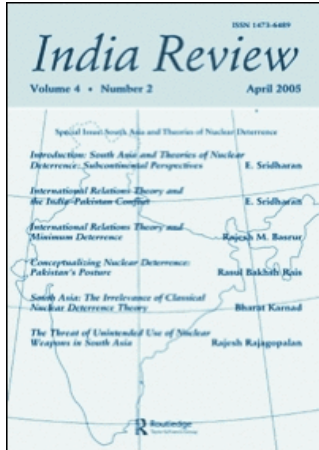


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# India and China Vying for Influence in Burma – A New Assessment

RENAUD EGRETEAU

## Introduction

“I do not think it is accurate to look at India–China rivalry in Myanmar, just as I think it is not appropriate to look for India–China rivalry at every nook and corner of Asia”

Shyam Saran, Foreign Secretary and former Indian ambassador to Burma, March 7, 2006.<sup>1</sup>

As Burma strategically lies at the crossroads of the Indian subcontinent, southwestern China, the Indian Ocean and the rest of continental Southeast Asia, both an emerging India and a rising China have found increasing interests in this regional node since the end of the 1980s. The changing of guards in Rangoon through a military coup d'état orchestrated by a younger generation of *Tatmadaw* (Burmese Army) officers in September 1988 indeed offered the two giants an opportunity to refocus their regional strategic ambitions on Burma. A new dimension of the Sino-Indian rivalry was thus highlighted and many academic researchers pointed out the rise of the strategic competition between Beijing and New Delhi through Burma throughout the 1990s. Almost two decades after the beginnings of the Chinese thrust into the Burmese strategic field and India's gradual reaction to it, this article seeks to assess the state of the rivalry between the two giants in Burma. By focusing the analysis on the perceptions, interests and achievements of India and China's approach to Burma on the ground in the past 20 years, it seeks to question the severity and intensity of this Sino-Indian “competition” in the Burmese field. It is argued here

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that despite having realized obvious breakthroughs in the region, India and China still face many difficulties in Burma, and are unable to openly use it as a mere playground for their bilateral “rivalry.” After a brief discussion of the academic literature that has dealt with the rise of the rivalry since the early 1990s, this paper will explore the most visible expressions of this Sino-Indian contest in Burma. The energy and military sectors, tensions in border areas and the quest for a strategic access to the Indian Ocean are the most crucial factors, but it will be postulated hereafter that each has its own limits. Given internal divisions, hesitations, misreadings or misperceptions in New Delhi and Beijing, as well as the nationalist stance of the Burmese military regime, this article will claim that the Sino-Indian competition over Burma must not be overestimated. Indeed, the Burmese field itself offers considerable resistance to the further thrust of India and China in the region, limiting the phenomenon to a mere “quiet rivalry.”

### **The Rise of a “Strategic Rivalry”: Perceptions and Interpretations of Indian and Chinese Policies toward Burma since the 1990s**

When a new Burmese junta (SLORC<sup>2</sup>) succeeded the autarchic military regime of General Ne Win in September 1988, Beijing and New Delhi adopted two different approaches to the developments in Burma. After a decade of tense relations in the 1960s, China had clearly redefined its Burma strategy according to its national and security interests, through a more friendly policy initiated by Deng Xiaoping’s visit to Rangoon in January 1978. A few years later, with a landmark academic article published in 1985 by the official *Beijing Review*,<sup>3</sup> China unveiled its economic and military ambitions in Burma and had only a few more years to wait before taking the opportunity to fully implement them. When the SLORC, ostracized by the international community after its harsh repression of the pro-democracy movement during the summer of 1988, indicated its willingness to establish a new partnership with Beijing, China swiftly filled the vacuum left by international donors and regional powers. Confirmed after the Tiananmen Square repression by the official visit to China by General Than Shwe (then the SLORC’s Vice-Chairman) in October 1989, the new Sino-Burmese partnership enabled China to gain a sound strategic foothold in Burma within just a few years.

In contrast, India chose to over-publicize its vocal opposition to the new Burmese regime as early as August 1988. Despite a tentative rapprochement illustrated by Rajiv Gandhi's visit to Rangoon in December 1987, New Delhi adopted a strongly critical position against the new Burmese junta, denouncing the repression following the 1988 uprising in which India's embassy in Rangoon played a crucial role,<sup>4</sup> and again upon the SLORC's refusal to hand over power after the May 1990 elections. Giving full and open support to Burmese dissidents, whether ethnic rebels or urban political activists, India opted for the political isolation of the new regime and led the international community in its ostracization of the SLORC.<sup>5</sup>

Four years afterwards, it became obvious for many Burma watchers and regional security analysts that China had been able to pave the way for a greater penetration of its interests in Burma whereas India had lost any concrete influence it had thought to (re)gain in the region. Although the Chinese economic thrust into Burma was perceptible as early as 1989<sup>6</sup> and was thus perceived as a potential threat for the economy of India's neighboring northeastern states, the first revelations of China's alleged military involvement with the Burmese armed forces in the early 1990s were the spark that decided India's policymakers to review their approach to Burma. More particularly, in 1992 a report by a journalist specialized in military and intelligence affairs revealed the involvement of China in building monitoring facilities on the Burmese Greater Coco Island, just a few nautical miles away from the last Indian Andaman island. Fearing the emergence of a Chinese naval bridgehead in the Bay of Bengal (India's traditional maritime *pré carré*), New Delhi gradually defined a more conciliatory policy toward the Burmese military regime, a new Indian strategy clearly aimed at preventing Burma from becoming a mere Chinese satellite able to be used against India's national interest.<sup>7</sup> Beside containing China, befriending the SLORC with its increased and modernized Armed Forces<sup>8</sup> could prove to be a helpful option for India in dealing with the ethnic insurgencies that had torn its Northeast since Independence and the many training camps and trafficking networks set up on Burmese soil.<sup>9</sup>

Pushed by military and security circles still haunted by India's humiliation during the 1962 Sino-Indian war, New Delhi chose to engage Burma's Generals and build up a closer partnership with them,

trying to checkmate China's increasing influence.<sup>10</sup> As a consequence, India chose to "enter the game" in its own way and this policy shift led many security analysts and academics specialized in Burma affairs to suggest the possibility of India and China now openly "competing" in Burma, vying for influence and jockeying for its resources. After decades out of Burma's strategic field, India attempted to regain the foothold it had during the colonial period when Indian communities controlled the lion's share of the Burmese British province, and this seemed to have created a new Sino-Indian strategic "rivalry" through the country while both giant neighbors were asserting themselves as the emerging regional powers.

As a localized illustration of the more global competition on which Beijing and New Delhi were embarked,<sup>11</sup> the Burmese dimension of the Sino-Indian equation was well analyzed in the mid-1990s by specialized journalists and academics. Bertil Lintner, then correspondent for the *Far Eastern Economic Review* and one of the best-informed journalists on Burma since the early 1980s, showed this clearly in numerous articles, which still constitute an outstanding reference database.<sup>12</sup> Other publications (*Jane's group*, Indian or Southeast Asian academic journals), also developed this hypothesis, focusing more particularly on the reported upgrading or building by Chinese engineers of military infrastructures, naval bases and above all listening posts along the Burmese coast.<sup>13</sup> Academic circles, especially in India, have fallen in behind those journalistic reports to assess the strategic and economic implications for India (but also the neighboring Southeast Asian states) of China's global thrust into Burma and toward the Indian Ocean in the 1990s. Indian scholars close to New Delhi's security and military establishment (mainly through the Institute of Defense Studies and Analysis – IDSA, gathering former Army officers or retired intelligence officers who regularly publish in the monthly journal *Strategic Analysis*) have insisted on the rising threat China could pose to India on its eastern front (via the Northeast, Tibet and Burma). They have influenced New Delhi's policymakers throughout the 1990s and led them to adopt a more pragmatic "engagement" policy toward Rangoon, outlining the birth in the region of an open Sino-Indian rivalry, which India should be ready to take up.<sup>14</sup>

