

# **“One-belt-one-road” Initiative from the Perspectives of Political Stability in Myanmar and the Importance of Developing Traditional Sino-Myanmar Relations**

**Dear distinguished guests, Maritime Silk Road Society members, Ladies and Gentlemen,**

The HK Maritime Silk Road Society has been formed on **07.09.2015** to mobilize support for our nation’s “One-belt-one-road” initiative and to identify new opportunities for Hong Kong. I am greatly honored to be here today to speak on the “One-belt-one-road” initiative from the perspectives of political stability in Myanmar and the importance of developing Sino-Myanmar relations after the recent political changes in Myanmar.

## **Introduction:**

As we all know, under the “One-Belt-one-road” initiative, China is aiming to increase its global economic and strategic influence in Africa, Europe and Asia regions. Myanmar as one of the key partners along with Pakistan, India and Bangladesh, plays a vital role in facilitating the greater economy integration of China and the South-East Asia regions under the “One-Belt-one road” initiative. Given the historically close ties and frequent communications between China and Myanmar, the initiative will be a great benefit to both countries in terms of economy and political relations.

## **Myanmar’s roles:**

What makes Myanmar an important country in the scope of the “One-belt-one-road” initiative? Let us have a brief overview of Myanmar first.. Myanmar is a renowned Buddhist country with more than 2000 years of religious history. Over 85% of the population of the entire Myanmar are Buddhists. The Buddhism culture in Myanmar is shown by its 3 landmark features: Pagodas everywhere, Temples everywhere and Monks everywhere. Myanmar people are extremely friendly and they follow ethical manners and traditional virtues.

Myanmar is richly endowed by nature, and its climate is extremely suitable for the growth of agricultural products. Agriculture is the foundation of the nation’s economy, which accounts for 40.2% of the national GDP. Myanmar has abundant forest resources which covers 52% of its landscape, making the country well-known as “the Kingdom of Forest”. Teak is considered the national tree of Myanmar, and is also known as “the King of Forest” or “the Treasure of Myanmar”. Myanmar is also renowned for its abundant jade and gemstone resources. Abundant fresh water resources and fertile soil resources in the southern area of Myanmar also gives it great potential in developing eco-friendly agriculture and eco-friendly tourism. There are lots of organically grown tea leaves in Myanmar.

Given the innate resourceful nature of Myanmar, countries all over the world have shown great interest in facilitating trading and development projects with the virgin land. Since Myanmar’s transition from a Junta government to a quasi-civilian government, the new regime now holds an independent, outgoing and non-aligned foreign policy. By adhering to the “Five Principles of Peaceful Co-existence”,

Myanmar is willing to develop friendly relations with all nations worldwide.

Geographically, Myanmar is the northwestern-most country on the mainland of southeast Asia. It is strategically located near major Indian Ocean shipping lanes. The Irrawaddy, the main river of Myanmar, flows from north to south through the Central Myanmar basin and ends in a wide delta. The Mekong runs from the Tibetan Plateau through China's Yunnan province entering Northeastern Myanmar into Laos. A famous poem regarding the geographical ties between China and Myanmar by Marshal Chen Yi is “彼此情無限，共飲一江水”，meaning “The friendship between us is ever-lasting, while we together enjoy and share the same river”. Regarding the “One-belt-one-road” initiative, Myanmar is of utmost strategic importance to China, as it is China’s most convenient gateway not only to South-east Asia but South Asia as well.

### **Review of current OBOR progress with Myanmar:**

From the facts and figures above, we can see that Myanmar is not only resource-rich and traditionally friendly to China, but also geographically important to China’s entry to the Southeast Asia region and the Indian ocean, making it a valuable participant within the scope of “One-belt-one-road” initiative. Now, Let us have a review of China’s “One-belt-one-road” progress of dealing with Myanmar since the announcement of the initiative. Since the proposal of the “One-Belt-one-road” initiative by President Xi-jinping in October 2013, solid progress had been made in association with Myanmar. In response to the “One-belt-one-road” initiative announcement, the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor project, first introduced in 2009, was officially confirmed and approved by India in December 2013, which envisages major infrastructural development for linkages of transport, energy and telecommunication among the four countries involved. The BCIM corridor starts at Kunming, China and ends at Calcutta, India, passing through Mandalay, the second largest city in Myanmar with the percentage of local Chinese residents estimated at nearly 30% of its population.

