Myanmar in transition: China, conflict, and ceasefire economies in Kachin State

Jenny Hedström
Abstract

In Myanmar, the notion that local conflicts can be halted by addressing economic rather than political grievances guides ceasefire agreements with non-state armed actors and informs regional efforts on economic development in troubled conflict areas.

However, these economic development efforts are evolving alongside deeply held communal concerns about the intentions and effects of investments in areas previously controlled by ethnic minority armed actors.

In this context, the Chinese government’s flagship development project in Myanmar, the Myitsone Dam in Kachin State, became a rallying point for communal protest. This led the Myanmar government to halt work on the project in 2011.

Currently, Myanmar is coming under immense pressure from the Chinese government to resume work on the Myitsone dam. At the same time, however, a strong social movement is actively opposing the dam project. This has resulted in increased military tension along the two countries’ shared border.

This illustrates that investments in economic infrastructure projects, while ostensibly aimed at increasing stability through economic concessions and regional development, may instead increase tension and insecurity.

Keywords: Myitsone Dam; Kachin; Myanmar; development; conflict; China

Author
Jenny Hedström
Research Fellow
Umeå University
Content

Abbreviations .................................................................................................................. 4

Introduction ...................................................................................................................... 5

Background ...................................................................................................................... 7
  Competing ethno-nationalisms, 1961-1994................................................................. 7
  Contested politico-economic structures, 1961-1994.................................................. 8

Ceasefire economies and Competing Ethno-Nationalism ............................................... 10
  China, the ‘Great Game’ and Ceasefire Economies in Kachin State, 1994-2011 .......... 10
  Ceasefire & Activism, 1994-2011 .............................................................................. 11
  Ceasefire & Activism in Kachin State, 1994-2011 ..................................................... 12
  China, the new ‘Great Game’ and Renewed Conflict in Kachin State ......................... 13

Looking Ahead ................................................................................................................ 16

Timeline .......................................................................................................................... 18

References ....................................................................................................................... 20
## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRI</td>
<td>Belt and Road Initiative</td>
</tr>
<tr>
<td>CPB</td>
<td>Communist Party of Burma</td>
</tr>
<tr>
<td>EEDY</td>
<td>Education and Economic Development for Youth</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>KIA</td>
<td>Kachin Independence Army</td>
</tr>
<tr>
<td>KIO</td>
<td>Kachin Independence Organization</td>
</tr>
</tbody>
</table>

*Jinghpaw*: The language spoken in Kachin State  
*Tatmadaw*: Myanmar’s national armed forces
Introduction

Myanmar has seen numerous violent uprisings in recent decades (Smith, 2007; Sadan, 2016). Ceasefire agreements have been struck with a number of armed actors but these have been focused on economic development, rather than on resolving political grievances. The underlying notion guiding this strategy has been that weak economic development rather than poor governance or lack of political inclusion lies at the heart of local opposition (Brenner, 2017). Incentivised by the plentiful natural resources present in conflict-affected, minority-ethnic dominated states, Chinese ventures have dominated investments in these areas. One of the more spectacular infrastructure projects funded by a Chinese company is the Myitsone Dam in Kachin State, on which work was suspended in 2011 following public protest (Kiik, 2016b; Kirchherr, Charles and Walton, 2017).

This paper shows how the government’s attempts to root out discontent by economic means paradoxically provided a breeding ground for the emergence of a vocal civil society able to disrupt and contest not only the state, but also its powerful neighbour, China. The cessation of hostilities and the granting of limited territorial autonomy resulted in the expansion of activist networks that could be mobilised for political ends. As discontent about the negative impacts of the ceasefire deals grew, disparate groups and individual activists united in protest against the Myitsone Dam. The dam had for many in Kachin State become symptomatic of the mistreatment endured by local communities. This demonstrates that development interventions in conflict-affected areas must be attentive to local grievances, or risk increasing tensions and possibly provoking a return to fighting. Yet, there is nothing to suggest that either Myanmar or China have learned from its past failures in this regard.

In late 2018, an apparently counterproductive attempt by Chinese diplomats to pressure Kachin leaders into supporting the hydropower project resulted in an declaration of independence by overseas Kachin organisations with close links to the Kachin Independence Army (KIA)—a Kachin armed group and one of the country’s largest insurgency groups active in the Sino-Myanmar border areas (Lawi Weng, 2019). This was followed by large-scale protests in Myitkyina, the capital of Kachin State, and a flurry of statements released by Kachin community leaders denouncing plans to resume work on the project. Although a temporary suspension of the fighting between the Kachin Independence Organisation (KIO) and the central government was in place at the time, these incidents—the pressure leveraged by China and the response this generated among Kachin communities— contributed to increased tension along the two countries’ shared border which quickly saw a proliferation of military activity.

These events raise questions about the relationship between social movements, armed actors and development projects in Myanmar, and suggest that regional aspirations for economic development are occurring alongside deeply held communal concerns about such investments. The Myanmar government has embarked on an ambitious reform project, which involves a move from a military regime to a semi-democratic government and a nationwide ceasefire process. This has resulted in an influx of foreign investment, much of which is focused on development projects in the country’s resource-rich but conflict-ridden ethnic minority states. However, as the case of the Myitsone dam illustrates, investments in economic infrastructure projects, while ostensibly aimed at increasing stability through economic concessions and regional development,
may in fact increase tension and insecurity. As such they challenge the notion that a de-
escalation of conflict automatically accompanies development. Instead, as has
happened in Kachin State, the opposite can happen.

