

# Post “Grand Opening” of China Emphasizing Border Security and Investment Promotion

This explainer describes significant developments in Sino-Myanmar relations based on 'China Timeline' compiled by ISP-Myanmar. Since post-COVID China's "Grand Opening", China has focused on **promoting economic activities and combating transnational criminal activities** and has met with Ethnic Armed Organizations (EAOs) on the Sino-Myanmar border to foster closer cooperation. On the other hand, China sees worrying political developments in Myanmar, as the West, especially the United States, seems increasingly willing to intervene in the Myanmar conflict. Beijing dispatched a special envoy to Myanmar **to boost engagement and cooperation with both the State Administration Council (SAC) and EAOs from the Northern Alliance**. In response to China's latest efforts, seven EAOs including United Wa State Army (UWSA) have **welcomed China's increased involvement in Myanmar's affairs** in a statement made after top leaders met. Despite Beijing having downgraded its diplomatic relationship with Naypyitaw, **Yunnan's provincial government appears to be more assertively promoting economic relations with the junta**.



## Summary of 49 Issues

When analyzing the Sino-Myanmar relations timeline collected by ISP-Myanmar from **February 8 to March 16, 2023**, a total of 49 issues can be identified (**See table No. 1**) with the dominant subjects being geopolitics, political economy, and diplomacy. In this explainer, ISP-Myanmar would like to describe **five key developments**.

■ Table No. 1

### Dominant subjects in Sino-Myanmar relations

From February 8, 2023, to March 16, 2023

No	Issues	Number of issues
1	Geopolitics	11
2	Political Economy	12
3	Diplomacy	12
4	Defense and Security	2
5	Conflict and Peace	2
6	Soft Power	2
7	Administration, Policies, and Standardization	3
8	Social and Human Rights	4
9	Transnational Crimes	1
Total		49

### Post-coup China Timeline

Chronology events compiled by ISP-Myanmar to assist the study of Sino-Myanmar relations since the 2021 coup ▶

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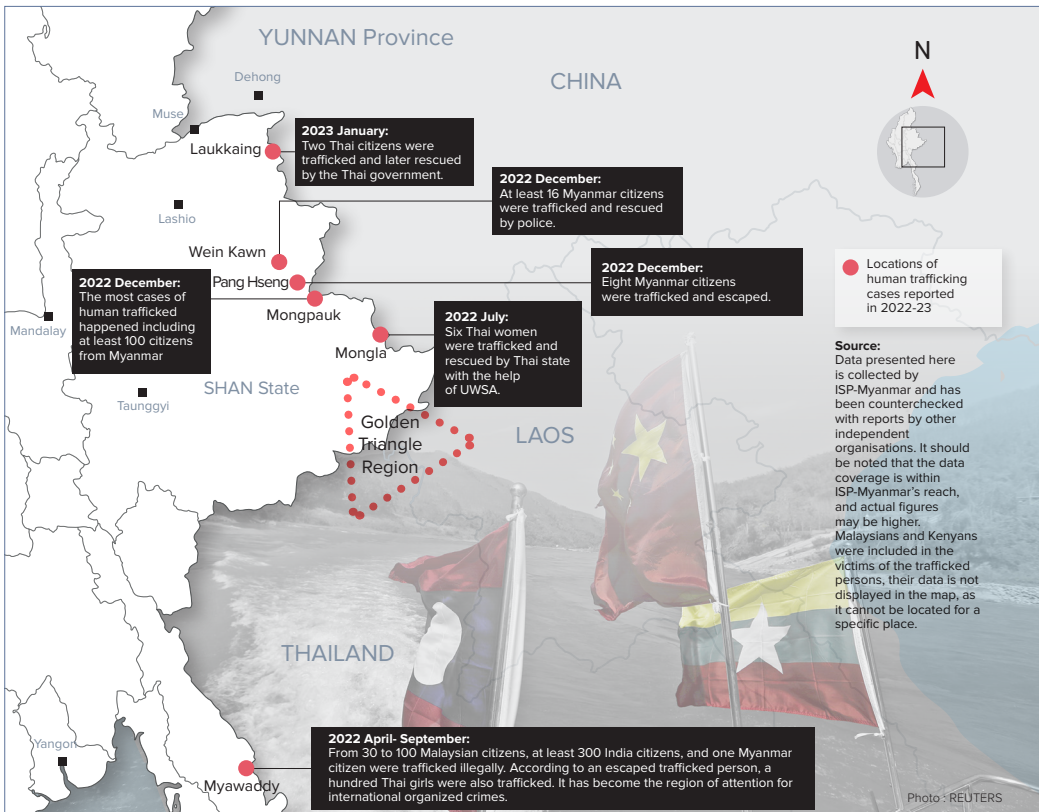
## 1. China's attempt to combat transnational crime

As a measure to control transnational crime, Chinese authorities warn citizens from Hubei, Hunan, and Sichuan provinces of travel restrictions to eight countries including Myanmar, as Chinese gang related activities not only tarnish Belt and Road Initiative (BRI) projects but also that illegal gang activities threaten the security of Chinese citizens.

