

The “Sense of Fulfillment” of the People in Host Nation and Its Impact on Overseas Investment Projects

—The Case from Myanmar

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Abstract—The initiative to build “The Belt and Road” by Chinese government has provided more opportunities for the development of Southeast Asian and South Asian countries. Myanmar is one of the key nodes connected “The Belt and Road”. China and Myanmar have maintained good neighborly relations and good cooperation in international and regional affairs for a long period. Especially, in recent years, Sino-Myanmar trade cooperation has expanded to project contracting, investment and multilateral cooperation. Although the achievements have been impressive, many setbacks have also been encountered. One significant setback is that the investment risks are relatively high because the national condition in Myanmar is similar to other unrested countries in Southeast Asia and South Asia. This paper selects the typical major Chinese investment projects in Myanmar and analyzes them by summarizing the deep-seated reasons for the suspension or interruption of certain project as well as revealing the successful experiences of some projects, in order to provide references and principals for investment cooperation in Southeast Asian and South Asian countries.

Keywords—“sense of fulfillment”; people in the host nation; overseas investment projects; cases from Myanmar

I. INTRODUCTION

Myanmar is highly concerned by China, the United States, Japan and India for its unique location, which is located at the junction of Southeast Asia and South Asia, where is a main route from China to the Indian Ocean. Myanmar has been a friendly neighbor of China for generations, and China was once became Myanmar's largest trading partner and source of foreign investment. Since 2011, a number of major China's investment projects in Myanmar, such as Myitsone Hydropower Station, Kunming-Kyaukpyu Railway Construction Plan, Letpadaung Copper Mine have been stranded, while projects such as Tongbu Dam and the Yangon Industrial Park have suffered losses. The experiences and lessons of China's investment in Myanmar are worthy of seriously summing up.

Reflecting on the success or failure of China's investment projects in Myanmar, it can be found that the “sense of fulfillment” of Myanmar people is an important variable that affects the success of China's investment projects in Myanmar.

In fact, domestic and foreign scholars have dabbled in this issue. Domestic and foreign scholars have found that with the advancement of the democratization reform in Myanmar, Myanmar's appeal for self-interest continues to increase. In particular, after the Myitsone hydropower station incident and Letpadaung Copper Mine event's fermentation, Myanmar people have paid more attention to the improvement of their livelihood. A questionnaire survey on Chinese investment and aid in Myanmar shows that some Myanmar people currently have a large negative view of China's investment and assistance in Myanmar, and some large-scale Chinese investment projects in Myanmar lack of public support [1]. On the evaluation of economic and trade cooperation with China and the United States, Myanmar people as a whole are more in favor of the United States, and relatively have more negative comments on China [2]. Myanmar people's negative perceptions of China continue to undermine the interests of both countries [3].

Scholars analyzed that there are many reasons for such negative comments. First, folk communication is missed and information dissemination is blocked. Many Chinese companies only communicated with the Myanmar government when they were investing. Some elites in Myanmar believe that “the government should consider public opinion when it comes to resolving differences.” Second, China's past investments in Myanmar are mostly concentrated in resource-based industries such as hydropower, minerals, and timber. There are only less investment in people's livelihoods and infrastructure. The past investments lack of direct benefits for the local people. Under the provocation of the Anti-China Disturbance Forces, the local people resisted negatively or publicly opposed these investment projects. In 2014, some Myanmar public opinion criticized the Sino-Myanmar project cooperation again, the rhetoric is more fierce, many of the comments with a very strong exaggeration and even slander. These inflammatory remarks continue to undermine Sino-Myanmar cooperation projects. On July 18, 2014, under the opposition of the people, Myanmar abandoned the construction plan of the Kunming-Kyaukpyu Railway. At present, large Chinese companies are generally worried about

the safety of investment in Myanmar. They are cautious and do not dare to make substantial capital increases. The new large-scale cooperation projects continue to be at a low level [3].

II. CASE STUDY

A. *The Definition of "Sense of Fulfillment" of Myanmar People*

"People's sense of fulfillment" is an important part of President Xi Jinping's thought. Although the "sense of fulfillment" thought is mainly used inside China, it applies equally to peripheral diplomacy. President Xi repeatedly stressed that in the diplomatic work, it is necessary to establish a correct view of righteousness. China firmly believes in the approach of upholding justice, which should achieve both justice and benefit. In Politics, we adhere to justice, and morality first; In economy, we insist on mutual benefit and common development [4]. Therefore, in the process of China's investment in Myanmar, the concern about the "sense of fulfillment" of Myanmar people is in line with the thinking of the country's peripheral diplomatic strategy, and is also a question related to the success of "The Belt and Road" and the "Community of shared future for mankind".

