



# ISSUE BRIEF

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## China - Myanmar Nexus: India's Conundrum



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Since the Second World War, Myanmar has never garnered so much attention as it has now. Located at the tri-junction of South Asia, East Asia and Southeast Asia, Myanmar serves a golden land bridge between India and the prospering economies in East Asia and Southeast Asia. It occupies a critical geostrategic position which is often perceived to be a buffer state between the two Asian giants, India and China, who share a complicated relationship, with elements of cooperation and competition in their engagements, especially in the Asian region.

Myanmar is slowly but steadily becoming a perfect example of "race for regional hegemony" between India and China. This race is being propelled by both Economic and Strategic Security concerns of both the nations. At face value, China appears to be emerging as the closest strategic partner of Myanmar. But is this axiomatic China-Myanmar nexus a reality? Or is it just a "marriage of convenience"? This China and Myanmar relation matrix and its strategic ramifications for India is both unique and dynamic. In present geopolitical scenario there seems to be an ardent need for India to take a de novo look of its political and strategic engagement of Myanmar.

### **China-Myanmar Relations: Historical Compulsions**

Ever since Myanmar gained its independence from Britain in January 1948, it has existed in a state of war from within. Till year 1990, there were serious and basic ideological differences between China and Myanmar as one was based on British

### *Key Points*

1. The geostrategic significance and natural resources of Myanmar intersect the Chinese and Indian interests.
2. Contest between China and India over Myanmar would continue to shape the balance of power in this region.
3. China has throughout history solidly stood behind Myanmar, but suspicion of its intentions runs deep in Myanmar.
4. Beijing's interests are a decisive economic influence in Myanmar. Myanmar on the contrary has limited options as China's economic footprints in Myanmar are huge.
5. Myanmar is heavily weighed down by China's obligation of repeated and unflinching support, making China too powerful and hegemonic for her to ignore on principle.
6. Myanmar being acutely conscious of its two neighbouring Asian giants, India and China, is trying to do the balancing act.
7. India is seen as a reliable partner, "A Friend" who is expected to economically counterbalance China. Myanmar, however, feels let down by the slow and limited strategic vision of India.
8. Time seems to be "running out" for India, for which it needs tectonic changes in its engagement of Myanmar.

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## China - Myanmar Nexus ...

democracy and the other a torch-bearer of Communism. This brewed the mistrust. Advent of Martial Law and student unrest in Myanmar in 1989-90 led to imposition of sanctions by the West, forging closer ties between China and Myanmar. This relationship was symbiotic as Myanmar desperately wanted military hardware and a close ally to protect its interests while China was concomitantly looking at its strategic and economic interests. Contrary to world view, Beijing and Yangon during the period 1989-2011 adopted “development first, democracy later” approach, making China Myanmar junta’s undisputed all-weather supporter.

Exploiting this “window of opportunity,” China invested and loaned heavily in Myanmar, while the whole world including India remained aloof and indifferent. Bagging of coveted 1,400-kilometre oil and gas pipeline from Bay of Bengal to underdeveloped Yunnan province by China in year 2007, can be considered a watershed moment in their bilateral relations.

However, Myanmar’s 2011 democratic elections brought in a paradigm shift, as the new government of Mr. Thein Sein commenced political and economic reforms and opened the market to foreign investment. This development was viewed by the world as Myanmar’s push to reduce its dependency on China. Resultantly, the Western world lifted their imposed sanctions, recognising these reforms as a step towards democratic underpinning.

But it was “too little too late” as China’s investment in Myanmar by 2011 had already crossed \$13.3 billion, making Myanmar inadvertently dependent on her. Although during 2011-2013 period China got a little worried of this new democracy as its investment started shrinking from a whopping \$13.3 billion till 2011, growing only by a very low margin to reach \$14.14 billion in 2013. But China still remained the most entrenched power in Myanmar providing the economic assistance, political support and military cooperation that Myanmar needed, while the world on the other hand failed to capitalise on this reverberating opportunity, making China indispensable to Myanmar.

