China's Neighbourhood Policy in Myanmar: A comparative case study of reception and rejection of infrastructure projects

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1.0 Introduction

In recent times, China's meteoric rise has been the topic of debate for scholars and policymakers alike. One of its primary foreign policy instruments is the Belt and Road Initiative (BRI). It revolves mainly around reviving the ancient Silk Road through infrastructure connectivity. The BRI has become a household name for Chinese foreign policy (cfp) far abroad and in its immediate neighbourhood. Scholarly interest in BRI progressively grew as the project rolled out globally. Similar focus on China's neighbourhood policy (Cnp) has not manifested, despite the latter's centrality in the former. Or despite the importance of Cnp to BRI's successful implementation.

Scholarship of Chinese neighbourhood policy at times follow a near exclusive double-centric focus, on China and the state. The literature tends to discuss the neighbourhood in passive and abstract terms. It often does not take into account the actual recipient state's decision-making maneuverability that would be expected in sovereign decision-making. The diversity that is testament to the region, or even within countries is seldom acknowledged. When acknowledged, a more nuanced and complex picture of Cnp is painted, not exclusively defined by Chinese wants and needs, but similarly so by domestic factors and actors

Theoretically, nowhere else should outcomes be more beneficial for Beijing as in its immediate neighbourhood in Southeast Asia. Here, geographic proximity is the closest and relative power asymmetries are among the biggest. Moreover, infrastructure demand has historically been met by limited supply. But even in a 'best case scenario' in a 'best case environment' Chinese projects face setbacks, opposition, backlash and at times cancellation. This situation is found in the context of the 'Middle Kingdom's' relation with Myanmar.

Myanmar is a relatively weaker and smaller neighbouring country in terms of size, population, gdp, military strength and social and economic development. Among others, Myanmar lags behind its Southeast Asian neighbours in terms of infrastructure development and electricity rates. Following years of isolation from the West during the military junta regime, China became Myanmar's largest source of FDI, trade and foreign aid. China has emerged as the largest investor in both the hydropower and the oil and gas extractive sector. In 2009, China consolidated its status as the largest investor in these sectors when both countries formalised agreements on the China-Myanmar Myitsone dam and the Sino-Myanmar Oil and Gas Pipelines (SMOGP). Both projects are similar in terms of size, cost, bilateral ownership, time-period, and societal reception (or better said lack thereof). In 2011, Myanmar's government suspended the Myitsone Dam, while backing the pipelines. Scholars attribute the dam's cancellation to worries and considerations of power asymmetries and dependency towards China, anti-Chinese sentiments towards the project as well as protest movements. While these are very real and pressing matters, all of the aforementioned factors were similarly present in the context of the SMOGP. Moreover, these increased as a result of the implementation of the pipelines. This suggests that asymmetries, anti-Chinese sentiments and protests correlated with Myitsone's cancellation, but were no causal explanations.

Through a structured and focused comparison, this paper contrasts the distinctive features of the respective sectors wherein these projects operate, as well as key project characteristics. It finds that the rejection of the Myitsone dam and the reception of the SMOGP were at least partly informed by structural (sector) considerations, as well as specific (project) characteristics. Generally, structural factors both contributed towards the SMOGP's relevance for both host and home government, as well as disadvantaged the position of Myitsone with respect to Myanmar's government. The contractual agreements for Myitsone were less favourable to the central government than the SMOGP pipeline agreement. Additionally, I track the development of factors and behavioural shifts of actors at a key moment in time to understand why the Myitsone Dam was suspended indefinitely, while the SMOGP was not.

What this helps us better understand is that even in a best case environment and scenario (for China), Cnp success depends on domestic conditions and more specifically hinges at least in part on positive host country conditions. Moreover, it helps further inform understanding of the outcomes of Chinese foreign policy that have been disproportionately left out of Cnp analysis. In the words of Lampton, when going abroad China finds itself in situations it does not understand and wherein it has little to no control (Lampton et al. 2020, 114). Cnp only goes so far. Moreover, it operates on a playing field wherein it does not control outcomes nor the players shaping them. The findings presented in this paper build on and help build scholarship on Cnp. Also, they contribute to the literature on decision-making in respect to Sino-Myanmar investment relations. It carries implications for debates on China's international political economic practices with regions close to home and far beyond its immediate neighbourhood.

This study is structured as follows: Chapter 2 reviews and critiques the relevant literature relating to Cnp and Sino-Myanmar relations and FDI. Chapter 3 describes the research methodology and design approach. Chapter 4 and 5 are case-study chapters on the Sino-Myanmar Oil and Gas Pipelines and the Myitsone dam. In it, sectors and project characteristics are discussed. Chapter 6 analyses the findings, explores alternative explanations and implications. Chapter 7 concludes this paper through summary and answers the research question, as well as providing avenues for further research.

2.0 Literature Review

2.1 Introduction

The focus in this review is on Cnp related political-economic literature and related themes. This is not an extensive review of all Cnp literature. First, literature is discussed on Cnp within China's foreign policy. Second, the scholarly debate on Cnp ambitions is reviewed. Third, research on Cnp outcomes in Southeast Asia is discussed, a region considered by policymakers and academics to be instrumental to China's foreign policy. Fourth, scholarship on Sino-Myanmar relations is considered. This illustrates the nuanced and complex nature of the actual implementation of Cnp which the remainder of this paper builds on.

2.2 Cnp and China's foreign policy

To fully comprehend the academic position of Cnp within Cfp, it is important to define what is understood by 'neighbourhood'. Official sources do not specify what is regarded as 'neighbourhood' (Smith 2021, 59). Scholarly definitions vary from only countries landlocked to China, to the entire world (Yuan 2013, 31 in Smith 2021, 60). Consequently, the concept is applied in various ways, by opting either for a broad country (You and Jia 1998; Zhao 1999) or regional (Li 2016; Jacob 2012; Smith 2021) scope.

A focus on core concepts and ideas that drive Chinese foreign policy (Cfp) is central to the scholarly understanding of Cnp (Reeves 2018, 977; Zhai 2014, 1). This starts with Mao's Five Principles of Peaceful Coexistence (FPPC). Formally, Beijing still bases its foreign policy on these principles, which continues to keep them academically relevant over 60 years later (Sharma and Ghildial 2014, 60). Good neighbour diplomacy became a driving foreign policy principle following the death of Mao under Deng Xiaoping (Song 2020, 230; You and Jia 1998; Zhao 1999, 338; Zhou and Liu 2018, 7). Under Hu and Xi, Cnp became multifaceted. China's past as a relatively poor nation, made it see developing countries as the foundation. Neighbouring countries are the priority, in part because these facilitate China's own development. Major countries were seen as key, because these have historically disrupted and interfered with China's regional priorities. (Yang 2019, 108).

There is broad scholarly consensus in Cnp having taken a more central role in Cfp (Bhattacharya 2016, 316; Sobol 2019, 263; Jacob 2012, 317; Song 2020, 240; Smith 2021, 62; You and Jia 1998; Wang 2011, 3-6). Although some of the more recent BRI literature in part deals with regional implications (Callahan 2016; Bhattacharya 2016). More research in this area would complement the body of Cnp scholarship by shedding much-needed light on the effectiveness of Chinese policies and regional acceptance. Despite the comparative methodology, comparison opportunities could be employed more. Further comparative study of country-specific and within-country-specific nuance could help deepen existing knowledge, which at

times remains abstract and generalising. Currently, scholars emphasise Chinese regional ambitions and strategies.

2.3 Cnp regional ambitions and strategies

Literary debates emphasise connectivity, focusing on hard power, such as (geo)politics, economic and (military) strategy, but also soft power attraction of norms and ideas (You and Jia 1998; Zhao 1999; Soni 2009, 255; Jacob 2012; Green 2012; Li 2016; Song 2020). These debates at times overlap with international theory debates between offensive realists and liberal interdependence scholars. At times groups emphasise 'competition' in offensive realist terms, or they emphasise liberal-interdependentalist 'cooperation', discussed in this order.

The group emphasising competition holds that China supposedly aims to align countries through pressure and coercion (Reeves 2018, 978; Li 2016, 249 Bhattacharya 2016). Politically, Cnp is said to be aimed at establishing regional hegemony. Cooperative posturing allegedly serves the aim of increasing regional influence. In security terms, this implies aligning countries in order to counter regional geopolitical ambitions by major power, but also regional powers like India and Japan. Chinese multilateral institutes are portrayed as serving the aim of establishing a Chinese-led parallel world order (Ikenberry and Lim 2017, 1-4). Economically, strategies and instruments are aimed at advantageous terms, benefits or 'no-strings attached' loans (Pheakdey 2013, 1). Bhattacharya describes the BRI as a geopolitical tool to reclaim regional hegemony (Bhattacharya 2016, 309). Debt-for-equity swaps are touted as key strategies by which China increases influence in political, economic and territorial terms (Ranjan 2019, 1101).

Conversely, another group of scholars emphasise cooperation and the reciprocal relation between peace and development in Cnp. This underscores domestic development being dependent on regional stability (You and Jia 1998, 126 ; Yang 2015, 1 Soni 2009, 252; Li 2016, 242; Sobol 2009, 259; Smith 2021, 62; Zhao 1999, 336; Zhao 2004, 258). Politically, Cnp aims to secure a stable environment for China's domestic development. Callahan (2016) holds that this is envisaged through a combination of ideas, concepts, policies, institutions and projects (Callahan 2016, 226). Authors emphasise key regional foreign policy concepts including, the Asia Dream and 'Asia for Asians' to create a "community of shared interests, common destiny and shared responsibilities" (Wu 2016, 862). These concepts are interpreted as centering around "amity, sincerity, mutual benefit and inclusiveness" (Li and Yang 2019, 39; Hu 2019, 2;). Callahan suggests a mutual dependent relationship between soft power connectivity (ideas, 'Dreams') in diplomacy and 'hard' connectivity (AIIB, BRI; Callahan 2016, 227).

Authors see economic factors as having spill-over effects to fruitful relations in other domains, such as political relations or regional security (Soni 2009, 267; Sobol 2019, 263; Smith 2021). Chinese domestic growth contributed to economic engagement with Southeast Asia. This is said to have strengthened Chinese incentives to invest in regional economic cooperation. China is depicted as committed to good regional governance (Li and Yang 2019, 41). Beijing pursues this through a variety of means, most relevant to this study is the BRI. Through BRI,

Rolland (2017, 136) argues that Beijing presents ‘giving’ and not ‘taking’. Wang (2015, 40) and Callahan (2016, 236) hold that the BRI and institutes like the AIIB are aimed at realising aforementioned foreign policy aspirations through connectivity and cooperation.

At times the scholarly focus leads to incomplete and generalising interpretations. The literature employs a unidirectional aim away from China. Scholars who emphasise cooperation, at times, echo Beijing’s rhetoric uncritically supportive, while authors emphasising competition can be unnecessarily pessimistic. The current macro-approach to political-economic affairs can be further expanded and specified by examination of key actors, factors and domestic conditions . This would shed much needed light on Cnp outcomes and regional responses.

2.4 Cnp outcomes and regional responses

The academic field concerns itself primarily with matters discussed above and less with outcomes. Yet, several authors have examined the distinctive features of Cnp outcomes and responses. Authors agree on the centrality of ASEAN and Southeast Asia (SEA) in China’s peripheral strategy. Theoretically, Cnp success would be expected here, due to geographic proximity and relative power asymmetries (Ferchen 2016; Smith 2021; Jacob 2012, 317; Song 2020, 240). Debates at times emphasise regional outcomes as either ‘win-win’ or ‘zero-sum’. This in part can be attributed to what Wu suggests is an active decision of China following a regional strategy characterised by cooperation and competition (Wu 2016, 849). Outcomes are accentuated in asymmetric power relations, the South-China Sea and economic engagement.

One recurring literary theme is power-asymmetry between China and Southeast Asia (Zhao 1999; Li 2015; Li and Yang 2019; Smith 2021). China's smaller neighbours perceive China for its potential and historical domination in political and cultural terms (Zhao 1999, 269). On the other hand, it is emphasised that due to the discrepancy in Chinese economic and military power vis-à-vis its neighbours, some of China’s neighbours are seen as weary of deepening cooperation with China. The adverse effects of these asymmetries are exemplified by ‘competition’scholars in the South China Sea disputeThey focus on depictions of China’s assertive posturing in the South China Sea, despite officially abiding by peaceful development principles. This two pronged effort has often transmitted conflicting signals to its neighbours (Zhao 1999, 345; Sobol 2019, 258, 267).

