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Yizheng Zou & Lee Jones

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China's Response to Threats to Its Overseas Economic Interests: Softening Non-Interference and Cultivating Hegemony

Yizheng Zou^a and Lee Jones^b

^aShenzhen University, China; ^bQueen Mary University of London, UK

ABSTRACT

Chinese firms have acquired enormous overseas interests since 2000. As relative latecomers to global markets, they often invest in territories subject to high political risk, which is often heightened by poorly regulated Chinese practices. This article describes these risks to China's growing overseas economic interests and explores China's response to them. First, the Chinese party-state is gradually softening its insistence on 'non-interference', intervening to secure Chinese economic interests overseas. Second, Chinese actors are seeking to cultivate greater consent among social forces in key states. This partial convergence with the practices of other major capitalist states has important implications for debates on China's rise. These arguments are illustrated through a case study of Chinese engagement in Myanmar after 2011.

Introduction

In 2000, the Chinese government urged private and state-owned enterprises (SOEs) to 'go out': to pursue new overseas markets and investment opportunities. From 2000 to 2016, China's outward direct investment (ODI) flows rose from US\$915m to US\$183.1bn, taking China's total ODI stock from US\$27.8bn to US\$1.28tr.¹ Major projects are also frequently accompanied by development finance, estimated at US\$354.4bn from 2000 to 2014, just US\$40bn less than the United States.² Chinese trade has also boomed, from \$1.02tr to US\$5.92tr from 2000 to 2013.³ Even Chinese workers have 'gone out', with 970,000 officially posted abroad in 2016 alone.⁴

This dramatic overseas economic expansion shapes the now-extensive debate on the implications of China's rise for global order, much of which is quite negative. Chinese investment is widely seen as poorly governed, with weak social and environmental safeguards, often negatively impacting local communities.⁵ Chinese firms and their political backers have often engaged undemocratic governments, including 'rogue' states subject to international sanctions, raising concerns that Beijing is propping up authoritarian regimes.⁶ Chinese development financing has been dubbed 'rogue aid'

CONTACT Yizheng Zou  yizhengzou@gmail.com

¹UNCTAD, *World Investment Report 2017* (Geneva: UNCTAD, 2017), pp. 226–32.

²Axel Dreher et al., 'Aid, China, and Growth: Evidence from a New Global Development Finance Dataset', AidData Working Paper 46, October 2017.

³UNCTAD, 'UNCTADstat', accessed January 26, 2018, <http://unctadstat.unctad.org>.

⁴Chinese Ministry of Commerce, 'MOFCOM Department Official of Outward Investment and Economic Cooperation Comments on China's Outward Investment and Cooperation in 2016', January 18, 2017, accessed October 18, 2017, <http://english.mofcom.gov.cn/article/newsrelease/policyreleasing/201701/20170102503092.shtml>.

⁵Yuan Wang and Simon Zadek, *Sustainability Impacts of Chinese Outward Direct Investment: A Review of the Literature* (Winnipeg: International Institute for Sustainable Development, 2016).

⁶Julia Bader, 'China, Autocratic Patron? An Empirical Investigation of China as a Factor in Autocratic Survival', *International Studies Quarterly* 59(1), (2015), pp. 23–33; Julia Bader, 'Propping up Dictators? Economic Cooperation from China and Its Impact on Authoritarian Persistence in Party and Non-Party Regimes', *European Journal of Political Research* 54(4), (2015), pp. 655–672.

that undermines Western-promoted ‘good governance’.⁷ China’s illiberal market-authoritarianism is also feared as a more attractive model—sometimes dubbed the ‘Beijing consensus’—than Western-backed neoliberalism.⁸ Beijing has often rebuffed such criticism by invoking the principle of non-interference in states’ internal affairs, raising concern that ‘the way is being paved back to Westphalia’, reversing liberal gains.⁹ The ‘Belt and Road Initiative’ (BRI), launched in 2013, has provoked fear that Beijing is now using overseas investment and aid as part of a ‘grand strategy to re-constitute the Eurasian regional order with new governance ideas, norms and rules’.¹⁰

