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Asia in 2023: Navigating the US-China rivalry

Edited by
Michelguglielmo Torri
Filippo Boni
Diego Maiorano

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Myanmar 2023: New conflicts and coalitions reshape war narrative, challenging an embattled junta

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The crisis in Myanmar continues to eschew easy categorisations or even a simple meta-narrative of the post-coup dynamics. The complexities on the ground, including the fluidity of context-specific alliances and conflict dynamics, have come to encompass an ever-growing number of regions across the country. In 2023, as in the preceding years, the Myanmar Armed Forces failed in their efforts to consolidate power and continued to lack control of both people and territory. While there were continuities across recent years, which perhaps suggests a sense of tragic and protracted déjà vu, 2023 was not just another year of 'much of the (grim) same'. The greatest novelty was the escalation of violence in Shan State, which had previously avoided much of the anti-coup armed resistance, and the rekindling of violence in Rakhine State. Operation 1027 saw an emerging coalition of ethnic armed organisations and even People's Defence Forces in Shan State in October 2023 take on the military and expose its vulnerabilities. While this may seem optimistic in current circumstances, the military appears increasingly embattled, and its forces are spread thin. Cyclone Mocha further deepened the humanitarian crisis, especially in the western coastal areas. International support from Russia and China remains solid, with the cracks within ASEAN and other neighbours coming to the fore. China became more engaged throughout the year, partly to decrease volatility on its borders. Beijing also sought to enhance its leverage over all parties and containing the western alignment of the pro-democracy movement. Overall, coordination among the anti-junta forces increased compared to previous years, but a united front remained elusive.

Keywords – Operation 1027; Cyclone Mocha; China; Rohingya; Shan.

1. *Introduction. Beyond a crisis paradigm?*

How much can already escalated violence escalate further? Post-coup Myanmar has been pushing this proposition further and further. The dynamics in Myanmar not only eschew easy categorisations (especially binaries), but also a simple meta-narrative of the post-coup dynamics. The complexities on the ground, the fluidity of context- and locale-specific alliances and the dynamics of the conflicts among a dizzying array of ethnic armed organisations (EAOs) driven by territorial ambitions, economic interests and ethnic nationalism have contributed to expose and debunk the myth

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of Myanmar as a single polity [Htet Min Lwin and Walton 2023; Loong 2022a; Fumagalli 2023].

In 2023, as in the preceding post-coup years, the State Administration Council (SAC, as the junta calls itself) failed to consolidate power and continued to lack control of both people and territory. There were some noticeable continuities in the political, economic and international realms, not least in the widely perceived stalemate and constant escalation of violence, which suggest a sense of déjà vu [Farelly and Simpson 2024] alongside the humanitarian crisis resulting from Cyclone Mocha, the handling of which, as in the case of Cyclone Nargis in 2009, was botched by the generals.

Yet, 2023 was not another year of 'much of the (grim) same'. Conflicts intensified in Kayah State in the first half of the year, but the greatest elements of novelty were the escalation of violence in Shan State in late October, which had previously avoided much of the anti-coup armed resistance due to local factors, and the rekindling of violence in Rakhine.

Operation 1027 saw an emerging coalition of EAOs and even People's Defence Forces (PDFs) in Shan State in October 2023 take on the military and expose its vulnerabilities, which points to a potential turning point. The losses inflicted on the military and the territorial achievements on the ground provided not only a morale boost across the anti-junta front but added momentum to the operations, which were followed by additional attacks against the generals across the country, particularly in Rakhine State, where tensions had already been made more acute as a result of the generals' mishandling of Cyclone Mocha. While any suggestion of a game-changer may sound optimistic in current circumstances, the military appears increasingly embattled, and its forces are spread thin. At the same time, international support from Russia and a gradually more engaged China remains solid, with the cracks within ASEAN and other neighbours coming to the fore. At the same time, the widespread unrest across the country has taken a toll on China-Myanmar economic cooperation, with some projects stalled or postponed and others progressing very slowly, often to the dismay of both parties. The Rohingya issue was also back in the headlines after being sidelined for a few years, although it remains unresolved.

This article argues that there is no easy meta-narrative in today's Myanmar and that any assessment needs to start from the bottom up, from the rapidly evolving conditions on the ground, with each locality home to distinctive sets of alliances, coalitions, actors, agendas and interests [Loong 2022a; Fumagalli 2022, 2023]. When assessing the course of the war in Myanmar in 2022, last year's contribution noted that to understand the situation on the ground more accurately, two steps were required [Fumagalli 2023]: one, to dispose of the fiction that Myanmar was, is and should be studied as a single polity [Fumagalli 2023: 262]; and two – and partly following from that – that Myanmar is « home to a variety of constantly

evolving geographies of war » [or warscapes,[1] Fumagalli 2023: 262]. Taken together, these notions challenge the insistent application of concepts originating in the western experience (nation-state; transition) and instead suggest a condition of, if anything, « fragmented sovereignty », conceived of as « multiple, localized autonomous cores of power » [Lund, 2011: 887; Su 2018: 23]. The situation in Shan and Rakhine States in 2023 discussed in this article is a case in point. Thus, as Htet Min Lwin and Walton aptly put it, it is time to rethink not only the applicability of concepts such as nation-state to Myanmar, but also and – more broadly – the significance of notions such as independence, autonomy and sovereignty [Htet Min Lwin and Walton 2023] or loaded concepts such as crisis [Dunford and Adikari 2024] in a context as fragmented and complex as Myanmar. Social science concepts are, perhaps by definition, highly contentious and contested, and the notion of crisis is no different. As Dunford and Adikari note, « the language of crisis flattens people's diverse experiences of the crisis and the multiple sets of crises that people experience » [Dunford and Adikari 2014: 19]. The people of Myanmar may well « be living amidst crisis – but it does not define them, nor determine their lives or the revolutionary potential of this particular moment » [Dunford and Adikari 2014: 21]. An era of both crisis and disappointment, ridden with tensions and disruptions, the current moment also holds generative potential and is filled with new and innovative possibilities for Myanmar.

