

China and the Myanmar Civil War:

—Operation 1027 and China's Position

Senior Research Fellow, China Studies Division, Regional Studies Department YAMAGUCHI Shinji

Introduction

In Myanmar's northern Shan State, an offensive operation by ethnic minority armed groups has continued since October 27, 2023. It is named "Operation 1027" after the date of its initiation. In its first phase, Laukkai, the central area of the Kokang region, fell in January 2024. During the second phase, which began in June, Lashio, the central city of northern Shan State, fell in August. The national Myanmar military suffered defeat, further deepening the uncertainty of Myanmar's civil war situation.

The decisions made by China bear significant implications not only for Operation 1027 itself but also for the trajectory of Myanmar's situation. The initial objective of Operation 1027 was to eliminate the online fraud groups based in Shan State, which had caused extensive damage in China and become a significant social issue. In addition, China had been mediating peace and had once succeeded in brokering a ceasefire agreement. Moreover, the Myanmar National Democratic Alliance Army (MNDAA), which is leading this offensive, is a force composed of people of the Kokang Chinese ethnicity (in other words, Han Chinese). If we consider future developments as well, China's approach will remain extremely significant.

The impact of Operation 1027

On October 27, 2023 in Myanmar's northern Shan State, the Three Brotherhood Alliance,¹ led primarily by the MNDAA, launched an offensive. This operation has come to be known as "Operation 1027," named after the date it began (the MNDAA itself seems to call it "Operation Hurricane").

Northern Shan State, which is known for being part of the Golden Triangle, is a region where the central government's authority does not reach. It was once a stronghold of the Communist Party of Burma (CPB). After the party's split, ethnic minority groups which had broken away from the CPB, such as the MNDAA and the United Wa State Army (UWSA), established their own military forces and gained control of the area.² Even now, northern Shan State remains a hub for large-scale crime networks, including online fraud

involving Chinese nationals as well as Myanmar nationals, including those of Chinese descent. Crime-based economics, such as data trafficking and money laundering, continue to dominate the local economy.³

Such fraud and its operations, primarily involving online gambling targeting wealthy people, have long had involvement by Chinese nationals. Some Chinese nationals are lured to Myanmar by promises of high compensation and engage in these activities as a means of making money, while others are deceived and coerced into near-forced labor. It is said that over 20,000 people, mostly Chinese, are engaged in fraud across more than 100 facilities in northern Myanmar, turning this issue into a significant social problem in China in recent years.⁴

Despite repeated calls from China for the Myanmar military to crack down on such activities, adequate action was not taken. In reality, the online fraud operations were protected by border security forces in the Kokang region and were sustained by sharing profits with the military. This fueled growing dissatisfaction on the Chinese side.

Operation 1027 was arranged against this backdrop of China's frustration with Myanmar's military regime. MNDAA spokesman Li Kyarwen identified the operation's objectives as follows: (1) recovering territories lost during the Myanmar military's 2009 offensive, (2) eradicating online fraud, (3) bringing down the military government and restoring the democratization process, and (4) establishing a true federal system.⁵

China is believed to have tacitly approved this operation, viewing it as a means to eradicate online fraud. The MNDAA relies on China for its weapons, facilitated through the UWSA, and it would likely have been impossible to carry out an operation of this scale without China's tacit approval.

The Three Brotherhood Alliance announced that within a month, it had seized about 150 military bases, five towns, and four border gates.⁶ In this operation, the ethnic minority armed groups extensively utilized unmanned aerial vehicles (UAVs) for reconnaissance and to launch attacks from multiple directions by dropping bombs. It is said that these groups dropped over 25,000 bombs.⁷ Due to these attacks, the Myanmar military had to repeatedly retreat, and by January 2024, the central city of Laukkai in the Kokang region of northern Shan State had fallen.