The 1994 ceasefire between the Myanmar armed forces (Tatmadaw) and the KIO, as
well as its armed wing the KIA, provides a cautionary tale. The ceasefire, which ended
almost 20 years of conflict, was promoted by a series of economic incentives but
ignored the underlying grievances that informed the outbreak of conflict in the first
place. In fact, the assumption that rebels can be co-opted using economic incentives
alone, supported in particular by Chinese investment, guided many, if not all, of the
Myanmar government’s negotiations with minority ethnic armed groups in the late
1980s and early 1990s. By reallocating access to economic resources, these deals
facilitated new forms of regional partnerships, often to the detriment of local
minority ethnic communities. The increased state or state-sanctioned military presence
in previously 'liberated' territories, ostensibly to clear the way for development
initiatives, resulted in widespread land grabs and related displacement. Intra-group
tensions increased as ethnic minority leaders were perceived as privileging business interests over political ones (Woods, 2011; Jones, 2014).

The use of economic incentives to placate ethnic non-state armed groups and diffuse
fighting is again informing the current transitional efforts, including the country’s
nationwide peace talks (Brenner, 2017). Critical cross-border projects have been
initiated, such as the China-Myanmar Economic Corridor and the Belt and Road
Initiative (BRI) (Nan Lwin, 2018; United States Institute for Peace, 2018; Myat Myat
Mon, 2019). Burmese and Kachin political leaders are facing immense pressure to
resume work on the Myitsone Dam. However, the Chinese and Myanmar
governments have vastly underestimated the extent to which communities living
along the countries’ shared border understand and contest Chinese-sponsored
development projects. In fact, social movements in Kachin State, enabled by the
absence of active fighting and aided by a new generation of Kachin military leaders
dedicated to rejuvenating public support for the Kachin cause, have been incentivised by
economic and political grievances—in particular the Myitsone Dam backed by
China.

Thus, the case of the Myitsone Dam illustrates the way in which regional
geopolitical relations affect the everyday lives of people living on the periphery of
states, and inform both violent and non-violent forms of dissent. Exposing these
relationships allows examination of how socio-economic structures shape action,
and demonstrates the interplay between regional dynamics, deeply held communal
anxieties and conflict. Unless these
dynamics are fully understood, and the
perspectives of ethnic minority communities are recognized, the
borderlands of Myanmar will continue to be contested, risking further descent into
violence.

To explore these dynamics, this paper
draws on primary empirical material
collected in Kachin communities in 2015–18,
during time spent with members of Kachin
social movements and the armed group.6
The paper builds on Laur Kiik’s analysis of
ethno-nationalism in Kachin State, which
highlights how Chinese development
initiatives in the ceasefire areas, such as the
Myitsone Dam, must be understood against
the background of contested state-making
projects in Myanmar (Kiik, 2016b, 2016a).
This shows how contestation of Chinese
investment cannot be isolated from pre-
existing relationships and networks, especially those forged and developed in the ceasefire years.

Background
In order to contextualise the significance of Chinese involvement in Myanmar’s transitional efforts—as illustrated through an analysis of the extent and impact of the protest surrounding the Myitsone Dam initiative—it is first necessary to provide brief background on the conflict currently being waged in Kachin State. Political-economic relations must be analysed alongside competing ethno-nationalistic visions of the state. The paper therefore provides an overview of these dynamics in the period leading up to the 1994 ceasefire. It then analyses China’s role in the development of ‘ceasefire capitalism’ (Woods, 2011) in Kachin State after 1994 and the expansion of social movements, before honing in on the regional and local dynamics shaping the current war. It ends with a discussion on how the ceasefire years equipped local communities with the tools to contest both the war and predatory forms of ceasefire capitalism. Finally, it cautions the Myanmar and Chinese governments to include and take seriously the demands of local communities in Kachin State.

Competing ethno-nationalisms, 1961-1994
Myanmar has witnessed numerous armed uprisings since it achieved independence from the British in 1947. These revolts have been shaped by various dynamics, such as the communist revolution in neighbouring China and regional Cold War politics (Sadan 2013b: 603), but also by local grievances centred on political and economic opportunities and rights. The conflict in Kachin State is illustrative of this.

The Kachin civil war ignited as the Myanmar Army (the Tatmadaw) asserted control over the country’s first democratic government, insisting on the need for military intervention to prevent the country from fragmenting. A few years before, Prime Minister U Nu had pledged in his 1959 re-election campaign to make Theravada Buddhism the state religion. This stunned the Christian community in Kachin State. A significant and growing Christian population had become increasingly associated with Kachin nationalism, as its religious and ethnic identity set it apart from the majority Buddhist Burmese population (Sadan 2013a). Intense border negotiations between the Chinese government and the post-independence Burmese state led to Kachin State territory being ceded to the People’s Republic of China, much to the anger of the local population (La Raw Maran 2007: 33). Local resentment at the lack of economic and political opportunities for Kachin communities intensified (Sadan 2013a: 319). By the early 1960s, many Kachin communities had become convinced that promises on Kachin autonomy originally included in the so-called Panglong discussions that preceded independence would not be respected. In 1961, the KIA was officially established by a group of young nationalist Kachin men to fight for an independent Kachin state (Sadan 2013a; Smith 2007). As is shown below, the 1994 ceasefire did not address but rather reified the grievances that had contributed to the outbreak of conflict.