The remainder of this article is structured as follows. First, I review the domestic situation in Myanmar, with particular attention to the state of play in key warscapes, most notably those (Shan and Rakhine States) where the level of violence had previously been (relatively) contained. Next, I turn to the economy, where more investors have exited the country, although some, controversially, remain. Sanctions do bite, but they have not engendered a behavioural change. Finally, I discuss the international dimension of Myanmar's crisis, where the waning of western clout and the increasingly apparent splits within ASEAN have opened key opportunities for Russia, China and other countries (such as Thailand and India) to make inroads and take on a new role in the country. As the international community ponders how to approach the Myanmar crisis, China has revamped its engagement in the hopes of strengthening bilateral relations. The junta's 'friends in need' are gambling on the military's ability to stay in power in the near future.

1. Warscapes are « sites of a complex and multidimensional agenda of social struggles and life projects » [Nordstrom 1997]. Warscapes are « differentiated arenas, networks and connections of relational spaces in which distinct human trajectories exist » [Korf *et al.* 2010: 385].

2. *Domestic politics*

The year 2022 ended with the conclusion of the sham court trials of deposed leader Aung San Suu Kyi, with an additional sentence of seven years added to a cumulative period of thirty-three years – on fifteen charges overall – to be spent in jail [*Nikkei Asia* 2022, 30 December; Ghitis 2023]. Charges included breaching the official secrets law, incitement against the military, violation of COVID-19 measures/restrictions, violating financial regulations, abuse of authority in the procurement of a helicopter and causing a loss to state funds. Although of course Suu Kyi has had long experience with the military's attempts to push her out of active politics, this time, it appears that life in politics really is over for her. Suu Kyi later received a minor pardon, shaving six years off the overall sentence.

In January 2023, the SAC announced that it was extending the state of emergency (initially imposed on 1 February 2021) for another six months. In July, it subsequently extended it again (the fourth such time since the February 2021 coup) on the grounds that the SAC needs more time to prepare for the elections (which Senior General Min Aung Hlaing had announced for August 2023), including the need to update the voters' register and, oddly, carry out another census [*Associated Press* 2023; Faulder 2023; *Nikkei Asia* 2023c, 1 February]. What is questionable is not that a census might be required (the previous one was conducted, among many controversies surrounding the status of the stateless Rohingya population, in 2014), but rather that doing so constitutes a condition for holding elections. The reality, more plainly, rests upon the fact that order has broken down everywhere and the junta controls neither people nor territory.

The military has given no sign of a willingness to compromise, having subsequently dissolved the National League for Democracy following a process of re-registration of Myanmar's political parties in the late winter and spring [*Nikkei Asia* 2023j, 12 April].

Myanmar's humanitarian crisis deepened further in April, as Cyclone Mocha made its landfall in the coastal areas of south-western Myanmar (Rakhine State), where over a million people were affected by the devastation caused by Mocha, the lack of preparation in the lead-up to the natural disaster and the mismanagement and restriction of access to international organisations by the junta [OCHA 2023a]. The SAC's mismanagement of Cyclone Mocha, both in terms of preparations and the handling of the aftermath, served as a reminder of the military's callousness and also gave a sense of déjà vu, given the similarities with the military's recalcitrance to international assistance during Cyclone Nargis in 2009. Tensions started to resurface in Rakhine between the military and the Arakan Army (AA), as the tenuous ceasefire in place since 2020 started to look increasingly precarious [Kyaw Hsan Hlaing 2023].

Beyond Mocha, as the year drew to a close, Myanmar showed record displacement and extensive humanitarian disasters confronting the civilian population, with more than 2.6 million people estimated to have been displaced nationwide, including over 600,000 forced to flee since Operation 1027 and a whopping 18 million people estimated to need humanitarian assistance for 2024 [OCHA 2023b].

2.1. *Junta changes tactics, as violence escalates in Kayah, Chin State and the Dry Zone*

Myanmar may have already evolved from a grassroots rebellion to a series of protracted insurgencies waged by a smaller number of armed outfits, some of which are coordinating their actions with each other, while others advance their agenda and operations individually. The sheer diversity of the conditions on the ground have also confronted the Myanmar Armed Forces (MAF) with significant challenges, as a single approach to tackling the armed resistance has not worked so far. Since the coup, the junta has faced an axis of resistance from southeast to northwest [*Frontier Myanmar* 2023a, 9 January; 2023b, 23 January]. This changed in 2023, as new challenges arose for the military in the northeast (Shan State) and southwest (Rakhine), which forced the junta into major military operations along both axes.

The regime's main post-coup strategy focused on breaking the partnerships of the EAOs deemed to be more closely aligned to the National Unity Government (so, for example, the Karen National Union and the Karenni National Progressive Party), while dedicating relatively fewer resources to combating the smaller and more poorly armed PDFs, for which the SAC relied primarily on scorched-earth tactics [Michaels 2023a, 2023b, 2023c]. This was based on the assessment that coalition-building and coordination appeared to be a challenge too substantial for the anti-military resistance, so a traditional divide-and-rule would suffice. In practical terms this meant, at least until the summer, that the SAC would offer dialogue and concessions to EAOs that would not support the PDFs and the NUG, while punishing the others with air strikes and artillery, hence the considerable violence in Kayin, Kayah and Kachin States.

In March 2023, the junta launched a large-scale offensive to dislodge Karenni fighters from their strongholds, albeit with only mixed results [Michaels 2023d]. Both the pro- and anti-junta fighters focused on the key roads and strategic junctions to force the disruption of each other's supplies [Michaels 2023e]. In June 2023, the pro-junta front reported mass defections (over 600 fighters) among the military-aligned Border Guard Forces in Kayah State [Hkun Sett *et al.* 2023], and over the summer, anti-junta forces managed to establish a form of parallel authority (the Karenni State Interim Executive Council) in this small state in eastern Myanmar. Since 2021, Kayah has been one of the main battlegrounds in the war against the mili-

tary regime, where resistance has been led by the veteran EAO Karenni National Progressive Party, and where several anti-junta forces have managed to take control of large portions of territory, while showing a high level of coordination among different groups relative to anywhere else in Myanmar. Kayah State matters strategically to both the resistance the regime as a link between resistance strongholds to the south and north, as well as a potential launching pad for attacks against the capital Nay Pyi Taw [Michaels 2023f and 2023g].

