



“O’ Northern Road...”

THREADING THE NEEDLE

A Much-Needed Thai Model
for Myanmar’s Political Puzzle

ISP On Point No. 25
June 2025

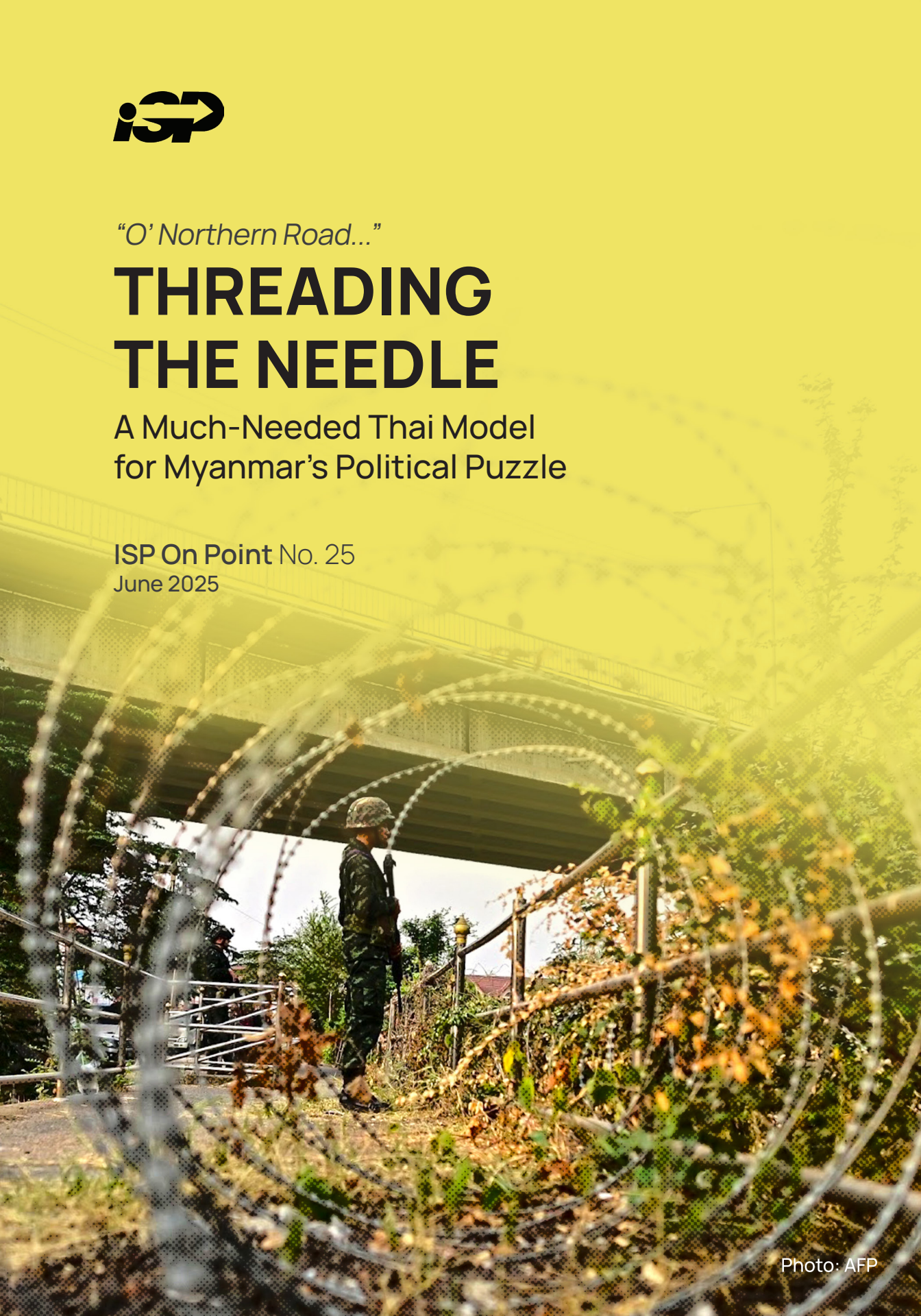


Photo: AFP



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+66 807 747 9712

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

info@ISPMyanmar.com | www.ISPMyanmar.com

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Threading the Needle: A Much-Needed Thai Model for Myanmar’s Political Puzzle

Myanmar’s Conflict Resolution that Needs Guardrails and the Future Prospect

■ Summary

ISP-Myanmar is publishing a trilogy of preliminary analyses (OnPoint) on “Myanmar’s Conflict Resolution that Needs Guardrails and the Future Prospect.” This analysis is the second part of the trilogy.

The Karen National Liberation Army’s (KNLA) Brigade 4, along with allied People’s Defense Forces (PDFs), seized the Htee Hta Tactical Operation Command (TOC) and the Htee Khee border checkpoint from the State Administration Council (SAC) in Tanintharyi Region from late April to early May 2025. Fierce fighting continues in Kawkaeik and Kyainseikgyi townships between SAC troops and the KNLA Brigade 6. The SAC’s efforts to retake the Asian Highway (AH-1) through Operation Aung Zeya have not yet succeeded.

Thailand has shown interest in resolving Myanmar’s conflict, aiming to reopen the Asian Highway and achieve peace. Former Thai Prime Minister Thaksin Shinawatra has emphasized that Myanmar’s conflict should be resolved by its people through dialogue. He facilitated a meeting between the SAC leader and the ASEAN chair. Thailand’s efforts are driven by three primary interests: securing its border, addressing humanitarian concerns, and resolving Myanmar’s armed conflict to achieve sustainable peace. While not explicitly rejecting international frameworks like those of the UN or ASEAN, Thailand is leaning toward China’s approach, focusing on de-escalating conflict through trade, and economic incentives.

However, there are five significant differences between Thailand and China. One of these differences lies in the degree of influence on Myanmar’s conflict actors. Compared to China, Thailand has less influence over the Myanmar military and Ethnic Armed Organizations (EAOs). These differences pose challenges to Thailand’s adoption of China’s model. However, if Thailand can leverage these differences to create a strategy tailored to its context—akin to a Thread-the-Needle act—it could develop an effective approach that balances competing interests. Read this On Point to see more differences between Thailand and China in managing Myanmar’s conflict.