Local-level conflict dynamics were also shaped by regional and even global economic and political dynamics. During the Cold War, the US Central Intelligence Agency began to provide support to rebels in Myanmar in order to prevent the communist wave it feared was sweeping across Asia. China, for its part, encouraged the Communist Party of Burma (CPB) (Lintner, 1990; Myšicka, 2015). The
contested borderlands of the north became a battleground for competing visions of the state and the economy. Minority ethnic insurgencies advocated increased autonomy or federalism, the Tatmadaw espoused forced assimilation into a majority-dominated Myanmar state and the CPB was committed to Marxist ideology. These wars had a devastating effect on local communities, politically as well as economically, and reaffirmed local sentiment that the central state and the Tatmadaw were antithetical to ethnic minority interests.

However, contestation over how Kachin State could or should be governed cannot be reduced to simple grievances. The longevity of the conflict suggests that a separate Kachin ethno-nationalist identity has been shaped through the efforts of nationalist leaders, and religious and cultural associations. These have successfully promoted alternative visions of Kachin State (Kiik, 2016a; Sadan 2013a). In fact, in the years immediately following independence, Kachin traditional leaders, university students, separatists and religious leaders began discussions on how to build and sustain a Kachin identity in post-independence Myanmar (La Raw 2007). The notion that Kachin traditions and identity would continue to exist, and form the basis for future Kachin generations, was the focus of much tense and sometimes violent negotiation (Sadan 2013a).

Importantly, these discussions did not take the central Myanmar state as a point of reference. Instead ‘anhnte Wunpawng Mungdan’ or ‘Our Kachin land/State’ emerged (Kiik 2016a) as an imagined political and geographical world underpinning the ideology of the armed movement. This means that for many Kachin people, the KIO/KIA cannot be characterised as a non-state group, but must be understood as a separate state entity that legitimately governs enclaves on the China-Myanmar border (Dean, 2016), evident in the 2019 declaration of independence referenced above.

Contested politico-economic structures, 1961-1994

Negotiation of the China-Myanmar border in 1961 transformed social and economic networks. These were later adapted to cater for the needs of the armed resistance (Dean 2016). A new political economy of war emerged from economic networks that existed on both sides of the border, needed to sustain the Kachin armed forces (Hedström, 2016c). As the conflict continued, the KIO established a governance structure in ‘liberated’ areas near the China border, where it developed a functioning economic infrastructure that included social provisioning of schools, hospitals, and electricity generated by the hydropower dams under the KIA’s control. Networks on both sides of the border became important interlocutors for ferrying trade, arms, and other goods to sustain the needs of the revolution (Hedström, 2016a). Opportunities for dissent in Kachin State were thus enabled and shaped by its geographical closeness to China, in addition to the wider Cold War relations outlined above.

When the Cold War ended, however, both US support for insurgencies as a buffer against Chinese communism and Chinese support for the CPB were wound down. Instead, neighbouring countries became interested in engaging in government-to-government relations as a way to power rapid development in the region (Buchanan et al. 2013: 2). At the same time, the central government negotiated ceasefire deals with a number of different ethnic minority armed groups, including those based in Kachin territory (Kachin Women’s Association
War-weariness among the Kachin also contributed to the cessation of hostilities. The war had had a devastating impact on civilian communities. Changes in central Myanmar, such as the 1988 uprising and the 1990 elections, signalled to KIO leaders that there were opportunities for genuine change (South, 2008; Smith, 2016). Thus, in 1994 the Burmese regime struck a ceasefire deal with leaders of the KIO/KIA. However, the ceasefire did not signal the end of social opposition in Kachin State. Broader political-economic relations continued to shape local experiences and inform opportunities for dissent, in particular in relation to China.

Two break-away factions, the New Democratic Army-Kachin (NDA-K) and the Kachin Defence Army (KDA), had signed ceasefire agreements with the regime five and three years previously, respectively.
Ceasefire economies and Competing Ethno-Nationalism

China, the ‘Great Game’ and Ceasefire Economies in Kachin State, 1994-2011
The cessation of conflict across northern Myanmar created much interest in countries in the region. China, Japan and Thailand, in particular, were keen to exploit the plentiful natural resources in the border areas under the control of the Kachin armed forces and connect the region through so-called economic corridors (Lubeigt, 2007; Thame, 2017). Decades before China’s BRI, the implementation of corridors across Asia was a central part of the Asia Development Bank-supported Greater Mekong Subregion Economic Cooperation Program (GMS-ECP). It was envisaged that this scheme would boost private sector and foreign direct investment (FDI) by developing and connecting critical infrastructure networks across the region (Thame 2017: 9; MMN & AMC 2013: 166; Hameiri & Jones 2016: 89). Partly inspired by this vision, China saw a ‘land bridge’ connecting China to the Bay of Bengal on Myanmar’s Western coast, through which it could transport much-needed energy overland rather than having to go through the Malacca Straits (Transnational Institute, 2016).