Overall, the coup shattered the stability in this small and remote state and reignited the resistance among the Karenni people. The KNPP has provided arms and training to local PDFs, and later they all combined in the Karenni Nationalities Defence Force, one of the strongest EAOs since the coup [Michaels 2023f, 2023g].

2.2. *Shan State and Operation 1027*

Fragmenting the anti-junta resistance has been the military's main strategy in the aftermath of the 2021 coup. To that end, the junta has relied on the use of air strikes and heavy artillery and, politically and economically, on China's support, as discussed in section 4.2 below. Ensuring coordination, both operational and strategic, among the anti-military forces has been a tall order both before and after the coup, as many EAOs pursued their own individual territorial or economic interests, with little interest in country-wide issues or approaches.

Such a predicament in which anti-coup forces have been mired began to change in the most unlikely of places: Shan State. Shan is a fractured state, with organisations as much at war with the military as with each other. An important umbrella grouping is the members of Federal Political Negotiation and Consultative Committee (FPNCC), which includes seven EAOs. The FPNCC is an alliance formed in 2017 by the AA, KIA, MNDAA, National Democratic Alliance Army, TNLA, Shan State Army-North (the armed wing of the Shan State Progress Party) and the UWSA. All these groups are based in Shan state except for KIA and AA. The AA, MNDAA, TNLA and KIA are also part of the Northern Alliance, which was established in 2016. In 2018, the TNLA, the AA and the MDNAA drifted away from the KIA, as the latter signalled its desire to opt for a bilateral ceasefire with the Myanmar authorities and set up the 3BA in 2019. Until the latter part of 2023, most of Shan State – the largest ethnically defined administrative unit in the country – had been spared much of the junta/anti-military violence, just like Mon State and, to some extent, even Rakhine [Loong 2022b]. The situation in northeastern Myanmar differs from that in other parts of the country in that most of the fighting has not been between the Myanmar Armed Forces (MAF) and the anti-junta forces, but rather among the EAOs themselves. Up to 2023, the opposition was not just between the MAF and the Kachin Independence Organisation, the Restoration Council

of Shan State, the Ta'ang National Liberation Army (TNLA), the Myanmar National Democratic Alliance Army (MNDAA) and the Shan State Progress Army [Fumagalli 2023: 267]. As Sai Wansai put it, Shan State is home to « deeply entrenched conflicts among a dizzying array of EAOs driven by territorial ambitions, economic interests and ethnic nationalism have prevented most of Shan from joining the anti-junta struggle » [Sai Wansai 2023]. This abruptly changed with Operation 1027, the set of operations carried out by the 3 Brotherhood Alliance (3BA), a coalition of EAOs against the MAF. The 3BA consists of the AA, the MNDAA and the TNLA.

The three groups have all emerged as posing a significant threat to the military over the past ten years. Both the MDNAA and TNLA have long aimed to establish territorial control of the north of the state. The MNDAA has been also seeking to right a perceived historical wrong, as in 2009 the military expelled it from the Kokang Self-Administered Zone and installed border guards from a rival Kokang faction in its place. Current junta leader Senior General Min Aung Hlaing was in charge of that operation. Similarly, the TNLA is an EAO seeking to consolidate its control of an autonomous Ta'ang homeland in Shan State, and it also aims to connect its territory to the Chinese border, adjacent to the Kokang district. Thus, the groups have overlapping interests, which provided an incentive to launch a joint operation. By contrast, AA does not have territorial ambitions in Shan State. Its leadership operates from rebel-held lands on the Chinese border; it has economic interests there, but no territorial aims outside of Rakhine State (with exception of Paletwa township in south Chin State).

The name of the operation comes from the day the operations were launched (27 October). On that day, forces from the 3BA, alongside allies such as the Kachin Independence Army, the Bamar People's Liberation Army and local PDFs launched an offensive in northeastern Myanmar and seized the towns of Chin Shwe Haw, Hpawng Hseng, Panng Hseng and Hseni and Mone Koe, ultimately claiming control of over 100 outposts previously held by the military [*The Irrawaddy* 2023a, 11 November]. Several other resistance forces also participated in the attacks, which brought the fighting close to Mandalay.

The MNDAA spearheaded the offensive; it has claimed two border crossings with China – Mong Ko in Muse township and Chine Shwe Haw in Laukkai township – and claimed that the three main objectives of the offensive were retaking Kokang territory, ending the dictatorship and establishing federal democracy. Operation 1027 constituted the most serious challenge to the military since the February 2021 coup [International Crisis Group 2023c; Maung Maung Oo and Kyin Sin 2023]. As such, it has several important lessons for both the resistance and the military.

First, the MAF never lost so much territory so quickly. Trade routes between Myanmar and China were blocked and large amounts of ammunitions and weapons were seized, along with eight armoured personnel carri-

ers and tanks. Anti-regime forces took several towns even outside Shan, including the strategically impactful Kawlin and Khampet in Sagaing region [Myers 2023]. In the case of Kawlin, this was the first time PDF units had captured a district capital, thus demonstrating that resistance forces could seize and hold settlements despite the air supremacy of the MAF. Resistance forces also sought to surround other strategic towns, such as Laukkai and Nwngkhio, and seize other locations near the border with China.

Second, what struck the attention of the warring parties was the statement by the 3BA commenting on the operations: « we are dedicated to eradicating the oppressive military dictatorship, a shared aspiration of the entire Myanmar populace ». As the operation was launched, the NUG expressed its support and announced it would join forces with the 3BA. The NUG appeared to be unaware of the preparation of the offensive, although the PDF battalions were junior partners in Operation 1027, providing important human power, but serving military objectives defined by the EAO commanders [Moon and Dunant 2023].

Third, coalition-building is vital if the resistance is to shift the conflict landscape in the country and take on the strategic initiative against the military. At the same time, while there might be a consensus about what pro-democracy and EAO forces do not want now (military rule), there is no vision of what the day after (military dictatorship) would look like.

Although the operation had immediate cross-state repercussions, one should be reminded of the particularities of Shan State and its local politics.