Biased by a strong anti-China stance widespread among India's political and military elite, many of these articles stressed the "Sinophobic"

tendencies of Burmese society, which India could use to its advantage. Indeed, China's economic and military thrust into Burma in the early 1990s has not been perceived as favorably as it would have appeared, given the Chinese attitude toward an isolated Burmese regime since 1988. A latent "Sinophobia" has gradually developed among Burma's military establishment as well as within Burmese society, wary of the sudden penetration of Yunnanese or Sino-Shan investors, traders and traffickers who have rapidly and openly dominated the economy of the new Burma created by the SLORC.<sup>15</sup> As a consequence, for Indian security analysts (but also for some Burmese strategic thinkers within the *Tatmadaw*), a more obvious presence of India in Burma as well as a more equidistant position of the country between its two giants neighbors would be a better strategic option. Hence, as demonstrated by some Western academics, by letting India in or by merely courting it, the Burmese military regime also further fueled the impression of a Sino-Indian rivalry taking shape in the region at the end of the 1990s. Indeed, Mohan J. Malik is one of the few scholars to have maintained his hypothesis of an open rivalry between India and China obviously growing in Burma while being fostered by Rangoon.<sup>16</sup> Andrew Selth too has developed this view, through many articles published in the *Jane's Intelligence Review* or *Jane's Defence Weekly*, pointing out however that the rivalry is based more on threat perceptions than on true facts.<sup>17</sup>

A decade after the development of such theories, many academics still insist on the rise of the competition between the two giants in Burma, proven by the numerous official visits paid by high-ranking Indian or Chinese leaders in Rangoon or by Burmese Generals in either China or India since 2000. The diplomatic trips of the *Tatmadaw's* leading figure General Maung Aye to India (January and November 2000) and to China (August 2003) and then of General Than Shwe to Beijing (January 2003) and New Delhi (October 2004), were replicated by the visits to Burma of the Chinese President Jiang Zemin (December 2001), and the Indian Vice-President (November 2003) and President (March 2006). Part of a strategy to quickly gain a better toehold than the "rival" in the Burmese region, these landmark trips were seen as another illustration of India's and China's conflicting ambitions in Burma according to many analysts<sup>18</sup> as well as those journalists who have hastily taken up the hypothesis. However, a deeper analysis of the various dimensions of this "rivalry" and its

expressions on the ground in Burma exposes more limits to them than expected.

### **Expressions of the Sino-Indian Rivalry in Burma**

Since India chose to enter the Burmese game by courting the SLORC in the early 1990s, both India and China have appeared to openly compete for influence in Burma. By coming in and gradually adopting the Chinese way of wooing the Burmese Military, New Delhi has fueled its rivalry with China in many fields. Four strategic issues still remained crucial in India's and China's approaches to Burma and have consequently highlighted their strategic competition there: access to the Indian Ocean from Burma; instability on India's Northeast border; trade and infrastructure investment policies in a linchpin region; and finally the energy sector and natural resources in Burma. However, it will be argued here that after more than a decade of development, each of these expressions of the Sino-Indian rivalry through Burma has shown its inherent limitations.

#### *Burma in India and China's Indian Ocean Strategies*

Burma boasts a 1,930 km-long coastline wide open to the Bay of Bengal and the Andaman Sea. Given its geographical configuration organized according to the north-south Irrawaddy corridor, it thus offers a logical strategic gateway to the Indian Ocean for China's landlocked provinces of Yunnan and Sichuan, as outlined by the 1985 *Beijing Review's* article.<sup>19</sup> However, since independence Burma has never developed any maritime ambitions (both commercial and military, partly due to internal instability and then the autarchic tendencies of Ne Win's regime), so that its port facilities and coastal infrastructure were in total deliquescence when the SLORC took power in 1988 and subsequently opened the doors of the Indian Ocean to China in return for its generous support. As a consequence, Beijing embarked on various maritime infrastructure projects in Burma, offering to rebuild or upgrade some Burmese commercial harbors as well as a few naval bases in order to benefit from this new gateway. The ports of Kyaukphyu (on Ramree Island in the Arakan State) and Rangoon, as well as the naval base of Hainggyi (in the Irrawaddy delta, south of Patheingyi) were the first sites where Chinese engineers and advisors were reported to have been involved in the early 1990s.<sup>20</sup> Mixing both economic and military interests by investing in those facilities, China's

alleged involvement rapidly raised concern among regional powers (starting with India) unwilling to see Burma becoming another Chinese economic province or a military bridgehead for China's Navy. Above all, mystery surrounding the Chinese-built monitoring facilities on the Coco Islands have been the most disturbing rumors India had to face, but speculations on Chinese help to or presence on Zadetkyi Island (Tenasserim Division), Kyaikkami (south of Moulmein), Monkey Point (Rangoon), Haingyi, Man-Aung islet (off Ramree Island), Kyaukphyu and Sittwe have also been taken very seriously by Indian officials.<sup>21</sup> Hence, New Delhi's policy shift toward Burma in the mid-1990s openly challenged China's thrust southwards by gaining three main assets as far as Burma's role in India's maritime strategy was concerned: the right to berth and refuel in Burmese ports for Indian commercial vessels or warships (as China had); conducting joint naval operations with the Burmese Navy (*Tatmadaw Yay*); and gleaning intelligence on the Chinese presence along Burma's coast so as to checkmate it.

After almost two decades, both Beijing and New Delhi appeared to have gained substantial advantages in Burma with regard to their Indian Ocean ambitions, but India seems to have got more than China in recent years. Most certainly, China's commercial gains in Burma have been obvious. While using (as planned) the upgraded Burmese ports, starting with the port of Thilawa near Rangoon<sup>22</sup> from where Chinese ships docking with cheap Chinese products return loaded with Burmese teak or raw materials on a daily basis, China has enjoyed a privileged and extensive access to the Burmese market. However, given the fact that Thilawa port has since the early 2000s been used by other foreign companies (from Singapore, South Korea or Thailand), Burma's main maritime door has not since then been totally monopolized by China, far from it. Other countries, including Pakistan and India, have indeed utilized Burma for both commercial and military purposes, whereas the Chinese Navy has not been seen berthing in any Burmese ports.<sup>23</sup> In December 2002, an Indian Navy flotilla was allowed for the first time to berth in Thilawa,<sup>24</sup> followed in May 2003 by two Indian Coast Guard vessels,<sup>25</sup> and again in May 2004.<sup>26</sup> Furthermore, the first Indo-Burmese naval joint exercise was conducted in the Andaman Sea in September 2003, after the Indian Navy Chief visited Rangoon's *Monkey Point* base.<sup>27</sup> Two other rounds of joint exercises involving the Indian and Burmese navies

were then organized in December 2005 and January 2006 (Milan Meeting<sup>28</sup>) while China is still waiting to conduct its first joint operations with its Burmese ally.

Eventually, India has obtained more than expected in an increasing naval cooperation with the Burmese, despite a strongly asserted defensive position and given the difficulties it is facing on other issues. New Delhi now also admits that the delivery in the early 1990s of China-made ships such as *Hainan Class* patrol boats (1991–93<sup>29</sup>) and *Huxian* and *Jianghu* frigates (1995<sup>30</sup>) to the Burmese Navy was not as threatening as stated originally. Since most of the *Tatmadaw Yay* activities are counterinsurgency-oriented (fluvial and coastal operations or surveillance), the strengthening of Burma's Navy by China (or any other foreign power) might not pose a direct maritime threat to India. Only the potential use of Burmese infrastructures by the Chinese could then possibly disturb New Delhi's strategic thinkers. But here again, rumors about China's extensive military involvement in Burma since the early 1990s have never been confirmed. In fact, even Indian officials admit after a decade of conjectures the irrelevance of those fantasies born out of the first 1992 intelligence reports regarding the Coco Islands.<sup>31</sup> Other sites thought to have been Chinese naval "enclaves" by various articles are in fact just small fishing harbors. In 1998, Bertil Lintner reported the worries of Indian Navy officials about "Chinese engineers and naval-operations officers . . . spotted" in various Burmese Navy headquarters, including in "the Kyaikkami facility south of Moulmein."<sup>32</sup> On the ground, fieldwork conducted in October 2005 showed up the total absence of any military infrastructures (even proper roads) in and around Kyaikkami.<sup>33</sup> However, as stated by International Relations theoretical approaches, perception of a threat is enough to create the threat itself,<sup>34</sup> and this appears to perfectly suit the Burmese example. Andrew Selth has recently developed the "myth" of the Chinese bases in Burma, proving the importance it has had in shaping India's and other regional powers' perceptions of a global "China threat" in the region.<sup>35</sup> Deliberately or unconsciously exaggerated, the Chinese military thrust toward the Indian Ocean via Burma led to a disproportionate reaction by India's strategists. The setting up by New Delhi of one of the most advanced and well-equipped naval bases in the region, just a few nautical miles away from Burma's Coco Islands in the Andaman Islands (the Far Eastern Naval Command of Port-Blair<sup>36</sup>), now enables India to block any tentative

Chinese maritime penetration of the region, without having to fear the “satellization” of Burma’s coast by China. But the misperceptions remain, and the issue might be the one in which China and India will find the most serious bone of contention able fuelling their competition in the region, with the Burmese military skillfully playing the balance.<sup>37</sup>

*Triangular Connections: India’s Northeast between Burma and China*

Since 1947, India’s Northeast region has been torn by ethnic insurgency, tribal separatism, communal violence and huge trafficking and criminal networks that have undermined its socio-economic development. This instability of a strategic region for New Delhi has been fostered by many external factors, including direct or indirect involvement of neighboring China and Burma. Since the 1960s and the revelations of the first open linkages between Chinese intelligence officers and Northeastern ethnic rebels (Nagas and Mizos), it has been a crucial component of the Sino-Indian “global” rivalry. The fact that Burma has also served as both a sanctuary and a corridor for many anti-India rebels, especially those connected with China, has added a sensitive element to the triangular relationship between Beijing, Rangoon and Delhi.