Scholars emphasising cooperation, focus on Cnp having improved relationships with neighbouring countries through joint cooperation and consultation via bilateral and multilateral means (You and Yia 1998, 146). This is interpreted in the restoration of regional diplomatic relations (Yuan 2006, 1). China’s constructive foreign posturing has resulted in institutionalisation of China’s relationship with ASEAN through participation in key fora. China’s regional partners are suggested to be attracted to Beijing’s soft power appeal (Yang 2015; Li and Yang, 2019; Song 2020). Economically, interpreted outcomes revolve around spill-over of China’s domestic growth leading to greater regional connectivity. This has been most visible through BRI participation (Smith 2021 56). Either interpreted as China giving back to the

world and lifting up regional developing countries. Or interpreted as risking more regional dependency (Li and Yang 2019, 45) Goh finds that China finds success in furthering mutual interest, as a preference multiplier. She exemplifies this through regional free-trade agreements (FTA's), like the ASEAN-China FTA (Goh 2014, 835). Oh (2018) finds that China also serves as a preference multiplier in infrastructure connectivity. Oh (2018) equates cooperation with Chinese infrastructure investments to supporting China's rise as global power (Oh 2018, 530) However, cooperation is not always guaranteed.

Chinese state-centric tendencies are strong within the academic field. While this double centrism is understandable since China remains highly influential in shaping regional dynamics, it does not do so on its own. Paradoxically, a more informed account of the (geo)political, economic and strategic aspects of Cnp hinges on a better understanding of host country agency in these domains. Gradually, more research (see Calabrese and Cao 2020) is appearing, emphasising neighbourhood agency. However, a disproportionate emphasis remains on China. This is despite the importance that both policymakers and scholars attribute to both. Not only in terms of their impact on bilateral dealings with China, but also the role they play in China's BRI plans (stated goals, ambitions, intent). This is most evident in the Southeast Asian context.

The centrality of SEA and ASEAN to Cnp's success could be made more explicit. For example, by matching the current focus on Chinese goals with a focus on regional response. Some scholars point to 'challenges' to Cnp. In the Southeast Asian context this almost exclusively implies land-border conflicts or the South China Sea (Jacob 2012; Wu 2016; Reeves 2018; Xiaoting 2016; Sobol 2019). Additional research would serve the purpose of shedding much needed light on the active role of the region in shaping Cnp outcomes.

As Goh argues, where Chinese theoretically should find most success, would be in the context of a relatively weaker, geographically proximate context. Among the ASEAN nations, Malaysia, Indonesia and Myanmar have been categorised as more receptive towards the BRI initiative, which has led to numerous deals. Indonesia and Myanmar, have been mentioned for their 'geographical potential' (Mantoan 2019). Moreover, Myanmar, Cambodia and Laos are classified as 'capital needy' by Balasz Ujvari (2019). This grouping of countries is also concluded by Yang (2019): Laos, Cambodia and Myanmar have developing country status, underdeveloped infrastructure, budgetary needs and broad ranging poverty (Yang 2019, 113). These countries have intricate trade, investment and aid relationships with China (Calabrese and Cao 2021, 3). The country that lags behind in infrastructure development most in comparison to its ASEAN neighbours, is Myanmar (Xue 2018, 124). Under these circumstances, 'Chinese success' would theoretically be expected. This has not manifested, making it interesting for further study.

2.5 Sino-Myanmar relations and FDI

There is a considerable consensus in the pivotal role that Myanmar plays in Cnp (Calabrese and Cao 2020, 7; Wu 2016, 858; Kong 2010; Mark et al. 2020). Chinese diplomacy is said to value

both principles and friendship (Yang 2015, 16). This is embodied in bilateral relations being described as *pauk-phaw*, referring to long history and 'kinship'. This has been underscored by ranking PRC officials from Mao (Li 2016, 253) to Xi (Kyaw 2020, 2). Nevertheless, scholars point to conflicting aspects of this relationship relating to political-economic asymmetrical and societal dynamics, discussed below in this order.

The junta years in Myanmar are understood to have had two political-economic effects. First, embargoes from Western countries, mostly the EU and US, have isolated Myanmar from Western economies. Second, it strengthened China's position as a near-exclusive economic partner, which made Myanmar highly economically dependent. Myoe (2015) holds that China's support for the military junta enabled it to stay in power, in part through Chinese-funded repressive measures. This is believed to have strengthened anti-Chinese sentiments among the population (Myoe 2015, 28).

FDI is emphasised to stress the mutual interdependence on economic affairs and the overall importance of the bilateral relationship. Bissinger (2012) found that investments have increasingly been concentrated in the extractive and power sectors (Bissinger 2012, 23). Recently, from a geopolitical perspective, Myanmar's unique geographical location, as well as its positioning in BRI are emphasised through the China-Myanmar Economic Corridor (Mark et al. 2020, 386). Three projects have attracted scholarly attention: the Sino-Myanmar Myitsone Dam, the Sino-Myanmar Oil and Gas Pipelines (SMOGP) and the Letmataung Copper Mine (Kong 2010; Yun 2013; Chan and Pun 2020; Zhang, 2020; Mark et al. 2020, Yao and Zhang 2018, 2). Sun (2013) describes these as China's most important economic interests in Myanmar, based on their size and scope (Sun 2013, 2), which makes them an interesting avenue for further research.

Sino-Myanmar relations have been described as asymmetric and dependency based. This applies to a variety of domains. Asymmetries are pointed out in trade (Xue 2018, 122), population size, GDP/capita (Dent 2016, 4), outstanding foreign debt to China surpassing that to any other country (Mark et. al 2020, 386). Myanmarese dependency on China for imports, exports, aid, and investment is linked to Myanmar's poor infrastructure and heavy reliance on resource extraction (Chow 2015, 9). The asymmetric dynamic suggests that Myanmar has less negotiation power vis-à-vis China and therefore must comply with China's requests (Calabrese and Cao 2021, 2). Yet, Myanmar has chosen to go back on the Myitsone Dam, which was already under construction when it was cancelled. Moreover, despite said asymmetries and dependencies, the government backed the pipelines, which reinforced asymmetries, deepened dependency and hardened societal backlash.

From a societal perspective, these projects have received vigorous backlash. They are seen as enriching mostly Chinese and Myanmarese businesses, at the expense of local communities. Worries are said to have to do with ecological destruction and forced displacement under systemic corruption, cronyism and rent-seeking behaviour. These are said to have contributed to anti-Chinese sentiments, of which Myitsone is a large contributor (Kyaw 2020, 4). Researchers on Myitsone overwhelmingly attribute its suspension to societal activism (Kirchherr

et al. 2017, 111; Yang 2019, 120; Chan and Pun 2020, 2112; Zhou and Liu 2018, 18). Despite societal resistance during all stages of both projects, only the Myitsone project was suspended while the SMOGP proceeded 'relatively smoothly' (Yun 2013, 2). This is puzzling and deserves further academic scrutiny.

2.6 Conclusion

In sum, the field provides a profound understanding of China's Neighbourhood Policy from a sino-centric perspective and its employed strategies. Paradoxically, the importance that the PRC itself attributes to the Neighbourhood can be accentuated more in the literature on neighbourhood outcomes. This is problematic for two reasons. First, A double-centric (state and China) focus carries the risk of generalisations and simplifications, while obscuring important elements of regional dynamics by leaving out within-country detail. Second, a focus on China limits the Neighbourhood of decision-making maneuverability. This could be balanced through more research on the factors and actors that influence outcomes from the neighbourhood's perspective. Cnp literature on Southeast Asia, tends to focus on territorial conflicts. The neighbourhood is at times portrayed as a passive recipient of Cnp. This is neither an adequate reflection of Cnp strategies, nor of outcomes. Cnp success in part hinges on a relatively positive reception, which sometimes it receives and sometimes it does not. Despite the fundamental role that scholars attribute to Cnp's economic component, this can be expanded on through additional research. This research complements understanding of Cnp outcomes through analysing sectors and specific projects.

Smaller countries can wield significant influence as evident in the case of Myanmar. Despite "the will of the people" being touted by policymakers and scholars alike to explain the cancellation of the Myitsone Dam, this does not explain the relatively smooth implementation of the SMOGP in spite of the same 'will'. This makes for an interesting case study into how Cnp is received and at times rejected. The terms of these agreements, as well as the sector wherein they are situated, have implications for host-government decision-making and require further research. Such research would help shed light on the active role that regional partners have in shaping Cnp. It would also contribute as an effort to change the narrative on smaller and developing countries from passively accepting to actively shaping outcomes. This has led to the following research question:

> *What factors led the government to cancel the Myitsone Dam, while proceeding with the Sino-Myanmar Oil and Gas Pipelines?*

In order to answer this question, this study aims to understand projects from a wider political-economic context, as well as their implications for both state and society. Since there appear to be reasons to distinguish between similar projects, as academics and policy makers have done, it makes sense to look at project specific characteristics, since these do not exist within a vacuum.

Additionally, it makes sense to examine structural factors, (sectors) wherein projects exist. This study looks at key factors and actors: governmental and commercial, national and sub-national, Myanmarese and Chinese. This will shed a more balanced light on neighbourhood dynamics.

The field	This research
Overwhelmingly state-centric unit of analysis mostly in the realm of geo(politics), economy, military/strategy	Intracountry differences between projects, agreements, companies, sectors, state and non-state actors
Sino-centric	Neighbourhood centric, also small/medium power centric in terms of focus on Myanmar
Stated goals, ambitions, intentions	Effects, outcomes and receptions
Focus on land border and SCS territorial disputes; limited Southeast Asian agency	Comparative focus on two Sino-Myanmar Greenfield FDI projects

Table 1: visualisation research contribution

3.0 Methodology

This section covers the methodological approach. These include research method and design, case justification, internal and external validity, factor breakdown, identification of relevant indicators by which factors were assessed, sourcing, researcher subjectivity and bias.

3.1 Research Method and Design

The Cnp field in particular is said to benefit from further research and theorisation (Yang 2015, 17). Conceptually, this research contributes to the understanding of why and on what grounds (factors) governments decide on infrastructure projects and how decisions affect the implementation of similar Chinese FDI-BRI projects in similar situations. Research was conducted, employing an interpretive social science approach. This approach focuses on 'description and understanding of interactions, meanings and processes' that influence situations and examines how meaning is produced and employed (Gephart 2018, 35). This fits the qualitative study of the factors influencing the decision of the Myanmar government to suspend the Myitsone project, while proceeding with the SMOGP. Cases were selected for their representation of two contrasting policy positions. As a result, the comparison was illustrative and not representative. At times illustrative comparisons are mistakenly understood as representative and discussed accordingly (Boulesteix 2013, 2665). Therefore, it is important to stress the illustrative nature of the Myitsone and SMOGP projects here. While any overseas investment can meet the same fate as Myitsone, it has to be stressed that Myitsone is an outlier case. Most Chinese backed projects have proceeded relatively smoothly. Nevertheless, it was an interesting case to study because it illustrates under what circumstances projects are rejected. Moreover, it showcases project volatility and the thin line between reception and rejection. No one saw the project suspension coming, not even CPI itself (China Daily 2011).

In order to understand contrasting outcomes this study employed a structured and focused comparative case-study design (George and Bennett 2005, 67). This design was selected, because small-N research is said to contribute to nuanced theoretical insights (Lijphart 1971). The dependent variables (dv) in this research were the contrasting project outcomes. In the first case the dv was the backing of the project from construction to operation. In the second case, the dv was the indefinite suspension of the Myitsone project. The method dealt with both structural and specific aspects of the cases. These were the respective energy sectors (first independent variable) and project characteristics (second independent variable).

The systemic factor is broken down in four steps. In figure 2 an overview of the systemic factor breakdown can be found. The boxes with numerical prefaces are categories with subcategories. The unnumbered boxes on the far right are indicators by which categories were evaluated. First, the infrastructure category is disclosed. Second, sector structure is mapped

through indication of key state, sub-state and non-state actors. It also indicates sector deposits and resources, such as rivers and gas deposits. Third, sector implications are broken down into political-economic and security implications. Political-economical implications will be assessed through allocation of resources by the government to the sector as well as the wealth accumulated from sector extraction. Security implications will be gauged through known sector relation opposition or conflict. Fourth, sector-significance was determined based on the sector's total % energy, its relation to federal fiscal revenue and export. This was measured in accordance with the existence or absence of viable sector alternatives.