Thus, in the years immediately following the Kachin ceasefires, FDI in Myanmar increased from $58m in 1990–91 to fourteen times that by 1996–97 (Jones 2016: 43). At the same time Western sanctions were imposed in response to grave human rights abuses committed by the Myanmar regime (Ewing-chow, 2007). As a side-effect of Western sanctions, China’s influence and role in Myanmar grew substantially. By 2009, the Chinese government was Myanmar’s largest trading partner, providing up to 60 per cent of FDI in the country (Transnational Institute, 2016; Mark and Zhang, 2017). Chinese investors were involved in 90 hydropower, oil and natural gas, and mining projects in Myanmar (EarthRights International, 2008). The ceasefire regions in particular saw an expansion of cross-border economic activity. Chinese investment focused specifically on developing infrastructure and supporting businesses in areas along and across the shared 2185-km border (Tint Lwing Thaung, 2007; Transnational Institute, 2016).

In Kachin State, both private sector and government groups entered into agreements with primarily Chinese companies to exploit the country’s plentiful resources in jade mining, rubber plantations, and dam projects. These business deals had long-lasting effects on local conflict dynamics. The ceasefire agreement required the KIO/KIA to give up control of both jade and gold mining, which until 1994 had provided the armed group with significant income. Instead they turned to taxing jade businesses, and expanded timber trading alongside Chinese timber companies, resulting in severe deforestation and environmental damage (Woods 2016). The jade and gold mining concessions to Chinese and private sector companies correlated with an increase in the availability drugs and in sex work around the mines, leading to rapid increases in heroin use and the prevalence of HIV/AIDS (Global Witness, 2015; Kramer, 2016; Bello, 2018). While areas close to the border with China benefited from regular electricity and trade, rural areas still lacked basic infrastructure and services (Burke et al., 2017). Notably, the new ceasefire economies in border areas facilitated an increased military presence as the Myanmar
state sent troops to secure its investments. This exposed people living near business development projects to serious human rights abuses, such as forced labour, land grabs, and sexual violence (Fink, 2008; L Gum Ja Htung, 2018). In 2005, the Kachin Women’s Association Thailand found 50 state army battalions permanently stationed in ceasefire areas (Kachin Women’s Association Thailand, 2005). Thus, local experiences of insecurity did not end with the end of the Cold War and the signing of the ceasefire but continued throughout the ceasefire years.

The forced ‘reallocation’ of land and resources to state-aligned investors, many of which were Chinese, created local-level poverty and persistent insecurity among local communities (Kachin Development Networking Group, 2012; Bello, 2018). Widespread human rights abuses, and the (perceived or actual) co-optation of local elites for economic reasons, led to disillusionment among communities that did not profit from such investment. Instead, development initiatives became widely perceived as thinly veiled state-led efforts to pacify and control ethnic minority areas. This led some commentators and ethnic minority leaders to dismiss development as another form of counterinsurgency (Jones, 2016; Woods, 2016; L Gum Ja Htung, 2018). As one Kachin researcher argues, Chinese-sponsored development interventions in Kachin areas were state-building strategies undertaken for the Myanmar state to “control the people and the area they occupy” (L Gum Ja Htung, 2018: 106). The economic activity that resulted from the ceasefire agreement was therefore largely regarded as detrimental to the achievement of ethnic minority rights and development. This has proved important to the current conflict dynamics, in which Chinese investment in Kachin State is mapped on to these past grievances. However, the absence of active fighting in the ceasefire areas has facilitated the expansion of an active social movement able to politicise and mobilise communities across Myanmar’s border areas.

**Ceasefire & Activism, 1994-2011**

As recounted above, economic development initiatives undertaken during the ceasefire years generated human insecurity and widespread resentment among local communities. At the same time, the absence of active conflict resulted in a widening and deepening of civil society activities undertaken across border areas and ceasefire regions (Kramer 2011; Hedström 2016a: 172; Lorch 2006: 132). The ceasefire years saw a huge increase in civil society mobilisation, which included growing environmental, women’s, and youth organisations operating in northern Myanmar. While enabled by a cessation of hostilities that facilitated travel and meetings, it was driven by urgent unmet need.

Years of conflict had left the communities living in rural areas of the Kachin region facing chronic food and health insecurities. Civil society mobilised to respond, picking up the slack where the state should have provided but could not or did not act. Although government restrictions curtailed overt political activity in Myanmar (see Kyaw Yin Hlaing, 2007), civil society, loosely organised under minority ethnic oppositional umbrellas, expanded greatly (South 2008). Here, the territorial autonomy granted to ceasefire groups, while limited, meant that opposition groups functioned as para-states along the country’s borders, and thus engaged in service provision (Jolliffe, 2014; on Kachin State, see Hedström, 2016a, b or c, 2018). At the same time, across the border in neighbouring Thailand and China, local groups worked hard to organise and mobilise communities, providing critical community development initiatives in addition to direct relief (South 2008).
Access to border-based workshops and training initiatives, including educational opportunities focused on the environment, media advocacy and foreign affairs, shaped a new generation of activists. This became the basis for a strong oppositional social movement and led to the creation of an effective activist network capable of disrupting and contesting not only state borders, but also state activities (Hedström, 2016b; Olivius, 2018). Not wanting to miss out, the KIO/KIA rolled out its Education and Economic Development for Youth (EEDY) programme, which by the time it ended in 2015 had educated close to 4000 students (Hedström, 2018).