Those Chinese citizens who have necessity to travel to these countries must receive approval from their residential community or village as well as the local police station. According to China's Supreme People's Court data for 2022, telecom and internet fraud were the third most common criminal trials in China. According to the Ministry of Public Security, China has solved **319,000 cases of telecom and internet fraud**, as well as **37,527 cases of cross-border gambling** in 2022. Chinese officials seriously targeting combating these types of electronic crime should-be a warning to cross-border criminal activities in China's bordering nations, including in Myanmar.

### ISP DATA MATTERS

#### ■ Myanmar: A Hub of Transborder Crimes



In the post-coup period, Myanmar has become a hub for cross-border criminal activities. At least three Chinese satellite towns at the Thailand-Myanmar border, including the infamous Shwe Kokko, have emerged as centers for gang and online crime activities, illegal casinos and other gambling, and human trafficking. Areas near the Sino-Myanmar border under UWSA's control have reported an increase in cases of human trafficking. More reports have emerged from Myanmar's border regions, that not only Myanmar locals, but also citizens from Thailand, Malaysia, India, the Philippines, and Kenya are recruited, trafficked, and forced to work in illegal activities in these regions. **(please see ISP Insight Email Special Edition “The Bricks Have Fallen”)**. For this reason, when the Chinese special envoy, Mr. Deng Xijun met with EAOs based on the Sino-Myanmar border, he **welcomed the EAOs' closer cooperation in combating cross-border crime in addition to building border stability.**

## 2. Chinese envoy Mr. Deng Xijun's trips

After the U.S. enactment of the National Defense Authorization Act (NDAA), the Chinese authorities have built closer relations with the EAOs, many of which are usually referred to as having close ties to China. The 2023 NDAA stated that the U.S. will support technical assistance and non-lethal aid to EAOs, People's Defense Forces (PDFs), and the democratic opposition in Myanmar. **The United States' potential for intervention in Myanmar's political process could be alarming China**, resulting in China expanding its diplomatic efforts.

Mr. Deng Xijun, China's Special Envoy for Asian Affairs, successor of Mr. Sun Guoxiang, has now made several visits to Myanmar. After the initial three months of his tenure, **Deng Xijun met twice with Ethnic Armed Organizations (EAOs) in northern Shan State, including Mongla, Wa, and Kachin, as well as with the SAC. [Please see ISP's Insight email No. 10.]** During the meeting on February 18-19, 2023, he urged the northern EAOs **to hold talks with the SAC, not to accept U.S. Defense assistance, and not to allow illegal activities to be based in EAO-controlled areas.** China appears to not want instability on its border flaring from Myanmar's conflicts as the People's Defense Forces (PDFs) grow with the support of some EAOs in northern Shan State<sup>1</sup>.

Mr. Deng paid a visit to Naypyitaw on March 6, 2023, his second, and met with the chairman of the SAC. **Their discussion went ventured into economic cooperation, which was significant** as prior meetings had routinely focused on border stability and peace. From Mr. Deng's meetings it is clear that at a time of post-COVID border openings, China desires to promote trade, maintain a stable border, and revive China-Myanmar Economic Corridor projects (CMEC).

