

Beijing Launches Serious Cross-border Arrests in Myanmar SAC Chairman Not Invited to BRI High-level Forum



Transferring 337 Chinese nationals arrested by Kokang Authorities to Lincang Public Security Bureau on 7 October (Photo: China Daily)

This explainer focuses on developments in the Myanmar-China relationship over the past few months. Dissatisfied with the State Administration Council's (SAC) efforts on crackdown of cross-border crimes, Beijing has undertaken its own initiatives towards arresting suspects in the Kokang and Wa areas. Meanwhile, Snr. Gen. Min Aung Hlaing failed to receive invitation to either the 10th anniversary of the Belt and Road Initiative (BRI) or the third BRI forum. Instead SAC member Lt. Gen. Mya Tun Oo though was in attendance. Discussions were also held between the SAC and the Chinese government to restart long overdue projects in the China-Myanmar Economic Corridor (CMEC). The SAC has also reached out to China, seeking assistance in the fields of biometrics collection system for census data collection and sharing of nuclear technologies. This explainer will highlight and explore these and other notable cases.

Dominant Issues in China-Myanmar Relations

An analysis of ISP-Myanmar’s timeline on China-Myanmar relations in September 2023 reveals a total of fifty-seven significant issues documented (**see table below**), with the dominant subjects being political economy, geopolitics, diplomacy, and transnational crime. Of all the significant issues in September, with some subsequent significant developments in October, ISP-Myanmar will, in this explainer, showcase a concise overview of five pivotal issues.

■ Summary of major issues tracked in China-Myanmar relations (September 2023)

No	Issue	Number of issue
1	Geopolitics	11
2	Political Economy	15
3	Diplomacy	9
4	Defense and Security	2
5	Conflict and Peace	2
6	Soft Power	4
7	Administration, Policy, and Standardization	3
8	Social and Human Rights	2
9	Transnational Crime	9
Total		57

This Explainer is published on October 24, 2023, as a translation of the original Burmese language version that ISP-Myanmar sent out to the ISP Gabyin members on October 20, 2023.

1. Beijing Launches Serious Cross-border Arrests in Myanmar

Beijing has begun undertaking its own initiatives towards arresting Myanmar nationals and others including Chinese who are suspected of conducting online fraud businesses in China-Myanmar border regions. Eleven businessmen from Kokang were arrested by Chinese police forces on October 1st while they were in Zhenkang county, Lincang for the “China-Myanmar ‘A-shu-se’ Folk Song Festival and Friendship Games” (镇康县2023年中缅“阿数瑟”山歌会暨友谊运动会). Among the arrests was the famous billionaire U Maung Maung a.k.a Liu Zhengxiang, the director of Fully Light Group based in Laukkaing. In cooperation with Kokang Border Guard Forces, he has been running casinos, hotels and jewelry businesses. The company has maintained close relationships with previous Myanmar governments as well as with the current SAC administration. Since the coup, the company has been permitted to make several appearances at the China-Myanmar Trade fairs as well as having signed memoranda of understandings (MoU) with various Chinese companies. Based on reports from Chinese Public Security police to the SAC’s Consulate Office in Kunming, several Kokang businessmen have been detained as they are “suspected of violating China’s laws.” Quoting a cross-border exporter, some Myanmar news sources reported that these suspects are sent to Chinese interrogation centers in Beijing.

Similarly, on October 12, the Ministry of Public Security in China issued an arrest warrant for two individuals linked to the Chairman of the United Wa State Party (UWSP) on similar reason of online fraud links with rewards. Upon the arrests of Wa leaders, later the UWSP officially declared their dismissal from the party. SAC newspapers also reported issuing warrants from Hopang district court on October 19.