*“O’ Northern Road...”*¹

Threading the Needle: A Much-Needed Thai Model for Myanmar’s Political Puzzle

Myanmar’s Conflict Resolution that Needs Guardrails and
the Future Prospect²

■ Events

In late April and early May, Brigade 4 of the Karen National Liberation Army (KNLA), along with allied People’s Defense Forces (PDFs), seized the Htee Hta Tactical Operation Command (TOC) and the Htee Khee border checkpoint in Tanintharyi Region from the State Administration Council (SAC). The KNLA and PDFs, aligned with the National Unity Government (NUG), say they have been conducting “Operation Sittaung River Basin” since 2023. Operation Aung Zeya, launched by the SAC to retake the Asian Highway (AH-1), has yet to make headway. Fierce fighting continues between SAC troops and sub-units of the Karen National Union (KNU) Brigade 6 in Kawkaik and Kyainseikgyi townships. Against this backdrop, Thailand has been making repeated attempts to mediate the conflict and reopen the highway.

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- 1 The phrase of this OnPoint’s title “O’... Northern Road...” is taken from the Muse-Namkham Road [song] composed and sung by famous Shan singer Sai Hsai Mao.
 - 2 ISP-Myanmar plans to publish a trilogy on this topic: Myanmar’s Conflict Resolution that needs guardrails and the future prospects. This OnPoint is the second of the three.

■ Preliminary Analysis

Former Thai prime minister Thaksin Shinawatra stated, "I've conveyed to all major powers that Thailand wants to see Myanmar resolve its internal conflicts. Without dialogue, there can be no path toward negotiation." Since April 2025—coinciding with Mr. Thaksin's remarks—military operations have been intensified by the KNLA and its allied forces along the Thai-Myanmar border. After Thailand invited the State Administration Council (SAC) leader to attend the BIMSTEC summit—an effort to reintegrate Myanmar into the regional fold—and Mr. Thaksin brokered a meeting between the junta chief and the current ASEAN chair, Malaysian prime minister Anwar Ibrahim, a series of battles and border outpost seizures followed.

Hosting nearly 100,000 refugees in Thai border camps and approximately six million migrant workers from Myanmar, Thailand bears the brunt of cross-border impacts stemming from Myanmar's armed conflict. Moreover, Washington's new tariffs risk hitting Thailand's economy, especially in the export sector, and Myanmar nationals working in Thailand's manufacturing industries may face significant impacts on their livelihoods (**See Appendix 1 for details.**) Thailand appears to have three primary interests in the Myanmar crisis: (1) securing its border, (2) addressing humanitarian concerns, and (3) resolving armed conflict and achieving sustainable peace in Myanmar. While not explicitly rejecting UN or ASEAN frameworks, Thailand increasingly leans toward China's approach: focusing on resolving conflicts in Myanmar through trade and economic incentives, and integrating de-escalation

of conflict through humanitarian efforts whenever feasible. Over time, other measures for de-escalation tacitly accept the SAC's planned elections as unavoidable, backs a gradual transfer of power to a civilian government, prioritize economic development, implement peacebuilding patiently, and seek to limit broader international involvement—particularly sanctions—except in support of humanitarian aid.

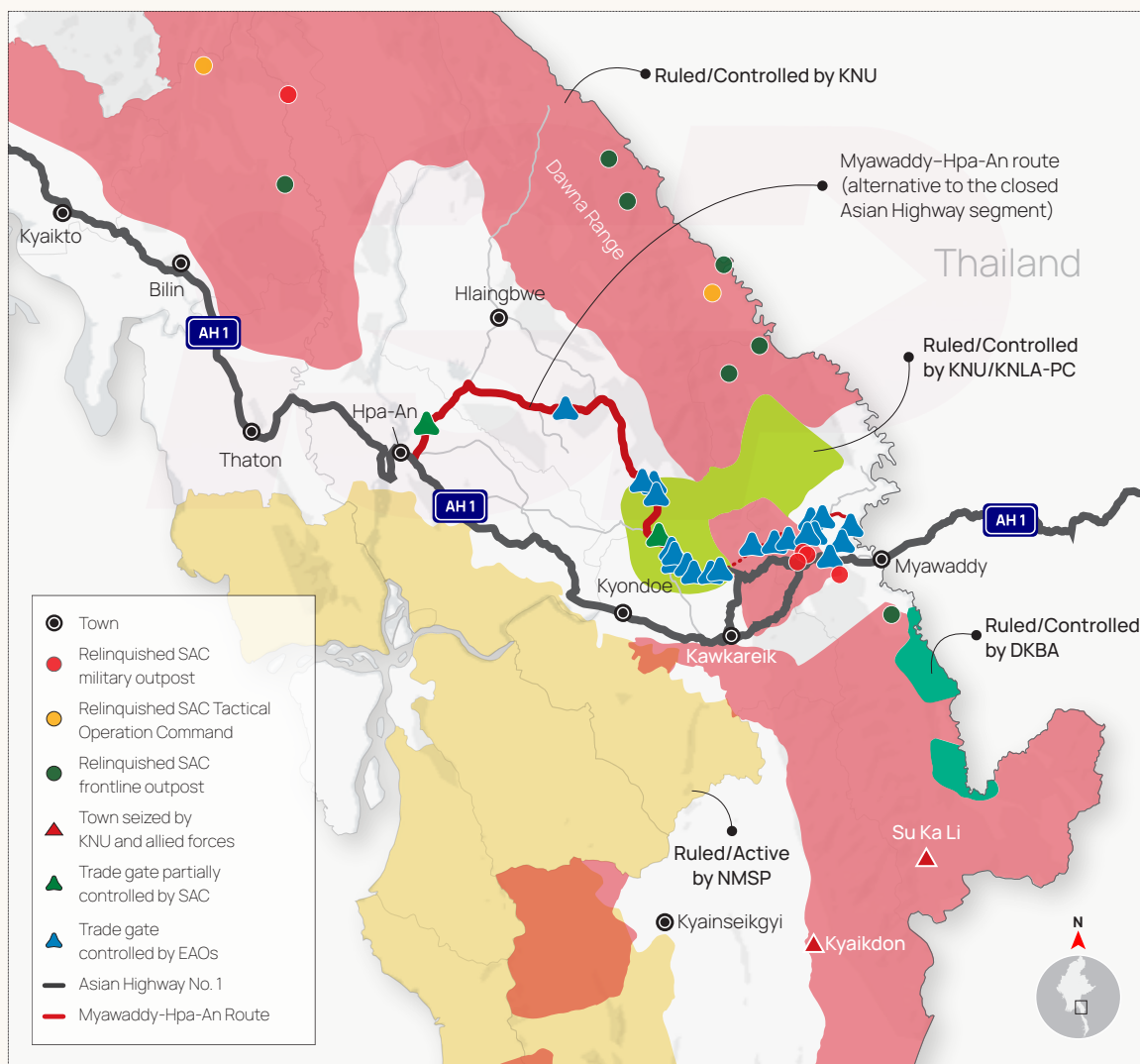
As an initial step toward addressing the Myanmar crisis, Thailand wants to see the reopening of the Myawaddy-Kawkareik section of the Asian Highway (AH-1)—a vital corridor for Thai-Myanmar border trade, with an average value (based on fiscal year calculations, 2018–2019 to 2023–2024 excluding mini budget) of around USD 4.4 billion per year and USD 370 million per month (**see Appendix 2 for details on the AH-1.**) The route is currently controlled by multiple armed groups, including the Karen National Liberation Army (KNLA) and the Border Guard Force (BGF), forcing trade to divert through a detour riddled with checkpoints and informal taxes. The disruption has hurt Thai businesses and contributed to widespread shortages of consumer goods in Myanmar. For Thailand, reopening the highway serves as a test case for whether a step towards de-escalation through trade and economic incentives can be pursued, and Thailand can strike a balance for mutually beneficial relations with each of Myanmar's armed actors.