In the process of China's investment in Myanmar, the "sense of fulfillment" of Myanmar people refers to the material and spiritual satisfaction of Myanmar people after they have obtained certain actual benefits from China's investment projects. China's investment in Myanmar will help to further improve the local people's livelihood and enable Myanmar people to effectively share the fruits of China's rapid economic development.

B. *Analysis on the Major Stranded and Interrupted Projects of China's Investment in Myanmar*

1) *Myitsone hydropower station project*

The Myitsone hydropower station is located on the upper reaches of the Irrawaddy River in Myanmar. It is a power plant invested and built by the China Power Investment Group in the form of Build-Operate-Transfer (BOT). The investors are China Power Investment Yunnan International Power Investment Co., Ltd, Myanmar first Power Department and Myanmar Asia World Company. The power station has a capacity of 6 million KW and an average annual power generation capacity of approximately 30.8 billion KWH. It was planned to build a power station with the largest installed capacity in Myanmar. The opening ceremony of the Myitsone hydropower station was held on December 21, 2009. It is planned to generate electricity in 2017.

However, on September 30, 2011, Myanmar's President Wu Dengsheng issued a statement to the National Assembly: "According to the will of the people, the construction of the Irrawaddy River Myitsone Hydropower Project will be suspended during the current government presidency." On the surface, the "will of the people" became the reason why the Myitsone Hydropower Plant was shelved.

2) *Kunming-kyaukphyu railway construction plan*

In the original plan, Kunming-kyaukphyu railway began at

the kyaukphyu deep water port of Rakhine state in Myanmar, and ran from the southwest to the northeast through the North-central part of Myanmar. It would enter China via Ruili in Yunnan and pass through Kunming. The railway runs parallel to the Sino-Myanmar pipelines, formerly known as Southwest China's strategic channel. In April 2011, the China Railway Engineering Corporation and the Ministry of Transport of Myanmar signed a memorandum of understanding on the project, which stipulated that the project construction must start within three years from the date of signing. The project originally planned to invest 20 billion U.S. dollars and would be completed by 2015. On May 24, 2014, the Ministry of Railway Transport of Myanmar stated that the Kunming-kyaukphyu Railway project would not be implemented without the consent of the people. On July 20, 2014, Minwa, an official of the Ministry of Railway Transport of Myanmar, declared that the Sino-Myanmar railway project has not yet to enter the start-up phase. The deadline for the three-year memorandum of understanding has reached, but the opposition voices of some citizens' organizations in Myanmar were relatively loud. Myanmar citizens' organizations and local residents of the railways have repeatedly protested to the Myanmar government, claiming that the project will have a negative impact on the local people. Some political parties in Myanmar also stated that the parliament did not agree on the project. The Myanmar media also issued warnings that China may "interfere in Myanmar's internal affairs and threaten Myanmar's national security" through infrastructure construction.

3) *Letpadaung copper mine project*

The Letpadaung Copper Mine Project is located in the town of Monywa in the south of Sagaing Province, northwest of the Union of Myanmar. On July 8, 2011, China Hydropower successfully won the bid for the construction of the Letpadaung Copper Mine project in Myanmar. On the morning of March 20, 2012, a ground-breaking ceremony was held at the Letpadaung Copper Mine Project in Myanmar. Starting in November 2012, a large-scale protest outside the Letpadaung Copper Mine complained of unfair compensation for the demolition of the copper mine and environmental pollution. The protesters occupied the camp of the Wanbao Company near the copper mine and the construction of the copper mine was forced to completely interrupted. On November 24, 2012, in response to the escalating protests, the Myanmar People's Court decided to establish a federal-level investigation committee and appointed Aung San Suu Kyi to chair the investigation committee.

On March 11, 2013, the Investigation Committee submitted the final investigation report to the President. The report believed that comprehensive consideration of economic, social, environmental protection, international relations and other factors, Letpadaung copper project should continue to be implemented, but some suggested improvement measures should be taken.

The Letpadaung copper mine project caused the current situation, mainly due to the lack of transparency and lack of communication between developers, local people and local governments. Due to the low cost of land acquisition and inadequate protection of working rights, demonstrations were

caused, coupled with the lack of explanations from relevant parties in the process of land acquisition and the intervention of foreign organizations and groups, which led to an escalation of the situation.

The report recommends necessary improvements for environmental protection, local livelihood compensation, and company cooperation agreements; it is recommended that developers negotiate with the local authorities to completely relocate the temples in the project site; it was recommended that the police force standardize and improve law enforcement behavior; and call on the people and government agencies to strengthen awareness of the rule of law, etc.

4) Summary of China's Major stranded and interrupted projects in Myanmar

Affected by Myanmar's complex domestic economic, social, political and international problems, Myitsone Hydropower Station, Kunming-kyaukphyu Railway Construction Plan, Leibitang Copper Mine and other major China's investment projects in Myanmar have stranded or have been interrupted. On the surface, they are all labeled as "Myanmar people oppose." The Myanmar people's "sense of fulfillment" seems to be the key to the success of China's investment projects in Myanmar, but in fact there are more complicated domestic and international factors.

