

Fuelling Insecurity?  
Sino-Myanmar Energy Cooperation and Human Security in Myanmar

by

Gabriel Botel  
B.A., University of Victoria, 2004

A Thesis Submitted in Partial Fulfillment  
of the Requirements for the Degree of

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## **Supervisory Committee**

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### **Supervisory Committee**

Dr. Guoguang Wu, (Department of Political Science, Department of History)  
**Supervisor**

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## Abstract

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This thesis examines the relationship between energy, development and human security in Sino-Myanmar relations. Rapid economic growth and increased urbanisation have intensified China's industrial and domestic energy consumption, drastically increasing demand and overwhelming national supply capacities. Chinese foreign policy has responded by becoming more active in securing and protecting foreign energy resources and allowing Chinese companies more freedom and opportunities for investment abroad. Consequently, Chinese foreign investment and policies have become increasing sources of scrutiny and debate, typically focusing on their (presumed) intentions and the social, economic, environmental and political impacts they have on the rest of the world.

Within this debate, a key issue has been China's engagement with so-called *pariah states*. China has frequently received substantial international criticism for its unconditional engagement with such countries, often seen as a geopolitical pursuit of strategic national (energy) interests, unconcerned with international opprobrium. In the case of Myanmar, traditional security analyses interpret this as, at best, undermining (Western) international norms and, at worst, posing a direct challenge to international security.

However, traditional security analyses rely on state-centric concepts of security, and tend to over-simplify Sino-Myanmar relations and the dynamics which inform it. Conversely, implications for human security are overlooked; this is in part because human security remains poorly defined and also because there are questions regarding its utility. However, human security is a critical tool in delineating between state, corporate and 'civilian' interests, and how these cleavages shape the security environment and potential for instability in the region.

This thesis takes a closer look at some of the entrenched and changing security dynamics shaping this Sino-Myanmar energy cooperation, drawing on an extensive literature in human security rarely applied in this context. This includes a brief review of human security and Sino-Myanmar relations, and is grounded in an empirical analysis of Chinese investment in Myanmar's hydropower and oil and gas sectors. Ultimately, this thesis argues that, while insightful, many traditional interpretations of Sino-Myanmar energy cooperation overlook the security interests of those worst affected. Furthermore, that the worst excesses of Chinese companies in Myanmar are not unique to China, but common across all investors in the regime, Western or otherwise.

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## **Dedication**

To my friends.

## Introduction

The purpose of this thesis is to assess the impact of Sino-Myanmar energy cooperation on human security in Myanmar. Traditional analyses of this relationship tend to focus on state-centric concepts of security, while implications for human security are overlooked. This is in part because human security is not a dominant paradigm within security studies, and even less so in Asia. This is also because human security is not a very well-defined concept, and questions remain over its utility, relevance and intentions. Consequently, traditional state-centric approaches to security remain the dominant form of analysis.

However, human security is a critical tool in delineating between state, corporate and 'civilian' interests, and how these cleavages shape the security environment and potential for instability in the region. Consequently, this paper takes a closer look at some of the entrenched and changing security dynamics shaping this relationship, drawing on an extensive literature in human security rarely applied in this context. More specifically, by focusing on developments in the energy sector, this paper identifies who is entitled to security and who is not.<sup>1</sup>

### Why Sino-Burmese relations

This paper focuses on China-Burma relations for three broad but interrelated reasons: Burma's strategic importance, the timeliness of political reforms in Burma, and China's changing role in the international community. First, Burma is strategically

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<sup>1</sup> Caroline Thomas, "Global governance, development and human security: exploring the links," *Third World Quarterly* 22, no. 2 (2001): 160.

important to both China and the region as a whole. It is endowed with a wealth of natural resources—natural gas, hydropower, timber (teak), gems and precious stones—and lies at a strategic crossroad between China, India and the Indian Ocean.<sup>2</sup>

Second, China's policy of non-interference in the domestic affairs of other states has long been at odds with Western calls for sanctions and international pressure on the military government. China's continued political support and investment in the country has called into question its intentions and the possibility of a 'peaceful rise'. As China's economic, military and ideational power continue to grow<sup>3</sup> some analysts fear that this may compromise international security or represent a (regional) trend toward a new authoritarian development model.

Third, after nearly fifty years of military rule, the Burmese government is undergoing a series of political reforms that may result in the (successful) transition to a civilian government. While questions and scepticism remain over the substance of these reforms, the central government has recently negotiated a number of ceasefire agreements with armed opposition groups. Coupled with key steps taken by the new leadership to open up dialogue with the West, there is a renewed sense of optimism regarding Myanmar's future within the international community. China is arguably the most influential foreign power in Burma and this influence may play a crucial role in the long-term success of the peace process as well as its relationship with the broader international community.

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<sup>2</sup> Central Intelligence Agency (CIA), "Burma," *World Factbook*. <https://www.cia.gov/library/publications/the-world-factbook/geos/bm.html> (accessed February 12, 2012). Myanmar also borders Bangladesh, Laos and Thailand.

<sup>3</sup> David Lampton, *The Three Faces of Chinese Power: Might, Money and Minds* (Berkeley: University of California Press, 2008).

## **Why human security**

As mentioned before, human security is a useful tool for analyzing how different interests shape different security environments, which should prove useful in understanding Myanmar's current security environment. More broadly, human security provides insight into the relationship between development and security, which in this case is multidimensional. For example, economic development in China may be a precondition of human security in China; however, increased energy demand as a result may lead to exploitation of energy resources in Myanmar. Furthermore, different interests within both countries may be affected disproportionately.

Human security is also particularly relevant in the case of Myanmar, where the state is predatory and the government widely perceived as illegitimate and corrupt. That is, the security of the state and the security of many of its people are clearly at odds with each other—human security is better equipped to articulate this. Additionally, a human security approach may highlight some of the contradictions between China's domestic interests and its foreign policy objectives, and how these contradictions challenge and place limits on China's overall goals of security and development in the region.

## **Key findings and argument**

Sino-Myanmar energy cooperation has a predominantly negative impact on human security in Myanmar; however, this impact is uneven. Different groups of people are impacted differently, and Chinese investment appears to reinforce or exacerbate existing structures of inequality and violence rather than create new ones. Additionally, China is only one of many actors whose energy and investment interests fuel insecurity inside Myanmar, and Myanmar is not the only country affected by these insecurities.

Chapter one of this thesis provides a brief review of the human security literature and describes how this relates to the security environment in Myanmar. This includes an assessment of current insecurities within the country, their historical linkages, and the challenges this poses as the regime transitions from military to civilian rule.

Chapter two discusses China's growing energy imperative, how this informs its foreign policy, and what this means for its relationship with Myanmar. This includes an overview of common arguments used to explain these trends, possible counter-arguments, and how a theory of human security contributes to a better understanding of Sino-Myanmar relations.

Chapters three and four provide the empirical basis of this thesis and draws on themes presented in chapters one and two. Chapter three focuses specifically on oil and natural gas, and chapter four focuses on hydropower. These chapters are intended to demonstrate the impact of China's growing energy demand on human security in Myanmar, and represent the original contribution of this thesis to the field.

## Chapter One – Human Security and the Pariah State

Myanmar is a state of severe insecurity: the majority of the population suffers from severe levels of poverty, inequality and underdevelopment; the political regime is particularly corrupt and lacks popular legitimacy; and, over sixty years of chronic political violence and low grade civil war have made Myanmar the world's most conflict-prone country. Despite numerous political upheavals, persistent social unrest, intrastate conflict and pressure from the international community, Myanmar remains governed by a highly centralized, militaristic regime. This has been the case since 1962, and despite the occasional rebranding of the regime, its institutional core has remained the same: the military, its generals and authoritarianism.

**Table 1 - Human Security Indicators in Myanmar**

Indicator	Results
<b>Human Development Index 2011</b> Measures human development at the national level using key indicators to measure health, education and income.	Out of 187 countries, Myanmar ranked 149 overall and 138 for life expectancy, 159 for mean school years, 153 for expected years of schooling, and 156 for GNI per capita.
<b>Corruption Perception Index 2011</b> Measures perceived public-sector corruption based on 13 different expert and business surveys.	Out of 182 countries, Myanmar ranked 180, just ahead of North Korea and Somalia.
<b>Political Terror Scale 2010</b> Measures levels of political violence and terror based on data from Amnesty International and the US State Department.	Myanmar is ranked among the least peaceful of the 185 countries surveyed, receiving the worst rating possible from both Amnesty International and the US State Department.
<b>Global Peace Index 2011</b> Measures relative peacefulness of nations based on 23 qualitative and quantitative indicators	Out of 153 countries, Myanmar ranked 133, scoring particularly poorly in the number of external and internal conflicts fought, level of organized conflict (internal), level of disrespect for human rights, and number of homicides per 100,000 people.
<b>Conflict years</b> Used in the 2005 Human Security Report, measures the number of calendar years in	Between 1946 and 2003 Myanmar experienced 232 conflict years, by far more than any other nation, making it "the world's most conflict-prone country."

which a country has been involved in a state-based armed conflict of any type.

Comparatively, India ranked second with 156 conflict-years between the same time period.

At the same time, Myanmar is a country of tremendous opportunity, rich in culture, natural resources and economic potential. It also has access to major shipping lanes and, given its central location, possesses strategic opportunities that are particularly attractive to those nations along its border. Despite these advantages, if not on their account, the security and well-being of many its people remains fragile, ephemeral or entirely absent.

This chapter provides a brief review of the human security literature and describes how this relates to the security environment within Myanmar. This includes an analysis of the myriad of insecurities within the country, their historical and structural linkages, and the challenges this presents for peace and security within the region. The purpose of this exercise is to identify some of the existing structures of inequality and violence which inform Myanmar's security environment, so that we are better able to understand how Sino-Myanmar energy cooperation interrelates with it.

## **Human security**

The defining characteristic of human security is its people-centred approach—its focus on critical and pervasive threats to the preservation of human lives.<sup>4</sup> In an increasingly globalised world, the proliferation of non-traditional security threats such as widespread poverty, hunger, disease and environmental degradation have exceeded the capacity of conventional state-centred approaches to protect individuals and their communities. Additionally, the interests of government do not always correspond with

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<sup>4</sup> Sabina Alkire, "Conceptual Framework for Human Security," Working Paper, Centre for Research on Inequality, Human Security, and Ethnicity (CRISE) (2003).

those of its people; far more people have died at the hands of their own governments, either through mass murder or genocide, than from civil wars or wars with other countries.<sup>5</sup> By using people as the referent, human security is better able to address threats which cross national borders or contradict state interests.

However, the definition of human security is an issue of debate—there are many different understandings of what human security means, what it includes, and how it should be implemented, as well as those who think that human security cannot or should not be implemented. Consequently, there is no one widely accepted definition which scholars, policy makers or analysts agree upon, but rather two general approaches to the concept: broad and narrow. The following sections outline the origins, core concepts and debates within human security, including challenges and opportunities, before moving forward with an analysis of the security environment within Myanmar.

### ***Origins and context***

The emergence of human security coincided with the decline of the Cold War, and continued to gain international attention throughout the 1990s. In particular, human security gained widespread recognition through the United Nations Development Programme's (UNDP) 1994 Human Development Report, entitled *New Dimensions of Human Security*. The report sought to prioritize the security of people over territories, and emphasized development instead of arms.<sup>6</sup>

This report was crucial in articulating the relationship between development and security; however, this was a discourse that had been going on for decades—the UNDP

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<sup>5</sup> Rudolph J. Rummel, *Death by Government* (New Brunswick, NJ: Transaction Publishers): 15.

<sup>6</sup> United Nations Development Programme (UNDP), *Human Development Report 1994: New Dimensions in Human Security* (New York: Oxford University Press, 1994).

report did not invent human security, rather it elevated the discussion on the global stage. As discussed by Hampson et al., human security is informed by three broad schools of thought: human rights, human safety and human development.<sup>7</sup> Each is rooted in distinct disciplines that precede and inform the modern (Western) concept of human security, and each has unique strategies and instruments to promote human security in its current form.<sup>8</sup>

The human rights approach is based on the rule of law and its primary method of promoting human security is through the development and strengthening of normative legal frameworks.<sup>9</sup> This approach includes a wide range of rights, including personal, political and civil. Instruments are predominantly institutional, and promote the development of strong legal and judicial systems at both the national and international level (e.g., international criminal tribunals, the ICC, treaties, legal frameworks, sanctions-based regimes). Correspondingly, strategies include sanctions, cooptation, shaming, prosecution and conviction.<sup>10</sup>

The human safety or humanitarian approach is based on the ‘safety of peoples’. This is a narrower approach which focuses on freedom from fear, particularly war, “and draws an important moral distinction between combatants and non-combatants.”<sup>11</sup> This approach also emphasizes the importance of basic personal rights, but with a stronger emphasis on subsistence rights. Primary strategies and instruments of this approach

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<sup>7</sup> Fen Osler Hampson, Jean Daudelin, John Hay, Holly Reid and Todd Martin. *Madness in the Multitude: human security and world disorder* (Don Mills, Ont.; New York: Oxford University Press, 2002): 16-18.

<sup>8</sup> Hampson et al, *Madness in the Multitude*, 16-18.

<sup>9</sup> Hampson et al, *Madness in the Multitude*, 17.

<sup>10</sup> Hampson et al, *Madness in the Multitude*, 33.

<sup>11</sup> Hampson et al, *Madness in the Multitude*, 17.

include military intervention, humanitarian and emergency aid, peacebuilding and conflict prevention.<sup>12</sup>

The third tradition emphasizes (sustainable) human development and is epitomized by the UNDP's approach.<sup>13</sup> This tradition has strong roots in debates over development and disarmament, particularly in the wake of the arms race.<sup>14</sup> This included work by the Brandt and Brundtland commissions, and the Commission on Global Governance, which helped broaden security analyses to include non-military threats and shift the focus "from national and state security to security for people."<sup>15</sup> Additionally, some governments were criticized for prioritizing military spending over development efforts—often referred to as the 'guns versus butter' debate.<sup>16</sup> As the Cold War came to an end, reduced military spending was supposed to usher in a new era of development spending, articulated in the promise of a 'peace dividend'.

### ***Core concepts***

Human security's fundamental challenge to traditional concepts of international security resides in the reprioritization of people over states and the inclusion of (a broader range of) non-military threats to security. This is commonly referred to as 'security for whom' and 'security from what', respectively. In the case of 'security for whom', human security is people-focused, not state focused; human security focuses on the safety and well-being of individuals and communities regardless of location or political affiliation.

In this sense, human security represents a fundamental shift "from the national, state, and

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<sup>12</sup> Hampson et al, *Madness in the Multitude*, 33.

<sup>13</sup> Hampson et al, *Madness in the Multitude*, 17-18.

<sup>14</sup> Amitav Acharya, "Guns and butter: Why do human security and traditional security co-exist in Asia?" *Global Economic Review* 32, no. 3 (2003): 3.

<sup>15</sup> Acharya, "Guns and butter," 3.

<sup>16</sup> Acharya, "Guns and butter," 3.

regime security to the society and the individual.”<sup>17</sup> In the case of ‘security from what’, human security focuses on (a much broader range of) non-military threats to security. For example, the UNDP’s definition of human security includes economic, food, health, environmental, personal, community and political security.

Debates between broad and narrow views of human security tend to focus on ‘security from what’ rather than ‘security for whom’; that is, both agree on people as the essential referent of security, however, they differ on what to include as threats to human security (i.e., security from what threats?). In many cases, disagreements arise over the practicality of including a broad range of threats to human security rather than whether or not the threats are real or important.

While variations apply, these differences can be divided into two broad camps: freedom from fear and freedom from want. Freedom from fear focuses on protecting people from violent threats to their (physical) security, whereas freedom from want includes a broader range of threats (e.g., economic, food, health and environmental security). The broad definition of human security includes both freedom from want and freedom from fear, whereas narrow definitions tend to focus more explicitly on freedom from fear, although not always exclusively.

The UNDP’s definition is often characterised as the quintessentially ‘broad’ approach to human security, because it places an equally important emphasis on both freedom from fear and freedom from want. While recognizing the importance of securing physical security for people in violent situations, the UNDP emphasizes that “conflict and

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<sup>17</sup> Amitav Acharya, “Human Security: East vs. West,” *International Journal* 56, no. 3 (2001): 451.

war today are often rooted in poverty, social injustice and environmental degradation.”<sup>18</sup>  
 This is a crucial connection, because it bridges the gap between development and security. That is, human security requires sustainable development, not guns.<sup>19</sup> Under the UNDP’s approach, human security goes beyond humanitarian aid or intervention—it places inequality and inequities at the root of conflict and many forms of degradation (e.g., environmental, social, cultural).<sup>20</sup>

The UNDP’s definition has four essential characteristics: it is universally applicable, threats to human security are seen as interdependent, it advocates a preventative approach to these threats, and it is people-centred. The definition itself includes “safety from chronic threats such as hunger, disease and repression...[and] protection from sudden and hurtful disruptions in the patterns of daily life – whether in jobs, in homes or in communities.”<sup>21</sup> Thus, it is clear that this approach recognizes the importance of both physical and material security. The UNDP re-emphasized this point in its 1999 Human Development Report, *Globalization with a Human Face*, in which it sought to address the vulnerabilities associated with globalization, including growing levels of poverty, inequity and inequality.<sup>22</sup> In addition to the seven areas identified, the broad approach may also include less commonly identified threats, such as natural disasters.

Conversely, the Human Security Centre (HSC) takes a narrow approach, as defined in its periodic releases of the Human Security Report (HSR). The HSR focuses

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<sup>18</sup> UNDP, *Human Development Report 1994*, 39-40.

<sup>19</sup> UNDP, *Human Development Report 1994*, 38.

<sup>20</sup> UNDP, *Human Development Report 1994*.

<sup>21</sup> Alkire, “A conceptual framework for human security,” 14.

<sup>22</sup> UNDP, *Human Development Report 1999: Globalization with a Human Face* (New York: Oxford University Press, 1999).

specifically on “trends in the incidence, severity, causes and consequences of global violence.”<sup>23</sup> The HSR’s rationale is based on a deficiency in the breadth and detail of data and analysis, as well as the more oft-cited criticism that the UNDP’s definition is simply too broad to be useful in guiding research or policy.<sup>24</sup> However, the HSR states that while there are differences between those who advocate the broad approach and those who advocate a narrow approach, “the two approaches...are complementary rather than contradictory.”<sup>25</sup>

### **Variants and critiques**

*“Theories may be universal but policy is about setting priorities, confronting difficult trade-offs, and making tough choices.”<sup>26</sup>*

The broad approach is often criticized for being *too* broad. As Paris articulates, “If human security refers to everything, it effectively refers to nothing.”<sup>27</sup> Paris recognizes that human security raises a number of important issues and has many laudable goals, but he argues that human security is imprecise, often intentionally so—this helps build consensus, but at the cost of efficacy.<sup>28</sup>

Paris ultimately struggles with the concept’s inability to prioritize issues; he argues that, as a new security paradigm, human security needs to focus on “specific solutions to specific political issues,” but, as it is now, it is “so vague it verges on the

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<sup>23</sup> Human Security Centre (HSC), *Human Security Report 2005: War and Peace in the 21st Century* (New York: Oxford University Press, 2005): viii.

<sup>24</sup> HSC, *Human Security Report 2005*, viii.

<sup>25</sup> HSC, *Human Security Report 2005*, viii.

<sup>26</sup> Hampson et al, *Madness in the Multitude*, 59.

<sup>27</sup> Roland Paris, “Rational and irrational approaches to human security,” *Cambridge Review of International Affairs* 18, no. 3 (2005): 481.

<sup>28</sup> Roland Paris, “Human security: paradigm shift or hot air?” *International Security* 26, no. 2 (2001): 88.

meaninglessness.”<sup>29</sup> Paris goes on to suggest that human security may be better suited as a label for a broad field of research within security studies, rather than a new paradigm in international security. He argues that this would reflect the “broadening and deepening” of security studies without the burden of trying to operationalize the concept.<sup>30</sup>

However, relegating human security as a sub-category of security studies seems to miss the point. As articulated by Ralph Pettman, traditional state centric security concerns should be subordinate to species specific or human security concerns.<sup>31</sup> This only seems logical in a world where the immediate threat of nuclear annihilation has given way to the prospect of a global pandemic or ecological collapse. The Human Security Report, which advocates a narrow approach to human security, recognizes this point, adding that the broad approach to human security includes “hunger, disease and natural disasters because these kill far more people than war, genocide and terrorism combined.”<sup>32</sup>

So if these threats are not meaningfully included in international security studies, then whose security do these studies purport to protect? Contra Paris, this reinforces the primacy of development and inequality as political issues. Furthermore, the complexity of threats to human security shouldn’t be an excuse for inaction, rather it is the severity of the threat which should inform our response.

Some scholars have attempted to address the issues associated with human security’s impracticality by refining its definition. King and Murray take a narrower approach to human security by focusing on “the number of years of future life spent

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<sup>29</sup> Paris, “Human security: paradigm shift or hot air?” 92, 102.

<sup>30</sup> Paris, “Human security: paradigm shift or hot air?” 97-101.

<sup>31</sup> Ralph Pettman, “Human Security as Global Security: Reconceptualising Strategic Studies,” *Cambridge Review of International Affairs* 18, no. 3 (2005).

<sup>32</sup> HSC, *Human Security Report 2005*, viii.

outside a state of ‘generalized poverty’.”<sup>33</sup> Their concept of “generalized poverty” is based on five “domains” of well-being: income, health, education, political freedom and democracy.<sup>34</sup> A person is in a state of generalized poverty when he or she falls below a pre-determined threshold in any of these key domains.<sup>35</sup> For example, a person who is wealthy, educated, has political freedom and lives in a robust democracy, but suffers from grave illness, is considered to be in a state of generalized poverty.

The authors admit that defining well-being is an inherently normative process. This point becomes clear when they make the conscious decision to base their approach on “only those domains of well-being that have been important enough for human beings to fight over or to put their lives or property at great risk.”<sup>36</sup> However, the authors argue that, based on minimum thresholds for each domain such as the dollar per day threshold for income, the concept of generalized poverty can be used as an indicator of individual, national and global human security. Provided sufficient data can be gathered and aggregated appropriately, these indicators can be used for the annual calculation of a human security index.<sup>37</sup> This could include “forecasting methods and databases so that routine measurement of the average level of human security in different communities can be undertaken,” enabling the international community “to move from reacting to the latest humanitarian crisis to effectively enhance human security.”<sup>38</sup> However, attempts to

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<sup>33</sup> Gary King and Christopher Murray, “Rethinking human security,” *Political Science Quarterly* 116, no. 4 (2002): 585.

<sup>34</sup> King and Murray, “Rethinking human security,” 598.

<sup>35</sup> King and Murray, “Rethinking human security,” 585.

<sup>36</sup> King and Murray, “Rethinking human security,” 593.

<sup>37</sup> King and Murray, “Rethinking human security,” 603.