### Why Is Myanmar so Important for China

So the moot question arises, what is Myanmar’s importance to China and where does it stand in China’s geopolitical, geo-economic and geostrategic scheme of things? The answer partially lies in China’s “connectivity dilemma” to the Indian Ocean Region which has fascinated it throughout its history. For China, Indian Ocean remains an enigma and it seeks to establish a stronger presence in this Region for which Myanmar offers a promising base. Myanmar also consolidates China’s strategic interests with a golden opportunity to militarily encircle India and offset its fear of the looming influence of the USA along its Southern border.

China, on the one hand, enjoys a strategic advantage in the Pacific against a distant, but militarily superior power, the

US; while on the other hand China faces the same dilemma vis-à-vis India in the Indian Ocean Region. Therefore, its maritime strategic strategy is facing two major challenges; one, an inability to spare its naval assets to the Indian Ocean because of Western Pacific being a strategic priority; second, the Malacca Strait, connecting South China Sea with the Indian Ocean, prohibits quick and fast redeployment of the Chinese Navy into the Indian Ocean. This dilemma is likely to persist till China’s Navy reaches its anticipated world class blue-water status by 2050. Former Chinese President Hu Jintao rightly echoed this sentiment in 2003 and explained the perennial problem of “Malacca Dilemma” that “certain major powers were bent on controlling the strait” and called for adoption of new strategies to mitigate the perceived vulnerability.<sup>3</sup>

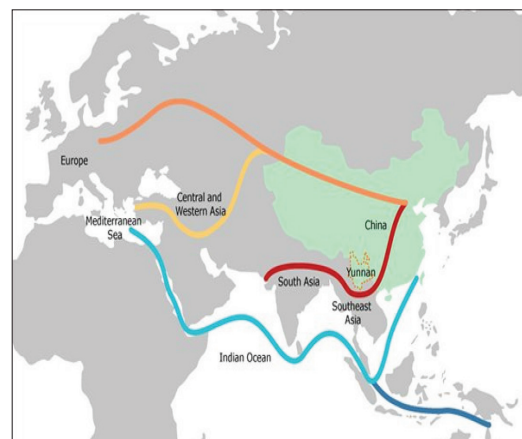
China therefore looks at Myanmar as its “land ridge” to the Indian Ocean, crucial for expanding its strategic presence into the Indian Ocean and protecting its sea lines of communication threatened by the “Malacca dilemma.”

Lurking fear of “containment” also makes Myanmar crucial for China, as this fear has prompted China to develop and control port facilities stretching across Sihanoukville (Cambodia), Laem Chabang (Thailand), Kyaukphyu (Myanmar) and Chittagong (Bangladesh).

China’s internal security dynamics is another factor which necessitates Myanmar’s importance for her. China warrants a stable border with Myanmar to prevent the spillover of Myanmar’s ethnic conflicts and the emerging threat of militant radical Islamism into China. Connections have already been drawn between Rohingya militants and Pakistani extremist groups such as Jaish-e-Mohammed.<sup>4</sup>

In geo-economic dimension, Myanmar is a vital link to revive China’s “South-West Silk Road” from Yunnan province to Myanmar and Westward to Bangladesh, India and the West.

### Yunnan’s Position in South-West Silk Road



Source: <https://hkmb.hktdc.com/en/1x0a60bp/hktdc-research/yunnan-a-planned-hub-of-belt-and-road>

China is accordingly investing heavily in infrastructure, mining projects, hydropower dams and oil-gas pipelines to help Southern China's growing energy needs and gaining greater access to the Indian Ocean through Myanmar.

China is also infusing substantial funds in Rakhine state. A US\$ 2.45-billion pipeline from Kyaukphyu to Western China is already operational. The goal of the pipeline (793 km gas and 771 km oil pipeline) is to secure a key route for Beijing to import crude oil from the Middle East, reducing the country's reliance on oil supplies that pass through the Strait of Malacca. The pipeline can carry up to 22 million tons of oil a year, accounting for about 5-6 percent of China's annual oil imports.<sup>5</sup> Beijing also has an ambitious infrastructure development plan worth US\$ 7.3 billion in the state developing the Kyaukphyu Special Economic Zone and a deep seaport. It is one of the major projects of China's Belt and Road programme in the region, connecting the country to the Bay of Bengal.<sup>6</sup>



Source: Directorate of Investment and Company Administration, Ministry of National Planning and Economic Development, Government of Myanmar

### Is Present-Day Myanmar Becoming China's Acolyte?

Has the Chinese investment in Myanmar and its unflinching support to Myanmar on the world stage along with deep entrenched ties with its military, contrived Myanmar to become its acolyte? Though the relationship appears symbiotic but semantically Myanmar has compulsions of "giving more" than "taking."

