



SEEKING A PROCESS STRATEGY FOR MYANMAR: CHINA'S INITIATIVE

Myanmar needs a political "process strategy" that respects the aspirations of its people and can be pragmatically implemented to address the current crisis. The effectiveness of China's initiative in filling this gap hinges on its strategic capabilities and collaborations with various national and international stakeholders.



■ Events

Mr. Wang Yi, China's Foreign Minister and Member of the Politburo of the Chinese Communist Party's Central Committee, visited Naypyitaw on August 14, 2024, and held talks with Myanmar's State Administration Council (SAC) leader, Snr. Gen. Min Aung Hlaing, and former junta leader, Than Shwe. One key point raised by China's senior diplomat on the current situation was that "China opposes chaos and conflict in Myanmar, interference in Myanmar's internal affairs by outside forces, and any words and deeds that attempt to drive a wedge between China and Myanmar and smear China." On resolving the Myanmar conflict, "China firmly supports Myanmar committing itself to advancing the new

Five-Point Road Map within the constitutional framework to realize political reconciliation and resume the process of democratic transition at an early date, so as to find a path to long-term peace and stability." Moreover, in his remark at the 9th Lancang-Mekong Cooperation (LMC) Foreign Ministers' Meeting on August 16, 2024, he stated, "The current situation in Myanmar remains a cause for concern, and there are three bottom lines to be adhered to – Myanmar should not be subject to civil strife, should not be detached from the ASEAN (Association of Southeast Asian Nations) family, and should not be allowed to be infiltrated and interfered with by external forces."

■ China Foreign Minister Wang Yi's Three Bottom Lines for Myanmar's Crisis

1

Myanmar should not be subject to civil strife

2

Myanmar should not be detached from the ASEAN family

3

Myanmar should not be infiltrated and interfered by external forces

On August 16, 2024, China's Foreign Minister, Wang Yi, extensively addressed Myanmar's situation at the Lancang-Mekong Cooperation (LMC) Foreign Ministers' Meeting. He also participated in an informal discussion with the Foreign Ministers of the Myanmar's SAC, Thailand, and Laos, where he highlighted the seriousness of Myanmar's crisis and outlined three bottom lines to manage it. At the subsequent press conference, Wang stressed China's commitment to ensuring Myanmar's stability by ending the conflict, safeguarding citizens, and rejecting external interference. He further emphasized that Myanmar should remain a part of ASEAN, adhere to the five-point consensus, and seek a soft landing for its crisis through ASEAN-led solutions.

■ Preliminary Analysis

Three possible reasons can be identified as to why China's top leaders are now pushing for the resolution of the Myanmar crisis through such initiatives as Wang Yi's Myanmar visit.

The first reason could be the fall of Myanmar Armed Forces' (MAF) Northeastern Command in northern Shan State to Myanmar National Democratic Alliance Army (MNDAA) control. This history-making fall of a Regional Military Command (RMC) could become a major concern for China to intervene. The fighting in northern Shan State has directly impacted China regarding border stability, the economy, and China's strategic mega projects in Myanmar. In the post-Operation 1027 landscape, Ethnic Armed Organizations (EAOs) have gained control of 91 percent of the value of the China-Myanmar border trade. Similarly, the value of 53 percent of China projects either planned or in implementation phases in Myanmar are now situated in areas under EAO control. The People's Defence Force (PDF), under the command of the National Unity Government (NUG), recently gained control of China-invested projects in central Myanmar, such as the Tagaung Nickel Processing Factory, Alpha Cement Factory, and Sinn Shwe Li-2 Sugar Mill. In addition, PDF forces attacked guard posts and off-take stations along the China-Myanmar gas pipeline and were involved in other clashes around the pipeline. Intense fighting between the MAF and resistance forces surrounding Chinese projects has made China especially nervous due to the significance