<sup>38</sup> King and Murray, “Rethinking human security,” 586, 608.

quantify minimum security thresholds raises concerns over pre-emptive intervention or other attempts to justify military/non-military intervention.

Similarly, Alkire attempts to address concerns over the practicality of human security by providing a narrower definition based on a “vital core,” which includes people’s survival, livelihood and dignity.<sup>39</sup> This approach, she argues, allows the human security practitioner to overcome the impracticality of the broad approach by prioritizing “critical and pervasive” threats to the preservation of human lives. However, Alkire argues that context and values make a rigid definition of human security problematic, adding that consensus or a list of threats is an insufficient basis for the definition of human security—human security should be human-focused, not threat-focused.<sup>40</sup> Furthermore, this definition does not resolve previous issues of human security being defined in too broad or imprecise terms, as “critical” and “pervasive” are equally ambiguous. Rather, it is a reframing of criteria and priority of issues already captured under the UNDP definition. Given the currency of the broad approach, one has to ask why go with a similarly problematic, but less robust definition of human security?

Hampson et al take a different approach, examining human security as a (largely underprovided) global public good.<sup>41</sup> They argue that “there is no single mode of delivery and no ‘preferred’ path in the provision of human security...[and] maintain that a *portfolio diversification strategy* that builds on the capabilities of a wide range of institutional actors, and that spreads the costs and risks of intervention among them in

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<sup>39</sup> Alkire, “A conceptual framework for human security.”

<sup>40</sup> Alkire, “A conceptual framework for human security.”

<sup>41</sup> Hampson et al, *Madness in the Multitude*, 38-40.

order to maximize human security returns, is the most desirable.”<sup>42</sup> This approach likely builds on past successes related to the institutionalization of legal systems and frameworks, such as the Ottawa Treaty and International Criminal Court (ICC). Allowing for a broad portfolio of strategies and instruments (e.g., the right tool for the job) also avoids the pitfalls of a rigid or universal approach to human security. However, it does not address Paris’ concerns regarding the ambiguity of human security, and would be subject to the same shortcomings in terms of cohesion, prioritization and accountability.

The human security agenda has benefited from the development of legal instruments, such as international war crimes tribunals created by the UNSC and the International Criminal Court (ICC).<sup>43</sup> This reflects the success, to some degree, of the human rights or rule of law tradition. However, approaches focusing on the ‘safety of peoples’ tradition have been mixed, and the sustainable human development agenda has arguably been a failure.

The ‘safety of peoples’ tradition is probably best represented by (humanitarian) interventionist approaches, such as the Responsibility to Protect (R2P). R2P is a foreign policy doctrine that tries to legitimize and refine intervention by broadening its meaning to include post-intervention rebuilding and follow-up.<sup>44</sup> The basic criteria for R2P intervention is “large scale killing or ethnic cleansing,” but to qualify intervention based on R2P must meet six conditions: right authority, just cause, right intention, last resort, proportional means, limit damage and reasonable prospects.<sup>45</sup>

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<sup>42</sup> Hampson et al, *Madness in the Multitude*, 60.

<sup>43</sup> Hampson et al, *Madness in the Multitude*, 23.

<sup>44</sup> Amitav Acharya, “Redefining the dilemmas of humanitarian intervention,” *Australian Journal of International Affairs* 56, no. 3 (2002): 373-77.

<sup>45</sup> Acharya, “Redefining the dilemmas of humanitarian intervention,” 374.

Right authority and just cause are designed to make R2P less ideological and controversial, however, many states within the developing world remain hostile to R2P.<sup>46</sup> There are a number of reasons for this, but in particular because it violates state sovereignty.<sup>47</sup> Additionally, it may be perceived as an attempt to impose Western (humanitarian) values or advance foreign interests at the expense of the state being intervened. Finally, the UNSC gives disproportionate representation to certain states, further exacerbating issues of representation and influence between strong and weak states—R2P is designed to intervene against weak states and remains a tool of the powerful.<sup>48</sup>

In the 2005 report, *Threat to the Peace: A Call for the UN Security Council to Act in Burma*, Vaclav Havel and Desmond Tutu propose a framework to assess the human security situation in Myanmar, and make a case for intervention. The authors of the report identify seven precedents and five determining factors resulting in UNSC intervention (see Table 2). The authors conclude that Myanmar is unique in that, unlike its precedents, all five of these factors exist within the country.<sup>49</sup> However, their case for intervention was ultimately unsuccessful.<sup>50</sup>

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<sup>46</sup> Acharya, “Redefining the dilemmas of humanitarian intervention,” 376-79.

<sup>47</sup> Acharya, “Redefining the dilemmas of humanitarian intervention,” 378.

<sup>48</sup> Acharya, “Redefining the dilemmas of humanitarian intervention,” 378.

<sup>49</sup> DLA Piper Rudnick Gray Cary, *Threat to the Peace: A Call for the UN Security Council to Act in Burma* (Washington, DC: DLA Piper Rudnick Gray Cary, 2005).

<sup>50</sup> Ian Holliday, “Beijing and the Myanmar Problem,” *The Pacific Review* 22, no. 4 (2009): 492.

**Table 2 - Assessment of determining factors resulting in UNSC intervention<sup>51</sup>**

Country	Year	Resolution	Overthrow of a Democratic Government	Conflict Among Factions	Human Rights Violations	Refugee Outflows	Other (Drug Trafficking)	Other (HIV/AIDS)
Sierra Leone	1997	SC 1132						
Afghanistan	1996	SC 1076						
Yemen	1994	SC 924						
Haiti	1993	SC 841						
Rwanda	1993	SC 812						
Liberia	1992	SC 788						
Cambodia	1990	SC 668						
Myanmar	-	-						

Furthermore, the war on terror and US unilateralism have further undermined human security and the concept of humanitarian intervention, in which lip service is paid to the “roots of terror” but spending focuses almost exclusively on military ‘solutions’.<sup>52</sup>

### **An analytical framework**

For all the challenges human security faces, both in theory and practice, it has value. Human security challenges dominant assumptions regarding whose interest security should serve and how we prioritize threats (e.g., allocation of resources). Ultimately, human security appears to have more questions than answers, but this may be a strength as well as a weakness. Rather than supplant existing security paradigms, human security may serve a more critical role in challenging their assumptions.

<sup>51</sup> DLA Piper Rudnick Gray Cary, *Threat to the Peace: A Call for the UN Security Council to Act in Burma* (Washington, DC: DLA Piper Rudnick Gray Cary, September 2005)

<sup>52</sup> Acharya, “Guns and butter,” 17.

This approach to human security might be in keeping with Paris' vision of a field of research within security studies. However, Hampson et al argue that human security has a fundamentally different vision of international relations than either (neo)realism or (neo)liberalism.<sup>53</sup> While human security may have more in common with the latter, it also has roots in socialist theories of international relations, including streams of human security which emphasize "social justice and the distributive aspects of international politics."<sup>54</sup>

Caroline Thomas takes this argument a step further. As she argues, global governance, in its current neoliberal form, undermines human security.<sup>55</sup> Her argument rests on the link between development and security. As neoliberal globalization has ensued, eroding the power of the state, inequality and poverty have increased. The global order reinforces existing power structures of inequality: "human security results directly from existing structures of power that determine who enjoys the entitlement to security and who does not."<sup>56</sup> In a similar vein to the proponents of the freedom from want approach, Thomas characterizes this type of insecurity as structural violence.

For Thomas, human security is only possible if we address poverty and inequality. As she argues, "the total number of people killed during the first and second world wars is estimated as having been about 30 million...[whereas] the number of people who currently die of hunger-related causes each year...is 15 million."<sup>57</sup> However, Thomas suggests that human development and human security have been co-opted or

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<sup>53</sup> Hampson et al, *Madness in the Multitude*, 38.

<sup>54</sup> Hampson et al, *Madness in the Multitude*, 38.

<sup>55</sup> Thomas, "Global governance, development and human security."

<sup>56</sup> Thomas, "Global governance, development and human security," 160.

<sup>57</sup> Caroline Thomas, "A bridge between interconnected challenges confronting the world," *Security Dialogue* 35, no. 3 (2004): 163.

compromised by neoliberal ideology. Under this ideology, human security is used to legitimate inequality rather than address it, focusing on constant outward growth rather than redistribution.<sup>58</sup> More succinctly, “Marxists view human security as a repackaging of liberal humanitarianism, with its routine failure to address underlying social causes.”<sup>59</sup>

Taking a step back, using human security as a tool to assess “who enjoys the entitlement to security and who does not” poses a critical challenge to current understandings of international security. If the focus of human security becomes “security for whom”, then issues of impracticality become less acute—just as there are many ways to measure the vulnerability of a state, there may be multiple ways to measure the insecurities of an individual. For example, just as treaties exist to protect the sovereign rights of the nation state, legal and regulatory frameworks exist to protect the individual. In both instances, these rights are routinely violated. The question for human security then becomes who is insecure, why, and what can we do about it.

### **Myanmar, past and present**

Burma<sup>60</sup> has never had a cohesive national identity; rather, it is divided politically, ethnically and religiously.<sup>61</sup> Myanmar’s estimated population is anywhere between 50

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<sup>58</sup> Thomas, “Global governance, development and human security.”

<sup>59</sup> Thomas, “A bridge between interconnected challenges confronting the world.”

<sup>60</sup> The name of the country is contested, but was officially changed from Burma to Myanmar in 1989. Strictly speaking, there is little difference between the two: Burma is taken from the spoken form of the language, whereas Myanmar is taken from the literary. However, the international community remains divided, where Myanmar is recognized as the official name by the UN, China, Russia, Japan, Germany and India, but not by the US, UK, Canada, Australia and France, who use Burma as a way of not recognizing the legitimacy of the current regime. For the purposes of this paper I do not distinguish between the two, as it is indicative of the internal struggle the country is going through. For more details see, Lowell Dittmer, “Burma vs. Myanmar: What’s in a Name?,” *Asian Survey Nov/Dec 2008*, vol. 48, issue 6, 885-888.

<sup>61</sup> Monique Skidmore and Patricia Lawrence, *Women and the Contested State: Religion, Violence, and Agency in South and Southeast Asia* (Notre Dame: University of Notre Dame, 2007), 167.

and 60 million people, and ethnic minorities account for approximately 40 percent.<sup>62</sup> The government officially recognizes 135 ethnic minorities; the seven most dominant form separate, semi-autonomous states which account for an estimated 57% of Myanmar's total land area.<sup>63</sup> These groups are the Mon, Karen, Kayah, Shan, Kachin, Chin and Rakhine, who mostly inhabit the hills and mountains along Myanmar's border regions. Yet, despite their numbers, and in many cases their persistent struggles for equality and autonomy, many of these groups continue to find themselves marginalised by a coercive state representing a dominant Burman majority.

Pre-colonial Burmese history was dominated by a series of kingdoms, dynasties and city-states, and the modern Burmese state is "a cobbled-together mini-empire of nationalities," plagued by intrastate conflict and struggles for autonomy.<sup>64</sup> Over the past fifty years, national unity has been preserved through a strong, centralized military government, often at the price of internal peace and stability. Consequently, both ethnic Burmese and minority groups have suffered from severe levels of human insecurity.

### *Historical linkages*

Burma gained formal independence from the British in 1948. The country itself had been largely fragmented beforehand between multiple ethnic groups and areas, and torn allegiances during the war had done nothing to promote national unity. However, the Panglong Conference in 1947 provided assurance to minority groups in the Frontier Areas would retain autonomy under a united Burmese state. Elections were held in 1948 and the first democratic government came to power under the leadership of Prime

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<sup>62</sup> Tom Kramer, *Neither War Nor Peace: The Future of the Cease-Fire Agreements in Burma* (Amsterdam: Transnational Institute, 2009): 4.

<sup>63</sup> Kramer, *Neither War Nor Peace*, 4.

<sup>64</sup> Robert Kaplan, "Lifting the Bamboo Curtain," *The Atlantic* (September 2008): 87.

Minister U Nu. However, peace did not last long. In January 1948, the Communist Party of Burma (CPB) went underground and in 1949 thousands of Chinese Nationalist Kuomintang fled mainland China to Myanmar's northern Shan State. From the late 1950s to the early 1960s more and more groups began to rebel against the central government.

The military eventually overthrew the civilian government in the 1962, and governed the country until 1988. The military regime was led by General Ne Win who ran a highly isolationist, nationalist and centralized authoritarian government. This period was marked by numerous intrastate conflicts and a fierce anti-insurgency campaign, pushing many of the armed minority groups deep into the hills.

In 1988, a pro-democracy movement involving hundreds of thousands of protestors led to a breakdown in the military's ability to govern.<sup>65</sup> In August, a military coup led by General Saw Maung re-instated order under a new regime called the State Law and Order Restoration Council (SLORC).<sup>66</sup> In 1990, SLORC tried to legitimize its rule by holding elections, but the results were ignored when the opposition won a landslide victory; the National League for Democracy, led by Aung San Suu Kyi, won nearly "60 per cent of the vote and...over 80 per cent of the seats in the legislature."<sup>67</sup>

However, between 1989 and 1996 the government was able to secure ceasefire agreements with 17 major minority groups.<sup>68</sup> This typically involved autonomy for minority groups, referred to as "special regions"; however, they were truces, not political

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<sup>65</sup> International Crisis Group (ICG), *Myanmar: Towards the Elections*, Asia Report N. 174 (Yangon and Brussels: ICG, August 2009): 3-4.

<sup>66</sup> ICG, *Myanmar: Towards the Elections*, 3-4.

<sup>67</sup> ICG, *Myanmar: Towards the Elections*, 3-4.

<sup>68</sup> ICG, *Myanmar: a new peace initiative*, Asia Report N. 214 (Jakarta and Brussels: ICG, November 2011): 4.

settlements.<sup>69</sup> The ceasefire agreements freed up considerable military resources on the part of the central government. The military underwent a rapid expansion and modernisation during this time, and its presence and counter-insurgency campaigns expanded deep into the border regions.<sup>70</sup> Additionally, a number of other groups continued fighting the central government throughout this period, including the Karen National Union, Karenni National Progressive Party and the Shan State Army-South.<sup>71</sup> So while war declined generally during this time, conflict persisted, and state military forces expanded considerably.

### ***The Pariah State***

In terms of intrastate conflict, the military divides Myanmar into three basic zones: state-controlled, contested, and beyond state control – also referred to as white, brown and black zones, respectively.<sup>72</sup> In an effort to consolidate power and resources, the military has sought to expand its influence in areas where its control is contested or non-existent.<sup>73</sup> Burman dominance over the other ethnic groups and the unwillingness of the central government to acknowledge long-standing grievances for autonomy have fuelled ethnic tensions and insurgency campaigns. The push for a united Myanmar has proven problematic, and the country has been plagued by the persistence of intrastate conflict between the central government and many of the country's ethnic groups.

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<sup>69</sup> ICG, *Myanmar: a new peace initiative*, 4.

<sup>70</sup> ICG, *Myanmar: a new peace initiative*, 4.

<sup>71</sup> ICG, *Myanmar: a new peace initiative*, 4.

<sup>72</sup> Kevin Malseed, "Networks of noncompliance: grassroots resistance and sovereignty in militarised Burma," *Journal of Peasant Studies* 36, no. 2 (2009): 370.

<sup>73</sup> Malseed, "Networks of noncompliance," 370.

While less common, the State Peace and Development Council (SPDC)<sup>74</sup> has also sought to discourage unity among different ethnic minority groups by confiscating land from one group and giving or selling it to another.<sup>75</sup> Additionally, the regime has engaged in a process of piecemeal Burmanization within ethnic minority groups, in which ethnic Burmans are encouraged to move into non-Burman ethnic states, or where Burman soldiers are rewarded for marrying non-Burman civilians.<sup>76</sup> This strategy is reminiscent of China's resettlement of ethnic Han populations in Tibet, and has allowed the military regime to extend its influence in previously contested areas; as more ethnic Burmans dilute minority populations, the regime is able to undermine the demands of ethnic minority groups for greater autonomy.<sup>77</sup>

Myanmar's military has grown from 180,000 soldiers in 1988 to estimates of over 400,000 today, with the biggest jump occurring in the 1990s.<sup>78</sup> As the military has expanded, so has displacement. Instances of displacement tend to occur most frequently and severely in the contested zones, which is undoubtedly related to the prevalence of conflict. In fact, displacement is a key component of the military's counter-insurgency strategy, where the military forcibly relocates villagers from areas that are contested to those that are state-controlled.<sup>79</sup> Often described as the Four Cuts strategy, its underlying logic is to depopulate the contested zones so that armed ethnic groups have no support

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<sup>74</sup> In 1997, SLORC changed its name to the State Peace and Development Council (SPDC), although this was a cosmetic change, as the same military leadership retained power.

<sup>75</sup> Christina Fink, *Living Silence in Burma: Surviving Under Military Rule* (London and New York: Zed Books, 2009): 148.

<sup>76</sup> Fink, *Living Silence in Burma*, 148.

<sup>77</sup> Fink, *Living Silence in Burma*, 148.

<sup>78</sup> Thailand Burma Border Consortium (TBBC), *Protracted Displacement and Militarisation in Eastern Burma* (Bangkok: TBBC, November 2009), 30.

<sup>79</sup> TBBC, *Protracted Displacement and Militarisation in Eastern Burma*, 30.

network – “no one to provide them with food, information, new recruits or financial support.”<sup>80</sup>

Displacement is an essential reflection of human insecurity in Myanmar because it points to the state’s incapacity to effectively provide basic security to hundreds of thousands, if not millions, of its own citizens. In the case of refugees, we can interpret their flight as an attempt to seek greater economic, political or personal security beyond state boundaries. The risk in making this journey reflects the severe vulnerability of those who try to leave. In the case of those who are internally displaced, the situation can be equally severe. While these boundaries may not be as distinct as international borders, refuge may be sought where the state’s influence is contested or lacking.

In other instances, landmines and artillery attacks target civilians and combatants alike, limiting and redefining spaces of movement within these zones.<sup>81</sup> In this case, the security of the regime’s villagers are deliberately targeted by the state simply by virtue of their proximity as a resource to anti-state insurgency groups. Additional research by the TBBC suggests that those villagers who live within close proximity to military outposts tend to suffer disproportionately from forced labour and extortion, whereas those living within contested areas tend to suffer more frequently from forced relocation and food confiscation.<sup>82</sup> Indicative of the Four Cuts policy, this strategy intentionally targets civilians as a means of undermining the opponent’s resource base.

### ***Leading up to reform***

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<sup>80</sup> Fink, *Living Silence in Burma*, 145.

<sup>81</sup> TBBC, *Protracted Displacement and Militarisation in Eastern Burma*, 32.

<sup>82</sup> TBBC, *Protracted Displacement and Militarisation in Eastern Burma*, 35.

In 2007, a peaceful protest movement led by Buddhist monks and involving hundreds of thousands of people marched in the streets in opposition to the military's persistent repressive force and economic mismanagement.<sup>83</sup> The military regime resorted to coercion and violence to quell the protests, sending shockwaves throughout the nation and international community with the unprecedented killing and beating of Buddhist monks, who are deeply revered within Burmese culture.<sup>84</sup>

In May 2008, the SPDC held a constitutional referendum in an attempt to bolster its (perceived) legitimacy. The government claims that the constitutional referendum had "a 92 per cent approval rate with a 98 per cent turnout", although this is extremely controversial given allegations of corruption and abuse during the vote.<sup>85</sup> More importantly, the government insisted on pushing through the referendum despite the impact of Cyclone Nargis, which had devastated the Irrawaddy Delta just weeks beforehand. Large segments of the population were still reeling from the effects of the disaster. Official estimates report 84,537 dead and 53,836 missing (mostly presumed dead), but the International Crisis Group speculates that the death toll was probably closer to 200,000.<sup>86</sup> In addition, roughly 2.4 million people were severely affected and nearly 800,000 displaced.<sup>87</sup> The government's response efforts were grossly inadequate, taking days to mobilise army personnel and local authorities to assist the relief effort.<sup>88</sup>

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<sup>83</sup> Human Rights Watch (HRW), *Crackdown: Repression of the 2007 Popular Protests in Burma* (New York: HRW, December 2009): 12.

<sup>84</sup> HRW, *Crackdown*, 5-14.

<sup>85</sup> ICG, *Myanmar: Towards the Elections*, 1.

<sup>86</sup> ICG, *Burma/Myanmar After Nargis: Time to Normalise Aid Relations*, Asia Report N. 161 (Yangon and Brussels: International Crisis Group, October 2008), 3, 3n3.

<sup>87</sup> ICG, *Burma/Myanmar After Nargis*, 3; Donald Seekins, "Myanmar in 2008: Hardship Compounded," *Asian Survey* 49, no. 1 (2009): 168.

<sup>88</sup> ICG, *Burma/Myanmar After Nargis*, 3; Seekins, "Myanmar in 2008," 168.

In response to continued political pressure, the SPDC pushed forward with its controversial Roadmap to Democracy. However, in April 2009, the SPDC issued the Border Guard Forces (BGF) ultimatum, which stipulated that all armed ethnic minority groups must surrender their weapons if they wished to participate in the 2010 elections. When the definitive deadline passed in September 2010, armed minority groups were declared insurgents and the previous ceasefire agreements were declared void. However, the election went ahead as scheduled and, in November 2010, the Union Solidarity and Development Party (USDP) was elected, and President Thein Sein formally took office in March 2011.

*An uncertain future: 2011 – present*

While the new government is nominally civilian, military power still remains entrenched within the system. Many of the elected members of the Union Solidarity and Development Party (USDP) were themselves soldiers who left the military to run for Office. The 2010 elections have been widely regarded as corrupt and subject to “massive manipulation of the vote count,”<sup>89</sup> and the major opposition group, the NLD, did not participate in the elections. Additionally, twenty-five percent of the seats in the legislature are reserved for the military, further entrenching their power and influence. Consequently, the USDP has largely been viewed as the political wing of the military establishment, running a government that remains highly authoritarian and, at best, quasi-civilian.

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<sup>89</sup> ICG, *Myanmar's post-election landscape*, Asia Briefing N. 118 (Jakarta and Brussels: ICG, March 2011): 2.

Regardless, cautious optimism remains. This is because of the number of unexpected changes taking place under President Thein Sein since his inauguration in March 2011, including: greater freedom of the press, meeting with Aung San Suu Kyi and persuading her to register the NLD for the April 2012 bi-elections, suspending the controversial Myitsone dam project, successfully bidding for the 2014 ASEAN Chairmanship, and the release of hundreds of political prisoners. However, the most significant developments are probably the President's current efforts to negotiate with armed opposition groups.<sup>90</sup> Recent political reforms have led to vastly improved relations with the West and there are suggestions that Myanmar could be poised for rapid economic growth.<sup>91</sup>

However, cautious optimism should remain cautious. The government is still heavily influenced by the military and, even if the President is genuine about political reform and national reconciliation, entrenched military interests may subvert the peaceful transition to a civilian government. Additionally, it is unclear what this will mean for existing inequalities within the country, and the possibility of economic liberalization and engagement with the West may bring more insecurities than it leaves behind: "Wealth from the country's ample natural resources is concentrated in the hands of an elite group of military leaders and business associates. In 2010-11, the transfer of state assets - especially real estate - to military families under the guise of a privatization policy further widened the gap between the economic elite and the public."<sup>92</sup>

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<sup>90</sup> Aung Zaw, "Thein Sein: Reformist or Caretaker?" *The Irrawaddy*, February 14, 2012.

