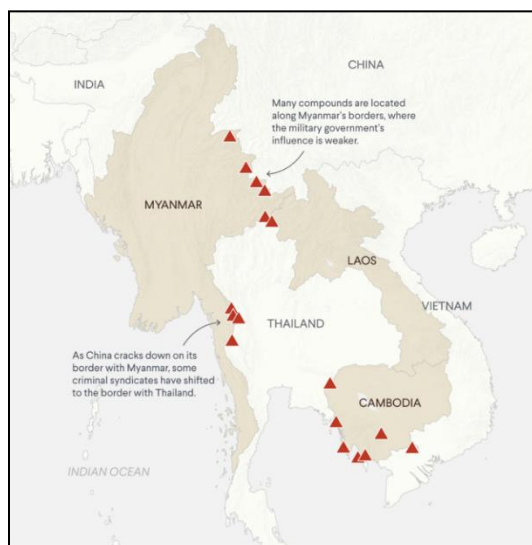
<sup>16</sup> UNHCR, "Myanmar Situation in 2023", 2023, <https://reporting.unhcr.org/operational/situations/myanmar-situation>

<sup>17</sup> The Diplomat, "Illicit Drug Production Has Surged Since Myanmar's Coup", February 2, 2022, <https://thediplomat.com/2022/02/illicit-drug-production-has-surged-since-myanmars-coup/>

<sup>18</sup> The Associate Press, "East, Southeast Asia had record methamphetamine seizures last year. Profits remain in the billions", May 28, 2024, <https://apnews.com/article/crystal-methamphetamine-golden-triangle-shan-ketamine-cb5de08da123b150210793a667c0c149>



Organized criminal groups, primarily from China, are running cyber scam operations across Southeast Asia, with a significant presence in economically poor countries like Cambodia, Laos, and Myanmar. With the 2021 coup, this event had created a golden opportunity for online scams and fraud to flourish. Criminal syndicates have exploited the lack of effective governance to establish online scam centers within Myanmar, primarily targeting Chinese citizens. In 2021, Chinese authorities reported a significant surge in fraud cases linked to operations based in Myanmar. These scam centers, often called "fraud factories," are typically located in regions with limited law enforcement presence, such as the Kokang Self-Administered Zone and areas controlled by ethnic armed groups. The operations involve luring individuals, including Chinese nationals, under pretenses and coercing them into participating in fraudulent activities. The scams range from investment frauds to romance scams, collectively causing substantial financial losses to victims.<sup>19</sup>



In response to the escalating fraud cases, Chinese authorities have increased their crackdown on these operations. Collaborative efforts between China and Myanmar have led to the extradition of numerous suspects.<sup>20</sup> For instance, in May 2024, over **49,000 criminal suspects** involved in telecom and internet fraud were handed over to Chinese custody by Myanmar authorities.<sup>21</sup>

<sup>19</sup> Council on Foreign Relations, "How Myanmar became a global center for Cyber Scams", May 31, 2024, <https://www.cfr.org/in-brief/how-myanmar-became-global-center-cyber-scams>

<sup>20</sup> SCPRC, "Chinese authorities strengthen cooperation to fight trans-border telecom fraud", December 2, 2024, [https://english.www.gov.cn/english.www.gov.cn/news/202412/02/content\\_WS674d4ea7c6d0868f4e8ed965.html](https://english.www.gov.cn/english.www.gov.cn/news/202412/02/content_WS674d4ea7c6d0868f4e8ed965.html)

<sup>21</sup> SCPRC, "49,000 telecom scam suspects extradited to China from Myanmar: police", May 27, 2024, [https://english.www.gov.cn/news/202405/27/content\\_WS66546691c6d0868f4e8e788d.html](https://english.www.gov.cn/news/202405/27/content_WS66546691c6d0868f4e8e788d.html)