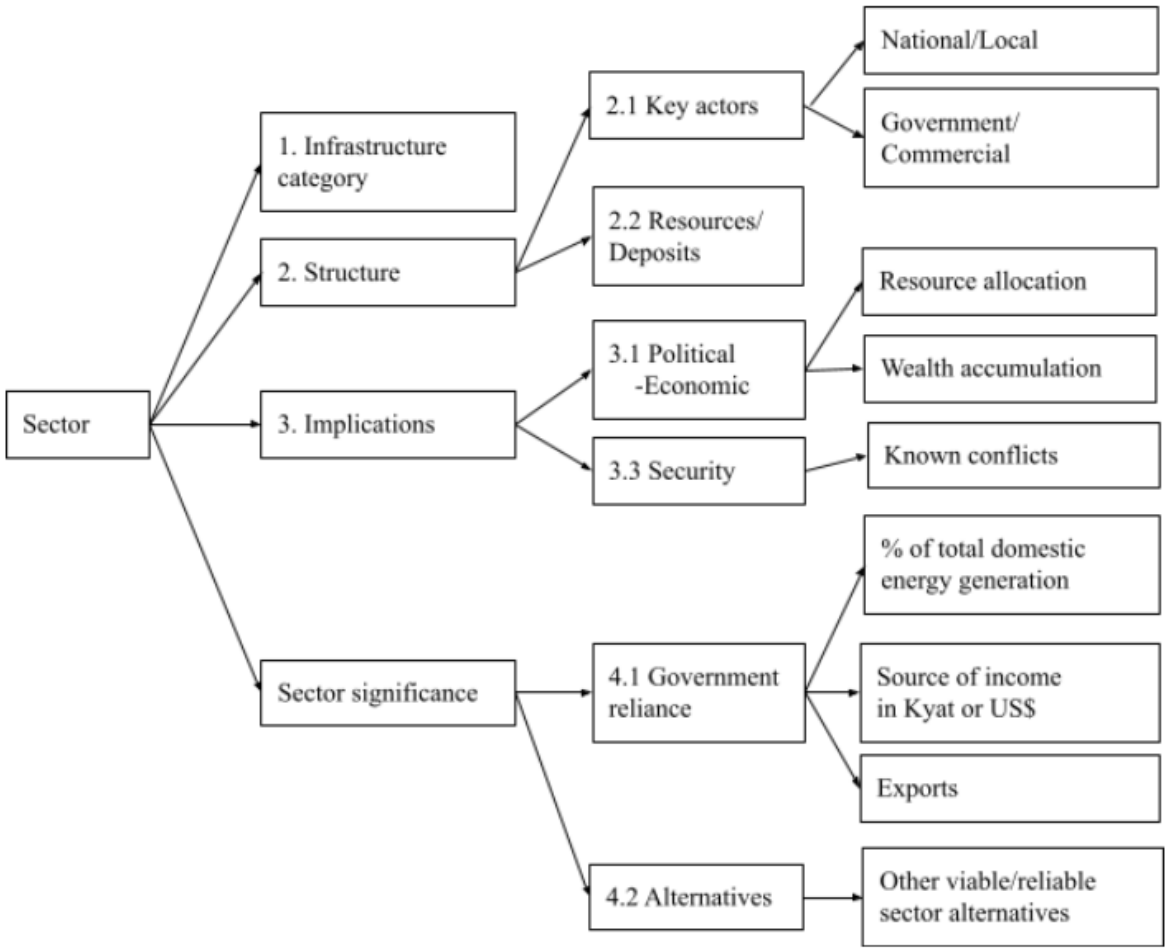

Figure 2: breakdown of structural factors

The project related factor was broken down in four categories: The who, the why (intent/ambitions), contractual arrangements (how and when) and results (outcomes). In figure 3 an overview of project factor breakdown can be found. The boxes with numerical prefaces are categories with subcategories. The unnumbered boxes on the right are indicators by which categories were evaluated.

The first category maps main contractors, subcontractors and relevant government agencies.

The second category goes into the project's rationale. It starts with the overall transaction goal. This was followed by laying out incentives for both sides, first Myanmar followed by China. Then, challenges to project construction were considered from political-economic and security perspectives. Lastly, known terms of feasibility studies were scrutinised.

The third category, contractual arrangement, includes first the main contract commitments. Second, the known financial arrangements were studied through (re)payment agreements and ownership shares. This is accompanied with an evaluation of the construction process, in terms of Corporate social responsibility (CSR) and labour. Third, the time and duration of the project were included where known. Where possible, known termination options, penalties and special clauses were discussed.

The fourth category consisted of results, starting with the initial development of the project, indicated through the final attained phase. Following were complicating factors, such as suggested project related anti-Chinese sentiments as well as societal backlash, broken down into violent and non-violent factors. These were further broken down along national, local, government and opposition levels of analysis. Then the final outcome was provided: decision on either continuation or indefinite suspension. This decision was funded through formal explanations as well as other likely explanations.

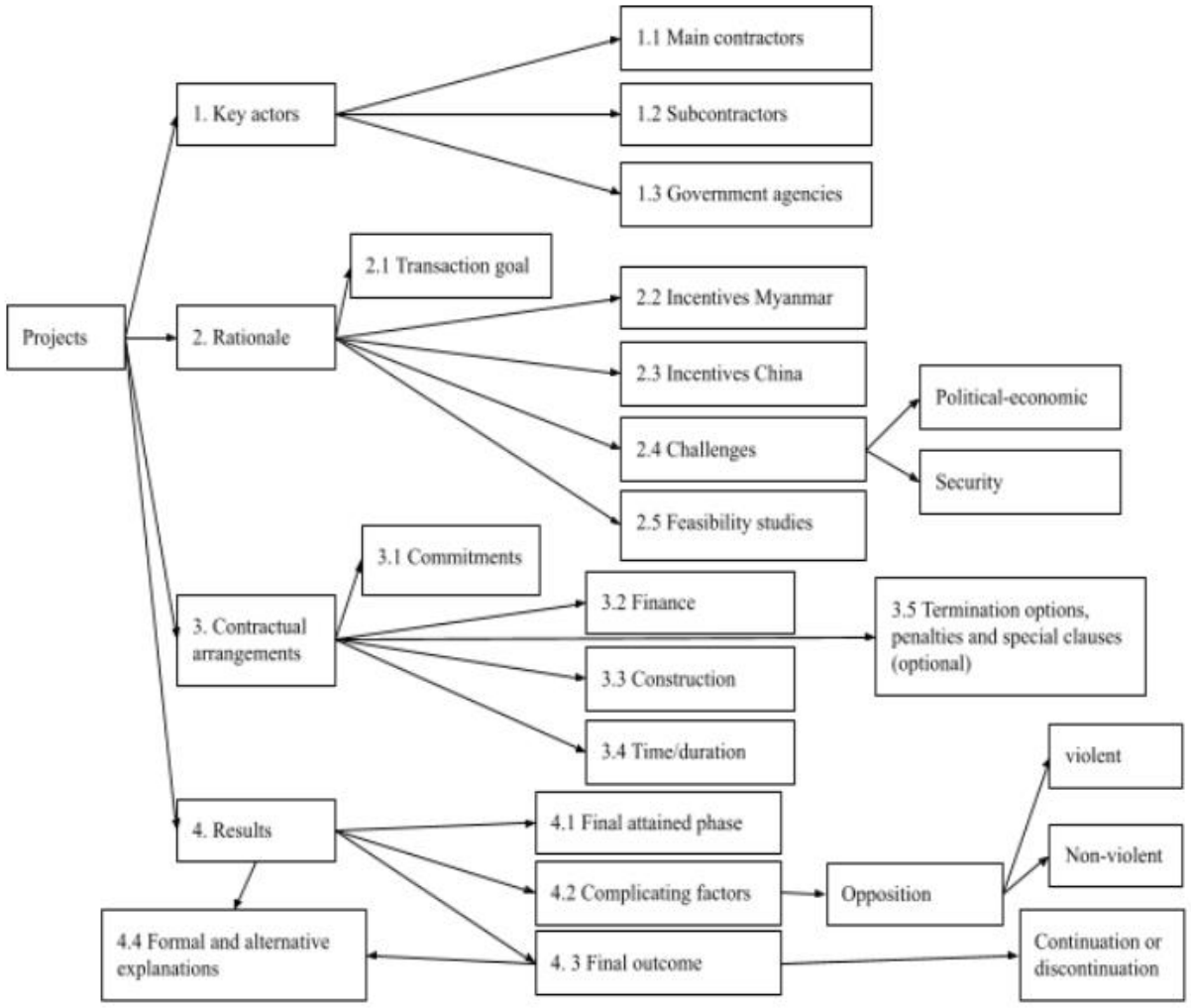

Figure 3: breakdown of project specific factors

This study hypothesised that: 1) Sector factors influenced Myitsone's cancellation, while receptively embracing SMOGP. 2) Project characteristics influenced Myitsone's cancellation, while receptively embracing SMOGP.

To answer open-source descriptive data was gathered through observation without intervening. For this research qualitative and quantitative, primary and secondary sources collected by others were used. Quantitative sources included mostly numerical data from intergovernmental organisations, online data platforms and government agencies. Qualitative sources included government and company reports and statements, non-governmental organisation (NGO) reports, academic articles and news sources from domestic and international media.

3.2 Limitations

A general consequence of the interpretive social science approach and case study design is vulnerability towards potential misinterpretation, subjectivity and biases. This involved why certain cases were chosen, why certain factors were analysed and others not, what sources were used and why. A potential point of criticism could have stemmed from the dual nature of the infrastructure projects in question. If variation in outcome was the center of this study, then this could have also been researched by staying within the realm of hydropower (Myitsone and any given dam that was not cancelled). However, by doing so the conclusions and findings of this research could have been criticised for having limited applicability outside the hydro sector. Since the aim of this research was to inform Cnp reception more broadly and not hydropower reception alone, a broader inter-sector scope seemed logical.

A general consequence of case-selection is the leaving out of other seemingly similarly relevant cases, here the Letmataung Copper Mine (LCM). Different phases of the LCM negotiation process made the coppermine a more complicated case to study. The LCM was agreed at the same time as the other two projects. President Thein Sein suspended the project indefinitely, officially resulting from 'the will of the people' (like Myitsone). However, it was renegotiated and successfully implemented despite societal opposition (like SMOGP). The phase up to renegotiation resembled project rejection (Myitsone), whereas the phase from renegotiation to implementation resembled project reception (SMOGP). Time and word constraints made it more feasible to compare the two most contrasting cases. For this reason the 'middle' case was beyond the scope of this research.

The general consequence of the structured and focused design is that it deals with specific aspects, while it can not include others. I attempted to include the most relevant aspects of both neighbourhood relationships as well as factors by which cases were contrasted. As previously discussed, Cnp is more than infrastructure alone. Yet, as the following chapter will show, it is a linchpin issue. Infrastructure is linked with multiple aspects of neighbourhood relations and is situated in the middle of and not on the fringe of regional dynamics. For the latter, the choice for factors and indicators came following a lengthy research process. As will be seen in Chapter 6, some of these are actually considered as viable explanations for the government's decision.

A general consequence of doing political-economic research on China and Myanmar revolves around the reliability of data. Official government statistics, whether from Myanmar or China have been criticised at times for lack of reliability and transparency (Mark et al. 2020, 384). The opaque agreements for Myitsone and SMOGP exemplify this issue. Nevertheless, enough information became public for analysis. A lack of transparency, verification and reproducibility made it necessary to verify employed data through triangulation where possible and rely on limited data elsewhere.

4.0 The Sino-Myanmar Oil and Gas Pipelines

4.1 Sector

4.1.1. Infrastructure Category

The oil and gas sector relies on infrastructure for both exploration and transportation of unrefined and refined non-renewable fossil fuels. These include drilling platforms, refineries, factories, railways and pipelines.

4.1.2. Structure

Myanmar exported its first barrel of oil in 1853, as one of the oldest crde producers in the world. It is the second leading natural gas producer in the region (Stephens 2015, 21). Ever since before the British arrived approximately 20 families held control over the extractive industry. In 1963, major industries were put under government control resulting from the Enterprise Nationalisation law (Holmes 1967, 190). A move that led to the formation of several state-owned enterprises such as the Myanma Oil and Gas Enterprise (MOGE), which exists to this day.