Also, negotiations for the Ruili-Kyaukpyu (瑞麗膠漂) corridor project for connecting Yunnan Province to the Kyaukpyu sea port on the west coast of Myanmar is in steady progress, along with Sino-Myanmar investment deals regarding the Kyaukpyu Port infrastructures. This project would integrate well with the recent Sino-Thailand negotiations regarding the cross-nation railway projects. These projects would open a new window for the landlocked areas of the Chinese provinces along the borders of China and the South East Asia regions.

In favor of this win-win strategy proposed by China, the leaders of Myanmar and China had a constructive discussion about the strategic partnership during the Asian-African summit in April 2015. The discussion topics highlighted on economic partnership matters including the establishment of Asia Infrastructure Investment Bank (AIIB), the “one-belt-one-road” initiative, the BCIM Economic Corridor, and other cooperation possibilities on agriculture, electricity and finance. During the meeting, President U Thein Sein of Myanmar had expressed support to both AIIB and “one-belt-one-road” initiative, and welcomed Chinese enterprises to participate in related infrastructure construction projects in Myanmar.

Right after the summit in April 2015, U Shwe Mann, ex-chairman of the Union of Solidarity Development Party, visited China to give positive remarks regarding the

“one-belt-one-road” Initiative. In return, Yang Jing, the Secretary General of the State Council of China visited Nay Pyi Taw during May 2015 and proposed Myanmar opening up opportunities for the AIIB to invest in the energy sector, the 21st Century Maritime Silk Road and development of the Kyaukpyu special economic zone (SEZ).

In August 2015, Myanmar Vice President Dr. Sai Mauk Kham and Hong Liang, Chinese Ambassador in Myanmar, discussed about plans and progress of the Ruili-Kyaukpyu Economic Corridor. Furthermore, during the visit of President U Thein Sein to Beijing on the 70th Anniversary of the Victory of the World Anti-Fascist War, his Excellency took the opportunity to discuss prospects for enhancing China-ASEAN ties, promotion of youth exchange programmes and development of the Kyaukpyu SEZ with Premier Li-keqiang. On the return journey via Kunming, U Thein Sein met with Li Zhihan, the General secretary of Yunan Province to discuss about promotion of cross-border trading, the implementation of Ruili-Muse Economic Zone, and matters such as log resources smuggling, human trafficking and illegal drug trading. All of the above positive exchanges show initial progress of the “one-belt-one-road” initiative for the cooperation part between China and Myanmar.

On November 9, 2015, President Xi Jin-ping hosted the Dialogues on “Strengthening Connectivity Partnership” and gave an important speech regarding the subject “Connectivity leads Development while Partnership focuses on cooperation”. Xi stressed the need of strengthening pragmatic cooperation on the “one-belt-one-road” initiative, strengthening the connectivity partnership among Asian countries and establish a community with common prospects and development by means of putting the main focus on Asian Countries, using economic corridors as support, achieving breakthrough with infrastructure development, constructing a common financial platform, and sharing common grounds by frequent cultural exchanges.

### **Importance of Political Stability:**

While China is putting a lot of effort in initiating dialogues and projects with Myanmar, we should now look for other factors which might hinder the cooperation process between China and Myanmar. I would like to take this opportunity to elaborate on the importance of political stability in Myanmar in terms of the “One-belt-one-road” initiative.

Political instability in Myanmar has always been a headache for Myanmar’s neighbors. The recently announced result of the Myanmar General Election in November 2015 officially declared Myanmar’s largest opposition party, NLD, a major victory over the legislature. This indicates that NLD and its iconic leader, Daw Aung San Suu Kyi, will exert greater influence in the upcoming Presidential Election and the next term of legislation. China might have to prepare for re-negotiations for some old projects and deals instead with the new civilian government. This might hinder the current progress made by China in dealing with the Myanmar Government for the previous 2 years. During the period when Myanmar USDP party is in charge of the legislation, China and Myanmar had been in a delicate political relationship since Myanmar’s comprehensive reform. From the recent history of Sino-Myanmar cooperation on development projects and tenders, a handful of them had been called off or dishonored by the Thein Sein Government without the consent of the contract partner or China’s SOEs. The apparent reasons behind the terminations were usually related to accusations such as exploitation of local resources of Myanmar by China, violation of environmental protection rules, lack of social responsibility and other human right violation issues. These kind of anti-government parades are usually

supported and sponsored by various local and foreign NGOs with ulterior political motives. Major projects affected include the Myitsone dam project, to which the current president U Thein Sein announced that the project was to be suspended during his tenure, and the Rakhine-Kunming railway project, giving China access to the Indian Ocean through Myanmar has been canceled due to strong public objections at the instigations of some foreign NGOs.( US, Japan and Singapore combined ).