**Ceasefire & Activism in Kachin State, 1994-2011**

By the early 2000s, political support for the KIO among the Kachin communities had begun to wane, as the profits from the economic concessions granted to KIO officials and powerful businessmen with ties to the Tatmadaw failed to trickle down to people living in the state. Kachin State “remained an impoverished backwater” with dramatic escalation of drug use and HIV/AIDS transmissions (Smith 2016: 79; also see Chin and Zhang, 2007). Widespread discontent among communities regarding the economic repercussions of the ceasefire had resulted in a loss of legitimacy for the objectives of the KIO among Kachin civilians. Moreover, cracks had appeared in the leadership of the KIO, which at the time was led by General Zau Mai, one of the original founders of the KIA and a signatory to the 1994 ceasefire agreement (Duwa Mahkaw Hkun Sa, 2016). During this time, a new generation of Kachin leaders emerged dedicated to rejuvenating public support for the Kachin Army and the imagined Wunpawng nation. They felt disillusioned with the ways in which they perceived the senior leadership to be benefitting from the resource economy at the expense of the public. Unable to meaningfully influence the strategic direction of the army, they began to lobby for the removal of General Zau Mai. In 2001 he was ousted in a coup. The new, young leaders began in earnest to develop a new social base in order to fundamentally alter the armed movement from within (Brenner, 2015; Duwa Mahkaw Hkun Sa, 2016; Shayi, 2017). A key part of this strategy involved targeting students to inform the creation of a new, educated and militarised social movement willing and able to resist the central Myanmar state by military means if necessary. Thus, in 2003, the EEDY programme was introduced.

The aim of the programme was to politicise support in urban areas across Myanmar for the nationalistic ideologies that underpinned Kachin revolutionary aims (Hedström, 2018). The EEDY provided young people with an opportunity to travel to KIO-controlled areas in northern Myanmar. Once there, they were given brief military training and participated in courses introducing them to Kachin political history and the Jinghpaw language. At the end of the course, they were invited to pledge allegiance to the Kachin cause (Hedström 2016b). As a high-ranking member of the Kachin Central Committee noted in 2018: “We learned that after so many years and decades of struggle our young Kachin in the city were not speaking Jinghpaw, so we realised we needed to create a safe space for them where they could come and learn our cultural teachings and also understand about our revolution, the armed struggle” (quoted in Hedström 2018: 106). This training, alongside other opportunities offered by civil society networks in and across Kachin State, was vital for shaping political support for the Kachin struggle. It enabled the creation of a young nationalistic and militaristic social movement. However, the success of the EEDY programme cannot be reduced to the training itself, but must be understood in the light of the negative impact of the
ceasefire economy on local communities as economic and political grievances were exacerbated by the ceasefire.

Moreover, geographical proximity to China meant that the areas under Kachin control benefited from a functioning communications infrastructure as mobile phone use drew on cell towers placed on the Chinese side of the border. This allowed Kachin communities living in these areas relatively easy communications with the outside world, including access to media. This was in sharp contrast to people living in central Myanmar, who were by and large unable to access the Internet or functioning phone reception (Duwa Mahkaw Hkun Sa, 2016; McCarthy, 2018). Thus, in Kachin territory, access to phone lines, the use of the Jingphaw curriculum, and close contacts with activist networks, and independent media created an educated support base that set the area under rebel control apart from ‘mainland’ Myanmar in critical social, political, and economic ways. As harsh state control over media, civil society, and educational facilities (see Farrelly 2013) restricted the political education of people living in central areas of the country, people from the Kachin periphery developed a greater political understanding of the situation in Myanmar. As tensions arose around adoption of the 2008 Constitution, which required all ethnic minority armed groups to come under the command of the Burmese armed forces (Yun, 2014), an educated support base of young Kachin activists quickly mobilised to contest and protest not only the state’s actions, but the behaviour of its largest neighbour—China (Sadan, 2015).

