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Between Two Giants:

How China and India Maneuver in Myanmar for Security, Economy and Influence

The Min Aung Hlaing administration is increasingly looking to New Delhi for political and military leverage, even as it remains tethered to Beijing's inescapable influence.

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Events

Within two months of taking office, the former military junta leader Min Aung Hlaing, orchestrated state visits to the neighboring giants of India and China. The trips provided a crucial lifeline, helping the administration chip away at the diplomatic isolation it had faced since the coup.

Preliminary Analysis

The diplomatic itinerary marked a critical turning point. It was Min Aung Hlaing's first visit to India since the coup and his third to China. Yet, unlike his previous trips to China, where he was merely one face among a crowd of world leaders at multilateral forums, this time he was received on an exclusive state visit **(See ISP-DM2026-050)**. Together, these dual diplomatic missions throw the contrasting interests and distinct strategic calculations of Myanmar's powerful neighbors into sharp relief. They also expose the specific priorities and interests of the Min Aung Hlaing administration **(See ISP-DM2026-050 to 053)**. These differences can be examined across three main sectors.

The first is the strategic and security sphere. India's approach is anchored by three institutional pillars: its Neighborhood First Policy, Act East Policy, and the broader Mahasagar framework. Driven by deep anxiety over China's expanding footprint in Myanmar, New Delhi remains laser-focused on securing its own volatile northeastern frontier.

By contrast, China's calculus revolves around advancing the China–Myanmar Economic Corridor (CMEC), preserving border stability, and securing its long-coveted strategic gateway to the Indian Ocean. Anxious to revive stalled border trade, Beijing has positioned itself as an indispensable broker in the northern Shan State peace talks, deploying a finely calibrated strategy of coercive influence to shape events in Myanmar.

For its part, the Min Aung Hlaing administration is prioritizing efforts to regain the upper hand on the western front, covering Rakhine, Chin, and the

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Comparing Min Aung Hlaing's State Visits to China and India

Key Aspects	China Visit	India Visit
Trip Period	Five days (June 15–19, 2026)	Five days (May 30–June 3, 2026)
Trip Record	The third visit since the coup; first official state-level invitation (State Visit)	The first visit since the coup
Government Delegation	Six Union Ministers, two State Chief Ministers, two senior military officers, one Deputy Minister, and one Central Bank board member	Five Union Ministers, the Central Bank Governor, one senior military officer, and one Deputy Ministers
Business Delegation	At least 10 crony tycoons and about 200 business executives, including MCITP members	At least five crony tycoons and business executives from the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)
Agreements (MoUs)	18 government to government MoUs signed; about 70 more signed at the business to business level	Discussed signing a maritime trade agreement
Statements	Issued a joint bilateral statement containing nine points	Issued a joint bilateral statement containing 14 points
Trade	Agreed to implement direct RMB-Kyat payments in practice	Aimed to increase current trade from USD 2 billion to an initial USD 3 billion, and eventually USD 5 billion. Discussed expanding direct Kyat-Rupee payments (initiated in May 2024)
Investment	Agreed to accelerate strategic projects under the China-Myanmar Economic Corridor (CMEC)	
Others		Plan to increase the Mekong-Ganga Scholarship slots for Myanmar students from 36 to 100

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Strategic Interests and Expectations of China, India, and Myanmar

Strategy and Security, Economy, Trade, and Investment

Sectors	China's Interests and Approach	India's Interests and Approach	Min Aung Hlaing Administration's Expectations and Interests
Strategy and Security	• Stability and peace in northern Myanmar. • Security of Chinese projects and nationals. • Crackdown on cross-border crimes, including *Kyar Phyant* (online scams), online gambling, and narcotics. • Myanmar's support for China's core interest, the "One China Policy" (which includes Taiwan, Hong Kong, Xinjiang, and Xizang/Tibet).	• India's northeastern border region. • Ensuring Myanmar's territory is not utilized for anti-India insurgent activities. • Rescuing over 150 Indian nationals trapped in online scam networks and cracking down on related crimes.	• Utilizing cooperation with India as a political and military offensive to alleviate operational challenges and pressures on the country's western front (Rakhine, Chin, and Sagaing). • Securing China's mediation to achieve stability on the northern and northeastern Shan State fronts. • Providing security guarantees for the key projects of both
Economy, Trade, and Investment	• Implementing direct RMB-Kyat payments in practice to facilitate smoother trade. • Enhancing cooperation in energy infrastructure (oil, natural gas, and electricity), agriculture, the digital economy, and AI technology.	• Driving total trade value up to USD 5 billion and expanding direct Kyat-Rupee payments. • Focusing investments on EV infrastructure, pharmaceuticals, fertilizers, and IT sectors such as Yadanabon Cyber City. • Strategic mineral mining, specifically targeting rare earth minerals.	• Resolving the acute foreign currency crisis and expanding regional direct payment frameworks. • Fronting and partnering with traditional and newly emerging crony business networks to attract foreign direct investment. • Finalizing and signing maritime trade agreements while land-based border trade routes remain halted.

