

CHAPTER II**FACT SHEET AND HISTORICAL PERSPECTIVE****2.1 Basic Facts.**

Official Name	-	Union of Myanmar.
Capital	-	Nay Pyi Taw (since Jan 2007).
Independence	-	04 January 1948 (from UK)
Language	-	Myanmarese.
Area	-	6,76,577 square km (1/5 th of India) ⁴ . 936 km from East to West and 2080 km from North to South.
Coastline	-	2228 Km
Major Rivers	-	Irrawaddy, Chindwin, Thanlwin and Sittang.
Rainfall	-	Coastal Regions - 5,000 mm rain. Dry Zone of interior - 1,000 mm rain.
Highest Peak	-	Hkakabo Razi (19,295 feet / 5,881m)
Population	-	54.74 million (July 2014 Estimates).
Population Growth	-	1.84%.
Ethnic composition (135 ethnic groups). ⁵	-	Burmans - 68%, Shan - 9%, Kayins - 7%, Rakhine - 4%, Chinese – 2.5%, Mon - 2%, Kachin- 2 %, Indians - 1.5%, Others - 4%.
Religious Composition	-	Buddhism (89.2%), Christianity (5.0%), Islam (3.8%), Hinduism (0.5%), Spiritualism (1.2%) and others (0.2%).
Literacy	-	Overall - 83.1% (Male - 88.7%, Female - 77.7%). Functional literacy may be lower.
House of Nationalities	-	Upper House - 224 seats

⁴ Basic Facts About Myanmar (2013). Embassy of Myanmar, Japan. (Online) Available at: www.myanmar-embassy-tokyo.net/about.html. (Accessed 12 January 2015).

⁵ Oxford Burma Alliance. (2014). (Online) Available at: <http://www.oxfordburmaalliance.org/ethnic-groups.html>. (Accessed 05 March 2015).

(Amyotha Hluttaw)	Military - 56, Others -168.
House of Representatives -	Lower House 440 Seats.
(Pyithu Hluttaw)	Military - 110, Others -330.
<u>Economy</u>	
Myanmar's currency -	Kyat, \$1 US = 991 Kyat.
GDP (US \$) -	US \$59.43 Billion (2013 estimates).
Per Capita Income -	US \$ 230.
Contribution of Agriculture -	GDP- 46%, Employment - 64%, Foreign Exchange Earning -50%.
Economic Dependence -	% of GDP. Agriculture 56%, Services 35%, Industry 8%.
Major Exports (2013 estimates) -	US \$9.04 Billion. Natural gas, timber, agriculture produce, Oil, Rubies and Jade.
Major Export Partners (2013 estimates) -	Thailand 40.7%, India 14.08%, China 14.3%, Singapore 11%, Japan 7.4%, Others -12.8%.
Major Imports (2013 estimates) -	US \$10.11 Billion. Fabrics, Petroleum. Products, Fertilizers, Machinery, Transport Equipment, Construction Material and Food Products.
Major Import Partners (2013 estimates) -	China 37%, Thailand 20.2%, Singapore 8.7%, South Korea 8.5%, Japan 8.2%, Malaysia 4.8% and Others -12.6%.
Economic Downturn -	Pre Independence, Myanmar was richest Country in Southeast Asia. Today it is one of the poorest nations in the world.
Trade With India -	Export to India - US \$ 1.412bn. Imports from India - US \$ 544.66 mn.

2.2 **General** Ancient Indians used to call the present day Burma 'Suwarnabhumi' or the Golden Land as it is rich in natural resources. Timber, rice and mineral wealth, gems such as rubies, jade and sapphire are found abundantly and the sea surrounding the borders yield fine pearls. Most Burmese, descendants of various tribes migrated from central Asia, form the

largest ethnic group and make up about two thirds of the population⁶. Yet, Burmese traditions are more Indian than Chinese or Mongolian as the Hindu influence on arts and culture has been strong⁷. Bahadur Shah Zafar, the last king of the Mughal Dynasty was exiled to Mandalay and later to Rangoon where he died in 1862. Lokmanya Tilak was sentenced to six years custody in Mandalay prison from 1908 to 1914 and Netaji Subhash Chandra Bose from 1925 to 1927. Interestingly, while the British exiled the last Mughal Emperor to Burma, they did the same to the last Burmese king Thibaw as he was exiled to Madras and later to Ratnagiri in 1885. The Burmese history can be broadly divided into three periods i.e. Pre British period, British rule and after independence in 1948.