Border Trade Disrupted by Asian Highway Closure

ISP Mapping Number 97

ISP Mapping

The Myawaddy–Kawkareik section of Asian Highway 1—a key trade route between Myanmar and Thailand—remains closed. This disruption has led to an estimated loss of **nearly USD 721.96 million** in trade (based on a comparison of the first six months of 2023 and 2024). With the main road blocked, transport has been rerouted through a rural path across the Dawna Range. Along the Myawaddy–Hpa An road, control of border trade checkpoints is fragmented: two stations remain under State Administration Council (SAC) partial control, while **over 22 checkpoints** are controlled by Ethnic Armed Organizations (EOs) and Border Guard Forces (BGF).

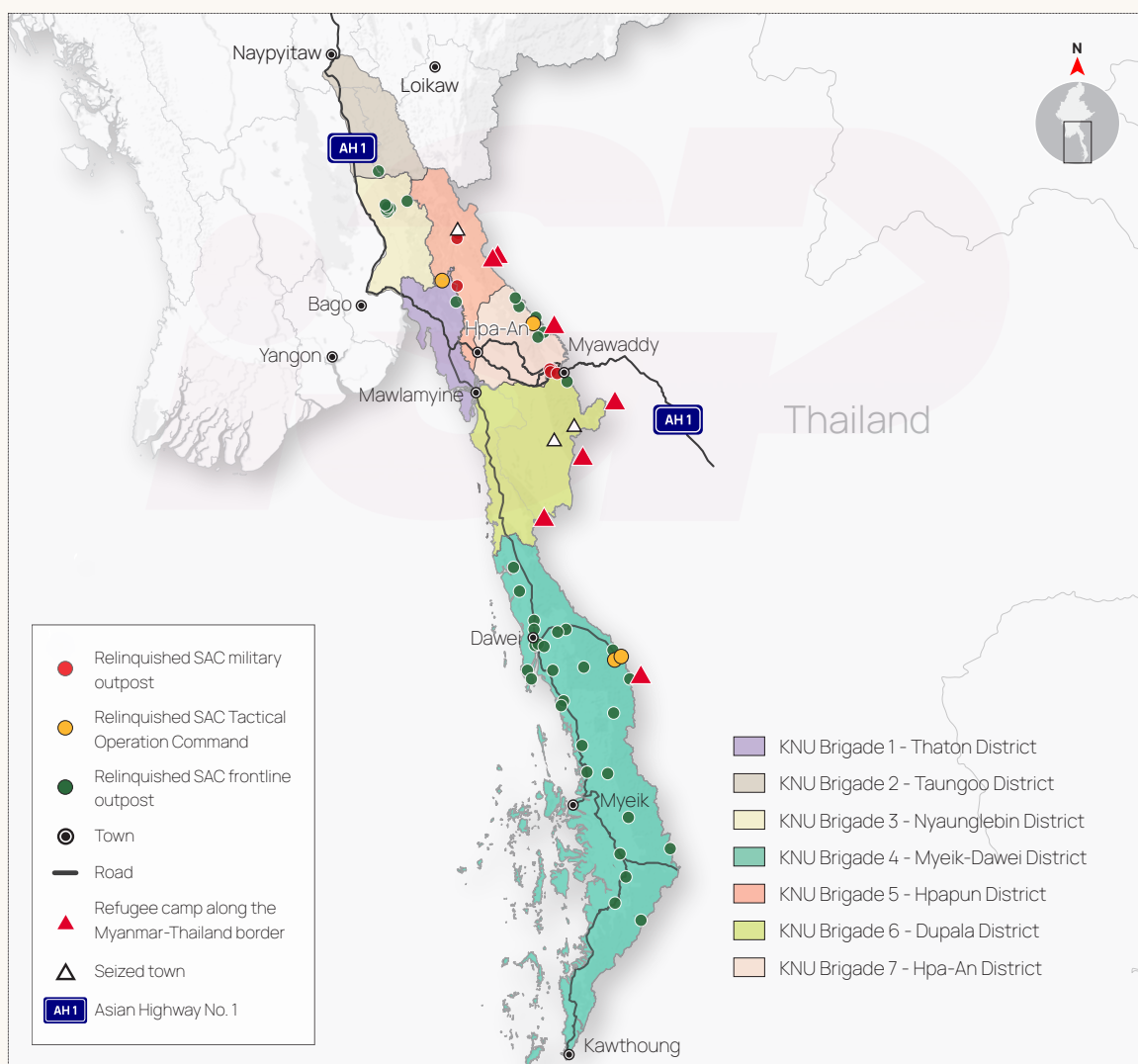


SAC Outposts Lost Within KNU-Designated Brigade Areas

ISP Mapping Number 98

ISP Mapping

The Karen National Union (KNU) has **seven brigades**, each operating within its designated district. Since the 2021 coup, most of the intense armed clashes in Karen State have occurred in Brigade 5, located in Hpapun District. As of now, the military wings of the KNU, Karen National Liberation Army (KNLA) and Karen National Defence Organisation (KNDO), and allied People's Defence Forces (PDFs) have **taken over three towns** and **over 200* small and large military outposts** of the State Administration Council (SAC) including **six battalion bases** and **six Tactical Operation Command**.