<sup>91</sup> Stephen Bloom, "IMF: Burma Could Become Asia's Next Economic Frontier," *The Irrawaddy*, January 26, 2012.

<sup>92</sup> CIA, "Burma."

## Conclusions

Human security is a divided concept, even among those who support it. It is plagued with inconsistencies and the inability to prioritize threats and issues.

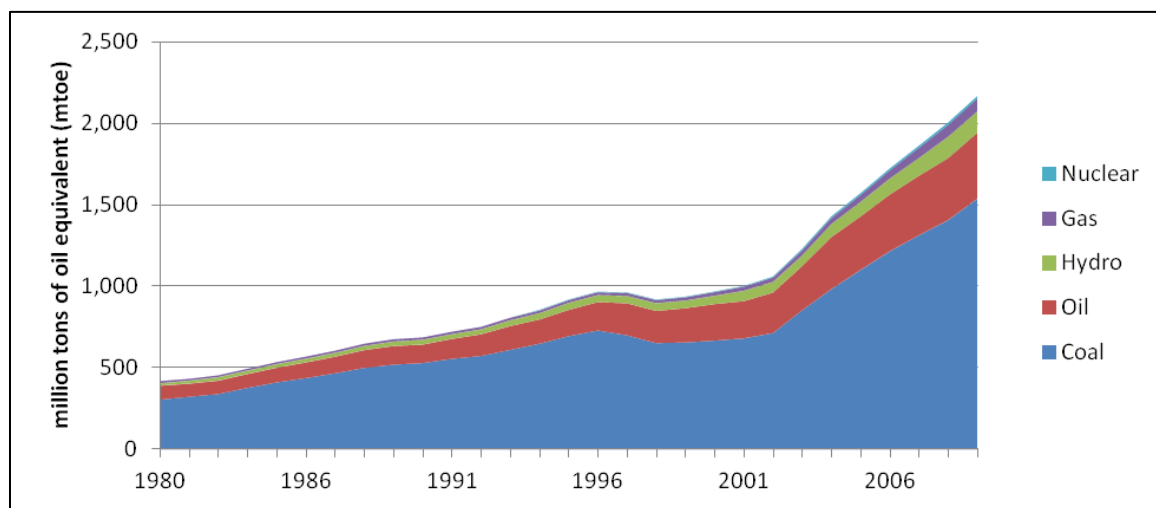
Additionally, humanitarian approaches which rely on various modes of intervention may be inappropriate or perceived as too intrusive. Consequently, human security may be more appropriate as a critical mode of analysis which focuses on “security for whom” more than “security from what”. In terms of threats, this would enable the concept to be somewhat flexible, dependent more on context than prescription.

Regardless of which indicators you use to measure human security, it is clear that Myanmar suffers from a myriad of insecurities. The state has been largely predatory, enhancing the security of the regime and the political elite at the expense of the people. Human insecurity in Myanmar is deeply rooted in intrastate conflict, and is unlikely to resolve itself unless issues of poverty, underdevelopment and political autonomy are addressed in a meaningful way. While the current reforms look promising, similar efforts have failed in the past. The rest of this thesis will focus on the role Sino-Myanmar energy cooperation plays in shaping human (in)security in Myanmar.

## Chapter Two – Energy and Security in Sino-Myanmar Relations

As China's economy has grown, so has its energy consumption. While China's domestic energy reserves are able to meet approximately 90 percent of its energy needs, it relies increasingly on foreign energy supplies.<sup>93</sup> China's massive economic growth and unprecedented urban development are rapidly outpacing domestic energy production, particularly oil. China is now the world's largest producer and consumer of coal, largest producer and consumer of hydroelectricity, second largest consumer of electricity, and second largest consumer and net importer of oil. Additionally, China has recently become a net importer of coal and natural gas.<sup>94</sup>

**Figure 1 - Primary Energy Consumption in China, 1980-2009<sup>95</sup>**



Over the past 25 years, Chinese energy consumption has quadrupled, becoming the second largest consumer of energy in the world.<sup>96</sup> Chinese energy consumption has

<sup>93</sup> Erica Downs, *China*, Energy Security Series (Washington, DC: The Brookings Institution, December 2006): 1.

<sup>94</sup> U.S. Energy Information Administration (EIA), "China Energy Data, Statistics and Analysis," *Country Analysis Briefs*, updated May 2011. <http://www.eia.gov/countries/cab.cfm?fips=CH> (accessed March 22, 2012).

<sup>95</sup> BP Global, "Energy charting tool," *BP Statistical Review of World Energy 2011*. <http://www.bp.com/sectionbodycopy.do?categoryId=9037132&contentId=7069049> (accessed February 27, 2012)

been driven by rapid economic growth and urbanisation. Between 1970 and 2000, China urbanized over 250 million people, while GDP quadrupled between 1980 and 2000.<sup>97</sup>

Rapid economic growth is a political imperative for the Chinese government. And, while coal still represents China's primary source of energy, demand for foreign energy sources such as oil, gas and hydropower are rapidly increasing.

China's development plans include quadrupling its 2000 level GDP by 2020 and urbanising an additional 365 million people by 2025.<sup>98</sup> Despite the anticipation of improved efficiencies and sectoral changes in the economy, China will likely exceed its target of doubling energy consumption by 2020.<sup>99</sup> Increased consumption and more aggressive competition in world energy markets will continue to stress current energy supplies, further influencing Chinese foreign policy and investments abroad. Consequently, China will continue to engage with Myanmar both politically and economically in pursuit of interests related to energy security.

### **Sino-Myanmar relations**

China-Burma relations over the past sixty years have been driven by both domestic and international politics. After the People's Republic of China (PRC) was established in 1949, Beijing sought to develop a stronger relationship with Burma as part of a broader goal to "secure diplomatic recognition and ensure peace along its

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<sup>96</sup> EIA, "China Energy Data, Statistics and Analysis."

<sup>97</sup> Nan Zhou, Michael McNeil, David Fridley, Lin Jiang, Lynn Price, Stephane de la Rue, Jayant Sathaye and Mark Levine, *Energy Use in China: Sectoral Trends and Future Outlook* (Berkeley: Lawrence Berkeley National Laboratory, 2007): 1, 40.

<sup>98</sup> Zhou et al, *Energy Use in China*.

<sup>99</sup> Zhou et al, *Energy Use in China*.

borders.”<sup>100</sup> The initial relationship between the PRC and the newly independent Burmese state looked promising—“Burma was the first non-communist country to recognize the People’s Republic in 1949.”<sup>101</sup> However, domestic politics in the context of Mao’s revolutionary China soon complicated Beijing’s foreign policy.

Mao sought to mobilize the country and domestic support for his national development agenda through an ideological commitment to the “constant revolution”. Despite a rhetorical commitment to the Five Principles of Peaceful Coexistence, China began to bolster its support for communist revolution and insurgency campaigns throughout the region. This included support for the Communist Party of Burma (CPB), which had been engaged in a fierce and formidable insurgency campaign against Burma’s central government. China argued that party-to-party relations did not compromise state-to-state relations, and that it was able to maintain diplomatic relations with both the CPB and the Burmese government. In reality, China’s support for the CPB compromised its relations with the Burmese government severely. In addition to ideological support and propaganda, China provided the CPB with economic support and military aid, including as much as forty percent of the CPB’s fighting force under the guise of volunteers.<sup>102</sup>

However, following a shift in China’s domestic politics and the rise of Deng Xiaoping, Beijing began to alter its policy toward Burma. China slowly began to normalise relations with the Burmese government as its support for the CPB declined throughout the 1980s. In 1989, organizational infighting combined with China’s

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<sup>100</sup> ICG, *China’s Myanmar Dilemma*, Asia Report no. 177 (Beijing, Jakarta and Brussels: ICG, September 2009): 2.

<sup>101</sup> Holliday, “Beijing and the Myanmar Problem,” 488.

<sup>102</sup> Toshihiro Kudo, “Myanmar’s Economic Relations with China: Can China Support the Myanmar Economy,” Discussion Paper No. 66, Institute of Developing Economies (IDE), JETRO (July 2006): 5; ICG, *China’s Myanmar Dilemma*, 27, 27n291, 27n292.

withering support resulted in the collapse of the CPB, which subsequently splintered into a number of armed ethnic groups.<sup>103</sup> Since then, economic and political cooperation between the two countries has grown substantially.

However, the growth of China-Burma relations was also a product of the international environment. Following the military coup in 1988, many countries in the West sought to isolate the military government of Myanmar by withholding aid, applying economic sanctions and imposing weapons embargoes.<sup>104</sup> China, who would face similar international condemnation less than a year later, was able to use Myanmar's isolation as a window of opportunity<sup>105</sup> to forge stronger ties with the otherwise reclusive, isolationist regime. Since then, the West has maintained a strongly isolationist, sanctions-based policy toward Myanmar, while China has used political, economic and military aid to enhance its leverage with the military regime.

#### ***China's economic, military and political support, 1988-present***

It is difficult to estimate the amount of economic assistance that China has provided to Myanmar. China and Myanmar do not belong to the OECD's Development Assistance Committee (DAC), so neither is bound to disclose aid figures. Issues of transparency are further complicated by China's tendency of attaching economic assistance to investment programs, particularly those involving State-owned Enterprises (SOEs). Consequently, investment figures tend to be "grossly underestimated by

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<sup>103</sup> Kramer, *Neither War Nor Peace*, 8-9.

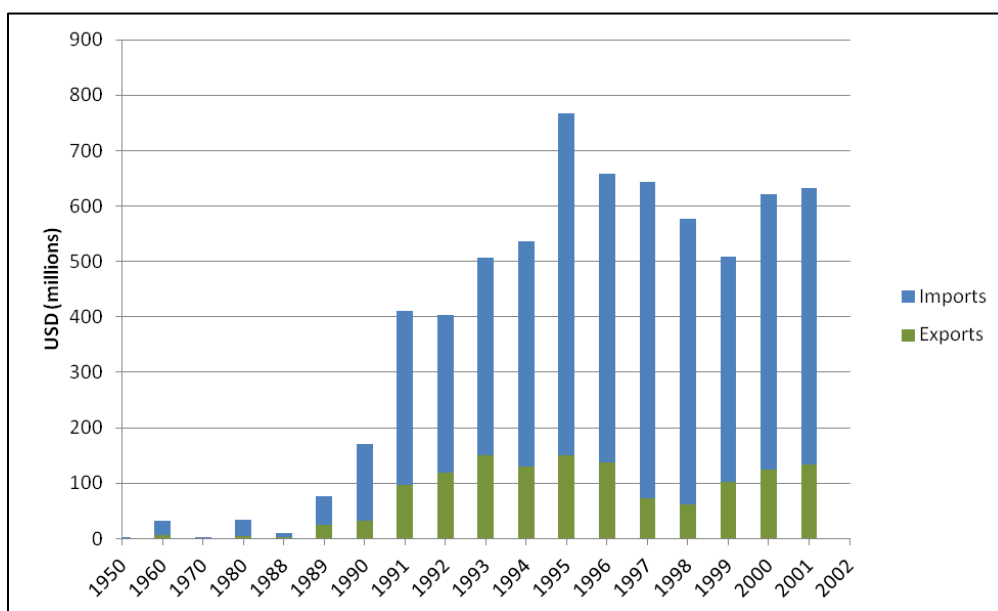
<sup>104</sup> Kudo, "Myanmar's Economic Relations with China," 5.

<sup>105</sup> Thomas Christensen's chapter "Window's of War: Trend Analysis of Beijing's Use of Force," discusses modern Chinese foreign policy in terms windows of opportunity. See Johnston, Alistair Iain and Ross, Robert S., *New directions in the study of China's foreign policy* (Stanford, California: Stanford University Press, 2006).

Myanmar's official figures and, to a lesser extent, Chinese official figures.”<sup>106</sup> However, it is estimated that between 1997 and 2006, China gave Myanmar US \$30 million in grant aid, US \$500 million in loans, and RMB 10 million in debt relief.<sup>107</sup>

Additionally, trend data identifies significant shifts in China-Myanmar trade relations. Bilateral trade increases dramatically between the late 1980s and early 1990s—occurring at the same time as the international community sought to isolate the regime (see Figure 2). More recent data provided by Myanmar's Central Statistical Organization (CSO) compares Myanmar's bilateral trade with China to other major trading partners (see Figure 3). Here we can see that Thailand—not China—has been Myanmar's biggest trading partner.

**Figure 2 - Myanmar's Trade with China, 1950-2011**<sup>108</sup>

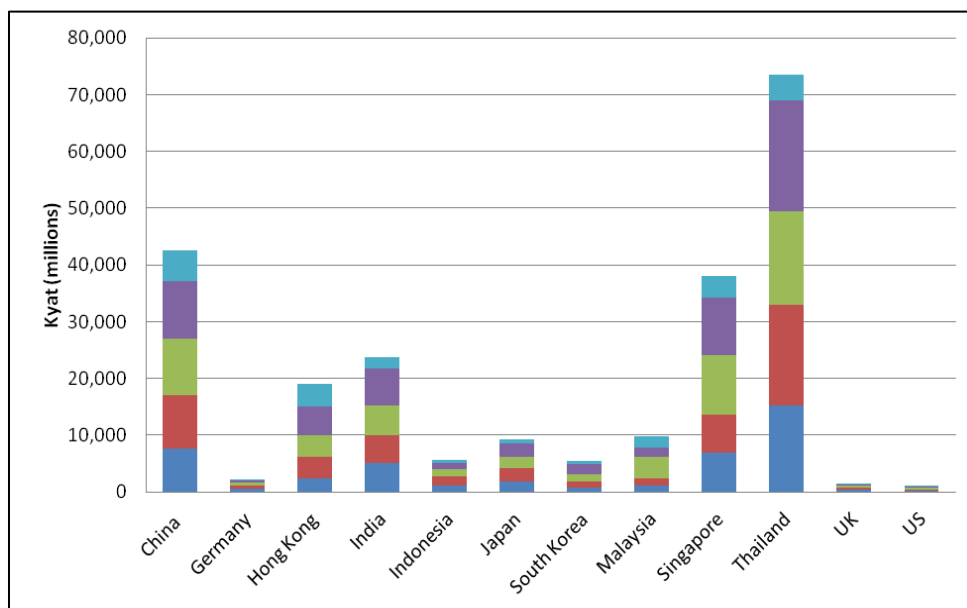


<sup>106</sup> ICG, *China's Myanmar Dilemma*, 17.

<sup>107</sup> Jurgen Haacke, “China's role in the pursuit of security by Myanmar's State Peace and Development Council: boon and bane?” *The Pacific Review* 23, no.11 (2010): 9.

<sup>108</sup> Poon Kim Shee, “The Political Economy of China-Myanmar Relations,” *Ritsumeikan Annual Review of International Studies* 1 (2002): 51.

**Figure 3 - Myanmar's Bilateral Trade, 2007-2011<sup>109</sup>**



However, China plays a far more significant role in foreign investment (see Figure 4). Estimates for the first quarter of FY 2011 indicate a dramatic increase in foreign investment from many countries. Reuters confirmed that Chinese investment for the first quarter of FY 2011 reached US \$8 billion.<sup>110</sup> Additionally, Chinese businesspeople and traders dominate business in Mandalay city, as well as the north and eastern border regions in Kachin State and Shan State, respectively.<sup>111</sup> In fact, “it has been estimated that 60 per cent of Myanmar’s economy is in Chinese hands, taking into account the holdings of both ethnic Burmese-Chinese as well as more recent immigrants.”<sup>112</sup>

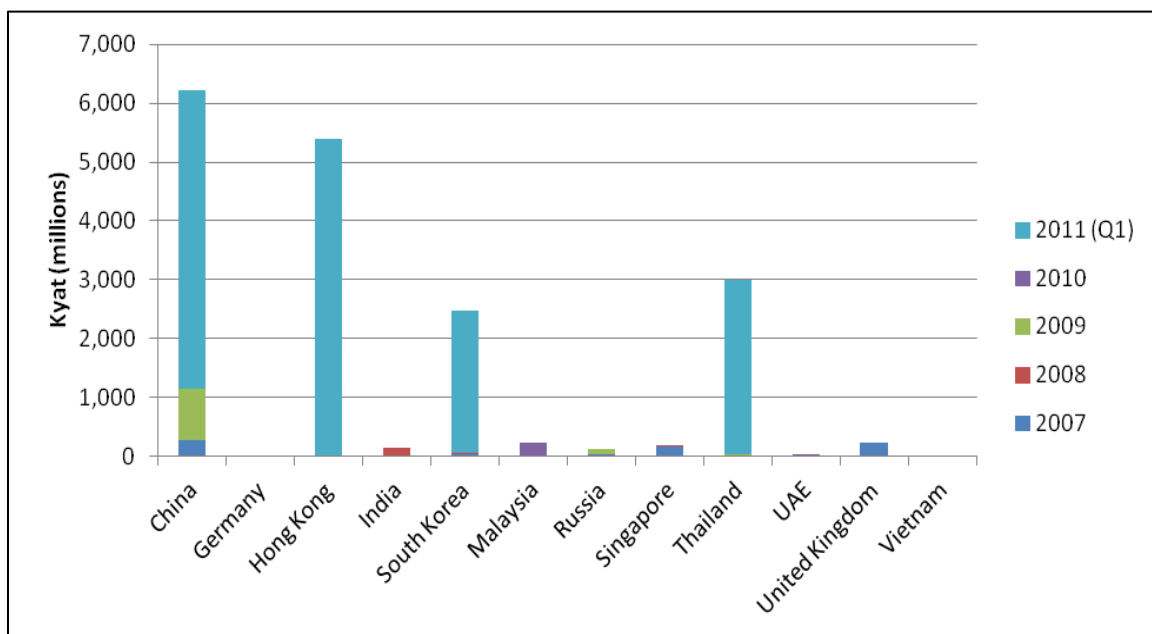
<sup>109</sup> Myanmar Central Statistical Organization (CSO), “Selected Monthly Economic Indicators.” <http://www.csostat.gov.mm/sIndicators.asp> (accessed August 10, 2011).

<sup>110</sup> Aung Hla Tun, “Chinese investment in Myanmar tops \$8 bln this year – data,” *Reuters*, August 16, 2010.

<sup>111</sup> Holliday, “Beijing and the Myanmar Problem,” 491.

<sup>112</sup> ICG, *China’s Myanmar Dilemma*, 25.

**Figure 4 - Myanmar: Permitted Foreign Investment by Country, 2007-2011<sup>113</sup>**



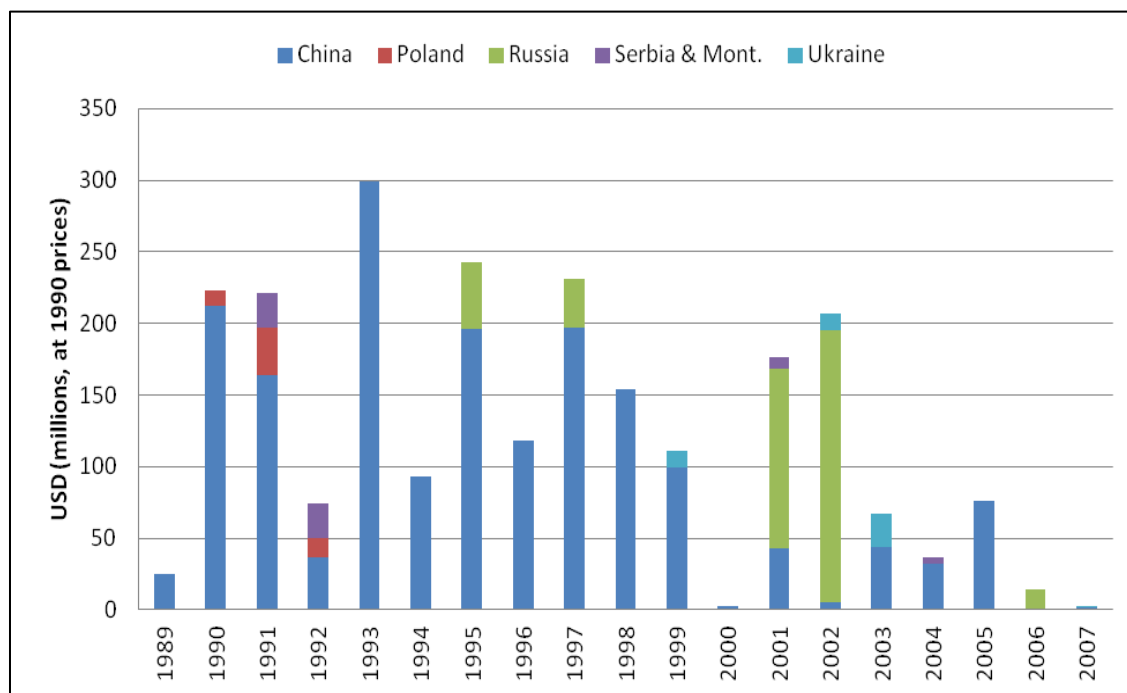
In terms of military support, China has provided Burma with as much as 90 percent of its military equipment since 1989 (see Figure 5).<sup>114</sup> This has included tanks, aircraft, radar and surface-to-air missiles. The bulk of these supplies came at a time when Myanmar was radically expanding and modernizing its army. While the level of fighting decreased during this time due to a number of ceasefire agreements, the government increased the presence and depth of its military forces in key conflict zones.<sup>115</sup>

<sup>113</sup> CSO, "Selected Monthly Economic Indicators."

<sup>114</sup> SIPRI Arms Transfers Database. <http://www.sipri.org/databases/armstransfers> (accessed February 2, 2012).

<sup>115</sup> ICG, *Myanmar: a new peace initiative*, 4.

**Figure 5 - Trend Indicator Values (TIVs) of Arms Imports to Myanmar, 1989-2007<sup>116</sup>**



The United Nations (UN) has been deeply concerned about the political oppression and suffering in Myanmar since the late 1980s, having passed seventeen resolutions since 1991 which condemn the central government's use of violence and coercion and calling for political reform.<sup>117</sup> In January 2007, China provided political support to the regime by directly challenging the actions of the UNSC by “casting its first non-Taiwan-related veto in the Security Council since 1973 to defeat a U.S.-UK sponsored Security Council draft resolution on the situation in Myanmar.”<sup>118</sup> The intention behind this draft resolution was to put measures in place to pressure political change within the country, specifically provisions that would call on the central government to permit humanitarian intervention and political reconciliation with

<sup>116</sup> SIPRI Arms Transfers Database.