Drawing on extensive fieldwork in Myanmar and China, this article contributes to this debate by exploring how China is managing threats to its overseas economic interests. The article’s starting point, following more skeptical scholarship,¹¹ is that China’s economic expansion is not an uncomplicated boon for Chinese power and influence, but has actually exacerbated socio-political conflict in many partner countries, creating diplomatic ‘blowback’ for Beijing. This is a structural, long-term problem: as relative late-comers to international markets, Chinese multinationals have been forced into riskier territories shunned by Western firms. Accordingly, over a quarter of China’s ODI is located in risky territories (see Table 1), which Chinese analysts have already identified as one of BRI’s major challenges.¹² The article’s first section discusses the challenges to Chinese economic interests and identifies three responses by the party-state. First, regulations governing overseas investment are tightening, with greater emphasis on social and environmental protection. Second, China is softening its non-interference policy, increasingly intervening to secure overseas economic interests. Third, Chinese elites are seeking to cultivate greater societal consent for China’s economic role in foreign countries. Often glossed as a quest for ‘soft power’, this is better interpreted as an attempt to build hegemony¹³ among subordinated social groups in territories where Chinese business is heavily engaged¹⁴.

The article’s second section provides a detailed case study of these dynamics in Sino-Myanmar relations. Since Myanmar’s shift in 2011 from a military dictatorship to a constrained electoral regime, Chinese interests have faced serious challenges, including civil and armed unrest threatening Chinese megaprojects and a crisis in bilateral diplomatic and economic relations following the suspension of a major dam project. In response, Chinese party-state leaders have softened their

Table 1. Distribution of Chinese ODI by Recipient-Country Risk Level.

Political Risk Rating	Percentage of Chinese ODI
Very high	13.8%
High	13.4%
Moderate	3.5%
Low	28.9%
Very low	40.4%

⁷Moisés Naím, ‘Rogue Aid’, *Foreign Policy* 159, (2007), pp. 95–96; cf. Axel Dreher and Andreas Fuchs, ‘Rogue Aid? An Empirical Analysis of China’s Aid Allocation’, *Canadian Journal of Economics* 48(3), (2015), pp. 988–1023.

⁸Joshua Cooper Ramo, *The Beijing Consensus* (London: Foreign Policy Centre, 2004).

⁹Daniel Flesmes, ‘Network Powers: Strategies of Change in the Multipolar System’, *Third World Quarterly* 34(6), (2013), p. 1017.

¹⁰William A. Callahan, *China’s Belt and Road Initiative and the New Eurasian Order* (Oslo: Norwegian Institute of International Affairs, 2016), p. 1.

¹¹E.g. Bates Gill and James Reilly, ‘The Tenuous Hold of China Inc. in Africa’, *Washington Quarterly* 30(3), (2007), pp. 37–52.

¹²Ji Miao, ‘Expectations and Realities: Managing the Risks of the “Belt and Road” Initiative’, *China Quarterly of International Strategic Studies* 1(3), (2015), p. 514.

¹³The authors use ‘hegemony’ here in a precise Gramscian sense, rather than to denote domineering behaviour, as in common Chinese usage. See below.

¹⁴Calculated from Carlos Casanova, Alicia Garcia-Herrero, and Le Xia, ‘Chinese Outbound Foreign Direct Investment: How Much Goes Where After Round-Tripping and Offshoring?’, BBVA Research Working Paper 15/17, June 2015; World Bank ‘Political Risk Services International Country Risk Guide’, 2016, accessed June 15, 2018, <https://info.worldbank.org/governance/wgi/pdf/prs.xlsx>.

non-interference policy, intervening in Myanmar's domestic peace process. They have also extended their relationships beyond Myanmar's military and business elites, courting non-governmental organizations (NGOs), monks, trade unions and others, while tightening overseas business regulations, to create a more consensual basis for Chinese investment.