Myanma Oil and Gas Enterprise (MOGE) is a key sector actor. It has exclusive rights to ownership and maintenance of the 4100 km pipeline network (ERIA n.d., 82). It falls directly under the Ministry of Energy (renamed Ministry of Energy and Electricity in 2016), which is responsible for drafting the country's energy policy, specifically related to fossil fuel exploration and extraction. As MOGE falls under the Ministry of Energy (MoE) it carries responsibility of both business partner and regulator. Because of possible conflicts of interests, these responsibilities are separated in other countries (MCRB 2014, 51). On the Chinese side, at least 16 Chinese Multinational Corporations (MNC's) are involved in 21 on and offshore oil and gas projects (Earthrights International 2008, 7). China National Petroleum Company (CNPC) and its subsidiaries PetroChina and Sino Pipeline International (SPI) are key actors in terms of buying gas, as well as creating new pipeline infrastructure. Additionally, relevant actors include the Tatmadaw (Myanmar Armed Forces) for securing pipeline routes and local ethnic armed groups opposing them, like the Shan State Army (STA).

Myanmar has four offshore gas deposits in the Andaman Sea and one on land gasfield in the west of the country. The offshore deposits are the Shwe, Yadana, Zawtika and Yetagun offshore fields. Since 2000 the latter three were used for export to Thailand through (at that time) the only export pipeline Myanmar had. The Shwe Gas Field was discovered in 2004 and explored by an international consortium of companies

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4.1.3. Implications

As a result of political resource allocation, Myanmar lacks a reliable energy network, despite sufficient natural gas reserves. 80% is exported to predominantly Chinese and Thai markets (MCRB 2014, 46-47). The existing infrastructure can meet approximately 50% of national demand. This results in frequent power outages and electricity rationing. Only 13% of the population have access to electricity, and almost 95% depend on solid fuels for cooking and heating. In order to achieve universal electricity access, Myanmar would have to allocate approximately 10% of GDP every year, the region's highest (MCRB 2014, 46-47). This is not in line with economic implications stemming from the sector.

The sector has historically served as a main source of income, where on the government relied. The 1980s saw the start of a decades-long process of power consolidation by the State Peace and Development Council through increased investments in natural resource extraction (Talbott et al. 2016, 334). In particular, the regime began partnering with international corporations to develop offshore gas deposits. This effort would eventually result in the junta's largest source of revenue (AOW 2010, 7). Despite importance, sector fruits are not employed for domestic development, but serve as a source of income for a select few.

The sector has been tied to high levels of wealth centralisation, cronyism and corruption. Extractive revenues lack autonomous supervision. The exchange rate by which these revenues are recorded are overvalued by a factor of 200. These are officially recorded at $1 = 6 Kyat, while market value equals $1=1200 Kyat (SGM 2009, 11). This has two consequences. Most extractive revenues are not recorded, nor is their expenditure accounted for. The junta received millions of dollars from gas sales through financial loopholes related to the Yadana-Thailand pipeline. For 20 years, gas revenue intended for the government went to military-linked companies (Bangkok Post 2021). Billions of dollars from natural resource extraction enabled Myanmar's military elite to accumulate and maintain political power and exert increasingly repressive control over Myanmar's civilians (Talbott et al. 2016, 329). Paradoxically, the revenue generated over decades of resource extraction were also employed to realise a 'secure' environment for the construction and operation of the project discussed in the next section. Hard currency revenues are funneled to a select group of insiders and used to support specific projects of the regime.

Oil and gas extraction has coincided with heavy militarisation and securitisation of extraction zones. This has had adverse effects on the human rights situation of local communities. These roughly fall into either of the following categories, ecological security regarding farming and fisheries, land confiscation, forced relocation or arbitrary arrests (AOW 2010, 10). At times, whole villages had to make way for projects, where they would see little to no profit off. This has not always been welcomed by local ethnic groups. Both violent and non-violent opposition occurred, Ranging from targeted attacks on pipelines or personnel, to peaceful protests.

4.1.4. Sector significance

The sector can be described as strategic for a variety of reasons. The importance of the natural gas industry to Myanmar's political economy has rapidly increased since the turn of the twenty-first century. 18.2% of Myanmar's energy supply was from natural gas and 8.5% from oil. Between 2000 and 2009, an increase of almost 10% annually in gas production was recorded. Energy consumption is starting to favour natural gas, increasing annually by approximately 15% annually netween 2000–2009 (ADB 2012, 3).

Natural gas accounted for approximately 40% of the nation's exports in 2009. China was either the largest- or second largest export destination for Myanmarese gas. As Table 2 shows the dependence on gas over time has decreased, although it remained the largest export product. Whereas the reliance and relative asymmetry towards China has more than doubled.

Year	Gas export as % of total Myanmar export	China as export destination as % of total exports
2009	41.3	10.9
2010	36.1	13.9
2011	33.2	20.8
2012	35.5	17.2
2019	36.6	24.4

Table 2: gas exports and China as destination country from 2009-2012, 2019 for reference

Within Myanmar's energy sector oil and gas account for a part of total energy consumption. Biomass was the largest source of energy. However, this has been declining through the years, from 80% in 2000 to 73% in 2008 (ADB 2012, 3). The oil and gas sector remains the largest in terms of government revenue and export.

The points mentioned in 4.2.2. and 4.3.3. on actor and sector seniority, as well as decisions regarding resource allocation and wealth accumulation, partly illustrate the sector's centrality in Myanmar's political economy. Since no real or viable alternatives existed at the time covered in this section, sector significance is underscored. The structural context provides a sufficient understanding to understand in what conditions the SMOGP came into existence.

4.2 Project characteristics

4.2.1. Actors

MOGE and CNPC were main contractors in the project. CNPC's subsidiaries, PetroChina, SPI, Southeast Asia Gas Pipeline Limited (SEAP) and Southeast Asia Oil Pipeline Limited (SEAOP) were subcontractors. The Tatmadaw was relevant for securing the pipeline route.

4.2.2. Rationale

The goal of the transaction was the purchase of Shwe gas and the establishment of two pipelines. One would link Shwe gas to China. The other would connect Chinese oil imports from the Middle-East and Africa directly to the Chinese mainland. These pipelines would be the first investment of the China-Myanmar Economic Corridor (CMEC).

The corridor connects Yunnan to Kyaukphyu in Rakhine State. The CMEC consists of a $30 billion Special Economic Zone (Htwe 2020), a 7.2$ billion deep-sea port, a necessary prerequisite to the SMOGP's functioning, a $2.7 billion industrial area (Lwin 2020) and a $20 billion railway (Stubbs 2020). This puts total costs at around $50-60 billion. While the SMOGP was the first of the projects to begin construction, most of the projects were either negotiated or finalised around the same time.

Incentives on Myanmar's side have both political-economic and security orientations. Myanmar had interests in finding buyers for the Shwe gas fields discovered in 2004. The fields were explored and developed by an international conglomerate. This group, however, did not purchase the gas. For Myanmar, this was a case of waiting for the right offer. (CPIC 2017). The pipeline also furthers the central government's interest in power consolidation over areas that it has historically struggled to control (for details see Woods 2011). The pipeline route would cross regions where open conflict between the Myanmarese army and local ethnic armed groups have taken place.

Chinese incentives revolve around energy security. More specifically, an alternative route for oil and gas imports from the Middle-East and Africa. As of 2010, 80% of Chinese oil imports ran through the Strait of Malacca (Diokno et al. 2019, 8; TNI 2016, 10; Mark and Zhang 2017, 78). The Malacca Strait is one of the world's most important sea routes. It carries around 25% of global trade including oil and Chinese-made goods. At the same time, it is among the most congested bottlenecks in the world, as it tightens to 2.8 km. SMOGP would serve as an alternative route through Myanmar that would alleviate stress on this choke point. Its geographical positioning makes Myanmar an ideally located transit country. The import of raw materials from Myanmar also serves domestic needs relating to Beijing's industrial plans. While both sides were incentivised to engage in the project, it did come with challenges.

For Myanmar, the construction of a cross-country pipeline would strain the country's budget. On its own it would be unable to construct or maintain the pipeline. During the military junta, Western companies were forbidden to engage in economic activities in Myanmar, including in the oil and gas sector (Offshore technology 2012). This made finding investors a complicated matter.

From a geological point, certain challenges existed along the pipelines' route. Ranging from mountainous areas, swamps, zones with high seismic activity. All in conditions with weak pre-existing infrastructure. Supporting investments, like roads and additional plants would be necessary in order to facilitate the pipeline project. To move oil and gas from the Andaman Sea to the Chinese mainland, a pipeline would have to cross active ethnic conflict zones (SGM 2009, 6; Environmental Justice Atlas n.d.; see Appendix 1 for the route and Appendix 2 for conflicts in the vicinity of the route). These are mostly in Rakhine and Shan state, where ethnic armed groups defy the central government in Naypyidaw, do not respect its authority or its proposed projects where they do not see themselves as beneficiaries.

According to CNPC, local wellbeing is its prime interest. It has conducted Environmental Impact Assessment (EIA) studies in order to circumvent ecological sensitive territories and heritage conservation (CNPC 2016, 24). While CNPC prides its EIA's as being up to international standards[1], it is important to stress that domestically no environmental regulations existed prior to agreement (Aung et al. 2020, 3). No local communities were involved in the study. EIA reports have not been made available to the public. Yet, CNPC says it follows these rigorously in order to implement projects in accordance with their own EIA's (CNPC 2012).

4.2.3. Contractual arrangements

After negotiations between India and Myanmar failed on the sale of Shwe gas, MOGE signed a Memorandum of Understanding (MoU) with PetroChina for its sale and preliminary plans for the construction of a pipeline to Yunnan in December 2005 (O'Connor 2011, 2015). CNPC negotiated a deal for the purchase and transportation of natural gas from the fields in June 2008. Exactly one year later, Myanmar's Ministry of Energy signed an MoU with CNPC. CNPC was both buyer of the Shwe Gas and responsible for the construction, operation and management of the pipelines, an unloading port, storage and transportation facilities. (Hong 2011, 94; SGM 2009, 4). This task was divided among its subsidiaries, SEAP for the gas pipeline and SEAOP for the oil pipeline. PetroChina was responsible for gas distribution in China. Ownership of the gas pipeline is divided among an international consortium, whereas the ownership of the crude oil pipeline is divided between MOGE and CNPC (CNPC 2014, 8; see appendix 3 for ownership overview).

The estimated construction cost of the oil pipeline was $1.5 billion. The cost of the gas pipeline was estimated between $1.5 and $1.9 billion. All pipeline costs were covered by CNPC (Meyer 2015). Under the agreement, Myanmar received a combined fee of $13.81 million with

[1] For the SMOGP EIA these were the World Bank's Guidelines and Equator Principles'.

$1/oil ton. China also had to pay annual transit fees of $150 million to Myanmar's government for all years that the pipelines were constructed. $83 million was additionally reserved to facilitate Myanmar's further oil development (Van Gelder 2009, 3). Myanmar receives 2 million tonnes of oil for domestic consumption annually. This is approximately ⅕ of pipeline capacity (Asia Sentinel 2017) . Domestic consumption was mostly tied to junta-owned or associated businesses (Ahmed 2013).

During the construction process, compensation to local communities was outsourced by Myanmar's Ministry of Energy to CNPC (OO et al. 2016, 11). Combined CSR efforts have cost CNPC $20 million in 2012 alone (CNPC 2012). CNPC launched public welfare programs in road development, medical facilities, disaster relief and educational facilities for communities affected by project displacement (CNPC 2012). CNPC stated over 50% of labour employed were recruited locally (Gronholt-Pedersen 2013). According to SPI, 6000 local workers were employed during the peak construction period (SPI 2020, 21).