China, the new ‘Great Game’ and Renewed Conflict in Kachin State
Adoption of the 2008 Constitution resulted in a change in government and the lifting of Western sanctions but also increased tensions around the country’s borders. This presented neighbouring countries with new dilemmas with regard to bilateral relations, economic strategies and security incidents that threatened to disrupt the region. They wanted to keep profiting from their investments and desired stability in the regions close to their borders (Buchanan et al., 2013). China in particular found itself in the unexpected position of having to renegotiate its position as Myanmar’s most influential partner. Still the biggest provider of FDI in the country, China suddenly found itself competing with Western governments for access to new investment projects. At the same time, anti-Chinese sentiment was resurfacing (Transnational Institute, 2016; also see Myšička, 2015). When border disputes with the Kokang armed groups operating in northern Myanmar spilled over into China in 2009, and Western and Japanese involvement in President Thein Sein’s ambitious ceasefire process expanded after 2011, the Chinese government felt compelled to act. Instead of negotiating directly with the government, China began to take a more direct and dynamic part in Myanmar’s ceasefire negotiations, including by reaching out to different actors, and hosting alternative talks on Chinese soil (United States Institute for Peace, 2018). The Chinese government also began to exert more control over the behaviour of the local authorities in Yunnan province, which had engaged in cross-border arrangements with Kachin State—sometime on its own initiative (United States Institute for Peace, 2018). Believing this strategy would help insulate them from any derailment of their investment plants in and across ceasefire areas, and not anticipating any real change in bilateral diplomatic relations on account of the change in government, China was greatly taken aback when President Thein suspended the Myitsone dam project in upper Kachin State in 2011. To many in the Chinese government, suspension of the dam project reflected a serious and sudden
The Myitsone Dam was set to be the Chinese government’s flagship development project in Myanmar. Designed to generate 6000 megawatts of electricity and damming an area the size of Singapore, it was the largest hydropower plant China had ever planned abroad. (Kiik, 2016b; Chan, 2017). If built, the dam would have been the 15th largest dam in the world. However, to many local people the dam, and in particular Chinese investment in the project, became symptomatic of the Myanmar regime’s discriminatory treatment of Kachin communities (Kiik, 2016b). While local communities in Kachin State lacked access to reliable electricity, using firewood to cook with and candles to light their homes, 90 per cent of the power generated would have gone to China. In addition, the dam would submerge 47 villages, as well as several culturally and historically important sites (Ministry of Immigration and Population, 2015; Chan, 2017). An initially supportive KIO was eventually pushed into opposing the project.

Opposition to the Myitsone Dam began in the areas affected by the project, as resettled villagers reached out to the KIO and to local church groups detailing the lack of compensation, forced relocation, and intimidation by the Tatmadaw. The KIO was under new leadership, seeking to rebuild its legitimacy among Kachin communities. In an attempt to stop the project, they reached out to the local government in Yunnan and next to the then Prime Minister, Thein Sein, in 2007, but without success (Foran et al., 2017). Awareness of the project grew after local civil society groups joined the protest. The protests expanded, with photographic exhibitions and demonstrations taking place even in downtown Yangon (Kiik, 2016b; Kirchherr, Charles and Walton, 2017). In March 2011 the KIO sent a letter to the Chairman of the Chinese Communist Party, asking China to reconsider the dam project (Chairman Lanyaw Zawng Hra, 2011). A decade and a half of ‘ceasefire capitalism’ had equipped local Kachin communities with the tools and networks needed to protest against resource extraction projects in Kachin State (Sekine, 2016; Foran et al., 2017).

However, the Chinese government failed to fully comprehend the importance of local ethno-nationalism (Kiik 2016b), and the extent to which Chinese investment during the ceasefire years had shaped local grievances and conflict dynamics. It mistakenly thought that it would be enough to engage with the Myanmar government, comprehending neither the importance of the local—and later national—protests nor the extent of social discontent with the Myanmar government (Kirchherr, Charles and Walton, 2017). In Jinghpaw, the colloquial name for the central government can be roughly translated as ‘the colonial/invader ruthless/aggressive dictator Burmese government’ ("Mung maden, gumsheng, Myen Asuya"). Thus, the dam project was thrust into a complex ethno-political environment in which it became symptomatic of the Myanmar regime’s past treatment of the Kachin population (Kiik, 2016b). Local controversy over the dam became a contestation over perceived or actual state-building projects in the Kachin region. Anti-dam resistance across the country intensified as nationwide the transition gained momentum. Discontent with the dam grew at the same time as the Myanmar government pushed the KIO, along with other ethnic armed groups, to relinquish control of their arms under the Border Guard Forces scheme. Tensions increased. In 2011 the Kachin conflict...
reignited after seventeen years of ‘armed peace’ (Sadan 2016).

Keenly aware of Chinese interests in Kachin State, the KIO reached out to Beijing to mediate (Yun, 2014). The Chinese government failed to comprehend the importance of events and ignored the request, choosing instead to negotiate directly with the Myanmar government. However, as the conflict escalated, the fighting began to seriously challenge Chinese interests in the country, in particular its economic investments and its need for border security. Western and Japanese involvement in the nationwide ceasefire increased, much to the irritation of many in the Chinese foreign policy community who saw their interests sidelined in Myanmar. An influx of refugees into China and shelling on the Chinese side of the border finally led China to appoint a Special Envoy for Asian Affairs ‘with the sole mandate of mediating the armed conflict between the Myanmar central government and ethnic armed groups’ (Yun 2015: 3). A new ‘Great Game’ thus emerged in Myanmar, in which China sought to expand its influence over the peace process in order to safeguard its economic and security interests against Western, and particularly US, interference (Yonghong and Hongchao, 2014; Yun, 2015). Still, China failed to understand local conflict dynamics and the way in which these would alter its diplomatic relations with Myanmar.

