



## Political and Economic Instability in Myanmar: Implications for India's 'Act East' Policy

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### Introduction

For the first time since the Feb 2021, coup d'état in Myanmar, the country's military junta is facing loss of de-facto control over huge swathes of territory following defeats and withdrawal interspersed with rising desertions from the Tatmadaw (as the Burmese army is locally called) after the Brotherhood Alliance of three ethnic rebel armies started a coordinated military offensive in Nov 2023.

Operation 1027 in Myanmar's northern Shan State has advanced China's quest to eradicate forced labour scam compounds on its border. However, it has also disrupted the lucrative China-Myanmar border trade and triggered a countrywide attack by resistance forces that have dealt the junta's unprecedented battlefield losses. Beijing is concerned that its southwestern provinces will experience economic hardship with the loss of border trade, and that continuing hostilities may affect these provinces' energy security. The Myanmar army's desperate request for Chinese help to deal with the fallout from Operation 1027 has probably generated further concern in China that the military may be on the brink of defeat.<sup>1</sup>

The situation down south in the Rakhine and Chin states is no less gloomy for the military junta, and worrisome for China. The Arakan Army, which is the strongest of the three ethnic rebel armies in the Brotherhood Alliance, is not only in effective

control of more than 60 per cent of the land area in these two provinces but also has been able to drive away the government troops from key frontier outposts on the border with Northeast India and Bangladesh's Chittagong Hill Tracts.<sup>2</sup>

As the situation in Myanmar relentlessly nosedives into an intense cycle of armed conflict and anarchy, with no immediate prospect of peace in sight, the prospect of a regional conflict assuming global geopolitical trappings stares India in the face.

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Despite the repeated calls by regional organisations like the Association of Southeast Asian Nations (ASEAN) and by the United Nations (UN) to stop the violence, protect human rights, and respect the

democratic process, the Burmese military junta has demonstrated no appetite for political concessions or negotiation with the resistance movement.<sup>3</sup>

The increasing prospect of western and Chinese involvement backing rival stakeholders threatens to turn Myanmar into the next big flashpoint in Asia. China and Russia appear determined to ensure the survival of the ruling military junta, which calls itself the State Administrative Council. Western powers are clearly seeking an end to the military rule and a return to democracy as a precursor to a complete restructuring of Myanmar's federal structure to provide greater autonomy to minority-dominated provinces, mostly located on the country's borders with India, China, and ASEAN.

Myanmar seems to have been increasingly drawn into what Bertil Lintner, the Swedish Strategic Consultant, describes as the ‘Great Game East.’<sup>4</sup>

India’s role appears ambivalent and, so far, has been limited to one of ‘Wait and Watch’, while the ASEAN has tried to mediate between the rival stakeholders to find a way out of the conflict, a process that appears to hold little prospect of an immediate breakthrough. It has been long argued for a more proactive Indian policy to end the crisis in Myanmar because, if it worsens, it will have:

- Serious implications for the security of India’s sensitive north-eastern region.
- Severe delaying effects on India’s connectivity projects in Myanmar without which Delhi’s ‘Act East’ thrust by land to connect to the tiger economies of Southeast Asia will never take off.
- Adverse impact on India’s image as an important Asian power, capable of influencing events in its volatile neighbourhood.

In this paper it is strongly argued that:

- A bold, stand-alone peace initiative by connecting to all important stakeholders in Myanmar, ranging from the military to the political parties [including Aung San Suu Kyi-led National League for Democracy (NLD)] to ethnic Armed organisations to the parallel National Unity Government.
- A determined Indian attempt to implement a roadmap for the restoration of democracy by holding fair elections under international supervision, and the release of all political prisoners, including Daw Suu Kyi.

- Stopping the supply of military hardware and training/exchange programmes until the Tatmadaw have returned to the barracks by handing over power to an elected government. Such an initiative not only befits India’s image as a rising but benign power that upholds the ideals of Mahatma Gandhi but also aligns with India’s aspirations for a place at the global high table. Strategic inaction is not suitable for an aspiring power like India. For Bharat, a mere expression of intent to be a significant player rings hollow unless supported by a proactive role in regional affairs, particularly in crisis management and mediation in the region.