Overall, local dynamics and a situation in flux demand analytical caution. While, on the one hand, the military is increasingly overstretched despite its air power and artillery advantages, on the other hand, strategic coordination and coalition-building remain a distant prospect, particularly as both the junta and China are keen on the resistance remaining divided.

2.3. *Violence returns to Rakhine*

While the situation in Shan State does not represent an existential threat for the regime, it revealed a series of failures that could prove perilous for the regime. It could also crucially embolden other opposition groups. Facing significant resistance in the east and where it least expected it, the regime was later confronted with additional waves of attacks. A few days after Operation 1027 began, one of the country's largest EAOs, the KIO, led an assault on the northwestern town of Kawlin, an important administrative centre in Sagaing region. Next, on 7 November, resistance forces in Kayah State kicked off Operation 1107 by attacking military targets in the south of the state and, on 11 November, the state capital Loikaw. Third, even more significantly, the AA seized the moment to press its advantage. On 13 November, the AA launched a series of attacks against security forces across several townships of Rakhine State, which marked the end of an informal ceasefire that had endured in Rakhine since November 2020, aside from a

few months of fighting in 2022. In the months following the 2021 coup, the AA had discouraged the population of Rakhine from protesting against the SAC and joining the broader anti-military resistance, including the nationwide strikes and the civil disobedience movement. Despite the significance of operations in the west, the AA was unable to replicate the success of Operation 1027 in Shan, as this most likely pushed the AA to launch its attacks earlier than it would otherwise have done, because it had been expending its resources elsewhere (i.e. in Shan) alongside the 3BA and even in Kachin State, as the AA's understanding of the truce with the military only applied to the territory of Rakhine and not elsewhere in Myanmar.

3. *Economy*

Despite a timidly encouraging mid-year assessment by the World Bank ('a fragile recovery') [World Bank 2023a, later reversed in the end of year report, World Bank 2023b], Myanmar's economy continued to struggle throughout the year, with serious and lasting effects on lives and livelihoods.

Myanmar's economy grew around 3% but still at a far slower pace than before the pandemic [*Nikkei Asia* 2023b, 31 January]. Household incomes remained weak, which limited the ability of domestic demand to fuel economic growth. The disruption to supply chains, the surge in construction material and costs added pressure to an already high level of inflation. The Myanmar currency, the Kyat, continued on its spiral of depreciation. Logically intended, but oddly executed moves by the Central Bank of Myanmar led to the emergence of three foreign exchange rates, with the official rate of 2,100 kyat to the US$ (for individuals wanting to sell foreign currency) and the black market (and officially prohibited) one of about 4,000 kyat accompanied by a third rate at about 2,920 kyat, allowed by the CBM and aimed at exporting or importing businesses [*Nikkei Asia* 2023n, 27 June]. The agricultural sector and the garment industry (the latter spared by the 'everything but arms' approach to sanctions) appeared resilient [*Nikkei Asia* 2023a, 30 January], but exporters faced challenges from waning external demand, overvalued official exchange rates, exchange conversion requirement, higher costs and reduced availability of imported inputs.

3.1. *Western sanctions*

Western policy towards Myanmar remained the same, despite its questionable efficacy: sanctions and yet more sanctions. The effectiveness of international sanctions towards the country has been subject to extensive enquiry and critique [Jones 2015], and yet 2023 entailed, in this case, more of the same. Western hesitation – or inaction, in fact – was well illustrated by the debates surrounding the United States' 2022 National Defense Authorisa-

tion Act and the BURMA Act encapsulated therein [Fumagalli 2023]. The west is clearly preoccupied with crises elsewhere – in Ukraine, the Middle East and Taiwan. The war in Myanmar paled in terms of western support, as noted last year [Fumagalli 2023].

On 20 July 2023, the Council of the European Union imposed a new round of sanctions against six individuals and one entity « in response to the continuing escalation of violence and rave violation of human rights » [Council of the European Union 2023a]. The new targets included three union ministers for immigration and population, labour and health and sport and two members of the SAC, as well as the 'No. 2 Mining Enterprise', a state-owned enterprise controlled by and generating revenue for the MAF. The individuals and assets are subject to asset freeze and, in the case of the individuals, travel bans. On 11 December, the Council added an additional four persons and two entities (including a Union minister, two members of the SAC, the 'Royal Shune Lei Company Ltd' and the Star Sapphire Group of Companies') to EU sanctions in its 8th round of sanctions, for a cumulative total of 103 individuals and 21 entities under sanctions as of 31 December 2023 [Council of the European Union 2023b].

On 31 October, the US Government imposed sanctions on the 'Myanma Oil and Gas Enterprise' (MOGE), one of the country's most lucrative enterprises [US Government 2023]. The US imposed a ban on financial transactions involving MOGE in the attempt to disrupt the regime's access to the US financial system and curtail its ability to perpetrate atrocities, following similar sanctions imposed on MOGE by the EU in February 2022 [Fumagalli 2023]. On 31 October, the UK government also imposed further sanctions on the junta by imposing restrictive measures on 5 individuals and one entity, taking the total to 25 individuals and 29 entities [Gilroy *et al.* 2023]. Although they have not thus far altered the SAC's conduct, the toughening of the regime of sanctions was not insignificant, in that some non-western countries began adjusting their dealings with the generals. Foreign banks have begun to restrict the state-owned bank's access to international finance, depriving the junta of much needed currency reserves. Bangladesh, for example, announced it was freezing the accounts of two banks (MICB and MFTB), comprising more than $1m in asserts [*The Irrawaddy* 2023a]. Singapore's United Overseas Bank (UOB) also notified Myanmar banks that it would limit their access to funds and would only allow transaction between UOB accounts in early August [*Nikkei Asia* 2023q, 9 August]. In the same month, the junta's Deputy Finance Minister, Maung Maun Win, blamed the sanctions for the country's financial instability, claiming that « US sanctions were hurting [Myanmar's] government's programmes such as health, education, infrastructure building, importers and exporters » [Marston 2023]. However, just as in the previous cycles of sanctions, the junta and its cronies have become increasingly creative in their efforts to bypass them.