2.3 **Pre British Period.** The earliest inhabitants were the Mons of the Mon-Khmer group and Pyu people of the Tibeto-Burman group who migrated from Eastern Tibet approximately 2000 years ago. The Mons forged close ties with Indian King Ashoka in the second century BC. This can be called as the starting point of influence of ancient Indian religions, kingship and Governance on the Burmese society.

Unification Under Pagan Kingdom. Most parts of Myanmar came under one single rule under the kingdom of Pagan for the first time from 1044 AD to 1287 AD. The Pagan kingdom remained supreme till annihilated in the war with Tartars of Kublai Khan.

Shan Dominion. After the decline of the Pagan Kingdom, the Shan Chieftains ruled various parts of Burma for the next two and a half centuries from 1287-1531. Although these Shan rulers were technically Chinese Governors, the Chinese influence was weak and inconsistent and by fourteenth century, practically ceased to exist. The Shan dominion faded by the sixteenth century and ultimately Burma fell into the hands of warring Chieftains. The British, French and Dutch traders established themselves during this period. This period also saw visits by Italian, Portuguese and

⁶ Bhagat, Nilesh. (2000). 'Turbulence in Myanmar'. *Aakrosh*, October 2000, Volume 3, p 80.

⁷ Grover, Verinder. (2000). *Myanmar Government and Politics*. Delhi: Deep & Deep Publications. p 381

Russian traders.

Alaungapaya Dynasty (1752-1885). Under this dynasty, foreign influence dominated Burma. In 1757, Alaungapaya, duly supported by the British, eliminated the French influence completely. At the height of this dynasty, its influence extended from Manipur and Arakan in the West to Kyaing Tong in the East. Incidentally, the Arakanese Kings had close contact with India since 14th century. In 1769, Burmese king Alaungpay invaded the present day Manipur of India.⁸ In 1824, Prince Bodawphaya launched a punitive expedition into the Indian State of Cachar, which led to the first Anglo-Burmese War (1824-1826). During this war, the British annexed Yangon. In 1852, during the second Anglo-Burmese war the British captured entire lower Burma. It was during this conquest that the British Artillery bombarded the Shwedagon Pagoda, the holy and symbolic heart of Rangoon.⁹ In 1886, the British annexed Upper Burma and as stated earlier, exiled King Thibaw to Ratnagiri, where he died in 1916. Thereafter Burma was declared a protectorate of British India with its Headquarters at Yangon.

2.4 **British Rule.**

Western Domination. From the middle of the eighteenth century foreign influences dominated Myanmar. Both the French and the British came in almost simultaneously, but soon British became unquestioned foreign traders. The British colonial authorities signed an agreement with the French Governor of Indochina on 15 June 1896 which established the border between British Burma and French Laos. Hence, Burma was included in British India and the Burmese were sometimes considered as 'Indians'. British had started organizing massive relocation of English speaking Indians as early as 1852 to Burma. In 1923 Burma was constituted as a Governor's Province under the Government of India Act, 1919. It was separated from India in 1937 and it remained under Japanese occupation from March 1942 to August 1945. Myanmar became independent on 04 January 1948.

⁸ Egretau, Renaud. (2003). *Wooing the Generals: India's New Burma Policy*. New Delhi: Authors Press. P 8.

⁹ Egretau. Op. cit. p 11.

Burmese Nationalism. In the pre-British period, nationalism in Burma had always gone along with a strong devotion to Buddhism and a devotion to the royalty. During the colonialism, the nationalism manifested itself through the constitutions of cultural associations like Young Men's Buddhist Association (YMBA). The Burmese nationalist movement declared itself both against the British and the people of Indian origin who controlled majority of trade and agriculture in the country. In 1920's the Indian immigration in Burma rose to more than 3 lacs seasonal workers per year.¹⁰ The first bloody anti-Indian riot had taken place in 1930-31. This was a result of the Indian bankers and money lenders making a huge profit in the aftermath of Great Depression. In 1934, young Aung San formed an organization to chase out the British; he managed to escape to Formosa and receive military training under Japanese and formed the Burmese National Army. In 1937, the Government of Burma act was enacted, which established the first separation of Burma from India. An assembly, accountable to the British governor, was set up in Rangoon.