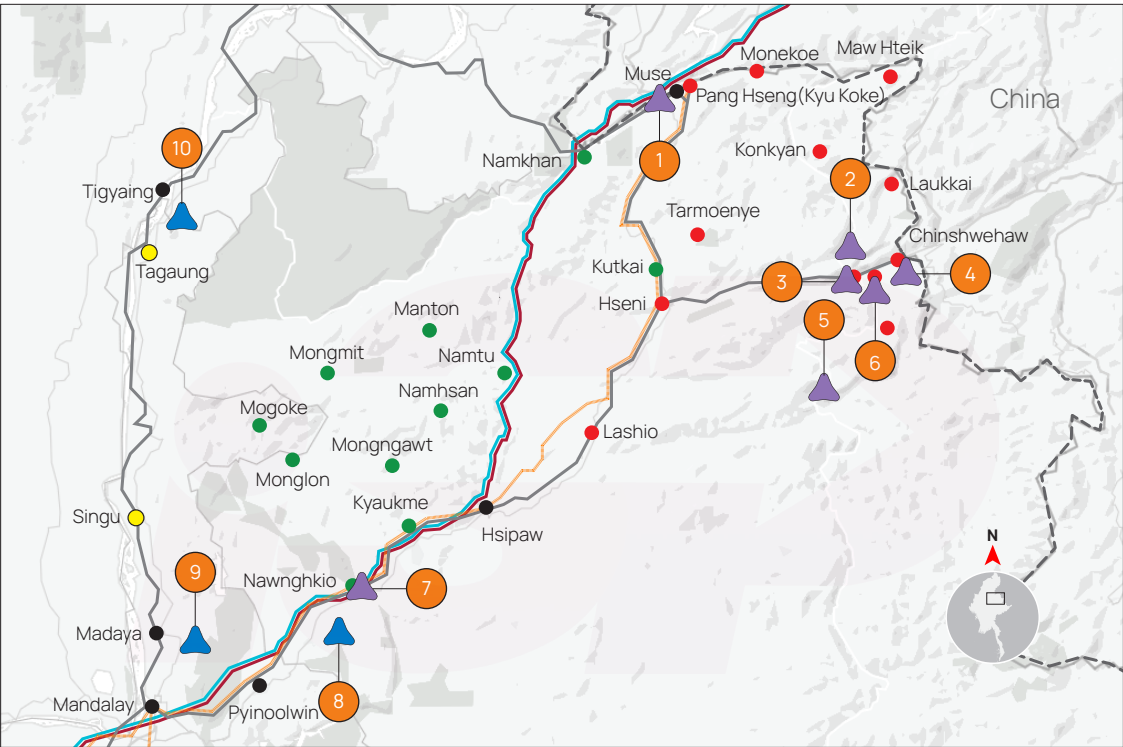
of these investments and concerns for the security of its citizens working on the projects.

The second reason could be related to the failure of China's intervention to end the first wave of Operation 1027 through the Haigeng talks since December 2023. China initiated a ceasefire and de-escalation of the conflict through the Haigeng process based on China's interests in the border trade, business, and China's mega investment projects in the areas. However, neither side involved in the clashes - the SAC or the Three Brotherhood Alliance (3BHA) - were keen to adopt alternative solutions to conflict. China got the message; the Haigeng process may not be effective. Given the circumstances, China may not wish to limit with the Haigeng process which focuses on northern Shan State and instead urgently push to resolve the entire Myanmar national crisis.

The third reason could be a vacuum of domestic and international leadership to effectively implement a "process strategy" to resolve the Myanmar crisis. China has been using its power to trail-blaze through this initiative, like a Burmese saying "the elephant's steps create a path." Domestically, the SAC's political roadmap is unpopular, its chances of success seem unlikely to many people, and it does not move away from the status quo. The idea of "giving war a chance," still resonates strongly with many of the resistance forces and they ultimately believe that victory will be decided through military conquest. Yet, the opposition has no

Ten Chinese Projects Seized in Northern Shan and Surrounding Areas

As of August 18, 2024, Ethnic Armed Organizations (EAOs) and People's Defense Forces (PDFs) have fully seized **ten out of 19** Chinese projects located in northern Shan State and central lowlands. Additionally, EAOs have gained partial control over key infrastructure, including the China-Myanmar oil and natural gas pipeline, cross-border power lines, the International Land-Sea Trade Corridor (ILSTC), Muse-Mandalay railway and several trade routes.



