As Myanmar Enters a New Era, Washington and Beijing Vie for Influence

Myanmar is a country rapidly moving toward uncharted political terrain. By March 2016, the National League for Democracy (NLD) will take power for the first time in history, bringing an end to five decades of rule by the military establishment. Once suppressed by the military junta, the NLD – led by longtime dissident and Nobel laureate Aung San Suu Kyi – has secured an indisputable victory during the country’s November 2015 elections, winning a majority in both houses of Parliament.

The ascent of the NLD comes at a time when Myanmar finds itself at a new strategic crossroads, pulled toward the geopolitical orbit of major powers: the United States and China, as well as India. Since the outgoing military-backed government opened the country to Western investment in 2011, the US has prioritised its relationship with Myanmar as part of its strategy to reassert influence in the Asia-Pacific region. The country has received numerous visits by US high-ranking leaders, including President Obama on two occasions.

China, the country's neighbour and largest trading partner, has long suspected Washington of seeking to influence Myanmar's opening to nurture a regime with an antagonistic position toward Beijing. While the NLD positions itself to form a new government, the rise of this political force with a thoroughly pro-Western orientation, which has long anchored itself as a pro-democracy movement lauded throughout the West, begs the question of Myanmar’s place in the current geopolitical scenario.

The Constitutional Question

As the military-backed Union Solidarity and Development Party (USDP) prepares to handover power to the NLD, it appears that the political dynamics of the ongoing transition are based around pragmatism between the military establishment and the pro-democracy camp, both of whom harbour old enmities. The military issued a conciliatory response and expressed interest in working together with the NLD, signalling a desire to peacefully transfer power.

Under the current constitution, drafted by the military in 2008, Aung San Suu Kyi is ineligible to become president due to her children holding foreign (British) citizenship. Despite widespread NLD opposition to the constitution, Suu Kyi will be effectively appointing the next president to avoid any clashes with the military, signalling that the party is not looking to rustle feathers by pushing for constitutional change in the near-term.

The military is the most powerful institution in the country, both de facto and constitutionally. Under the terms of the military-drafted constitution, 25 percent of the parliament is allotted to unelected military representatives, while a powerful part of the bureaucracy will remain under the direct control of the military, including control over the police, military, and domestic security apparatus, and the power to issue passports.

After the NLD’s sweeping victory, Suu Kyi took aim at the military-drafted constitution by saying she would serve above the president, who she described as being subservient to her as party president. Despite this rhetoric, there are many indications that the NLD understands that the key to a functioning government involves cooperation with the military. It would simply be impossible to administer the country without having the support of the home ministry and Myanmar's generals, and the NLD is not prepared to mount a direct challenge to the military.

The extent of this cooperation remains to be seen. Despite the NLD formally taking over the executive, it should be
understood that the military’s acquiescence to peacefully transfer power implies that the new political arrangement is a de facto power-sharing arrangement between Suu Kyi and the military. Despite a contentious past that saw the violent suppression of the NLD and its leader condemned to two decades of house arrest, Suu Kyi is now in some dimension aligned with her former captors.

The Question of Development

The degree to which the NLD and the military have today found common ground on a wide range of positions has spurred disappointment from Western rights advocates who view her pragmatic political conservatism as a retreat from defending human rights. Most notably, Suu Kyi has kept silent on the official discrimination of Rohingya Muslims across displacement camps in western Myanmar, as well as the current government’s attacks against ethnic minorities in various parts of the country.

On developmental matters, the NLD have failed to articulate a detailed strategy and there is reason to believe that Suu Kyi’s stewardship over the economy will be an extension of the status quo, characterised by an upending of human rights concerns by the enormous bargaining power of global investment capital. Myanmar’s rapidly liberalising economy – brought about by reforms that have driven displacement, human rights abuses, and social unrest – have given a boost to a growing urban middle class at the expense of an exploited underclass.

In recent years, Suu Kyi has collaborated closely with the USDP government by courting foreign investment and encouraging closer diplomatic ties with the US and its allies. Myanmar owes its investment boom in no small part to the personality of Suu Kyi, who leveraged her close ties with the West to end US sanctions and open the floodgates of foreign capital, bringing with it poverty wages, gruelling hours, and unsafe working conditions for a large segment of the domestic labour market.

The NLD and the USDP see eye-to-eye on pro-market restructuring to encourage multinational investment and an export-oriented industrialisation strategy, which has thus far not been offset by increased expenditure on basic services. Suu Kyi’s embrace of neoliberalism and reluctance to advocate for human rights since entering politics signals that the NLD will put the bottom line of foreign investors before the rights and general welfare of labourers and ethnic minorities.