World War II. The Japanese invasion of Burma further stimulated Burmese nationalist. After Indochina and Siam, the Japanese invaded Burma in March-April 1942. They succeeded in advancing up to Kohima and capturing Andaman and Nicobar Islands. Burmese nationalist combatants entered Burma with Japanese in 1942 and it was then that Aung San won his title of 'Bogyoke' or General. On 01 August 1943, Tokyo declared Burma independent. However Aung San soon parted with the Japanese and in March 1945, Burmese Independence Army rose up against the Japanese troops with the help of allied army. The British entered the Burmese territory in April and Rangoon was freed on 01 May 1945. Aung San was the undisputed leader and started negotiations with the British for complete freedom; however he was assassinated in July 1947.

2.5 **Independence and the Aftermath.**

1948-1974. In 1945 Britain returned to Burma (Myanmar) and on 04 January 1948 Burma was granted complete independence. U Nu was

¹⁰ Ibid. p18.

appointed Prime Minister and held the office till 1962. Almost immediately after independence, there was an uprising of communists, principally by the People's Volunteer Organization (PVO) as well as other ethnic insurgents. By 1951 the unrest was brought under control and the Anti-Fascist People's Freedom League (AFPFL) controlled the government through elections until 1958 when the party split. As a result General Ne Win was installed as caretaker of the government until fresh elections in 1960, which returned the AFPFL to power.

Burma Socialist Programme Party (BSPP). In March 1962 General Ne Win suspended the constitution and parliament, then nationalized all private enterprises and abolished free trade. He took over the government in a bloodless coup. U Nu was exiled to Bangkok and later stayed in India from 1974 to 1980. On 04 Jul 1962, with the aim of making Myanmar a socialist country, Ne win founded the BSPP. It became the country's only legal party. On Mar 1974 General Ne Win established a single party state under the terms of the new constitution. Ne Win became President while anti- government demonstrations, riots and floods plagued the country's economic problems. The government began to take strict control of the economy as due to mismanagement farm production had fallen for several years and consumer goods disappeared into the black market. Myanmar went into a self-imposed exile, rejecting most of the foreign aids and restricted the visits of foreigners. Burma even left the Non Aligned Movement in 1979.

Emergence of State Law and Order Restoration Council (SLORC). The economic apathy, resulted out of 25 years of General Ne Win's Burmese Way of Socialism, had exhausted and ruined Burma and brought it to the brink of economic collapse. From 1987 to 1989, Burma suffered three years of negative growth.¹¹ The social unrest resulted in student's demonstration in March 1988. Several thousands of students, joined by Sanghas, the Buddhist community, demonstrated their disapproval of the way their country was being governed. The daughter of General Aung San, who was in the country to look after her ailing mother, became the messenger of hope for the Burmese

¹¹ *ibid*, p 37

people. Owing to the internal problems General Ne Win suddenly resigned on 23 July 1988. Sein Lwin the anti-riot police chief took over. A series of demonstration took place in the spring of 1988, and curfew was imposed in the major cities. By late July, Army had imposed martial law in the entire country. On 8 August a general strike started in Rangoon and all other major cities when thousands of demonstrators paraded. Army decided to violently repress the popular uprising. Several hundreds of students were massacred and thousands were arrested and thrown into already full jails. Owing to the reactions of international community to his repression Sein Lwin resigned. Aung San Su Kyi and U Nu tried to take over the reins and pacify the crowds. However about 20 young Army officers seized power on 18 September 1988. They abrogated the 1974 constitution and constituted a new military government by the name of State Law and Order Restoration Council (SLORC) under Senior General Saw Maung. The popular uprising was repressed far more ferociously than what followed after the 1962 takeover by the Army. International community strongly condemned the massacres and the coup d'etat and India joined in with particular intensity.

State Peace and Development Council (SPDC). The SLORC announced the planned introduction of a multiparty system of government and renamed as SPDC in November 1997. Myanmar underwent tremendous political, military and economic changes since 1988. In June 1989 the government changed Burma's official name to the "Union of Myanmar." SLORC promised that elections would be held and power handed over to the elected government as soon as law and order was restored. Accordingly on 27 May 1990, elections were held in which National League for Democracy (NLD) led by ASSK, won a landslide victory. However SLORC did not hand over power on the grounds that power can be handed over only when the constitution was rewritten with a leading role for the military. In April 1994 the constitution was redrafted but SPDC did not hand over power. ASSK was placed under house arrest for over a decade and a half. International community, except China, strongly condemned the negation of democracy in Myanmar and again isolated the country. In 1993, the Junta opened a 700 delegate constitutional convention that approved plans for the military to

actively participate in the government and impose its human rights standards on the country following an Amnesty International report condemning Myanmar's human rights abuses. In 2003, SPDC unveiled its Seven-Step Roadmap to Democracy to implement political change in Myanmar which was followed by referendum for a new constitution in 2008 and promise of free elections in 2010.