On the one hand, after Myanmar started reform in 2011, they placed economic reforms and political reforms in an equally important position and implemented a number of practical reform measures to provide a favorable environment for foreign investment. But when the Myanmar National League for Democracy government came to power, it pursued a balanced foreign policy of great powers, striving to be friendly with all countries.

On the other hand, major countries and organizations in the world, such as the United States, the EU, Russia, India, Japan, ASEAN, and Australia, have all intensified their contacts with Myanmar and increased their cooperation with Myanmar. One of the purposes of these countries and organizations to win over Myanmar is to try to build Myanmar into one of the frontier countries that balances the rise of China and to compress China's strategic space in the surrounding areas [5]. Due to the differences in political system, national interests, ideology and values, "Draw Myanmar to balance China", constructing the so-called "C-shaped encirclement" to check and balance China, and forcing Myanmar to change from the military regime to democracy to influence China's political development have always been the United State's one of the main goals of the its Myanmar policy [6]. Therefore, Myitsone Hydropower Station, Kunming-kyaukphyu Railway Construction Plan and Letpadaung Copper Mine project were stranded and interrupted, all of which saw the shadows of the United States, Japan, and India. The United States has established relations with the opposition and Non-Governmental Organizations (NGO) in Myanmar, Japan has implemented economic assistance and joint development with Myanmar [7], and India has adopted bilateral openness and cooperation with Myanmar [8], all these measures have affected Myanmar people to hinder China's investment and cooperation with the

excuse of interest protection. The United States, Japan, India and other major powers changed Myanmar's perceptions of China by helping Myanmar to carry out top-level design, control of public opinion, and attracting young elites, and then used Myanmar people's "sense of fulfillment" to hinder and oppose our large-scale investment projects in Myanmar.

C. A successful case of China's major investment in Myanmar

1) Sino-Myanmar pipelines project

Sino-Myanmar pipelines project started construction in June 2010. The Sino-Myanmar crude oil pipeline was constructed by the Southeast Asia Crude Oil Pipeline Company (SEAOP), a joint venture between China National Petroleum Corporation (CNPC) and the Myanmar Oil and Gas Company. The starting point is located on the island of Madaya, on the west coast of Myanmar, with a total length of 771 kilometers. The annual designed capacity of Sino-Myanmar crude oil pipeline in Myanmar is 22 million tons, and the amount downloaded in Myanmar is 2 million tons. On May 19, 2017, Sino-Myanmar crude oil pipeline officially began to transport oil.

The Sino-Myanmar Natural Gas Pipeline is constructed by Southeast Asia Gas Pipeline Co., Ltd. (SEAGP), a joint venture funded by the "Four Nations and Six Parties" (namely, CNPC, combined by South Korea's Posco Daewoo Corporation, Indian Petroleum Overseas Corporation, Myanmar Oil and Gas Corporation, Korea Gas Corporation, and India Gas Corporation). The construction of SEAGP started at the port of Kyaukphyu in Rakhine State, with total length of 793 kilometers. The design volume of the Myanmar downloading point is 12 billion cubic meters, accounting for 20% of the total pipe delivery volume. The Sino-Myanmar natural gas pipeline was officially put into production on July 28, 2013, and was ventilated to China.

2) The successful experiences of Sino-Myanmar pipelines project

The successful experiences of the Sino-Myanmar pipelines project in improving the livelihood of Myanmar and enhancing the "sense of fulfillment" of the local people are as follows:

a) Create jobs

Since the start of the Sino-Myanmar pipelines project, more than 2.9 million local workers have been employed. During the construction period, more than 220 Myanmar enterprises participated in the project. At the peak, more than 6,000 local workers were employed. The project tailored a training program for Myanmar employees and trained a group of local energy and related professionals. The project has more than 800 local employees, distributed in the pipeline line comprehensive assistance, yard production, logistics security, pipeline inspection and other positions, accounting for about 72% of the total number of staff.

b) Pay attention to local social responsibility of enterprise and implement social economic assistance projects

By the end of March 2017, CNPC has invested more than US\$23 million and implemented 178 social economic assistance projects, including schools, medical stations, orphanages, nursing homes and infrastructure assistance

projects such as water supply, power supply, roads, and communication projects. In addition, when Myanmar encountered natural disasters such as typhoons, floods, droughts and earthquakes, CNPC assisted more than 50 scattered public welfare projects.