4.2.4. Results

Despite CNPC's CSR efforts, domestic and international non-violent and violent opposition occurred throughout the project's developing phase. In May 2013, the STA attacked a MOGE compound near the pipelines in Shan State close to the Chinese border, killing two people and wounding three (Szep 2013). Moreover, two CNPC subcontractors were killed at a project site related to the Shwe Gas Project. This led to direct clashes between the Tatmadaw positioned close to the pipeline and the STA, close to the Chinese border (Human Rights Watch 2013). Daewoo cited ongoing hostilities in Northern Shan State and Kachin State as reason for delay (Kachin News Group 2013)

Violent opposition was supplemented by non-violent protests by both local and international actors. In March 2012, the Shwe Gas Movement together with 130 organisations in over 20 countries, called for the pipeline's suspension due to negative social, economic and environmental impacts, including human rights abuses and forced land acquisition (SGM 2012). The letter also called for a 'consistent line', as similar negative impacts and people's concerns led to the suspension of similar projects.

In the same period, in Rakhine State hundreds of Arakan villagers participated in a peaceful protest against the pipelines over environmental and land concession worries. They had formally stated their demand to postpone the project to MOGE, with the support of 20.000 local villagers. The protest was violently cracked down and activists were arrested and faced criminal charges (Human Rights Watch 2013). The government dismissed the challenges and domestic opposition, rather emphasising the benefits that it brings (SPI 2020 8)After the project began operation, protest persisted on (lack of) compensation of land confiscation and farm land degradation (Aung et al. 2020, 6). In Shan State, lawmakers requested MOGE share pipeline revenue with the capital needy local government. MOEP Minister Tun Naing responded claiming that no such revenue existed (Asia Sentinel 2017).

Opposition to the pipelines was in part inspired by anti-Chinese sentiments. These partly resulted from the large influx of Chinese labour that did not respect local cultural customs and had privileges that locals did not (AOW 2010, 2). Also, the project was perceived as being agreed between CNPC and the previous military junta without the consent of the population. Animosities were reinforced by inadequate compensation over confiscated land and ecological worries. Despite calls for cancelation across society and abroad, Officials supported the project for its socio-economic benefit. President Thein Sein praised 'a mutually beneficial cooperation project', while his Vice President Nyan Tun praised CNPC for its CSR practices (Xinhua 2013). The gas pipeline commenced gas delivery to China in July 2013 and to Myanmar in September (SPI 2020, 16) The oil pipeline was completed in August 2014 and has been running since.

In sum, the pipelines were projects in a heavily explored strategic sector that has been of crucial importance to the regime, with established players with close ties to the government. Historically, the sector has been associated with limited inclusion of local communities and forced relocation. Within this sector, the pipelines were the largest project to date. The SMOGP served major interests of host and home governments: purchasing domestic gas and an alternative energy route. Project costs were burdened by CNPC. Myanmar's government received direct revenue and benefits from domestic gas purchases, transit fees and approximately 20% equity in the pipeline. The SMOGP was part of the CMEC. Despite spending millions in CSR programs, the project was not seen as benefiting local communities. Violent and non-violent opposition occurred, while the government supported the project from inception to operation.

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5.0 Myitsone

5.1 Sector

5.1.1. Infrastructure category

The hydropower sector relies on dams and power plants to develop energy and electricity grids to distribute this energy. Various types of dams exist, depending on the purpose they serve or geographical conditions (for details see Saw and Li 2019, 2-4).

5.1.2. Structure

The Ministry of Electric Power (MOEP) is Myanmar's government agency responsible for hydropower development. Early 2002, the Department of Hydroelectric Power was formed under the MOEP, tasked with tackling energy needs through planning and implementation of hydropower projects (KDNG 2007, 17). In 2006 the ministry was divided into number 1 and number 2. The former being responsible for generating electricity and the latter for distributing it (GiGA 2012, 141). Chinese SOE's almost exclusively exploit Myanmar's hydropower sector through joint-investments and Build-Operate-Transfer Agreements. The first large hydropower plant was completed in 1960 (WB 2017 1, 12). By 2008, approximately 63 hydropower projects were being developed by 45 Chinese companies (Earthrights International 2008, 5).These are geographically concentrated along the country's main rivers.

Myanmar's four main river basins are the source of more than 100,000 megawatt (MW) hydropower potential. The Irrawaddy possesses about 30,000 MW (ADB 2012, 16; Spolum, 2017). Myanmar Electric Power Enterprise (MEPE), under the MOEP, has identified over 200 locations suitable for hydropower development, with 40,000 MW in potential capacity. 36 projects were established, of which 14 are under construction (ADB 2012, 16).

5.1.3. Implications

Myanmar lacks a defined central hydropower policy or plan (WB 2017, 1,12). The country has an abundance of hydropower resources. Despite the identified potential, only 753 MW hydropower was used by late 2011. Resulting from political decision-making and lack of technical and financial means, the sector remains underdeveloped with huge potential (Ramachandra and Srivastava 2019, 232). If the full potential of the hydropower sector were harnessed, this would exceed current electricity generation tenfold (Aung n.d.). This includes electricity generation through fossil fuels.

Water resources are not spread evenly either in temporal or geographical terms. The former is predominantly limited to the monsoon period. The precipitation during monsoon

accounts for about 85% of yearly precipitation (UACBH n.d.). The water is concentrated in the country's north. As many of its rivers originate from or are close to China, developing these would constitute 'win-win' outcomes. Not only could development in this sector meet Myanmar's electricity demand, but theoretically it could also provide clean energy for China.

Between 2000 and 2010 Chinese companies started investing in larger dams, with no cost for Myanmar. Under 90/10 agreements, 90 % of generated electricity would go to China, while 10% would go to Myanmar (Dapice 2015, 4). These were mostly allocated to junta-linked projects and associated businesses. Hydropower exploitation has been mostly agreed between government and international partners, with enforcement by local security forces and without proper inclusion or consultation of local communities.

Tatmadaw project area securitisation has led to frequent human rights violations, including forced relocation. This has led to opposition among local ethnic minorities, which at times have been in active conflict with the central government. For example in Shan and Kachin State, this has exacerbated existing tensions, sometimes reviving old conflicts. At the heart of these conflicts, local interests call for more independence and autonomy, while the government pursues greater control and extraction of hydropower resources, perceived locally as 'local' resources (Fitzpatrick and Harris 2020, 4). However, it is important to stress that in Kachin state, the local authority, the Kachin Independence Organisation (KIO), first approached Chinese investors and cooperated with them over hydropower development. The military government stepped in to 'guarantee security' (Qin 2021). Tatmadaw forces occupied Kachin territory around the dam, sidelining the KIO. leaving them with less territory, revenue and animosity towards both the central government and hydropower investments (Qin 2021). This would have implications later on.

5.1.4. Sector Significance

Government reliance on hydropower has historically been limited. Although a move towards more hydropower is visible. Since most agreements remain opaque, it is hard to determine how much income the sector generates precisely. Given that hydropower has started to gain traction in the last decades, it is unlikely to already be a central source of income. Although, as discussed later in this section, export gives some indication. Most agreements do not give major fiscal benefits to Myanmar's government, as these are traded for compensation for lack of domestic financial support. Under B.O.T. 90/10 agreements, most electricity generated is exported to home country electricity grids (mostly China). This leaves less revenue/electricity for domestic consumption.

Hydropower accounted for only small shares (2.4%) of total energy supply, although increasing by an average annual increase from 2000 to 2009 in hydropower production of 9.2% (ADB 2012, 3). Energy consumption from electricity increased annually by approximately 4%. (ADB 2012, 4). Despite its potential, demand is yet to be met by adequate supply. In 2018, less than 5% of Myanmar's hydropower potential was harnessed (ADB 2016, 2) Myanmar's

electrification is among the bottom in the neighbourhood with a 26% rate and less in most rural areas. As Table 3 indicates, hydropower constitutes only a fraction of total export. In 2009, the total value of hydropower exports amounted to approximately $39 million. $44 million in 2010, $69.5 million in 2011 and $62.8 million in 2012 (OEC n.d.).

Year	Hydropower as % of total Myanmar export	China as export destination as % of total exports
2009	0.69	10.9
2010	0.67	13.9
2011	0.75	20.8
2012	0.65	17.2
2019	0.68	24.4

Table 3: hydropower exports and China as destination from 2009-2012, 2019 for reference

This partly illustrates the sector's role in Myanmar's political economy and the government's limited reliance on it. In terms of alternative energy and income sources, other energy types, such as oil and gas are more viable. In terms of export revenue, the government could rely on income from other sectors, such as gas, rice and clothing. Income from hydropower generated electricity exports amounted to only a fraction. Thus, the sector can be described as an 'infant-sector' with unexplored potential in terms of supply, revenue and limited strategic significance. The structural context provides a sufficient understanding to understand the conditions in which the Myitsone Dam made its entry.

5.2 Project Characteristics

5.2.1 Key Actors

Key actors on the side of Myanmar included national, sub-national, government and commercial entities. The Ministry of Electric Power no.1 (generating power), was the chief interlocutor on the government's side. On the local level, the Northern Command (NC) of the Tatmadaw was in charge of implementing regional military policies in Kachin State (KDNG 2007, 17). The commercial actor on Myanmar's side was Asia World Company (AWC). AWC is Myanmar's largest conglomerate and closely tied to the junta (BNI 2009). It is involved in various infrastructure construction projects, ranging from roads to airports and dams (AWC n.d.). Societal actors included ethnic Kachin organisations. Most relevant here are the Kachin Independence Organisation (KIO) and the Kachin Independence Army (the KIO's armed branch) who have been in open conflict with the central government for decades. The Kachin

Development Networking Group (KDNG), whose aim is to strive for sustainable development in Kachin State. The Kacin Environmental Organisation (KEO) was concerned with environmental issues around natural resource deterioration.

On the Chinese side four SOE's were involved in the project. China Power Investment (CPI) was the main contractor. China Southern Power Grid (CSG), Yunnan Machinery Equipment Import & Export Company Limited (YMEC) and Changjiang Institute of Surveying, Planning, Design and Research (CISPDR) were subcontractors. CPI is one of China's largest state-owned domestic power producers. It was designated by the State Council in Beijing to realise investments agreed by the state, both domestic and abroad (CPI n.d.). CSG is a Fortune 500 company, tasked with funding, building and operating China's Southern Power Grid. It was tasked by the State Council to push for regional integration of power networks of the Greater Mekong Sub-region into the BRI (CSG n.d.). YMEC is in charge of providing logistical support relating to machines and equipment (KDNG 2007, 17). It has been involved in building hydropower stations throughout Southeast Asia. CISPDR is China's largest research institute for the planning and surveying of large hydropower projects. It has worked on the Three Gorges Dam and has projects throughout Asia (CISPDR n.d.).

5.2.2. Rationale

On October 31, 2006 Myanmar's Prime Minister, Soe Win, approached CPI at the China-ASEAN expo, seeking investments for developing hydropower projects on the Irrawaddy river (Yu 2013). For Myanmar, the project rationale revolves around the exploitation of domestic natural energy capacity, legitimacy, revenue and territorial power consolidation, discussed in this order. The hydropower sector is one of vast unexplored potential. The Irrawaddy constitutes almost half of total potential hydro-electricity. In order to guarantee national socio-economic development, at least on paper, these resources are viable and sustainable options over finite alternatives. In practice, hydropower dams have not served this purpose, nor are they a major source of income to the junta. BOT and 90/10 agreements prevent most revenue from being employed domestically. The only logical explanation to exploit resources without gaining the rewards, is that the reward for the state lies elsewhere. This most likely lies in the projects themselves and the legitimacy that they create for the government. Large infrastructure projects also serve the purpose of both practical and visible development. Modernisation and technological advances in the eye of the people, provides the government with legitimacy. Not only do these projects symbolise progress, they also indicate that other countries and companies want to do business. This however is a very broadly applicable incentive for autocratic regimes on infrastructure engagement. A more interesting and specific incentive is power consolidation.

For decades the Tatmadaw have been waging wars with local Kachin communities. Following multiple ceasefire agreements, the Myanmar State has managed to build its presence on Kachin Land, while displacing local communities. Woods (2011, 747) believes that the Junta invests in these areas as a security strategy to both lay claim over resource rich land and extract

its resources. While Woods focuses on timber and rubber, the same is true for infrastructure. Projects have typically been located close to active conflict zones or disputed areas (HRW 2012, 22; Camroux and Ufen 2012, 155; see Appendix 4 for project locations and Appendix 5 for conflict zones).

