

17. The impacts of crisis on the conflict-prone Myanmar–China borderland

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After the outbreak of COVID-19, the Chinese government decided to close the border in Muse, a small town in Myanmar's northern Shan State. Inbound and outbound movements from both countries came to a halt. A chain of truck trailers lining up on the transnational route between China and Myanmar left only one side of the road for vehicles to pass by. The trucks were stuck there for months in a lose–lose situation – leaving meant losing the possibility of trading their goods, whereas staying put meant remaining stranded in a place of uncertainty. During our short visit to Muse in July 2020, it was agonising to see a dozen miles of hope and hard work falling apart. What the experience of the truck drivers, traders, farmers, and consumers in Muse offered was a glimpse of how COVID-19 impacted cross-border economic activities and movement of people in Myanmar's border areas.

Myanmar, undergoing economic development and a tumultuous democratic transition, was prone to socio-economic impacts from the COVID-19 pandemic due to the uneven and underdeveloped provision of health services, a lack of accurate reporting, and low test-and-trace capabilities. The situation became worse in places where institutional and administrative regulations heavily relied on the security situation, such as border areas. The health crisis exacerbated already-uncertain terrain.

This short analysis investigates the impact of COVID-19 on cross-border trade areas in Muse, emphasising how different actors engaged in or governed cross-border trade activities and the pandemic's implications for cross-border trade movement. The chapter aims to highlight specific organisational tinkering with cross-border trade in a conflict-prone area during the COVID-19 pandemic. It builds upon participatory observation during a short trip to Muse in July 2020,

How to cite this book chapter:

Wardani, Abellia Anggi; and Myar, Maw Thoe. 2022. 'The impacts of crisis on the conflict-prone Myanmar–China borderland'. In: Shin, Hyun Bang; Mckenzie, Murray; and Oh, Do Young (eds) *COVID-19 in Southeast Asia: Insights for a post-pandemic world*. London: LSE Press, pp. 193–201. DOI: <https://doi.org/10.31389/lsepress.cov.q>
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which was part of a research project on people's livelihoods in conflict-affected areas, and data collected from secondary sources.

Observable impacts on cross-border trade in the conflict-affected Muse area during the COVID-19 pandemic manifested at two levels of analysis: macro and micro. The study gives an overall understanding of border areas using multiple lenses to capture the dynamics of different actors in their political, economic, and social settings. In this analysis, those settings are juxtaposed with the three pillars that support society: the state, markets, and community. The state represents the structures of political governance and, in this case, what can be found in Muse in Myanmar and Ruili in China. Markets include all private economic structures in production and exchange processes, including both large- and small-scale trades. As the third pillar, community consists of people who share a specific locality, government, and cultural and historical heritage. In this chapter, the community comprises people who live in the areas separated by the Shweli River. When any of the three pillars is disturbed, society must find a new balance to reach equilibrium (Hann and Hart 2009; Rajan 2019). Given this complexity, an analysis of the impacts of the COVID-19 pandemic at macro and micro levels in Muse can make a valuable addition to the analysis of conflict-prone borderlands.

The micro-level analysis focuses on small-scale trade as a coping mechanism of grass-roots actors during the border closure. Meanwhile, the macro level covers the values behind COVID-19 regulations and policies that impacted cross-border trade routines. The underlying argument is that small-scale trade, such as peddling, hawking, and smuggling, is among the economic activities most sensitive to changes in border settings and is usually among the first to feel the impact of macro-level policy changes. Simultaneously, small-scale trade is a prerequisite for and inseparable from the development and maintenance of large-scale world trade (Evers and Schiel 1987; Goodhand 2020).

Cross-border trade in an unpredictable environment

Studies on the relationship between borderlands and trade in various regions, especially conflict-prone areas, have increasingly attracted the attention of scholars from diverse disciplinary backgrounds (for the borderland in Vietnam, see Bonnin 2010; for Thailand and Laos, see Phadungkiati 2014; for Myanmar and China, see Grundy-Warr and Lin 2020; for Afghanistan, see Goodhand 2008; for Indonesia, see

Wardani 2020). The border is understood as a contested space with an uncertain temporality. In conflict-prone areas, the border is a vital part of the battle for control and surveillance. Such an understanding invites the assumption that the border as a space embeds domination and power (Foucault 1977). In the case of Muse, where governance has come from entities at many different scales – supra-national, national, regional, and local – the border closure unravelled previously intangible hierarchies of power that had existed only in the abstract for grass-roots economic actors.

Literature on the border has often been the province of political scientists and has been disconnected from more in-depth anthropological debate, which suggests that geographical place defines boundaries and then demarcates the identities of the communities around it. In the case of Muse, the border area had been continuously shaped and reshaped by economic exchanges performed by diverse actors. Historically, the two communities on both sides of the border shared the same cultural characteristics and social-psychological environment despite their split nationalities (Dong and He 2018; Ganesan 2017). Therefore, looking at cross-border trade with only a macro-level analysis is insufficient owing to the transnational sociocultural embeddedness that factors into the two countries' cultures and plays a significant role in trade (Hann and Hart 2009). Over the years, such embeddedness has been transformed into social networks of cross-border trade. It has comprised complicated relations and influences between state and non-state actors from both countries, especially given that the area was formerly under the *de facto* control of ethnic armed groups instead of the Myanmar government (Ganesan 2017). Su (2020) has argued that border control in Muse has served to balance economic development and national security, as informal economies were pushed to formalise in an attempt to safeguard national sovereignty at the border.