The civil society networks forged during the ceasefire years expanded following the reform process and began to connect with the Kachin diaspora, increasing awareness of the negative effects of ‘ceasefire capitalism’ (Jones 2016) in Kachin areas. These effects were widely understood as part of a wider conspiracy to ‘dilute’ Kachin communities by enabling state and Chinese expansion (Kiik, 2016a, 2016b). The success of the EEDY training programme helped connect Kachin communities across Myanmar in support of the KIA/KIO (Hedström 2018). In addition, attendance at civil society-sponsored educational opportunities enabled a critical mass of activists to put the spotlight on environmental and human rights abuses in Kachin State, including those associated with Chinese development projects. Thus, the productive/destructive dualism of the 1994 ceasefire agreement ultimately resulted in the emergence of a strong activist network that was eager to map large-scale development projects on to past political and economic grievances. These included widely perceived ‘conspiracies’ to ‘annihilate’ Kachin communities through such investments (Kiik, 2016a). In this context, investment cannot be divorced from contested visions of the state and indigenous environmental rights defenders; J-School, training for exiled Burmese journalists; and the 9-month long foreign affairs training for Burmese civil society activists. In Kachin State, educational opportunities and access to workshops organised by NGOs such as the Metta and Shalom (Nyein) Foundation also helped to create and build community awareness, as did the internship programmes and training offered by smaller NGOs, such as the Kachin Women’s Association Thailand, and civil society groups included under the umbrella of the Kachin Army’s political wing.

---

2 For example, the Chinese government has hosted several rounds of peace talks, and pressured the government to allow the KIO into the official peace talks in 2017. The KIO, as well as leaders of other armed groups, were barred from attending the Panglong Conference, but were invited onboard a Chinese sponsored jet in Kunming to fly to Naypyidaw. However, China is also rumoured to be behind the KIO’s new alliance with the (China-aligned) Wa army in northern Myanmar, which is widely interpreted as a strategy for limiting Western and Japanese influence over the talks (Yun, 2014, 2015; Transnational Institute, 2016; Vrieze, 2017).

3 These included: alternative schools in Thailand, such as the Earth Rights School, set up to educate...
deeply held communal anxieties about the perceived intentions of the Myanmar and the Chinese governments.

Looking Ahead
China now finds itself in a difficult situation. It is eager to protect its strategic infrastructure projects and for a return on the investment already made. China has sought to position itself as a key actor in transition efforts through providing financial and logistical support for the peace process. Nonetheless, China is treading a delicate line: it is attempting to retain investment opportunities and its position as Myanmar’s most influential neighbour while safeguarding its economic and geopolitical interests in the country by engaging with both the KIO/KIA and the Myanmar government. The Chinese government has attempted to rein in the behaviour of the local authorities in Yunnan province, which have shouldered much of the cross-border negotiation with actors in Kachin State, sometimes independently (United States Institute for Peace, 2018). It has also recently attempted to formalise several critical economic initiatives, including signing a Memorandum of Understanding on the China-Myanmar Economic Corridor as part of the BRI, and multiple Economic Cooperation Zones on Kachin territory (Myat Myat Mon, 2019). However, unless the Chinese government fully comprehends the power and extent of social opposition it is bound to fail. Yet, there are no indications that they have learned from its past mistakes. Instead, its eagerness to resume work on the Myitsone Dam has only intensified, as evidenced by the counterproductive attempt to pressure Kachin leaders into supporting the hydropower project. As noted above, this resulted in large-scale protests, multiple statements from Kachin leaders rejecting the claim, even a declaration of independence.

As one of the largest non-state armed actors in the country, the KIO is keenly aware of the need to build and maintain local legitimacy. Although quick to reject the declaration of independence, it knows the importance of listening to its constituencies. The experience of the ceasefire years, which resulted in intragroup tensions and threatened to erode ‘the movement’s overall political legitimacy’ (Brenner, 2015), has taught the KIO leadership about the consequences of losing local support. The leverage exerted by activist networks and their belief in a Kachin nation have been shaped by the actions of the KIO, in particular the development of the EEDY youth programme which has raised awareness of the plight of the Kachin nation and the ways in which ‘mega-projects’ are thinly veiled attempts to expand state authority across Kachin-held territory. This activism, enabled by the cessation of hostilities and stimulated by shared experiences and grievances, influenced the decisions made by the Myanmar and the Chinese governments. Ultimately, it draws on a contested vision of the state and who belongs in it. Thus, years of ceasefire capitalism have enabled Kachin’s communities to expand both their awareness of and their ability to contest state activities, illustrating the complex and sometimes contradictory interplay between regional dynamics, the periphery and conflict.