Myanmar also faces civil war problems which could greatly affect the stability of the designated route within the Maritime Silk Road under the “One-belt-one-road” initiative. In April 2015, during clashes between Myanmar government forces and a Kokang rebel group called the Myanmar National Democratic Alliance Army, thousands of refugees fled to China since fighting flared on the Myanmar side of the border. Accidentally, Myanmar air force dropped bombs on Yunnan territory and killed 5 Chinese civilians. This incident had caused a temporary tension between China and Myanmar. Although the incident was resolved diplomatically in the end, it is worth taking note that unexpected risks brought by the instability of Myanmar could easily jeopardize Sino-Myanmar projects in progress.

To sum up, the Chinese government needs to observe closely the political situation of Myanmar in order to keep up with the “One-belt-one-road” progress while minimizing financial loss and potential risks.

### **Traditional Friendly Relations:**

Next, I would like to elaborate on the importance of China maintaining the traditionally friendly relations with Myanmar. Historically, China and Myanmar are friendly neighbors with 2,200 KM long border-lines. During the 50s, the prime ministers of the two countries jointly proposed the five principles of peaceful coexistence. In October 1960, China and Myanmar co-signed the Sino-Myanmar border treaties, which successfully solved the outstanding border issues between the two nations. The Sino-Myanmar friendship could be well defined by the Myanmar term “Paukphaw”(meaning “compatriot” in Myanmar language) to address the Chinese in an intimate and brotherly way.

Over the past decades, Myanmar was sanctioned by most leading U.N. member countries due to its infamous dictatorship regime, which rendered China as Myanmar’s sole backer and the largest investor during its years of international seclusion, supporting strategic infrastructure projects such as oil and gas pipelines, ports and dams. Between 1988 and 2013, China accounted for a whopping 42 percent of the \$33.67 billion in foreign investment that flowed into Myanmar. According to the statistics in September 2012, China is the largest foreign investment country and the second largest trading partner of Myanmar. In 2011, the bilateral trade volume between China and Myanmar amounted to USD \$6.5 billion, and the foreign investment from China to Myanmar amounted to USD \$20.26 billion.

In the past, the Myanmar Government was in excellent terms with China due to its heavy reliance on China’s investment and resources. However, as time goes by, China become unpopular with the Myanmar local public as the nature of some major investment projects raised concerns about forcibly-relocated populations, land confiscation, environmental hazards, and the inflow of cheap second-rate goods. Along with some “anti-Chinese exploitation” propaganda spreading in Myanmar, community, China’s relations with Myanmar has come to a downhill.

The release of Aung San Suu Kyi seems to be an important milestone for Myanmar to shift its strategical pivot from China to the West. It is obvious that Myanmar is eager to embrace the West for the purpose of facilitating its economic

reform. Myanmar is now seen as a geopolitical battleground between China and the US. The suspension of Myitsone Dam, Letpadaung Copper Mine and railway projects all happened during the first term of reform, and it more or less hurt the trust between the two Governments. What further tarnished the relations between the two countries is the Yunnan bombing incident.

From the fact that President Xi Jin-ping had officially invited Aung San Suu Kyi to meet with him in June 2015, we can see that China was giving Myanmar's ruling party a signal that they no longer treat the Junta as the only trustworthy partner in terms of diplomacy with Myanmar. This move by President Xi seemed to have had a great impact on the USDP leaders, which prompted them to become more enthusiastic in maintaining a better relationship with China. President Thein Sein had since become more supportive to most of China's initiatives, including attending the Commemoration Parade of the 70<sup>th</sup> Anniversary of Victory of World Anti-Fascist War/Anti-Japanese Aggression War and "One-belt-one-road" related conferences.

After declaring victory of the General Election, Aung San Suu Kyi said on 18 Nov, 2015 (a few days ago) that under the leadership of NLD, Myanmar will continue to implement the foreign policy of friendly relations with all countries, and put more emphasis on relations with neighboring countries, particularly maintaining friendly policies towards China. She reiterated that Myanmar has always pursued a friendly-to-all foreign policy, She also expressed appreciation for China's "One-belt-one-road" initiative, and hope to achieve favorable results for both countries through co-operations. Now that NLD, being the winning party of this term, is opening its arms to China, China should be really thoughtful about how to maintain a balanced and positive relationship with both the new ruling party and the army, as both sides may now be equally influential in making decisions about the cooperation with China.