## Myanmar’s Long Civil War

The unending ethnic conflict in post-colonial Myanmar has been described as one of the world’s least covered civil wars.<sup>5</sup> However, after the return of limited democracy in 2010 and the assumption of power by the NLD, attempts to start a comprehensive dialogue with the many ethnic rebel armies saw some progress. The NLD, led by Nobel laureate Aung San Suu Kyi, the daughter of the country’s slain independence war hero, Marshal Aung San, did display its intent for ethnic reconciliation by starting what Daw Suu Kyi preferred to call the Panglong 2 Process after her father’s unsuccessful attempt to work out a federation through dialogue with the battling ethnicities at Panglong in 1947, just before the British left Burma (now Myanmar).<sup>6</sup>

The first jolt to the peace process which was being taken forward through comprehensive ceasefires across Myanmar’s conflict zones came in 2017, when the Tatmadaw unleashed a brutal ethnic cleansing in the northern Rakhine province against Muslim Rohingyas, after serial attacks by insurgents of the Arakan Rohingya Salvation Army. The military crackdown led to thousands of

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deaths, and more than half a million refugees fled into neighbouring Bangladesh, adding to 7,00,000 Rohingyas who had fled and melted away since the first military-driven pogrom against them in 1978 to 1979.<sup>7</sup> The Rohingya crisis brought the spotlight on the limitations imposed on the well-intended peace process by the military which controlled the three Ministries of Home, Defence, and Border Affairs, and accounted for one-fourth of the seats in Parliament. Aung San Suu Kyi lost much of her global credibility because she fell in line with the military on the Rohingya question instead of trying to restrain the army.

Since the Feb 2021 military takeover, the situation has taken a turn for the worse. The peace process with the ethnic rebel groups has collapsed, and conflict has intensified in all the insurgency theatres. The Arakan Army arrived at a ceasefire after the military takeover to regroup and rearm but resumed fighting in Jul 2022. This was the brutal suppression of what was, initially, a peaceful protest movement for democracy. Armed resistance groups have proliferated in the ethnic Bamar (Burman) regions seen as the heartland of Myanmar. These groups have linked up for tactical reasons with the longstanding ethnic rebel movements like those of the Kachins, Karens, Shans, Was, and Kokangs, stretching the Tatmadaw, and straining its resources more than ever in the recent past.<sup>8</sup>

With the loosely grouped People's Defence Force (PDF) organising regular attacks on the Tatmadaw in the Sagaing region bordering India's northeast, the states of Manipur and Mizoram are faced with a rising flow of refugees. Already, more than thirty thousand refugees from Myanmar are believed to have entered these two tiny states. Among them are at least fifty lawmakers of the Myanmar parliament, mostly belonging to the NLD which had swept the 2019 national elections and was all set to form the government for a second time.

The PDF insurgents owe allegiance to the National Unity Government (NUG) which claims to be the 'Real government of the Myanmar people'. Since the NUG has not only representatives from leading parties like the NLD but also from powerful civil society groups and ethnic organisations, it has come to be seen as a broad-based national movement for change, with most looking up to it for leadership as Suu Kyi is in prison, and her jail term has been extended by six years.

About the PDF, a recent study has observed that, when the PDFs first coalesced in Myanmar in 2021, many viewed them as hastily organised groups of young vigilantes who would be quickly overrun by the junta's military force, known as the Sit-Tat. Instead, the PDF has grown in their organisation and capability over the last year and half, and now poses a major threat to the junta's viability. Though they lack heavy equipment, an advanced command structure and international support, the proliferating PDF has demonstrated remarkable tactical ingenuity and resilience. If they improve their command structure and weaponry, they could help expand territory under resistance control and hasten the junta's demise. Given their fragmented nature and rapid development, the PDF remains a mystery to most analysts and international policymakers. Benefiting from strong public support, these rebel groups, which have become battle-hardened and more coordinated, now play a crucial, and perhaps decisive, role in the future security landscape of Myanmar.<sup>9</sup>

While discussing the NUG's agenda, its foreign minister, Zin Mar Aung, recently told the author that "Our struggle now is to oust the military from politics and take the country towards democracy".<sup>10</sup> Madame Aung has been strongly lobbying with western democracies as well as India and ASEAN to facilitate a dialogue to restore the parliament and send the army back to the barracks.