<sup>117</sup> ICG, *China's Myanmar Dilemma*, 4.

<sup>118</sup> ICG, *China's Myanmar Dilemma*, 4.

Myanmar's many disenfranchised ethnic minority groups.<sup>119</sup> However, China argued that "human rights problems were not the purview of the council unless they endangered regional or international peace and security, which the situation in Myanmar does not."<sup>120</sup>

However, over the last decade cracks have begun to emerge in Sino-Myanmar relations.<sup>121</sup> Myanmar irritated China by dismantling "the Military Intelligence apparatus in October 2004," relocating "the capital from Yangon to Naypyidaw" without notifying Beijing, the leadership's unwillingness to go forward with reforms and mounting problems within the country.<sup>122</sup> Additionally, while China played a role in obviating UNSC intervention in Myanmar in response to its brutal 2007 crackdown, Beijing played a critical role in facilitating trips by the UN envoy, Ibrahim Gambari, to Myanmar in the wake of the crisis; China also condemned the military regime for its actions.<sup>123</sup> In many senses, China's relationship with Myanmar is indicative of its changing global role and more flexible diplomacy.<sup>124</sup>

### **Pursuit of the pariah**

Despite heavy criticism from the United States and other Western powers, China has continued to provide Burma's military regime with economic and political support. Many analysts have argued that this is indicative of China's broader support of *pariah*

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<sup>119</sup> ICG, *China's Myanmar Dilemma*, 4.

<sup>120</sup> ICG, *China's Myanmar Dilemma*, 5.

<sup>121</sup> Holliday, "Beijing and the Myanmar Problem," 489; Ian Storey, "Emerging Fault Lines in Sino-Burmese Relations: The Kokang Incident," *China Brief* 9, no.18 (2009).

<sup>122</sup> Holliday, "Beijing and the Myanmar Problem," 489.

<sup>123</sup> Holliday, "Beijing and the Myanmar Problem," 489-90.

<sup>124</sup> Holliday, "Beijing and the Myanmar Problem," 490.

*states* and other authoritarian regimes; furthermore, that this in turn reflects China's revisionist or antagonistic intentions as a rising power.

China's increased reliance on foreign energy supplies—particularly oil—has often been used to explain its rapidly expanding engagement with authoritarian regimes, specifically those with significant energy reserves. This explanation captures some of the impetus behind China's outward investment and “going out” policy, but is often overdrawn or misrepresented as a neo-mercantilist, state-directed effort to “lock up” foreign energy reserves. In the case of the latter, it is argued that despite considerable marketization in other sectors, energy security has been prioritized as a national security issue, and remains under the purview of state control. Thus, while China's energy imperative has put a greater emphasis on stability and cooperation with its neighbours, its energy imperative places limits on the possibilities for a peaceful rise.<sup>125</sup>

The idea that China is investing abroad to “lock up” oil supplies is misleading given that “less than 1% of world oil production” is pumped by Chinese NOCs abroad, of which “at least two-thirds” appear to have been sold on the international market.<sup>126</sup> Regardless, Chinese commercial competition continues to be inappropriately conflated with geopolitical competition, confusing corporate interests with national interests: “Even if the national ‘energy security’ motivation disappears, the corporate need to increase reserves and profits remains.”<sup>127</sup> In the case of Myanmar, this point is reinforced by

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<sup>125</sup> Suisheng Zhao, “China's Global Search for Energy Security: cooperation and competition in the Asia-Pacific,” *Journal of Contemporary China*, no. 55 (2008); Heinrich Kreft, “China's Quest for Energy,” *Policy Review*, no. 139 (2006).

<sup>126</sup> Erica Downs, “China's Quest for Overseas Oil,” *Far Eastern Economic Review* 170, no. 7 (2007): 54.

<sup>127</sup> Downs, “China's Quest for Overseas Oil,” 56.

continued investment of US and French energy giants, Chevron and Total, despite heavy criticism and censure against China for doing the same.

In 2006, Lieutenant Colonel Christopher J. Pehrson presented another argument which characterized China's growing military, economic and political presence along the Indian Ocean as a "String of Pearls."<sup>128</sup> This growing presence includes the construction of airfields and deepwater ports, enhanced diplomatic ties, and modernizing PLA forces along strategic coastal "choke" points, including Myanmar. While stating that this trend may not be a coordinated effort by the central government to displace U.S. influence in the region, Pehrson stresses that it enhances China's "capability to establish a forward presence along the sea lines of communication (SLOC) that connect China to the Middle East."<sup>129</sup> This is considered to be a strategic imperative because China relies on these SLOC for roughly 80% of its oil imports.

In a similar vein, China's interest in Myanmar and neighbouring countries has often been portrayed as part of a larger competition with India for regional supremacy. This theory argues that both China and India are locked in a regional competition to avoid encirclement and contain the other, in what has often been referred as a new "Great Game."<sup>130</sup> This includes competing for influence and leverage in neighbouring countries, the Indian Ocean and (regional) multilateral organizations.<sup>131</sup>

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<sup>128</sup> Christopher Pehrson, *String of Pearls: Meeting the Challenge of China's Rising Power Across the Asian Littoral* (Carlisle, PA: Strategic Studies Institute, 2006).

<sup>129</sup> Pehrson, *String of Pearls*, 3.

<sup>130</sup> David Scott, "The Great Power 'Great Game' between Indian and China: 'The Logic of Geography,'" *Geopolitics* 13, no. 1 (2008).

<sup>131</sup> Scott, "The Great Power 'Great Game' between Indian and China."

Conversely, Egreteau argues that the competition between China and India in Myanmar is often overstated.<sup>132</sup> While both China and India have long-term interests in the country, the “China threat” in Indian circles has often been a misperception. Additionally, China has multiple interests in the region that may actually favour greater Indian involvement, or at least extend in different areas and spheres.<sup>133</sup> More importantly, the influence of both China and India in the country is typically overstated. The regime is often able to use its relations with other countries (i.e., India, Russia, Japan) to balance its relations with China.<sup>134</sup>

### ***Liberal democratic norms***

Rooted in the Five Principles of Peaceful Coexistence, Chinese foreign policy is (at least rhetorically) committed to the principles of non-intervention and non-interference in the internal affairs of other states. Echoed throughout the region, China’s conservative adherence to the principle of state sovereignty has called into question the relevance of liberal democratic norms and good governance. China’s ‘business is business’ motto and ‘no strings attached’ trade and investment strategy have gained widespread popularity among developing nations. Many of these countries view China’s approach as a favourable alternative to the conditionalities and paternalistic tone of Western development and aid programs.

Some have argued that China’s foreign policy represents a trend toward an “Eastphalian” international order, challenging Western influence in the region and

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<sup>132</sup> Renaud Egreteau, “India and China Vying for Influence in Burma – A New Assessment,” *India Review* 7, no. 1 (2008).

<sup>133</sup> Egreteau, “India and China Vying for Influence in Burma.”

<sup>134</sup> Haacke, “China’s role in the pursuit of security by Myanmar’s State Peace and Development Council,” 114; Egreteau, “India and China Vying for Influence in Burma.”

excluding the possibility of a humanitarian or human rights-based normative regime from taking root.<sup>135</sup> Increased marketization and further integration into the global economy have enhanced China's economic and political leverage within the international community; many otherwise liberal democratic countries have compromised their political ideals in favour of greater economic cooperation with China.<sup>136</sup> Additionally, many countries have lowered their own foreign investment standards to compete with the growing popularity of China's unconditional investment practices in the developing world. China's unwillingness to impose sanctions and obstruction of multilateral efforts toward intervention are often viewed as antagonist challenges to the international (Western) status quo and characterized as a threat to international security.

However, intervention is inconsistent with the Five Principles of Peaceful Coexistence, which is a source of both normative (soft) power and assurance to regional allies of China's 'peaceful rise': "Overt Chinese intervention in Myanmar would upset regional norms and understandings fine-tuned over decades."<sup>137</sup> These principles are strongly consistent with ASEAN and regional norms, which have favoured nudging the military regime toward reform: "In defiance of much Western opinion, but in conformity with most Asian thought, [China and Burma] particularly agreed for many years that the core realist principle of national sovereignty trumped almost any other in the global

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<sup>135</sup> Sung Won Kim, David Fidler and Sumit Ganguly, "Eastphalia Rising? Asian Influence and the Fate of Human Security," *World Policy Journal* 26, no. 2 (Summer 2009).

<sup>136</sup> Guoguang Wu, "A Shadow Over Western Democracies: China's Political Use of Economic Power," *China Perspectives* 2 (2009), 88.

<sup>137</sup> Holliday, "Beijing and the Myanmar Problem," 492.

arena, and that matters like democracy protests and treatment of ethnic minorities were of strictly domestic concern.”<sup>138</sup>

However, when these issues begin to spill across state borders, the line between domestic and international concerns becomes blurred. For example, China receives up to 95 percent of its heroin from the Golden Triangle region, with a substantial amount of illicit substances, including heroin, coming from the ethnic-controlled border regions in Shan State.<sup>139</sup> This has triggered a substantial increase in heroin use within China,<sup>140</sup> not only straining its healthcare system but also leading to a number of social and economic problems as well. In particular, increased intravenous drug use has led to an HIV/AIDS epidemic in southern Yunnan Province, and is beginning to extend into the general population.<sup>141</sup>

### **Development and security**

Arguments that China’s foreign policy toward Myanmar is driven by energy security or regional aggression are overstated. They misrepresent Myanmar’s geopolitical importance and overlook other interests which shape China’s involvement in Myanmar. Consequently, these arguments tend to overstate the “China threat” behind Beijing’s (perceived) intentions while neglecting the more mundane interests of economic growth and stability.

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<sup>138</sup> Holliday, “Beijing and the Myanmar Problem,” 489.

<sup>139</sup> Tom Kramer, Martin Jelsma and Tom Blickman, *Withdrawal Symptoms in the Golden Triangle: A Drugs Market in Disarray*, (Amsterdam: Transnational Institute, 2009): 25-51, 76-85; ICG, *China’s Myanmar Dilemma*, 14-16.

<sup>140</sup> Kramer, Jelsma and Blickman, *Withdrawal Symptoms in the Golden Triangle*, 50.

<sup>141</sup> ICG, *China’s Myanmar Dilemma*, 15.

In terms of economic growth, stronger relations with Myanmar support the development of China's southern Yunnan province and are directly linked to Beijing's "Go West" campaign.<sup>142</sup> China is seeking to expand market access for its western provinces, which are at a natural disadvantage to the more affluent coastal provinces.<sup>143</sup> An example of China's commitment to this strategy was the completion of the Tengchong-Myitkyina road in 2007, which connects Yunnan province in China to Kachin State in Myanmar.<sup>144</sup> With an estimated cost of RMB 192 million—paid for entirely by the Chinese government—this is part of the government's broader strategy to gain greater market access to export consumer goods.<sup>145</sup> The importance of this project is highlighted by the fact that it involved "more than 40 diplomatic missions" from the PRC to negotiate with the SPDC, indicative of China's broader goal to open "Yunnan to South Asian countries."<sup>146</sup>

This point is often overlooked because Myanmar represents a rather insignificant portion of China's overall trade. But when looked at from the perspective of political leaders in Yunnan, whose success is in large part brokered by their ability to demonstrate economic growth, Myanmar clearly plays a much more important role (see Figure 6). Additionally, corporate interests invested in Myanmar's energy sector may play a role in influencing China's policies toward Myanmar.

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<sup>142</sup> ICG, *China's Myanmar Dilemma*, 18-19.

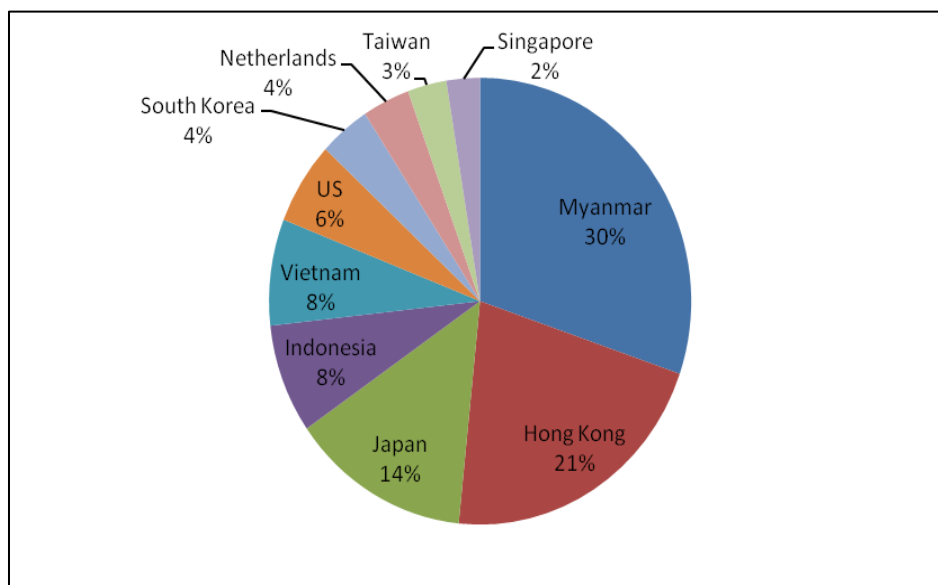
<sup>143</sup> ICG, *China's Myanmar Dilemma*, 18-19.

<sup>144</sup> Kramer, *Neither War Nor Peace*, 25.

<sup>145</sup> Kramer, *Neither War Nor Peace*, 25.

<sup>146</sup> Kramer, *Neither War Nor Peace*, 25.

**Figure 6 - Yunnan Exports by Trading Partner, 1999<sup>147</sup>**



In terms of stability, Beijing's overarching concern with domestic instability and unrest has been at the forefront of its policy agenda since the regime was nearly toppled in Tiananmen, 1989. This has been demonstrated through ongoing government media censorship, resurgent nationalism, intolerance for anti-government activism, criticism of the Dali Lama and suppression of the Falun Gong.<sup>148</sup> As mentioned before, economic growth is a political imperative; at a minimum, the CCP needs to grow GDP by 7 percent and create 24 million urban jobs each year.<sup>149</sup> Soaring unemployment is a mass contributor to social unrest which, combined with rising concerns over environmental degradation, corruption and economic inequality, "contribute to over 100,000 protests annually."<sup>150</sup> Similarly, issues of instability and unrest are linked to China's stance on

<sup>147</sup> Shee, "The Political Economy of China-Myanmar Relations," 52

<sup>148</sup> Susan Shirk, *China: fragile superpower* (New York: Oxford University Press, 2007).

<sup>149</sup> Shirk, *China: fragile superpower*, 30.

<sup>150</sup> Elizabeth Economy, "The Game Changer: Coping with China's Foreign Policy Revolution," essay in *Foreign Affairs* (November/December 2010).

Taiwan, Tibet and Xinjiang; unrest or declarations of independence would threaten China's claimed sovereignty and the regime's survival<sup>151</sup> (i.e., national security).

Consequently, China's primary foreign policy objective in Myanmar has been to maintain stability along its shared 2,185 km border. Instability in Myanmar threatens Chinese economic interests in Myanmar and stability in China. The biggest threats to stability in Myanmar are social unrest and ethnic conflict; a political revolution or escalation in conflict would lead to an ensuing power vacuum that could lead to further instability spilling over its borders.

The most immediate threat to China is intrastate conflict in Myanmar's ethnic regions along the border. This point was made clear when the military launched an offensive against a Kokang ceasefire group in August 2009. The attack resulted in the flight of over 37,000 locals across China's border, greatly upsetting Chinese officials.<sup>152</sup> In the past, China has brokered ceasefire agreements between the military and various armed ethnic groups, and this is why China has consistently pushed the regime on issues of political reform, economic development and national reconciliation.<sup>153</sup> This would imply that China has a vested interest in enhancing human security in Myanmar, at least in aggregate terms—if peace and stability are promoted by human security, then so are China's economic interests in the country.

## Conclusions

Over thirty years of rapid economic growth and development have had an unprecedented impact on China's demand for energy. This has placed tremendous

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<sup>151</sup> Shirk, *China: fragile superpower*.

<sup>152</sup> Storey, "Emerging Fault Lines in Sino-Burmese Relations," 5.

<sup>153</sup> Storey, "Emerging Fault Lines in Sino-Burmese Relations."

pressure on China's domestic reserves and resulted in a dramatic increase in energy imports. This has included direct acquisition of foreign energy reserves and a rapid expansion of China's overseas exploration and production activities. The rate at which this is occurring has caused some to argue that China presents a threat to global energy security.

From a realist perspective, China is locking up finite energy reserves, fuelling competition and frustrating international cooperation. At best this is perceived as a logical but benign effort to address China's national interests. Perceived less benignly, China's resource acquisition is interpreted as an attempt to enhance its strategic position vis-à-vis competing states (i.e., the West), and at worst a direct challenge to the status quo.

From a liberal perspective, China's unconditional trade and investment with authoritarian or *pariah* regimes is seen as undermining international (Western) efforts to promote human rights and good governance. That is, China is challenging, if not seeking to revise, international norms in pursuit of its energy imperative. If true, this would belie the promise of a peaceful rise or responsible stakeholder. More significantly, China's continued investment and support of such regimes often obstructs international (interventionist) efforts to effect change.

From a human security perspective, China's economic growth and development are an organic product of trying to improve living conditions and standards within their own country. As China reaches its domestic threshold to facilitate this need, industry leaders begin to look outward. However, because these companies are not necessarily

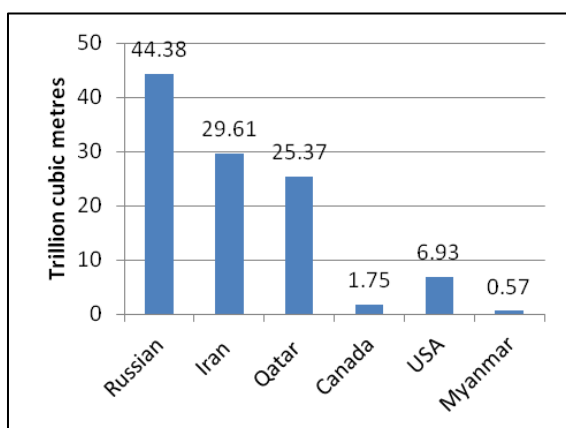
connected to a cohesive government agenda, their actions in Myanmar may actually contradict the central government's concern of border stability.

As indicated by the case of Sino-Myanmar energy cooperation, the sovereignty principle as epitomized in the Five Principles places limits on intervention-based approaches to human security. Thus, human security needs to be flexible if it wants to remain relevant. Also of interesting note was that China's relationship with Myanmar became much closer at a time when energy security was not on China's foreign policy agenda. This suggests that Sino-Burma relations are informed by many critical factors, dependent on the needs of either regime at any given point in time.

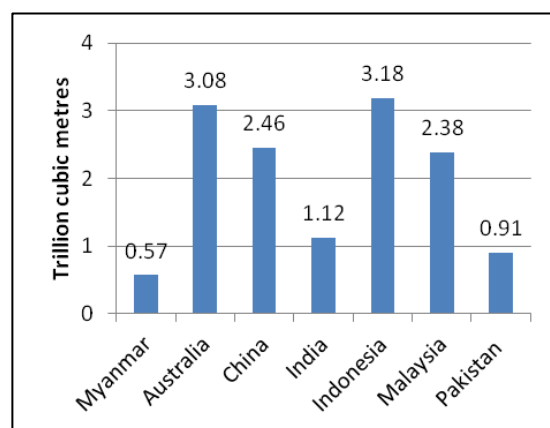
## Chapter Three – Oil and Natural Gas

Myanmar exported its first barrel of oil in 1853, making it one of the oldest oil exporting nations in the world.<sup>154</sup> However, by global standards, Myanmar's proven reserves are quite modest; Burma ranks just 79<sup>th</sup> in terms of proven oil reserves (50 Mbbbl).<sup>155</sup> In terms of natural gas, Myanmar fares better, ranking 40<sup>th</sup> in terms of proven reserves (283 bcm), but is still not a major player at the international level.<sup>156</sup>

**Figure 7 - Proven Natural Gas Reserves by Country, Global<sup>157</sup>**



**Figure 8 - Proven Natural Gas Reserves by Country, Asia<sup>158</sup>**



However, at a regional level, Myanmar's reserves are more significant, especially in terms of natural gas (see Figure 7 and Figure 8).<sup>159</sup> With the expansion of exploration

<sup>154</sup> Total, *Total in Myanmar: a sustained commitment* (Total, 2010).

<sup>155</sup> CIA, "Burma."

<sup>156</sup> CIA, "Burma."

<sup>157</sup> BP Global, "Energy charting tool."

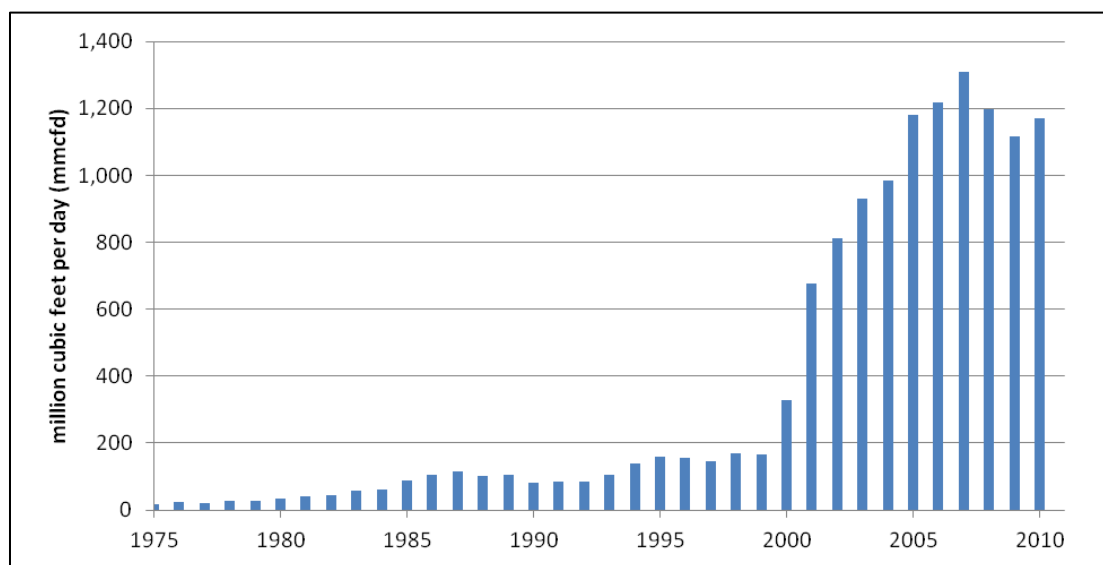
<sup>158</sup> BP Global, "Energy charting tool"

<sup>159</sup> Black, Nicola, "Blood money: A grounded theory of corporate citizenship; Myanmar (Burma) as a case in point." PhD diss., University of Waikato, 2009.

and production projects in Myanmar, this is expected to increase (see Figure 9).