General Elections in Myanmar. The general elections in Myanmar concluded in November 2010 amid speculation as well as condemnation. The event itself went as smoothly as one could have expected. The outcome of the general elections was hardly surprising to many of those who have been following political developments in the country closely. Among the 37 political parties contesting the seats in the parliament, the Union of Solidarity and Development Party (USDP), led by the SPDC's Prime Minister Thein Sein, won over 76 percent of the total 1,154 seats in the House of Representatives (Pyithu Hluttaw), the House of Nationalities (Amyotha Hluttaw), and the fourteen sub-national level assemblies. An additional 388 parliamentarians nominated by Senior General Than Shwe filled the 25 percent quota in each Hluttaw reserved for members of the armed forces, in accordance with the country's new constitution adopted by a national referendum in 2008.

On 31 January 2011, the first session of the new Assembly of the Union convened in the new capital Nay Pyi Taw, thus bringing the 2008 Constitution into effect. In order to gain acceptance, the newly elected government released political prisoners in November 2011. In Jan 2012, the government approved the participation of the NLD, which formally registered as a party in December, after being removed from the list of approved parties when it boycotted the general election. The party had called the electoral rules unfair, partly because they excluded ASSK as a candidate. ASSK contested and won a seat in the country's new Parliament in a by-election in April 2012 and her party, the NLD, entered the new political structure for the first time. The combination of political reforms since 2011 and pledged elections for 2015 raise hopes that Myanmar is in an irreversible process of democratic

transition.¹² General Elections are due in Myanmar towards the end of 2015. The term of the present Lower House is five years from the date of the first session, which was on 31 January 2011. The Upper House, the Union Parliament of both Houses and the Region and the State Assemblies take their cue from the Lower House. In 2010 the elections were called by Notification issued three months before the election date¹³. Myanmar President U Thein Sein reiterated the country's pledge on 01 January 2015, to hold free and fair general election in the year which will serve as one of the most critical steps in Myanmar's democratic transition process. He called for cooperation and support not only from the administration but also from security forces, political parties, civil society and the general public as a whole.¹⁴ On 14 November 2014, US President met President of Myanmar, encouraging him to pursue reforms of Myanmar's political system and its Constitution. Obama also met pro-democracy leader Daw Aung San Suu Kyi, a day later and acknowledged that reforms touted in 2012 have not come easily and transition is going through rough period¹⁵.

2.6 **Present Outlook In Myanmar.**

Democratic Process. Parliamentary elections were held in Nov 2010 as part of 7-step roadmap towards achievement of a 'Disciplined, Flourishing and a Modern Democratic State'. The elections were condemned by most countries; however, the ASEAN described the elections as 'conducive and

¹² Mcconnachie, Kirsten (2014). 'Introducing Myanmar in Transition? A Displacement Perspective'. (Online) Available at: <http://www.opendemocracy.net/author> (accessed 24 January 2015).

¹³ Farrelly, Nicholas (2015). 'The Lady's Date With Destiny'. (Online) Available at: <http://www.mizzima.com/opinion/commentary/item/17111-the-lady-s-date-with-destiny>. (Accessed 14 February 2015).

¹⁴ Hua, Xin (2015). 'Myanmar Committed to Hold Free, Fair Election in 2015'. (Online) Available at: http://news.xinhuanet.com/english/2015-01/01/c_133890997.html. (Accessed 24 January 2015).