Ten Chinese Projects Seized by EAOs and PDFs

No.	Project	Project Value (in USD)
1	Cross border Economic Cooperation Zone*	8 Million
2	Kunlong Dam*	1,400 Million
3	Kunlong Bridge	19.6 Million
4	Cross border Economic Cooperation Zone*	4 Million
5	Nong Pha Dam*	Value Unknown
6	Lancang-Mekong Warehouse and Awareness Center	Value Unknown
7	Goteik Bridge and New Road Implementation*	100 Million
8	Sinn Shwe Li Sugar Factory No.2	Value Unknown
9	Alpha Cement Factory	Value Unknown
10	Tagaung Nickel Processing Factory	855 Million

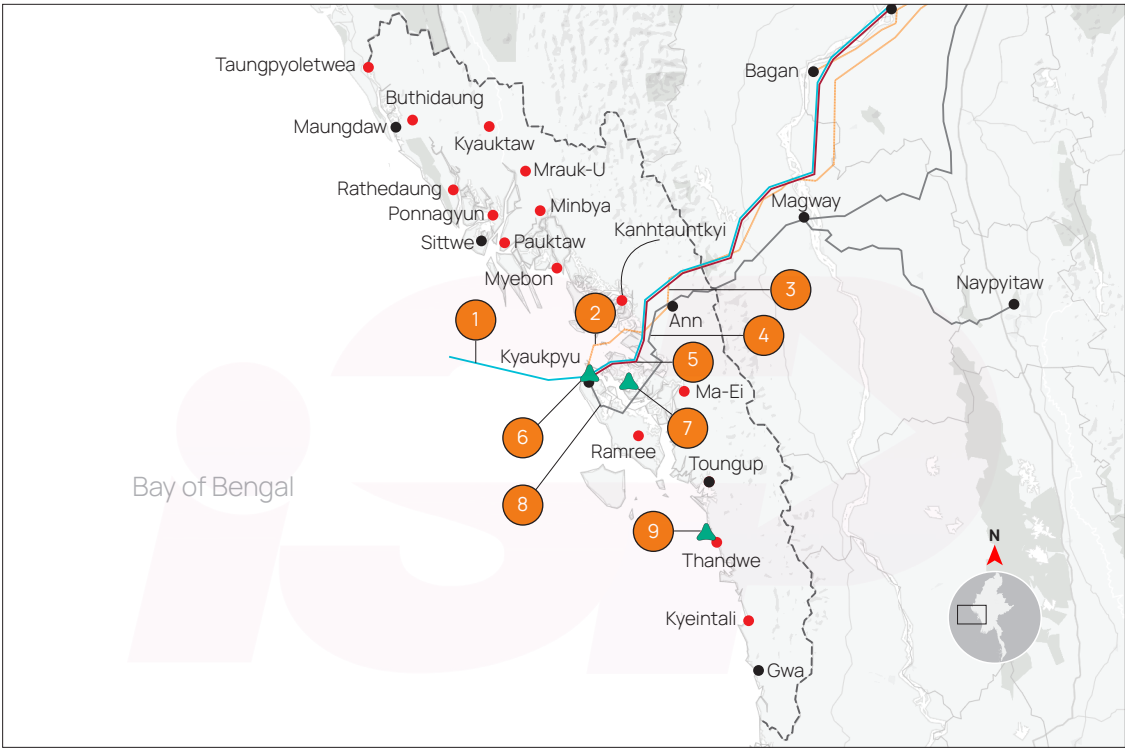
- Towns Controlled by SAC
- Towns Seized by MNDAA
- Towns Seized by TNLA
- Towns Seized by PDFs
- Chinese Projects Fully Controlled by EAOs
- Chinese Projects Seized by EAOs and PDFs
- Natural gas pipeline
- Oil pipeline
- Railways
- Roads

Note: The data presented here is based on ISP-Myanmar's research. Actual data may vary due to limitations of data access and potential variations in methodology employed in the research.