The State Administration Council’s inability to effectively address cybercriminal activities led to dissatisfaction on the part of the Beijing government, prompting them to take matters into their own hands by launching the cross-border arrests directly. **The State Administration Council has not made any claim on China’s action.** However, during the ▶

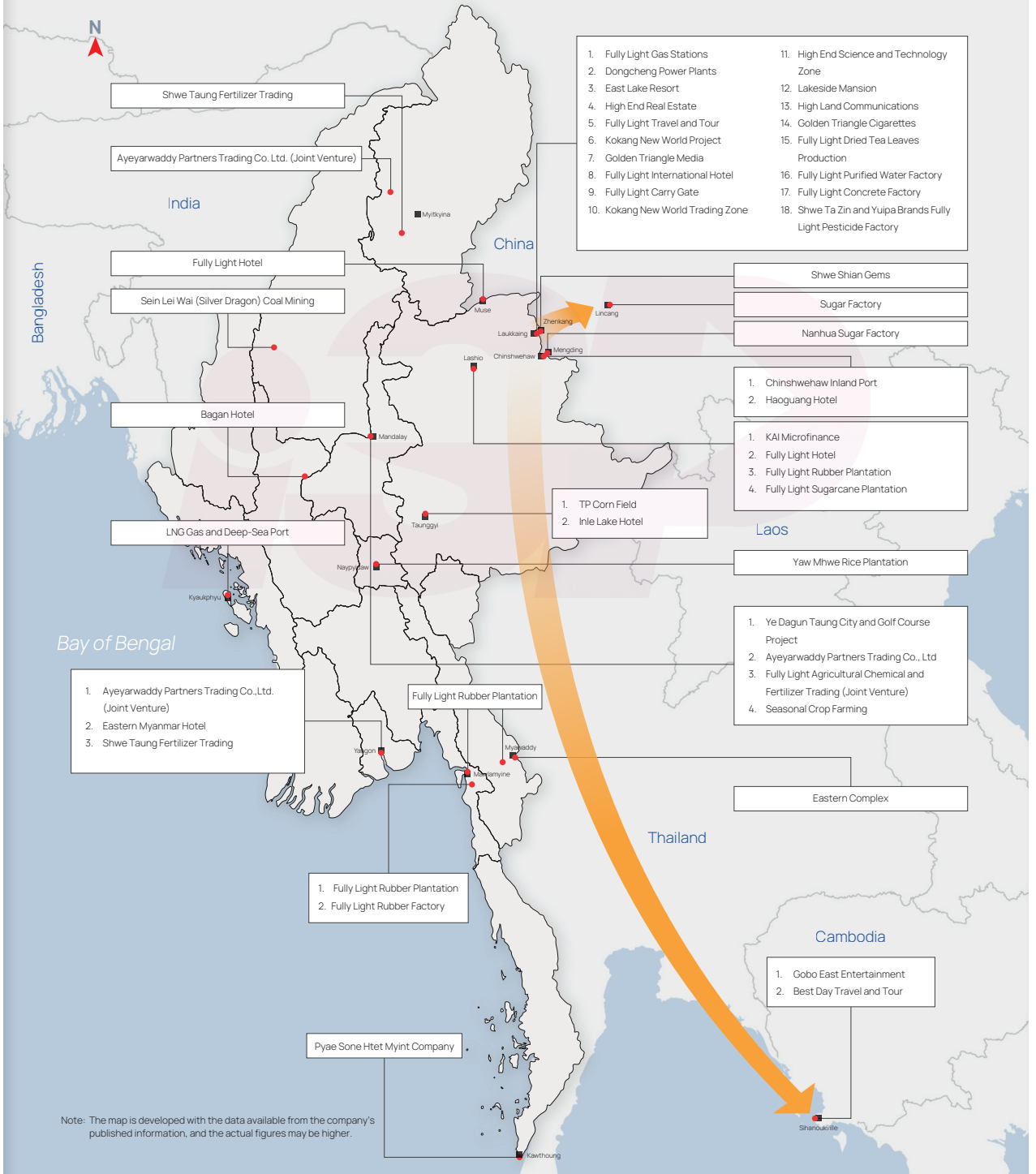
■ Fully Light Group

Fully Light Group was founded in 1992 and is located in Ward No. 1 (Dongcheng) in Laukkaing. Fully Light currently employs over 10,000 workers across more than 36 businesses such as travel and tourism, hotels, real estate, manufacturing, and the entertainment sector. Notable ventures within this conglomerate include the renowned Kokang New World Project in Laukkaing, with an investment exceeding \$205 million, and the Ye Dagon Taung Urban Planning project in Mandalay, which commands over \$720 million in investments. Additionally, the Eastern Complex in Myawaddy city and Gobo East Casino in Sihanoukville, Cambodia are poised to draw