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Since there has been little progress in that direction, and the ASEAN's Five-Point Consensus has failed to achieve a breakthrough, young Burmese have taken to arms in a desperate effort to fight the military and force it out of power. The Tatmadaw is badly stretched; and morale in the lower echelons is dropping as is evident from rising defections. However, it still has enough firepower to pound the PDF and other ethnic rebel armies. With strong support from China and Russia, the military junta feels it can just about hang on.

## The Western Response

This is where the western powers, especially the United States (US), seem to be planning to step in to make a difference. The US and the United Kingdom (UK) took the first step to set the stage for a more effective intervention in Myanmar in Dec 2022 by tabling a UN Security Council resolution, severely criticising Myanmar's military regime and demanding an end to the violence in Myanmar. They also asked for the release of political prisoners, including President Win Myint, and State Counsellor Aung San Suu Kyi. The vote marked the first Security Council resolution on the situation in Myanmar in decades, and since the military overthrew the elected government in Feb 2021.

The resolution S/RES/2669 (2022) proposed by the UK, which was passed by 12 votes, made several references to the importance of the 'ASEAN' process, referring to the Five-Point Consensus passed by the 10 nations of ASEAN last year. India joined China and Russia in abstaining from voting on the resolution because New Delhi still seems to prefer 'Constructive Engagement' with the Myanmar junta rather than military action. However, China's lack of comfort with the Myanmar junta's failure to hold its ground against multiple rebel forces, including a newly thriving Bamar (ethnic Burman) insurgency, was evident in its refusal to veto the resolution.

While there are reports that the US is considering imposing a no-fly zone over Myanmar like the one North Atlantic Treaty Organisation (mainly US) imposed over Bosnia, which would re-balance the fighting to the advantage of the civil and ethnic armed groups, possibly leading to the defeat of the Myanmar military in the Rakhine, Chin, Sagaing, and Kachin provinces in which the separatist groups like the Arakan Army and Kachin Independence Army have increased effective control over much of their provinces.

So far, the Myanmar's military has somehow maintained a foothold in these provinces by resorting to the large-scale use of airpower. The bombing of a musical event organised by the Kachin Independence Army in Oct 2022, which led to nearly 60 deaths, has been followed by similar bombings in Rakhine, and more recently in the Chin state. When bombs fell on Camp Victoria, a camp run by Chin National Front and the Bamar PDF jointly on the border with Mizoram, New Delhi woke up to a major refugee influx into Mizoram which already houses thousands of refugees from Myanmar.

A no-fly zone leading to huge reverses suffered by Tatmadaw may effectively thwart the operation of the China-Myanmar Economic Corridor that connects the China-funded Kyaukphyu deep seaport with China's Yunnan province (with the oil-gas pipeline). By toppling the junta and severely weakening the Tatmadaw, the US and its allies may, thus, block China's land-to-sea access through Myanmar into the Indian Ocean, surely a key US strategic goal to contain China.

One of the main challenges for the US proposal to create a Bosnia-style no-fly zone over Myanmar would be establishing and maintaining the logistical support to sustain it.<sup>11</sup> The US, therefore, may want access to Bangladeshi ports and the adjoining land regions to maintain logistics so that the no-fly zone over Myanmar is effective. The US

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may impress Bangladesh, that strong backing for the Arakan Army may lead to the independence of the Rakhine province and the final solution of the Rohingya problem, an attractive proposition for Bangladesh Prime Minister Sheikh Hasina, because the Arakan Army has promised to take back Rohingya refugees from Bangladesh.