* Planned Project

■ Nine Chinese Projects in Rakhine State Under AA's Partial Control

As of August 18, 2024, the Arakan Army (AA) has gained partial control over **nine out of 11** Chinese Projects in Rakhine State. These include the Kyaukphyu deep sea port and special economic zone, Mandalay-Kyaukphyu railway project, China-Myanmar oil and natural gas pipeline, as well as trade routes. Additionally, the AA partially controls the Kyaukphyu-Naypyitaw road project and Thandwe wind power project.



● Nine Chinese Projects Under AA's Partial Control

No.	Project	Project Value (in USD)
1	China-Myanmar Natural Gas Pipeline	1,090 Million
2	Kyaukphyu-Ann Railway*	Value Unknown
3	Mandalay-Kyaukphyu Railway*	11,000 Million
4	Mandalay-Kyaukphyu Road*	Value Unknown
5	China-Myanmar Oil Pipeline	1,500 Million
6	Kyaukphyu Deep Sea Port and Special Economic Zone*	9,600 Million
7	Kyaukphyu Power Plant	180 Million
8	Kyaukphyu-Naypyitaw Road*	Value Unknown
9	Thandwe Wind Power Project*	Value Unknown

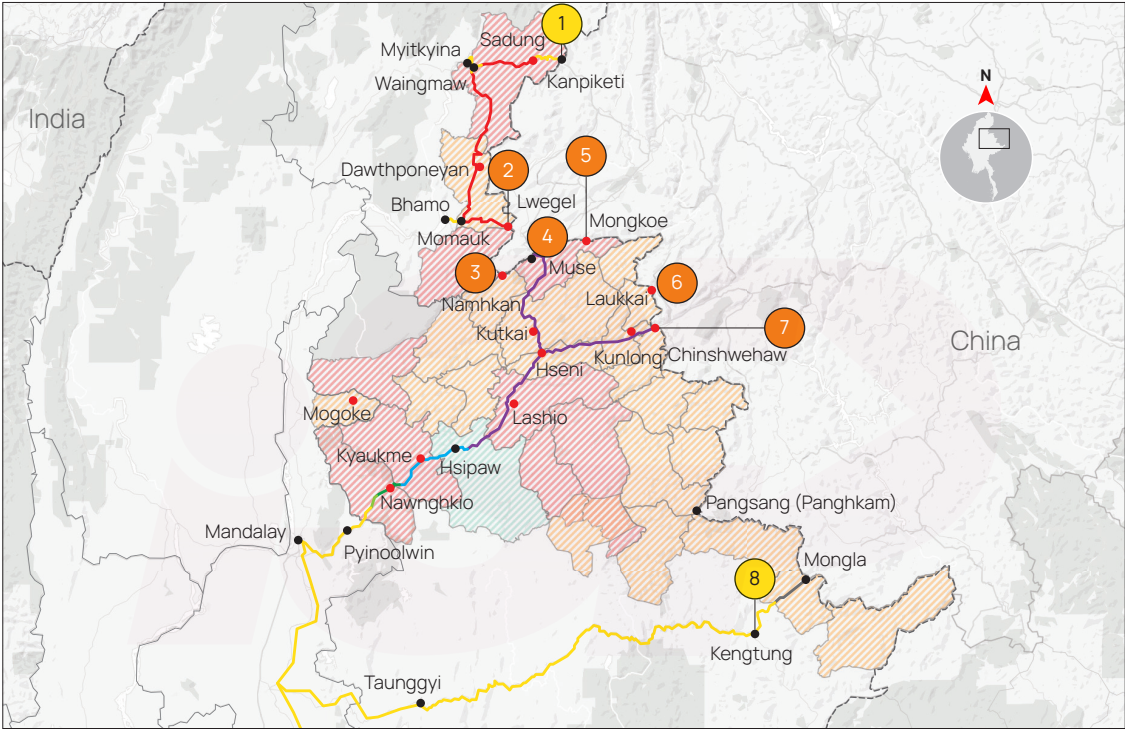
- Towns Controlled by SAC
- Towns Seized by AA
- ▲ Chinese Projects Partially Controlled by AA
- Natural gas pipeline
- Oil pipeline
- Railways
- Roads

Note: The data presented here is based on ISP-Myanmar's research. Actual data may vary due to limitations of data access and potential variations in methodology employed in the research.