## **China's Diplomatic Capacity and Leadership Showcase**

From a strategic point of view, China voluntarily becomes a mediator in the issue to project a positive image and promote its Five Principles of Peaceful Coexistence to the world. To become a well-respected regional leader, China needs economic and military power, good diplomatic capability, and a friendly image. However, China's reputation has been projected as being an aggressor and human rights violator in the global eyes due to the communist and pragmatic nature of its political system in a world dominated by democracy. For example, there have been numerous reported incidents of China's aggressive activities toward other claimant states in the South China Sea, such as the usage of water cannons or blocking and ramming into naval vessels by the Chinese coast guards.<sup>22</sup> In the same case of the South China Sea issue, China's claim of historic rights to the South China Sea and the islands on the sea was dismissed by the Permanent Court of Arbitration in the 2016 Tribunal, according to the UNCLOS,<sup>23</sup> and the continuation of Chinese naval vessels' navigation and harassment in the disputed area resulted in a negative perception of the world of the country. Moreover, with its history of being a communist country with authoritarian leadership, China has also been criticized for political oppression and human rights violations such as the case of the Uyghurs concentration camp in Xinjiang.

Embodying the Five Principles of Peaceful Coexistence of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence,<sup>24</sup> China hopes to showcase its capability to be an effective and efficient regional leader by working towards peaceful solutions in the Myanmar political issue. Therefore, by taking the initiative to be the mediator in Myanmar's escalating conflict between the State Administration Council and the ethnic armed organizations to seek a

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<sup>22</sup> The Associate Press, "Chinese coast guard fires water cannons at Philippine vessels in the latest South China Sea incident", May 1, 2024, <https://apnews.com/article/philippines-disputed-shoal-south-china-sea-scarborough-27a2ef0bda953cb6bda4f42057fb7e39>

<sup>23</sup> Jon Marek, "US-China International Law Disputes in the South China Sea" Air University, July 9, 2021, <https://www.airuniversity.af.edu/Wild-Blue-Yonder/Article-Display/Article/2685294/us-china-international-law-disputes-in-the-south-china-sea/#:~:text=In%202016%2C%20a%20UN%20tribunal,to%20near-collisions%20at%20sea>.

<sup>24</sup> Asia for Educators, "Principles of China's Foreign Policy", November 23, 2024, [https://afe.easia.columbia.edu/special/china\\_1950\\_forpol\\_principles.htm](https://afe.easia.columbia.edu/special/china_1950_forpol_principles.htm)

solution to the dispute, China would be able to build its international image and promote its foreign policy as a peace-lover who is willing to live with fellow neighboring countries in peace, prosperity, and harmony rather than isolation, confrontation, or division.<sup>25</sup> On multiple occasions, China has displayed these peace-loving leadership traits in the issue. China has been seen to be very proactive in being a caring neighbor since the beginning of the conflict by initiating talks between conflicting parties such as the State Administration Council (SAC), the National League for Democracy (NLD), and the Ethnic Armed Groups and encouraging ceasefire agreements.<sup>26</sup> China brokered a ceasefire agreement between the Tatmadaw and the Three Brotherhood Alliance (3BHA) on January 12, 2024, to stop the all-over-the-country fighting campaign Operation 1023 initiated by the latter.<sup>27</sup> However, this ceasefire agreement has been broken, with some reports accusing each party of being the culprit.<sup>28</sup>

More recently, both parties once again declared that they were ready for a ceasefire and potential political dialogue thanks to rigorous diplomatic pushes from China. The State Administration Council had opened the door to political talk by publicly inviting ethnic rebel groups in September 2024 to no avail. Then Senior General Min Aung Hlaing once again offered the peace talk on October 15, 2024, resulting in around 12 ethnic armed groups willing to negotiate with the Tatmadaw.<sup>29</sup> In response, two of the biggest ethnic armed groups in Myanmar and members of the Three Brotherhood Alliance, the Ta'ang National Liberation Army (TNLA) and the Myanmar National Democratic Alliance Army (MNDAA). The latter is a communist and Chinese ethnic-based group sponsored by China, which announced their willingness to participate in political