With the assistance from the project, residents on the Maday islands changed living conditions from drinking Rain Water to running water from villages to villages, from 3 hours a day to every household to achieve 24-hour power supply, from zero roads to almost every village has roads, from no mobile phone signal to establish 3G signal communication base stations. There are agricultural diesel cars and motorcycles on the island, and schools and medical stations have been built. The original islands were completely transformed into modern seaports, with the improvement of residents' lives

c) Actively communicated with the local people, enhanced information disclosure

The Sino-Myanmar pipelines Project is China's largest project in Myanmar. Due to the rumors and hype of many anti-China media with ulterior motives, many misunderstandings of the project by the Myanmar people have been caused. In response to this, CNPC have taken the initiative to engage with the main Burmese population to allow the public to understand the truth, clarify doubts and misunderstandings, and return positive image of Chinese companies and win the support from the local people.

d) Make up Myanmar's electricity and natural gas gap

The Sino-Myanmar Natural Gas Pipeline transports the natural gas extracted from the natural gas fields in the west of Myanmar to China. The annual designed transportation volume is 12 billion cubic meters, of which the download volume in Myanmar can reach 2.4 billion cubic meters. It is reported that there is a shortfall of nearly 300 MW in the supply and demand of electricity in Myanmar, and the natural gas pipeline project will provide a huge boost to this gap. In addition to natural gas pipeline project, crude oil pipeline are also put into operation in parallel with natural gas pipeline. The volume of crude oil transported in Myanmar is designed to reach 22 million tons, of which about 10% (2 million tons) will be used in Myanmar.

e) Bringing road rights fees, taxes, dividends and other objective benefits to Myanmar

According to the agreement, the Sino-Myanmar pipeline will bring Myanmar state taxes and a total of 138.1 million US dollars in road rights fees each year. Each ton of crude oil transported to China via the pipeline will have to pay US\$ 1 transit fee to Myanmar each year. As a shareholder of the natural gas pipeline and crude oil pipeline projects, the Myanmar government can obtain 30 years of investment dividends and direct benefits such as training funds and social assistance funds.

f) The long-term benefits to Myanmar

The completion of Sino-Myanmar Pipelines has become a new channel for the import and export of Myanmar's oil and gas. It can also transfer the rich natural gas resources in southern Myanmar to major consumer markets such as the

central and northern regions. The smooth link between the resource and consumer markets will be conducive to attracting more international investment in the upstream development and downstream utilization of Myanmar, helping to transform the southern resource advantage into an economic and industrial advantage and promoting the growth and development of the natural gas industry in Myanmar, to serve and drive the development of people's livelihood and economic growth.

III. CONCLUSION

This paper analyzes the major stranded and interrupted projects of China's investment in Myanmar, including Myitsone Hydropower Station, Kunming-Kyaukphyu Railway Construction Plan and Letpadaung Copper Mine project. We reveal that the deep-seated reasons for the suspension and interruption of these projects include not only domestic factors in Myanmar. At the current stage of Myanmar's economic development and Myanmar's democratization process, the Myanmar people's poverty alleviation and income increasing need and the "sense of fulfillment" demand of Myanmar people for foreign investment have not been reached; In addition, the main reason for these projects being stranded is that the United States, Japan, and India used Myanmar people to "get in touch" by helping Myanmar to carry out top-level design, control of public opinion, and attract young elites to change Myanmar's perception of China. These countries have used the issue of "sense of fulfillment" of Myanmar people to obstruct and oppose our large-scale investment projects in Myanmar.

This paper also summarizes the success reasons of Sino-Myanmar Pipelines Project, mainly because of enhancing the local people's "sense of fulfillment". Addressing issues like poverty alleviation and income improvement for the people in Myanmar, When China invest in Myanmar's infrastructure construction, agriculture, finance, and labor-intensive industries, China could enhance local people's "sense of fulfillment" through the means such as employment provision, skills training, raw material purchase, medical and health assistance, and power supply, etc. In view of the problem of improving people's cognition caused by the democratization process in Myanmar, we can solve it by publicizing the actual benefits of the project to the local people, implementing the environmental impact assessment report of the projects and effectively fulfilling the corporate social responsibilities. To solve the problem of the influence of some people in the United States, Japan, India and other countries, it is resolved through diplomacy, public opinion, the influence of homologous religious culture, and the advantages of non-governmental organizations directly facing the people.

To sum up, investment cooperation in Southeast Asia and South Asia must adhere to and follow the principle of co-consultation, co-construction and sharing, which is jointly built through consultation to meet the interests of all. Co-consultation means we must respect each other, brainstorm ideas, take into account the interests and concerns of all parties, reflect the wisdom and creativity of all parties, and do a good job; Co-construction, is to bring each person's superiority into full play and all parties work together. Sharing

is to benefit the people more and more fairly, pay more attention to the "sense of fulfillment" of the people in the host nation, and help to build a community of shared interests, a community of shared destiny and a community of shared responsibility.

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