Against a backdrop of increased diplomatic pressure from the West, partly due to the humanitarian crisis caused by the Kachin civil war, the Myanmar government’s standing in the international community is deteriorating. The war has displaced over 100,000 people and given the KIO, as one of the largest armed actors in the country and a founding member of several alliances of various combinations of non-state armed groups, increased political leverage. Unless the Myanmar and Chinese governments are
willing to recognise and include the perspectives of the periphery in their visions of the future, the borderlands of Myanmar will continue to be contested, risking further descent into violence rather than an end to the war.
Timeline

- February 1947: the Panglong Agreement creates the framework for the establishment of the Union of Burma and the formation of a possibly independent Kachin State. Signed by General Aung San and Kachin, Chin and Shan ethnic minority leaders.
- July 1947: General Aung San, the architect of the Panglong Agreement, is assassinated along with six of his cabinet ministers.
- November 1947: the Kachin National Congress is established as an umbrella group to unite diverse Kachin political organisations in negotiating demands for a Kachin State
- January 1948: Burma gains independence from the British; communist and ethnic minority armed groups revolt; Kachin State officially established.
- 1956: Central government hands over disputed border areas of Kachin State to China.
- 1957: The Seven Stars, a revolutionary group made up of radical Kachin students, is formed at Yangon University.
- 1958: The Seven Stars is morphed into the Underground Movement, preparations for a Kachin armed rebellion are underway.
- 1959: Prime Minister U Nu announces Buddhism will be the state religion if he is re-elected.
- February 1961: The Kachin Independence Army is officially founded by members of the Underground Movement.
- August 1963: General Ne Win holds peace talks with the KIA but negotiations break down.
- 1976: KIO/KIA is founding member of the National Democratic Front, uniting different ethnic minority armed groups in seeking a federal union rather than outright independence
- 1977: Kachin Women’s Association, the women’s wing of the KIO, is established to organise relief among conflict-affected communities in Kachin areas.
- 1989: CPB falls apart; bilateral ceasefires negotiated with ethnic armed groups, many of which were members of the National Democratic Front.
- May 1991: nationwide elections won by Aung San Suu Kyi ignored by the regime, which instead arrests opposition politicians.
- 1991: Two KIO/KIA breakaway factions are formed, New Democratic Army-Kachin and the Kachin Defence Army; agree ceasefires with the regime.
- July 1993: KIO delegates negotiate with Burmese military leaders over a ceasefire in KIA-controlled areas in Kachin State and Shan State.
- 1993: NGOs allowed to register to work in Myanmar.
- February 1994: The KIO/KIA signs a ceasefire agreement; KIO leader Brang Seng dies.
- 1996: The bilateral ceasefire talks begun in 1989 now include 17 groups.
1998: Metta Development Foundation, Burma’s first officially registered NGO, established by SengRaw, who previously worked with the KIO’s relief wing.

1998: Kachin Women’s Association Thailand founded to work with displaced and war-affected Kachin communities.

May 2000: Nyein (Shalom) Foundation founded by Reverend Dr Saboi, one of the architects of the KIO ceasefire deal with the regime.

2003: EEDY initiative begins

May 2008: The new Myanmar Constitution comes into effect, making it mandatory for armed groups to come under central command by merging into a Border Guard Force.

2009: Myitsone Dam Project formally initiated; construction begins.

September 2010: Previous bilateral ceasefires declared void by the regime; the KIO officially rejects the Border Guard Force plan. In retaliation, Chinese border trade through KIO-controlled areas is blocked, the majority of KIO liaison offices are closed down and three Kachin political parties are prevented from standing in the elections.

November 2010: National elections held, won by regime-aligned party led by former prime minister and General Thein Sein.

May 2011: The KIO sends a letter to the Chinese government, urging it to withdraw from the Myitsone dam.

June 2011: Fighting erupts between the KIO and the Tatmadaw.

September 2011: President Thein Sein suspends the Myitsone Dam Project.

Dec 2018: Chinese Ambassador Hong Liang visits Kachin State to meet with Kachin leaders of political parties and social organisations; urges them to support the Myitsone Dam. The Kachin attendees later denounce the ambassador’s visit, deeming his behaviour “bullish” and threatening,

Jan 11: China’s Special Envoy on Asian Affairs meets KIO leaders; does not mention the dam but emphasises the importance of peace and border stability.

Jan 13: Statement by the Chinese Embassy in Yangon says the ambassador’s visit in December clarified that the Kachin people support the dam project.

Jan 14: Letters by Kachin political leaders denounce the dam project.

Jan 14: Declaration of independence by overseas Kachin group with close ties to the KIO.

(Sources: Hedström, 2018; Khaung, Ko and Vrieze, 2011; Sadan, 2013a; Smith, 2016)
References


Transnational Institute (2016) China’s Engagement in Myanmar: From Malacca Dilemma to Transition Dilemma. Amsterdam: Transnational Institute


© 2019 The Swedish Institute of International Affairs
About UI

Established in 1938, the Swedish Institute of International Affairs (UI) is an independent research institute on foreign affairs and international relations. Any views expressed in this publication are those of the author. They should not be interpreted as reflecting the views of the Swedish Institute of International Affairs. All manuscripts are reviewed by at least two other experts in the field. Copyright of this publication is held by UI. You may not copy, reproduce, republish or circulate in any way the content of this publication except for your own personal and non-commercial use. Any other use requires the prior written consent of UI.

\[1\] The author would like to thank Laur Kiik for his astute comments on an earlier version of this report, as well as Henrik Aspengren Chetan, Björn Jerdén and Anna-Karin Jonsson at UI for their continual support.

\[2\] Fieldwork was undertaken for my thesis, which analysed the political economy of the Kachin conflict (see Hedström, 2018).