However, Prime Minister Hasina is a conservative leader who may shy away from decisive action in support of the Western powers for fear of angering China, its leading source of development assistance and its leading trade partner. In that case, the US and its allies have the following options: topple Prime Minister Hasina, and back a military-backed 'National Government' that would agree to provide logistical support for a no-fly zone; or, some more decisive form of military intervention; or, settle for some steady regular supply of critical hardware, like attack drones, and portable anti-aircraft missiles like Stinger or Starstreak, which could neutralise Myanmar's combat airpower, and lead to the ultimate defeat of the Tatmadaw in strategic provinces like Rakhine and Kachin. Not only will this help the US and its allies to block China's land-to-sea access through Myanmar but will also pave the way for the restoration of democracy and the creation of a federal union of Myanmar, where minority provinces will enjoy much greater constitutional powers.

However, such Western moves may turn Myanmar into another Afghanistan, especially if China responds decisively with direct military support for the Tatmadaw. Chinese leaders have already signalled Prime Minister Hasina not to play ball with the US and its allies. Foreign Minister, Qin Gang's sudden stopover at Dhaka airport on the way to a five-nation Africa tour in Jan around the same time when Bangladesh was visited by two top US officials (Rear-Admiral Eileen Labaucher and Donald Lu) pointed to Bangladesh becoming a big

power play theatre, with both the West and China limbering up to push their way into Myanmar.<sup>12</sup>

## A Fragile Economy

What adds to a huge crisis in the making is that Myanmar's economy is on the verge of collapse, though the military junta is not forthcoming with data about foreign exchange reserves. However, panic has gripped Myanmar over the growing likelihood of a Sri Lanka type economic collapse after the country's central bank's call this month to all citizens to convert their foreign currency holdings and remittances received from abroad into the local currency, Kyat. Myanmar's foreign reserves are believed to have dwindled sharply, and foreign debt has escalated as western sanctions following the Feb 2021 coup, amid the raging COVID pandemic, took effect.

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However, the country's military rulers are continuing to sign up for more and more Chinese funded infrastructure projects and are allowing Chinese companies to takeover mines and other profitable businesses in the hope that the Chinese will bail them out in the event of a Sri Lanka or Pakistan type crisis. At the same time, Myanmar's fighters opposing the military rule are increasingly targeting Chinese business interests, and even other foreign investors are pulling out of the country.

Myanmar's foreign debt now stands at between USD 10.0 to 11.0 bn, with some estimates suggesting that Myanmar does not even have half that much money to pay back debt. This explains the strange directive to mop up all foreign exchange available within the country, a move described by leading Myanmar analyst, Bertil Lintner, as 'Financial Suicide'. Economists following Myanmar developments say the country is headed for payment defaults and shortage of essentials unless the Chinese bail them out. The military junta's directive not only aims to shore up depleted



foreign exchange reserves but also denies anti junta activists and civil society groups within the country from receiving funds from foreign donors, and exiled Burmese groups.

Public anger over the move was evident when a senior Central Bank official was shot within three days of the bank issuing the forex mop up directive. The Central Bank's Deputy Governor, Than Tha Swe, appointed to the position after the Feb 2021 military coup by the generals, survived the attack. What must have upset all Burmese holdings of foreign currency was that the directive gave them just one day to change all their forex holdings into Kyats, the value of which has steadily fallen. The official exchange rate of 1,850 Kyats per dollar is far below the black-market rate that has climbed steadily past the 2,000 Kyat for a dollar mark.<sup>13</sup>

What is adding fuel to fire is the existing military junta's rule that holders of Kyat accounts may withdraw only 5,00,000 or the equivalent of less than USD 250, per week. This raises a more worrisome question as to whether the Central Bank has enough Kyat reserves to cover the conversion of all foreign holdings into local currency. Thus, for Myanmar, it is a double whammy. They get less for a dollar when they exchange it at the bank, which means they are left with less money to handle the sharply escalating price line. Agricultural output has dropped due to civil war conditions in many parts of the country, with the military using airpower and heavy weapons to quell popular uprisings in areas dominated by the ethnic Burmans, in addition to the ongoing insurgencies in areas dominated by ethnic minorities.