millions in investment. Fully Light Group operates throughout Myanmar, maintaining numerous subsidiaries across 14 cities in the country. Beyond its domestic reach, the company also extends its presence with branch offices in Cambodia and China. Chairman U Liu Zhengxiang has garnered remarkable state honor for contribution to Buddhism, and the Green Transportation Award from former Cambodian Prime Minister Mr. Hun Sen.

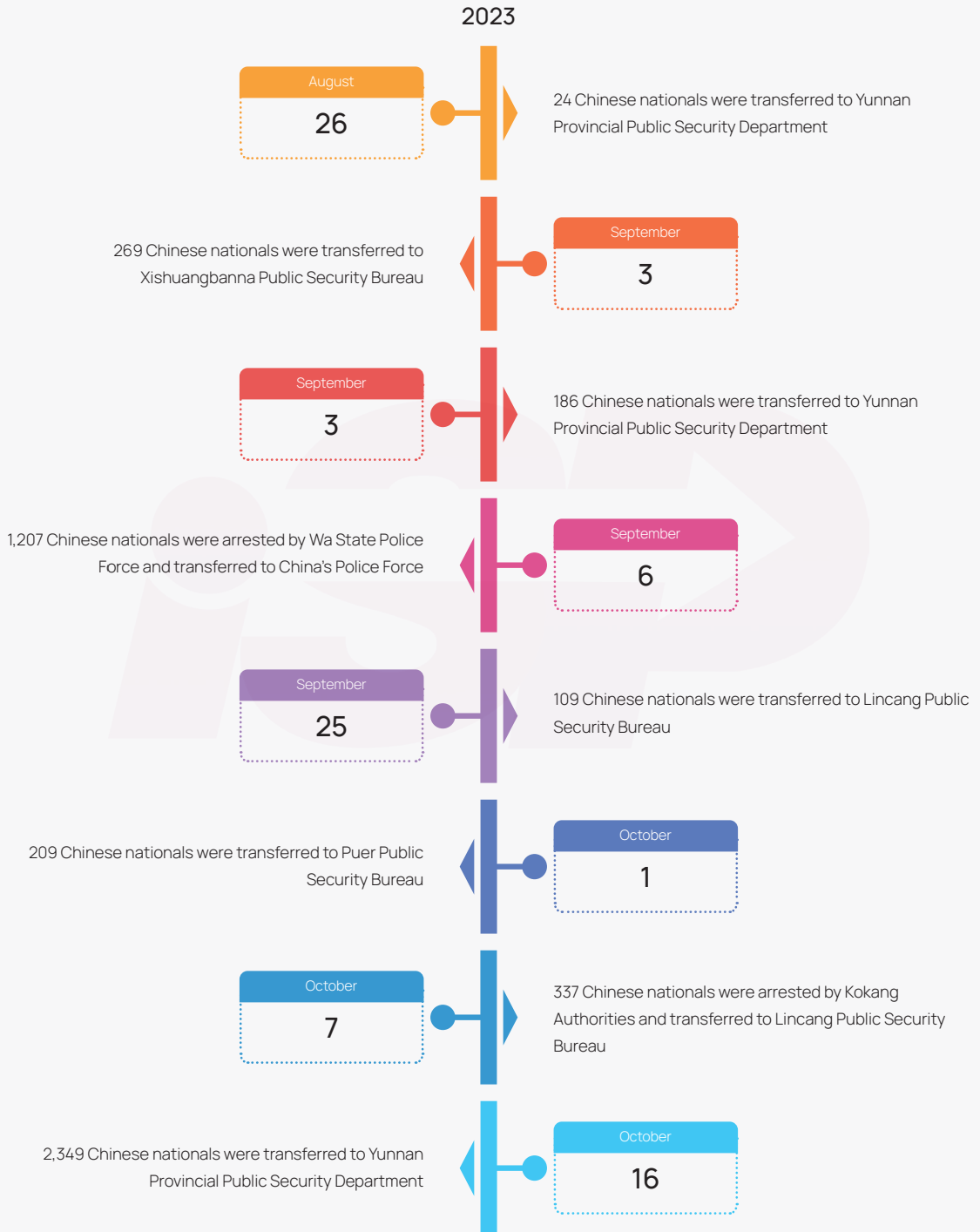
- ▶ 59th Police Force Day Ceremony, SAC Vice Chairman, Deputy Snr. Gen. Soe Win announced that the 2023 three nation operation between China-Thai-Myanmar had taken action against 119 online scams and 58 online gambling cases. However, no actions have been taken in the Mongla, Tachileik or Myawaddy areas. As a result of the crackdown on illicit businesses along the China-Myanmar border, concerns have arisen that these enterprises may be forcibly relocated to the Thai-Myanmar border. **The unilateral action of China shows unequal power in diplomacy and its own way of 'frontier management'.**