¹⁵ Landlernov, Mark. (2014). 'Obama and Aung San Suu Kyi Meet Again, With Battle Scars' (Online) Available at: <http://www.nytimes.com/2014/11/15/world/asia/obama-aung-san-suu-kyi-myanmar.html>. (Accessed on 12 February 2015).

transparent'. All three legislative bodies were convened on 31 Jan 2011 and Gen (Retired) Thein Sein, the leader of the military backed USDP was sworn in as the 8th President of Myanmar on 30 Mar 2011. The by-elections for 45 seats vacated by elected members, on being appointed ministers, were conducted on 01 Apr 2012. NLD won 43 of the 44 seats it contested. The ruling USDP and the Shan Nationalities Democratic Party (SNDP) won one seat each. The results were indicative of the extensive public support that NLD enjoys in Myanmar. The NLD leader, ASSK was released on 13 Nov 2010. Since then, she has played a greater role in electoral politics. ASSK has been allowed limited political space by the civil Govt. She has toured the country extensively and conducted rallies. The Government granted ASSK freedom to visit foreign countries and in 2013 she visited USA, European countries, Singapore, Japan and Australia.

Democratic Reforms Undertaken by the Myanmar Govt. Some of these are given as under:-

- (a) **Census Bill.** The Myanmar Government conducted National population Census in 2014, first time in 31 years. Census data was captured from 30 Mar to 10 May 2014.
- (b) **Media Censorship Abolished.** Government has abolished pre-publication censorship of the media, which was in effect since August 1964.
- (c) **Reducing the Blacklist.** Government announced the removal of 2,082 names (out of 6,165) from its blacklist, including a number of political leaders, Government critics and journalists.
- (d) **Restrictions on Private Print Media.** Government lifted the restriction on publication of private newspapers in Myanmar since 01 April 2013.
- (e) **Ban on Public Gatherings.** Ban imposed by the Government in 1988 on public gatherings of more than five people was abolished on 29 Jan 2013.

- (f) **Release of Political Prisoners.** President Thein Sein, released more than 1,000 political prisoners till date, leaving only around 80 political prisoners in jail.

Economic Situation in Myanmar. Myanmar is a very resource rich country with large deposits of gas, iron ore, coal, nickel, zinc and copper. Myanmar was once a prosperous country but World War II and subsequently 'Burmese Way to Socialism' made it poor. This economic philosophy brought with it isolation, self-reliance and state control and management of resources. This approach had a very debilitating effect on economy and in 1987; Myanmar had to seek Least Developed Country status. The present government has initiated market reforms, following which many world powers have lifted economic sanction. However, economy suffers from micro-economic imbalances, due to which foreign investors have shied away from investing in all sectors except natural gas, power generation, timber and mining.

Economic sanctions were imposed against Myanmar by various countries including US. The UN could not impose sanction as the resolution was vetoed by Russia and China. Following the 2010 elections and formation of a quasi civilian Government, in January 2011, ASEAN unanimously called on the international community to end its boycott of Myanmar. All countries including US and EU lifted their economic sanctions excluding the arms embargo. The present economic situation can be summarized as under:-

- (a) Economy suffers from serious macro-economic imbalances including rising inflation, fiscal deficits, multiple official exchange rates that overvalue the Burmese Kyat, a distorted interest rate regime, unreliable statistics and an inability to reconcile national accounts to determine a realistic GDP figure. In recent years, foreign investors have shied away from nearly most sectors except for natural gas, power generation, timber, and mining.
- (b) The business climate is widely perceived as opaque, corrupt, and highly inefficient. Over 60% of the budget is allocated to state

owned enterprises, most of which are operating at a deficit. The government has recently privatized a number of state owned enterprises, but most of the benefits have accrued to regime insiders and cronies. The most productive sectors will continue to be in extractive industries as other areas face inadequate infrastructure, unpredictable trade policies, neglected health and education system and endemic corruption.

(c) Though the government has good economic relations with its neighbours, better investment & business climates and an improved political situation are prerequisite for serious foreign investments and tourism.

Economic Reforms. Since Thein Sein's government assumed power in 2011, a series of economic reforms have been initiated by the government to attract foreign investment. The various measures undertaken by the government are:-

(a) **Transparency in Foreign Exchange.** In Apr 2012, President Thein Sein decided to float Myanmar's currency, injecting a substantial degree of transparency into the foreign exchange earnings.

(b) **Liberalization of Taxes and Freedoms.** Myanmar has liberalized export and import taxes. The Parliament has also passed a new Foreign Investment Law in November 2012.

(c) **Industrialization.** Myanmar has plans to set several Special Economic Zones (SEZs) apart from setting up of 25 local industrial zones in the Country.

(d) **FDI Law.** National Parliament adopted the new FDI Law on 07 September 2012, in which the government permitted 49% foreign ownership of businesses in agriculture, livestock and offshore fishing sectors and dropped US \$ 5 million minimum investment clause.