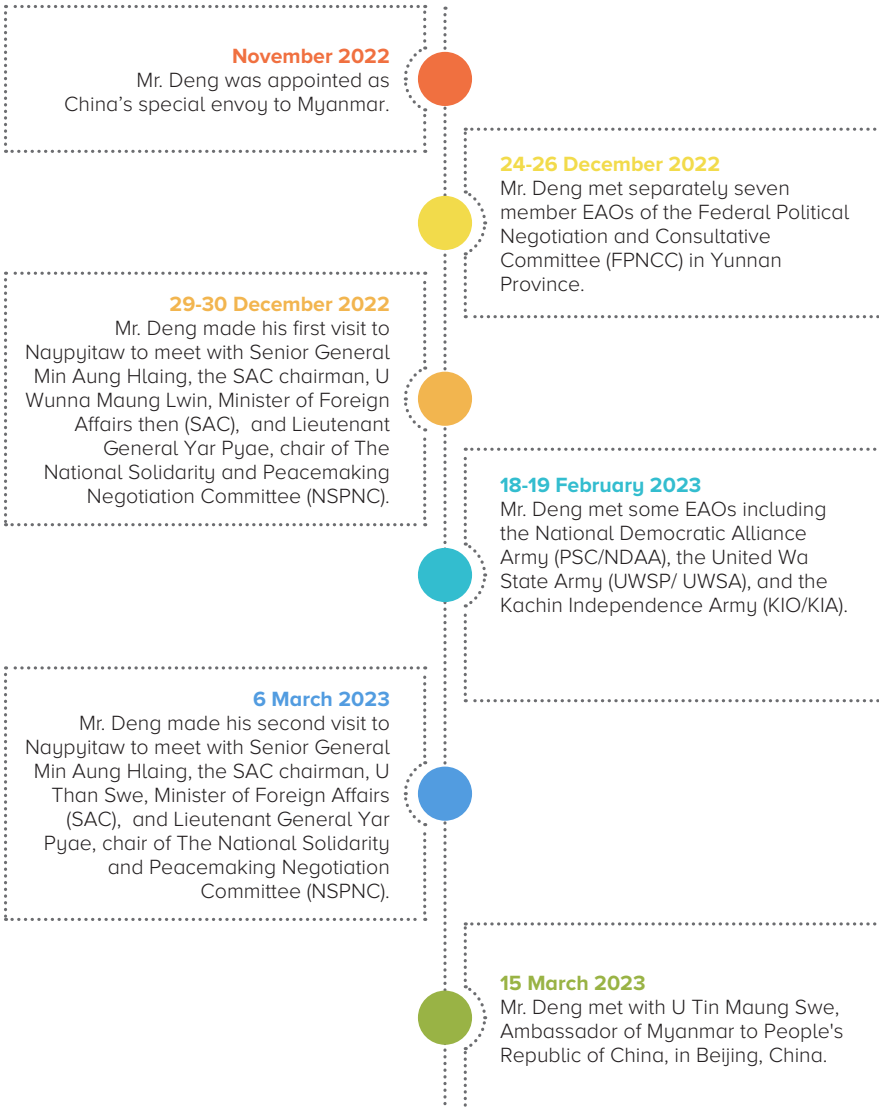
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<sup>1</sup>On January 3, 2023, Myanmar National Democratic Alliance Army (MNDAA) celebrated the first year anniversary of founding Ethnic Nationalities' Brigade 611, which is a collaborative effort of three Brotherhood Alliance. Brigade 611 is also formed with youth originating in cities that joined the Spring Revolution who are then trained and equipped with arms.

## ISP TIMELINE

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### ■ Timeline of Deng Xijun's Activities on Myanmar Affairs



<p>SCAN THIS CODE</p>  <p>The Bricks Have Fallen</p> <p>Seven Setbacks Since the Military Coup and Rays of Hope for the Society</p>	<p>SCAN THIS CODE</p>  <p>Mr. Sun Guoxiang</p> <p>Former China's Special Envoy for Asian Affairs from 2015 to 2022</p>
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### 3. FPNCC welcome China's intervention

Just after Mr. Deng's visit to northern Myanmar, leaders of the Federal Political Negotiation and Consultative Committee (FPNCC), a coalition of seven EAOs including UWSA, held a meeting and issued a statement. In the March 15-16 statement at PangKham of the Wa Self-Administered Division, the FPNCC "welcomed China's intervention to resolve the conflicts in Myanmar". The alliance group statement also said the group was **"assuming to build a Federal Union, with the Burman mainland after building a comprehensive peace. But the minority ethnic groups must rely on themselves and strive towards it, although there are many means to implement the above postulation."**

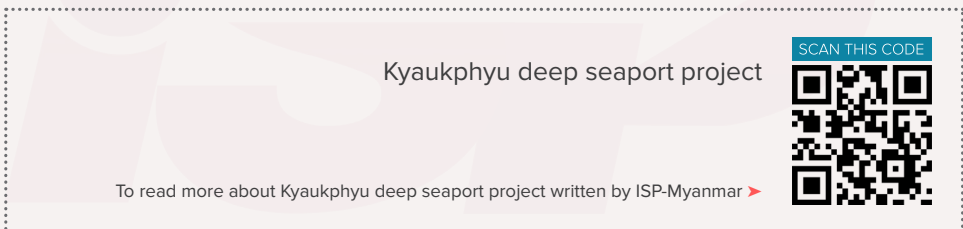
These developments demonstrate that **China will seemingly become increasingly involved in the conflicts in Myanmar.** China's initiative could be either in response to perceived consequences of the U.S. National Defense Authorization Act (NDAA) or China's intention to promote trade, investment, and economic projects in Myanmar in the post-Covid. However illegal trade is also surging in China-Myanmar bilateral trade in the post-coup era **(Please see ISP's Data Matters No. 41).** China's initiatives align not only with the interests of the SAC but also with the EAOs operating along the border areas. These areas should be monitored closely to detect any signs of a scenario developing similar to the post 1990s "ceasefire capitalism".