Given the current circumstances, China would be facing a lot of challenges while figuring out a way to restore its traditional friendship with Myanmar. To rebuild the trust and strengthen the friendship established over the past 60 years is a crucial step for China to proceed with upcoming co-operations regarding the "One-belt-one-road" initiative. China should continue its effort to maintain close contacts with both Aung San Suu Kyi and the old guards. After all, the proximity of China is not to be neglected by Myanmar. Myanmar should be prompted to strike its political balance with the West when China is now ready to offer more.

### **Conclusion:**

Myanmar undoubtedly assumes a vital role in the implementation of the "one-belt-one-road" initiative by China. However, the successful cooperation of the two countries in realizing the grand scheme highly depends on the current political stability and the reliability of the traditional friendship between the two countries. China should do its best to maintain traditional back-to-back trust and support to Myanmar in order to regain Myanmar's heavy reliance and gratitude to China. With a politically stable and diplomatically supportive partner participating in the "One-belt-one-road" initiative, China will be a step closer to its success.

### **HKSAR's Irreplaceable Roles in "OBOR" initiative with Myanmar:**

#### **i) Hong Kong could act as a diplomatic bridge between China and Myanmar**

Both HK and Myanmar had been under British Colonial Rules for more than 100 years. The daily life-style, the western education system, the western values and

cultures, the legislatures, English speaking traditions, the financial system, Excise duties and Customs, taxes etc.. are more or less similar. This puts HK in an unique advantageous position in facilitating investment deals between Myanmar and China.

Hong Kong is also on good diplomatic terms with the Myanmar Government. The more than twenty thousands Myanmar citizens residing in HK traditionally maintain close relationship with the Consul-General of Myanmar here.

Aung San Suu Kyi has also built ties with Hong Kong since accepting an honorary degree from the University of Hong Kong. She is eager to further promote academic and cultural exchanges between Myanmar and Hong Kong.

## **ii) Traditional Chinese Medicine ( TCM )**

Traditional Chinese Medicine is booming in Myanmar nowadays. Even the Old Generals and top echelon elites preferred TCM to western medicines since it has fewer side-effects .

Hong Kong is well-equipped and in a well-established position to make a market analysis for the further promotion of TCM in Myanmar. Worldwide speaking, Chinese Traditional Medicine market is rapidly developing since later of 1990s. In 2010, the output value of TCM amounted to RMB317.2 billion (about €36.8 billion), which increased 24%. The net yield and profits of TCM production is much higher than the average for the country's medical industry. It is estimated that the total TCM market in China will rise to €96,2 billion in 2025. Customs figures show China exports 240,000 tons of medicines annually, of which 200,000 tons are raw herbs. The exported raw herbs accounted for 20 percent of the country's annual harvest.

The plantation has become a new source of income for some Chinese farmers. Many provinces such as Hebei, Guizhou, Yunnan, Sichuan, Shaanxi and Shanxi have designated traditional medicine as a pillar industry.

In Myanmar, an overwhelming majority of people nowadays harp on traditional Chinese herbal medicines and treatments (Acupuncture, Moxibustion, Massage) as these are affordable and widely available. According to Maung Nyan, president of the Myanmar Traditional Medicine Practitioners' Association, more than 85% of Myanmar's population of about 57 million uses traditional herbal medicines ( including traditional Tibetan and Indian medicines), partly to supplement western medicine and partly as an alternative.

Traditional medicine is quite affordable and accessible for people from all walks of life, which are the fundamental reasons why most people use it. People in rural areas – about 70% of Myanmar's population – rely more on traditional medicine than in urban areas, since it is more widely available and affordable than western medicine. As you know, a marketing assistant in Myanmar only earns around USD100 a month.

### **Myanmar Government promotion:**

Traditional folk medicines, in the form of pills, powders and balms, has been used in Myanmar but only until recently the government has moved to formalize its role in the healthcare system. A Traditional Medicine Drug Law introduced in 1996 controls the quality, production and sale of the drugs. The government has also introduced good manufacturing practices, while the production, packaging and storage of medicines have been modernized. These standards mean that public trust and confidence in indigenous drugs has greatly been enhanced; there is a progressive increase in demand for traditional herbal medicine not only in rural areas but also in urban areas, notes the World Health Organisation in Myanmar in its 2009 health report for the country.

In 2007, the government established the first national herbal park on 81 hectares of land in the new capital, Naypyidaw, to grow plants to treat diseases such as diarrhoea, dysentery, cholera, diabetes, hypertension, malaria and tuberculosis. I was personally asked by U Thein Nyunt, Governor of Naypyidaw, some months ago to bring potential Hong Kong investors for the herbal plantations to promote Chinese Folk medicines. Herewith I would like to point out that in Northern Myanmar, where some of the ethnic minorities make their living by growing poppy, we could teach them how to cultivate the herbal crops instead to improve their income and living standard and thus bring peace to the regions.