■ Fully Light Group's Economic Empire

The following analysis focuses on the economic empire of U Maung Maung (Liu Zhengxiang), one of the eleven businessmen arrested by the Chinese government in Kokang. Fully Light Group, headquartered in Kokang, has maintained a strong relationship with every Myanmar government since 1992 and has significantly expanded its business operations throughout the country. Furthermore, their expansion has reached into Yunnan's Lincang in China and Sihanoukville in Cambodia.



■ The Apprehension and Transfer of Individuals Engaged in Online Scam Activities



Note : ISP-Myanmar recorded the arrest and transfer of at least 4,690 individuals to China for their involvement in illegal activities from August 26, 2023, to October 16, 2023.

2. SAC Chairman Not Invited to BRI High-level Forum

President Xi Jinping's **Belt and Road Forum for International Cooperation marking the initiative's 10th anniversary** took place in Beijing over two consecutive days, October 17 and 18. It was attended by top leaders from 130 countries including Russian President Mr. Putin. However, Snr. Gen. Min Aung Hlaing failed to receive invitation. Though SAC Deputy Prime Minister Lt. Gen. Mya Tun Oo did attend on Min Aung Hlaing's behalf. This was Lt. Gen. Mya Tun Oo second official trip to China, following his first on September 24.

During the forum, contracts worth a total of \$97.2 billion USD were signed, with a commitment to focus on 'small and beautiful' projects in the coming decade to prevent the accumulation of excessive debt. The Belt and Road Initiative (BRI) was initially launched in 2013 by President Xi Jinping. As of June 2023, the total value of contracts related to the BRI stands at a staggering \$2 trillion USD, with participation from 150 countries and 30 international organizations. China Myanmar Economic Corridor (CMEC) was initiated as a part of BRI in 2018 but **ISP-Myanmar has not recorded any completed projects stemming from it (ISP-Myanmar will soon publish an issue on the 10th anniversary of the BRI).**

Throughout September, multiple discussions have been held between the Chinese government and top SAC leaders to resurrect the stagnating CMEC. To improve bilateral transport sector ties between two countries, Lt. Gen. Mya Tun Oo held discussions with China's Deputy Prime Minister Mr. He Lifeng and Minister of Transportation Mr. Li Xiaopeng on his first Beijing trip on September 24. Lt. Gen. Mya Tun Oo, the newly assigned chief of the Myanmar Investment Commission, discussed the potential of the Kyaukpyu-Mandalay and Mandalay-Muse railway projects at the China Railway Group head office. In Beijing he also held discussions with the CEOs of China Communication Construction Company (CCCC), responsible for the Yangon Urban Development project, and China Harbour Engineering, responsible for bridge projects. On September 16, SAC's Minister of Construction, U Myo Thant, explained to China's Housing ▶