China has indeed found in various ethnic rebels of the region either tactical indigenous support against India’s rising power (by cultivating a threat within) or a valuable tool for its strategy of proselytizing Maoism throughout Asia since the 1960s. Acting as a patron for the Naga separatists (Naga National Council, NNC, then the National Socialist Council of Nagaland, NSCN and its offshoots), the Mizos (Mizo National Front, MNF) or the Meitheis/Manipuris (People’s Liberation Army, PLA), Beijing established close connections with their leaders, welcomed and prepared for guerrilla warfare many of their cadres in training camps based in Yunnan or Tibet, and gave them lavish financial support.<sup>38</sup> The linkages were facilitated by the remoteness of northern Burma’s hills, which were used as a corridor linking Yunnan and the Northeast through underground connections with the Kachin rebels, who have led one of the fiercest struggles against Rangoon central authorities since the 1960s. The main underground arms suppliers of the region with the Communist Party of Burma (CPB), they acted as a valuable intermediary between India’s Northeast and China. However, by the end of the 1970s, as China

embarked on a new phase of modernization, Beijing considerably reduced its support to anti-Indian rebels. Deng Xiaoping even confirmed the policy shift toward the Nagas and the Mizos in 1979, when A. B. Vajpayee, the then Indian foreign minister, visited China.

Yet personal linkages between Chinese leaders (especially local intelligence officers) and Naga or Assamese rebels have not vanished. Indeed, since the early 2000s, India has outspokenly expressed its fears of seeing a revival of old Chinese connections with ultras and “criminals” from the Northeast that still have not given up their armed struggle.<sup>39</sup> Many Indian intelligence officers became openly wary of new Chinese connections in the Northeast that might have been facilitated by the closer Sino-Burmese relationship since 1988.<sup>40</sup> Asserting the patronage that some insurgent outfits (such as the United Liberation Front of Asom (ULFA) or National Socialist Council of Nagaland-Isaak-Muivah (NSCN-IM)) have once more found in China despite strong official Chinese denial, new clandestine arm deals negotiated with corrupt Chinese army officials or local police officers were revealed by the Indian press in 2000 and 2001.<sup>41</sup> The “Chittagong haul affair” (a huge arms cache destined to be dispatched into the Northeast, but apprehended by the Bangladeshi Police in April 2004<sup>42</sup>) further fueled speculation about China’s involvement in the instability in the Northeast. Indeed, a shipment of mainly Chinese-made weapons estimated at US\$4.5m–\$7m and originating from Hong Kong and then Singapore was seized at Bangladesh’s main port of Chittagong.<sup>43</sup> Apparently ordered by the ULFA and the NSCN-IM, the clandestine deal might have involved corrupt Chinese officials and Yunnanese local army officers and/or “mafia.”<sup>44</sup> This implication of Chinese elements openly annoyed Indian officials, wary at seeing China keeping a hand in regional arm trafficking, as well as in India’s internal troubles.<sup>45</sup>

The probability of a cost-free revival of China’s connection in the Northeast (via Burma or not), brings a crucial justification to India’s threat perceptions in the region and thus constitutes an important element of the overall increasing Sino-Indian “rivalry.” Consequently, from a New Delhi perspective, if India wants China out of the picture, it has to befriend the Burmese generals so as to secure a valuable buffer between Yunnan and the Northeast. This position explains the eagerness of Indian Intelligence and Army officials to watch out for Naga and Manipuri activities not only along the Indo-Burmese

borders but also near China's direct sphere of influence in Burma, from the Manipuri-dominated area of "ponna-go" in Mandalay to the Muse/Ruili border crossing point.<sup>46</sup> Here again, if the Indian Northeast's triangular connections with Burma and China are marginal on the ground but nevertheless perceived as threatening by New Delhi, it is obviously enough to make India consider the Burma factor as a critical part of its competitive relationship with China, in spite of the lack of tangible elements.

*Infrastructure and Trade in Burma: India and China  
in Search of Positioning*

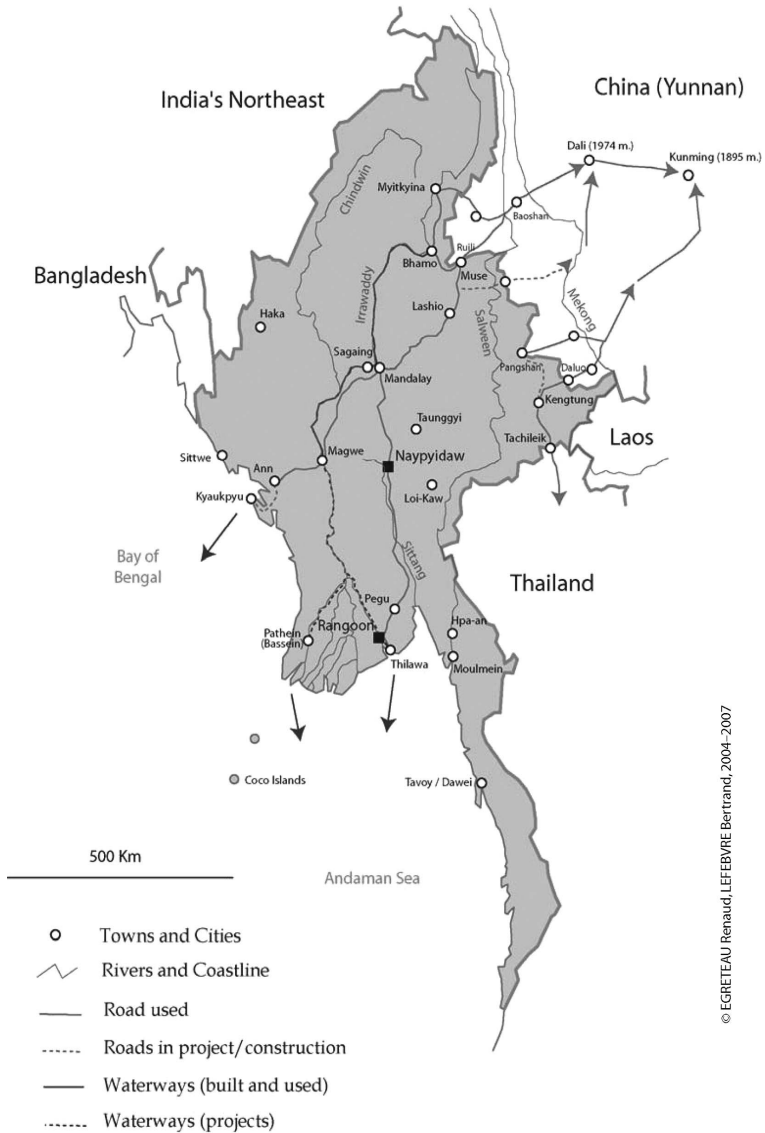
China's infrastructure building strategy in Burma has been obvious since the late 1980s. To benefit from the Burmese gateway, the Chinese had to undertake the construction of wide infrastructure networks from the Yunnan border down to Rangoon. This "southward" strategy logically follows the geographical configuration of Burma, which had always been organized according to the Irrawaddy fluvial corridor. On its side, India's economic policy in Burma is currently guided by New Delhi's wish to reach Southeast Asia via the continental Burmese gateway, hence following an "eastward" thrust. Therefore, Burma appears to be manifestly caught in the middle of these two strategies in an awkward position. However, as far as India and China's Burmese infrastructure programs are concerned, the past two decades have not seen any hostile encounters between the two emerging powers in Burma, each favoring different plans and investing at different scales and places.