History seems to be repeating itself in case of Myanmar-China relations. In pre-democracy days, China strongly backed military rule in Myanmar while the West vigorously ostracised it. Democracy in Myanmar panicked China but China reoriented its policy from maintaining exclusive political engagement with the military to a broader and

inclusive political engagement with political parties and continued making Myanmar reliant on it, economically and militarily. Now in the present day when Myanmar is again being viewed as an international pariah by the West, due to its Rohingya crisis, it finds China once more standing beside it. China on the other hand is astutely leveraging this critical period.

Continuum of the same policy, China won favour from Myanmar using its veto power to resist the West-led push at the UNSC to pressure Myanmar to put on trial those responsible for the attacks on the Rohingya. China also proposed the "three-phase" plan for solving the Rohingya issue and facilitated a dialogue between Myanmar and Bangladesh regarding the repatriation of Rohingya refugees.<sup>7</sup>

Internally, China has supported Myanmar's "21st Century Panglong Conferences," launched by the ruling NLD government, to address Myanmar's long-running ethnic conflicts besides taking measures to restrain the ethnic armed groups fighting against Myanmar's military.<sup>8</sup> Beijing has grabbed this "golden opening" and is deftly backing Myanmar internally and internationally, to fully win back Myanmar and re-establish that old and solitary relationship which it enjoyed with the erstwhile junta regime.

Myanmar is fully aware that these actions by China are not new and are akin to its surreptitious style of geopolitical influence seen the world over, Africa being the biggest example of a similar pattern of policies, which revolve heavily around infrastructure and development assistance as well as commodity extraction. Though it is still debatable whether these policies will benefit African countries in the long term, China surely has achieved significant impact with these policies on the continent in a comparatively short period of time. In fact, countries like Zambia, which saw Michael Sata sweeping into power on a wave of anti-Chinese populism in 2011, ended up endorsing his country's Chinese ties. The same is China's approach to Myanmar.<sup>9</sup>

Consequent to these predicaments and indifferent West, Myanmar is left with fewer options. Myanmar desperately needs investment and military support, for which China is more than willing to oblige. Hence, at this juncture of history, Myanmar is once again finding itself isolated with limited takers for its desire to counterbalance China in Myanmar. Myanmar therefore is left with no choice but to remain over-reliant on China. Besides this, Myanmar is also heavily weighed down by China's obligation of repeated and unflinching support, making China too powerful and hegemonic for her to ignore on principle. If not suitably engaged by the world immediately, Myanmar surely is heading towards becoming an acolyte of China.

### Prognosis of China-Myanmar-India Relations: Where Does India Stand?

Geo-economics and geostrategic interests of both India and China play a crucial role in framing their policies towards Myanmar. China and India are and will keep competing for

more influence in Myanmar even at the cost of leveraging their basic policies to suit their support. This fight is bound to intensify. The visible case is their efforts to respond to the deteriorating security situation in Rakhine.

For India, the political transition of 2011 in Myanmar had far-reaching consequences. It opened up an avenue for India in enhancing its strategic partnership and play a role in strengthening Myanmar's democratic process. India's emerging strategic interests in Myanmar can be stated in three categories: firstly, coordinating effective counter-insurgency measures to drive out the Northeast insurgents hiding inside Myanmar; secondly, improving bilateral relations with Myanmar and ASEAN for energy security and economic development of its Northeast; and lastly, countering China's growing influence in Myanmar and IOR.

India has finally realised that its policy of pushing hard for a democratic system in Myanmar, prior to the advent of democracy, was faulty and the main beneficiary of strained India-Myanmar relations was China, whether it was for access to military hardware, important hydrocarbon energy sources or the transport corridors. Thus, revival of India-Myanmar relations is extremely pertinent in order to counter the challenges of "rising China."