This included, for example, instructions by the Ministry of Energy to the Central Bank of Myanmar (disclosed in a leaked letter date 19 April 2023) to open new bank accounts in various currencies (US$; Renminbi, Thai Baht) and under different names to handle foreign currencies in lieu of the state-owned enterprise MOGE, under European and US sanctions [Myanmar Now 2023]. Alternatives also included the dissolution of existing companies and the establishment of brand-new ones. This was the case of 'Shwe Byain Phyu Pool and Gas Co. Ltd.', a subsidiary of Shew Byain Phyu Group of Companies, a conglomerate and top supplier of fuel to the military, which was dissolved on 10 August [Marston 2023].

Another feature that is affecting the whole territory is the rise of transnational crime and other illegal activities. This has become especially apparent in the northern borderlands, as discussed in section 4.2 [International Crisis Group 2023a]. The trade in drugs is booming in Myanmar, with a return and surge in opium poppy cultivation after a more recent spike in synthetic drugs, methamphetamines and yaba. With the Taliban slashing opium cultivation by 95%, this trade has moved to Myanmar, with the Golden Triangle ramping up production, especially in Shan State [International Crisis Group 2023a].

3.2. *Uncertainties and dilemmas for investors*

The exodus of foreign companies has continued, with skin care business Beiersdorf, telecom giant Ooredoo, petroleum company Puma Energy and ANZ Bank leaving in 2023 [Chau and Oo 2023]. Japan's Fast Retailing company (Uniqlo), the UK's Marks & Spencer and Ireland's Primark also left, although others such as H&M and Adidas continued to order from sub-contractors in Myanmar [*Nikkei Asia* 2023f, 1 March; 2023i, 30 March; 2023m, 31 May].

Apart from the protracted instability and violence across the country, another issue with the potential for greater negative consequences for the SAC is the energy industry and especially the natural gas sector. Natural gas is the military's largest source of foreign currency [*Nikkei Asia* 2023d, 15 February; 2023e, 28 February]; as overseas energy companies pull out of gas operations in Myanmar, the potential for a crisis of dwindling revenues becomes a realistic prospect for the SAC [*Nikkei Asia* 2023d and 2023e]. 'PTT Exploration and Production' (PTTEP), a subsidiary of Thailand's state-backed company PTT, postponed a project worth US$ 2bn. PTTEP was a major natural gas development project in an offshore drilling area known as the M3 block. The postponed projects included the building and operation of a thermal power plant, as well as pipelines to transport gas to land. PTT had previously announced (in December 2022) that the PTT oil and retail business, which operates gas stations, would suspend its fuel storage business in Myanmar. The reason for PTT's caution owes much to the fact that while the Thai government owns 51% of the company's shares,

the company is traded on the Stock Exchange of Thailand, and therefore the wishes of investors need to be considered.

The assessment by investors of the opportunity and where the balance and trade-off between profits and reputational damage lies is illustrated by the decision of some to stay. Korean conglomerate POSCO, which decided to remain involved in Myanmar, received a warning for its gas exploration projects in the country, as the military-affiliated MOGE is sanctioned by the United States [Jung 2023]. Chevron, which had previously agreed to sell its entire 41.1% stake in the Yadana offshore natural gas field project [*Nikkei Asia* 2023d, 15 February; 2023e, 2023f], Myanmar's largest, to a unit of Canada's MTI energy, struggled to actually exit the market, given that, like other western investors (TotalEnergies), it wished to withdraw in an orderly manner and not hand over their investment to one of the military-aligned entities, such as the sanctioned MOGE [Reuters 2023].

4. *Foreign policy*

As noted in a previous contribution [Fumagalli 2023], the generals might have calculated that they can weather sanctions from western countries precisely because Myanmar's perceived 'isolation' is, in fact 'anything but isolation'. Rather, Myanmar's post-coup foreign policy choices entail less the hedging strategies of more recent years [Passeri and Marston 2023] and more a pragmatic, if cynical, choice whereby it relies on a smaller, select set of 'all weather partners'. As Deputy Senior General Soe Win aptly put it: Myanmar may « have to learn to walk with only a few friends ».

While this author concurs with Htet Min Lwin's argument that the anti-military resistance will be decided on domestic grounds and by domestic actors [Htet Min Lwin and Thiha Wint Aung 2023; Htet Min Lwin and Walton 2023], any chance of success by the resistance also rests upon some degree of support (political or otherwise) from international actors.

The emerging splits within ASEAN and the waning clout of the west suggest that such support is not forthcoming. Divisions among ASEAN members over how to deal with the protracted Myanmar crisis have become increasingly apparent [Choudhury and Kharisma 2023]. In 2023, Indonesia held the rotating ASEAN chairmanship, which also, so far, led to the chair appointing an ASEAN Special Envoy to Myanmar. As in the previous year, very little came out of the Envoy's activities, not least because the generals are not even remotely inclined to compromise – and nor is the anti-junta front, for that matter. Instead, what stood out in 2023 is the willingness of some figures in Thailand to engage the generals more openly than in the past. This was the case of the visit of former Thai Foreign Minister Dom Pramudwinai, who, on the occasion of his visit to Myanmar in July, claimed to have met with deposed and jailed leader Aung San Suu Kyi [*AlJazeera* 2023, 7 November; Moe Thuzar and Seah 2023a, 2023b; Tucker

2023]. There is no way to confirm his account of the meeting, but reportedly Aung San Suu Kyi 'encouraged dialogue', a claim that – in light of her own political career and personality – seems dubious at best. Bangkok's recent 1.5 track diplomacy has divided ASEAN between those – typically authoritarian – members more open to re-engaging with Myanmar and those (including Indonesia, Malaysia and Singapore) less willing to compromise with the generals [Fulcrum 2023]. Overall, Thailand – by hosting talks with the junta in March and the former foreign minister's visit to Nay Pyi Taw in the summer – managed to derail Indonesia's quiet diplomacy. Similarly, India pushed ahead with its investment projects in the border regions, including the opening of the Kaladan multimodal transit transport project, a decades-long shipping route to increase commerce between the two countries. Delhi and Nay Pyi Taw share border concerns, including an interest in eradicating armed ethnic insurgencies. Furthermore, Indian policymakers are keen that Myanmar not fall deeper into China's orbit [Marston 2023]. This led to fairly controversial moves, such as the refusal to condemn the military's crackdown on civilians or the decision to go ahead with senior-level military engagement [Marston 2023].