Although a temporary ceasefire was subsequently reached in Shan State, the Three Brotherhood Alliance's victory inspired other ethnic minority armed groups, as well as the pro-democracy National Unity Government and its armed forces, the People's Defense Force (PDF), to continue their offensives against the Myanmar military. In June 2024, the second phase of Operation 1027 began with an offensive by the Ta'ang National Liberation Army (TNLA). The MNDAA also launched an offensive in which it captured Lashio, the largest city in northern Shan State and the second-largest city in the state, in August, and occupied the northeastern military command headquarters of the Myanmar military. This marked the Myanmar military's greatest defeat in the ongoing civil war, delivering a major shock.

China's stalled mediation diplomacy

Amidst these circumstances, China has been working to mediate peace between the military regime and ethnic minority armed groups. Such mediation efforts were not commonly seen in traditional Chinese diplomacy. However, in recent years, China has shown a more proactive approach to mediating conflicts between or within states, as demonstrated by its mediation efforts for the normalization of relations between Iran and Saudi Arabia.

From December 7 to 8, 2023, peace negotiations between the Myanmar military regime and the Three Brotherhood Alliance were held in Kunming under China's mediation. On December 14, a spokesperson for the Chinese Ministry of Foreign Affairs expressed optimism, stating that both parties had reached agreements on a temporary ceasefire and the continuation of dialogue, and that there was a significant reduction in the number of conflicts in northern Myanmar.⁸ Furthermore, on December 20, another spokesperson revealed, "With China's active mediation and continuous effort, relevant parties in Myanmar held peace talks in Kunming and signed a temporary ceasefire agreement."⁹

However, the ceasefire barely lasted, and fighting resumed. China began to be directly impacted during this period, including missiles that landed in Yunnan Province and caused injuries.

On January 4, 2024, Chinese Vice Foreign Minister Sun Weidong visited Myanmar and held meetings with Commander-in-Chief Min Aung Hlaing of the Defence Services of Myanmar and other military regime officials. Vice Minister Sun stated that China and Myanmar would "jointly maintain peace and stability across the China-Myanmar border, [and] cooperate in combating cross-border crimes such as telecom fraud." He also affirmed that China would play a constructive role in supporting the peace process in northern Myanmar.¹⁰ It was likely during this visit that China secured the military regime's agreement to cede control of the Kokang region, where the regime was losing authority, to the MNDAA.

Following this development, the Myanmar military in Laukkai surrendered, and the MNDAA occupied the city on January 5. On January 12, a ceasefire was established between the military regime and the MNDAA in northern Shan State, where both sides pledged not to threaten the safety of Chinese projects and personnel.

However, as mentioned earlier, fighting intensified outside northern Shan State, and clashes between the military regime and the Three Brotherhood Alliance also resumed. Although China called for a ceasefire from both sides, each continued hostilities while more or less showing some deference to China, blaming the other party for the lack of willingness to cease fighting.

China and ethnic minority armed groups

What sets China's relationship with Myanmar apart from its relationships with other countries is its close ties to ethnic minority armed groups in Myanmar that trace their roots to the former CPB.¹¹ During the Cold War, China provided extensive support in the form of finances and equipment to the Party's armed combat. Even after the Party's split, China maintained its ties to ethnic minority armed groups along the border. The most notable and powerful among these groups is the UWSA.¹²

In this context, attention has been drawn to the Kokang people and the MNDAA. The Kokang people (Chinese: 果敢族) are believed to have their roots in Ming loyalists who fled to Myanmar during the late Ming and early Qing dynasties. Kokang was governed by the Qing Dynasty until 1897, when it was ceded to British India. Later, it was occupied by the Kuomintang (Chinese Nationalist Party) forces following their defeat in the Chinese Civil War, and subsequently became a base for the CPB. The Kokang people are ethnically Han Chinese, primarily speak Chinese, and are part of the Chinese diaspora.