Myanmar is currently the fourth largest exporter of natural gas in the Asia Pacific.<sup>160</sup>

**Figure 9 - Natural Gas Production in Myanmar, 1975-2010**



The Ministry of Energy has primary responsibility for the operation and management of Myanmar's oil and gas sector.<sup>161</sup> The ministry is comprised of one department and three enterprises, which share governance responsibilities for the sector (see Table 3). In terms of foreign investment, the Myanmar Oil and Gas Enterprise (MOGE) is the most important player because the bulk of new investment is in exploration, production, and transportation, which falls within MOGE's jurisdiction. Under Burmese law, foreign companies are required to partner 50/50 with MOGE, and must sign a production sharing contract (PSC).

<sup>160</sup> Black, "Blood money."

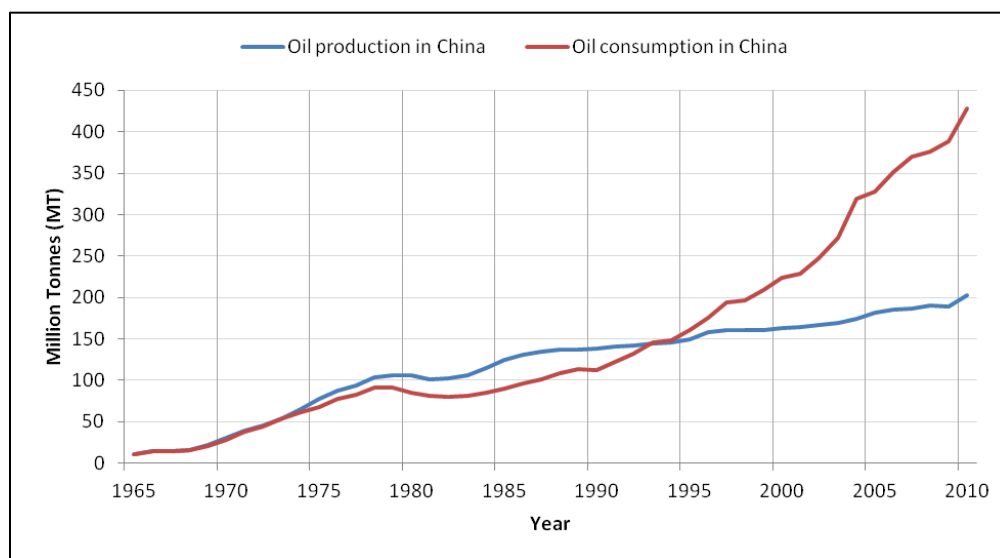
<sup>161</sup> "Ministry of Energy," Government of Myanmar. <http://www.energy.gov.mm/ministryofenergy.htm> (accessed May 2, 2012).

**Table 3 - Departments and Enterprise's under Myanmar's Ministry of Energy<sup>162</sup>**

Department/Enterprise	Responsibilities
(EPD) Energy Planning Department	Policy and programme development
(MOGE) Myanma Oil and Gas Enterprise	Exploration, production and transportation
(MPE) Myanma Petrochemicals Enterprise	Refining
(MPPE) Myanma Petroleum Products Enterprise	Marketing and distribution

### China's oil and gas industry

China is the world's second largest consumer of oil, and consumed over 428 million tonnes of oil in 2010—this was up over thirty percent from 2005 and over ninety percent from 2000.<sup>163</sup> While both consumption and production of oil in China have increased steadily over the past forty years, consumption began to outstrip domestic production in the early 1990s and more than doubled production in 2010 (see Figure 10).

**Figure 10 - Production and Consumption of Oil in China, 1965-2010<sup>164</sup>**

<sup>162</sup> "Ministry of Energy," Government of Myanmar.

<sup>163</sup> BP Global, "Energy charting tool"

<sup>164</sup> BP Global, "Energy charting tool."

Production has not been able to keep up in part because domestic supplies are limited, and many of China's largest oil fields are mature and have reached peak production.<sup>165</sup> Consequently, exploration and production activities within China are refocusing on "largely untapped reserves in the western interior provinces and offshore fields."<sup>166</sup> Additionally, Chinese national oil companies (NOCs) are increasingly expanding into foreign energy markets, including exploration and production operations.<sup>167</sup>

China is now heavily reliant on imports to meet its demand for oil—it is also the second largest net importer of oil which, since at least 2009, have accounted for over half of China's total oil consumption.<sup>168</sup> In 2010, the Middle East and Africa accounted for nearly 50 percent and 30 percent of China's crude oil imports, respectively (see Figure 11).<sup>169</sup> By 2035, it is estimated that China will import approximately 72 percent of its crude oil.<sup>170</sup>

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<sup>165</sup> EIA, "China Energy Data, Statistics and Analysis."

<sup>166</sup> EIA, "China Energy Data, Statistics and Analysis."

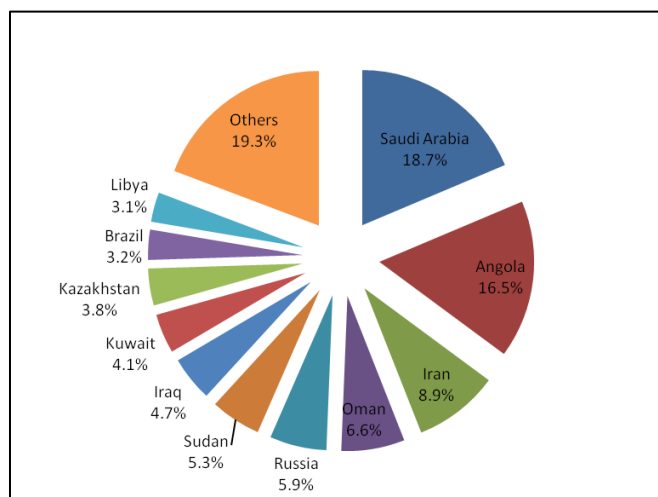
<sup>167</sup> EIA, "China Energy Data, Statistics and Analysis."

<sup>168</sup> BP Global, "Energy charting tool."

<sup>169</sup> EIA, "China Energy Data, Statistics and Analysis."

<sup>170</sup> EIA, "China Energy Data, Statistics and Analysis."

**Figure 11 - China's Crude Oil Imports by Source, 2010<sup>171</sup>**



In terms of natural gas, both production and consumption within China have expanded rapidly over the past ten years; however, consumption has recently begun to outstrip domestic production.<sup>172</sup> Natural gas still accounts for a relatively small portion of China's total energy consumption—approximately 3 percent as of 2010—and it is able to meet over 90 percent of this from domestic production.<sup>173</sup> However, the government has plans to increase natural gas consumption to as much as 10 percent of total energy consumption by 2020, and consumption estimates are expected to triple by 2035.<sup>174</sup>

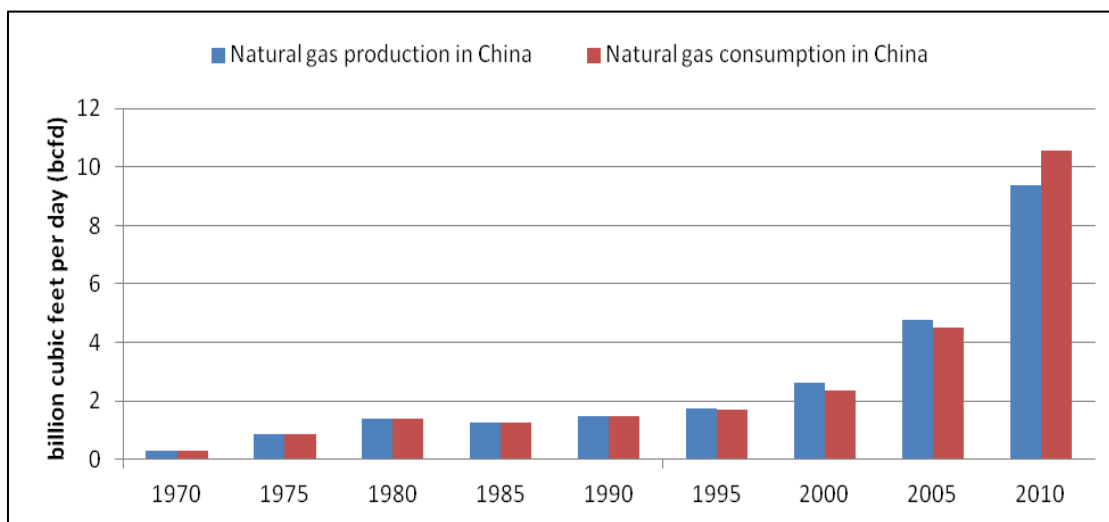
<sup>171</sup> EIA, "China Energy Data, Statistics and Analysis."

<sup>172</sup> EIA, "China Energy Data, Statistics and Analysis."

<sup>173</sup> EIA, "China Energy Data, Statistics and Analysis."

<sup>174</sup> EIA, "China Energy Data, Statistics and Analysis."

**Figure 12 - Natural Gas Production and Consumption in China, 1965-2010<sup>175</sup>**



So, while Myanmar’s proven natural gas reserves are not substantial enough to figure into China’s grand energy strategy, they may increasingly play into the plans of an expanding natural gas industry. Given the proximity, close bilateral relations, as well as recent finds in the Shwe and Zawtika gas fields, Chinese companies are likely to continue investing in exploration and production activities in Myanmar’s natural gas sector.

### ***Who’s who***

Government control over the energy sector has been in decline since the 1980s.<sup>176</sup>

This began with the transformation of energy ministries into SOEs, but has accelerated rapidly as the prominence and activism of these companies have outpaced the institutional capacity of the Chinese government to manage them.<sup>177</sup> In particular, Chinese energy firms have been able to exploit a weak and fractured energy bureaucracy.

Organizations like the National Energy Administration (NEA) lack the authority and

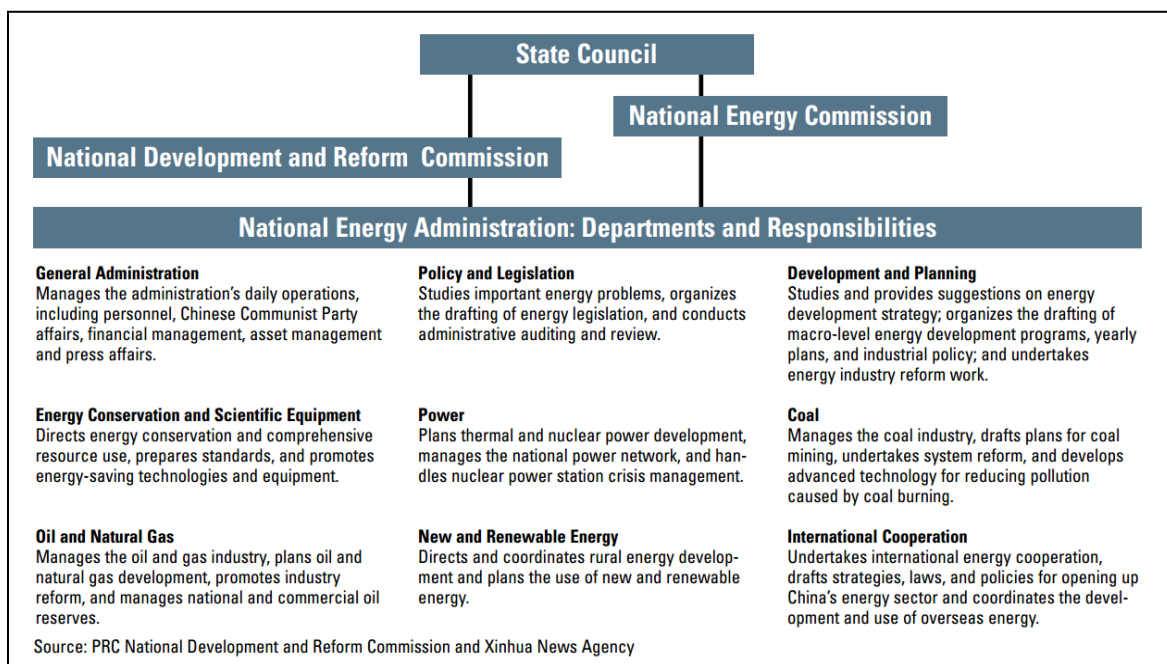
<sup>175</sup> BP Global, “Energy charting tool.”

<sup>176</sup> Erica Downs, “Business Interest Groups in Chinese Politics: The Case of Oil Companies,” In *China’s Changing Political Landscape: Prospects for Democracy*, edited by Cheng Li, 121-141 (Washington: Brookings Institution Press, 2008): 128.

<sup>177</sup> Downs, *Business Interest Groups in Chinese Politics*, 128-9.

capacity to manage China's state-owned energy firms<sup>178</sup>, whereas the State-owned Assets Supervision and Administration Commission (SASAC) has exercised rather "passive authority" in their regulation.<sup>179</sup> (See Figure 13 for an overview of China's Energy Administration, as presented by Erica Downs.)

**Figure 13 - China's "New" Energy Administration<sup>180</sup>**



Furthermore, many of the top executives in these firms hold full or vice-ministerial ranks, which enables them to bypass China's National Development and Reform Commission (NDRC) Energy Bureau and lower-ranking government departments.<sup>181</sup> The position of these firms has been further entrenched by China's marketization and continued

<sup>178</sup> Erica Downs, "China's 'New' Energy Administration," *China Business Review* (November-December 2008): 42.

<sup>179</sup> Downs, *Business Interest Groups in Chinese Politics*, 129.

<sup>180</sup> Downs, "China's 'New' Energy Administration," 44.

<sup>181</sup> Downs, *Business Interest Groups in Chinese Politics*, 129.

integration into the global economy. Consequently, “the projects pursued by the energy SOEs tend to shape the country’s energy policies rather than vice versa.”<sup>182</sup>

China’s oil and gas industry is dominated by three major players: China Petroleum and Chemical Corporation (Sinopec), China National Petroleum Corporation (CNPC) and, to a lesser extent, China National Offshore Oil Corporation (CNOOC). According to *Fortune* magazine, Sinopec and CNPC rank fifth and sixth, respectively, in its 2011 ranking of the world’s largest corporations.<sup>183</sup> CNPC and its publicly-listed subsidiary, PetroChina, account for approximately “60 percent and 80 percent of China’s total oil and gas output, respectively.”<sup>184</sup> Conversely, Sinopec’s share of the oil market is more focused on refining and distribution.<sup>185</sup>

### **Chinese investment in Myanmar’s oil and gas sector**

ERI estimates that Chinese MNCs have been involved in at least 10 offshore and 11 onshore oil and natural gas projects in Myanmar.<sup>186</sup> This includes eight projects in Arakan State, four in Mandalay Division, four off the Maottama Coast, two in Pegu Division and three in Saiging Division.<sup>187</sup> However, in terms of oil, the most significant project for China is the construction of a 1,100 km oil pipeline, which will connect

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<sup>182</sup> Downs, *Business Interest Groups in Chinese Politics*, 137.

<sup>183</sup> “Global 500,” *CNN Fortune & Money*. [http://money.cnn.com/magazines/fortune/global500/2011/full\\_list/](http://money.cnn.com/magazines/fortune/global500/2011/full_list/) (accessed March 23, 2012).

<sup>184</sup> EIA, “China Energy Data, Statistics and Analysis.”

<sup>185</sup> EIA, “China Energy Data, Statistics and Analysis.”

<sup>186</sup> EarthRights International (ERI), *China in Burma: The Increasing Investment of Chinese Multinational Corporations in Burma’s Hydropower, Oil and Natural Gas, and Mining Sectors* (Chang Mai, Thailand: ERI, 2008): 17.

<sup>187</sup> ERI, *China in Burma*, 17.

Myanmar's deepwater port in Sittwe to Kunming, China (there are preliminary plans to extend the project to Chongqing).<sup>188</sup>

CNPC is leading the construction of the pipeline, which is expected to have an annual capacity of 22 million tons of oil. Given China's current consumption figures, this represents approximately five percent of China's total consumption of oil, or ten percent of its total oil imports. Construction of the pipeline is even more significant because Africa and the Middle East currently provide China with approximately 80% of its foreign oil imports. At the moment, China relies on the Strait of Malacca to transport these reserves, which is problematic from a strategic perspective because the strait is plagued by incidents of piracy and the sea lanes are dominated by the US, India and Japan.<sup>189</sup>

In terms of natural gas, China is heavily invested in two major projects: production of Burma's natural gas reserves from the Shwe gas field, and construction of a natural gas pipeline that will transport this gas from the onshore gas terminal, across Burma, to Nanning, China. The extraction project is being headed by an international consortium led by Daewoo international, and it is expected that the project will be able to pump up to 500 mmcfd. The gas will be transported through underwater pipes to an onshore gas terminal on Ramree Island.<sup>190</sup>

CNPC is leading the project for the construction of the natural gas pipeline, which is expected to stretch 2,800 km with an annual capacity of 12 billion cubic meters

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<sup>188</sup> Shwe Gas Movement (SGM), *Corridor of Power: China's Trans-Burma Oil and Gas Pipelines* (Chang Mai, Thailand: SGM, 2009): 2.

<sup>189</sup> ICG, *China's Myanmar Dilemma*, 19.

<sup>190</sup> SGM, *Corridor of power*, 2.

(bcm).<sup>191</sup> China's total natural gas consumption for 2010 was 109 bcm,<sup>192</sup> which means that the pipeline could meet as much as 10% of its current demand. This pipeline will parallel the oil pipeline that CNPC is also developing, running across Burma and into Southwestern China. This project will include a deepwater port and terminal on Madaya Island, onshore storage facilities, as well as the pipeline itself.<sup>193</sup>

### Impacts on human security

Stretching nearly 4,000 kilometers in total, the development of the dual oil and gas pipelines will dwarf all pre-existing pipeline projects in the country (see Table 4).<sup>194</sup> Under the agreement, the Burmese army will provide security for the pipeline inside the country, and CNPC is responsible for the construction and operation of the oil pipeline.<sup>195</sup> This enables CNPC to invest in a volatile area without owning responsibility for the abuses and violations required to secure the pipeline corridor.

**Table 4 - Oil and Gas Pipeline Projects in Myanmar<sup>196</sup>**

Pipeline	Resource	Destination	Length	Capacity (annual)	Status
Burma-China	Natural gas	China	2,800 km	12 billion cubic meters	Under construction
Burma-China	Oil	China	1,100 km	22 million tons	Under construction
Kanbawk-Myaing Kalay <sup>197</sup>	Natural gas	Burma	295 km		Complete

<sup>191</sup> SGM, *Corridor of power*, 2.

<sup>192</sup> BP Global, "Energy charting tool."

<sup>193</sup> SGM, *Corridor of power*, 2.

<sup>194</sup> SGM, *Corridor of Power*, 1, 22.

<sup>195</sup> ERI, *The Burma-China Pipelines: Human Rights Violations, Applicable Law, and Revenue Secrecy* (Washington, DC: ERI, 2011): 4.

<sup>196</sup> SGM, *Corridor of power*.

Yadana	Natural gas	Thailand	412 km	Complete
Yetagun	Natural gas	Thailand	270 km	Complete
Zawtika	Natural gas	Thailand	65 km	Unknown

However, to date, the largest negative impacts on human security in relation to oil and gas investment from foreign countries has not come from China, but the United States and France. China is still a relatively new player in Myanmar’s oil and gas sector, whereas other international oil companies (IOCs) have a much longer history in the country. However, China is rapidly gaining traction in the country. Consequently, it is important to assess the impact of the most notorious projects in Myanmar to date, and then assess what this means for Chinese investment moving forward.

### ***Legacy of the Yadana and Yetagun natural gas projects***

Deriving its name from the Burmese name for “treasure”, the Yadana gas field is located approximately 60 kilometres off the coast of Myanmar, in the Andaman Sea. The gas field was discovered by MOGE in 1982 and French energy giant, Total, began development in 1992.<sup>198</sup> The gas field contains an estimated 5.3 trillion cubic feet (tcf) of natural gas.<sup>199</sup> Similarly, the Yetagun natural gas project began in January 1990 when a subsidiary of Premier Oil (UK) signed a PSC for two fields; another PSC was signed for a third field in 1992. Like the Yadana field, the Yetagun has considerable energy reserves: “The project has certified reserves of 3.2tcf of natural gas and 84.6 million barrels of gas condensate.”<sup>200</sup> Commercial production began in May 2000, increasing

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<sup>197</sup> Human Rights Foundation of Monland (HURFOM), *Laid Waste: Human Rights along the Kanbauk to Myaing Kalay gas pipeline* (Bangkok: HURFOM, May 2009): 9.

<sup>198</sup> Black, “Blood Money,” 219.

<sup>199</sup> Total, *Total in Myanmar*, 15.

<sup>200</sup> Black, “Blood Money,” 222

from 200 million cubic feet per day (mmcf) in the early stages of production to 500 mmcf in 2004.<sup>201</sup> (See Table 5 for a breakdown of project ownership structures.)

**Table 5 - Ownership Structures of the Yadana and Yetagun Natural Gas Projects<sup>202</sup>**

Company	Country of Origin	Yadana ownership	Yadana revenue	Yetagun ownership
Myanma Oil and Gas Enterprise	Myanmar	15 %	50.93 %	20.5 %
PPT Exploration and Production	Thailand	25.5 %	9.15 %	19.3 %
Total	France	31.24 %	11.2 %	
Chevron	USA	28.26 %	10.14 %	
Patronas	Malaysia			40.9 %
Nippon Oil	Japan			19.3 %

Construction of the pipelines has resulted in increased militarisation. Three Light Infantry Battalions (LIBs) moved into the area in 1991, and since then at least 16 battalions have either been stationed or patrolled the area.<sup>203</sup> Each battalion consists of approximately 250-300 troops, which means that securitization of the pipeline corridor has involved at least 4,000 to 4,800 troops, although others have estimated that pipeline security is closer to 10,000.<sup>204</sup> Increased militarisation has resulted in displacement: villages within 20 miles of the pipeline corridor were forced to relocate closer to Army

<sup>201</sup> Black, "Blood Money," 221-222

<sup>202</sup> ERI, *Total Impact: The Human Rights, Environmental, and Financial Impacts of Total and Chevron's Yadana Gas Project in Military-Ruled Burma (Myanmar)* (Chang Mai, Thailand: ERI, 2009): 13; ERI, *Energy Insecurity: How Total, Chevron, and PTTEP Contribute to Human Rights Violations, Financial Secrecy, and Nuclear Proliferation in Burma (Myanmar)* (Washington; Chang Mai, Thailand: ERI, July 2010): 24; Black, "Blood Money," 222.

<sup>203</sup> ERI, *Total Denial Continues: Human Rights Abuses Along the Yadana and Yetagun Pipelines in Burma* (Washington: ERI, May 2000): 23. As identified in the report, these include the following battalions: 25, 61, 104, 267, 273, 282, 401, 402, 403, 404, 405, 406, 407, 408, 409 and 410.