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<sup>25</sup> Embassy of the People's Republic of China in the Kingdom of Cambodia, "Outlook on China's Foreign Policy on Its Neighborhood In the New Era", October 24, 2023, [http://kh.china-embassy.gov.cn/eng/zgjx\\_1/202310/t20231024\\_11167268.htm](http://kh.china-embassy.gov.cn/eng/zgjx_1/202310/t20231024_11167268.htm)

<sup>26</sup> Crisis Group, "Scam Centres and Ceasefires: China-Myanmar Ties Since the Coup", March 27, 2024, <https://www.crisisgroup.org/asia/north-east-asia/china-myanmar/b179-scam-centres-and-ceasefires-china-myanmar-ties-coup>

<sup>27</sup> Reuters, "Myanmar rebel alliance agrees to ceasefire with ruling military", January 12, 2024, <https://www.reuters.com/world/asia-pacific/myanmar-rebel-alliance-agree-ceasefire-with-ruling-military-rebel-group-tnla-2024-01-12/>

<sup>28</sup> The Irrawaddy, "Myanmar Junta Breaks Chinese-Brokered Ceasefire: TNLA", January 13, 2024, <https://www.irrawaddy.com/news/burma/myanmar-junta-breaks-chinese-brokered-ceasefire-tnla.html>

<sup>29</sup> Sokkosol Keo "Why Did Myanmar Decide to Join the 44th and 45th ASEAN Summits and Related Summits?" CSEAS, October, 2024, [https://rupp.edu.kh/iispp/cseas/cseas\\_commentary-v2/2023-2024/documents/CSEAS%20Commentary-33.pdf](https://rupp.edu.kh/iispp/cseas/cseas_commentary-v2/2023-2024/documents/CSEAS%20Commentary-33.pdf)

dialogue in late November and early December, respectively.<sup>30</sup> Additionally, China has also been working with Myanmar's neighboring countries and urging them to assist Myanmar with the conflict on top of promising that they will provide technical support if needed to restore peace and stability in the country.<sup>31</sup>

## **An Opportunity to Further Influence in the Region**

China's ambition to become a dominant power in the Asia-Pacific region has been evident through its extensive military modernization and economic growth. China is paying attention to Southeast Asia (SEA) to spread its influence and compete with America's power.<sup>32</sup> Because of its interests and strategy of hedging, China has actively participated in Myanmar's ongoing conflict by tentatively approaching both the Junta and other ethnic factions on the border.<sup>33</sup> In this way, Chinese diplomatic support of the military and rebels places China between them, making it a mediator and possibly a power broker in Myanmar while avoiding direct conflict. China supports the Myanmar junta in gaining control over resource projects and Belt and Road Initiative (BRI) developments necessary for its regional objectives.<sup>34</sup> At the same time, it continues to support ethnic armed groups such as the Kachin Independence Army (KIA), United Wa State Army (UWSA), and Ta'ang National Liberation Army (TNLA) in the border area. These relationships give China bargaining power over Myanmar and ensure regions along the border are not behind the scenes of large-scale conflicts that may disrupt trade or trigger refugee flows.<sup>35</sup>

### ***More Debt Means More Chinese Presence***

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<sup>30</sup> Mizzima, "MNDA calls for ceasefire and political dialogue amid escalating conflict in Myanmar", December 06, 2024, <https://eng.mizzima.com/2024/12/06/17054>

<sup>31</sup> Reuters, "China rallies regional support for Myanmar peace bid", August 16, 2024,

<https://www.bangkokpost.com/world/2848313/china-rallies-regional-support-for-myanmar-peace-bid>

<sup>32</sup> Kay Tse, et al., "Potential threats the rise of China's economic and military power in the Asia Pacific region", *International Journal of Multidisciplinary Approach Research and Science*, no. 1 (January 2023): 25-26, <https://risetpress.com/index.php/ijmars/article/view/24/23>.

<sup>33</sup> Sudha Ramachandran, "China's Collaboration with the Myanmar Junta: A Case of Strategic Hedging?," The Jamestown Foundation, July 07, 2023, <https://jamestown.org/program/chinas-collaboration-with-the-myanmar-junta-a-case-of-strategic-hedging/>.