Since 1988, China has been developing a concrete and credible trade corridor running from Kunming in Yunnan to Mandalay and then Rangoon, crossing the Sino-Burmese border at Ruili/Muse (but also at other border crossing points, especially southwards to Shan State<sup>47</sup>) and using both the well-maintained Road 3 (from Muse to Mandalay via Lashio) and the Irrawaddy River (either from Myitkyina or from Bhamo's small fluvial harbor).<sup>48</sup>

Since its policy shift on Burma in the early 1990s, India has been trying to develop a commercial route linking its Northeast to Thailand and the rest of Southeast Asia via Mandalay. Initiated by the 1994 Indo-Burmese Border Trade Agreement and the opening of the Moreh/Tamu border crossing checkpoint in 1995, this strategy led New Delhi to undertake the construction of a concrete road on

FIGURE 1  
THE "CHINESE CORRIDOR" THROUGH BURMA

Transportation links in project, upgraded or built by China in Burma

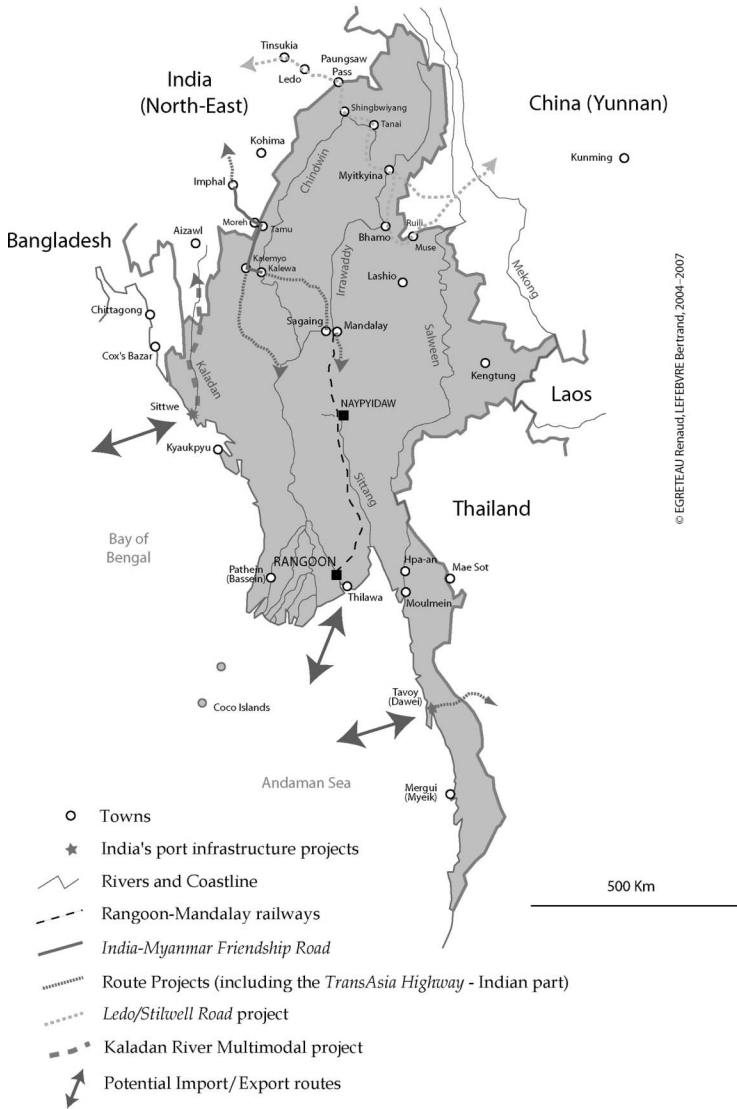


Burmese soil, starting at the Indian border. Begun in 1997, the 160-km long India–Myanmar Friendship Road was inaugurated in 2001, but stopped at the Burmese town of Kalewa, the Indian Foreign Ministry having refused to finance the project to Mandalay or Bagan, attesting to India’s timorous infrastructure policy in the region. Two other cross-border trade points were nevertheless opened between the Sagaing Division in Burma, and Manipur and Mizoram on the Indian side, while others are now also effectively used in Arunachal Pradesh (Paung Saw Pass) and Nagaland. India’s main objective was thus to be present in Burma where the Chinese were not, particularly in Western Burma, so as to avoid seeing China building roads and starting to exploit at will the regions bordering the Indian Northeastern states. But New Delhi has faced many difficulties in implementing its infrastructure policy in Burma. The western parts of Burma remain politically sensitive with the Naga and Chin insurgencies still fuelling instability, but the hilly and remote region also offer very few geographical assets to facilitate the east–west continental connection.

A decade after its tentative thrust, India has admitted the drawbacks of such a strategy and has been tempted to favor two other more realistic options. First, instead of directly challenging the Chinese economic influence throughout Burma, some Indian business circles proposed to bind India’s commercial ambitions in Burma to China’s already entrenched presence. For the strategic analyst C. Raja Mohan Indian policymakers and businessmen should not hesitate to invest more in Burma and benefit from the vitality China has instilled into the region, rather than challenging it.<sup>49</sup> For instance, rebuilding the Stilwell Road (from Ledo in Assam to Kunming via Myitkyina and the Burmese Kachin State) and at the same time linking an Indian-dominated Tamu–Kalewa–Mandalay corridor to the Chinese-controlled Muse–Lashio–Mandalay corridor would then enable India to reach southwest China without having to focus on the unsolved Sino-Indian border issue or on the “China threat” factor. Secondly, the idea of reviving the old colonial maritime routes between the Burmese ports (Akyab/Sittwe, Rangoon, Moulmein, Tavoy/Dawei) and India’s dynamic eastern coasts might be the cheaper and more convenient option for India. As during colonial times, when the Burmese province was linked to the rest of British India mainly by sea (and not through continental routes), India could then enjoy a credible economic outlet in Burma. By offering to rebuild Burma’s port facilities (where China still has not

FIGURE 2  
THE "INDIAN CORRIDOR" THROUGH BURMA

Transportation links in project, built or upgraded by India in Burma



effectively docked), India could benefit from new commercial routes, more secure than the unstable east–west continental corridor. Since 2001 New Delhi has proposed the construction of a new harbor complex in Sittwe (formerly Akyab, in Arakan State<sup>50</sup>) and another one through the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMST-EC) regional grouping in Dawei (formerly Tavoy, in the Tenasserim Division).<sup>51</sup> Dawei boasts a strategic location near the Thai border within reach of Bangkok while Sittwe offers a crucial position between India's Northeast (Mizoram) and the Arakanese offshore Natural Gas blocks (A-1, A-2 and A-3) in which India has been investing since 2002. However, both of these port projects are far from being implemented, in spite of the enthusiasm showed by Indian diplomats and policymakers.<sup>52</sup> Sittwe for instance remains a small provincial port with just one jetty (rebuilt in 2007 after a destructive storm in 2004), a petty local market and only three hours of public electricity a day, far from being able to compete with the neighboring Bangladeshi port of Chittagong, already dominated by Chinese investors.<sup>53</sup> Yet, the fluvial harbor project only decided India to open up Mizoram and not globally challenge the Chinese in the region, according to official sources.<sup>54</sup>

India and China have undertaken different commercial strategies in Burma, which have proved to be successful for the Chinese in the past two decades, but not able to be rapidly implemented in the Indian case. China indeed sees Burma as both a continental economic outlet and a maritime gateway for its own products while India seems to focus merely on local cross-border trade (despite the fact that only 22 items can be traded according to the 1994 Indo-Burmese Border Trade Agreement) and on more convenient and cheaper maritime links, given the geographical hostility of the hilly border regions. In 2006, India's global trade with Burma barely reached half of China's formal bilateral trade with Burma (US\$650 million against US\$1, 460 million).<sup>55</sup> Besides, India's exports to Burma are restricted to a few manufactured products and pharmaceuticals (worth around only US\$100–150 million a year), while China's exports to Burma (around US\$1.2 billion) represent a much wider range of merchandise, from domestic appliances to motorcycles, food products or televisions. Figures thus show completely unbalanced trading trends, with India having a large commercial deficit with its Burmese neighbor while China enjoys a

high-value surplus.<sup>56</sup> It appears that the Indian business community still considers the Burmese market as too difficult to enter, instead focusing only on well-established and profitable networks (agriculture and pharmaceuticals, mainly via Indian companies in Singapore and Hong Kong) or following bigger and more secure government-initiated infrastructure or energy exploitation projects. New Delhi seems to have come to terms with this configuration, admitting the failure of Indian-made products to compete with cheap Chinese or Thai goods in Burma (and elsewhere in Southeast Asia) and thus concentrating its Burmese economic policy on larger scale deals.