Public anger over the worsening economic situation and brutal military repression is increasingly focused not merely on the military rulers but also against China, which has been supporting the junta that calls itself the State Administrative Council (SAC). The SAC has cleared more than 15 new Chinese projects worth USD 4.8 bn since the

Feb 2021 coup, even as other foreign investors (like the Japanese) are beginning to pull out. Nearly 20 of the 180 Japanese companies operating in Myanmar have already pulled out. The decision to mop up all forex holdings by the Central Bank has further unnerved foreign investors. Thus, the junta's claims that its hopes for nearly USD 6.0 bn in foreign investments in 2022 entirely depends on the Chinese investments. The Japanese and Singaporean embassies, representing Myanmar's two biggest donors, have alluded to 'Serious challenges in following the new regulation, which will cause difficulties in continuing their businesses in the country'.

Already a dozen business groups, among them the French Myanmar Chamber of Commerce, AustCham Myanmar, EuroCham Myanmar, the British Chamber of Commerce in Myanmar, and the German Myanmar Business Chamber issued a joint statement stating that the new foreign currency rule 'Needlessly lowers the living standards of the Myanmar people, halts foreign business activity, stops the flow of foreign direct investment and creates trade tensions with other countries'.<sup>14</sup>

In Jan 2022, a report by the International Labour Organisation said that Myanmar is on the 'Brink of Economic Collapse'. It said the country has suffered eight percent

employment shrinkage, amounting to 1.6 mn job losses since the Feb 2021 coup. The country's construction, readymade garments, and tourism sectors have been the hardest hit, leading to a sharp drop in foreign exchange reserves. In a statement in Dec 2021, the United Nations Development Program estimated that 'Nearly half of Myanmar's 55 mn population, some 25 mn people will be living below the national poverty line'.<sup>15</sup>

Myanmar's economy has contracted 18 per cent for the year ending Sep 2021, and now, current projections say that the situation is getting worse because of the move to mop up foreign exchange reserves.

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However, the Myanmar generals appear unconcerned, hoping that Beijing will bail them out in the event of a Sri Lanka type crisis, says Bertil Lintner, “The junta’s lurch towards de-dollarisation might thus give rise to a new Yuan-based financial order, and even greater dependence on Beijing”.<sup>16</sup> This is precisely what is upsetting Myanmar’s pro-democracy groups who are fighting to bring down the military junta. The PDF, the military arm of the parallel NUG, recently threatened to attack Chinese-backed mines in the country’s northwest, if the projects are not shut down, saying the profits were lining the pockets of the junta.

The focus of this latest threat was believed to be China’s Wanbao Mining, which has a partnership with the Myanmar military-owned conglomerate, Myanma Economic Holdings, to run the controversial Letpadaung and Sapetaung-Kyesintaung copper mines, near Salingyi, in the Sagaing region. Recently, 16 Myanmar rebel groups issued a joint statement saying the income from the mining would line the pockets of senior Myanmar military officials and cronies. A PDF spokesman warned that, if these projects are not closed, they would be attacked.

More than 30 Chinese run factories were attacked in the months following the coup by demonstrators. Later, the PDF attacked an off-take station on the oil and gas pipeline that connects a Chinese funded port on Myanmar’s Rakhine coast with the Chinese province of Yunnan. A Chinese run nickel processing plant was also attacked.

A worried Chinese embassy in Myanmar has tried to contact the NUG in a desperate attempt to prevent armed attacks on Chinese interests. So far, the covert outreach has not worked. All groups opposing the military junta in Myanmar see China as the prime villain in propping up the brutal generals, and hold Beijing responsible for the crackdown that has led to 1,700 official deaths so far.<sup>17</sup>

## Implications for India

While China, and the US with their Western allies are flexing muscles over Myanmar, it is becoming difficult for India to avoid being sucked into the conflict. The deteriorating situation in Myanmar has three immediate impacts for India.