<p>Behind the Trade Gap Between China and Myanmar</p>	<p>SCAN THIS CODE</p>  <p>Data Matters No. 41 ▶</p>
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#### 4. China's ambassador to Myanmar observes preparations for Rohingya refugee repatriation

China's ambassador to Myanmar, Mr. Chen Hai, visited Rakhine State on March 8-9 **to observe preparations for Rohingya refugee repatriation.** U Ko Ko Hlaing, SAC Minister for International Cooperation invited diplomats, including Mr. Chen Hai, as well as ambassadors from India, Bangladesh, and ASEAN nations, and delegates from the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre). **China will support the first attempt at Rohingya repatriation** and will cooperate in infrastructure development and business development with Chinese companies, Mr. Chen said. Myanmar has been encouraging Rohingya repatriation since 2007, with Chinese government support under a bilateral agreement between the Myanmar and Bangladesh governments which has yet to be implemented.

The Chinese Ambassador also **visited the site of the Kyaukphyu power plant,** invested in by state-owned Power China. The project is an important project under the CMEC in Myanmar's western Rakhine State along with a strategic deep seaport, a renewable power plant, and other Chinese investments. The SAC chairman said on 28 February 2023 that Myanmar will implement the Kyaukphyu deep seaport project after comprehensive assessments.



#### 5. China's new approaches through Yunnan

Since China ended its zero-COVID policy, the Chinese government has fostered trade promotion with Myanmar. On February 14-15, **Mr. Li Chenyang, the director general of Yunnan provincial Department of Commerce met with junta officials in Naypyitaw and also visited the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) in Yangon.** It was China's first official provincial level visit since the COVID pandemic and the delegation discussed the promotion of trade and economic activities.

On February 15, at the meeting with the UMFCCI, Mr. Li raised the idea of practical cooperation in the areas of border trade, agriculture, electricity, and infrastructure. **Around a hundred business personnel from China and Myanmar attended the meeting.** Mr. Li said Myanmar is Yunnan's largest trade partner and asked for deeper cooperation in trade. Although Beijing has downgraded its diplomatic relations with Myanmar's military junta, China has been promoting strategic investments through the Yunnan provincial-level authorities.

## ■ Significant Events in Post-coup Myanmar-Yunnan Relations

- 19 May 2021**

Deputy Director-General of the Foreign Affairs Office of Yunnan Province met with Kunming Consul-General of the SAC to discuss China-Myanmar relations and the implementation of Cross-border Economic Cooperation Zones.
- 28 April 2022**

The Chinese Ambassador to Myanmar, Yunnan Provincial Foreign Affairs Office Director-General, and China's Consul-General to Mandalay met online with SAC trade and diplomacy personnel to discuss Myanmar-China trade flows and border crossings.
- 24 July 2022**

China's embassy in Myanmar announced that China's Yunnan Provincial government will increase the implementation speed of five international trade corridors including Kunming-Yangon and Bangladesh-China-India-Myanmar.
- 13 August 2022**

Myanmar-Yunnan (China) Chamber of Commerce established.
- 3 January 2023**

Governor of Ruili and District Administrator of Muse (SAC) met to discuss the reopening of Muse-Ruili border gates, illegal crossings by Chinese citizens, and Kyat-Yuan cross-border trade payments.
- 14 January 2023**

Myanmar reopened the MaeWon-JieGao crossing at the Muse-Jie-Gao border trade zone.
- 25 January 2023**

Myanmar reopened the Nandaw and Sinphyu border gates, both at the Muse-Jiegao border trade zone.
- 14 February 2023**

Yunnan Provincial Department of Commerce delegation traveled to Naypyitaw to meet with Myanmar Minister of Commerce, discussion centered on promotion of economic and trade cooperation.
- 15 February 2023**

Yunnan Provincial Department of Commerce and Union of Myanmar Federation of Chambers of Commerce and Industry met in Yangon, discussion centered on promotion of economic and trade cooperation.
- 23 February 2023**