In 1976, the Myanmar government established the Institute of Myanmar Traditional Medicine to train traditional medicine practitioners, while the University of Myanmar Traditional Medicine was established in Mandalay in 2001. The curriculum covers traditional medicine, science and basic concepts of western medicine. It will be a good idea to establish a student exchange program between Hong Kong and Myanmar medical students on TCM..

### **iii) HKSAR's "Chinese Medicine Port" ( 中藥港 )**

In August 2012, The HKSAR Government announced the establishment of the Preparatory Committee of Chinese Medicine team, Since the proposal by the first CE Tung Chee-hwa in his 2nd "Policy Report" in 1998 about development of an international center for Chinese medicine in Hong Kong, namely, Chinese Medicine Port, HKSAR Government had been working in this direction for more than a decade. The idea at that time was to allocate the land in Tai Po Wu Kau Tang to provide similar research facilities like the Science Park for the development of Chinese medicine. Hong Kong had since begun to work on laying the foundation for the development of Chinese herbal medicines, leading to today's mature development conditions compared to years ago.

When Mr Tung proposed the development of ideas years ago, the Chinese medicine sector in Hong Kong is relatively loose, there is no system of regulation and the medicine standards varies greatly. The situation today is very much different. After more than ten years of effort, a Chinese Medicine industry regulatory organization similar to that of Western medicine was established, and there are universities providing a more systematic teaching and research of Chinese medicine, and international standard compliant tests were made use of on the tracking facilities and systems. With a far more solid foundation than the past, HKSAR is now in a position to provide a distinctive Asian Integrative Medicine service as part of the international medical industry.

The University of Macau was trying to hire experts from Hong Kong to carry out Chinese medical research in Hengqin. As Hong Kong has a relatively well-established foundation for development, the HKSAR government was determined to develop ahead of the competition.

In terms of personnel training and quality control, the industry proposed ways to improve job training and develop more specializations of the Chinese Medicine. Universities were hoping for an establishment of a Traditional Chinese medicine institute.

### **iv) Promoting Cultural Exchanges between China and Myanmar through HK:**

Myanmar people are actually very fond of Chinese related cultures. Take Chinese Kung-fu as an example, Myanmar is one of the South east Asian countries

that has the most people practicing Chinese Kung-fu. Jackie Chan is the most famous Kung-fu star in Myanmar. Myanmar Athletes are standing champions (gold Medal holders) for Martial Arts competitions in SEAP Games.

In February 2014, the Myanmar media revealed that actor Jet Li's charity organization, the One Foundation, will be donating sports-related items in the second week of February to two high schools in the city of Mandalay, the central region of the country. Simultaneously, they will be holding martial arts training classes for the students. The former Myanmar Wushu (武術) champion himself will make an appearance to teach a thing or two about martial arts upon completion of the course.

Hong Kong could essentially promote cultural exchanges by introducing famous Kung-fu stars such as Jackie Chan (成龍), Donnie Yen to promote Chinese Kung-fu and culture in Myanmar through working with the Myanmar Consulate General.. Hong Kong movies and pop music are also very popular in Myanmar. These friendly cultural exchanges could help increase positive impressions of China to Myanmar local citizens, providing opportunities for China and Myanmar to enforce traditional friendship.

Hong Kong is a well known World financial center. It plays an important role in the open policy of China, serving as an important window for China to reach out to the International markets. After many years of rapid development, the economy of China had achieved outstanding success, becoming the second largest economy in the world and contributing 30% of the global growth. China is now a major propeller of the world's economic development. Moreover, Reminbi now assumes an important role in international trading as more and more business enterprises around the world are using RMB as their trade settlement currency.

In conclusion, may I elaborate China's advantages on initiating the "OBOR" strategy as follows:

- 1) With its vast experience, China can render first-class infrastructure construction service to developing countries. The production of construction materials such as steel, concrete and glass in China is basically more than half of the world's total outputs, giving China a cutting edge in its construction execution capacity compared to other countries around the world.

- 2) Regarding investment capital, China have 15% extra reserve fund and 3,500 billion USD foreign exchange reserves for supporting overseas construction.

- 3) China can make use of the OBOR initiative to move its labor-intensive industry to neighboring countries that requires lower labor costs such as Myanmar, Cambodia and Laos.