- Indian connectivity projects like the Kaladan Multi-Modal Transport Corridor are not likely to be completed anytime soon. Already behind schedule, the escalating conflict across the country has now made it impossible for New Delhi to complete these projects. India’s much vaunted ‘Act East’ policy cannot be taken forward without these projects which can only be completed when the situation stabilises in Myanmar. The country’s return to democracy in the last decade had raised hopes for India using Myanmar as a land bridge to the rest of Southeast Asia. However, the 2021 coup, and the severe breakdown of law and order, has torpedoed that hope. ‘Act East’ through the northeast will never be possible without a peaceful Myanmar.
- The escalating refugee problem will have an adverse impact on the northeastern states, taxing their limited resources. It will also complicate bilateral relations as the PDF and ethnic rebels will seek to use the Indian states to launch attacks or procure weapons. Locals in Mizoram and Manipur may tend to support them, but New Delhi does not want to upset the Myanmar’s military junta because it fears that this will drive it further into the Chinese embrace. That may cause frictions between the centre and the northeastern states.
- As the Myanmar’s military junta wilts under growing global pressure, the

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collapsing economy, and the mounting insurgencies, will draw it closer to China which is strongly backing the junta. The military regime has already cleared fifteen mega infrastructure projects funded by China since the Feb 2021 coup, drawing Myanmar into a huge Chinese debt trap. The Burmese generals are now totally dependent on Chinese support to protect their backs in the UN, and in other global forums. With the Chinese entrenching themselves firmly in Myanmar's economy and defence sectors, Indian worries over the security implications for its sensitive northeast will grow.

The Mexican President, Andres Manuel Lopez Obrador, recently called for a greater Indian role in global peace diplomacy, alongside the UN and the Pope. If there is one area where New Delhi could try this out, it is in Myanmar. It has so far backed the ASEAN peace efforts by supporting its Five-Point Consensus and adopted a 'Wait and Watch' approach. Since that has not cut much ice, India could try out a Gandhi Peace Mission in Myanmar to explore possibilities of starting a comprehensive dialogue, involving all stakeholders. So far, the consensus in New Delhi is to avoid getting dragged into the Myanmar conflict and leave it to the ASEAN to mediate a settlement between rival stakeholders.

However, the military junta is not yet keen to return to a Panglong 2 type comprehensive peace process and appears geared for a fight to finish. The situation can only get worse with more blood baths. Myanmar is clearly not just a failed state (like Pakistan) but seems precariously close to bursting at the seams. The only sensible solution is not merely a push to return to democracy but to work out a workable federation for Myanmar. However, now, this seems easier said than done. For India, Bangladesh, and the ASEAN, it is important to move decisively to avoid allowing Myanmar to fall

apart and become a playground for big power play between China and the West.

## Options for India

It is time for India to give up its strategic inaction on Myanmar because it cannot afford it anymore as too much is at stake. If New Delhi aspires to play a peacemaker role in the Ukraine crisis by leveraging its links to both Russia, Ukraine, and the Western powers, it is time it started off with a similar effort in Myanmar. "This is not the era of war", Prime Minister Narendra Modi reminded Russian President, Vladimir Putin, on the side lines of the 2022 Shanghai Cooperation Organisation Summit.<sup>18</sup>

His government may consider establishing a Gandhi Peace Mission in the Prime Minister's Office, backed by both the National Security Council and the Ministry of External Affairs, as an institutionalised peace-making platform. The mission might start off with a Myanmar outreach by sending a delegation headed by a minister from the northeastern state of Manipur, a northeastern chief minister who can connect to all stakeholders in Myanmar (ethnic rebel groups, democratic parties, and the military). He could be accompanied by two senior Buddhist monks (one revered across Asia; the other heading the Mahabodhi Temple in Bodh Gaya which is seen as the Buddhist Vatican), and one or two former diplomats who have served in Myanmar recently. Two top Buddhist religious personalities, the Venerable Chalinda Bhante (hailing from Assam, and until recently the head monk of Maha Bodhi temple at Bodh Gaya), and the Venerable Thay Huyen Dieu (popularly known as Dr Lam, the legendary Vietnamese Buddhist Monk) who heads a global multicultural project and is extremely popular in the Buddhist world, have already expressed their desire to connect to the Burmese Buddhist Sangha to get them to push the army to call for peace. Some top Burmese monks,

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like Sayadaw Asihin U Ottamathara with much influence both among the army and the Bamar people, can be drafted into the peace mission along with some retired Tatmadaw officers and NLD/NUG personalities.