However, provided that India's ambitions boast few more concrete achievements in Burma in the near future, the Chinese and Indian strategies are not as contradictory as many journalists or academics suggested throughout the 1990s. The courting of Burma for its domestic market and natural resources is not a zero-sum game in which if India loses then China wins, or vice versa. India has indeed still more to gain in binding itself to the Chinese sphere of commercial influence in Burma than to checkmate it, as advised by many Indian policymakers. Economic cooperation and mutual trade benefits could guide Beijing and New Delhi in the definition of their commercial ambitions in the region rather than being understood in terms of "rivalry" given the fact that the two giants do not compete in the same fields or for the same products in Burma, with the notable exception of the energy sector.

*The Burmese Energy Sector: China and India Enter the Game*

The energy sector might indeed be the exception. Given the exponential growth of the Chinese and Indian economies since the end of the twentieth century, the demand in energy resources throughout the world faces increasing challenges. Eager to gain access to regions rich in crude oil, natural gas or hydraulic potential, India and China have gradually oriented their foreign policy according to their energy needs,<sup>57</sup> and Burma falls within this strategic scope. Although extraction and production have considerably decreased since Independence due to internal instability and autarchic tendencies, Burma still has large crude oil and natural gas resources to offer, with its offshore natural gas reserves as its main energy asset since the early 1990s.<sup>58</sup> Indeed, the tentative liberalization of the Burmese economy by the SLORC in 1988 sparked off an increasing competition between

international oil companies (private or state-controlled), the junta skillfully playing them off against each other in order to get the financial investment it needed to sustain the economy as soon as 1989.<sup>59</sup> French, American, British, Thai, Korean, Japanese and Malaysian oil companies rapidly chose to invest in the country between 1989 and 1992 but after a decade of international sanctions, only two offshore gas projects were effectively exploiting Burmese Natural Gas in the Andaman Sea (the Yadana and Yetagun international joint ventures, led by Total and Unocal/Chevron for the former, Petronas for the latter).

India and China are latecomers in the Burmese energy market. The first credible investment of a Chinese Oil Company in Burma was concluded only in September 2001 (China National Petroleum Corporation – CNPC),<sup>60</sup> but a few years later the four biggest Chinese Oil companies were present in Burma. Besides CNPC, Sinopec gained in September 2004 the onshore Block D (northwest of Mandalay)<sup>61</sup> and in October–December 2004 China National Offshore Oil Co (CNOOC, along with a Singaporean firm, Golden Aaron Ptd Ltd) won the strategically located onshore Block M (near Ramree Island) as well as the offshore A-4, M-2 and M-10, and onshore C-1 and C-2 Blocks.<sup>62</sup> Lucid, CNOOC's spokesman, had even declared that, thanks to Western sanctions policies conducted toward Burma, "it [was] also easier for Chinese oil companies to gain access, as most oil companies [would not] go there."<sup>63</sup>

On their side, the two biggest Indian state-controlled oil companies Oil & Natural Gas Corporation Ltd (ONGC-Videsh) and Gas Authority of India Ltd (GAIL), entered the Burmese energy game only in January 2002 when both of them joined a four-headed consortium with two Korean firms (Daewoo International and Korea Gas) to exploit the A-1 block off the Arakan coast. Extended three years later for the acquisition of the neighboring A-3 Block, the deal confirmed India's ambitions to secure Burmese gas reserves, despite all the difficulties it would have to face in Burma.<sup>64</sup> Apart from GAIL and ONGC-Videsh, in May 2005 Essar Oil, a third (private) Indian oil firm, clinched a deal on the onshore L-Block and the offshore A-2 Block near the Bangladeshi border.<sup>65</sup> Then, in September 2007, the Indian Minister for Petrol, Murli Deora, signed a US\$150 million investment deal with the Burmese authorities for three new exploration blocks in spite of the turmoil caused in Burma by five weeks

of unrest sparked off by the protests of Burmese monks and pro-democracy activists.<sup>66</sup>

On the ground, the eagerness to enter the Burmese energy market showed by both India and China since the early 2000s has given the impression that the two giants were not only vying for political influence in Burma but also trying to secure resources before the other "rival" gained them. This is partly true, but as far as the competitive dimensions of the Burmese energy sector are concerned, one has to underline the more global competition among international oil companies rather than just the Sino-Indian contest. Indeed, rivalries among Western (French, American), Russian or Asian oil companies (Thai, Malaysian, Singaporean, Indonesian, Japanese, Korean) in the Burmese onshore and offshore oil and gas market are much more perceptible and effective than the single bilateral competition between the two giants. Moreover, the Chinese and Indian oil firms in fact boast far less technical expertise and financial assets than the other well-established international companies.<sup>67</sup>

Nevertheless, since 2005 the issue of the construction of a pipeline meant to export the natural gas exploited in the A-1 Block controlled by the Indo-Korean consortium fueled the impression of a serious bone of contention between Beijing and New Delhi, with the Burmese junta cleverly reaping the benefits. Since the formation of the Indo-Korean joint venture in 2002 (with the Burmese authorities as the fifth local partner), the question of who will buy the A-1 block's natural gas and how will it be transported to its final destination has remained unresolved. From the beginning, as GAIL and ONGC-V are still state-controlled companies, New Delhi has stated its intention to secure all the production and three options were considered to bring it back to India (Calcutta): an underwater pipeline starting from an offshore liquefaction factory, a pipeline crossing Bangladesh or another bypassing it via India's Northeast. Lack of financial backing, a traditional and open but hostile relationship between Indian and Bangladeshi authorities and hesitation in New Delhi let the process drag on for three years before the Burmese junta strategically turned toward its Chinese ally.

Indeed, by signing a surprising deal with Petrochina in December 2005, and giving the Chinese company the rights to buy some of the A-1 Indo-Korean gas production, the Burmese regime expressed its exasperation in the face of Indian procrastination, and let its Chinese

partner enter the game in the Arakan fields. Offering a more credible and immediate option, with a pipeline running from Ramree Island up to Yunnan, China again proved its ability to swiftly gain a strategic advantage in Burma while India had to face more and more obvious setbacks to its tentative thrust.<sup>68</sup>

A pipeline crossing Burma would also be more profitable for Burma itself (with possibilities to benefit from the gas throughout the course of the pipeline) rather than one swiftly reaching Bangladesh or India from Arakan State. Despite a landmark official visit to Rangoon by the Indian President, A. P. J. Kalam, in March 2006, New Delhi was still far from having settled a concrete deal on the issue with the Burmese,<sup>69</sup> much to the displeasure of their South Korean partners who from the beginning have also been very reluctant in putting forward strategic considerations.<sup>70</sup> India might have lost an opportunity to implement rapidly a viable project, which is, after Yetagun and Yadana, the biggest foreign investment in the Burmese gas market.

Having been a crucial element of India's diplomacy toward Burma since 2005, the ambition to gain quick access to the Burmese energy market has overshadowed India's other projects. The failure to get a toehold in this sector might then encourage New Delhi to refocus its interests on more strategic defense cooperation deals (especially as far as the Northeast is concerned) or on the Kaladan River project to open up (to a certain extent) Mizoram. The Northeast is indeed becoming the driving force of India's approach to Burma, which can easily be put forward to legitimate a concrete and realistic engagement of the Burmese authorities, regardless of their political nature. Finally, one has to put the gas issue into perspective: indeed, as Burma's oil and gas reserves have still not been fully estimated and are moreover not as substantial as those offered by Russia, Iran or Qatar (three essential energy partners for India), the apparent losses of New Delhi in the matter should not necessarily be understood as a severe setback for India or as a strategic gain for China, which still does not have a strong toehold in the Burmese energy sector either, compared to Thailand or Malaysia.