Data as of May 26, 2025, is based on ISP-Myanmar's research and may vary from other sources due to differences in methodology and data availability. (*) This map only illustrates key battalion bases, Tactical Operation Command (TOC) and major outposts and does not include small outposts.



While Thailand appears to be gravitating toward China's approach to the Myanmar crisis, at least five key contextual differences separate the two countries.

While Thailand appears to be gravitating toward China's approach to the Myanmar crisis, at least five key contextual differences separate the two countries. First, China wields far greater influence over the Myanmar regime—and actively exercises it—whereas Thailand lacks comparable leverage and has not made strategic use of what influence it holds. Second, China has a stronger grip on the ethnic armed organizations (EOs) along its border. Since mid-2024, for example, it has imposed targeted sanctions through a “five cuts” strategy on EOs in northeastern Myanmar, prompting military and political shifts aligned with its interests (**see 30 Minutes with the ISP, Event 6: “Sanctions with Chinese Characteristics.”**) Thailand, by contrast, appears to lack similar authority.

A third key difference lies in the organizational structure and political agendas of the EOs along China's and Thailand's borders. EOs near China are more centralized and tend to prioritize military victories, but they do so without urgently linking these gains to a political settlement. Many lack formal alliances with pro-democracy forces such as the National Unity Government (NUG). By contrast, EOs along the Thai border are weaker in centralization and coherency, with diverse political affiliations that make trade-driven or ceasefire-only approaches less effective. One notable distinction is the presence of BGFs on the Thai side. Aligned with the SAC, these units wield significant influence. Furthermore, the United Wa State Army (UWSA) maintains a significant presence of troops, especially close to Thailand's northern border. This substantial force exacerbates Thailand's geopolitical challenges, due to the group's ►

■ Five Key Differences Between China and Thailand
in Addressing the Myanmar Crisis

| No. | CHINA | THAILAND |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Wields significant influence over the Myanmar military and actively leverages it. | Holds limited influence over the Myanmar military and has exercised it to a limited extent. |
| 2 | Has strong influence over EAOs along the China-Myanmar border. | Has weak influence over EAOs along the Thai-Myanmar border. |
| 3 | EAOs near China are more centralized and tend to prioritize military victories without urgently linking these gains to a political settlement. | Southeastern EAOs are less centralized and prioritize political alliances. Strong SAC-aligned BGF and UWSA's Southern Military Region present along the Thai border. |
| 4 | Has a decisive political system and well-coordinated, swift-acting state institutions. Media and civil societies operate under the tight control of the PRC. | Functions through slower, decentralized institutions with a strong civil society and competing interests. |
| 5 | Wields significant global influence and can act outside international norms. | Exerts limited global influence and is more constrained by international norms. |

► loyalty to China, in addition to the growing scale of drug trafficking and other illicit economies. While the SAC rejected the UWSA offer to mediate in Lashio, it allowed the BGF under Saw Chit Thu to operate in Myawaddy (**see Appendix 3 for details on The Battle for Myawaddy**) — an arrangement that effectively subcontracted sovereign authority (**see On Point No. 24, “O’ Northern Road: Subcontracting Sovereignty.”**) Unlike China, which dismantled the Kokang BGF and shut down numerous scam operations, Thailand’s role in anti-scam efforts has been largely confined to human trafficking rescues, underscoring its more limited capacity. A fourth key difference is that Thailand’s political