The Question of Federalism

The NLD has long garnered support across ethnic lines, from rural villages and urbanites alike, though its leadership represents sections of the majority ethnic Burman elite whose interests were undermined for decades by the military’s monopoly over important sectors of the economy. Despite capturing a larger-than-expected segment of the ethnic minority vote, Suu Kyi carefully avoided rhetoric during her campaign that would upset ethno-nationalist and Burman chauvinist sentiment.

Myanmar is one of the most ethnically diverse countries on the planet, with over 100 ethnic minorities and sub-groups, each with separate languages, culture and customs. Armed conflicts between rebel groups have continued unabated in the nearly seven decades since Myanmar’s independence, and the question of federalism is one of the largest political challenges the incoming government must face. Attempts to broker a nationwide ceasefire have been unsuccessful in recent years, despite active engagement between the USDP government and ethnic leaders in multiple rounds of negotiations.

In recent times ethnic parties have begun to call more forcefully for a federal structure comprised of politically autonomous ethnic states, as well as greater self-government in regards to administration, culture, education, and the management of natural resources. The NLD has voiced a public commitment to bringing about a federal system but has offered few specifics, though it is still widely seen by ethnic minorities as being more amenable to making concessions in contrast to the military.

President Thein Sein has expressed support for a federal system in theory, but top military leaders oppose a central demand of many of ethnic leaders: the integration of ethnic militias into a federal army. The USDP government has also failed to integrate some of the most powerful and influential armed groups into ceasefire negotiations, such as the ethnic Chinese separatist guerrillas that operate in the remote Kokang region on the border with China’s Yunnan province, as well as the Kachin Independence Army and Shan State Army.

Kokang guerrillas clashed with the military for four months during 2015 in one of the most intense standoffs in decades prior to declaring a unilateral ceasefire after coming under pressure from Beijing. The military incurred hundreds of causalities and failed to make much headway against the Kokang forces, despite sending tens of
thousands of troops into the mountainous region supported by aircraft and artillery.

During an offensive last March against the Kokang rebels, Myanmar mistakenly dropped a bomb on the Chinese side of the border, killing five Chinese farmers working in a sugar-cane field. Beijing responded angrily and called on the USDP government to open peace negotiations with the Kokang, which government officials refused. The issue of federalism and a national ceasefire between the government and all armed groups is central not only to promoting development and national coherence, but also to China’s strategic interests in Myanmar and its own landlocked southwestern Yunnan region.

As the daughter of Myanmar’s independence hero, Aung San (who promoted a federalist system before his assassination in 1947), Suu Kyi and the NLD are uniquely positioned to lead the peace process. Her failure to break the impasse and achieve an outcome on federalism that is agreeable to powerful ethnic minorities could deepen racial friction and instil the perception that she has become co-opted by her alliance with the military.

The Question of China

Myanmar’s landmark election was watched closely from Beijing, which publicly welcomed the results but nonetheless holds concerns about the orientation of the incoming NLD government. As Myanmar’s largest trading partner and neighbour, China wields irreplaceable influence over the country’s geopolitical and economic development. Since the 2011 policy shift, however, Naypyidaw has drawn closer to Washington, effectively downgrading its relationship with Beijing.

China was the main backer of Myanmar’s military junta and largest investor during years of international seclusion, spending billions on infrastructure such as pipelines, ports, and dams. Despite major investments, anti-Chinese sentiment is rife throughout Myanmar due to the controversial implementation of large-scale projects, which saw populations forcibly relocated by the army and major land confiscations. Since the relaxation on censorship laws, public criticism of China is now commonplace in local-language media.

Though there is no overt signs of hostility between Beijing and Naypyidaw, a gradual deterioration of relations has taken place in recent years, evidenced by China’s foreign direct investment having dropped from $8.2 billion in the peak year of 2010/11 to merely $56 million in 2013/14. China-backed projects such as the Myitsone dam and the Letpadaung copper mine have been the subject of protests, spurred on by US-funded NGOs and media outlets.

Beijing has taken a pragmatic approach to the rise of Aung San Suu Kyi and the NLD, and appears willing to accommodate with her. There is, however, deep skepticism toward Suu Kyi and concerns that she could pursue policies that undermine China’s interests. In a rare occasion of state-level interaction with an opposition leader, China invited Suu Kyi to Beijing last June, where she met with President Xi Jinping.

Beijing was clearly anticipating an NLD victory and moved proactively to open dialogue with Suu Kyi to promote the development of relations. To offset any antagonism between China and the NLD, its likely that Beijing will offer its financial muscle in various aid projects and assistance as a mediator in the domestic peace process when the new government takes over.

China would seek the re-opening of the now-suspended suspended Myitsone dam project, as well as resolutions to numerous economic initiatives, such as the Kyaukphyu special economic zone, plans to construct a Sino-Myanmar highway, and various joint transportation initiatives. Despite attempts by civil society in Myanmar to disseminate hostility against China, the NLD appears cognisant that a constructive relationship with Beijing is essential to ensuring investment for major capital-intensive development projects.