<sup>34</sup> Thant Aung Paing, "China in Myanmar: How the Game-Changing Neighbor Would Continue to Maintain Its Influence", Stimson Center, August 26, 2024, <https://www.stimson.org/2024/china-in-myanmar-how-the-game-changing-neighbor-would-continue-to-maintain-its-influence/>.

<sup>35</sup> Morgan Michaels, "What China's growing involvement means for Myanmar's conflict," International Institutes for Strategic Studies, August 07, 2023, <https://myanmar.iiss.org/analysis/chinas-growing-involvement>.

China has also invested funds into constructing hard infrastructure in BRI countries through the China-Myanmar Economic Corridor (CMEC). Some of these projects, including the Mee Ling Gyaing LNG terminal, the Kyaukphyu SEZ, the deep seaport, and the upgrading of the Muse-Mandalay road that will lead to the Muse-Mandalay railway line of the CMEC, are examples of Chinese economic penetration within the nation.<sup>36</sup> However, this so-called “Puak Phaw” friendship also comes at the expense of debt. Such dependency creates a risk of a “debt trap” which means that Myanmar might be incapable of repaying and; therefore, China would be able to assert its control over Myanmar’s actions.<sup>37</sup> As of 2020, 40% of Myanmar’s \$10 billion debts are owed to China; thus, it is believed that the debt escalated further after February 2021, when the military seized power and required Beijing’s generosity.<sup>38</sup> Myanmar would undoubtedly have to give up control of major infrastructure projects to China if it continues to borrow in that way.

China’s supposed debt-trap tactic is intentionally extending a burdensome loan to a country for a project that produces little to no economic return and then leveraging the resulting financial distress of the recipient to Beijing’s advantage.<sup>39</sup> The rise of China as a global economic powerhouse has led to an increased financial dependency of several African countries by placing them under a Chinese debt trap.<sup>40</sup> For instance, Angola has become heavily indebted to China by using its opaque nature for these loan agreements and oil resources as collateral, heightening the concerns about Angola's future economic autonomy.<sup>41</sup> Thus, it allows China to secure a sufficient source of oil to fuel its economic growth via obtaining leverage over Angolan political decisions

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<sup>36</sup> Sreeparna Banerjee, “Myanmar’s trade relations with China,” Observer Research Foundation, March 31, 2023, <https://www.orfonline.org/expert-speak/myanmars-trade-relations-with-china>.

<sup>37</sup> Jan Lehman, “Dangers of a Chinese debt trap for Myanmar,” *Mizzima*, accessed November 5, 2024, <https://www.mizzima.com/article/dangers-chinese-debt-trap-myanmar>.

<sup>38</sup> Ankita Sanyal, “China's Debt-Trap Diplomacy in South Asia,” International Centre for Peace Studies, March 15, 2023, <https://www.icpsnet.org/comments/China-Debt-Trap-Diplomacy-in-South-Asia>.

<sup>39</sup> Alain Tao, “Beyond the Narrative of China’s Debt Trap Diplomacy,” E-International Relations, August 02, 2023, <https://www.e-ir.info/2023/08/02/beyond-the-narrative-of-chinas-debt-trap-diplomacy/>.

<sup>40</sup> Alex Vines OBE, et al., “The response to debt distress in Africa and the role of China,” Chatham House, December, 2022, <https://www.chathamhouse.org/sites/default/files/2022-12/2022-12-15-africa-china-debt-distress-vines-et-al.pdf>.