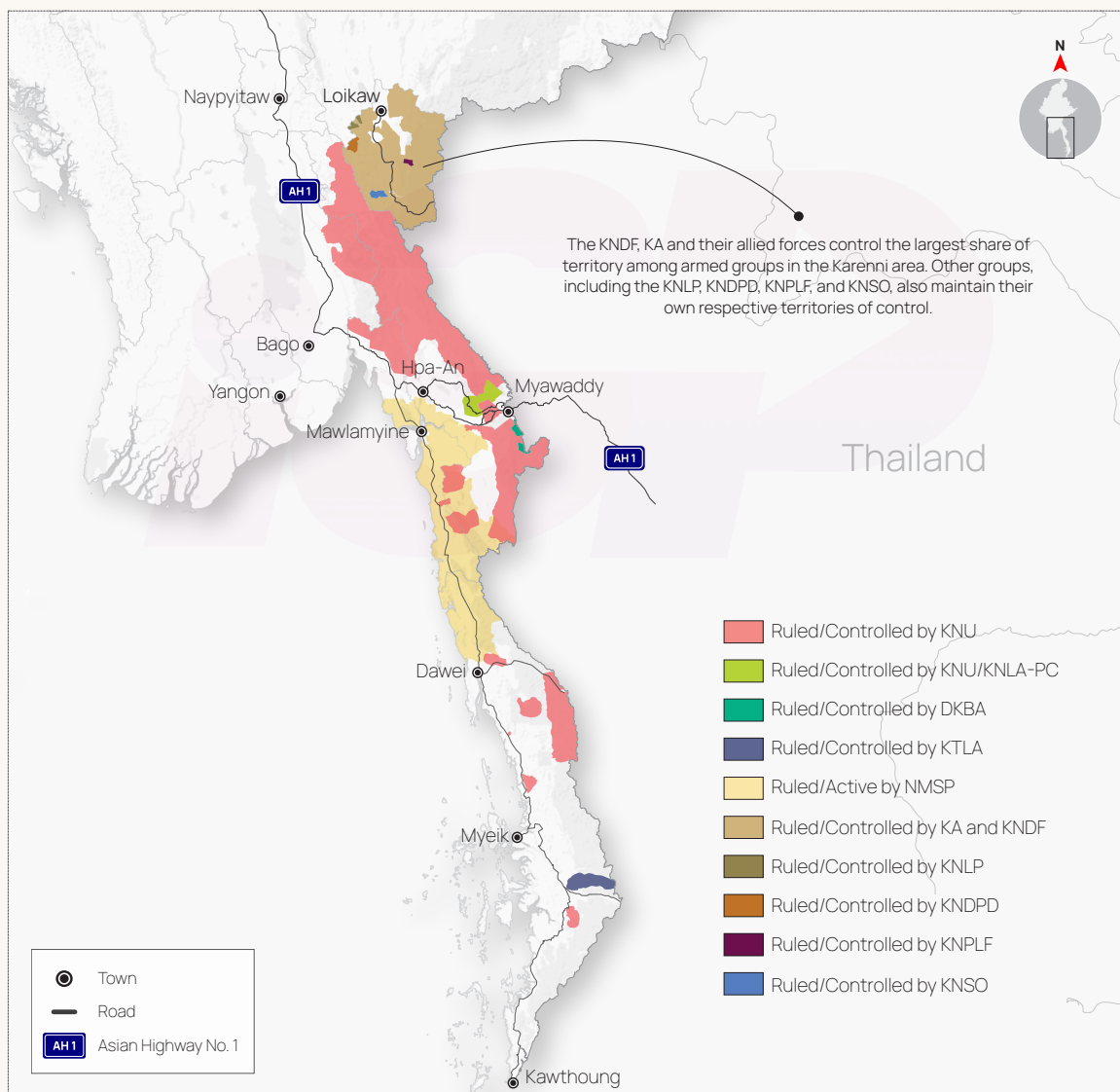
system, institutional capacity, and coordination mechanisms are less swift and decisive than China’s—limiting its ability to match Beijing’s effectiveness. Unlike China, Thailand’s vibrant civil society and relatively independent media make it harder to maintain information control while engaging with the many stakeholders involved in Myanmar’s conflict. A fifth difference lies in Thailand’s more complex relationship with the international community—particularly Western countries and ASEAN—compared to China’s. Beijing shows limited sensitivity to international scrutiny, as illustrated by its targeted sanctions on EAOs in northeastern Myanmar.

EOs in the Southeastern Region of Myanmar

ISP Mapping Number 99

ISP Mapping

In southeastern Myanmar, **seven** Ethnic Armed Organizations (EOs) and **at least 85** People's Defence Forces (PDFs) are currently active. The key EOs in the region include the Karen National Union (KNU), KNU/KNLA–Peace Council (KNU/KNLA-PC), Democratic Karen Buddhist Army (DKBA), New Mon State Party (NMSP), Karenni Army (KA) and the Karenni Nationalities Defence Force (KNDF). The Kawthoolei Army (KTLA) and the Border Guard Force under the State Administration Council (SAC-BGF) also operate in this corridor.