4.1. *Myanmar's multi-dimensional ties with Russia*

Russia has emerged as junta leader Min Aung Hlaing's preferred partner, both before the coup and since becoming Commander-in-Chief in 2011. The relationship strengthened further in the aftermath of the coup and now rests upon several pillars. First, the two countries have provided diplomatic validation to each other [Storey 2023: 3]. In February 2023, Russia and Myanmar celebrated the 75th anniversary of establishing diplomatic relations. Post-coup condemnation from the west has provided Russia with a tremendous opportunity to advance its interests in the country. Three of four trips abroad since the coup by the junta leader have been to Russia. Moscow is keen to show that the SAC is not isolated. To reciprocate Russia's solidarity, the generals have endorsed its invasion of Ukraine, the only ASEAN state to do so. Beyond bilateral ties, Russia has also provided the SAC with multiple other opportunities to break out of (perceived) international isolation, particularly in the multilateral I and organisations where Russia – and China – play a leading role. Myanmar became the Shanghai Cooperation Organisation's dialogue partner in September 2022 and is expected to apply for membership in the BRICS grouping when, in 2024, this begins accepting new members. Myanmar has also forged closer ties with the Eurasian Economic Union, another Moscow-led organisation, with the aim of negotiating a free trade agreement in the near future. While full membership in either group remains improbable (perhaps with the distant exception of the BRICS group), this diplomatic manoeuvring highlights a level of foreign policy activism that the embattled generals had not been expected to engage in.

Defence is the glue in Russia–Myanmar ties [Storey 2023: 5]. Russia is Myanmar's largest source of military assistance. Myanmar, in turn, is the only Southeast Asian country to transfer military supplies to Russia for its war in Ukraine, a considerable change from the 1990s, when China was the country's main arms supplier (and Moscow's defence industry was in disarray). On 7 November, Russia and Myanmar conducted joint naval exercises in the Andaman Sea, where coup leaders met with Russia's navy chief [*AlJazeera* 2023, 7 November]. The Myanmar Russia Maritime Security Exercise (MARUMEX) involved ships and aircraft and was held in seas 85 nautical miles west of Myanmar coastal port city of Myeik [Peck 2023].

Third, energy is the new, promising area for cooperation between the two countries. The generals would like Russia to provide Myanmar with nuclear power by transferring small modular reactions. In late 2023, Myanmar and Russian officials met to discuss the possible construction of small-scale nuclear reactors, as well as venturing into hydroelectric power and wind energy generation signing various agreements in that regard [Storey 2023: 7; *The Irrawaddy* 2023b, 6 December; World Nuclear News 2023, 11 October].

Among other issues, the 2021 coup turned existing energy generation problems in Myanmar into a full-blown energy crisis [Storey 2023: 7]. Since then, Myanmar has imported crude oil from Russia, which Moscow has been offering to non-sanctioning countries at discounted prices, with imports surging from almost none at all in March 2023 to 8.6 barrels of oil in June 2023. This was not all for domestic consumption, as 70,000 barrels found their way to China via a Chinese-funded oil pipeline from Kyaukphyu in Myanmar to Kunming. Finally, Russia–Myanmar relations have also expanded into commerce and tourism [Storey 2023: 8]. As of early 2024, Myanmar Airways International is making commercial flights from Yangon and Mandalay to Novosibirsk, Moscow, Vladivostok and St Petersburg. Novosibirsk appears to be the hub for flights between the two countries, an interesting issue in itself as the Russian city appears to be home to the company manufacturing the SU-34 fighter bomber and a Rosatom (Russian nuclear energy company) facility.

4.2 *Beijing revamps its engagement, enhances leverage*

The passing of the US Burma Act in late 2022, allowing for the supply of non-lethal assistance to Myanmar's anti-junta groups, was interpreted in Beijing as an attempt to expand US influence in Southeast Asia and, partly in response, China became increasingly engaged in the country throughout the year [*Frontier Myanmar* 2023g, 26 October].

In December 2022, China's new Special Envoy for Myanmar, Deng Xijun, held his first meetings with seven of Myanmar's most powerful EAOs. Several other such meetings would take place over the year. Following two years of ambivalence, China abruptly changed its stance in early 2023 and pursued its interests in ways that ultimately benefited Myanmar's regime.

Deng essentially expressed two positions – namely, that China would enforce its policy against instability along the border more actively and, second, that the EAOs should distance themselves from the NUG, an entity that China perceives as being too closely aligned with the west. By forcing the EAOs to forego military action and limit any support for NUG and PDFs, China has been de facto helping the regime achieve some of its objectives. Apart from meetings with some of the most China-aligned EAOs, such as the United Wa State Army and the Shan State Progress Party, a more significant meeting was that of 20-23 June 2023 when the leaders of the 3BA held a China-facilitated round of talks with representatives of the SAC in Mongla, in Shan State. While this did not lead to any breakthroughs, especially in light of Operation 1027 later in the year, this meeting signalled China's readiness to engage in its own version of conflict resolution.

As noted, China's strategy has thus far centred on two central elements: stabilising the border, meaning that it has engaged with the EAOs to achieve a de facto ceasefire, which is critical to implementing the China–Myanmar Economic Corridor, and cracking down on some illicit activities. Second, revitalising economic ties is essential not only from a security perspective (preventing Myanmar from becoming a failed state) but also to maintain its position of influence in the country and thus counterbalance the rapid engagement from India and Thailand and, from China's point of view, the United States. China's pro-active engagement can be attributed to the US incorporating of the BURMA act into the National Defense Authorisation Act of 2022 [Fumagalli 2023], a move that China perceived as a direct provocation stemming from great power competition. This provocation was arguably amplified by the NUG's establishment of a representative office in Washington, DC, which indicated US support for the NUG and the broader anti-junta resistance.

During the coup's early days, China kept a pragmatic, open-ended stance – hedging its bets. Beijing engaged the junta but kept its distance. While it may have greenlighted Operation 1027, diplomatic intervention by China is also propping up the junta. By pushing EAOs to limit their support to the anti-military armed resistance, Beijing is helping to slow the evolution of the resistance movement, and may thus eventually ensure the survival of the junta.