When the CPB split in 1989, Peng Jiasheng, a former CPB leader, negotiated a ceasefire with Myanmar's central government. He was permitted to retain his forces, established the MNDAA, and maintained influence in Kokang. In 2008, the central government enacted a new constitution aimed at integrating regional militias into the Border Guard Forces under the government's central control. Peng opposed this initiative but was defeated by the Myanmar military in 2009. He was further weakened by a rebellion led by his subordinate, Bai Suocheng, which forced him into exile.¹³

The MNDAA took center stage again in February 2015 when it launched an attack on Laukkai, although it failed. During the Myanmar military's counteroffensive, its fighter jets launched an attack in Chinese territory and killed eight Chinese villagers. The Chinese government protested, prompting an apology from the Myanmar military.

Peng Jiasheng's son Peng Deren (also known as Peng Daxun) assumed leadership of the MNDAA, as the former reached old age and died in 2022. The younger Peng sought to expand the group's influence by adopting a more pro-China stance and emphasizing ties with China. He aimed to strengthen the organization by actively using China as a model. First, in 2013, he established the Myanmar National Truth and Justice Party, shifting governance away from reliance on familial ties and other connections to governance through an organizational structure. Then, in 2015, he adopted the Chinese military-building model, which involves party-led military control, and established political commissars, party branches, and political departments within the military.¹⁴

The MNDAA accused the rebellious Bai Suocheng and his faction of being the main source of internet fraud, and touted its own operations as being actions aligned with China's interests. Peng Deren emphasized a stance of returning to China by organizing study sessions on *Selected Readings from the Works of Xi Jinping* (actually *Xi Jinping: The Governance of China*), adopting Chinese time, language, and yuan currency, and even mentioning "contributions to the motherland" and "returning to the motherland."

However, these moves appear to be efforts by Peng to appeal to China to gain its backing rather than indications of the MNDAA being fully supported by China or following its orders. This became increasingly evident as the civil war progressed.

At the start of Operation 1027, there were cooperative relations between the MNDAA and other ethnic minority armed groups, and it seems that they maintained some degree of communication with the National Unity Government (NUG). By 2023, the MNDAA had established the 611 Brigade, which included soldiers from other ethnic minority armed groups, and trained 1,200 personnel.¹⁵

China and the military regime

The 2021 coup d'état was not desirable for China. As previously mentioned, the relationship between China and the democratic administration led by Aung San Suu Kyi was not necessarily bad. For this reason, China's relationship with the military regime following the coup has been delicate. While China has not supported Western sanctions against Myanmar, it has also refrained from fully endorsing the military regime. Moreover, as noted earlier, China's frustration with the military regime has grown due to its inability to effectively address online fraud originating from Myanmar which has become a problem within Chinese society.

On the other hand, during the early stages of Operation 1027, China's attitude that seemed like tacit approval likely increased the military regime's distrust of Beijing.

On November 28, 2023, Commander-in-Chief Min Aung Hlaing of the Defence Services of Myanmar stated that foreign experts were assisting ethnic minority armed groups in their use of UAVs.¹⁶ Although he did not specify which country, it was considered to be an implicit reference to China. Additionally, in August 2024, after the fall of Lashio, the Commander-in-Chief reiterated his belief that certain foreign countries were providing funds, food, pharmaceuticals, weapons, technology, and administrative aid to armed groups.¹⁷

However, with the Myanmar military increasingly on the defensive across various regions, the military regime had no choice but to rely on improving relations with and mediation from China. For example, in May, the establishment of a committee to resume construction of the Myitsone dam was announced.¹⁸ The Myitsone dam is a construction project China had planned for the 2000s but was halted in 2011 by the Thein Sein administration in Myanmar. Reviving this project can be seen as a concession by the military regime toward China. In July, Foreign Minister Than Swe of the military regime visited Kunming, met with representatives of State Power Investment Corporation Yunnan International Power Investment Co. Ltd., and is believed to have discussed dam construction.¹⁹

China's wary perception of the shadow of the United States

From China's perspective, tacitly approving of the offensive by the Three Brotherhood Alliance while working to eradicate online fraud was the initial plan. However, China likely did not account for the situation devolving into chaos with anti-government groups launching offensives throughout Myanmar and the military regime facing a crisis, as seen with the fall of Lashio.