### **Resistance and Obstacles to the Exacerbation of the Rivalry**

Despite being visible and still fueled, the expressions of a rising Sino-Indian competition through Burma have shown their own inherent limitations since the early 2000s. Furthermore, it can be

added that other concrete obstacles offer strong resistance to the exacerbation of the rivalry between Beijing and New Delhi as far as the Burmese issue is concerned. It is argued here that misperceptions or overestimations of the influence or leverage of the “rival” in the region, internal divisions or hesitancy in India, as well as the xenophobic and nationalist tendencies of the Burmese society and regime constitute powerful constraints on the development of the Sino-Indian “great game” in Burma.

*The “India Factor” in China’s Burma Policy: Not Much of an Issue?*

To qualify a bilateral relationship as a “rivalry,” a mutual identification by the protagonists is needed. Both “rivals” need to perceive and formulate the presence of a specific threat from the other, which would have then been identified as the principal “enemy,” “competitor,” or “rival.”<sup>71</sup> In our case, while India does effectively perceive a potential military and economic threat from China through Burma, the opposite is far from evident. Much more entrenched in Burma, China has never expressed any strong threat perceptions from India’s new Burma approach and tentative strategic thrust eastwards since the mid-1990s.<sup>72</sup> Far behind in the Burmese market, not well connected to central Burma as infrastructures linking the Brahmaputra Valley to the Irrawaddy corridor have never been properly developed (even during colonial times), India is not considered an immediate and credible economic threat by the Chinese in the Burma region.

The advances made in Burma by the Indians in terms of commercial agreements, military cooperation or diplomatic presence since Delhi’s policy shift of 1992–93 are not in a position to weaken China’s influence there in the short or medium term. Yunnan benefits from a geographical advantage India’s Northeast cannot offset and political relations between the Burmese and Chinese authorities (from Beijing or Kunming) have reached a level of comfort Indian diplomats, businessmen or soldiers could never hope to achieve.<sup>73</sup> Despite the loss of a complete friendship network with the sacking of General Khin Nyunt and the purge by the Tatmadaw hardliners of the Military Intelligence Services in October 2004,<sup>74</sup> Chinese diplomatic, military and economic circles still have enough influence and presence in Burma to efficiently counter any Indian thrust.

As a consequence, the perception of an “Indian threat” in Burma has not been a crucial factor for China in its definition of its Burmese

strategy. China's Burma policy, elaborated when India was completely out of the Burmese game in the early 1980s, is indeed first guided by geographical and economic considerations, then by political and strategic ones. Being able to counterbalance India by exerting strategic pressure on its eastern front via Burma is the "plus" of Beijing's strategy, but not its core dimension.<sup>75</sup> Besides, China has obviously been searching for access to the Bay of Bengal and the Andaman Sea through Burma but not domination (as least in the short and medium term) of the Indian Ocean from the Burmese coasts. Aware of India's hegemonic maritime position in the region, as well as the recent steps the Indian Navy has taken in Burma since the early 2000s, Beijing has not bet everything on the Burmese strategic option. Indeed, offering to China the same geostrategic configuration as Burma, but on India's western flank, Pakistan has so far been a more reliable and loyal partner for the Chinese.<sup>76</sup> In spite of a visible presence and a clear policy toward Burma,<sup>77</sup> Chinese economic and military involvement is thus not as wide and massive as it is in Pakistan, however politically unstable the country could become.

Beijing authorities are also not willing to enter an open rivalry with India in a region still potentially unsteady and mainly controlled by a nationalist and isolationist Burman-dominated military regime, toward whom China has many times expressed its frustration in face of the lack of political and economic progress.<sup>78</sup> In fact, Chinese diplomats and policymakers encounter more difficulties with the international community as a whole (with international organizations and Western powers at the forefront) in its dealings with the Burmese junta, rather than with India solely, as shown during the September 2007 demonstrations in Burma and the international turmoil that followed. Avoiding direct confrontation with Indian ambitions in Burma and maintaining the current trend of "isolationism without isolation" advocated by the Burmese military (China remaining the main discreet partner of the Burmese, not as "isolated" as claimed) would also prevent China's main long-term rival, the United States, entering more aggressively into the Burmese picture. Beijing has little interest, if any, in fuelling open competition with India, while the opposite appears obvious.

Furthermore, Yunnan authorities have long pleaded for greater commercial cooperation with their Indian counterparts so as to benefit from a valuable triangular economic relationship with Burma

as the geographical linchpin. Eager to see India's Northeast politically more stable and economically more open, China has pushed for the revival of commercial links between Assam and Yunnan via Burma.<sup>79</sup> In this spirit the Kunming Initiative was launched in 1999, consisting of a regional grouping of Bangladesh, China, India and Burma (BCIM), in which the Chinese try to balance India's efforts to curb their enthusiasm because of New Delhi's fear of an unmanageable Chinese thrust throughout its Northeast.

The revival of the Stilwell Road, which in 1944–45 used to link the town of Ledo (Assam) to Kunming running through the hilly Kachin state but has since been buried in the forests, is clearly on China's agenda, even more than on India's. Huge highways have already been built in Yunnan from Kunming down to the Burmese border and China has financed the construction and upgrading of the Burmese roads linking Myitkyina (Kachin capital) to Bhamo southwards, and to the Chinese border near Tengchong.<sup>80</sup> However, the Chinese authorities admit the expensive and risky nature of the *Stilwell Road* project and cannot undertake to finance it alone.<sup>81</sup> The reluctance and timorousness of India's central government on the matter has long frustrated China, which in fact would surprisingly enough prefer to see India much more involved in Burma's economy and infrastructure.<sup>82</sup> In some fields, China is indeed looking for a closer cooperative attitude from India rather than fueling the rivalry with its neighbor, particularly in Burma.

*Hesitancy of a Policy: Misreading and Internal Divergences over India's Approach of the Burmese Issue*

As discussed earlier, this research postulates that India, by specifically taking into account the rise of a so-called regional "China threat" in the redefinition of its Burmese policy, chose to "enter the game" with China in Burma in the 1990s. Therefore creating a new dimension of its rivalry with Beijing in a region where it had so far very little political influence, New Delhi attempted to conduct a realist policy mainly inspired by security and military analysts. Yet this strategy has not received full and unreserved support in India, particularly among intellectuals, diplomats and the intelligence services. Moral divergence and political divisions regarding the way to deal with Burma and its military regime have stressed the lack of unanimous backing that the new Indian "Burma policy" has received since the mid-1990s.

Outspoken Indian Members of Parliament, famous writers and even retired intelligence officers have expressed their vocal opposition to the current trend in Indo-Burmese relations. For instance, the former Indian Minister of Defense (1998–2004), George Fernandes, still advocates Indian support for the pro-democracy forces in Burma, the return of a civil government in Rangoon being, according to him, the best way to shrug off the Chinese threat there.<sup>83</sup>

Intertwined with the problem for India of dealing with a military junta, the issue of dealing with China and more specifically with China in Burma has also heightened the hesitancy of the Indian elite. Indian policymakers have indeed faced all the difficulties in defining a clear-cut approach to the problematic given the internal opposition between two diplomatic approaches toward China's rise and its regional implications for an emerging India. Between the "confrontational school" (dominated by a strong "anti-China lobby" since the 1962 Sino-Indian war)<sup>84</sup> and the "engagement school" (led by more open circles favoring an *entente cordiale* with Beijing, whether globally or in Burma in particular),<sup>85</sup> India's policymaking with regard to the Chinese factor in Burma has been constantly vacillating. The situation of the Northeast perfectly illustrates the dilemma New Delhi has to cope with in the matter.

Indeed, whereas the "engagement" circles seek to open up the Northeastern region toward Burma (and then China) so as to develop its economy and stabilize its socio-political arena,<sup>86</sup> the "Sinophobic" factions of the Indian Army or of the Indian central political scene fear a greater vulnerability for the region if it develops linkages with Burma and/or China. But at the same time, the same Indian Army circles push for a closer relationship with the Burmese military to stamp out the ethnic insurgencies that have torn the region for decades and to counter the alleged Chinese involvement along the Burmese coastline. Such hesitancies and contradictory views hinder India's overall ambitions in the region and slow down its tentative positioning against China in Burma.