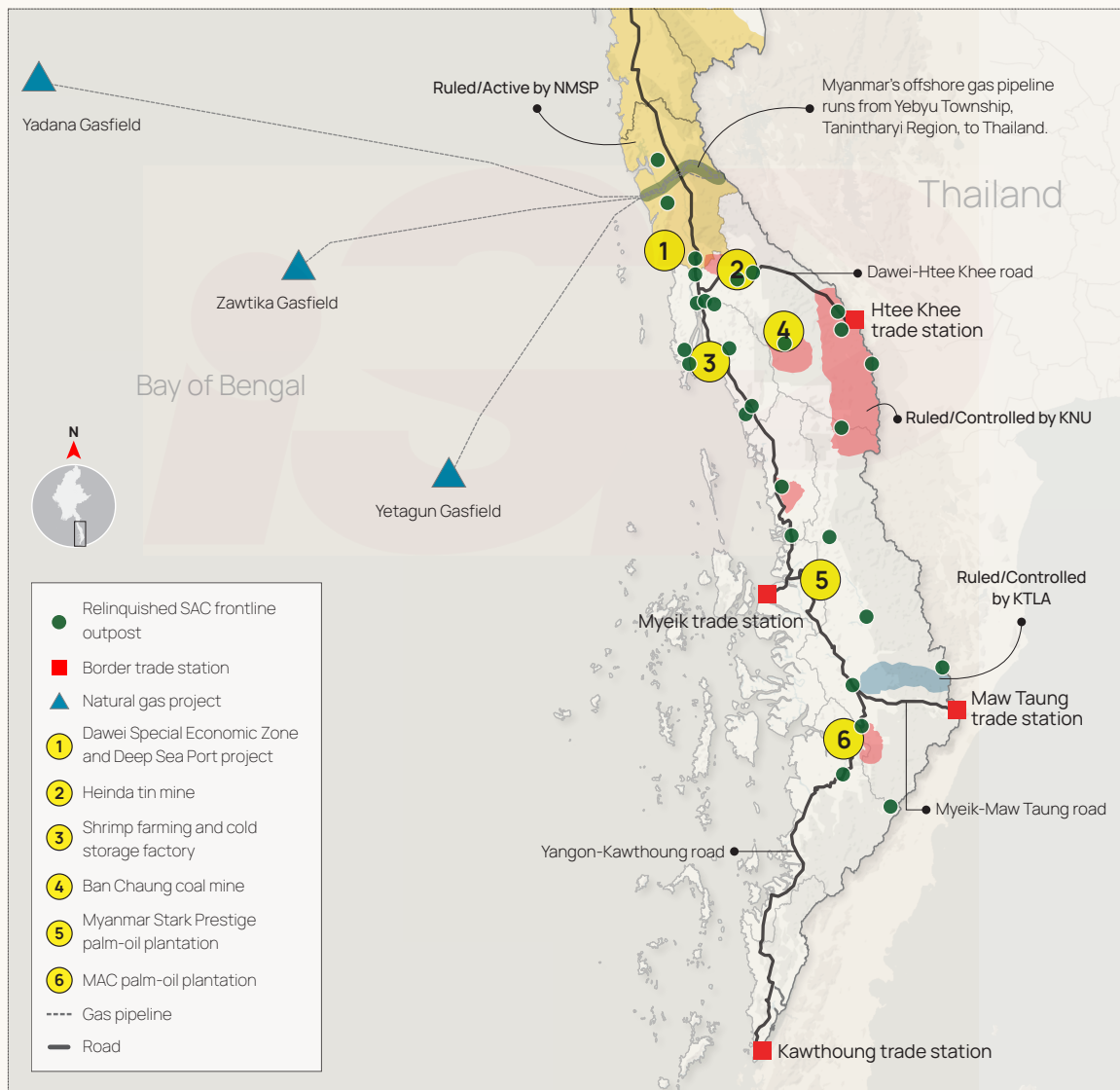


Trade and Conflict Conditions Along the Tanintharyi Border

ISP Mapping Number 100

ISP Mapping

In the Tanintharyi Region, Ethnic Armed Organizations (EAOs) and their allies seized **over 30 military outposts** of the State Administration Council (SAC). Several of these outposts are located near key Myanmar–Thailand border trade stations, the **Htee Khee** and **Maw Taung** trade stations. The region is also home to **at least nine foreign investments**, including **three gas pipelines** that connect directly to Thailand.





Unlike Beijing, Bangkok cannot ignore the political aspirations of the Myanmar people, nor can it impose a coercive solution. Thailand lacks the structural leverage and unilateral influence that allow China to act with such certainty.

While these structural differences may limit Thailand's influence compared to China, some of them also present potential strategic advantages if leveraged wisely. Unlike China, whose approach to the Myanmar crisis struggles to win public and international support, Thailand's stronger international ties, particularly within ASEAN, and especially under Malaysia's chairmanship (with which Thailand has good relations), offer a unique opening. If Thailand can navigate the Five-Points Consensus (5PC) to resolve Myanmar's conflict while delivering concrete outcomes, it can benefit significantly. With creative policymaking and effective coordination, Thailand could help chart a new path toward resolving the Myanmar crisis. **(See Appendix 4 for more details of Thailand's efforts to resolve the Myanmar crisis.)**

■ Scenario Forecast

The military operations launched by the KNLA and its allied forces appear to be a calculated effort to assert their strength. According to ISP-Myanmar's research, the KNU has conducted what it calls the "Four-Month Operation" since May. Beyond gaining control of part of the Asian Highway, their presence at key border checkpoints like Htee Khee and efforts to seize military outposts in Tanintharyi Region suggest a broader aim: to expand territorial control. In light of recent victories by EAOs in northeastern Myanmar and Rakhine, the KNU seems to believe that without military victories and territorial control—especially along the border—resistance groups are unlikely to be seen by neighboring countries as strategically significant. Demonstrating such military muscle, the KNU hopes, ▶

- ▶ may pressure Thailand to engage with resistance forces more seriously—and perhaps, inevitably.

The joint operations by the KNLA and its allied forces raise pressing questions: will these escalate into full-fledged town-capture offensives, as seen in the northeast and Rakhine, or will securing key border outposts suffice to establish a military corridor in the southeast?

(See Appendix 5 for more on southeastern EAOs.)

It remains to be seen whether Thailand will begin treating these resistance forces as more than just non-state actors and engage with them more seriously. On the ground, these forces face practical constraints—limited access to arms and ammunition, stretched supply lines, and logistical difficulties that will be compounded by the approaching monsoon season.

These factors cast doubt on their capacity to sustain operations beyond August or September. This will be critical in evaluating the momentum and impact of current outpost seizures. More importantly, as is often the case with EAOs in the southeast, the success of these campaigns will hinge on how they will leverage a military victory to pursue specific political objectives and strategically bring alliances on board.

If Thailand hopes to succeed in de-escalating Myanmar's conflict, it may struggle by simply following China's lead—particularly if that path leads to endorsing the SAC's planned election. Unlike Beijing, Bangkok cannot ignore the

political aspirations of the Myanmar people, nor can it impose a coercive solution. Thailand lacks the structural leverage and unilateral influence that allow China to act with such certainty. The model of “the elephant's steps create a path”³—where sheer power determines outcomes—does not translate well to Thailand's context. When underlying conditions diverge, the “Northern Road” is unlikely to extend southward. Instead, Thailand must develop a model of its own—one grounded in respect for the will of the Myanmar people, inclusive engagement, and alignment with international frameworks such as UN Security Council resolutions and ASEAN's Five-Point Consensus. By adapting to these guardrails and leveraging its diplomatic strengths into a coherent policy, Thailand has a better chance of helping to shape a resolution that is both legitimate and durable. As the Burmese proverb goes, “the squirrel can tread on the branch; so can the bees build a hive on it.” The same tree and branch can satisfy opposing sides by navigating a path through conflicting demands. What Thailand needs is a strategic model that is both practical and persuasive—one that is, in effect, a Thread-the-Needle act. ■

APPENDIX-1**● US Tariff on Thailand: Economic Impacts and Myanmar Spillover**

The United States has imposed a 36 percent tariff on imported Thai goods under the name of “liberation day” on April 2, despite a 90-day pause for this order for actual implementation, which is looming threat over Thailand's export sector. With trade representing 60–65 percent of Thailand's GDP, Thailand is heavily dependent on this sector, and the new tariff could result in economic losses estimated at USD 7–8 billion, disproportionately affecting small and medium-sized enterprises (SMEs). Thailand hosts around six million Myanmar migrant workers and over 100,000 immigrant settlers, a consequence of Myanmar's 2021 coup. Many of these workers are employed in agriculture, fisheries, construction, garments, and tourism. However, the rising economic pressures may lead to job losses, wage cuts, and reduced incomes and remittances to Myanmar. These impacts could also affect Thai industries, workers, and migrants employed in them. Dismissals and lower incomes risk increasing petty and transnational crimes, potentially disrupting social cohesion and stoking nationalism. This could give rise to an unprecedented “Anti-Myanmar migrants sentiment and movements” in Thailand, creating fertile ground for political exploitation by opportunistic politicians. ■