While Chalinda Bhante's presence will be more symbolic, Dr Lam has substantial negotiating skills and the Burmese Sayadaw has much heft with all stakeholders in Myanmar. Dr Lam displayed these during his lead role in the Nepal peace process that culminated in the return to the political mainstream by the Maoists led by current Prime Minister, Pushp Kumar Dahal, alias Prachanda.<sup>19</sup> During a detailed conversation with the author on 24 Apr at his Kolkata residence, Dr Lam spelt out his roadmap for the Myanmar peace process in which he insisted on a strong proactive role for India, with the support of top global Buddhist religious personalities who, according to him, desperately want peace and tranquillity to return to Myanmar.<sup>20</sup>

Dr Lam's envisaged roadmap contains a strong religious element, like involving key Burmese Buddhist monks (revered by both military and other parties, and non-state actors), and starting off with mass prayers and extensive reconciliation exercises in a very Buddhist mould of forgiveness.<sup>21</sup> This would clearly provide the Tatmadaw an honourable exit, with no worries about retaliation, and open the path for the restoration of democracy as well as include structural change towards an authentic federation that would satisfy the aspirations of the battling ethnicities.

Dr Lam has said that Prime Minister Modi should be the 'Face and moving spirit of this new-era Indian peace diplomacy'. He insists on a major role for India and has suggested that the process should be overseen by National Security Advisor Ajit Doval and the Indian Union Minister for External Affairs Dr S Jaishankar, both of whom are known for a no-nonsense, proactive stance on global and regional issues.

China has already shown it is determined to augment its influence in critical conflict-ridden regions (like the Middle East) by undertaking to mediate between Saudi Arabia and Iran on the one hand, and Israel and Palestine on the other.<sup>22</sup> If India does not want to be diplomatically outplayed in Asia and elsewhere by an assertive China, it needs to play a similar peace making role in countries like Myanmar, and in the Ukraine-Russia conflict where China is seen as strongly backing one stakeholder (the army in Myanmar; Russia in the Ukraine conflict), and therefore lacks the credibility needed for peace diplomacy.

## Conclusion

The political and economic uncertainty in Myanmar has substantial consequences for India's 'Act East' policy, which aims to boost India's engagement with countries in the Asia-Pacific region. Myanmar has traditionally been an important partner for India and its instability has a range of implications. The uncertainty in Myanmar's border regions, particularly in the setting of the Rohingya crisis and ethnic conflicts, raises security troubles for India as it can potentially spill over into neighbouring Indian states, affecting regional stability. Myanmar serves as a key gateway for India's economic engagement with Southeast Asia. The instability can disrupt trade routes and economic cooperation, impacting India's economic interests in the region. Myanmar takes up a strategic position between India and Southeast Asia and its instability can affect India's efforts to offset China's influence in the region, especially through the Belt and Road Initiative. To sum up, the political and economic instability in Myanmar presents complex challenges and opportunities for India's 'Act East' policy and India's response should be guided by a blend of strategic rationality, regional cooperation, and a commitment to democratic values and human rights.

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## End Notes

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**Subir Bhaumik** is a veteran journalist with 35 years in the profession. He worked as a BBC and Reuters correspondent and was Bureau Chief in South Asia for 20 years. He then worked as Consulting Editor with Yangon's Mizzima Media for three years, and with the Dhaka-based bdnews24.com for four years. He is a former Queen Elizabeth House Fellow at Oxford University (1989-91), a senior Fellow at East-West Centre, Washington (2004), and an Eurasian Fellow at Frankfurt University. He has authored five books on South Asian conflicts and written more than 30 book chapters for leading authors.

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