

**CHINA AND INDIA COURTING MYANMAR
FOR GOOD RELATIONS**

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Executive Summary

1. On January 12, 2007, at the United Nations Security Council, China vetoed a draft resolution tabled by the U.S. and UK, which called on the Myanmar government to release all political prisoners.
2. India was also urged by the Bush Administration to be more active in pressing for democracy in Myanmar after the Junta's crackdown on the pro-democratic movement led by monks in September 2007, but New Delhi calls "democracy and human rights internal Myanmar issues".
3. China's and India's stances on the Myanmar issue are based on their strategic thinking in this country. China has since the late 1980s been heavily involved in Myanmar strategically and economically. Myanmar is not only a potential supply route bypassing the Malacca Strait, but also a strategic staging point for controlling access to Malacca Strait's western approaches.
4. Myanmar is part and parcel of China's strategic design to develop its western region. Myanmar is the only passage for China to reach South Asia from Yunnan and an important access to the Indian Ocean. Counter-narcotic trafficking, money laundering and smuggling of arms are also important issues for both countries.
5. The Indian government was particularly worried about the China-Myanmar strategic links and the prospects of the Chinese navy gaining a foothold in the Bay of Bengal. Myanmar's location is central to strengthening India's Look-East policy, energy security and counterbalancing China's influence in Southeast Asia.
6. India's growing interest in Myanmar could be seen in the shift in its low-key policies in the 1980s and the early 1990s -- from an emphasis on human rights and democracy to an emphasis on a pragmatic strategic policy toward Rangoon.

7. China and India's competition is best manifested in the energy field. Myanmar is rich in oil and natural gas. New large finds in three fields in the Gulf of Bengal have sparked an intense bidding war among Bangkok, Beijing and New Delhi. It was with PetroChina that Myanmar eventually signed a gas export Memorandum of Understanding in early 2006.
8. Just before the pro-democracy protests were crushed in Myanmar this September, the junta withdrew India's status of preferential buyer of its offshore natural gas fields and instead declared its intent to sell the gas to PetroChina. India has thus lost an important diplomatic initiative to counter Chinese influence in Myanmar.
9. However India's current setback in the field of energy rivalry is unlikely to dampen its attempts to compete with China in other fields, and win greater cooperation from Myanmar over counter-insurgency efforts and establish a stronger presence there.
10. Myanmar has been described as a "de facto Chinese client state", "a virtual Chinese satellite", and also "a critical nexus in the China-Indian regional rivalry". Nevertheless, Myanmar is fully aware of the potential dangers of being too close to China, and has been diversifying its foreign relations, allowing itself to be courted by India, Russia and other big countries.
11. Although China's leverage in Myanmar has been decreasing, it still enjoys a privileged position there, particularly at the time when Myanmar is not opened to the world. It would be unrealistic to expect Beijing to displace the regime that is serving as a guarantor of China's access to the Indian Ocean.