APPENDIX-2**● Asian Highway No. 1**

Asian Highway No. 1, the longest route in the Asian Highway Network at over 10,000 miles, connects Southeast Asia to South Asia, running through Thailand into Myanmar and extending toward India. Since Myanmar's 2021 military coup, the highway's crucial Myawaddy–Kawkareik section in Karen State has been temporarily shut down at least five times due to clashes between the Karen National Liberation Army (KNLA) and State Administration Council (SAC) forces. The most recent closure began during the battle for Kawkareik in December 2023 and remains in effect. The highway plays a vital role in Myanmar-Thailand border trade, and its prolonged closure has resulted in an estimated USD 721.96 million in trade losses (based on a comparison of the first six months of 2023 and 2024.) With the main route blocked, traffic has been diverted to rural routes through the Dawna Range in Myawaddy. These alternative routes have faced heavy taxation, with as many as 51 checkpoints once operated by Karen armed groups. By May 2025, however, the number of active checkpoints along the Myawaddy–Hpa-An rural routes had declined to 24. Despite Thailand's repeated efforts to hold discussions to resume normal operations of the Asian Highway No. 1, it has not been able to reopen regularly till now. ■

Data as of May 24, 2025, is based on ISP-Myanmar's research and may vary from other sources due to differences in methodology and data availability.

APPENDIX-3

● The Battle for Myawaddy

Myawaddy, a border town with a population of approximately 130,000, is a key trade gateway between Thailand and Myanmar, intersected by the No. 1 Asian Highway (AH-1). Accounting for 23 percent of Myanmar's total border trade, the town handles an average of over USD 4.4 billion (based on fiscal year data from 2018–2019 to 2023–2024, excluding the 2021–2022 mini-budget) in annual bilateral trade. Its strategic importance lies in its role in taxation, geographic location, and regional influence.

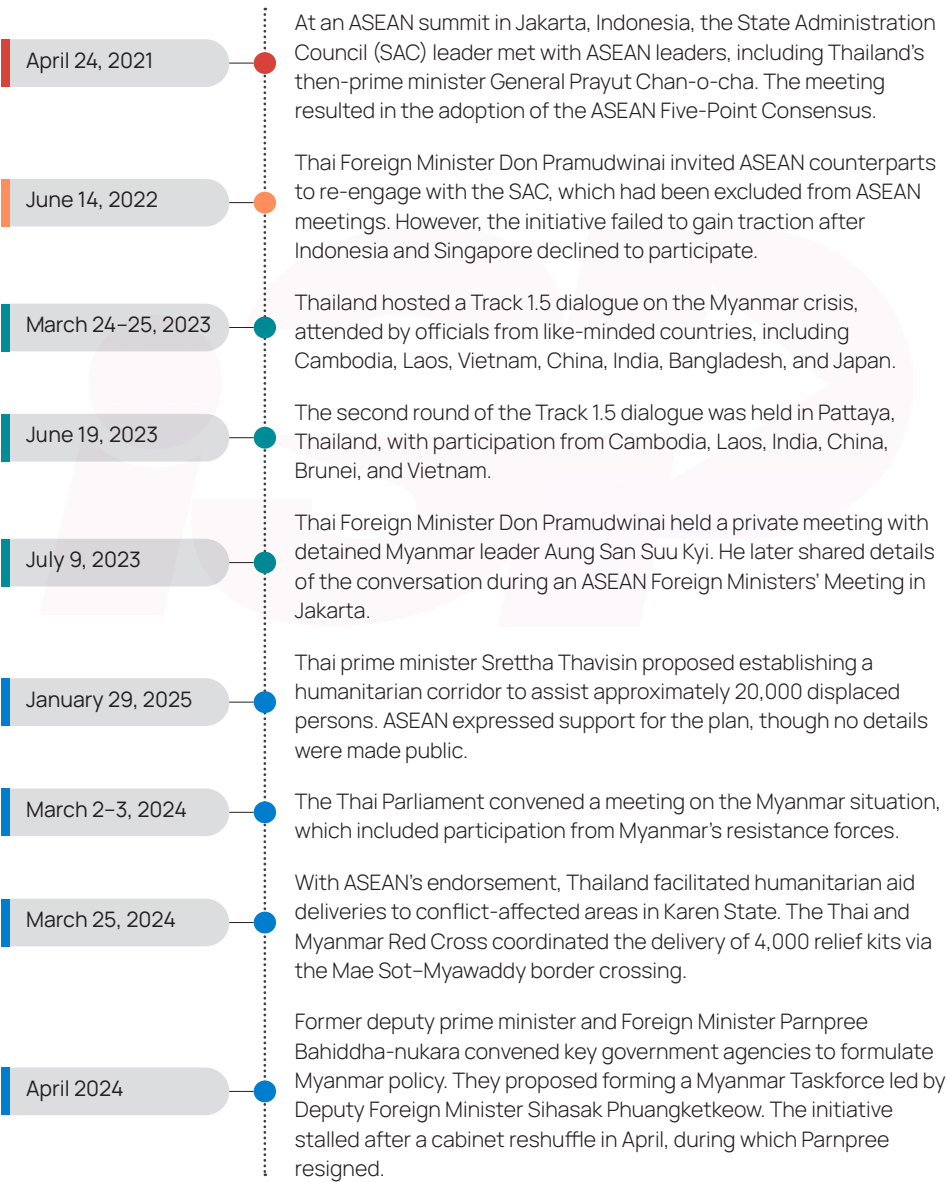
On April 11, 2024, the Karen National Liberation Army (KNLA), under the Karen National Union (KNU), and the People's Defense Force (PDF), aligned with the National Unity Government (NUG), launched a joint offensive, seizing the Thingannyinaung Tactical Operation Command—key to Myawaddy's security. A total of 617 SAC personnel, including soldiers, officers, and family members surrendered not to the KNLA-PDF, but to the Border Guard Force (BGF) led by Saw Chit Thu. The BGF later returned the surrendered personnel and their weapons to the SAC. During the operation, the joint forces also shot down an SAC helicopter sent to reinforce Battalions 355 and 356. A subsequent attack on the Myawaddy town garrison battalion pushed the town to the brink of capture, forcing SAC troops to retreat under the Thai-Myanmar Friendship Bridge No. 2. However, the resistance faced setbacks—including ammunition shortages, SAC airstrikes, and the BGF's realignment with the SAC—which led to their withdrawal. The BGF has virtually controlled the security and stability of Myawaddy.