Beside ideological differences, misreading of Burma's internal dynamics within Indian policymaking circles have also impeded New Delhi's tentative policy counterweight to China. Since the early 2000s, many Indian security advisors and think-tank analysts have speculated about the emergence of a "pro-India" faction within the Burmese military regime. According to them, India should cultivate

this “Indophile” cluster of *Tatmadaw* officers exasperated at Burma’s infeudation to China since the late 1980s (and willing to balance it) so as to gain crucial leverage at the highest level of the Burmese ruling hierarchy.<sup>87</sup> In October 2004, the purge of the pro-China former Burmese Prime Minister, General Khin Nyunt, and his military intelligence services by the *Tatmadaw* top leadership (followed a week later by the landmark visit of General Than Shwe himself to India), seemed to have confirmed these speculations.<sup>88</sup> Nevertheless, the Burmese regime and armed forces are far from considering India as loyal and valuable an ally as China could be.

The lack of progress in counterinsurgency cooperation in the Northeast, the successive setbacks for India in its tentative thrust in the Burmese energy sector and the lack of a direct or even behind-the-scenes role for New Delhi during the September 2007 turmoil in Burma have illustrated the fact that the Burmese regime does not consider India and China to be at the same level of strategic importance. Wrong interpretations of the Burmese junta’s policies and attitudes toward India have thus led to obvious misreading among the Indian policymaker community, who expected far too much from the Burmese military. India’s new Burma policy has not been as successful as planned (though it has not been a complete failure) and the lack of concrete influence of India in the region is a strong constraint to New Delhi’s strategy of asserting itself as a credible counterbalance to China.

*The Socio-political use of Xenophobic Nationalism or the “Burmese Way” to Resist External Influences*

Throughout history, Burma has often capitalized on strong and deep-seated xenophobic tendencies within Burmese society to resist external economic, cultural or military influences. As Mya Maung<sup>89</sup> and Mikael Gravers<sup>90</sup> argued in their respective academic works, the political use of a traditional xenophobic nationalism has indeed been a crucial tool for successive Burmese regimes, from the Burman monarchy to the SLORC, including the paroxysmal experience of General Ne Win’s paranoiac system of “Burmanization.” This widespread Burmese nationalism tinged with xenophobia has thus delineated Burma’s contemporary views of its geopolitical environment and its relation to the outside world beside its own practice of political power within the state. More specifically, Burma has

witnessed the cultivation of underlying but constant “Sinophobic” and “Indophobic” sentiments among its population as well as within the military establishment, trends which appeared to have been revived since the Chinese thrust into Burma after 1988 and the gradual catching up India has attempted since.

Contemporary anti-Chinese and anti-Indian attitudes of the Burmese people and/or military elite are deeply linked to the colonial heritage when Chinese and Indian communities dominated the discriminatory and highly fragmented colonial system set up by the British in Burma. Arising out of this colonial past, the popular resentment against Indian minorities living today in Burma<sup>91</sup> is the most obvious illustration of the “Indophobia” phenomenon developed in the Burmese psyche. Referred as “kalas” (or “foreigners” in the Burmese language, but interestingly enough it also means “black” in Hindustani and Urdu, the main languages spoken by those Hindu, Muslim, Sikh or Christian communities of Indian origin), they have often been designated as easy scapegoats for the pre- and post-independence socio-economic despair of the country. Despite the fact that very few anti-Indians pogroms have occurred in the country since the massive riots of the 1930s,<sup>92</sup> Burmese people of Indian origin are still belittled by the Burman majority.<sup>93</sup> Derogatory attitudes and pejorative terms have long stigmatized the Indo-Burmese people that have nevertheless decided to stay in Burma after independence or the 1962–65 expulsions orchestrated by Ne Win’s regime.<sup>94</sup> As “foreigners” who were brought by the British colonialists to exploit their country and refused to be assimilated into Burmese Buddhist society by keeping their beliefs and social practices (Hindu or Muslim faith, caste system), they were considered a socio-cultural threat by the Burmese people.

As a consequence, modern India and its population could also be perceived in Burma as a potential demographic, cultural, economic and political threat, in spite of the strategic rapprochement initiated by the Indian and Burmese governments since the mid-1990s. Underestimated by Indian policymakers, these threat perceptions and latent Indophobic tendencies of Burmese society (toward the Indians of Burma and the Indians abroad) are today a major constraint for New Delhi in its objective of commercial penetration of Burma and in its seductive engagement of its neighbor. The “Indophobic” perceptions are not only visible within Burma, even the exiled Burmese community openly uses anti-Indian rhetoric when criticizing

New Delhi's courting of the Burmese junta and denouncing the "coming back" of the *Kalas* in modern Burma.<sup>95</sup>

The Chinese in Burma too have suffered from strong xenophobic attitudes developed by the Burmese since the colonial era, yet to a lesser extent compared to the Indians. Also easy targets of the Burmese popular nationalism during the 1930s, they too were affected by the autarchic nationalization policies that General Ne Win set up in the early 1960s and which led to the flight to various countries of Southeast Asia (including Taiwan) of about 100,000 Chinese merchants, grocers, bankers or money-lenders.<sup>96</sup> The 1967 anti-Chinese riots in Rangoon, though largely inspired by Ne Win's entourage, were the harshest expressions of the "Sinophobic" trends observed in Burma. Despite a visible mellowing of Burma's anti-China stance through the 1970s and 1980s, traditional fears of Chinese ambitions in Burma again permeated the whole of Burmese society after the watershed of 1988 when the SLORC strategically moved closer to its northern neighbor and let thousands of Yunnanese investors, traders (and traffickers) settle in Upper Burma and build up wide Yunnan-oriented commercial networks. Many academic articles in the 1990s stressed this new phenomenon of "Sinicization" of Burma's socio-economic landscape, underlining the possibility of a serious "Sinophobic" backlash sparked off by exasperated and discriminated against Burmese.<sup>97</sup> In face of the domination by these new Yunnanese migrants of the trade, infrastructures, natural resources and transportation sectors of Burma's main commercial corridor,<sup>98</sup> many Burmese merchants, intellectuals, but also military officers have outspokenly expressed their resentment.<sup>99</sup>

Two decades after the sudden economic and strategic penetration of China into Burma, the Burmese resentment against the Chinese is still perceptible but appears to have been "managed," both by Burmese society and the military regime. True, the Burmese have openly expressed their dissatisfaction at seeing waves of Chinese migrants flooding their country to run new businesses. But China remains Burma's main economic supplier and well-stocked Chinese shops and wealthy Chinese-dominated Burmese markets throughout the country provide much-needed basic commodities and equipment. Feelings toward this new configuration seem in fact to be more related to social considerations rather than racial or xenophobic anti-Chinese tendencies. Indeed, the Chinese who have settled in Burma for many

generations (and stayed in the country despite the 1960s expulsions) do not mingle with the new Yunnanese migrants, perceived as uncouth louts whose behavior and way of life (karaoke-bars, prostitution, trafficking) is popularly disapproved of. Beijing is perfectly aware of the implications of its economic thrust and political patronage of the Burmese junta<sup>100</sup> and watches out for the well-being of the Chinese Diaspora in Burma.<sup>101</sup>

China has counted on the historical Sino-Burmese friendship, which could prevent the anti-Chinese backlash smoldering on. After all, in the Burmese psyche, the Chinese are the “*paukphaw*” or the “senior brother,” not considered as “*kalas*” like the Indians, and are thus able to be more easily accommodated. Only the traditional Burmese reluctance to see China aggressively carving its own sphere of influence in Burma offers a credible resistance.

In a nutshell, Burma’s long-standing xenophobic and nationalist tendencies constitute a tool to resist the influences of its Chinese, Indian but also Thai neighbors. More effective with India’s tentative penetration given the harsh colonial legacy, yet tangible with regard to the Chinese alleged ambitions in Burma,<sup>102</sup> the phenomenon prevents India and China from using Burma as a mere playground for their bilateral rivalry. And in case of too concrete a political thrust by both giants, the Burmese regime would choose without any qualms to return to the old isolationist habits, as the capital transfer to Naypyidaw, 400 km north of Rangoon, proved in November 2005.