In the months preceding Operation 1027 the Chinese authorities had become increasingly exasperated by the extensive online scamming operations taking place in Myanmar's border regions, such as Kokang, the victims of which typically included Chinese citizens. Even more irritating for the authorities in Beijing was the junta's apparent unwillingness to reign in such activities [Strangio 2023]. Despite repeatedly requesting the Myanmar authorities that such centres be shut down and activities cease, it was only in the period between September and December 2023 that military and EAO authorities in both junta- and EAO-controlled areas started to

take serious action which led to the arrest of various junta-aligned criminal kingpins in the Kokang Special Administrative Zone (SAZ, controlled by military-aligned armed groups, Millar 2023) and deportation of about 40,000 Chinese nationals to China before the end of 2023 [RFA 2023c]. Among them was Ming Xuecheng, a former official of the Kokang SAZ and a former member for the pro-military Union Solidarity and Development Party. Warrants were also issued for Ming Guoping, a brigade commander in the Kokang SAZ's pro-junta Border Guard Force. While the arrests and warrants were a sign of the Chinese determination to eradicate local online scamming which have trafficked thousands of people into modern-day slavery and defrauded thousands of Chinese nationals of their savings, whether this is a sign of China's change of strategy and a more decisive shift in support of the anti-junta armed groups, as Strangio argues [2023], warrants additional evidence. Rather, my contention is that Beijing's willingness to at least tacitly endorse the actions of the Three Brotherhood Alliance should not be interpreted as a first step towards abandoning the junta. China's interest in ensuring stability on its doorstep remains paramount and this requires leveraging all ties at all times.

In this light should also be interpreted Beijing's continued initiatives to further cement its economic interests in Myanmar. This has primarily taken the form of the expansion of large infrastructural projects and other initiatives falling under the umbrella of the Belt and Road Initiative, most notably the China is a major investor in Myanmar, and the country's main commercial partner. To China, Myanmar's core strategic importance lies in its access to the Bay of Bengal and the Indian Ocean. China transfers hydrocarbons via pipelines from southwest Myanmar to Yunnan. Transporting goods via Myanmar provides China with shorter routes to markets in Western Asia, Europe and Eastern Africa. If Myanmar is, for these reasons, very important to China, nowhere is more important than the turbulent Rakhine State, in the southwest of the country. If one were to look for evidence of economic ties expanding and deepening this part of the country would be it. The Kyaukphyu Special Economic Zone project, located around the city of Kyaukphyu in Rakhine State (about 500km south of the State capital Sittwe and 400km north of Yangon) illustrates both of the centrality of Chinese investment to the junta's perception of survival, and also the precarious and volatile situation in the country [Abuza 2023]. Kyaukphyu began as a small port for offshore and imported oil, as well as the land terminus for the important Shwe gas field. The joint venture between China National Petroleum Company and the Ministry of Oil and Gas Enterprises (MOGE) constructed a pier and 12 tanks, which commenced operations in 2013. The 750km oil pipeline and the 770km gas pipeline to Kunming became fully operational in 2017. In 2018, the two sides established the China-Myanmar Economic Corridor (CMEC), an infrastructure development

plan including road and rail links, a seaport, all connecting China's Yunnan province to the Sea of Bengal and following oil and gas pipelines along the same route, to bring the projects under the umbrella of the Belt and Road Initiative. Yet, just like in the assessment of the situation in Kokang, even here, an assessment of China's role in Myanmar requires nuance and an appreciation of the complexity of both the bilateral relationship and the situation on the ground. Undoubtedly there is a record of success, with important project completed such as the 750km oil and 770km gas pipelines connecting Kyaukphyu with Kunming, whose projects were agreed in 2007, construction started in 2010 and operations began in 2017 [The Irrawaddy 2023c]. However, other projects were delayed, , including the deep seawater port, highways connecting Kyaupkphyu with Muse in the northeastern part of Myanmar [The Irrawaddy 2023c]. The causes for such delays were similar, including the effects of widespread unrest, (the resulting) power shortages and transport woes.

While Abuza's assessment according to which China's investments under the umbrella of the BRI are 'still going nowhere' ([Abuza 2023] is probably excessively negative, progress has certainly proceeded at a much slower pace than both sides would have hoped. At the same time, some areas have managed to push ahead with greater determination (energy-related projects), whereas others (industrial parks) have made much slower progress, in comparison. In August 2023 junta leader Senior General Min Aung Hlaing called for the completion of the Kyaukphyu special economic zone (SEZ) and the container port. In an attempt to expedite progress, the junta sought to sweeten the deal for China by signing an addendum to the concession agreement with China's CITIC state-owned enterprise for the Kyaukphyu SEZ in December [Millar 2023]. Although some of the challenges may be specific to the situation in Rakhine State, projects in other parts of Myanmar faced similar headwinds. The Myitsone Dam project in Kachin State, which had been paused already under the U Thein Sein Administration in the face of massive environmental protests remains frozen. Urban Development projects in Yangon and Mandalay are paused as investment dried up. The Kyaukphyu-Nay Pyi Taw highway and the Mandalay-Muse Expressway have been paused. A similar fate has beset the Special Economic Zone in Myitkyina in Kachin State.

4.3. *Return of the Rohingya question*

After years at the very back of international attention, the Rohingya have made their return to international headlines.[2] About one million Rohing-

2. By discussing the Rohingya issue in the section on Bangladesh and in the foreign policy section, I do not imply that the Rohingya are now 'other to Myanmar'. In my discussion, I primarily focus on inter-state Bangladesh–SAC relations over the repatriation issue.

ya, half of them children, remain confined to 33 refugee camps in eastern Bangladesh, over two thirds of them in the mega-camp of Kutupalong, some 40 kilometres from the Myanmar border [*IISS* 2023, 11 December]. Bangladesh and Myanmar authorities have continued their discussions concerning a possible repatriation of a number of Rohingya refugees, something which had been attempted (and failed) a few times since 2018 and which was mediated by China in 2023. Three separate dynamics currently define the 'Rohingya question': the rising insecurity in the camps, the sharp decline in international aid and the stalled repatriation plan. While separate, these issues are closely intertwined, which is further deepening a crisis (for the Rohingya) that is already out of control and has been for some time [International Crisis Group 2023d].