As the article's conclusion discusses, these adaptive strategies indicate a *partial convergence* with the practices of other major capitalist powers, rather than the stark divergence implied by more alarmist accounts. However, this convergence remains limited: Chinese regulation is still weak, compliance remains partial, and not all corporate actors are evolving at the same speed. Moreover, China's cultivation of popular consent is limited by dynamics in target societies and structural constraints emanating from China's own political system.

Investment Blowback and Chinese Responses

This section summarizes the challenges Chinese investments face from socio-political upheaval and regime change and Chinese responses to these. The first part identifies two sets of challenges: rising socio-political conflict in which Chinese investments are directly implicated in and threatened by; and largely unconnected developments like regime instability, collapse and transition. The second part identifies the party-state's threefold response to these challenges: tightening regulation, rising interventionism and efforts to cultivate societal consent.

Political Risks to China's Overseas Economic Interests

The challenges to China's overseas investments are of two broad types. First, Chinese investment has generated or exacerbated socio-political conflict in target states. This is hardly unique to China: it is well understood that foreign investment can intensify unrest, especially in developing countries.¹⁵ However, Chinese investment is particularly problematic for two reasons. First, as noted above, a large portion is concentrated in already-unstable areas. Second, Chinese investment, particularly in developing countries, is concentrated in controversial, high-impact sectors, for example large-scale infrastructure projects, mines, hydropower dams and agribusiness plantations. Third, China's overseas investments are weakly regulated by a highly fragmented governance system, with excessive reliance on host-country regulation—often wishful thinking or simply irresponsible buck-passing in poorly governed developing countries.¹⁶ Accordingly, Chinese 'mega-projects' are often associated with environmental degradation, land-grabbing, forced displacement and militarization, as armed forces move to protect investment sites.¹⁷ These dynamics—again, hardly unique to Chinese investment—are typical of primitive accumulation, or what Harvey calls 'accumulation by dispossession'.¹⁸ The frequent use of imported Chinese labor also generates resentment. Typically, these often-severe costs are borne by subordinated social groups, while benefits flow overwhelmingly to a narrow elite.

Although outcomes vary, depending on how investments interact with local contexts, there are now many instances of these problems, generating challenges for China's overseas interests. Chinese investors' provocation of socio-political unrest has been documented in the Philippines

¹⁵John M. Rothgeb, *Foreign Investment and Political Conflict in Developing Countries* (Westport: Praeger, 1996).

¹⁶Friends of the Earth, 'Emerging Sustainability Frameworks: China Development Bank and China Export-Import Bank', January 2016, accessed May 8, 2019, <https://foe.org/resources/emerging-sustainability-frameworks-china-development-bank-and-china-export-import-bank>; Lee Jones and Yizheng Zou, 'Rethinking the Role of State-Owned Enterprises in China's Rise', *New Political Economy* 22(6) (2017), pp. 743–760.

¹⁷Transnational Institute, 'Financing Dispossession: China's Opium Substitution Programme in Northern Burma', February 2011, accessed May 9, 2019, <https://www.tni.org/en/issues/alternative-development/item/3555-financing-dispossession-chinas-opium-substitution-programme-in-northern-burma>; Transnational Institute, 'Access Denied: Land Rights and Ethnic Conflict in Burma', May 8, 2013, accessed May 8, 2019, <https://www.tni.org/en/publication/access-denied-land-rights-and-ethnic-conflict-in-burma>.

¹⁸David Harvey, *Spaces of Global Capitalism: A Theory of Uneven Geographical Development* (London: Verso, 2006).