* Planned Project

■ EAOs Control Six Trade Stations and Gates on Myanmar-China Border

Ethnic Armed Organizations (EAOs) have seized **six out of eight** formal Myanmar-China border trade stations and gates. Between February 2021 and June 2024, the trade value through these six stations exceeded **USD nine billion**. The Muse trade station, now under the control of the Three Brotherhood Alliance (3BHA), handles trade worth an average of **USD six million** daily, while the Chinshwehaw trade station, controlled by the Myanmar National Democratic Alliance Army (MNDAA), processes over **USD one million** worth of trade per day.



● Average Daily Trade Value at Myanmar-China Border Stations and Gates

No.	Stations and Gates	Average Trade Value Per Day (in USD)	Remark
1	Kanpiketi Station	0.4 million	Under SAC Control
2	Lwegel Station	0.35 million	Under KIA Control
3	Namhkan Gate	Value Unknown	Under TNLA Control
4	Muse Station	6.5 million	Under 3BHA Control
5	Mongkoe Gate	Value Unknown	Under MNDAA Control
6	Yanlonkyaing Gate (Laukkai)	Value Unknown	Under MNDAA Control
7	Chinshwehaw Station	1 million	Under MNDAA Control
8	Kengtung Station	0.1 million	Under SAC Control

Note: Data is collected by ISP-Myanmar and cross-checked with reports from various independent organizations. Actual figures may differ due to the situation on the ground and data limitations. The MNDAA controls the Kyinsankyawt and Kyukoke (Panseng) gates at the Muse station, while the SAC controls the Man Wein Gyi gate. However, accessing the Man Wein Gyi gate requires passing through the 105-mile Trade Zone, which the 3BHA controls. The map only illustrates the context of control areas post Operation 1027.

► post-conflict blueprint on how to reconcile military victories with a political objective or how to connect to a broader political settlement. There is a prevailing view that the resistance groups lack political trust, as well as capable, bold, and responsible leadership to initiate any process strategy that links military victory to a political resolution. This is the primary reason that Myanmar requires mediation from neighboring countries, such as ASEAN, and in broader contexts the United Nations, from the perspective of conflict transformation.

On the other hand, regarding international players, neighboring Thailand's political situation is volatile. The resignation of Thailand's Foreign Minister, Mr. Parnpree Bahiddha-Nukara, has created a void, as he was leading the Myanmar Taskforce for Thailand and had initiated a humanitarian dialogue. ASEAN's alternate Chair, Laos, is as yet incapable of reviving the ASEAN common process for Myanmar. Although the United States has met with SAC delegates, talks so far may prove to be simply communication without resulting in any robust process. The UN Special Envoy on Myanmar is still consulting with international actors, yet it is evident that no UN process is implemented for Myanmar. In this context, China has taken the initiative for a "process strategy" in Myanmar, deploying it in a vacuum.

Mr. Wang Yi's Naypyitaw visit and broader meetings with new and old junta leaders could be the beginning of implementing China's new "process strategy." Such a strategy would supersede the limited scope of the Haigeng talks and the ceasefire in northern Shan State, and

would aim to end the conflict with 3BHA. This new "process strategy" likely raises the scope to resolve the Myanmar crisis in its entirety.

Meanwhile, China is holding talks with many parties, not only the junta but also with opposition groups, including the NUG and EAOs in southern Myanmar. Such attempts at dialogue seem to indicate that China is thinking comprehensively and that future talks would be inclusive of all parties to the conflict, which could help to safeguard the various Chinese interests in Myanmar. However, as there are many players in the Myanmar conflict with multiple interests, it is a subtle and strategic challenge for China to decide which actors to engage with and the sequence of engagement, who will be leveraged when, and who will be rewarded.