The reality is one of rising insecurity and violence in the camps. At least 76 Rohingya-on-Rohingya murders were committed in 2023 (up to 31 October), which is more than double those in 2022: 91 were recorded 2018-2021. As noted in a recent ICG report [International Crisis Group 2023d], the Arakan Rohingya Salvation Army (ARSA) has become increasingly predatory and is asserting power through intimidation and violence. Turf wars have broken out in the camps between competing armed groups and have worsened already dire conditions in the camps [International Crisis Group 2023d]. More than six years after the 'clearance operations' of 2017, which were referred to by a UN official as « a textbook case of ethnic cleansing » [Fumagalli 2018], the relative peace and even more relative precarious stability in the camps that had existed in Bangladesh's over 30 refugee camps up to 2018 has gradually given way to, first, ARSA's hegemonic position up to 2021 and, since then, a growing competition between armed actors, with the Bangladeshi security forces developing links with the Rohingya Solidary Organisation (RSO), a previously dormant military group, founded in the 1980s [International Crisis Group 2023d; *Frontier Myanmar* 2023d, 3 February]. This came with a surge in violence and crime, declining donor support and restrictive Bangladeshi government policies, and this combination is pushing Rohingya refugees towards a crisis point. Several armed groups are currently operating in the refugee camps besides ARSA. The RSO, which, as mentioned, was initially active 1982-1998, emerged in Bangladesh in 2020, with some support from the local security agencies. Other groups include the Nobi Hossain group (also known as the Arakan Rohingya Army), which includes armed criminal groups focused on drug trafficking. Nominally, this is aligned with the RSO and opposed to ARSA. The Munna group is another armed criminal group that was formerly affiliated with ARSA and is known for its drug trafficking. The Islami Mahas is an armed Rohingya group opposed to ARSA and aligned with the RSO; it espouses an Islamist ideology.

Dhaka's approach has remained focused on the repatriation of the refugees to Myanmar, and this focus has been unchanged since 2017. This

is predicated on the fairly questionable assumption that Myanmar can be compelled to accept the returns and that those asked (coerced?) to return may actually be willing to do so and would be safe if and when they do. The Bangladeshi authorities have also continued to restrict the freedom of movement and the ability of Rohingya refugee to work in the country, while placing constraints on local and international aid organisations, thus pushing up the costs of delivering humanitarian assistance. In essence, the refugees in Bangladesh are no closer to returning home. In these less-than-desirable conditions, which are not conducive to the safe return of the refugees to their home countries, the Myanmar and Bangladeshi authorities have been negotiating repatriation plans. Their negotiations are being carried out for different reasons: Dhaka has been very keen on seeing Rohingya refugees leave eastern Bangladesh so as not to further deepen the conditions of an already depressed job market, where the Rohingya (illegally, as they cannot legally work) compete for employment with the local population. Myanmar appears keen to show progress in light of its appearance at the International Court of Justice [Fumagalli 2019]. An initial pilot project would have seen 1,176 refugees return to Myanmar, albeit not to their community of origin. Junta officials spent a week in March 2023 interviewing hundreds of refugees to verify their eligibility for repatriation. In May, it invited a small group of refugees to visit a possible location in Maungdaw township in northern Rakhine, followed by another visit to the camps in Bangladesh. None of the Rohingya listed for repatriation appeared willing to return without guarantees they would (finally) be granted Myanmar citizenship, which has been a key demand for the community for decades.

More talks between the parties continued over the summer, with a new plan drawn up in the first week of September. Another junta delegation visited Rakhine with members of the Foreign Ministries of both Bangladesh and Myanmar. The aim would have been to secure the return of 70,000 refugees by end of 2023 [International Crisis Group 2023d: 18]. Even assuming that the conditions for a safe return had been met, the Rohingya would have encountered a different Rakhine and Myanmar from the ones they had left in 2017. The AA is firmly in control of much of northern Rakhine State. A resurgence of Rohingya armed group activity in northern Rakhine threatened to re-ignite the relations between Rakhine and Rohingya around the middle of 2023, when a number of ARSA members appear to have crossed into Buthidaung and Maungdaw townships after being pushed out of Bangladesh.

Crucially, in light of these competing crises and pressure for funding, there has been a marked decline in the rate of international assistance for the Rohingya currently settled in Bangladesh. The Joint Response Plan, which sets humanitarian objectives, priorities and budgets for Rohingya refugees, saw donors meeting only 46% of the US$407m budget request for 2023, down from 70% in 2018-2022 [International Crisis Group 2023d].

The UK and the US announced new funding packages in September 2023, but priorities have visibly shifted elsewhere. The only ASEAN country to have contributed to the Joint Response Plan since 2017 has been the Philippines.

5. *Conclusion*

The events of the past year revealed an embattled junta, whose armed forces are spread increasingly thin across a growing number of warscapes, including in regions that had previously been spared much of the post-coup violence. China's engagement has grown significantly since December 2022, as its tacit greenlighting of Operation 1027 and the multiple meetings with EAO leaders suggest. At the same time, Beijing's support 3BA members did not signal a U-turn in Beijing's tolerance of the junta. Rather, the aim was to contain any perceived western influence (real or imagined) and enhance its leverage on all parties, while seeking to reduce the volatility near its borders. Other countries in the region, such as India and Thailand, have appeared more willing to engage with the SAC.

On the whole, though, as many others have noted [for example Htet Min Lwin and Walton 2023; Htet Min Lwin and Thiha Wint Aung 2023], as the SAC's position becomes increasingly brittle, the battle for the country's future is only just beginning. Coordination among EAOs and anti-junta forces has proved consequential and effective, but there was no sign in 2023 that this was about to be replicated throughout the country.

Collective attention keeps pivoting to the next crisis, and in this context, Myanmar appears to fall increasingly low in the list of global priorities. The situation in Myanmar epitomises the waning influence of western power and political persuasion, both of which have been declining rapidly in recent years, which has opened considerable space for other powers to make inroads and expand their influence.

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