India has taken notice of China’s presence on the Indian Ocean, where Chinese state-owned firms manage Myanmar’s Kyaukphyu port and Pakistan’s Gwadar port. Delhi’s response has been to develop a port in Sittwe, on Myanmar’s western coast, which is currently in the final stages of construction. Myanmar’s political establishment are favourably disposed toward India and have maintained excellent bilateral relations, though Delhi is widely seen as being unable to match the level of financing that Beijing has shown a willingness to put forward.

Suu Kyi’s visit to China underscores how there will not be a wholesale rejection of Chinese investment and assistance, despite Beijing’s mishandling of past projects with Myanmar’s military and the neglect of Myanmar’s pro-democracy camp. China has an important stake in Myanmar’s stability because military conflicts inside the country are impediments to it’s own economic and strategic programs. Furthermore, Beijing is by far the most qualified candidate to monitor Myanmar’s peace process given its geographic position and familiarity with the region’s internal dynamics.
It is in China’s interests to revaluate its economic cooperation with Myanmar to ensure the welfare and interests of local people through grass-roots communication with communities in areas marked for development. Beijing should better regulate the performance of Chinese enterprises that have garnered contentious reputations in Myanmar while doing more to ensure Chinese investors comply with the rule of law.

The Question of Washington’s Pivot to Asia

Since 2011, the large-scale refocusing of American corporate and military muscle to the Asia-Pacific region has been a key foreign policy objective in Washington. Naypyidaw’s opening to the United States is one component of an overarching policy to harness the power of developing nations throughout the ASEAN region to serve as an economic counterweight to Beijing.

The United States is attempting to realise this goal through instruments like the Trans-Pacific Partnership (TPP) agreement – a sweeping trade deal that includes a number of Pacific Rim nations but excludes China – which aims to formulate new rules for international trade around core US strategic interests. Though Myanmar is not part of the TPP, it was once firmly in Beijing’s orbit but has now realigned itself to Washington.

Naypyidaw’s policy shift and the subsequent triumph of Aung San Suu Kyi will surely be utilised as a vehicle for US interests in the region, under the guise of promoting the universality of Western democracy. Though the NLD has indicated its penchant for pragmatism with its approach to Beijing, it remains to be seen to what extent Suu Kyi would acquiesce to attempts by the West to drive a wedge between China and Myanmar.

Moreover, she may decide demonstrate support for pro-democracy movements in China or Nobel laureates like the Dalai Lama or activist Liu Xiaobo of her own accord. In the past, Suu Kyi has selectively criticised the practices of Chinese state-enterprises while applauding the conduct of Western energy firms like Total, despite its controversial history of collaborating with the military junta.

Though she may be predisposed to give preferential treatment to Western investment, she notably endorsed the China-backed Letpadaung copper mine project as leader of an investigative committee tasked with evaluating the project. Despite considerable opposition from local residents and Myanmar society in general, she displayed pragmatism in handling a major Chinese project in this instance even at the cost of alienating her own supporters.

Despite being ideologically aligned with the West, the NLD appears to understand that balanced relations with China and other Asian countries are the surest means of securing investment for large-scale infrastructure, while American companies are only just testing the waters and expanding their business relationships in Myanmar in areas such as tourism, energy, and telecommunications.

Military ties between Washington and Naypyidaw have been modest at this stage, with the inclusion of observers from Myanmar’s military during the annual Cobra Gold regional military exercises led by the US and Thailand. There remains a high degree of distrust between members of the US Congress and Myanmar’s generals, but these misgivings could quickly give way if the military maintains a conciliatory approach to the NLD. Increased US military presence in Myanmar will be unfavourably perceived in Beijing.

As the NLD prepares to lead the next government, there are enormous expectations for Suu Kyi to clean up corruption and improve the effectiveness of long-neglected and underfunded government services. Myanmar is now emerging from six decades of isolation, and political stability is crucial to allowing the country to rebuild its economic and social institutions to reverse the severe underinvestment in education and infrastructure it suffers from.

Unfortunately, the NLD has yet to articulate policy specifics and a strategy for the future of the country. Much of the incoming government’s focus is on manoeuvring through a political landscape still shaped by the military. Myanmar’s generals made a bargain on the West and have gotten what they came for: a huge influx of foreign capital and a secure inroad to the global economy. If Suu Kyi can promise the generals that they need not fear reprisals under an NLD government, perhaps only then would the military consent to constitutional reform, allowing her to hold the presidency.

Nile Bowie is a political analyst based in Malaysia who has written for a number of publications, his expertise lies in a number of areas, with a particular focus on Asian politics and geopolitics, especially for the online magazine “New Eastern Outlook”.