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Strategic Interests and Expectations of China, India, and Myanmar

Infrastructure and Connectivity, Diplomacy and Influence (Soft Power)

Sectors	China's Interests and Approach	India's Interests and Approach	Min Aung Hlaing Administration's Expectations and Interests
Infra-structure and Connecti-vity	• To implement the China-Myanmar Economic Corridor (CMEC) to serve as an outlet to the Indian Ocean. • To implement and connect the Kyaukphyu Deep Sea Port, Muse-Mandalay railway, cross-border oil and natural gas pipelines, and electricity grids.	• To connect East Asia and Southeast Asia through Myanmar. • To implement the Kaladan Multi-Modal Transit Transport Project (KMMTTP) and the India-Myanmar-Thailand Trilateral Highway (the Kalewa-Yagyi section).	• To reopen stalled border trade routes. • To attract foreign direct investments into strategic deep-sea ports such as Kyaukphyu and Dawei.
Diplomacy and Influence (Soft Power)	• To strategically integrate Myanmar into China-led global initiatives such as the Global Development Initiative (GDI), Global Security Initiative (GSI), and Global Civilization Initiative (GCI). • To carry out reconstruction in the wake of the Mandalay–Sagaing earthquake, alongside "small but beautiful" projects such as building a new Aung San Stadium. • Supporting Myanmar's re-entry into UN/ASEAN and its election process. • Expanding soft power through media, education, culture, and health.	• To secure Myanmar's participation in its primary regional policy frameworks: "Neighborhood First," "Act East," and "MAHASAGAR" • To increase Mekong-Ganga scholarships. • To counter China's use of coercive influence.	• To break out of international diplomatic isolation suffering since 2021 and gaining official legitimacy and recognition. • To balance against Beijing by leveraging ties with New Delhi to mitigate structural dependence.

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Strategic Interests and Expectations of China, India, and Myanmar

Influence Over Domestic Armed Groups

Sectors	China's Interests and Approach	India's Interests and Approach	Min Aung Hlaing Administration's Expectations and Interests
Influence over domestic armed actors	• Possesses coercive influence over Ethnic Armed Organizations (EAOs) and can act as a mediator in peace negotiations.	• Lacks direct influence over the Myanmar Armed Forces and EAOs compared to China. • Built informal ties with the AA and KIA, who control the Kaladan Multi-Modal project and Trilateral Highway project areas, and strategic rare earth mining zones.	• Unavoidably relying on Chinese mediation to stabilize northern and eastern parts of Myanmar. • To leverage relations with India as a political and military counterweight against western armed groups.

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Sagaing–Magway corridor. It is also highly focused on securing a minimum level of stability in northern Shan State to reopen commercial trade routes. Hence, it appears intent on using its closer ties with India as part of a political and military offensive, even while remaining structurally and unavoidably dependent on China's vast regional influence.

The second major area is economics, trade, investment, and cross-border infrastructure. For India, projects such as the Kaladan Multi-Modal Transit Transport Project and the completion of the India–Myanmar–Thailand Trilateral Highway remain central strategic priorities. Expanding bilateral trade towards a target of USD 5 billion and improving direct kyat–rupee payment mechanisms have also moved up the agenda in New Delhi. India has also shown strong interest in gaining access to Myanmar's strategic rare earth elements. According to data analyzed by the London-based Economist Intelligence Unit (EIU), Myanmar accounts for about 16 percent of global rare-earth output. India is therefore keen to develop a new alternative supply chain through Myanmar. Yet the EIU notes that these mining operations are heavily backed by Chinese investors, who retain the leverage to disrupt or freeze the market altogether. Compounding India's dilemma, most of the mining sites are located in territory controlled by the Kachin Independence Army (KIA).

At the same time, China is keen to accelerate its flagship CMEC projects, including the Kyaukphyu Deep Sea Port and the Muse–Mandalay railway. Securing direct RMB–kyat settlements and reopening border trade gates also remain high priorities for Beijing. Meanwhile, the Min Aung Hlaing administration is making clear moves to revive the long-stalled Myitsone Dam project. As *The Economist* noted in its June 20 edition, reviving the dam serves as a powerful bargaining chip to satisfy Chinese interests—one the regime may seek to leverage to pressure the KIA along the northern front.

Alleviating an acute foreign-currency crisis was a chief priority for the Min Aung Hlaing administration during both state visits. The regime spotlighted both established cronies and newly minted business networks to court foreign direct investment from both countries. During the visit to China, the Myanmar–China Investment and Trade Networking Summit (MCITP-2026) in Shanghai organized by the Myanmar–China Investment and Trade Promotion Association (MCITP) was held on a notably grand scale. Comparable trade forums, including the Myanmar–India Business Dialogue, were held during the India visit, but they fell well short of the Chinese events in scale. Trade data suggest that Chinese investment inflows into Myanmar rebounded noticeably in the first four months of 2026, whereas Indian investment remains slow.