- ▶ and Urban-Rural Development Minister, Mr Ni Hong, that CMEC projects are planned to adhere to the principles of 'high-quality development.' Also on September 8, a memorandum of understanding (MoU) was signed between the SAC's Ministry of Construction and China-based company China Harbour Engineering to implement the Wa Ta Lone Tunnel project. The project is slated to become one of the CMEC 'early harvest' projects fully implemented under CMEC and was included in the 33 contracts signed between the National League for Democracy (NLD) and President Xi Jinping, during Mr. Xi's trip to Myanmar in January 2020. This important project, located on the Taunggyi-Loilem Road, connects the southern and northern regions of Shan state. This potentially transformative project though is only now again being discussed, three years after the Covid-19 pandemic and subsequent coup in Myanmar.

3. SAC Requests Biometrics and Nuclear Technology Transfers from China

The SAC is requesting help from Beijing regarding a system for implementing its **Electronic Identification Card (e-ID)**, one of the first uses of which will be as the basis to hold elections after first collecting national census data. SAC Minister of Immigration and Population, U Myint Kyaing made the request for assistance to China's Vice Minister of Public Security and Commissioner of National Immigration Administration (NIA), Mr. Xu Ganlu.

In October, the SAC has taken the first steps towards conducting a national census in 2024 through which to introduce the e-ID system. U Myint Kyaing met with **Hisign Technology Company**, on September 18 to learn about Biographic and Biometric technologies. Hisign Technology is a Beijing-based firm that also assists the Chinese government with its e-ID system. U Myint Kyaing also visited Beijing Daxing International Airport to learn about technology-based passport checks, the collection ▶

■ Hisign Technology/ Haixin Kejin Company

Hisign Technology, also known as Haixin Kejin Company, was established in 1998, with its headquarters located in Beijing, China. The company specializes in providing advanced intelligence technology to the Ministry of Public Security of China and offering mass surveillance systems to state police agencies. Their services encompass collecting DNA data from various provinces in China, providing electronic identification cards (e-ID) and electronic passports (e-Passport), distributing fingerprint scanning and facial recognition tracking devices, as well as drug detection equipment.

- ▶ of personal data from all travelers, and technology-based examinations for e-Passport holders. While the SAC has stated its intention to employ this technology for the national census, it is crucial to be aware that China's latest biometric technology advances have the potential to be applied in various other ways.

In addition to biometric technologies, SAC also wants to adopt China's civil nuclear technology. On September 16 at the second China-ASEAN Forum for Peaceful Uses of Nuclear Technology, SAC ambassador to China, U Tin Maung Swe, requested the Chinese government to train professionals to implement nuclear technology in Myanmar's agriculture, health, and energy sectors. On the same day, SAC Science and Technology Deputy Minister Dr. Aung Zeya also met with China National Nuclear Corporation's Vice President and China Atomic Agency Authority's Deputy General Director. Meanwhile at the Annual World Security Forum (2023) held from September 19 to 21, SAC Deputy Minister of Home Affairs Lt. Gen. Ni Lin Aung, who also serves as Police Chief, emphasized the need to establish control over the use of drones, which have become increasingly used in attacks against Myanmar military.

4. 8th Anniversary of NCA and China's Role in Myanmar's Road to Peace

Mr. Deng Xijun attended the **8th anniversary of the Nationwide Ceasefire Agreement (NCA) ceremony** as a special envoy for China. In addition to the special representative from China, other envoys from countries such as India and Thailand gave speeches given their positions as international witnesses to the initial signing of the NCA.

Mr. Deng Xijun delivered a speech in which he expressed China's perspective on the Nationwide Ceasefire Agreement, hailing it as a significant milestone in Myanmar's peace process. He also expressed his belief that the signatory parties would engage in "openness, inclusivity, flexibility and practicality" during the discussions. In the aftermath of the 2021 coup in Myanmar, Japan and several Western countries have refrained from engaging in matters related to the NCA. However, China appears to support and engage with the agreement. It is noteworthy that the Chinese government has expressed the view that **"peacebuilding must be prioritized for Myanmar's development,"** especially given their earlier stance that armed conflicts would naturally diminish with economic development.

