LOCAL RESPONSES TO CHINESE INTERESTS IN MYANMAR

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Executive Summary

1. China has become Myanmar's most significant investor recently, overtaking Thailand to become Myanmar's number one investor in February 2012. Since 1988 China has invested US$9.6 billion in the country.

2. Apart from its investments in Myanmar, China has multiple competing domestic and foreign policy concerns; for Myanmar, Chinese investments are of great significance.

3. Myanmar has begun a process of political reform with the National League of Democracy (NLD) participating in the process and being elected to parliament in the 2012 by-elections.

4. As a sign of increased influence of public opinion on decision-makers, seen in the media under relaxed controls, President U Thein Sein suspended the China-Myanmar joint venture Myitsone hydropower dam project in response to local opposition and wider dissatisfaction with the project.

5. Since her election, Daw Aung San Suu Kyi has played a leading role in pursuing reforms in Myanmar including an inquiry into economic development projects.

6. One such inquiry was the Letpadaung mining project in central Myanmar, a joint venture by China and Myanmar companies. The project began in 2007 before the current reformist president took office, and local opposition has grown since.

7. On 29 November 2012, a large protest involving an estimated 1,000 people opposing the expansion of the mine took place. A Commission of Inquiry was established to investigate the local concerns around the mining project.

8. The Commission of Inquiry report on 12 March 2013 called for greater transparency and engagement with local communities in compensation negotiations. The report recognised that the project did not meet international environmental and social impact standards nor were the villagers adequately compensated.

9. It also recognised that the police use of force in response to the protests was disproportionate and called for better police training. However, it recommended the continuation of the project to show stability and attract foreign investment.