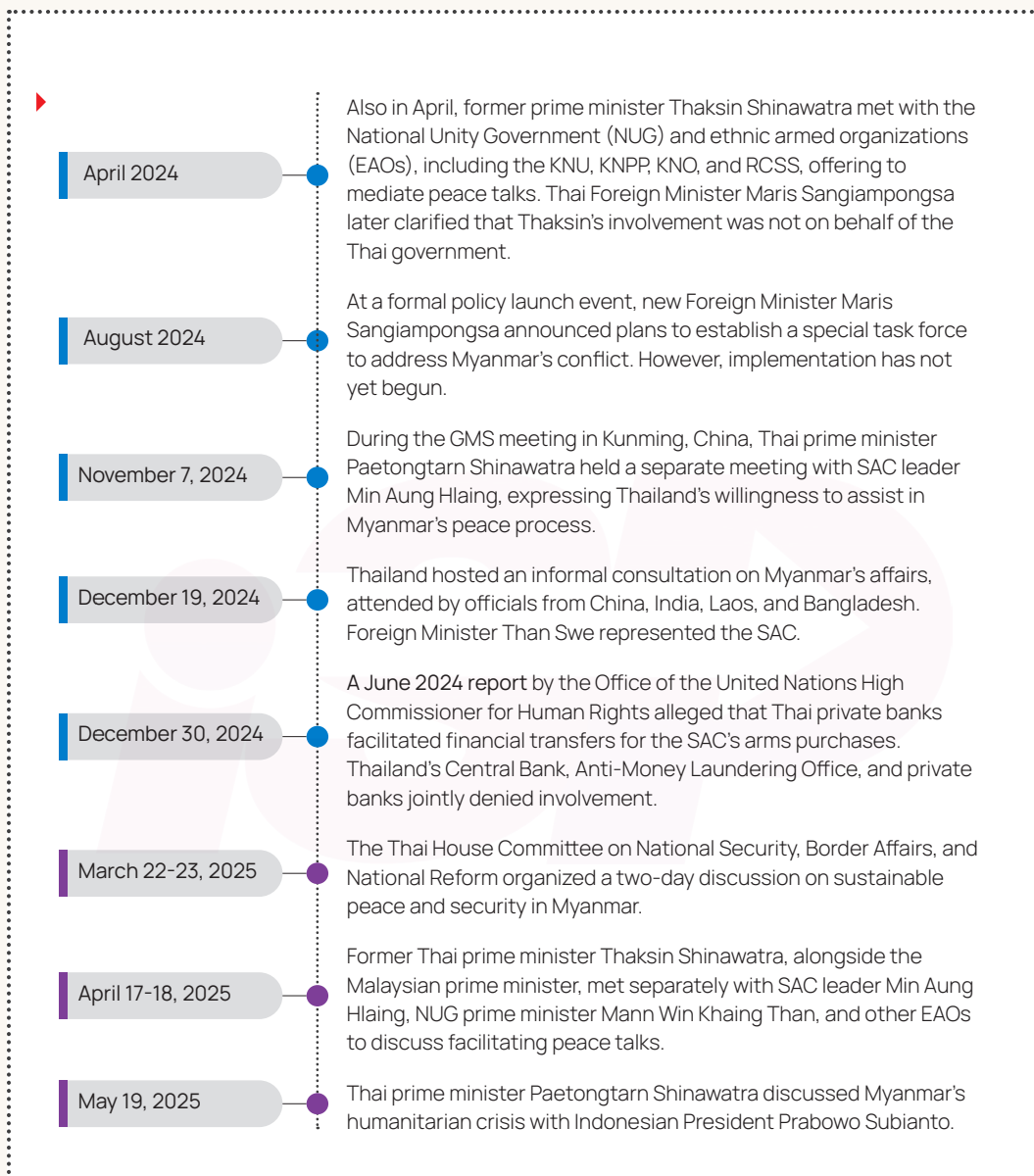
Since April 2024, no major clashes have been reported in Myawaddy. Border trade operations have partially resumed, and customs, police, General Administration Department (GAD), and SAC battalions remain active. In early 2025, joint pressure from China and Thailand spurred crackdowns on online scam syndicates, with the BGF playing a central role in arrests and rescues. Detainees were handed over to Myanmar's police and immigration before being transferred to Thailand.

The fighting in Myawaddy displaced thousands of residents, many of whom fled to Mae Sot in Thailand. Former Thai prime minister Srettha Thavisin visited Mae Sot in response, commenting to *The Nation*: "The current regime is starting to lose some strength." He added, "But even if they are losing, they have the power, they have the weapons." He further stated, "Maybe it's time to reach out and make a deal." As of now, control over the area remains contested, with SAC forces, the KNLA, BGF, Democratic Karen Buddhist Army (DKBA), and KNU/KNLA–Peace Council (KNU-PC) all maintaining a presence. ■

APPENDIX-4

● Thailand's Efforts to Address the Myanmar Crisis
(April 2021 - May 2025)





APPENDIX-5**● Myanmar's Southeastern EAOs**

Since the 2021 military coup, Myanmar's southeastern region has become a key sanctuary for young people joining the armed resistance, as well as a hub for newly formed armed groups. Over the past four years, the Karen National Liberation Army (KNLA) and Karen National Defense Organization (KNDO)—military wings of the Karen National Union (KNU)—have engaged in sustained combat against the State Administration Council (SAC) across Karen State, Mon State, Bago Region, and Tanintharyi Region. They have captured over 200 SAC military outposts, including Tactical Operation Command near the Thai-Myanmar border in Hpapun, Hlaingbwe, Myawaddy, and Kyainseikgyi. These victories have allowed the KNU to assert control over key trade corridors, notably the Myawaddy and Htee Khee border zones, as well as the No. 1 Asian Highway and the Htee Khee–Dawei road. In the Karenni region, resistance forces—including the Karenni Army (KA), Karenni National Defense Force (KNDF), and allied groups—now control approximately 70 percent of the territory. In Tanintharyi, where two Thai-Myanmar border trade posts are located, KNU and local defense groups continue efforts to seize the Htee Khee trade zone. ■

Institute for Strategy and Policy-Myanmar



+66 80 747 9712



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



info@ISPMyanmar.com



www.ISPMyanmar.com