Although Mr. Deng Xijun gave a speech on the 8th anniversary of the NCA, the ceremony was not attended by the Kachin Independence Organization (KIO) or other organizations with relatively close ties to China such as the United Wa State Party (UWSP), Shan State Army (SSPP) and National Democratic Alliance Army (NDAA), the three-brotherhood alliance of Ta'ang National Liberation Army (TNLA), Arakan Army (AA) and Myanmar National Democratic Alliance Army (MNDAA). At the same time, Northern-based ethnic armed organizations remain isolated from the process since having formed the Federal Political Negotiation and Consultative Committee (FPNCC) in 2017 to pursue other solutions as they disapproved of the NCA.

Regarding Myanmar's peace and border stability, Mr. Deng Xijun continues to engage in discussions with the SAC but the Chinese government peace fund has been frozen since the 2021 coup. Therefore, SAC Chairman Snr. Gen. Min Aung Hlaing has requested the Chinese government not to support "actions which endanger national disintegration" conducted by ethnic armed organizations operating along the China-Myanmar border and has urged China to encourage those organizations that have yet to sign the NCA to do so.

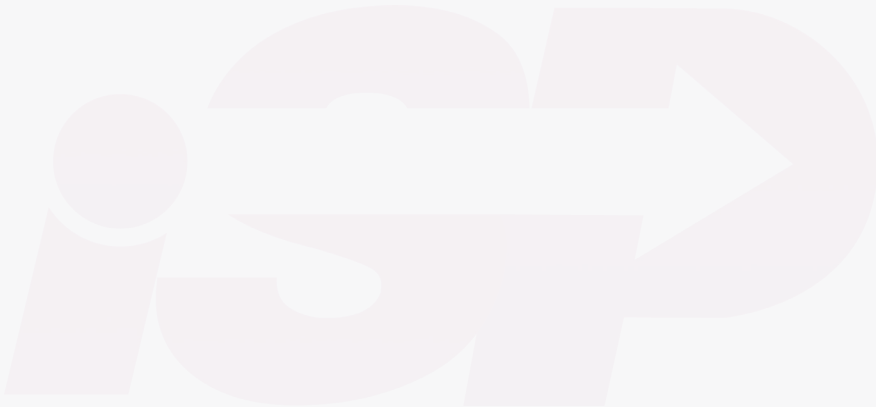
5. Blockage at Muse Gate

There has been a crowd of Myanmar nationals queuing to cross the China-Myanmar border with the use of one-week travel cards in order to find jobs there. Widely known as a Green Card, the **Temporary Border Pass (TBP)** began to be distributed from September 4, 2023, at Nantaw and Sinphyu gates before arriving to Muse's Mangwein gate. Residents from dry zones such as Sagaing and Magway regions are the primary applicants for these cards. Applicants though are often forced to wait in line for two to three consecutive nights to receive permission to cross.

The authorities issue these cards for a nominal fee of 500 kyats, but those in urgent need end up paying as much as 300,000 to 500,000 kyats. But Myanmar nationals are engaging in illegal day labor, leading to arrests by Chinese law enforcement. Since these cards are valid for only seven days to stay, they are forced to reapply a new card from the Myanmar side to cross border again.

At the border crossing, individuals in line undergo checks to verify if they are subject to blacklists. Meanwhile, residents from Muse-Namhkam often find themselves compelled to seek refuge near the Chinese border due to ongoing clashes between the joint forces of Ta'ang National ▶

- ▶ Liberation Army and others, and SAC forces. In addition to the Temporary Border Pass (TBP) green color card, border residents are now eligible to apply for a one-year border pass card (Red BP Book). A Business Visa option has also been introduced, commencing on October 1, but is currently restricted to business owners and does not extend to migrant workers. To safeguard the interests of these migrant workers, there is an urgent need to establish a system to administer this cross-border labor, perhaps initially through a bilateral MoU.



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