For China, incentives are security and political-economically oriented. The development of the border region, in line with China's peaceful development principle, is its main interest. Security is guaranteed by developing the border on both sides. Additionally, foreign infrastructure investment alleviates domestic overcapacity. Doing so in underdeveloped sectors of relatively weaker investment needy countries helps build its soft power brand as an actor committed to good regional governance. This would constitute an example of 'win-win' outcomes and mutual benefit.

For Myanmar, finding investors for hydropower exploration has historically been complex. This in part resulted from projects being close to active conflict zones, where most businesses tend to stay away from. The exploitation of the Irrawaddy is problematic from a security and cultural standpoint. First, it would involve convincing local ethnic communities with adversarial attitudes towards the central government that building a dam is in their interest. Even when they have been living in these areas and made use of its resources for generations, without problems. Draining for dam building would have major ecological and economic consequences for these communities, who even if they would be convinced, would have to be compensated in some sort. In cultural terms the Irrawady is seen as the lifeblood or artery of Myanmar. Local communities see it as the birthplace of the people and often refer to it as 'mother river' (Sun 2013, 7).

Yet, incentives outweighed challenges and feasibility studies were conducted. YMEC and AWC researchers were involved in pre-construction surveys of the damsite in 2005 (Yu 2021). CISPDR and the Biodiversity and Nature Conservation Association (BANCA) began feasibility studies in 2007, paid for by CPI. CISPDR provided logistical and quality support of the environmental impact assessment, while BANCA was in charge of biological and environmental baseline studies (International Rivers 2011, 3-4). The study was completed in October 2009. Findings at that time were not made public. The study was completed before the signing of the MoU on contractual arrangements in December 2009.

5.2.3. Contractual Arrangements

In 2009, both governments signed the Sino-Myanmar Framework Agreement on Joint Development of Hydropower Resources (SMFAJDHR). The agreement supported a plan between Myanmar's Hydropower Project Implementation Department under the Ministry of Electric Power No.1, CPI and Asia World Company to construct seven hydropower stations on the N'mai and Mali rivers, of which Myitsone was the largest. Together, these three established the Upstream Ayeyawady Confluence Basin Hydropower company(UACBH), a joint-venture for the dam management, owned 15%, 80% and 5% respectively (Yu 2021). CPI was responsible

for river basin plan design and constructing the Myitsone and Chibwe hydropower stations (KDNG 2007, 18). Myitsone was to provide energy to CSG, which would then distribute it among China's coastal provinces. CSG was also involved in development planning of the dam basin. AWC's role was not made explicit. Given past experiences, it was expected that besides surveying, AWC activities would include liaising between both governments, building roads and supplying equipment (KDNG 2007, 20). AWC was also believed to benefit from resource extraction prior to flooding (KDNG 2007, 20). Smaller agreements included SinoHydro's contract for road building and engineering work, CPI Materials and Equipment Co (CPI subsidiary) $75 million contract for concrete construction and China Gezhouba Group Corporation $153 million contract for a discharge structure (International Rivers 2011, 2).

Financial terms were not made public, yet some details leaked. Construction costs were estimated at $3.6 billion (Kirchherr 2017, 170). The combined costs of all dams were estimated at $20 billion (Chang 2014, 2). It is unclear how exactly funding was secured for the projects. However, in 2007 CPI hosted a consultation session with several Chinese banks and AWC over 'financing and risk management of overseas projects' (KDNG 2007, 18). Loans for $20 billion for all dams were secured (Camroux and Ufen 2011, 150). Early 2011, RMB loans were signed between Myanmarese and Chinese banks. To guarantee repayment, Myanmar's government designated projected project income as the main loan repayment source (China Daily 2011).

The project was constructed under a Build-Operate-Transfer (BOT) agreement. CPI would have operated the dam for 50 years, after which the project would have been transferred to national authorities (China Daily 2011). After this period, Myanmar could operate Myitsone and obtain its revenues for another 50 years (Zhang and Yao 2013). Under the agreement 90% of electricity would be transferred to Yunnan. 10% would be reserved for domestic consumption, equivalent to two gigawatts. Additionally, Myanmar had the option to purchase extra power (World Bank 2017, 35).

Construction started in 2009. Project construction was characterised by labour composition and relocation efforts. From a labour composition perspective, CPI was perceived locally as bringing in Chinese workers with limited opportunities for local workers (Kiik 2016, 376; France24 2010). One internally displaced Kachin noticed that salaries between Chinese and local labour differed by $15 (Gabusi and Dossi 2017).[2] 2000 Chinese workers were confirmed to be dispatched for the initial construction process (Hinselwood and Boehler 2012). According to president Lu, 2000 local workers worked on the project, while approximately 40.000 workers were needed at peak construction period (China Daily 2011).

Relocation had to do with the villages situated along the Irrawaddy. The exact number of displaced is disputed. In a letter signed by affected communities, 'over 20 villages, 3000 people and 500 families' are mentioned (KDNG 2007, 61). CPI president Lu mentioned 5 villages, 2146 people and 410 households affected by Myitsone (China Daily 2011). CSR efforts, like housing, food, educational, financial and logistical facilities, are said to have cost CPI millions in Kyat

[2] This claim was not verified, nor found elsewhere. However, it does fit a pattern, as mentioned in the previous chapter, whereby Chinese workers have certain privileges not known to local workers.

(China Daily 2011). However, discrepancies between intent and outcome were reported. Indeed, land was provided to displaced communities. Yet, on occasion land in resettlement areas was not suitable for agrarian purposes. It was also reported that displaced people did not have the financial means to use certain facilities, like hospitals and schools (Minn 2020, 1).

Information on the duration and termination of the project was not made public. However, in a rare leak, the earlier mentioned Changjiang - BANCA feasibility study was obtained by Burmese Rivers in July 2011. This would carry implications for project results.

5.2.4. Results

The final attained phase of the Myitsone project was the construction phase. During this phase a combination of complicating factors and actors came together which influenced its cancellation. Violent opposition came predominantly from Kachin armed groups. Non-violent opposition was found at the civilian level, locally and internationally. At the national level, political opposition manifested in both key opposition and government figures.

Even the most pro-government Kachin factions, like the New Democratic Army Kachin (NDA-K) were opposed to the dam. Former NDA-K commander Maoyin described the dam as 'the largest source of popular dissatisfaction with Chinese investments'(Qin 2021). Others were more explicit in their opposition. On April 17, 2010 bombs were detonated at the Myitsone Dam, killing four Chinese workers, injuring 20 others and destroying AWC facilities (Homeland Security 2012, 32). In March 2011, KIO chairman Lanyaw Hra informed Chinese and Myanmarese leadership that KIO would not take 'responsibility if the project led to civil war' (Lanyaw Zawng Hra 2011). While Myitsone is located in an area under the control of the Myanmar government, the other plants were in active KIA-Tatmadaw conflict zones (Yu 2013). The projects were agreed during a period of ceasefire. However, after 17 years fighting continued. The government ceased activities in conflict zones surrounding the other dams. Escalations in tensions coincided with non-violent opposition.

Protests were first organised locally in Kachin State before they turned national. China was depicted as a self-interested resource extractor (Gabusi and Dossi 2017). This allegedly contributed to anti-Chinese sentiments among the population (Hsu 2018, 179). Protests emphasised the cultural link that the people had to the Irrawaddy. This was said to be a deliberate choice by dam activists. Activists opted for a cultural impact approach over an emphasis on human rights, because that was too general and a more "sticky message" was necessary (Kirchherr 2018, 172-173). Local protests gained traction when the 2009 CISPDR - BANCA feasibility study became public in July 2011.

In the 2009 feasibility study, CISPDR - BANCA advised against the Myitsone Dam, in favour of two smaller dams in order to alleviate adverse ecological and societal effects, with the same energy revenue. This was ignored by CPI in 2009 while the construction of Myitsone resumed. One month later, Aung San Suu Kyi publicly called for Myitsone's suspension. The

controversy of the Myitsone Dam gained national attention (Chan 2016, 7). As protests over Myitsone grew in society, so did it within President Thein Sein's cabinet.

The project led to internal division among pro-dam hardliners and anti-dam reformers. Minister of Electric Power Zaw Min brushed aside environmental concerns as an effort to derail national development (Camroux and Ufen 2012, 148). On September 10, 2011, he said that some suffer from the "Irrawaddy disease" and that the project would never be suspended (Foran et al. 2017, 627). On the other side, reformers emphasised negative effects**.** On September 16, 2011, economic presidential advisor, U Myint voiced his support for the two dam alternative (Camroux and Ufen 2012, 148). Reflecting on the EIA, Win Tun, the Minister for Environmental Conservation, emphasised that negative effects did not outweigh project benefits. Industry Minister Soe Thein called for contractual term review from a social, economic and defense point (Moe 2011). On September 30, 2011 President Thein Sein formally suspended the Myitsone Dam. Formal explanations revolved around loss of livelihood, ecological consequences, hydrological risk and the displacement of 20.000 people (Thein Sein 2011).The decision had political-economic implications for the bilateral relationship. Political and investor trust had taken a hit, while in the following years, substantial drops were recorded in Chinese trade, FDI and aid to Myanmar (Hilton 2013, 4).

It is unlikely that formal reasons alone motivated the government's decision. It also does not account for why in January 2011, Thein Sein himself requested President Lu to speed up the dam's construction (China Daily 2011). Alternative explanations should indicate a behavioural shift between January and September. One of such is the shift in attitude of local Kachin actors in first supporting the project and later turning against it. Also, the existence of the two dam alternative appears to have had some form of resonance inside the cabinet. A third option could be that cancellation was a renegotiation strategy on behalf of Myanmar's government. This has been attempted both successfully and unsuccessfully in other projects, like the Letmataung Copper Mine and Kyaukpyu Deep-Sea Port. This, however, does not account for why renegotiations had not occurred. But what is important to stress here is that suspension or reception does not happen in a vacuum, but that these projects are interlinked. It would explain why Aung San Suu Kyi changed her tone from against the dam, to being willing to reconsider her position on hydropower development when she was (Mark et al. 2020, 387) or as recent as February 2021 junta leader Min Aung referenced 'old shelved hydropower projects' as up for negotiation (Currie 2021).

Contractual implications were hard to determine, since the contract remained secret, yet some details emerged. CPI President Lu warned that if suspension were permanent, legal action would follow (China Daily 2011). Legal action was never taken, likely because either resumption or compensation were expected SMOGP revenues were discussed as loan repayment options (Kaung 2011). The cancellation of Myitsone was even understood to have been used as a bargaining tactic by Chinese negotiators. Reportedly, China had signaled willingness to abandon Myitsone in exchange for other smaller hydropower projects and advantageous terms for the Kyaukpyu deep-sea port (Reuters 2017). The same port discussed in the previous chapter.

In sum, relevant sector and project actors had deep and close ties to the government. The sector was one of unexplored potential with limited strategic significance to the government. Historically, hydropower has been associated with limited inclusion of local communities and forced relocation. Myitsone served Myanmar's interest in developing hydropower potential as well as territorial power consolidation. Chinese incentives revolved around materialising its peaceful development principle. While project costs were burdened by CPI, so would it own 90% of generated energy. While some compensation was in place, this was balanced out by optional provision of additional energy purchase Under BOT most benefits for Myanmar were decades away. Despite some supporting investments, such as roads and bridges, the project stood relatively on its own. Despite spending millions in CSR programs, the dam was seen as not benefiting local communities. Project actors advised against the project, in favour of alternatives. Violent and non-violent opposition occurred. Formally the project was cancelled because of the will of the people, alternative explanations are likely.