Furthermore, China was closely monitoring the shadow of the United States. China tends to interpret various issues as being connected to the United States, and it is highly likely that the outcome of Myanmar's civil war is being understood within the context of U.S.-China competition. During his visit to Myanmar in August, Chinese Foreign Minister Wang Yi stated, "China opposes chaos and conflicts in Myanmar, interference in Myanmar's internal affairs by outside forces, and any words and deeds that attempt to drive a wedge between China and Myanmar and smear China."²⁰ The "interference in Myanmar's internal affairs by outside forces" likely pointed to the United States.

Within China, there is a view that Myanmar's NUG operates under U.S. directives. Discussions have emerged suggesting that the United States, prioritizing its competition for influence with China in Myanmar, sees Myanmar's fragmentation as serving its interests and is stoking the civil war.²¹ On August 11, U.S. Department of State Counselor Tom Sullivan pledged aid while meeting with representatives of the NUG and ethnic minority armed groups such as the Karen National Union (KNU), Karenni National Progressive Party (KNPP), and Chin National Front (CNF).²² This raised concerns within China.²³

Following Foreign Minister Wang's visit to Myanmar, China clarified its support for the military regime and its opposition to further offensives by the NUG and ethnic minority armed groups. The People's Liberation Army Southern Theater Command conducted patrols and exercises near the Myanmar border, demonstrating a stance of not tolerating disorder in the border region. It was reported that China closed its borders and cut off the flow of supplies to ethnic minority armed groups.²⁴

China also strengthened pressure on ethnic minority armed groups. On August 31, it is believed that the TNLA received a warning letter from the Ruili City Security Commission in Yunnan Province, calling for cooperation with China's mediation efforts and a ceasefire, with mention of the consequences of not complying.²⁵ While questions remain about why the letter was issued under a local government's name, it is clear that China was increasing its pressure to secure a ceasefire.

In response to this pressure from China, the MNDAA declared a ceasefire, stating that it would not attack Mandalay, Myanmar's second-largest city, and that it would not cooperate with the NUG.²⁶ This is considered a gesture to accommodate China's suspicions regarding ties between the NUG and the United States.

The military regime likely took note of China's sensitivity and disseminated information alleging that the MNDAA and other forces were receiving \$200 million annually in financial assistance from the United States.

On September 26, the MNDAA issued a statement in response asserting that (1) it had never had direct or indirect contact with the United States, (2) it had not received direct or indirect financial assistance from the United States, and (3) claims that its forces are pro-U.S. are false information.²⁷

Conclusion

China has taken a position of engaging with any power in Myanmar as long as its own interests are not infringed upon. In addition, due to historical circumstances, China has built up favorable relationships with ethnic minority armed groups in Myanmar. Therefore, China's position has become difficult as the civil war intensifies.²⁸

China is often portrayed as a staunch adherent of non-interference in internal affairs of other states, as if it were an ironclad principle. However, it becomes clear that this portrayal is not accurate if we look at Myanmar, with China's past support for the revolutionary struggle of the Communist Party of Burma and its growing influence in the Myanmar civil war today.²⁹

Lastly, China views the progression of Myanmar's civil war as being connected to U.S.-China competition, which further complicates the situation. China is wary of U.S. influence behind the NUG, and this concern underpins its support for the military regime despite the various frictions involved.

(Draft completed on October 3, 2024)

¹ In addition to the MNDAA, the Three Brotherhood Alliance also includes the Ta'ang National Liberation Army (TNLA) and the Arakan Army (AA), which is based in Rakhine State in western Myanmar.

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PROFILE

YAMAGUCHI Shinji

Senior Research Fellow, China Studies Division, Regional Studies Department

Fields of expertise: Chinese security policy and politics, contemporary Chinese history

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National Institute for Defense Studies

Telephone (direct) : 03-3260-3011

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