Cambodia, Myanmar, Pakistan, Peru, Ecuador, Ghana and Zambia—to name but a few.¹⁹ Opposition to the China-Pakistan Economic Corridor culminated in fatal attacks on Chinese engineers in early 2017, and China's embassy in November 2018. In Zambia, a negative reaction to Chinese investment spurred the election of a populist government hostile to Chinese investment in 2008.²⁰ In Ghana, the illegal influx of 50,000 Chinese gold miners, backed by Chinese local government officials, prompted violent unrest, precipitating a major bilateral crisis, endangering China's diplomatic standing and its efforts to access Ghanaian energy resources.²¹ In the Philippines, inter-elite struggles over rents flowing from Chinese megaprojects scuttled joint hydrocarbon exploration in the South China Sea in 2005, followed by growing governmental hostility toward Beijing.²² In Nepal, two Chinese hydropower dam projects worth a combined US \$4.3bn were cancelled in 2017–18, following local protests and the election of a pro-Indian government, which turned instead to Delhi for investment.²³ In Myanmar, as discussed further below, ethnic-minority insurgents have abducted and killed Chinese hydropower dam engineers,²⁴ while protests against the Myitson dam led to its suspension in 2011, causing a bilateral diplomatic crisis and a 95 percent slump in Chinese investment by 2014.²⁵

The second sort of challenge arises from regime changes, which may be unrelated to Chinese actors' behavior. In Libya, for instance, NATO's decision to overthrow Colonel Gaddafi in 2011 plunged China's investment strategy into chaos, endangering over US\$10bn-worth of deals.²⁶ Subsequent attacks on Chinese construction sites led to a 45 percent drop in contracted projects, including the suspension of a major railway project, costing the state-owned China Railways Construction Corporation US\$3.6bn, and spurring 36,000 Chinese workers to flee.²⁷ In 2006, Venezuela's government threatened to nationalize international oil companies unless they established local joint ventures, imposing serious losses on Chinese SOEs.²⁸ As discussed further below, Myanmar's 2011 transition also generated challenges for Chinese interests.

Given China's political economy, these challenges can rapidly spill over from the economic into the political sphere. Whereas Western investors are largely private, China's largest multinationals

¹⁹Rohit Negi, 'Beyond the "Chinese Scramble": The Political Economy of Anti-China Sentiment in Zambia', *African Geographical Review* 27(1), (2008), pp. 41–63; Pak Nung Wong et al., 'As Wind, Thunder and Lightning: Local Resistance to China's Resource Led Diplomacy in the Christian Philippines', *South East Asia Research* 21(2), (2013), pp. 281–302; Tom Miller, *China's Asian Dream: Quiet Empire Building along the New Silk Road* (London: Zed Books, 2017), pp. 122–23; David Brenner, 'Ashes of Co-Optation: From Armed Group Fragmentation to the Rebuilding of Popular Insurgency in Myanmar', *Conflict, Security & Development* 15(4), (2015), pp. 337–58; Muzaffar Hussain, 'China Pakistan Economic Corridor (CPEC): Challenges and the Way Forward', Unpublished Thesis, US Naval Postgraduate School, 2017, pp. 53–58, accessed May 8, 2019, <https://calhoun.nps.edu/handle/10945/55626>; Moises Arce, *Resource Extraction and Protest in Peru* (Pittsburgh: University of Pittsburgh Press, 2014); Susana Moreira, 'Learning from Failure: China's Overseas Oil Investments', *Journal of Current Chinese Affairs* 42(1), (2013), pp. 151–52; Frauke Urban et al., 'Chinese Overseas Hydropower Dams and Social Sustainability: The Bui Dam in Ghana and the Kamchay Dam in Cambodia', *Asia & the Pacific Policy Studies* 2(3), (2015), pp. 573–89.

²⁰Steve Hess and Richard Aidoo, 'Charting the Roots of Anti-Chinese Populism in Africa: A Comparison of Zambia and Ghana', *Journal of Asian and African Studies* 49(2), (2014), pp. 129–47.

²¹Steve Hess and Richard Aidoo, 'Charting the Impact of Subnational Actors in China's Foreign Relations', *Asian Survey* 56(2), (2016), pp. 301–24.

²²Caroline S. Hau, 'Entangling Alliances: Elite Cooperation and Competition in the Philippines and China', in *Chinese Encounters in Southeast Asia: How People, Money, and Ideas from China Are Changing a Region*, ed. Pál Nyíri and Danielle Tan. (Seattle: University of Washington Press, 2017), pp. 119–35.