<sup>204</sup> International Federation for Human Rights (FIDH), *Burma, Total and Human Rights: dissection of a project* (New York: FIDH, 1996): 21.

outposts to securitize the area.<sup>205</sup> As many as 30,000 people from over 50 villages “have been forcibly displaced since the beginning of 1991.”<sup>206</sup>

Additionally, those living within the area or otherwise forced to relocate are subject to increased abuses by the military, particularly forced labour. The military regime has often referred to the use of forced labour as voluntary work, which they cite as a traditional root within Burmese culture.<sup>207</sup> In the early to mid 1990s, the state-run newspaper *The New Light of Myanmar* claimed that there were well over 4 million voluntary workers in Myanmar; construction of the Aungban-Loikaw railway line reportedly involved nearly 800,000 ‘volunteers’.<sup>208</sup> While there are no official statistics related to the development of the pipeline projects, development of the local service road which accompanies the pipeline is reported to have included at least 50,000 people.<sup>209</sup>

Accurate data on the amount of revenue these projects have contributed to the Burmese government is complicated by a lack of revenue transparency. According to estimates by EarthRights International, the Yadana project has “generated over US\$10 billion from 1998 to 2010, about half of which went to the Burmese military regime.”<sup>210</sup> In 2009, French company Total disclosed that their involvement in the Yadana project had contributed USD \$254 million to the Burmese government in 2008.<sup>211</sup> Chevron still refuses to disclose amounts related to its operations in Burma.

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<sup>205</sup> SGM, *Corridor of Power*, 22; Rosalie Smith, “Ground control: militarization and the theft of Burma’s land,” *Democratic Voice of Burma*, April 23, 2009.

<sup>206</sup> FIDH, *Burma, Total and Human Rights*, 23.

<sup>207</sup> FIDH, *Burma, Total and Human Rights*, 26.

<sup>208</sup> FIDH, *Burma, Total and Human Rights*, 26.

<sup>209</sup> FIDH, *Burma, Total and Human Rights*, 27.

<sup>210</sup> ERI, *The true cost of Chevron*, 27.

<sup>211</sup> ERI, *The Burma-China Pipelines*, 21.

These projects were problematic from the beginning in large part because they ran through regions controlled by armed ethnic groups and indigenous populations.<sup>212</sup> Local ethnic minority groups were never consulted about the pipeline project, and both Total and Unocal “have always refused any contact with them.”<sup>213</sup> There have been reports that Total supplied funding and supplies directly to army battalions, including 60 million kyat in July 1998 to the dozen or so army battalions guarding the pipeline at that time.<sup>214</sup> The military government launched a campaign to securitize the pipeline corridor and eliminate resistance within the area between 1994 and 1995.<sup>215</sup> Armed offensives against armed ethnic groups resulted in the forcible displacement of thousands of civilians.<sup>216</sup> Consequently, the pipeline project has contributed to the perpetuation and “increase in fighting between the army and the armed rebel groups.”<sup>217</sup>

Several attacks against the project occurred between 1995 and 1996.<sup>218</sup> These resulted in violent reprisals against civilian populations by the army.<sup>219</sup> Reports suggest that the KNU’s 4<sup>th</sup> brigade launched a series of attacks against construction sites owned by Total, including the death of four workers and a French national.<sup>220</sup> Unsurprisingly, the Burmese army immediately retaliated by displacing 11 Karen villages. In February 2007, the military attacked the 4<sup>th</sup> Brigade’s headquarters, causing 15,000 locals to flee to

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<sup>212</sup> FIDH, *Burma, Total and Human Rights*, 21.

<sup>213</sup> FIDH, *Burma, Total and Human Rights*, 21.

<sup>214</sup> “Is Total the next Unocal?” *The Irrawaddy* 7, no. 7 (1999).

<sup>215</sup> FIDH, *Burma, Total and Human Rights*, 21.

<sup>216</sup> FIDH, *Burma, Total and Human Rights*, 21.

<sup>217</sup> FIDH, *Burma, Total and Human Rights*, 21.

<sup>218</sup> FIDH, *Burma, Total and Human Rights*, 22-3.

<sup>219</sup> FIDH, *Burma, Total and Human Rights*, 23.

<sup>220</sup> “Is Total the next Unocal?”

the Thai border.<sup>221</sup> The military regime subsequently bolstered its forces in the area to provide tight security over the project, increasing from 5 to 40 battalions—or from over 1,250 troops to over 10,000.<sup>222</sup> Naturally, this resulted in increased abuses toward locals, including forced labour, confiscation of land and property.<sup>223</sup>

Total and Unocal/Chevron have claimed that intrastate conflict in the region had existed prior to their involvement, and that increased securitization is a result of rebel group attacks on the project.<sup>224</sup> However, Total and Unocal were sued by Burmese plaintiffs in French and US courts, respectively, for complicity in human rights abuses. In 2006, each company agreed to multi-million dollar settlements out of court.<sup>225</sup> While many of these human rights violations were most extreme during the construction and development phases of these pipelines, some persist today.<sup>226</sup>

### ***Kanbawk-Myaing Kalay pipeline***

Garnering less attention is the Kanbawk-Myaing Kalay pipeline, which is part of the Yadana gas project, and is used to transport MOGE's share of production from the Yadana gas fields. The pipeline runs from Kanbawk in Burma's Tenasserim Division to Kachin State and then on to Yangon.<sup>227</sup> While less infamous, at least internationally, this project has resulted in a threefold increase in military presence since it began.<sup>228</sup> This has

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<sup>221</sup> "Is Total the next Unocal?"

<sup>222</sup> "Is Total the next Unocal?" Troops numbers are calculated based on an average of 250-300 troops in each battalion. So, 5 battalions equals between 1250-1500 troops, and 40 battalions equals between 10,000-12,000 troops.

<sup>223</sup> "Is Total the next Unocal?"

<sup>224</sup> FIDH, *Burma, Total and Human Rights*, 21.

<sup>225</sup> SGM, *Corridor of Power*, 22.

<sup>226</sup> ERI, *The true cost of Chevron*, 27.

<sup>227</sup> HURFOM, *Laid Waste*, 9.

<sup>228</sup> HURFOM, *Laid Waste*, 1-2.

resulted in at least forty-five incidents of land seizure (largely uncompensated) involving 11,966 acres of land, which include: 298 acres of farmland, 900 acres of wild land, 8,676 acres of plantations and orchards, and 2,092 acres of other land.<sup>229</sup> Additional abuses documented are summarized in the Table 6.

**Table 6 - Documented Human Rights Abuses Associated with the Kanbawk-Myaing Kalay Pipeline<sup>230</sup>**

Incident	# of incidents	# of victims
Taxation and commandeering by pipeline battalions	72	
torture	39	524
killing	29	107
Rape and other forms of sexual assault		62

Additionally, 3,000 Burmese have fled military harassment amid project development to refugee camps along the Thai border.<sup>231</sup>

### *The China-Burma Pipelines*

While still in its infancy, preliminary activities associated with the development of China's dual oil and gas pipelines have already resulted in land confiscation and displacement. The dual pipeline development project is deeply unpopular among villagers and locals in areas affected: "In interviews from 2005- 2011, EarthRights has not recorded a single interview with a local person in favour of the project."<sup>232</sup>

The China-Burma pipeline and Shwe gas projects will provide a considerable source of revenue for the regime. Between 2008 and 2009, natural gas sales accounted for

<sup>229</sup> HURFOM, *Laid Waste*, 65-89.

<sup>230</sup> HURFOM, *Laid Waste*, 65-89.

<sup>231</sup> "Is Total the next Unocal?"

<sup>232</sup> ERI, *The Burma-China Pipelines*, 18.

US\$2.4 billion in revenue, or nearly 50 percent of all export revenues.<sup>233</sup> The Shwe gas project is expected to provide the junta with an estimated US\$970 million in annual revenue, which will account for over US \$29 billion over the next 30 years.<sup>234</sup>

Additionally, CNPC is contractually obligated to pay MOGE a series of production bonuses based on graduated production milestones. The first bonus is based on approval of the development plan, and subsequent bonuses occur once production has exceeded a specified threshold over any consecutive 90 day period.<sup>235</sup>

In terms of human security, the pipeline project has already been associated with an increased presence of military, navy and security forces.<sup>236</sup> The Shwe Gas Movement reports that 44 battalions (up to 13,200 troops) have been positioned along the pipeline corridor.<sup>237</sup> Additionally, there is a strong link between gas sales and arms purchases in Myanmar. In 2001, the regime purchased helicopters “after receiving a bonus of US\$15 million from Total.”<sup>238</sup> In the same year, the regime purchased 10 MiG-29 fighter jets immediately after receiving US\$100 million in gas purchases from the Petroleum Authority of Thailand.<sup>239</sup> In 2007, Daewoo International President, the former managing director and 12 other high-ranking officials were convicted of “illegally exporting

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<sup>233</sup> SGM, *Corridor of Power*, 11.

<sup>234</sup> SGM, *Corridor of Power*, 11.

<sup>235</sup> The thresholds and corresponding bonuses are as follows, all in USD: \$2 million at 150 mmcf, \$3 million at 300 mmcf, \$4 million at 600 mmcf, \$5 million at 750 mmcf, and \$10 million at 900 mmcf. ERI, *The Burma-China Pipelines*, 20.

<sup>236</sup> ERI, *The Burma-China Pipelines*, 5.

<sup>237</sup> SGM, *Corridor of Power*, 7.

<sup>238</sup> SGM, *Corridor of Power*, 13.

<sup>239</sup> SGM, *Corridor of Power*, 13.

weapons technology and equipment to Burma”, largely suspected in connection with Daewoo’s successful acquisition of the Shwe gas fields in 2000.<sup>240</sup>

Development of the natural gas storage facility on Maday Island has resulted in the confiscation of 60 acres of farmland and displacement of 56 villagers.<sup>241</sup> There is speculation that the whole island may be confiscated, either directly or, more likely, by making life much more difficult or impossible for villagers in the project area.<sup>242</sup>

Construction of the deepwater port on Kyaukpyu is rumoured to “displace 300 households, but there have been no official announcements yet.”<sup>243</sup> The navy presence has also resulted in human rights abuses, such as demanding “payment from fishermen to put their boats to sea.”<sup>244</sup>

Additionally, because the pipelines will run through a number of areas controlled by ethnic minority groups, the potential for intrastate conflict could lead to greater insecurity.<sup>245</sup> As the pipelines extend into the northeastern minority areas of Burma’s border regions, they will pass through “areas long affected by ethnic-related violence and conflict.”<sup>246</sup> (See Map 1)

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<sup>240</sup> SGM, *Corridor of Power*, 13.

<sup>241</sup> ERI, *The Burma-China Pipelines*, 8.

<sup>242</sup> ERI, *The Burma-China Pipelines*, 9.

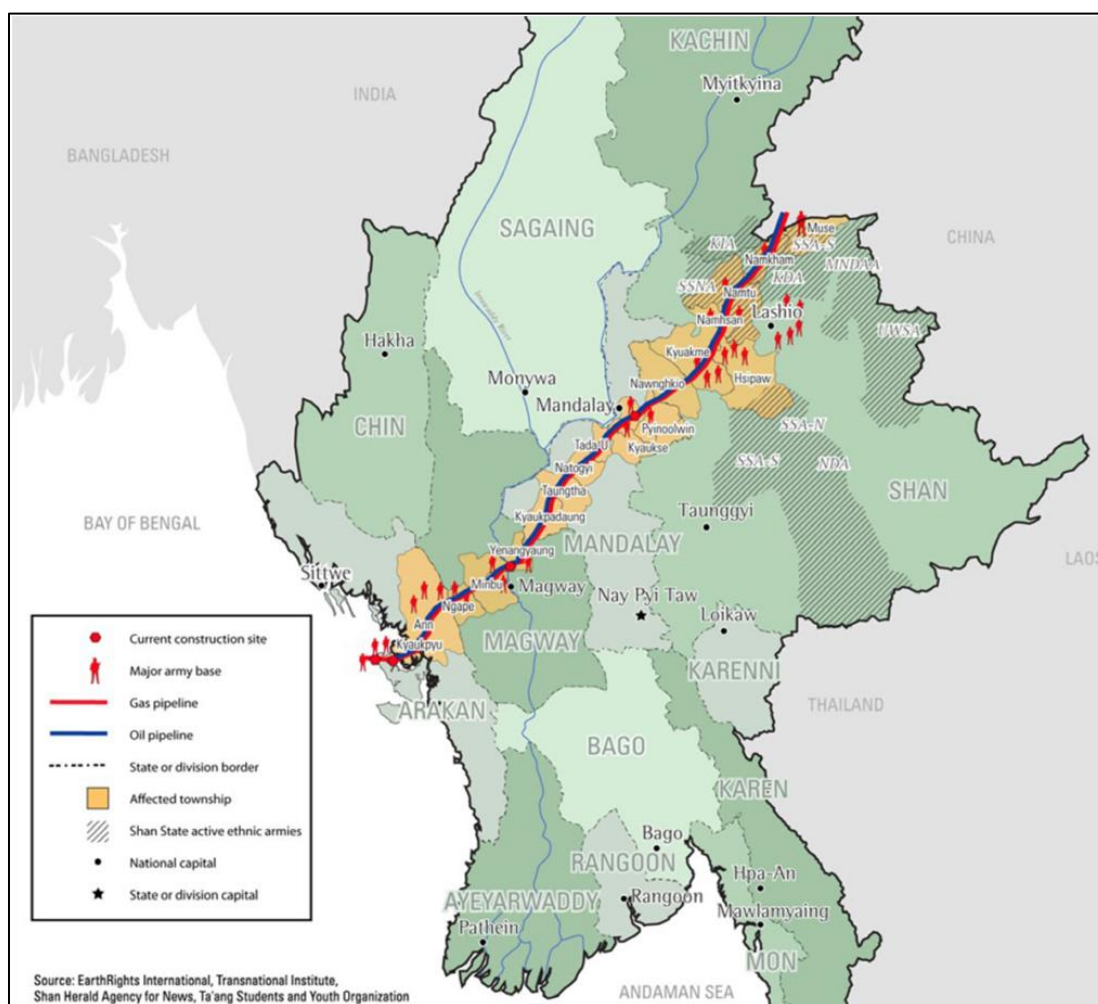
<sup>243</sup> ERI, *The Burma-China Pipelines*, 4.

<sup>244</sup> ERI, *The Burma-China Pipelines*, 12.

<sup>245</sup> SGM, *Corridor of Power*, 19.

<sup>246</sup> ERI, *The Burma-China Pipelines*, 7.

Map 1 - Military Bases and Affected Townships Along the Burma-China Pipelines<sup>247</sup>



The reality of this situation was highlighted in August 2009 when, as part of a stepped-up offensive to consolidate power, the military launched an assault on the MNDA, triggering a flood of 37,000 refugees into China's southern Yunnan province.<sup>248</sup> As the regime seeks to consolidate its control over the country, the pipeline projects may be used as a tool for the Burmese regime to eradicate armed ethnic groups.<sup>249</sup>

<sup>247</sup> ERI, *The Burma-China Pipelines*, 5.

<sup>248</sup> Storey, "Emerging Fault Lines in Sino-Burmese Relations," 5-7.

<sup>249</sup> ERI, *The Burma-China Pipelines*, 19.

## Conclusions

While many of these impacts are interrelated, the largest threats to human security and stability within the region have come through militarisation, conflict and displacement. Under the rubric of “development” and national “reconsolidation”, the military government seeks to expand and entrench its power over the country through increased militarisation and control over semi-autonomous ethnic (ceasefire) groups in its border regions. As the central government fights for control over the country’s resources and population, those who oppose the regime or are simply caught in the crossfire are subject to increased incidents of conflict and displacement.

Chinese investment in Myanmar’s energy sector provides the military with increased incentive and means to expand in its efforts to undermine the control of armed cease-fire groups.<sup>250</sup> Chinese investment in Myanmar’s energy sector affects many of the ethnically controlled regions in which energy resources lie.<sup>251</sup> Chinese interests exacerbate tensions between the military and armed ethnic forces by increasing competition and claims over lucrative resources and investment projects.

A human security analysis has shown that the poor and disenfranchised within Myanmar tend to suffer a disproportionate share of the negative impacts of these projects, while elites within the regime benefit. A key indicator is the provision of energy to foreign interests while those living in construction zones remain energy poor: “The per capita electricity consumption in Burma is less than 5% that of neighbouring Thailand and China... [and]...over 90% of people in Arakan State use candles for light and

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<sup>250</sup> Katrina Winters, “Post-election Threats to Ethnic Areas,” *The Irrawaddy*, May 18, 2010.

<sup>251</sup> ICG, *China’s Myanmar Dilemma*, 22, 26.

firewood as their primary source of cooking fuel yet all of Shwe Gas will be piped to China.”<sup>252</sup>

However, Chinese companies are relatively new players in Myanmar’s oil and gas sector. The role of Chevron and Total suggests that China’s impact on human security in this sector is similar to that of its predecessors. The only distinguishing characteristic about current projects with Chinese investors is the magnitude of the project—the dual oil and gas pipeline projects by CNPC will be considerably larger than their predecessors, with greater potential and risk to contribute to existing insecurities within the pipeline corridor.

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<sup>252</sup> SGM, *Corridor of Power*, 15.

## Chapter Four – Hydropower

Myanmar's hydropower sector is governed by the Ministry of Electric Power (MOEP), which is responsible for both generating and distributing power.<sup>253</sup> MOEP works to plan and implement hydropower projects to meet the country's future demand and, under MOEP, state-owned enterprises (SOEs) work with foreign investors to carry these projects out.<sup>254</sup> Chinese companies are by far the largest foreign investors in Myanmar's hydropower sector. The most significant Burmese companies are Asian World Company and Suntac Technologies. Asia World Co. was founded by "the infamous opium druglord Lo Hsing Han" and is heavily involved in "export trading, investment in infrastructure and manufacture, logistics and project contracting."<sup>255</sup> Suntac is involved in transportation-related projects, including highway and railway construction, as well as studies related to transportation, hydropower development and irrigation systems.<sup>256</sup>

Myanmar's potential capacity for hydropower development is estimated at over 38,000 MW, but its existing capacity has only been developed to 1,775 MW.<sup>257</sup> This represents a relatively untapped resource that Chinese investors, government officials in Naypyidaw, and ethnic groups in Myanmar's border regions are eager to exploit. Given China's proximity, expertise, low operating costs and experience investing in politically

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<sup>253</sup> Kachin Development Networking Group (KDNG), *Damming the Irrawaddy* (Kachin State, Burma: KDNG, 2007): 17.

<sup>254</sup> KDNG, *Damming the Irrawaddy*, 17.

<sup>255</sup> KDNG, *Damming the Irrawaddy*, 20.

<sup>256</sup> KDNG, *Damming the Irrawaddy*, 21.

<sup>257</sup> KDNG, *Damming the Irrawaddy*, 5.

unstable regions, Chinese hydropower companies have been extremely well-positioned to develop Myanmar's hydropower resources.

This chapter takes a closer look at China's growing hydropower industry and the impact this has on human security in Myanmar.

### **China's hydropower industry**

China is the world leader in large dam construction, and is home to nearly 85,000 (46 percent) of operational dams worldwide, including approximately half of the world's 48,000 large dams.<sup>258</sup> China's hydropower industry is currently undergoing its most significant overseas expansion in history. In 2008, it was estimated that ninety percent of Chinese dam projects abroad had been completed or launched in the ten years prior.<sup>259</sup> This included approximately 97 projects in 38 countries.<sup>260</sup> As of December 2010—just over two years later – this number mushroomed to approximately 269 projects in 66 different countries.<sup>261</sup> The most recent updates in May 2012 indicate at least 345 hydropower projects in 69 different countries.<sup>262</sup>

Chinese companies are expanding their hydropower operations across the globe, and are now involved in projects in Africa (85), Asia (174), Europe (12), Latin America

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<sup>258</sup> WWF, "Dam facts and figures," [http://wwf.panda.org/what\\_we\\_do/footprint/water/dams\\_initiative/quick\\_facts/](http://wwf.panda.org/what_we_do/footprint/water/dams_initiative/quick_facts/) (accessed January 10, 2012) ; International Rivers, *The New Great Walls: A Guide to China's Overseas Dam Industry* (Berkeley: International Rivers, July 2008): 5; International Rivers, *Dammed Rivers, Dammed Lives: The Case Against Large Dams* (Berkeley: International Rivers, 2008).

<sup>259</sup> Kristen McDonald, Peter Bosshard and Nicole Brewer, "Exporting dams: China's hydropower industry goes global," *Journal of Environmental Management* 90, supplement 3 (2009): S297.

<sup>260</sup> International Rivers, *The New Great Walls*.

<sup>261</sup> This is based on data collected by International Rivers on dam projects with Chinese funding or involving Chinese companies which have won major contracts. These includes projects at different levels, including MOUs, feasibility studies, under construction or completed. The authors acknowledge that the data may not exact. Some projects may not go ahead, whereas some may be missing. This data was last updated in December 2010, and can be found at <http://www.internationalrivers.org/node/3110>. (accessed January 24, 2012)

<sup>262</sup> International Rivers, "China." <http://www.internationalrivers.org/programs/china> (accessed May 02, 2012)

(23), the Middle East (6) and the Pacific (3).<sup>263</sup> China's hydropower industry is undergoing its most significant expansion in Southeast Asia (127), particularly in Myanmar (59). These projects can also be broken down by size, including small (18), medium (38), and large (199)—the size of 48 of these projects is unknown.<sup>264</sup>

**Table 7 - Chinese Dams Around the World, 2010**<sup>265</sup>

Albania	2	Gambia	1	Oman	1
Algeria	4	Georgia	1	Pakistan	12
Angola	1	Ghana	6	Panama	1
Argentina	1	Guinea	3	Papua New Guinea	1
Bangladesh	1	Guyana	1	Philippines	4
Belize	2	Honduras	1	Republic of Congo	4
Benin	1	Indonesia	2	Russia	1
Botswana	1	Iran	5	Serbia	1
Brunei	1	Kazakhstan	3	Sri Lanka	1
Burma	59	Kenya	2	Sudan	4
Burundi	2	Kyrgyzstan	2	Syria	1
Cambodia	11	Lao PDR	19	Tajikistan	2
Cameroon	3	Liberia	1	Tanzania	1
Central African Republic	2	Madagascar	1	Thailand	4
Columbia	1	Malaysia	18	Togo (and Benin)	1
Congo (DR)	3	Mali	1	Tunisia	1
Cote D'Ivoire	1	Mongolia	1	Turkey	2
Ecuador	5	Morocco	4	Uganda	2
Equatorial Guinea	1	Mozambique	4	Uzbekistan	2
Ethiopia	7	Nepal	14	Vietnam	6
Fiji	1	Niger	1	Zambia	8
Gabon	2	Nigeria	4	Zimbabwe	2

International Rivers identifies six key factors which have led to the expansion of China's overseas dam industry, including: expertise, experience and capacity; domestic competition; support from state and other financial institutions; low operating costs; government incentives; and, resource acquisition.<sup>266</sup>

<sup>263</sup> International Rivers, "China."