Muse, also known as the Muse 105-mile trade zone, is one of the most significant economic corridors between Myanmar and China. Since 1988, the town has seen dramatic increases in connectivity and economic cooperation between the two countries. Considered 'a successful model for border trade gates and routes in Myanmar', Muse has served as a vital point in Myanmar and China's contemporary development strategies (Kudo 2010, p.266). It was also an important spot for a planned infrastructure route worth billions of dollars that promised to connect the Indian Ocean oil trade with China's Yunnan province. Labelled the China–Myanmar Economic Corridor (CMEC), the project

was designed to allow China to diversify its energy shipping routes and ease its reliance on the vulnerable Strait of Malacca. The bilateral cooperation on border trade zones thus fostered export and import activities in Muse. Between October 2019 and October 2020, Muse's trade volume – almost US\$4.8 billion – accounted for nearly half of Myanmar's total border trade volume (Ministry of Commerce 2020). Indeed, China's political influence in mainland Southeast Asia has intertwined with regional countries' interests, including Myanmar's, to advance their economic and trade positions (Grundy-Warr and Lin 2020). Without this cross-border connection, exchanges of capital, labour, and natural resources between China and its neighbouring countries in mainland Southeast Asia would come to a stop.

The coronavirus outbreak in Wuhan, China, in December 2019 turned the situation in Muse on its head. After the first confirmed cases, in March 2020, the Myanmar government implemented a series of prevention and mitigation measures to contain the spread of COVID-19. It also issued a nationwide order to close public areas and cancel events, including Thingyan (the Burmese New Year festival). Moreover, people were ordered to stay at home, practise social distancing, and temporarily close their businesses. The government took legal action against those who did not obey the laws and prevention measures. Nevertheless, even when COVID-19 cases were soaring in Myanmar, China sought to move forward with the CMEC project and claimed that the pandemic would not deter its initial plans (Nan Lwin 2020).

Coping with COVID-19 in conjunction with trade

At the micro level, two types of trade activities were common in Muse. In addition to legal trade with government-authorized documents or licences, conducted mostly by large-scale traders, informal economic exchanges also significantly increased due to a somewhat loose licensing process, which allowed actors to evade taxes and trade restricted products. Motorcycles and cars were among the best-selling items in this shady border marketplace. A man riding a motorcycle while carrying another motorcycle on top was a common sight along the border route. Sometimes people also used cars to carry several motorcycles. Despite efforts by Myanmar and neighbouring governments to regulate the import and export of automotive products, such illegal practices continued to flourish.

Moreover, the thin line that constituted the border between Myanmar and China became a grey zone in which two currencies, the kyat and

yuan, were used interchangeably in economic transactions. Informal currency exchange kiosks were easy to find in the corners of Muse, and at shops buyers were allowed to pay with whichever currency they had.

In Muse, COVID-19 and the governments' measures to contain it also led to the stalling of trade activities. Truck drivers found themselves deadlocked, as they could not pass through the closed checkpoint but still had hope that the border would reopen soon. They mostly relied on local people in nearby villages for food and hygiene necessities to cope with the situation. Some tried to cut their losses by selling the agricultural goods to local traders. Others, failing to do so, decided to throw away what had rotted. Most of the drivers spent the night in their vehicles to guard their products against theft or other damage given that the area had long been a battlefield for ethnic armed groups.

Amid the Myanmar government's certainty that the country was free from coronavirus in the early months of the global outbreak, large numbers of migrants, both legal and undocumented, managed to cross the border with China. This raised questions as to whether these border-crossers had somehow contracted the virus yet remained undetected owing to limited testing in the border area of Muse.

In Muse, some traders operated without proper documents, highlighting rampant corruption practices in the local bureaucracies. Informal trade networks provided ample employment opportunities, attracting locals and migrants who were mostly low-skilled workers (Set Aung 2011). The rise of illegal migration, however, created inevitable tension in the area. In August 2020, 20 illegal migrants from China were arrested by the Myanmar authorities (Pyae Sone 2020). In total, from January to August 2020, 297 Chinese people were arrested.

Moreover, research suggested that Myanmar and China's alleged violent land expropriation process in ethnic minority areas with ceasefire agreements that also happened to be resource-rich, such as Kachin State and northern Shan State, had worsened the situation on the ground (Woods 2011). Policies on smuggling also seemed to fail in preventing illicit trade in the border areas during the pandemic. Despite continuous attempts to secure the border areas, clandestine commerce between people from Myanmar and China continued to exist thanks to the established trade networks among traders who shared long-existing ethnic and kinship relationships (Su 2020). With economic activities restricted by border policies, local traders found themselves stuck between the state's regulations and individual–collective moral convictions, such as cooperation between truck drivers and local villagers, in order to survive during the pandemic.