Nevertheless, China's process is based on the SAC's path of convening a General Election and its support "to realize political reconciliation and resume the process of democratic transition... within the 2008 constitutional framework". This strategy could be surmised as China's willingness to "hold elections in Myanmar as early as possible, transfer power to a civilian government, prioritize economic development, and implement the peace-making process patiently, while resisting influence from the Western powers." China is expected to pressure the SAC to involve Myanmar's pro-democracy leader, Aung San Suu Kyi, in the execution of the Chinese-backed "process strategy". It will be an important strategic calculation whether Aung San Suu Kyi will be incorporated into the "process strategy", before or after the election.

China's high-level leadership, including President Xi Jinping and Foreign Minister Wang Yi, have committed in several public speeches to restoring stability and guaranteeing China's interests in Myanmar. This could be seen to indicate that China cannot afford to lose face on its commitments and will push towards a resolution.

■ Scenario Forecast

For China's efforts at mediation to effectively take shape in Myanmar, the process will depend on how well China can convince Snr. Gen. Min Aung Hlaing to embrace the idea and what practical measures are involved in deployment. Monitoring how the SAC and its core supporters fuel anti-China sentiment is also necessary.

Another major challenge for China is how it can appeal to the militarily victorious EAOs and the NUG/PDF to convince them to enter into talks to end the conflict and ultimately seek a political resolution. However the China-driven process is focused on the SAC's roadmap and eventual resolution within the 2008 constitutional framework. Thus, the China process will be hard to swallow for the leadership of Myanmar's "Spring Revolution" and EAOs.

If China attempts comprehensive mediation of the entire Myanmar crisis through bilateral relations, it could encounter a "legitimacy" constraints. China may be required to convince Myanmar's neighboring countries, including ASEAN as well as the United Nations, to collaborate in the process. For that reason, Mr. Wang Yi stated on August 16 at the LMC Foreign Ministers Meeting, "China will maintain close communications with ASEAN, and continue to handle any work related to Myanmar in its own way," which would pave the way for a "soft landing." While on one hand China is enticing other parties to support and collaborate with its "process strategy" in Myanmar, conversely it is interesting to note China seeming to exclude the United States and other Western powers from playing any important roles in Myanmar, a clear geopolitical calculation.

Nonetheless, the success of any mediation hinges on a strategy that fully involves all stakeholders and respects the aspirations of the people of Myanmar. Skillful deployment, thorough consultation, and collaboration are crucial for the strategy's success and effectiveness. These elements will pave the way for a workable solution to emerge from the process. ■