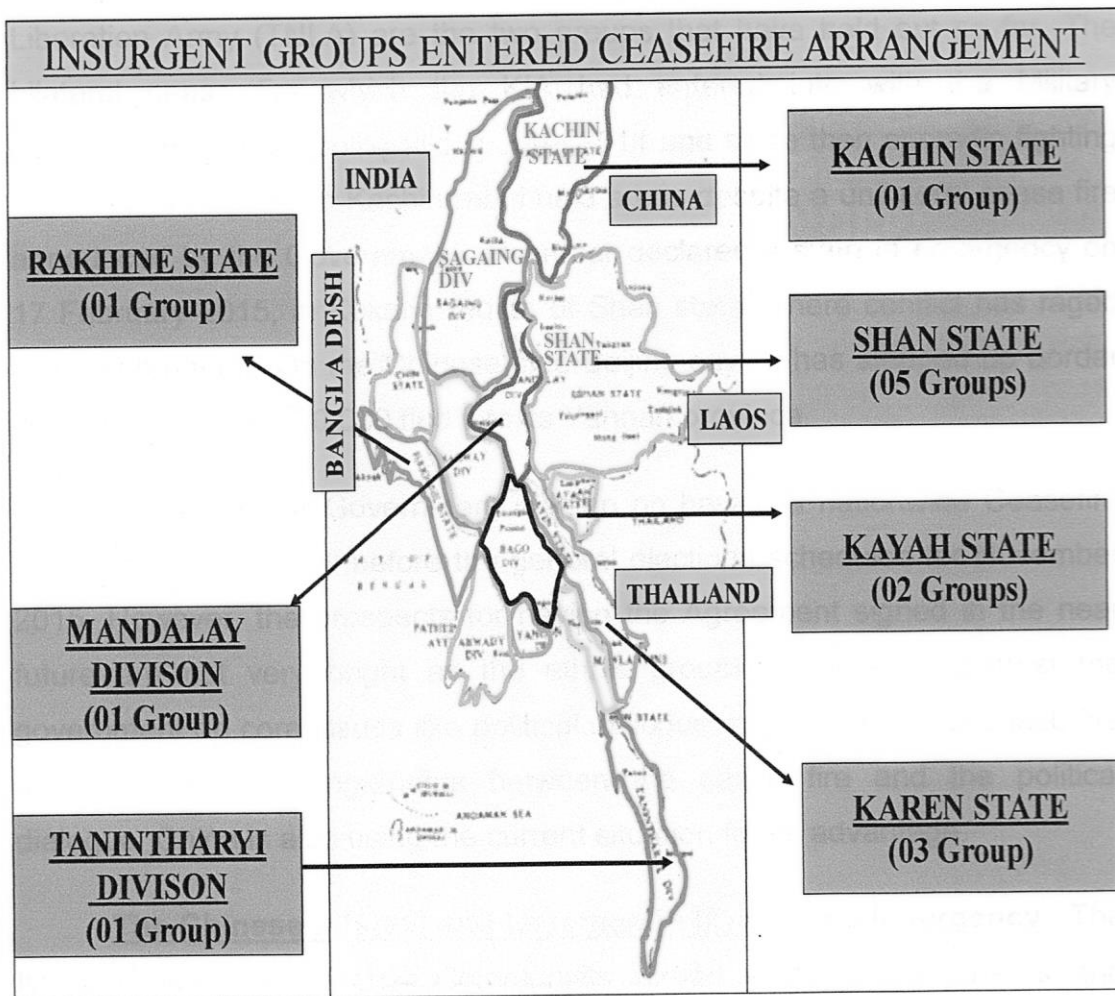
Human rights Violations and Drugs. Amnesty International report

has stated that life in Myanmar was characterized by fear, intimidation and wide spread human rights violation¹⁶. The ILO has also condemned the human rights violations taking place in Myanmar in the form of forced labour. So far as drugs and narcotics are concerned, Myanmar continues to remain the largest producer of opium in the world, which along with other narcotics is smuggled all over Asia, Europe and US. Poverty, unemployment and abundant drug production in the region and the surrounding areas is the basic cause of the flourishing trade of drug trafficking. The main drug route is through Yunnan in south China and via Laos, Vietnam and Cambodia. However, a considerable quantity is also smuggled through Nagaland, Mizoram and Manipur states of India into Bhutan, Nepal and then onto Europe and US¹⁷. Myanmar illegally exports about 8% of the world's total illegal drugs, mostly opium and methamphetamines.