The September 2007 crisis in Burma further illustrated the limits of both China’s and India’s influence over the Burmese regime. The junta allowed China a key “behind-the-scenes” diplomatic activity. Following the violent crackdown on street protests led by thousands of Burmese monks and political activists in Rangoon and central Burma, the international community, and more specifically the Asian countries, turned toward Beijing and New Delhi and asked them to exert their influence as powerful neighbors and essential partners of Burma’s rulers in order to solve the crisis peacefully.<sup>103</sup> On the ground, it seemed that only China acted as a crucial facilitator between the Burmese military and the outside world during the turmoil. The Chinese diplomats in Rangoon (regularly brought to Naypyidaw to meet the Burmese leaders), or the ones in New York and Beijing were critically active and to a great extent facilitated the official diplomatic trips of the UN special envoy Ibrahim Gambari (September 29–October 2, and November 3–8,

2007) and Special Rapporteur for Human Rights Paulo S. Pinheiro (November 11–15, 2007).<sup>104</sup>

But so far the junta has not followed the repeated political and economic “recommendations” discreetly made by China, clearly illustrating the limits of the Chinese leverage. In the past two decades, a complete infeudation of the Burmese rulers to China’s own will would have modeled Burma’s political and economic landscape to the Chinese authoritarian, yet market-oriented with few controlled liberalities (Internet, mobile phones) model, which is far from being the case today. Despite successive delegations of Chinese experts sent to Burma or Burmese academics, diplomats and military officials being trained in China, very few concrete steps toward a Chinese-type political and economic system have been taken by the Burmese junta, which remains firmly in control of the country’s formal economy and militarized socio-political scene and is nowhere near loosening its grip.

On its side, India will neither be considered as a political model for the Burmese military (India does not offer a model for a political transition from military to civilian rule) and perceptions of India’s influence over the Burmese regime were also largely overestimated, especially in Western capitals still very much inclined to consider both Delhi and Beijing on the same level in the Burmese field. Indeed, India’s lack of access and thus leverage over the Burmese military leadership had never been perceived as clearly as it was during the latest Burmese turmoil.<sup>105</sup>

Only in the long run would India and China weigh on Burma’s future, but not by openly treating it as a playground for their rivalry. Unwilling to see both China and India meddling in its internal affairs and having too obvious an upper hand, the Burmese regime keeps on favoring its own Burmese way to economic and political development. Burma undoubtedly has to cope with its geography and deal with both of its neighbors, but being considered as a mere puppet of India or China is a vision the Burmese cannot agree to.<sup>106</sup> They (the current military regime or a more liberal and democratic one led by the civil opposition), would rather dilute the Chinese and Indian presence and influence by wooing other regional powers (as shown by the recent courting of Russia or the importance of Singapore, as well as the leverage of the Burmese democratic forces over Western diplomacies).

**Conclusion: Toward a “Quiet Rivalry”?**

On the ground, the Sino-Indian equation in Burma remains a “quiet rivalry,” far from the image of a new “Great Game” between the two giants, an image that has often been taken for granted by international observers. If India and China have undoubtedly critical national interests and long-term ambitions in the same Burmese strategic field, they have both confronted more difficulties than expected in Burma in the last two decades, restraining the possibility of a growing strategic competition. This new assessment implies that the role, importance and influence of the two giants in the course of Burma’s internal dynamics should not be overestimated. True, both an emerging India and a rising China have a significant impact on Burma’s development, but to assume they (individually or through a bilateral competition) can sway at will the evolution of Burma’s political future is another matter. The lack of a severe, multidimensional and protracted Sino-Indian rivalry through Burma rather reflects the deep-rooted nationalist and isolationist tendencies of the Burmese regime (and society) which remain a powerful impediment to external pressure. If Burma’s biggest neighbors appear not to be in a position to freely manipulate its regime and use its territory as a playground for their competition, the international community as a whole (including Western powers and Asian countries) should not then overrate its own potential leverage on the country, especially through ostracism, condemnation and coercion. Getting to know Burma’s internal cultural and political-military dynamics is a priority for whoever aspires to gain an influence there, whether economic or political. Thus, more than competing with the “rival” in Burma, the main concern for both Beijing and New Delhi remains the search for effective access to the core of the Burmese military regime, which is without doubt firmly entrenched. More than getting market share before the other or trying to get a foothold in parts of Burma’s territory, a valuable network of trustful contacts within the whole militarized Burmese system is needed for both giants. The political future of Burma might indeed depend on the attitude of this paranoid Burmese junta, which in recent decades has been skillfully playing the balance between its two powerful neighbors while opting for a cleverly implemented political isolationism when the world’s attention is too closely focused on its internal development.

## NOTES

The author wishes to thank the two anonymous readers for their constructive remarks as well as the editorial board of *India Review* for their advice. For reasons of linguistic simplicity, the English terms "Burma" and "Rangoon" are hereafter preferred to the vernacular terms of "Myanmar" and "Yangon."

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28. "Myanmar Sends Ship to Show It's Opening Up," *The Indian Express*, January 11, 2006.
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46. The same observations were also made during other more recent informal discussions of the author with Indian diplomats based at the Embassy of India in Rangoon on October 18 and 21, 2005; March 10, 2006; March 21, 2007 and November 8 and 14, 2007.
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48. Personal observations made during various fieldworks in the Burmese towns of Mandalay (April 2004, April 2005, March 2007), Lashio (May 2004), Myitkyina, Bhamo, Katha and along the Irrawaddy (May 2005).

## 70 India Review

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92. With the notable exception of many anti-Muslims riots (most of the Burmese Muslims being of Indian origin) that have occurred since the late 1940s, particularly in the Arakan State or along the Mandalay–Rangoon corridor.
93. As well as other Burmese ethnic groups, such as the Arakanese, the Chins or the Kachins, who commonly use the same derogatory terms (*kalas*, *chetti-kalas*) towards the Indians.
94. More than 200,000 Burmese Indians fled Burma to India, but also China, Thailand, Malaysia, Singapore and East Pakistan between 1962 and 1966.
95. Various discussions of the author with Burmese (mainly Burmans) leaders of the exiled pro-democracy movements (National Coalition Government of the Union of Burma (NCGUB), National Council of the Union of Burma (NCUB), National League for Democracy - Liberated Area (NLD-LA)) or with Burmese refugees in India and Thailand between 2002 and 2006.
96. Martin Smith, *Burma: Insurgency and the Politics of Ethnicity* (Bangkok: White Lotus, 1999), p. 219; see also Robert A. Holmes, "Burmese Domestic Policy: The Politics of Burmanization," *Asian Survey* Vol. 7, No. 3 (March 1967), p. 192.

## 72 India Review

97. "Yunnanization" would be a more appropriate term as most of the new "Chinese" migrants in Upper Burma were in fact Yunnanese, Kokaungs, Was or Sino-Shans. See: Maung, "On the Road to Mandalay"; Singh, "The Sinicization of Myanmar"; and Seekins, "Burma-China Relations."
98. Domination which is clearly visible today: personal observations during various fieldwork in Burma's Kachin and Shan States, along the "Burma Road" as well as in Mandalay and Rangoon (2003-07). However, when comparing the "Chinatowns" of Bangkok and Rangoon for instance, one can easily notice that the latter is far less "Sinicized" than the former, retaining thus a clearly visible Burmese identity.
99. Bertil Lintner, "Murmurs in the Ranks," *Far Eastern Economic Review*, February 18, 1993, p. 20; Malik, "Burma Slides under China's Shadow"; Tatlow, "China's Shadow"; Davis, "Burma Casts Wary Eye on China."
100. Jagan, "China's Thumb."
101. Interview, Chinese Consul-General in Mandalay, April 29, 2005. See also: "Chinese Premier Expects Myanmar to Care about Overseas Chinese," *Xinhua*, February 15, 2006, and Larry Jagan, "China's Uneasy Alliance with Myanmar," *Asia Times*, February 24, 2006.
102. Despite many media revelations since the early 1990s, the author is convinced like many Burma watchers that China has no naval base in Burma and is not using any Burmese military infrastructures at will for its own interests.
103. "China, India Key to Prodding Myanmar," *Reuters*, September 8, 2007.
104. Despite the fact that China does not have full and open access to the Burmese Military top leadership, as often noted in the international media or even diplomatic arena. Interview, Embassy of China, Rangoon, November 9, 2007.
105. Indian officials even admitted it. Many of them were quite irritated by the pressure on New Delhi by Western diplomats, media or exiled Burmese activists. India seems increasingly to be aware of the obstacles it is facing in Burma and Indian security and academic circles have gradually mellowed down their assertion of India being a credible challenger to China in the Burmese region. Interview, Embassy of India in Rangoon, November 8, 2007. See also C. Raja Mohan, "South Block's Burma Shell," *The Indian Express*, September 28, 2007.
106. Discussion of the author with two former Burmese diplomats, Myanmar Institute of Strategic and International Studies (MISIS), Rangoon, April 30, 2004.