In the third area—diplomacy and soft power—the differences persist as well. The EIU describes India's active diplomatic engagement with the regime as a "pragmatic rejection of isolationism" within the international community. China's high-level invitation, by contrast, is seen as an explicit political endorsement of the military-led election roadmap. While Indian Prime Minister Narendra Modi publicly stressed the need for an inclusive democratic framework, China's leaders avoided such language altogether.

Notably, Beijing did not sign any major new infrastructure agreements of the sort inked under the NLD administration. The omission could also suggest that China regards previously signed frameworks as fully valid and binding, rendering fresh signatures unnecessary. Instead, the 18 memorandums of understanding signed during this visit focused largely on easily deliverable and lower-risk areas like media cooperation, cultural exchange, education, health, and earthquake recovery. These initiatives sit chiefly in the realm of soft power and cultural influence. Beijing's clear emphasis on securing Myanmar's formal cooperation with its flagship initiatives, such as the Global Development Initiative (GDI), Global Security Initiative (GSI),

- Global Civilization Initiative (GCI), and Global Governance Initiative (GGI), is equally telling. For the Min Aung Hlaing administration, escaping international isolation remains the overriding objective, and the regime plainly hopes to leverage China's diplomatic weight to negotiate a path back into the United Nations and ASEAN mechanisms. Ultimately, although the administration chose to visit India first, it lacks the geopolitical leverage to offset its profound structural dependence on China.

China's decision to extend a formal state invitation to Min Aung Hlaing can also be read as part of a broader and more assertive strategy to consolidate ties with regional leaders. For context, Chinese President Xi Jinping conducted high-level visits to North Korea on June 8th and 9th. Shortly afterward, Bangladesh's newly elected prime minister, Tarique Rahman, chose China for his first official state visit, traveling there from June 24th to 26th to meet Xi. During those meetings, Beijing actively proposed launching a China–Myanmar–Bangladesh Economic Corridor. To round out the month, former Cambodian prime minister and current Senate president, Samdech Techo Hun Sen, also traveled to China for direct talks with Xi.

Scenario Forecast

Following Min Aung Hlaing's high-profile visits to India and China, three key operational trends and longer-term impacts can be anticipated. First, direct engagement between New Delhi and the Min Aung Hlaing administration is likely to deepen, but it will face serious operational constraints on the ground. Much of the territory designated for the India–Myanmar–Thailand Trilateral Highway and the Kaladan Multi-Modal Project is now firmly under the administrative and military control of the Arakan Army (AA) and allied resistance forces. Similarly, the border trade gate at Rikhawdar also remains in the hands of Chin resistance forces. Further north, the strategic rare earth mining zones in Kachin State are fully controlled by the KIA. That means the long-term viability of India's strategic investments depends not only on the Min Aung Hlaing administration but also on the non-state armed actors that control territory on the ground. In practical terms, New Delhi will likely feel compelled to quietly expand its informal and back channel contacts with these armed groups.

Second, regarding China's peace-mediation track and the outlook for border trade, the MoUs signed during the visit appear to have been deliberately designed for low-friction, rapid implementation.

ISP-Myanmar has assessed that China is pursuing a three-pronged strategic approach for Myanmar: (1) conflict de-escalation; (2) ending direct military rule through the elections; and (3) the facilitation of a Beijing-led mediation process in the post-election period. The third phase of that strategy is likely to become increasingly visible. In June alone, the regime's National Solidarity and Peacemaking Negotiation Committee (NSPNC) traveled to Shan State for consultations with the Peace and Solidarity Committee, the National Democratic Alliance Army (NDAA), and the United Wa State Party (UWSP), while parallel high-level meetings were held with the Shan State Progress Party (SSPP) in Naypyitaw. Taken together, these synchronized contacts suggest that stabilization efforts in eastern and northern Shan State are gathering momentum. Consequently, key border trade routes are likely to reopen, bringing a noticeable revival in the movement of goods. Structurally, the MCITP appears set to assume a prominent front-line role in managing and driving China–Myanmar trade and investment.

Third, a sharp escalation in Myanmar Armed Forces' (MAF) military operations appears highly likely. During both trips, Min Aung Hlaing repeatedly offered explicit security guarantees for the strategic investment projects of the two neighboring powers. The regime has also committed itself to a tight timetable for trying to revive the controversial Myitsone Dam project. To deliver on those promises, the MAF would need to secure firm control over the project areas and the resource corridors linked to them. Consequently, intensified offensives and clearance operations across the western, central, and northern fronts, including Kachin State, appear increasingly likely. ■