On the economic front, India has made Myanmar a key component of BIMSTEC. Apart from the completing the Sittwe port project, India has also awarded a road contract to connect Paletwa River Terminal to Zorinpuri in Mizoram; has approved a national highway stretch from Imphal to Myanmar border that will eventually go up to Thailand and Malaysia under an Asian Highway project; and has also showcased its intention for investments in gas and refinery.<sup>10</sup>

In the security realm, India has increased its interaction with Myanmar to monitor and prevent destabilisation in its northeastern states. This is significant as the separatist groups in Myanmar, apart from supporting insurgent groups in India's northeast, supply illegal arms acquired from China and also provide a training ground. For instance, the Kachin Independence Army (KIA) has supported the United Liberation Front of Assam (ULFA) and National Socialist Council of Nagaland (NSCN) (K), who in turn are believed to have received support from the Chinese officials from Yunnan who are ever present in the Kachin and Sagaing areas in Myanmar.<sup>11</sup>

Notwithstanding these engagements, the present geopolitical rivalry between India and China over Myanmar is skewed in favour of the latter because of its economic and military advantage. China's gross domestic product (GDP) is five times that of India and its defence budget is more than three times that of India. This power disparity means that China has more resources to wean Myanmar away from India. Gautam Mukhopadhyay, the former Indian envoy to Myanmar,

says there are reasons for China's border trade with Myanmar being more robust than India. "First, Yunnan is a much better connected and more productive gateway from China to Myanmar than the Northeast of India to Myanmar. Secondly, for any north-eastern state of India to match China in cross-border trade, the region has to become a net producer than the consumer, and better connected to the main productive regions of India."<sup>12</sup>

China is ahead of India in influencing Myanmar. Its ties with Myanmar are much stronger and deeper in political, economic, strategic and military spheres, as compared to India. China provides aid for various projects and also invests a huge amount of money in various infrastructure projects, especially in transportation, like the construction of the road from Kunming in Southern China region to Mandalay in Central Myanmar. Recent signing of CMEC on September 9, 2018, comprising a corridor connecting the Chinese province of Yunnan with three economic centres in Myanmar – Mandalay, Yangon New city and Kyaukphyu SEZ is bound to give further impetus to connectivity between Yangon and the troubled Rakhine.

#### Map of China-Myanmar Economic Corridor – CMEC



Source: <https://www.breitbart.com/national-security/2018/09/21/world-view-myanmar-signs-debt-trap-agreement-with-china-in-response-to-rohingya-genocide-censure/>

Since 1989, China has been the most important supplier of military aid to Myanmar. China has supplied Myanmar with jet fighters, naval vessels, armoured vehicles and trained army, navy and air force personnel. It is estimated that China alone supplies about 90% of the military transportations to Myanmar.

China helps Myanmar in the financial sector too. The Exim Bank of China provides soft loans to Myanmar.<sup>13</sup>

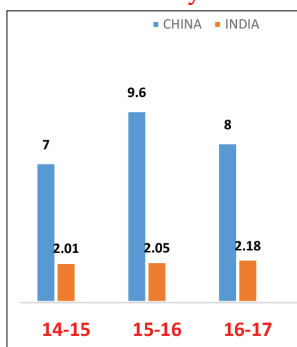
Many business sectors are under the control of China. The main business from Mytkyine to Mandalay and Yangon are under Chinese control. The Chinese immigrants in Myanmar are also increasing day by day. Most of the properties in North Myanmar region are under the control of the Chinese. The Chinese get the larger share of the increasing economic benefits arising from the economic relations between them.

The nature of such relations between China and Myanmar is making it difficult for India to create relevant relations with Myanmar. India presently lacks the capacity to become an influential trade and investment partner of Myanmar. This shortness is driven by several factors, which include India’s embryonic energy infrastructure, limiting New Delhi’s capacity to transfer and distribute Myanmar’s oil and natural gas in India; an undeveloped mutual border; a primitive connectivity which contrasts with Myanmar’s border with China; and bureaucratic hurdles and red tape that impede the cross-border trade and investment process.