<sup>264</sup> International Rivers, "China."

<sup>265</sup> International Rivers, December 2010 list. <http://www.internationalrivers.org/node/3110> (accessed January 24, 2012)

<sup>266</sup> International Rivers, *The New Great Walls*, 5.

China has a tremendous amount of expertise and capacity for dam construction, including an extensive and experienced dam building industry. Additionally, a highly competitive dam industry within China has prompted many Chinese companies to pursue international opportunities. Chinese banks and export credit agencies are increasingly filling the role of traditional large dam project funders. At the same time, Chinese companies are able to operate at a much lower cost than many contractors from wealthier nations, allowing them to out-bid the competition on dam projects.<sup>267</sup>

Chinese dam builders have also benefitted from government incentives to expand foreign investment through China's "going out" strategy.<sup>268</sup> Government research, decentralized decision-making and financial subsidies have encouraged Chinese hydro companies to expand their foreign investment portfolios. Additionally, China's promotion of cooperative efforts such as the Forum of China-Africa Cooperation (FOCAC), preferential loans and preferential buyer's credits have helped enhance China's soft power in many developing countries in Africa; this has made it much easier for Chinese companies to secure lucrative overseas contracts.<sup>269</sup> This supports the argument that the Chinese government uses SOEs to advance its foreign policy interests. Although the argument could also be made that this satisfies domestic political concerns related to economic development and employment. Additionally, government subsidy of key industries related to energy or other important industries is not unique to China.

Finally, the expansion of China's hydropower industry abroad serves to acquire access to natural resources both directly and indirectly. Access to natural resources is

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<sup>267</sup> International Rivers, *The New Great Walls*, 5.

<sup>268</sup> McDonald, Bosshard and Brewer, "Exporting dams," S298.

<sup>269</sup> McDonald, Bosshard and Brewer, "Exporting dams," S298.

attained directly by building dams within close proximity to planned or existing power grids for integration into China's domestic system. As of 2005, China's installed hydropower capacity was approximately 117 GW.<sup>270</sup> As part of a broader effort to meet its growing energy demand, China is looking to increase its current installed hydropower capacity to 270 GW by 2020.<sup>271</sup> This is an ambitious target, and gaining greater access to neighbouring hydropower resources will contribute to reaching this goal. However, this is only possible in neighbouring countries where developing the infrastructure necessary to channel the energy into China is economically viable.

Hydropower projects also serve to acquire access to natural resources indirectly. Infrastructure projects including large dams and roads often help secure agreements with resource-rich countries.<sup>272</sup> In Southeast Asia, these projects serve not only the interests of Chinese investors, but also China's broader need to "secure regional peace and stability, and to facilitate cross border trade."<sup>273</sup> In other countries, particularly within Africa, these agreements may provide an incentive for preferential access to other natural resources. This supports the argument that the government uses SOEs to advance its foreign policy interests, in this case acquisition of natural resources.

### ***Who's who***

China's hydropower industry is governed by a number of government institutions, dam builders and financiers. In terms of government institutions, the State Council has ultimate authority and supervises the National Development and Reform Commission

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<sup>270</sup> Chunchun Ni, *China Energy Primer* (Berkeley: Lawrence Berkeley National Laboratory, 2009): 7.

<sup>271</sup> "Beyond Three Gorges in China," *International Water Power and Dam Construction*, January 10, 2010. <http://www.waterpowermagazine.com/story.asp?storyCode=2041318> (accessed November 05, 2011).

<sup>272</sup> International Rivers, *The New Great Walls*, 5.

<sup>273</sup> International Rivers, *The New Great Walls*, 6.

(NDRC) and Ministry of Commerce. The NDRC is responsible for planning, whereas the Ministry of Commerce, “manages the budget for the Chinese government’s foreign aid.”<sup>274</sup> The State-owned Asset Supervision and Administrative Commission (SASAC) oversees state-owned enterprises (SOEs) in the sector, and “acts as the majority shareholder of Sinohydro and other dam building companies.”<sup>275</sup>

China Exim Bank is the largest funder of Chinese hydropower projects abroad.<sup>276</sup> However, financing is also provided through a number of government banks and investment agencies, including the Bank of China, the Industrial and Commercial Bank of China, CITIC and the China Development Bank (CDB). Additionally, funding is provided by a number of private investment companies, such as Hanergy Holdings and the Goldwater Investment Group.<sup>277</sup>

In terms of dam builders, Sinohydro has a seventy percent market share in China’s domestic hydropower sector, and corporate chairman Huang Baodong claimed in 2009 that the company is “now undertaking more than 50 percent of the world’s hydropower projects.”<sup>278</sup> Other major players in the China’s overseas hydropower industry include China Southern Power Grid (CSG), China International Water and Electric Corporation, China National Heavy Machinery Corporation, China Machine Corporation, and China Electric Power Technology Import and Export Corporation.<sup>279</sup>

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<sup>274</sup> International Rivers, *The New Great Walls*, 8-9.

<sup>275</sup> International Rivers, *The New Great Walls*, 10.

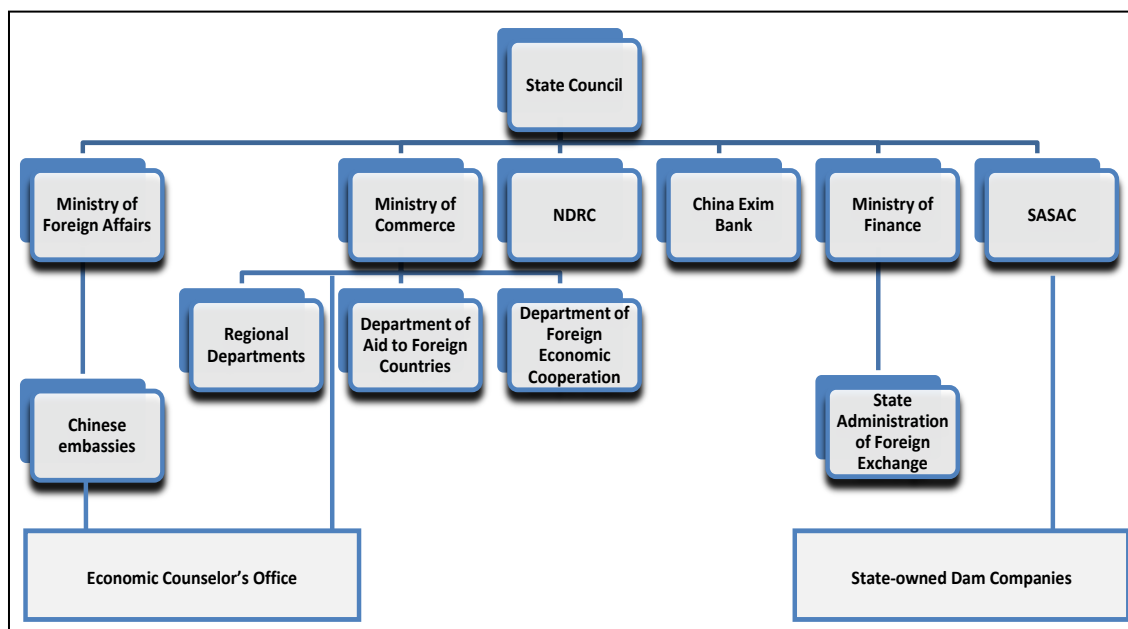
<sup>276</sup> International Rivers, *The New Great Walls*, 12-3.

<sup>277</sup> International Rivers, *The New Great Walls*, 12-3.

<sup>278</sup> Yang Wanli, “Sinohydro: top hydropower engineering firm,” *China Daily*, October 10, 2009.

<sup>279</sup> International Rivers, *The New Great Walls*, 11-12.

**Figure 14 - Chinese Government Offices Involved in Dam Building Overseas<sup>280</sup>**



### Chinese investment in Myanmar's hydropower sector

China is by far the dominant player in Myanmar's hydropower sector, announcing in the first quarter of FY 2011 that it would invest US\$5 billion in Myanmar's hydropower sector.<sup>281</sup> According to a report released by EarthRights International in September 2008, at least forty-five multinational corporations (MNCs) are involved in approximately sixty-five hydropower projects in Myanmar.<sup>282</sup> This includes the fifty-three projects summarized in Table 8, as well as ten substation and transmission line projects and two projects whose location remains unknown. In total, Chinese companies are involved in projects totalling over 37,000 MW of installed capacity.

<sup>280</sup> International Rivers, *The New Great Walls*, 8.

<sup>281</sup> Aung Hla Tun, "Chinese investment in Myanmar tops \$8 bln this year – data," *Reuters*, August 16, 2010.

<sup>282</sup> ERI, *China in Burma*, 5.

**Table 8 - Hydropower Projects in Myanmar with Chinese Involvement<sup>283</sup>**

State	Projects	MW	Division	Projects	MW
Chin	1	1	Magway	3	210
Kachin	14	13,876	Mandalay	6	1,250
Karen	3	1,470	Pegu	8	380
Shan	16	11,017	Sagaing	2	31

Calculating the costs and projected revenue from these projects is complicated by a lack of transparency and reliable data. However, “Engineers generally estimate that it costs US\$1 million per megawatt of installed capacity to build a hydropower dam.”<sup>284</sup> Given this general rule, along with the data which is currently available, we can estimate that the costs of the projects listed above will fall between US\$35-40 billion. Taking into account the number of smaller projects not included, as well as those planned for construction in other parts of Myanmar, total costs are likely to run well over US\$40 billion.

### Impacts on human security

The World Commission on Dams (WCD) estimates that dam projects have displaced between 40 and 80 million people worldwide and destroyed the livelihoods of millions living downstream from dam sites.<sup>285</sup> Those forced to resettle often receive inadequate compensation and access to basic necessities such as food, water and sanitation, resulting in increased incidents of substance abuse, violence and disease.<sup>286</sup>

The widespread displacement issues associated with hydropower projects cause severe

<sup>283</sup> ERI, *China in Burma*, 16-17.

<sup>284</sup> KDNG, *Damming the Irrawaddy*, 12.

<sup>285</sup> World Commission on Dams (WCD), *Dams and Development: A New Framework for Decision-Making* (London: Earthscan, 2000), xxx-xxxii.

<sup>286</sup> International Rivers, *Dammed Rivers, Damned Lives*.

economic strain on those forced to relocate. Those living downstream become increasingly vulnerable to erratic flood patterns, which threatens their livelihoods and food security either by inundating villages and crops, or disrupting annual flood patterns needed for irrigation and well reserves.<sup>287</sup>

Large dam projects have had serious environmental impacts, including the “irreversible loss of species and ecosystems.”<sup>288</sup> They have also led to the destruction of fisheries, major river fragmentation, reduced water quality, increased water borne diseases and the emission of greenhouse gases.<sup>289</sup> In worst case scenarios, forced resettlement activities have resulted in severe human rights abuses, including torture, rape and murder. Indigenous groups, ethnic minorities, women and the poor tend to bear a disproportionate share of the costs and negative impacts of these projects.<sup>290</sup>

Chinese hydropower developments are notorious for their negative social and environmental impacts.<sup>291</sup> Since 1949, Chinese dam construction has resulted in the displacement of between 10 and 20 million of its own people.<sup>292</sup> China’s Three Gorges dam alone has displaced over 1.2 million people, and could reach as high as 2 million.<sup>293</sup> The negative social and environmental impacts of large dam construction have become an increasingly important issue to Chinese political leaders concerned about social unrest. This is reflected in the freeze of many hydropower development plans set out in China’s

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<sup>287</sup> International Rivers, *Dammed Rivers, Dammed Lives*.

<sup>288</sup> WCD, *Dams and Development*, xxxi.

<sup>289</sup> International Rivers, *Dammed Rivers, Dammed Lives*.

<sup>290</sup> WCD, *Dams and Development*, xxxi; International Rivers, *Dammed Rivers, Dammed Lives*.

<sup>291</sup> International Rivers, *The New Great Walls*, 5.

<sup>292</sup> WCD, *Dams and Development*, 104; Desiree Tullos et al., “Perspectives on the Salience and Magnitude of Dam Impacts for Hydro Development Scenarios in China,” *Water Alternatives* 3, no. 2 (2010): 86.

<sup>293</sup> “Dam shame,” *The Economist* 364, no. 8280 (July 2002): 42.

11<sup>th</sup> Five-year Plan, which has been described as a defacto five-year ban on medium and large scale dam building in the country.<sup>294</sup> Conversely, the political imperative of economic growth and job creation necessitates continued support for China's massive hydropower industry. Combined with increased competition and declining returns on domestic projects, this creates a strong incentive for Chinese dam builders to seek more lucrative projects abroad.<sup>295</sup>

However, as China's dam industry goes global, its foreign hydropower projects have tended to adopt the questionable practices it exercises at home, and in many cases to a less restrained and more harmful degree.<sup>296</sup> For example, the Merowe dam in Sudan has been one of China's more controversial overseas dam projects. Construction of the dam cost approximately US\$1.8 billion, with an installed capacity of 1,250 MW. The project has resulted in the forced displacement of over 50,000 farmers, human rights abuses and government violence against protesters.<sup>297</sup> Table 9 summarizes other controversial Chinese hydropower projects around the world.

**Table 9 - Controversial Chinese Hydropower Projects**<sup>298</sup>

Dam	Country	MW	Cost (USD)	Issues
Merowe	Sudan	1,250	1.8 billion	- displaced 50,000 farmers - government violence against protesters - human rights abuses
Mphanda Nkuwa	Mozambique	1,500	2 billion	- expected displacement - environmental degradation

<sup>294</sup> Xie Liangbing and Chen Yong (translated by Guo Wei and edited by Ruoji Tang and Paul Pennay), "Making Up for Lost Time: China's Hydropower Push," *Economic Observer* 501, January 4, 2011.

<sup>295</sup> International Rivers, *The New Great Walls*, 5.

<sup>296</sup> McDonald, Bosshard and Brewer, "Exporting dams," 9; KDNG, *Damming the Irrawaddy*.; Peter Bosshard, "China: Not the Rogue Dam Builder We Feared It Would Be?" *International Rivers*, March 31, 2010.

<sup>297</sup> International Rivers, "Problems with Big Dams." <http://www.internationalrivers.org/problems-with-big-dams> (accessed February 25, 2011).

<sup>298</sup> International Rivers, "Problems with Big Dams."

				- increased flood/drought risk
Bakun	Malaysia	2,400	1.3 billion	- expected to displace 9,000
Sambor	Cambodia	7,110		- threatens fisheries and endangered species
Paklay	Laos	1,320	1.7 billion	- expected to displace 11,780
West Seti	Nepal	750	1.6 billion	- expected to displace 13,000

### ***The Impact of Chinese hydropower projects in Myanmar***

The impact of Chinese hydropower development on human security in Myanmar has been complex and varied, but examples of mistreatment have included forced labour, torture, rape, murder, and the confiscation of land (without compensation), which often involves (forcibly) displacing large groups of people and the destruction of livelihoods.<sup>299</sup> These projects typically involve a significantly greater presence of military personnel, which either exacerbate or initiate instances of inequity, abuse, and violence toward local populations.<sup>300</sup> Large dam construction sites in Myanmar have also been associated with increased prevalence of HIV/AIDS, and one of the contributing factors is the increased incidence of sexual violence against women by Myanmar's military troops. These projects are typically associated with the growth and increased incidence of the sex industry, further contributing to the spread of disease.<sup>301</sup>

Of the Chinese hydropower projects in Burma, over 35,000 MW are in the Kachin, Karen and Shan semi-autonomous regions. Both Kachin and Shan State border China along Myanmar's northeast, and Karen State borders Thailand along Myanmar's

<sup>299</sup> ICG, *China's Myanmar Dilemma*; ICG, *Burma/Myanmar: After the Crackdown*, Asia Report no. 144 (Yangon, Jakarta and Brussels: ICG, 2008); Jayshree Bajoria, "Understanding Myanmar," *Council on Foreign Relations*, September 29, 2009.

<sup>300</sup> ICG, *China's Myanmar Dilemma*, 23

<sup>301</sup> Burma Rivers Network (BRN) website, "Concerns: Social Impacts." <http://www.burmariversnetwork.org/key-concerns/social-impacts.html> (accessed November 30, 2011).

east (see Table 10). However, the central government has put together a number of these deals without consulting local ethnic groups.<sup>302</sup> In many cases, these projects are planned in areas where the military's control is either contested or non-existent (see Map 2). In this sense, Chinese interests exacerbate tensions between the military and armed ethnic forces by increasing competition and claims over lucrative resources and investment projects.

**Table 10 - Chinese Dams in Burma's Semi-Autonomous States<sup>303</sup>**

Project	River/Creek	State	Height	MW	Cost (US\$)	Status	Chinese Involvement
<b>Chibwe</b>	N'Mai	Kachin		2,000		under construction	CPI
<b>Chibwe Nge</b>	Chibwe	Kachin		99		MOU signed	CPI, CISPDR, CGGC
<b>Khaunglanphu</b>	N'Mai	Kachin		1,700		MOU signed	CPI
<b>Laiza</b>	Mali	Kachin		1,560		MOU signed	CPI
<b>Lakin</b>	N'Mai	Kachin		1,400		MOU signed	CPI
<b>Myitsonne</b>	Irrawaddy	Kachin	152 m	3,600-6,000		under construction	CPI, CISPDR
<b>Ngaw Chang Hka</b>	N'Mai	Kachin		1,050		MOA signed	
<b>Pashe</b>	N'Mai	Kachin		1,600		MOU signed	CPI
<b>Phizaw</b>	N'Mai	Kachin		1,500		MOU signed	CPI
<b>Tarpein I</b>	Tarpein	Kachin	83.5 m	240		operational	Central China Power Grid, Sinohydro (Bureau 14), China Datang Group, CCPG, Jiangxi Water Programming & Design Institute
<b>Tarpein II</b>	Tarpein	Kachin		168			CCPG
<b>Dagwin</b>	Salween	Karen	56 m	792	900 MM		Sinohydro*, CSG*, CTGPC*
<b>Hatgyi</b>	Salween	Karen	33 m	1,200	1 B	feasibility studies	Sinohydro
<b>Hutgyi</b>	Than Lwin	Karen		1,360	1 B	MOA signed	Sinohydro
<b>Thaukyegat I</b>	Day Loh	Karen		150		under construction	CISPDR

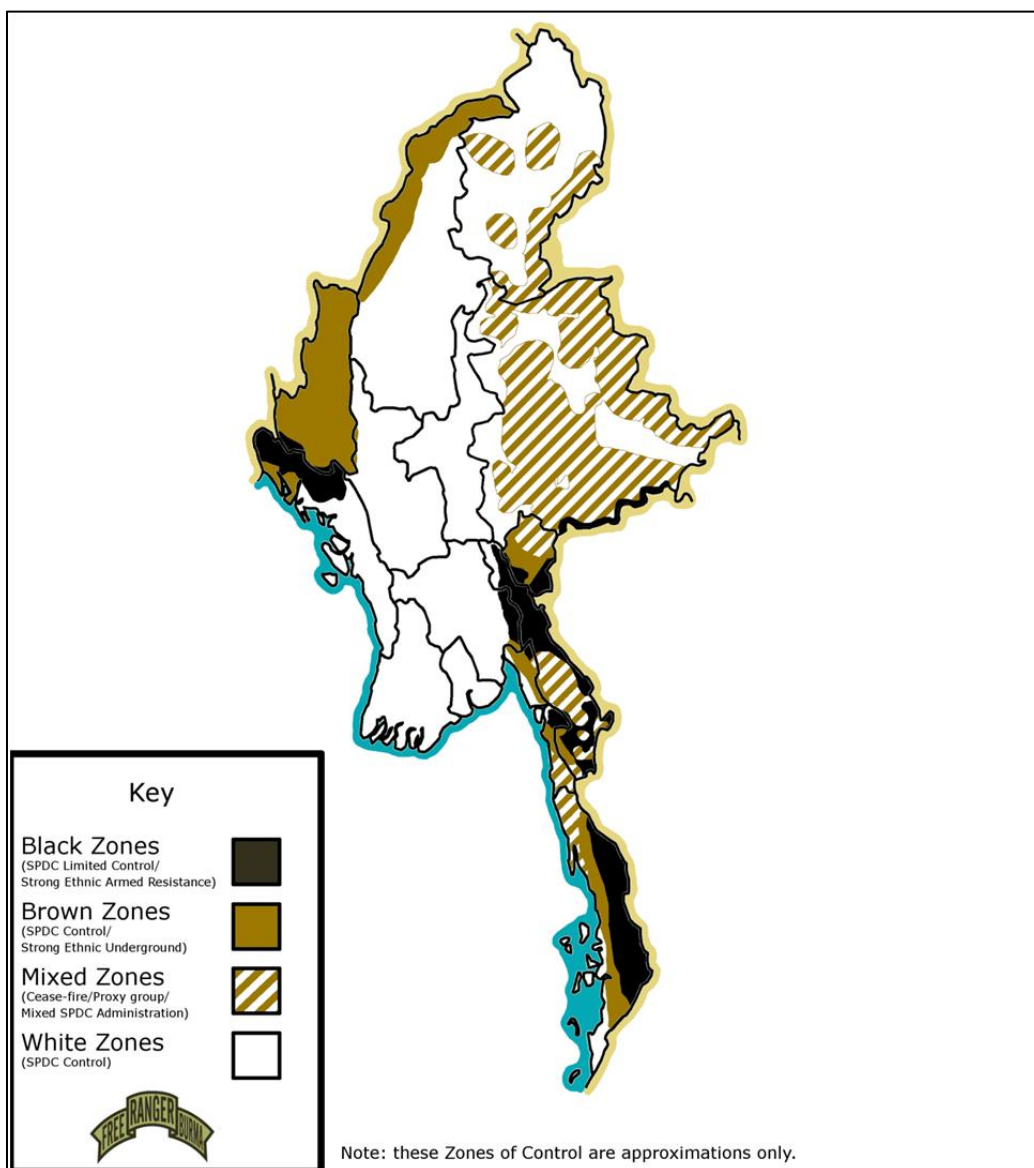
<sup>302</sup> Transnational Institute (TNI), *Burma Policy Briefing Nr 5* (Amsterdam: TNI, February 2011).

<sup>303</sup> ERI, *China in Burma*; BRN website, "Dam Projects." <http://www.burmariversnetwork.org/dam-projects.html> (accessed February 8, 2012); International Rivers, "China." <http://www.internationalrivers.org/programs/china> (accessed December 10, 2011).