²³Gopal Sharma, 'Nepal Says to Scrap Hydropower Deal with Chinese Firm', *Reuters*, May 29, 2018, accessed May 8, 2019, <https://www.reuters.com/article/china-nepal-hydropower/nepal-says-to-scrap-hydropower-deal-with-chinese-firm-idUSL3N1T04IQ>.

²⁴Salween Watch, 'Briefing: Current Status of Dam Projects on Burma's Salween River', March 13, 2013, accessed May 8, 2019, <https://www.internationalrivers.org/resources/briefing-current-status-of-dam-projects-on-burma%E2%80%99s-salween-river-7868>; Grace Mang and Katy Yan, 'China-Backed Dams Escalating Ethnic Tension in Burma', *International Rivers*, March 26, 2013, accessed May 8, 2019, <https://www.internationalrivers.org/resources/china-backed-dams-escalating-ethnic-tension-in-burma-7906>.

²⁵Jones and Zou, 'Rethinking the Role', pp. 751, 753–54.

²⁶Miao, 'Expectations and Realities', p. 511.

²⁷Stephanie Erian, 'China at the Libyan Endgame', *Policy* 28(1), (2012), pp. 49–50.

²⁸Moreira, 'Learning from Failure', pp. 150–51.

are SOEs. Accordingly, their conduct is widely (though often incorrectly)²⁹ understood to reflect Chinese government policy, so their mistakes often generate diplomatic 'blowback' for Beijing.

Chinese Responses: From 'Non-Interference' to 'Constructive Involvement' and the Cultivation of Hegemony

Chinese leaders have increasingly noted and sought to address these problems over the last decade.³⁰ Their efforts are ad hoc and uncoordinated, but three major trends are identifiable.

First, regulators have repeatedly tightened rules governing ODI, particularly by SOEs.³¹ Reforms have been piecemeal and largely reactive to crises, the persistent recurrence of which suggests that enforcement remains inadequate. A recent government survey of Chinese firms in BRI countries found that half were neglecting social impact assessments, a third were not conducting environmental impact assessments (EIAs) and ignorance of local regulations was widespread, revealing an extensive violation of basic Chinese laws.³² Nonetheless, regulatory agencies clearly are seeking to improve companies' overseas conduct. There is also growing evidence that Chinese companies, learning from past mistakes, are embracing 'corporate social responsibility' (CSR), hedging against political risk and engaging better with local communities.³³

Secondly, Chinese leaders have softened their traditional 'non-interference' policy, increasingly engaging in what is euphemistically called 'constructive involvement'.³⁴ Beijing's 'non-interference' policy has never been absolute in practice, but there is now growing evidence of Chinese intervention to pacify restive areas and respond to crises. This began in 2004 with the People's Liberation Army's (PLA) 'new historic missions', including counter-terrorism, counter-piracy, and other operations to safeguard overseas Chinese assets, nationals and trade.³⁵ For example, the PLA navy has joined multinational counter-piracy operations in the Gulf of Aden to protect flows of oil and goods to China, and evacuated Chinese nationals from Libya in 2012.³⁶ China has also supported counter-piracy efforts around the Malacca Straits, through which much Chinese shipping passes.³⁷ Following attacks on Chinese vessels on the Mekong River in 2011, the Chinese police established joint law-enforcement patrols with neighboring countries, institutionalized since 2017 in the Lancang-Mekong Integrated Law Enforcement and Security Cooperation Center. Beijing's contributions to UN and regional peacekeeping have also increased sharply. China's UN peacekeeping contribution has risen from 400 troops in 1992 to 2,500 in 2017, the largest among the Permanent Five members of the Security Council. In 2015, Beijing pledged to establish an 8,000-strong permanent standby force for UN peacekeeping (created in 2017), offered to train 2,000 foreign peacekeepers, and extended US\$100m in military aid for the African Union's regional peacekeeping.³⁸ Eighty percent of Chinese peacekeepers are in Africa: around 1,000 in South Sudan, 400 in Mali and 230 in Congo and Darfur. China has a direct economic interest in stabilizing

²⁹See Jones and Zou, 'Rethinking the Role'.