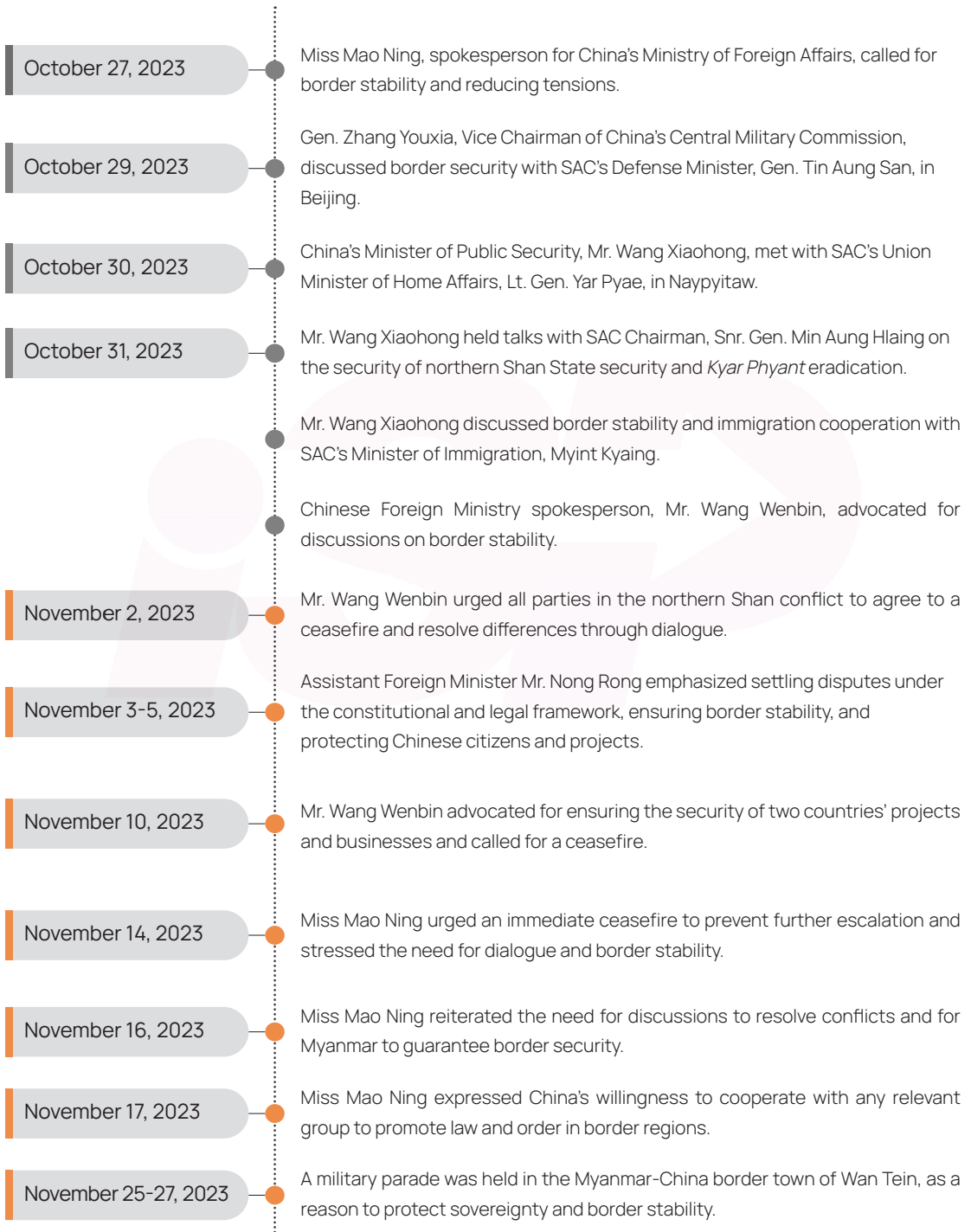
■ China's Stance on Myanmar's Crisis

	2021	2022	2024
2008 Constitution	Advocates for finding a solution to the crisis within the constitutional and legal framework through dialogue and consultation.	Expect joint efforts by China and ASEAN to push Myanmar in pursuit of political reconciliation within the constitutional and legal framework. Encourages all political parties in the country to realize peace early.	Supports Myanmar's efforts towards an early political reconciliation within the constitutional framework. Supports the SAC's Five-Point Road Map and ASEAN's Five-Point Consensus.
Democratic Reform and Humanitarian Aid	Continue to advance the democratic transition. Avoid further bloodshed and civilian casualties.	Restart the democratic transition process.	Encourage multiple parties to provide humanitarian aid to Myanmar, strengthen collaboration to prevent conflict, and work towards improving socioeconomic conditions.
ASEAN	Supports the ASEAN in upholding the norms of non-interference in internal affairs and consultation and consensus, and in participating constructively to help ease the Myanmar situation in the ASEAN way as a mature regional organization	Expects ASEAN to uphold the "ASEAN way," stay committed to the basic principles and traditions of non-interference in internal affairs, and constructively implement the "five-point consensus" of ASEAN.	Supports Myanmar's crisis resolution through ASEAN way, avoiding foreign interference that could exacerbate regional conflicts.

Note - Excerpted from Chinese Foreign Minister Mr. Wang Yi's statement on Myanmar's Crisis.

■ China's Response to Operation 1027: A Timeline

(October 27, 2023 – August 18, 2024)







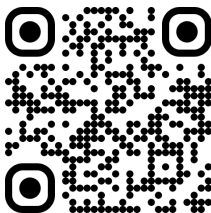
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PO Box 149, Chiang Mai University PO, Chiang Mai, 50202.