Chinshwehaw-Lincang border gate, an important Myanmar-China border-trade crossing, was fully reopened.
- 17 August 2021**

The International Economic and Technical Exchange Center (Yunnan Province) and Yunnan University of Finance and Economics provided Regional Comprehensive Economic Partnership (RCEP) training to SAC staff.
- 8 June 2022**

The governor of Dehong Prefecture and the SAC's Kunming Consul-General met, promoting Myanmar-China cooperation.
- 2 August 2022**

The International Economic and Technical Exchange Center (Yunnan Province) provided SAC staff with training on Myanmar-China border economic cooperation zone capacity enhancement.
- 2 September 2022**

Minister for Hotels and Tourism (SAC) and Chamber of Commerce of Naypyitaw office of Dehong Prefecture met in Naypyitaw.
- 8 January 2023**

China reopened border crossings at the Muse border trade zone, which had been closed for nearly three years.
- 22 January 2023**

Ruili Airlines resume direct flight connection between Dehong Mangshi, Yunnan and Mandalay for the first time since Covid.
- 27 January 2023**

Myanmar representative office of Dehong Prefectural Chamber of Commerce (Yunnan Province) and Aung Shwe Htee Public Company Limited signed a memorandum of understanding on the development of an export processing zone.
- 14 February 2023**

Dehong Prefectural Chamber of Commerce met with Myanmar Federation of Chambers of Commerce and Industry to discuss trade and investment cooperation.
- 18 February 2023**

Foreign Affairs Office of Yunnan Province announced the reopening of Lwejel border crossing, Kachin State.
- 1 March 2023**

Three companies including Yunnan Machinery and Equipment Import and Export and the SAC signed a memorandum of understanding on the building of three wind power electricity projects under the China-Myanmar Economic Corridor (CMEC).



On February 14, 2023, Yunnan Province’s Dehong Dai and Jingpo Autonomous Prefecture Department of Commerce discussed trade and investment with the UMFC-Cl. **Dehong’s Department of Commerce is considering building an export processing zone and signed an MoU with Aung Shwe Htee public company limited<sup>2</sup>.** The export processing zone under the name of “**Shwedon AYA Export Processing Zone**” will be developed in Nyaungdon township of Ayeyarwady Region.

The project will include various firms and sectors, including agriculture, animal husbandry, food processing, and Cut-Make-Pack (CMP) garment factories. In addition, 21 businessmen from the Mandalay chapter of UMFC-Cl made an observation visit to Ruili and Mangshi on March 14. Chinese officials invited them to study the Ruili border crossing and agricultural and industrial firms in Ruili and Mangshi, which play a major part in the China-Myanmar Cross-border Economic Cooperation Zones (CBECZ) system under the CMEC. China apparently intends to foster more cross-border economic cooperation and joint-work zones.

Cross-border Economic Cooperation Zones

To read more about Cross-border Economic Cooperation Zones  
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While the Chinese government is making efforts to enhance economic cooperation through Yunnan provincial officials, another interesting development is the agreement on the MoU for three wind-powered turbine projects. On March 1, 2023, **three Chinese companies signed MoUs with Myanmar’s junta for constructing three wind-turbine projects in Ann, Gwa, and Thandwe Townships of Rakhine State.** They are the Yunnan-based Yunnan Machinery and Equipment Import and Export Co. Ltd., Hong Kong-based Asia Ecoenergy Development Ltd., and Myanmar’s Primus Advanced Technologies Ltd. The wind-turbine projects will produce **a total generating capacity of 360 MW** by 2025.

U Tin Maung Swe, SAC Ambassador to China met with the chairman of Power China in Beijing on February 13, 2023, and discussed the promotion of renewable energy projects in Myanmar. Since the coup, the Chinese company has been developing the Combined Cycle Power Plant (CCPP) in Kyaukphyu, and solar electricity generation projects in Pwint Phyu, Myitthar, and Shwekyin Townships. In addition, Myanmar’s junta made a statement on February 15, 2023, that the two countries will set up a China- Myanmar Energy Cooperation body to oversee the construction of a cross-border grid. This demonstrates that Myanmar will play an important role in fulfilling the demand for electricity in Yunnan province.

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<sup>2</sup>Aung Shwe Htee Public Company Limited is based in Nyaungdon Township of Ayeyarwaddy Region and focuses on construction and production. The company was founded in 2019 and Aung Kyi Soe, the current general secretary of the UMFC-Cl is company director.

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