<sup>41</sup> Ver Angola, “Study says Angola is the country in the world where debt to China has the most weight in public spending,” March 24, 2022, <https://www.verangola.net/va/en/032022/Economy/30069/Study-says-Angola-is-the-country-in-the-world-where-debt-to-China-has-the-most-weight-in-public-spending.htm>

that could impact resource extraction and production.<sup>42</sup> Furthermore, in 2012, Cambodia resisted releasing a joint statement criticizing China's South China Sea claims, allegedly due to Chinese economic influence.<sup>43</sup> This dependence gives China significant leverage over Cambodia's foreign policy positions, impacting regional diplomacy. This incident is often cited as an example of how China's economic ties with ASEAN nations, particularly Cambodia, enable it to shape regional unity to its advantage subtly.<sup>44</sup>

### ***A Chance to Challenge India by Being a Closer Ally to the Tatmadaw***

The idea of developing relations between China and the Tatmadaw will indeed strengthen China's strategic position in the Asia-Pacific region. Myanmar is not only situated in a highly strategic geographical location but also a key to expanding China's diplomatic power in the region and checking and balancing India's diplomatic might to a large extent.<sup>45</sup>

Myanmar has become one of the geo-strategically significant southeastern countries for both China and India.<sup>46</sup> For China, Myanmar represents strategic value as it provides access to the Bay of Bengal and the Indian Ocean to minimize the use of the Malacca straits. Myanmar's Kyaukpyu port, combined with pipeline projects that export oil and gas from the Bay of Bengal to Yunnan, has given access to an alternative route for the import of energy and export of goods, thereby avoiding the lengthy sea route passing via the South China Sea and Strait of Malacca.<sup>47</sup> This can provide Beijing with the geographical capability to project its control over some of the world's

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<sup>42</sup> Kevin Acker and Deborah Brautigam, "Twenty Years of Data on China's Africa Lending," China Africa Research Initiative, March, 2021, <https://www.econstor.eu/bitstream/10419/248245/1/sais-cari-bp04.pdf>.

<sup>43</sup> Aljazeera, "ASEAN talks fail over South China Sea dispute," November 5, 2024, <https://www.aljazeera.com/news/2012/7/13/asean-talks-fail-over-south-china-sea-dispute>.

<sup>44</sup> Ernest Z. Bower, "China Reveals Its Hand on ASEAN in Phnom Penh," Center for Strategic & International Studies, July 20, 2012, <https://www.csis.org/analysis/china-reveals-its-hand-asean-phnom-penh>.

<sup>45</sup> Jason Tower, "China's High-Stakes Calculations in Myanmar," United States Institute of Peace, April 7, 2021, <https://www.usip.org/publications/2021/04/chinas-high-stakes-calculations-myanmar>.

<sup>46</sup> Gunjan Singh, "How China and India view growing unrest in Myanmar," *Deccan Herald*, accessed November 5, 2024, <https://www.deccanherald.com/opinion/how-china-and-india-view-growing-unrest-in-myanmar-3174629>

<sup>47</sup> Waleed Ahmad, "Two sides of the same coin: Comparing CPEC and CMEC," *South Asia Journal*, September 07, 2023, <https://southasiajournal.net/two-sides-of-the-same-coin-comparing-cpec-and-cmec/>

most important sea lanes and keep a military base closer to India's coastline so as to use Myanmar as a second coast for the Chinese navy.<sup>48</sup>

## **Conclusion**

The 2021 Myanmar's political turmoil is a protracted conflict that is moving towards full-fledged civil war, resulting in not just domestic challenges but also creating spillover effects to the neighboring countries and the whole region as well. As a neighboring country that shares the same border, China is concerned for its safety and economic interest since China has a large number of big infrastructure investments and trading activities in Myanmar; the clashes in the country and near the border also cause negative spillover effects to China as well such as the increase in transnational crimes and illegal migration. Moreover, China could seize this opportunity to build its image as a capable regional leader with peace-loving characteristics that could end a complex conflict in Myanmar. Finally, this is a golden opportunity for China to further expand its political influence and dominance in the region by using debt-trap diplomacy, playing it safe by working with all sides and accelerating the BRI in Myanmar to gain access to the Bay of Bengal for geopolitical purposes.

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<sup>48</sup> Shurabhi Ghosh, "China's String of Pearl Strategy: A Threat to India's Security," November 25, 2020, <https://www.jcreview.com/admin/Uploads/Files/621f8a1c9fca42.40337397.pdf>

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