6.0 Discussion

The two energy sectors tell a story of the old and the new. Despite its immense potential, the hydropower sector was relatively new in Myanmar's political-economy and of limited strategic importance to the government in terms of revenue and export. This contrasts with the importance of the oil and gas extractive sector. Not only does it go centuries back, the central government relies on it for both direct income, as well as it being the largest chunk of export, of which the most goes to China. The SMOGP were (and still are) the largest project in the largest sector. Contrastingly, Myitsone was the largest project in the smallest sector. It was one of many hydropower projects in a sector that the government did not rely on for revenue. In the hydropower sector more broadly it was one of many projects. The sector itself is one of growing importance. The hydropower sector develops at the slowest pace compared to its peer-sectors and remains one of vastly unexplored potential, which is why I designate it as an infant industry. While actors were not new to the process, they were less established than the commercial and government actors involved with the SMOGP. However, this point should not be overstated, as both Asia World and the Ministry of Electric Power no.1 were involved in numerous successful projects for decades. The sectoral consideration does not provide evidence to believe Myitsone was suspended, while the SMOGP was not. No new shifts or sectoral developments occurred while Myitsone was being developed to constitute a significant deal breaking development. It does help understand in what context Myitsone was cancelled, which makes the decision appear less arbitrary and more guided by rational political-economic calculations. The hydropower sector was of relative unimportance to the central government, while the oil and gas sector was of central importance to the government. Yet, this does not explain Myitsone's suspension. This is different for project's characteristics

Key actors were similar across projects, these included relevant state and sub-state actors, as well as relevant businesses in hydropower and oil and gas infrastructure. Incentives for Myanmar across projects revolved around extracting valuable resources. For China, incentives were multifaceted. In the context of the pipeline, geopolitical and energy security interests were more explicit. Both projects furthered the rollout of the BRI, providing Myanmar with needed infrastructure development. Following Beijing's peaceful development principle, this implied more stability, which reinforced China's domestic development. Theoretically, supporting capital needy countries with lacking infrastructure can strengthen China's soft power appeal as a committed regional actor. Contrastingly, it can also hurt China's image considering that most domestic project benefactors were junta-linked actors. Both projects have been associated with self-enrichment and nepotism at the top and limited if not negative inclusion of local communities.

What the contractually agreed terms show is that the pipelines offered immediate benefits in the form of direct income for the government, whereas for Myitsone this scenario was decades away. In the context of the SMOGP, the Chinese commercial side was a client, whereas in the case of Myitsone this was reversed. Not only did CNPC purchase and extract Myanmarese

gas, they also paid transit fees for incoming tankers. In the context of Myitsone it would cost the government to access its resources if it wanted additional power. Moreover, the revenue sharing was more favourable for the pipelines, where approximately 20% was destined for Myanmar, whereas this was only 10% with Myitsone. While Myitsone originally was part of a six dam package, it was also a relatively standalone project. In contrast, the SMOGP were part of a broader set of investments under the CMEC. Even if the cost of all dams were compounded, the costs of the SMOGP network would still be double.

Both projects were subject to similar violent and non-violent opposition. These were in part inspired by asymmetric deals, China being seen as coming in and taking domestic resources and forced displacement. These did in fact bolster anti-Chinese sentiments among the population. But again, a single focus on China does deprive Myanmar from any agency or accountability. It is not China's fault that development in Myanmar has been trailing in the neighbourhood. Nor should domestic rent-seeking behaviour and cronyism be attributed to China. One must take into account decades of development mismanagement and military strategies aimed at encroaching on local territories and extracting its resources. In such contexts, projects that are seen as benefiting the few and not the many face an up-hill climb. Yet, certain project specific factors and actors help understand why one was cancelled and the other was not.

The leaking of the Myitsone feasibility study indicated a number of things. First, CPI disregarded its own EIA, which was not welcomed by the population. The agencies responsible for the impact assessment themselves advised against the dam. And alternatives, like the two smaller dam approaches existed, which were considered credible options within the cabinet around the time Thein Sein suspended constructions. This was not known at either pre-construction or early construction stage. Moreover, it became known to the public at a time when local Kachin actors had completely shifted their behaviour from first supporting hydropower development to violently rejecting it. In the context of the SMOGP, internal EIA disregard, advising against the project, existence of alternative options or behavioural shifts from local armed groups were not found. This in part helps us better understand what factors contributed to Myitsone's cancellation.

6.1 Alternative explanation

This study also considers alternative explanations. These explore the possibility of the government deciding based on power asymmetry, anti-Chinese sentiments and fear of escalation of violence.

Through comparison it becomes apparent that Myitsone's cancellation does not appear to be caused by the abovementioned factors. Larger projects which increased all of the above mentioned worries and sentiments were not cancelled. Recent developments also show that these remain present even after cancellations. In terms of asymmetries, the SMOGP increased Myanmar's reliance on China as a buyer of its gas and consolidated its position within the BRI for decades to come. Moreover, a ⅘ to ⅕ distribution of revenue as known under the SMOGP agreement is a testament to continuing asymmetries. Deals like these, whereby China is

perceived as taking, not giving in part inspired anti-Chinese sentiments among the population.

Anti-Chinese sentiments were understood to influence the decision. Yet, basing Myitsone's cancellation on the project's 'Chineseness' seems unconvincing. Both CPI and CNPC employed both local workers and Chinese labour. Moreover, similar ecological considerations existed as well as forced displacements and relocations of local communities. All of these did not contribute positively to China's image. Why then should only the verdict on Myitsone be seen as one based on the Chineseness of the project, when the same 'Chineseness' did not present objectionable issues for the SMOGP. This is not meant to dispute or downplay the existence of said sentiments. However, these can not logically account for the outcome of one project alone. Long-standing border disputes, funding of militias and more recently coup protests also targeting Chinese investments to the point that the Chinese military had to be mobilised to secure the pipeline all contribute to anti-Chinese sentiments (The Irrawaddy 2021). The point, however, should not be overstated. Over multiple decades these sentiments have been proven a constant factor and do not explain why the government would enter into such an agreement in the first place or why to cancel one and not the other.

A different alternative touts fear of violence as an explanation for cancellation. Briefly, what this argument comes down to is that the fear of violence breaking out would have had adverse effects on both domestic and cross-border stability, leading to cancellation. Historically, the escalation of violence between the KIA and the central government has occasionally spilled over to the Chinese side, killing Chinese nationals (Myers, 2020). In light of the prioritisation of peace and development in China's foreign policy, this historical precedent and the implications of conflict on China's doorstep would allow for credible grounds for the dam's cancellation. However, it is an unlikely explanation for three reasons. Both projects are situated in active conflict zones, bordering Yunnan. There is no reason to believe that the historical precedent and the fear of violence would only play a role in one project. Second, if the death of Chinese nationals at the project site amounted to reasons not to pursue the project, then the murder of two CNPC subcontractors on a gas project site should have had similar effects, which it did not. Third, if fear of violence was to be avoided and a driver in decision-making, then it makes little sense why the SMOGP had to be militarised by the Tatmadaw where it ran through contested territory. This only exacerbated tensions on a broader scale than with the geographically fixed Myitsone Dam. Rather, it seems that decisions were made to pursue the SMOGP despite the fear of violence.

6.2 Implications

These findings carry implications for the further study of China's Neighbourhood policy**.** State-centric accounts of China's stated ambitions are important and need to be supplemented by analysis on neighbourhood results and responses, as well as factors and actors influencing them. Governments make rational self-interested decisions and calculations related to what material benefits projects provide and what the 'damage' would be when cancelled.

From a macro-economic perspective both projects could be celebrated as testament to win-win and mutual development. However, such focus limits understanding of intra-country differences such as who benefits and who is burdened by adverse project effects on the domestic population, that can only be understood by combining various units of analysis, state, non-state, government, commercial and societal.

Arguments emphasising competition hold that China attains outcomes by coercing smaller countries into agreements. The examination of both cases shows rather the opposite. Host governments can maximise their interests despite their size. At times they make decisions that oppose Chinese interests. From China's viewpoint, despite CPI's ability to pursue legal action, it did not. Rather, this emphasises Cnp from a cooperative perspective. While Beijing pursues BRI implementation, setbacks are undesirable. But these must be seen in conjunction with the peaceful development principles underpinning Cnp. Escalating the dam issue would have hampered the stability that Beijing sees as conducive to its domestic development, especially close to its border. Moreover, it could have jeopardised projects with a greater geostrategic relevance, like the SMOGP. This is even said to be a strategy employed by both governments. With attention focused on the dam, other CMEC related projects can proceed easier (Kyaw 2020, 4). This would provide empirical grounding to the group of scholars emphasising cooperation in Cnp.

Over-optimistic arguments should not be overstated either. Attraction and persuasion works, but only when supported by material benefits. These were more direct with the SMOGP than with the Myitsone Dam. The peaceful development paradigm does not take into account how, why and when host governments break away from this paradigm, as evident in the Myitsone decision. Cooperation oriented arguments often emphasise state to state relations. Yet, from a societal perspective, serious questions remain on who really benefits from this cooperation.

What this research has exemplified is that emphasising either competition or cooperation in Cnp does not paint a complete picture. At times these can be two sides of the same coin. China can compete with other countries for the same resources, while cooperating with domestic actors to develop them. Even when Chinese businesses spend millions on CSR programs, they can still be seen as in it for themselves and only engaging with respective countries for their own interests. It is not always a matter of aim, intent or ambition, but perhaps more so a matter of perception, reception and outcome.

7.0 Conclusion

In Chinese foreign economic engagement one thing is certain and that is that nothing is. As this paper comes to an end, the European Commission is reported to have suspended ratification of its investment treaty with China over ongoing sanctioning. Canberra has retracted its signature on two BRI investments and in Myanmar rumors are spreading over the revival of the Myitsone dam, while existing Chinese investments are the target of coup related protests.

This research complements the field's theorisation of Cnp. A focus on the Chinese state's stated goal serves as the foundation of existing understanding of Cnp and coincidentally as departure for this research. Literary depictions at times emphasise either cooperative or competitive facets of Cnp. These do not suffice to explain a more complex and nuanced reality, which at times is influenced by both facets simultaneously. Moreover, such assertions fail to underscore the importance of domestic decision-making. It has aimed to inform academic debates pertaining to China's neighbourhood policy from a neighbourhood perspective. Departing from a state-centric IR focus on China in the region, this thesis examined the role of state, sub-state, non-state and commercial actors.

There is no one size fits all explanation, as to why projects stemming from China's neighbourhood policy fall between reception and rejection. Neither appears there to be one detrimental factor that explains variation in decision-making outcome. This research contributes to the understanding of the outcomes of Cnp from the perspective of the neighbourhood. It has shed light on specific as well as structural factors that influence the intricate state of affairs that define business dealings between China and Myanmar in its pursuit of its flagship BRI project on a daily basis. Different factors and actors operate simultaneously, making it hard to isolate them and distinguish causal mechanisms separately. Findings presented in this paper should be seen together with existing explanations as to why the Myitsone Dam was cancelled, while the Sino-Myanmar Oil and Gas Pipelines were not.

Through structured and focused comparison this study shows how considerations of national security, power asymmetry, anti-Chinese sentiments and protests are vibrant matters in Sino-Myanmar relations and in infrastructure dealings more specifically. Yet these existed before, during and after both projects were either suspended or embraced. It appears unlikely that these on their own cause either reception or rejection. That does not mean they do not influence decision-making at all. Together with political-economic factors and actors these help understand why one project was cancelled and the other was not. Key project characteristics and actors during the construction process impacted the outcome of the Myitsone dam in a structural context of a relatively unimportant nascent hydropower sector.