On the one hand China has pumped in massive amounts of money to build modern infrastructure and to boost connectivity with Myanmar, while the infrastructure at the India-Myanmar border post, Moreh, is still inadequate. An Integrated Check Post (ICP) at Moreh, in the works for the past 10 years, has just been inaugurated in August this year. The India-Myanmar-Thailand Trilateral Highway project, considered one of the defining projects of India’s Act East Policy, has missed its 2016 deadline. The Sittwe Port project took one extra year to complete and the Kaladan Corridor Multi-modal Transport Project is yet to touch the finish line. Such examples project India in poor light diminishing its stature of an equally relevant player in the region.<sup>14</sup>

In terms of trade and investment it is the same story of non-equivalence. According to DGFT, Dept. of Commerce, India Report (Figure 1),<sup>15</sup> the bilateral trade between India and Myanmar in 2016-17 stood at US\$ 2.18 billion while Myanmar-China trade was over \$8 billion. While as per Myanmar government’s report on country-wise investment (Figure 2), China

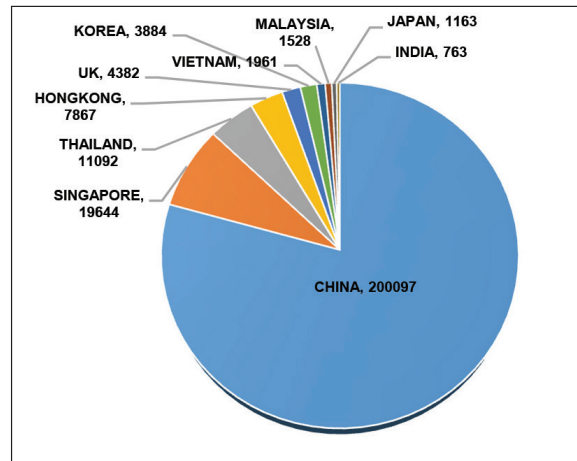
**Figure 1. Bilateral Trade Comparison: China and India with Myanmar**



Source: DGFT, Deptt of Commerce, India (Amount in US\$ Million)

is the biggest investor in Myanmar. As of August 2018, its investments were worth over \$20 billion, while India was the 11th biggest investor with only \$763 million.<sup>16</sup>

**Figure 2. Foreign Investment of Permitted Enterprises in Myanmar as on 31 August 2018**



Source: Dte of Investment and company Administration, Myanmar (Amount in US \$ Million)

**Myanmar’s Hedging Policy: A Balancing Act.** Today, Myanmar is in constitutional, economic and political transition. It is entangled in “troika” of power centre. San Suu Kyi, represents people’s power; President Win Myint, the highest constitutional authority; and the army, led by General Min Aung Hlaing. The interplay between these three power centres during this transitional phase of Myanmar remains its biggest challenge.

Analysing how Myanmar sees the two neighbouring “big brothers” is even more interesting. Myanmar’s domestic public suffers from “Sinophobia.” To cite an example, Myanmar had to cancel the Myitsone hydroelectric dam project yielding to public pressure. The reasons for this dislike are varied: some say the Chinese come to take away their natural resources, such as trees, copper, and gem stones; others complain that local industries are being destroyed by the influx of Chinese products; a few blame Beijing for the ongoing ethnic conflicts in the regions on the border with China.

They rightly perceive that they are losing opportunities in their own country. The Chinese threat is increasing day by day among the local people and they have shown a kind of unwillingness to cooperate with the Chinese. The military rulers have begun to feel the need to reduce dependence on China and to cultivate relationships with other countries to mitigate China’s leverage. Myanmar in fact wants India to economically counterbalance China but feels let down by India’s slow and limited strategic vision.<sup>17</sup>

So, what is the likely future? To infer from the inevitable Myanmar-China interdependence and growing

relations between Myanmar and India, Myanmar is unlikely to fully tilt toward China or lurch toward India.<sup>18</sup> Nay Pyi Taw is hence likely to play a pragmatic, “non-aligned” role by seeking military and economic assistance from both big powers in the region. While it is too early to determine which side will emerge as the de facto superior partner, it is clear that Myanmar is benefiting from the undivided attention from its large neighbours and would try and extract the best out of the two, suiting its national aims and aspirations.