Regulatory constraints and transnational trade

At the macro level, China imposed cross-border cargo policies to forbid all Myanmar's vehicles and small-scale traders from April 2020 to contain the coronavirus's spread. This move was seen as a one-sided policy instituted without any consultation with the Myanmar government, implying a lack of trust in its ability to control the virus's spread. It also created imbalanced business opportunities for Chinese traders and had protectionist undertones (Bharat 2020). Traders and consumers who had previously engaged in cross-border trading activities in Muse were caught in an unfortunate situation, as the primary operations of import and export halted and border checkpoints closed. As a result, trade volume in the Muse 105-mile trade zone decreased significantly. Traders from both sides were unable to cross, with around 500 trucks stranded along the way to the border. The restrictions put traders and cargo owners at risk of bankruptcy (Bharat 2020). The Chinese government also decided to increase tax rates, making the traders' lives even more difficult.

The border closure impacted not only Myanmar's agriculture and livestock sectors. Most of the raw industrial materials used to power Myanmar's factories were imported from neighbouring countries, especially China. Given its strategic and vital position, the border closure in Muse contributed to the shortage of raw materials and forced factories and industries to close. In Yangon, at least 47 closed or reduced operations due to the lack of raw materials, significantly increasing the unemployment rate (Myo Pa Pa San 2020).

Myanmar's government tried to negotiate with China to resume the flow of goods. Chinese authorities suggested that loaded trucks should not park along the route, to avoid congestion. Moreover, Chinese authorities allowed Chinese drivers with a COVID-19-free health certificate to enter Myanmar to drive the trucks that were already en route to deliver China's exports to prevent Myanmar drivers from entering China. The Chinese drivers would then return the trucks to the Myanmar drivers waiting at the border. The Chinese authority put the driver substitution policy in place in April 2020; then, in October 2020, the Chinese administration decided to triple the associated fees. Concerns remained, however, as only a few trucks out of the hundreds could operate due to the limited number of Chinese drivers. As a result, most trucks were still stuck for more than two months in a lose-lose situation due to China's lessened demand. Despite the Myanmar government's efforts to ease the border area trade restrictions, conditions did not change much.

Moreover, while the influx of migrant workers was not as apparent in Muse as in the border areas with Thailand, the government continuously attempted to tackle trafficking by strengthening law enforcement, albeit with unsatisfactory results. The pressing issues behind these illegal practices were closely linked to inadequate opportunities, insufficient border trade facilities, high-cost licences and documents, and the exploitation of vulnerable people (Set Aung 2011).

The illegal drug trade, human smuggling or trafficking, and illicit labour migrants were also found in Muse. It was arguably common knowledge among the locals that people could buy drugs ‘openly’ in small shops along the trade routes. It is also worth noting that Muse and the trade routes linked to it fell within areas of prolonged conflict involving seven ethnic armed groups. Muse, as a borderland connecting China and Myanmar with relatively easy access to lucrative foreign markets, often became a favourable option for ethnic armed groups to extort money. Along with neighbouring towns, Muse had been administratively controlled by an ethnic armed group called the United Wa State Army (UWSA) (Ganesan 2017).

The frequent fighting between the Myanmar military and ethnic armed groups impacted the everyday socio-economic situations of the local population and the actors who engaged in trading activities in Muse. Given Myanmar’s strategic location in China’s Belt and Road Initiative, China and Chinese economic interests influenced geopolitical relations and security in Myanmar’s border areas, where ceasefires between conflicting parties were arguably heavily influenced by attempts to enable cross-border economic exchange (Grundy-Warr and Lin 2020). In recent years, China had shown keen interest in brokering peace in the area for at least two reasons: first, to ensure security along the Chinese border and, second, to maintain dominance over the informal political economy of the Northern Alliance, comprising the Wa and Kokang peoples – the latter of which is ethnically Chinese (Ganesan 2017).

Conclusion

The COVID-19 pandemic had a dire impact on the movement of people and goods around the world. In the small yet strategic town of Muse in the Myanmar–China borderlands, cross-border trade was forced to stop, causing significant damage to the local and national economies. Building from social theory, borderlands provide a sphere where the ongoing pandemic directly impacted the three pillars of society: the

state, markets, and community, all of which are in constant dialectical relations with one another. Such dialogues are constructed and negotiated through everyday life at the micro level just as much as through policymaking processes at the macro level. The border closure in Muse and the lining up of trucks along the transnational road made power relations visible within communities that shared the same sociocultural background despite being separated by a border. It rendered abstract concepts such as ‘the state’ and ‘politics’ far more observable than in ordinary, pre-COVID-19 times for the communities in the borderlands.

Acknowledgements

The fieldwork for this research was financed by the Center for Social Integrity (CSI), Myanmar, as part of a research project on livelihoods in northern Shan State. The CSI also supported the data analysis and writing of this chapter. We acknowledge Muhamad Arif for assistance with editing and for the valuable comments.

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