<b>Thaukyegat II</b>	Day Loh	Karen		120			Sinohydro (Bureau 14)
<b>Weigyi</b>	Salween	Karen	168 m	4,540-5,600	6 B		Sinohydro*, CSG*, CTGPC*
<b>Kengtawng</b>	Namtein	Shan		54		operational	ZOHG, CNEEC
<b>Man Tung</b>	Nam Ma	Shan		300		MOU signed	HydroChina
<b>Nao Pha</b>	Salween	Shan		900		MOU signed	HydroChina
<b>Shweli I</b>	Shweli	Shan	47 m	600		operational	YMEC, YUPD, Sinohydro (Bureau 14), KHIDI, CISPDR
<b>Shweli II</b>	Shweli	Shan		460		MoU signed	YMEC
<b>Shweli III</b>	Shweli	Shan		360			YMEC
<b>Tasang</b>	Salween	Shan		7,100	6-9 B		CGGC
<b>Upper Thanlwin</b>	Salween	Shan	228 m	2,400		MOU signed	YNPG, CHECC, MSDRI, KHIDI, Hanergy Holding Group, Sinohydro, CSG, CTGPC
<b>Zawgyi I</b>		Shan	44.2 m	18			YMEC, Sinohydro (Bureau 14)
<b>Zawgyi II</b>		Shan		12			YMEC, SFECO

\* possible involvement

Map 2 - SPDC Zones of Control in Myanmar<sup>304</sup>



### *Shan State*

Myanmar's Shan State is located in eastern Myanmar, bordering China on the north, Laos on the east and Thailand along the south. It is the largest of the semi-autonomous administrative regions and is home to the largest ethnic minority group within the country—the Shan, who represent approximately nine percent of the total

<sup>304</sup> Free Burma Rangers, "FBR Report: Burma army shoots at and beats villagers," March 12, 2010.

population.<sup>305</sup> As indicated in Table 8, it is also home to sixteen of the 53 hydropower projects identified that have Chinese involvement. This is also the most of any region. In terms of human security, the two projects which have garnered the most significant attention are the Shweli and Tasang hydropower projects.

The Shweli hydropower project actually consists of three individual dam projects: Shweli I, Shweli II and Shweli III. The Shweli I dam will stand 47 meters tall with an installed capacity of 600 MW and annual production capacity of 4,033 Gwh. The exact heights of the Shweli II and Shweli III dams are still unknown, but they are expected to have installed capacities of 460 MW and 360 MW, respectively.<sup>306</sup>

The dam sites for all three projects are on the Shweli River in northern Shan State, near the border with Kachin State. The Shweli River originates in China and merges with the Irrawaddy once in Myanmar. The project involves Myanmar's Ministry of Electric Power, Asia World Company, and a consortium of Chinese companies, headed by the Yunnan Joint Power Development Company.<sup>307</sup> Construction of the Shweli I dam is over halfway complete while the other two projects are still in the preliminary phases.

The local population is not expected to benefit from these projects. Rather, electricity is expected to be sold to China and used to run government mining operations within Myanmar.<sup>308</sup> Additionally, an increased military presence has been reported near the first Shweli dam site, including the deployment of a military battalion of 300 soldiers

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<sup>305</sup> CIA, "Burma."

<sup>306</sup> BRN website, "Dam Projects: Shweli dams." <http://www.burmariversnetwork.org/dam-projects/shweli-dams.html> (accessed March 05, 2012).

<sup>307</sup> BRN website, "Dam Projects: Shweli dams."

<sup>308</sup> BRN website, "Dam Projects: Shweli dams."

in 2000.<sup>309</sup> This has resulted in land confiscation, increased military checkpoints, forced labour and even forced marriage to military personnel.<sup>310</sup>

The Tasang dam site is further down the Salween River in Southern Shan State, closer to Myanmar's border with Laos and Thailand. The proposed dam is massive; it is expected to have an installed capacity of 7,110 MW and annual production of 35,446 Ghw. At 228 meters tall, it will exceed China's Three Gorges Dam in height, making it the tallest dam in Southeast Asia.<sup>311</sup> The project involves Myanmar's Electric Power Enterprise, Thailand's MDX Group and a consortium of Chinese companies including China Gezhouba Group, Sinohydro, China Southern Power Grid, China Three Gorges Project Corporation and Changjiang Survey, Planning Design & Research Company.<sup>312</sup> Construction began in March 2007, and total costs for the project were originally estimated at around \$6 billion; however, more recent estimates put the costs closer to \$9 billion.<sup>313</sup>

As with the Shweli hydropower projects, the local population is not expected to benefit. Most of the electricity from the project is already intended for sale to Thailand.<sup>314</sup> Additionally, the army has increased its presence to at least 36 battalions surrounding the area of the Tasang dam site.<sup>315</sup> This area is also heavily populated with armed rebel

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<sup>309</sup> BRN website, "Dam Projects: Shweli dams."

<sup>310</sup> BRN website, "Dam Projects: Shweli dams."

<sup>311</sup> BRN website, "Dam Projects: Tasang." <http://www.burmariversnetwork.org/dam-projects/salween-dams/tasang.html> (accessed April 14, 2012)/

<sup>312</sup> BRN website, "Dam Projects: Tasang."

<sup>313</sup> International Rivers, "China."

<sup>314</sup> BRN website, "Dam Projects: Tasang."

<sup>315</sup> Shan Sapawa Environment Organization (SSEO), *Roots and Resilience*. [http://www.salweenwatch.org/index.php?option=com\\_content&view=article&id=222:new-report-roots-and-resilience&catid=37:publications&Itemid=66](http://www.salweenwatch.org/index.php?option=com_content&view=article&id=222:new-report-roots-and-resilience&catid=37:publications&Itemid=66) (accessed November 24, 2011).

groups, specifically those of the United Wa State Army (UWSA), which is the largest armed opposition group in the country.<sup>316</sup>

Preliminary activities associated with the dam's development have reportedly involved a renewed "scorched earth campaign" including the torture and murder of civilians.<sup>317</sup> Salween Watch, an environmental NGO opposed to the development, contends that over 300,000 people have been forcibly displaced since 1996.<sup>318</sup> Recent reports confirm that the project is underway, entailing future displacement and human rights abuses, as well as the abandonment of any hope for those already displaced to return.<sup>319</sup>

### ***Karen (Kayin) State***

Myanmar's Karen State is located along Myanmar's Southeastern border with Thailand, and is home to most of Myanmar's second largest ethnic minority group, the Karen (7% of Myanmar's total population).<sup>320</sup> There are currently five major projects involving Chinese MNCs planned in Karen State, with most of the electricity expected to be sold to Thailand.<sup>321</sup> These projects are the Weigyi, Dagwin, Hatgyi and Thaukyegat (I and II).

The Weigyi hydropower project is one of five proposed dam projects planned for the Salween River, and is located just across the border from Mae Hong Son, Thailand.

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<sup>316</sup> Mungpi, "Dam construction endangers lives of locals: report," *Mizzima*, August 5, 2009.

<sup>317</sup> SSEO, *Roots and Resilience*.

<sup>318</sup> Salween Watch, "Dam Sites." [http://www.salweenwatch.org/index.php?option=com\\_content&view=article&id=51&Itemid=60](http://www.salweenwatch.org/index.php?option=com_content&view=article&id=51&Itemid=60) (accessed July 14, 2011)

<sup>319</sup> TBBC, *Protracted Displacement and Militarisation in Eastern Burma*, 2 and 16.

<sup>320</sup> CIA, "Burma."

<sup>321</sup> BRN website, "Dam Projects." <http://www.burmariversnetwork.org/dam-projects.html> (accessed February 8, 2012). Table 8 only indicates three projects, as the Dagwin and Weigyi projects were not included in that report, as Chinese involvement is tentative at this point.

The dam itself is expected to be 168 meters tall with an installed capacity of between 4,540 MW and 5,600 MW.<sup>322</sup> The project is being headed up by Myanmar's Electric Power Enterprise and the Electricity Generating Authority of Thailand (EGAT). China's role remains unconfirmed but will likely include Sinohydro, China Southern Power Grid and the China Three Gorges Project Corporation.<sup>323</sup> Additionally, there are reports that Burmese Htoo Company "has been logging teak forest in the expected reservoir area."<sup>324</sup>

Predictably, electricity from this project will be sold to Thailand. The development of the Weigyi dam is also expected to flood approximately 640 square kilometres in Karenni State, displacing over 30,000 people in 28 villages "including the last remaining 1,000 Yin Ta Lai people."<sup>325</sup> Additionally, the proposed dam site is in an active conflict zone, and will likely result in increased human rights abuses.

Like the Weigyi hydropower project, the Dagwin dam is located on the Salween River (just below the Weigyi) and involves EGAT and possibly Sinohydro, China Southern Power Grid and the China Three Gorges Project Corporation. Additionally, electricity from this project will be sold to Thailand. The project involves the Japanese Electric Power Development Company (EPDC). At 56 meters tall and an installed capacity of 792 MW, the Dagwin dam will be considerably smaller than the Weigyi project, but still significant.<sup>326</sup>

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<sup>322</sup> BRN website, "Dam Projects: Weigyi." <http://www.burmariversnetwork.org/dam-projects/salween-dams/weigyi.html> (accessed February 10, 2012)

<sup>323</sup> BRN website, "Dam Projects: Weigyi."

<sup>324</sup> BRN website, "Dam Projects: Weigyi."

<sup>325</sup> BRN website, "Dam Projects: Weigyi."

<sup>326</sup> BRN website, "Dam Projects: Dagwin." <http://www.burmariversnetwork.org/dam-projects/salween-dams/dagwin.html> (accessed February 10, 2012)

Since the early 1990s, the military has sought to secure the Dagwin dam site through a series of military offensives. While efforts to gain control over the area are ongoing, it is estimated that over 50,000 of the 100,000 villagers once living in the area have fled. The military's continued activities in the area have included murder, forced labour, forced relocation, torture and rape.<sup>327</sup>

Further down the Salween River, the Hatgyi dam site is located in central Karen State. The dam will only stand 33 meters in height, but is expected to have an installed capacity of 1,200 MW and annual production of 7,335 Gwh.<sup>328</sup> Construction of the Hatgyi dam will be a joint development project between Myanmar's Ministry of Electric Power, EGAT and Sinohydro. The project may also include China Southern Power Grid and the China Three Gorges Project Corporation. Project costs are estimated at around \$1 billion.<sup>329</sup>

As with the previous two projects, electricity generated from the Hatgyi dam will be sold to Thailand. After a brief hiatus, the project resumed in 2008 and is expected to feed electricity into Thailand's power grid by 2019.<sup>330</sup> Development related to the Hatgyi dam project has already displaced tens of thousands of Karen villagers. This is in part a result of renewed offensives by the army, and it is expected that several more villages will be displaced due to flooding once the project is complete.<sup>331</sup>

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<sup>327</sup> BRN website, "Dam Projects: Dagwin."

<sup>328</sup> BRN website, "Dam Projects: Hatgyi." <http://www.burmariversnetwork.org/dam-projects/salween-dams/hatgyi.html> (accessed February 11, 2012)

<sup>329</sup> BRN website, "Dam Projects: Hatgyi."

<sup>330</sup> BRN website, "Dam Projects: Hatgyi."

<sup>331</sup> BRN website, "Dam Projects: Hatgyi."

Additionally, the project site is located in a contested war zone; several military offensives have occurred since 2005 in an attempt to secure the project site.<sup>332</sup> In September 2007 survey work was briefly halted “after a second EGAT worker was killed due to the violent conflict around the site.”<sup>333</sup> While EGAT continued survey activities in 2008, its continued development remains highly controversial. However, there are recent reports that the KNU may have reached an agreement with the military and energy companies in December 2011, which would include assurance by the KNU of undisturbed development of the project.<sup>334</sup> However, it remains to be seen whether this reported agreement will last.

Less is known about the Thaukyegat dam projects. Both projects are located on the Day Loh River, in northern Karen State and eastern Pegu Division. Thaukyegat I is expected to have an installed capacity of 150 MW and is a joint venture between Changjiang Institute of Surveying, Planning & Design Research and Asia World Co.<sup>335</sup> Thaukyegat II will have an installed capacity of 120 MW and involve Sinohydro’s 14 Engineering Bureau as well as Asia World Co.<sup>336</sup>

On April 26<sup>th</sup>, 2010, an elite unit of the Karen National Liberation Army (KNLA) wounded four workers of Burma’s Asia World Corporation at the site of the Thaukyegat hydropower plant. The KLNA, whose forces number approximately 10,000, launched the attack in response to increased militarisation in the area to secure the site.<sup>337</sup>

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<sup>332</sup> BRN website, “Dam Projects: Hatgyi.”

<sup>333</sup> BRN website, “Dam Projects: Hatgyi.”

<sup>334</sup> Tony Cliff, “The uneasy birth of a ceasefire,” *Asia Times online*, February 17, 2012.

<sup>335</sup> ERI, *China in Burma*, 22.

<sup>336</sup> ERI, *China in Burma*, 22.

<sup>337</sup> Naw Noreen, “Karen army takes blame for grenade attack,” *Democratic Voice of Burma*, April 28, 2010.

### *Kachin State*

Kachin State is located in northern Myanmar, and shares an extensive border with China on the east and a smaller border with India on the west. It has an estimated population of around one million and is home to a large portion of Myanmar's ethnic Kachin population.<sup>338</sup> There are at least fourteen projects involving Chinese MNCs in Kachin State—the second highest of any region in the country. Of these, the most significant are the Tarpein I and II projects and the Myitsone cascade project, which consists of seven distinct dam projects.

The Tarpein (Dapein) I and II projects are currently planned for development along the Dapein River, which is located in southeastern Kachin State near the border with China, and feeds into the Irrawaddy River. Tarpein I is projected to have an estimated height of 83.5 meters, installed capacity of 240 MW and annual production of 1,081 Gwh. Tarpein II is projected to have an installed capacity of 168 MW, but its height and annual production remain unknown.<sup>339</sup> The project involves the Myanmar Electric Power Enterprise and a consortium of Chinese companies led by China Datang Corporation. It is expected that 90 percent of the electricity generated from these projects will be sold to China.<sup>340</sup>

In 2008, an agreement between Chinese investors and the SPDC to build the Tarpein hydropower projects in Kachin State led to a confrontation with the Kachin Independence Organization (KIO), which wasn't consulted during the process.

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[http://www.kachinland.org/index.php?option=com\\_content&view=category&layout=blog&id=36&Itemid=77](http://www.kachinland.org/index.php?option=com_content&view=category&layout=blog&id=36&Itemid=77)

<sup>339</sup> BRN website, "Dam Projects: Tarpein." <http://www.burmariversnetwork.org/dam-projects/tarpeindapein.html>

<sup>340</sup> <http://www.burmariversnetwork.org/dam-projects/tarpeindapein.html> (accessed February 4, 2012)

Construction at the sites had already begun when the KIO deployed soldiers to reassert control over the area. Chinese workers fled and the projects were put on hold until Chinese investors settled with the KIO for RMB 1.5 million.<sup>341</sup>

The Myitsone cascade is a series of seven large dam projects planned for the Mali, N'Mai and Irrawaddy Rivers (see Table 11). Five of these projects are planned for development on the N'Mai River along eastern Kachin State, one is planned for the Mali River, and the largest of the seven dams, the Myitsone itself, is planned for development where the N'Mai and Mali meet to form the Irrawaddy (the point at which they meet is known as the Irrawaddy Confluence).<sup>342</sup>

**Table 11 - Myitsone Cascade Hydropower Projects<sup>343</sup>**

Project	River	MW	Map
Chibwe	N'Mai	3,400	
Khaunglanphu	N'Mai	1,700	
Lakin	N'Mai	1,400	
Pashe	N'Mai	1,600	
Phizaw	N'Mai	1,500	
Laiza	Mali	1,560	
Myitsone	Irrawaddy	6,000	
<b>Total</b>		<b>17,160</b>	

Dam construction began in 2009, and was expected to be complete by 2019.<sup>344</sup>

However, under the new government construction was halted in September 2011.<sup>345</sup> The

<sup>341</sup> Saw Yan Naing, "Chinese Dam Incurs KIO Wrath," *The Irrawaddy*, October 1, 2008.

<sup>342</sup> BRN website, "Dam Projects: Irrawaddy." <http://www.burmariversnetwork.org/dam-projects/irrawaddynmali.html> (Accessed April 20, 2012).

<sup>343</sup> BRN website, "Dam Projects: Irrawaddy."

political implications of this will be discussed in the conclusion of this section, as it is unclear what the ultimate fate of the project will be. Original estimates for the Myitsone dam included a projected height of 152 meters, installed capacity of 6,000 MW and annual production of 29,400 Gwh.<sup>346</sup> This would have made it “the 15<sup>th</sup> largest hydroelectric power station in the world.”<sup>347</sup> Electricity from the Myitsone dam was expected to be sold to China, which would have generated over \$500 million in revenue for the military regime annually.<sup>348</sup>

However, the project was highly controversial. The Kachin Development Networking Group estimates that the Myitsone Dam project would flood some 766 square kilometres and 47 villages, displacing approximately 10,000 people in the process.<sup>349</sup> With a major fault line within 100 km and the city of Myitkyina just 40 km downstream (estimated population of 150,000), the implications of an unforeseen dam break or flood surge could be disastrous.<sup>350</sup> Increased militarization in the area had already led to confiscation of land, property and extortion.<sup>351</sup> Additionally, on April 17<sup>th</sup>, 2010, three bombs went off at the site of the Myitsone dam, killing 4 and wounding at least 20.<sup>352</sup>

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<sup>344</sup> “The Myitsone Dam on the Irrawaddy River: A Briefing,” *International Rivers*, September 28, 2011.

<sup>345</sup> “Burma to halt Myitsone Dam project: media reports,” *Mizzima News*, September 30, 2011.

<sup>346</sup> BRN website, “Dam Projects: Irrawaddy.”

<sup>347</sup> “The Myitsone Dam on the Irrawaddy River: A Briefing,” *International Rivers*, September 28, 2011.

<sup>348</sup> “The Myitsone Dam on the Irrawaddy River: A Briefing,” *International Rivers*, September 28, 2011.

<sup>349</sup> KDNG, *Damming the Irrawaddy*, 23.

<sup>350</sup> KDNG, *Damming the Irrawaddy*, 1.

<sup>351</sup> BRN, “Dam Projects.”

<sup>352</sup> “Kachin dam bombing kills four,” *Democratic Voice of Burma*, April 19, 2010.

## Conclusions

The findings of this analysis are largely consistent with those of the previous chapter. Chinese hydropower projects in Myanmar result in increased revenue for the military regime, increased militarization in and around project construction sites, increased incidents of human rights abuses, particularly displacement, in and around project construction sites, and increased incidents of conflict with armed opposition groups in and around project construction sites.

In terms of security, regime security will be enhanced by increased revenue streams. The physical security of individual soldiers, villagers and armed opposition groups in and around project construction sites will decrease. Energy security of foreign investors and the Burmese elite will increase, and energy security of the local population will increase marginally or not at all.

Additionally, it could be argued that the security of the general population would decrease or remain unchanged due to the persistence of a predatory-rentier style regime (e.g., the continued suppression of political freedom, accountability, responsible government, legitimacy).

Unlike the previous chapter, the recent suspension of the Myitsone project offers some cause for optimism. In conjunction with other recent political reforms, this suggests the potential for a more responsive and accountable government. At the very least, it supports the finding that Burma is not a client state of China. However, it remains to be seen whether the suspension will hold—it may just be part of a ploy to lift Western sanctions on the country or it may be reversed by military hardliners who still hold power and influence within the regime.

## Conclusion

Sino-Myanmar energy cooperation has a profound impact on human security in Myanmar. Investment by Chinese companies contributes to increased revenue for a corrupt and predatory regime, which further enables its survival and the coercive mechanisms of state power. As has been demonstrated, these projects typically result in increased militarization to secure project sites, although this usually has a profoundly negative impact on the local population living in the area. This has included forced labour, displacement, extortion, torture, rape and other forms of abuse. Additionally, in areas where state control is contested or absent, these projects act as a flashpoint for pre-existing conflicts or hostilities.

This analysis also tells us that the benefits of these projects—namely energy and revenue—are limited to the investors or political elite. Despite Myanmar's more than ample resource supply, most of the population remains energy poor.

However, this study also tells us that China is not the only foreign investor in Myanmar's energy sector. Other countries whose companies have been involved in these projects include Thailand, Japan, South Korea France, Britain, Switzerland and the United State. Furthermore, there was nothing in the analysis that indicated China's projects were any worse or irresponsible than any of the others. Consequently, it is reasonable to assume that insecurities arising from these projects are attributable to existing structures of violence and inequality within the country, and foreign investors exacerbate these insecurities.

Additionally, it was found that insecurities arising from these projects extend beyond Myanmar's borders. This is evident in cross-border issues such as refugee flows,

ethnic conflict, or drug smuggling. China is particularly concerned that instability along its border with Myanmar may have adverse affects on its own population.

Similarly, it is clear that Myanmar is not a client state of China. Rather, given its strategic location and abundance of resources, it is able to balance competing state or corporate interests off one another. This is particularly relevant as the new political leadership in Myanmar moves closer to rapprochement with the West.

This study also revealed that human security faces particular challenges in Asia, as it comes into direct conflict with norms of state sovereignty, non-interference and non-intervention in the affairs of other states. Consequently, interventionist-based approaches to human security are likely to be highly unpopular. Thus, if human security is to remain relevant, it must be flexible.

It is also important to recognize that the dynamics and interests which define China-Burma relations are complex and informed by a wide array of actors. For example, the drive for foreign energy reserves is arguably a result of development and enhancing human security in China: “There is nothing sinister about any of this: it is the consequence of the intense need of hundreds of millions of people...who will consume ever more energy as their lifestyles improve.”<sup>353</sup>

Furthermore, the process of market liberalization in Myanmar under Western preconditions will not guarantee increased human security either. Indeed, Western intentions in energy-rich authoritarian governments have often proven equally destructive to the practices of China. Understanding the implications for human security will require an understanding of the ‘structural violence’ which informs emerging relationships and

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<sup>353</sup> Kaplan, “Lifting the Bamboo Curtain.”

reforms. That is, whether “China” or “America” is investing in “Myanmar” is not enough, but understanding which companies are investing in which parts of Myanmar, and what this means for the different stakeholder groups within the country, is critical.

China’s motives are complex and likely complicated by competing central and regional interests within the CCP, as well as its need to balance its relationship with Naypyidaw.<sup>354</sup> Most likely, China is facilitating the status quo in an effort to prevent widespread instability arising from an escalation in conflict and an ensuing power vacuum that could both compromise its current energy interests and trigger a wider humanitarian crisis spilling over its borders. At the same time, China would not want to see a political settlement which resulted in a federated Myanmar with highly autonomous, independent states. As the political situation remains uncertain in Myanmar, Chinese investment continues to pour in. However, many of these projects are likely to fuel human insecurity in Myanmar and increased incidence of intrastate conflict.

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<sup>354</sup> ICG, *Myanmar: Towards the Elections*, 10.

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