This study found that Myitsone's suspension was informed by structural and sector considerations. It was one of many projects where tangible benefits were decades away in a country in need of capital yesterday, rather than tomorrow. The hydropower sector is one of unexplored potential. It was replaceable when bigger interests were at stake, such as ensuring

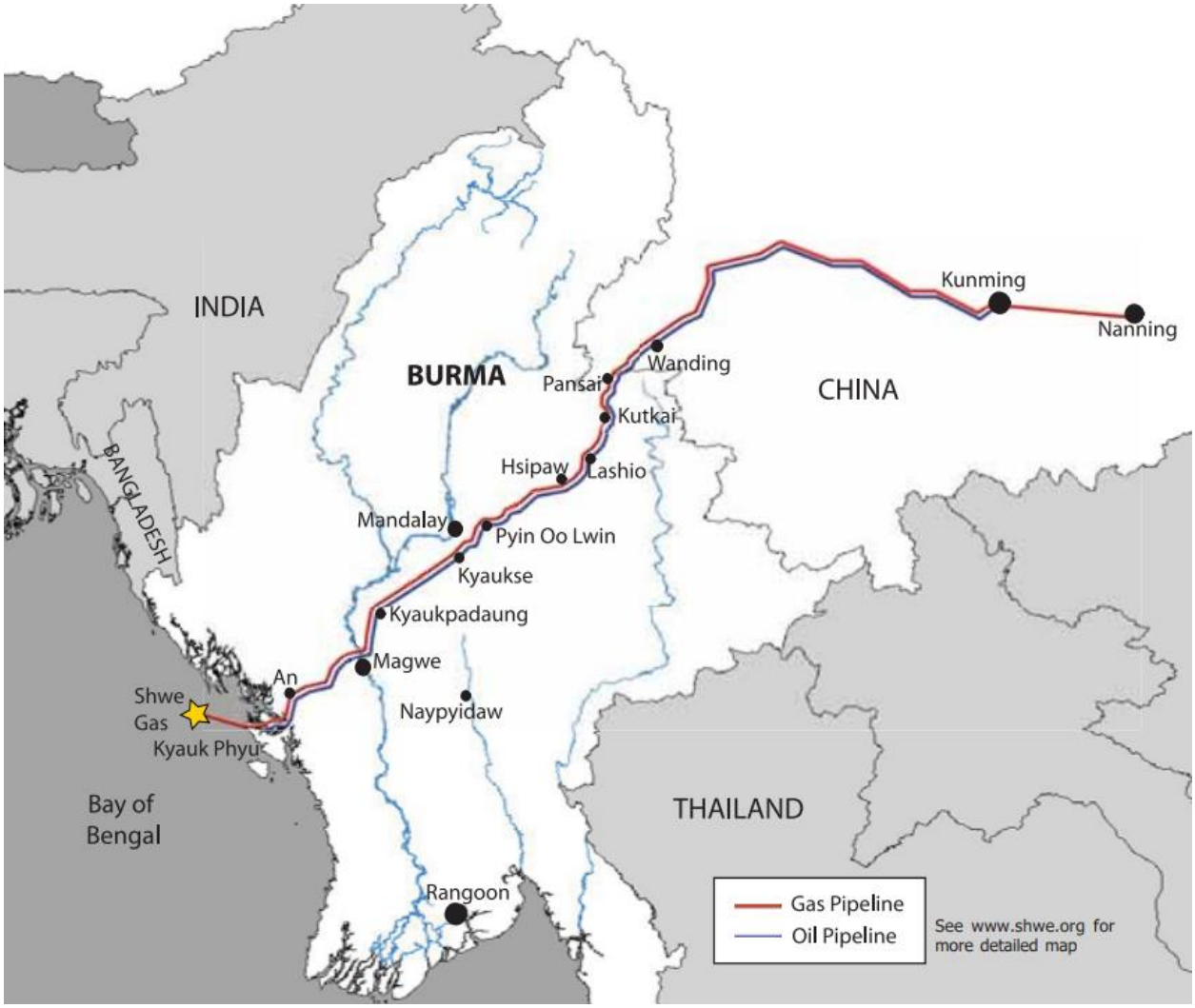
domestic stability, or even relieving some domestic pressure on other projects. The SMOGP on the other hand provided direct revenue to the regime, while being part of an intricate network of associated investments. Cancellation would have had an adverse domino effect on these CMEC investments, which was not as likely to happen following the Myitsone decision. Moreover the pipelines were realised in a sector that has held significant sway over the national economy as well as domestic economic conglomerates and families that are central to Myanmar's economy.

For China, it appears that Beijing maintains a hardline on investments when strategic interests are at stake, as with SMOGP. Where strategic interests are less evident, as with the Myitsone Dam, Beijing can emphasise the benefits of project suspension, i.e. being seen as cooperative, considerate and patient. The positive reception of Cnp is as poignant as the contractual terms allow it to be, which depends as much on the bargaining power of the host government as on the willingness of the 'dominant' party to be willing not to (be seen to) take all, but to provide benefits at its own expense if necessary.

China's ability to get what it wants depends on the willingness and ableness of its international partners to meet somewhere in the middle or not to meet at all. While this research focused on the relationship between China and Myanmar in the realm of infrastructure. Most of the factors relating to societal agency that exist within this relationship have implications outside this region. The findings presented in this paper pertain to debates surrounding China's economic statecraft more broadly and its dealings with regions far beyond its immediate neighbourhood.

Possible avenues for further study could explore why despite China being Sudan's largest trading partner it has been successful in its Greater Nile Pipeline project, while construction of the Juba-Rumber highway was suspended (Ma 2020; Olander 2020).

Appendix 1



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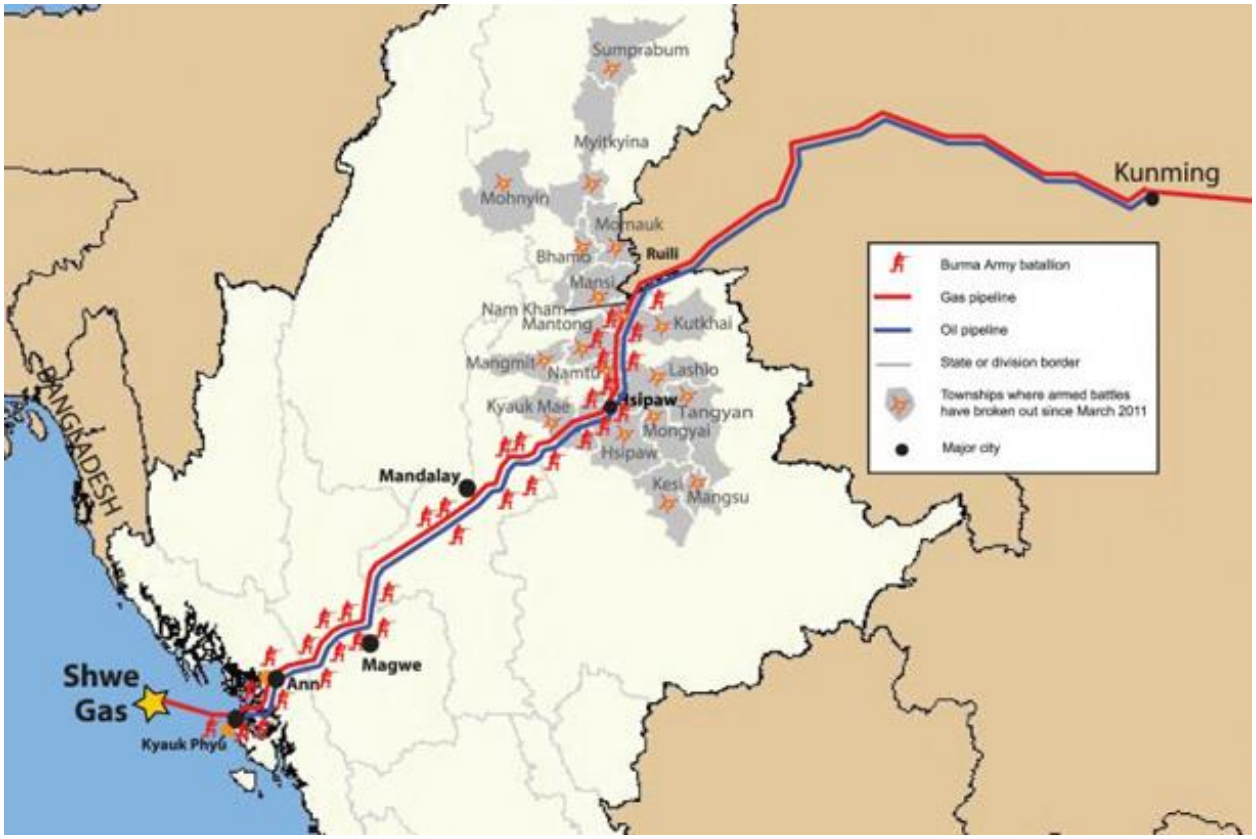
Appendix 2



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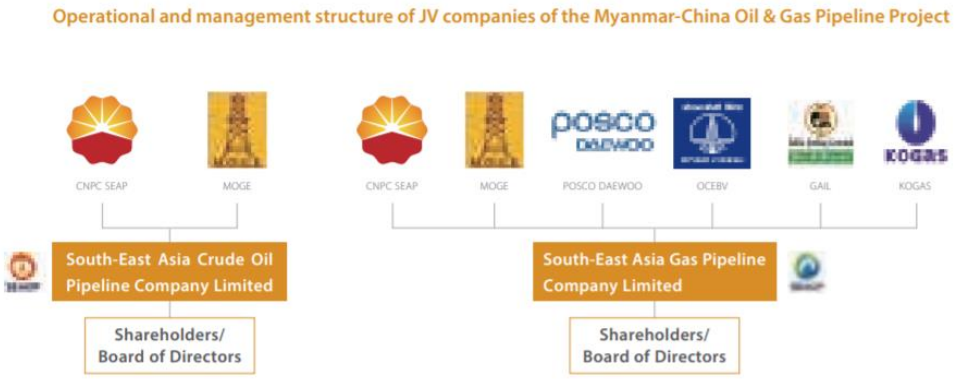
Appendix 3



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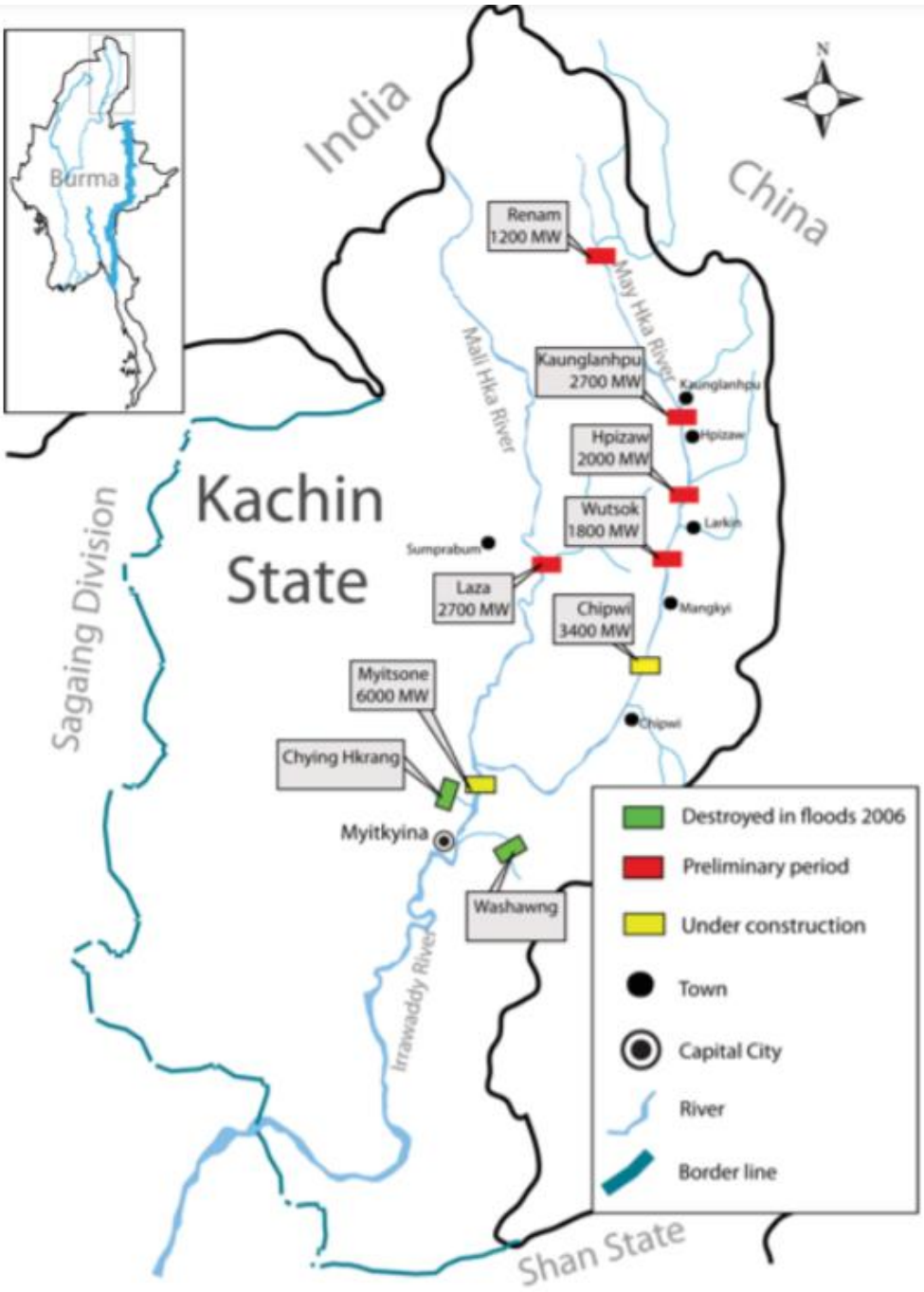
Appendix 4



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Appendix 5

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