### Implications and Way Ahead for India

The key question which surprises the strategists and mil thinkers is, with so much at stake, where does India stand in its relations with Myanmar? For the past three decades, New Delhi’s appeasement of Myanmar in order to promote its interests—be it Look/Act East, be it counter-insurgency, be it energy, be it balancing China—has produced lacklustre results. It is possible to list a number of “under progress” projects in connectivity, energy and so on but there is very little that counts as success. Lethargy, lost opportunities and poor business tactics seem to have taken a toll on India’s ties with Myanmar.

What does this finally imply? If Myanmar is relevant to our Act East policy then why have things not moved on the ground? A former diplomat from Myanmar, speaking at a seminar in Yangon recently on India’s “Act East” policy and bilateral relations with Nay Pyi Taw said, “You are late. Leave alone the Chinese and the Japanese who had been in Myanmar for long, even the Koreans have consolidated their position in Myanmar in the last 10-15 years.”<sup>19</sup> Time is running out for India in Myanmar and a stage has been reached wherein India cannot ignore other factors, mainly China, in its relations with Myanmar. India has to be prepared to prevent China further outpacing it, for which a reassessed and long-term vision towards Myanmar needs to be envisioned.

In terms of ideology, India seems to have fewer barriers to developing its relations with Myanmar and New Delhi currently enjoys an advantage in strengthening its ties with Myanmar.

So, what should be India’s response to China-Myanmar relations?

In the present scenario, engaging Myanmar exclusively without China, seems unreal. So the question arises, “can China and India coexist”?<sup>20</sup> Pragmatically speaking there is enough scope for China and India to partner Myanmar’s economic development, separately and jointly, as opportunity and potential are abundant. Since there are important areas of conflicting views, for instance, regarding transnationally operating insurgency groups or virtually all matters pertaining to the Myanmar armed forces, it is difficult to envision such a wide-ranging Indian-Chinese rapprochement in Myanmar. In an interview, former Indian ambassador to Myanmar,

Rajiv Bhatia, called the idea “an impractical suggestion” for which “there are no takers in India.”

Whatever the turn of events in store, India has no option but to go it alone competing with China in Myanmar. To this end, the first aspect needing immediate attention is how to reinvigorate India-Myanmar relations. A series of suggested measures which can be summarised are: India needs to promote good cooperation at various levels with Myanmar. India requires to provide and fund more projects and opportunities in Myanmar than China. Besides government-to-government relations, people-to-people contact needs to be emphasised to develop strong ground level relations.

Improvement in all kinds of connectivity between the two countries is a prerequisite to improving bilateral relations and should be accorded the highest priority by the Government. The improved connectivity with Myanmar would simultaneously connect the country to other ASEAN countries in the Malay Peninsula, thus boosting our bilateral relations with them as well. The two major infrastructure projects in particular, Kaladan Multi-Modal Transit Transport Project and Trilateral Highway connecting India, Myanmar and Thailand, need to be completed at the earliest to promote economic activity between the two countries and ASEAN countries.

In terms of air connectivity, among all Indian cities, Yangon currently has the best air connectivity with Kolkata. Air India too runs two flights a week between Yangon and Kolkata. Compare this with 150 flights a week between Myanmar and Thailand and 60 flights a week between Myanmar and China. The difference is apparent. Delhi requires low cost air services connecting Yangon or Mandalay with Guwahati, Kolkata or Delhi to attract both religious and medical tourists and build a social equity that could be converted into more business.<sup>21</sup>

There is also a need to revive the traditional maritime trade routes, which are way cheaper than sending products by road all the way from Delhi or Chennai to Yangon. The irregularity of coastal shipping service between Kolkata and Yangon should be emergently addressed to avoid trade through Singapore, which adds to the cost.<sup>22</sup>

Another trade issue is banking. Due to paucity of banking operations in Myanmar and lending restrictions on foreign banks in India, the majority of India-Myanmar trade is cash-based via Singapore.<sup>23</sup> India has only one banking licence, held by the State Bank of India and traders allege limited finance flow. Other nations however have converted this into an opportunity. Japanese or Korean banks ensure that a heavy dose of finance is available to their respective set of companies.<sup>24</sup>

The comprehensive partnership with Myanmar should go well beyond trade and commerce and economic benefits. India’s soft-power diplomacy should be focused at social and cultural integration of the two countries, with peace and prosperity as the underlying principles and economic development as a key driver. The healthcare and religious

tourism segments, considered India's strong point, need impetus as they are presently marred with India's planning poverty. The entire Buddhist population in Myanmar lives the dream of doing the Buddhist circuit in India, centred on Bodh Gaya, at least once in their lifetime.<sup>25</sup> But despite adoption of "free visa policy," India saw only close to 50,000 Myanmarese footfall last year. The Indian medical system, on the other hand, carries huge credibility in Myanmar and dominates the pharmaceutical products market. Woefully, only 1 per cent of the 300,000 medical tourists from Myanmar visit India.