Nationwide Ceasefire Agreement with Insurgent Groups. Myanmar is more apprehensive of internal centrifugal forces as it has large number of ethnic tribes on its periphery. Between 1988 and 1994, SPDC and 16 armed ethnic insurgent groups forged fragile ceasefire or peace agreement to cease hostilities without having to disarm and return to the legal fold. Withdrawal of support by China to insurgents has been a major factor in curbing insurgency in Myanmar. The development in these border regions has resulted in visible Chinese influence in the economy and demography including use of Chinese currency. Till 2011, a temporary period of relative respite prevails, wherein most of the groups honoured the agreements.

¹⁶ Madhok, V.K. Maj Gen, (2001). '*India Will Have to Take Myanmar Seriously*'. Border Affair, April-June, Pp 24-27.

¹⁷ Ibid.



Myanmar was hopeful of signing a fresh Nationwide Ceasefire Agreement with the ethnic groups before 12 February 2015 (Union day). However, in a meeting between the Nationwide Ceasefire Coordination Team (NCCT) and the Myanmar Peace Centre (MPC) held on 21 January 2015, it was decided that a further meeting is required as there are a number of unresolved issues. Even though a number of deadlines had been fixed for signing a Nationwide Ceasefire Agreement since August 2014, all of them have passed off even after six rounds of talks between the MPC and the NCCT¹⁸. However, 14 of the 16 the ethnic groups represented by the NCCT in the peace talks have already signed bilateral ceasefire agreements with the Government. The Kachin Independence Army (KIA) and the Ta'ang National

¹⁸ Kuppuswamy, C. S. (2015). 'Myanmar: Nationwide Ceasefire Agreement and the War with the Kachins', South Asia Analysis Paper No. 5863. (Online) Available at: <http://www.southasiaanalysis.org/node/1594>. (Accessed 02 February 2015).

Liberation Army (TNLA) are the two groups that have held out so far. The bilateral cease fire which the KIA had entered into with the Military Government in 1994 collapsed in June 2011 and since then sporadic fighting has been continuing in Kachin rebel held areas despite a unilateral cease fire announced by the Government. Myanmar declared a state of emergency on 17 February 2015, in Kokang region of Shan state, where conflict has raged since February 9. On the Chinese side Beijing says it has stepped up border controls after some 30,000 fled into its Yunnan province.

The Myanmar Government is keen on having a nationwide Ceasefire agreement signed well before the general elections scheduled for November 2015. However, the prospects for having the Agreement signed in the near future are not very bright as the ethnic groups continue to distrust the government on core issues like political dialogue, monitoring of the cease fire and transitional arrangements between the cease fire and the political dialogue. China is also using the current situation for its advantage.

The Chinese Interest and Leverage in Myanmar's Insurgency. The Kokang rebels are former Communists turned ethnic entrepreneurs and cross-border smugglers who remain useful instruments for Beijing to create trouble in Myanmar, if the latter shows signs of 'independence' from shadow of China. The United Wa State Army (UWSA) lies adjoining the Kokang territory. It is one of Myanmar's largest ethnic minorities militant movement with a standing force of heavily equipped troops. It shares a common ancestry with the Kokang fighters in the now defunct Burma Communist Party (BCP), which used to be Beijing's proxy in Myanmar. The Wa Army's war preparedness, technical sophistication and heavy weaponry are of high standards, thanks to its paymaster China, which is using Myanmar's minority struggles for leverage against its shrinking domination in that country.

The Kokangs are also ethnic Chinese-origin people, who enjoy sympathy of China. Despite the China's denial of interfering in Myanmar's internal affairs, the massive firepower and organisational abilities displayed by the Kokang raiders in February 2015, who crossed over from China into the hilly terrain inside Myanmar, leave little doubt that Beijing is encouraging

minority violence in Myanmar to apply pressure on the Central government in Myanmar. The situation in Kokang areas has jeopardised the prospects of the Myanmar government striking a nationwide ceasefire agreement with the ethnic minority groups. With the country headed for a scheduled general election later in 2015, the government wants an early settlement of the problem. It is felt that China is holding the government to ransom, to derive mileage, as the upheaval in the Kokang region has put a question on the resolution, through peaceful negotiation.