India could also play a significant role in improving education in Myanmar. Indian private institutions could be encouraged to open schools and colleges in Myanmar to improve quality of education. India could help in improving and setting up new educational institutions in Myanmar. In addition, students from Myanmar could be encouraged to pursue higher studies in India, particularly in the North-Eastern states.

Aspect of investment is another grey area between India and Myanmar. There is a dire need for India to "invest in investment" to counter China and project its growing economic clout. A retired diplomat confides, "India's big business is simply not interested in investing in Myanmar." He had tried his best to attract Indian hotel chains to Yangon but there was no response. Unfortunately, the loss is India's, as now foreign hospitality chains are readily and steadily filling the gap.<sup>26</sup>

India needs to realise that it cannot compete with China in terms of infrastructure development, power and extractive industries, while it holds an edge in sectors like education, health, entertainment services, agriculture, IT and religious tourism for which they have to come up with calculated strategies for attaining monopoly.

Developing Northeast of India, particularly its weak border and transport infrastructure along the India-Myanmar border, requires a more focused, cogent and accountability approach.<sup>27</sup> India should in fact try and emulate China's Western development strategy of transforming Yunnan region into a world-class destination. This weakness of India and China's well-developed infrastructure along the China-Myanmar border regions favours China amongst Myanmar businessmen.

India must also think in terms of leveraging the Indian population living in Myanmar. By establishing ties with them, India can build a network of traders and engage better with South East Asia. Thus, they can become one of India's best trading assets.<sup>28</sup>

Militarily, India is effectively engaging Myanmar but still is miles away in competing with China, which has

deeply entrenched relations with the *junta* hierarchy. Nevertheless, Myanmar seems eager in their approach to gain militarily from India and reduce China's dominance. India has started supplying military equipment to Myanmar. However, there is a need to create a captive market for our rapidly growing defence industry, particularly in light of "Make in India" initiative. It is also imperative for India to significantly enhance maritime engagements with Myanmar to counter the Chinese juggernaut in the region.<sup>29</sup> Developing strong naval relations with India is essential for Myanmar as the Indian Navy controls the Bay of Bengal as well as is willing to train their Myanmarese counterparts.<sup>30</sup> This can be touted as another aspect to effectively engage Myanmar's democratic government and to reduce China's hegemony in Myanmar.

To conclude, the geostrategic significance and natural resources of Myanmar intersect the Chinese and Indian interests and therefore would continue to shape the balance of power in this region. It is necessary to understand the historical and present needs and national ambitions, for an explicit and accurate strategic foresight of Sino-Myanmar relations and its implications for India.

The likely scenarios in the next one decade, from Chinese context, would be one of trying to stabilise its economic investment through its bilateral relations with Myanmar's democratic regime, ethnic groups and the *junta*. China would aspire to have a stronger involvement in Myanmar's political arena to achieve its quest for Indian Ocean dominance.

India, on the other hand, would try and improve its presence in Myanmar to counterbalance China and gain access to the vibrant economies of ASEAN. India will endeavour to ensure that ongoing projects are expedited and completed under an appropriate mechanism focused on monitoring and facilitating fast-track execution. India would also try and change the perception that it is not able to deliver on its projects.

Therefore, a tug of war between China and India, over Myanmar, is likely to intensify with Myanmar being the fence-sitter.

Globally, the Western countries are likely to up the ante through economic assistance, infrastructure building and by providing political umbrella of the international community to Myanmar, to give China a hard time.

Finally, Myanmar, despite its resentment of local Chinese presence in Myanmar; the border instability; and weak governance, is likely to largely remain dependent on China with a hope from the world, specially India, in reducing this Chinese hegemony.

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