³⁰Gill and Reilly, 'The Tenuous Hold of China Inc. in Africa.'

³¹For a summary see Shahar Hameiri and Lee Jones, 'China Challenges Global Governance? The Case of Chinese International Development Finance and the Asian Infrastructure Investment Bank', *International Affairs* 94(3), (2018), p. 591.

³²CAITEC et al. *2017 Report on the Sustainable Development of Chinese Enterprises Overseas* (Beijing: CAITEC, 2017), pp. 54, 85, 97.

³³Li-Wen Lin, 'Corporate Social Responsibility in China: Window Dressing or Structural Change', *Berkeley Journal of International Law* 28(1), (2010), pp. 64–100; Moreira, 'Learning from Failure'; Julian Kirchherr, Katrina J. Charles, and Matthew J. Walton, 'The Interplay of Activists and Dam Developers: The Case of Myanmar's Mega-Dams', *International Journal of Water Resources Development* 33(1), (2016), pp. 111–31.

³⁴Zheng Chen, 'China Debates the Non-Interference Principle', *Chinese Journal of International Politics* 9(3), (2016), pp. 349–74.

³⁵Mathieu Duchâtel, Oliver Bräuner, and Zhou Hang, *Protecting China's Overseas Interests: The Slow Shift Away from Non-Interference* (Stockholm: SIPRI, 2014); Jonas Parello-Plesner and Mathieu Duchâtel, *China's Strong Arm: Protecting Citizens and Assets Abroad* (Abingdon: Routledge, 2015).

³⁶Andrea Ghiselli, 'The Chinese People's Liberation Army "Post-Modern" Navy', *The International Spectator* 50(1), (2015), pp. 117–36.

³⁷Nazery Khalid, 'With a Little Help from My Friends: Maritime Capacity-Building Measures in the Straits of Malacca', *Contemporary Southeast Asia* 31(3), (2009), pp. 424–46.

³⁸Sarah Zheng, 'China Completes Registration of 8,000-Strong UN Peacekeeping Force, Defence Ministry Says', *South China Morning Post*, September 29, 2017, accessed May 8, 2019, <https://www.scmp.com/news/china/diplomacy-defence/article/2113436/china-completes-registration-8000-strong-un>.

Sudan and South Sudan in particular, given SOEs' oil investments there. These projects faced fierce Western criticism during Sudan's civil war, compelling Beijing to abandon 'non-interference' and become closely involved in mediating, then implementing, a peace settlement.³⁹ Likewise, when South Sudan's civil war broke out in 2013, imperiling Chinese oil investments, Chinese diplomats supported the peace process, shaped UN Security Council resolutions, sent peacekeepers and participated in the peace agreement supervision body.⁴⁰

Thirdly, Chinese actors are moving to cultivate societal support for China's growing influence and economic presence in host countries. This is often glossed as a quest for 'soft power' to match China's growing 'hard power'. However, 'soft power' is a problematic concept.⁴¹ It normally contrasts military power to economic and ideological power, which supposedly generate 'attraction'. Thus, some argue that China's rapid economic expansion has increased its 'soft power', generating a so-called 'Beijing consensus'.⁴² Yet, as described above, China's economic expansion can generate repulsion, not just attraction. Moreover, 'soft power' is statist, assuming that influence is projected from one state to another. In reality, different social groups may be attracted to/repelled by China and, moreover, because they enjoy unequal access to state power; this will condition political outcomes.⁴³ If repelled groups are politically marginalized, while attracted groups dominate, this may generate favorable outcomes and vice versa. Moreover, this may shift over time, particularly if social conflict intensifies and/or political transition changes groups' access to state power.

The Gramscian concept of hegemony offers a more nuanced way to understand Chinese behavior. Chinese officials and scholars generally use this term pejoratively to denote domineering behavior by the United States (and previously the Soviet Union). However, this article uses the term very differently. Gramsci argued that ruling-class domination was secured not only through coercion and material concessions but also the cultivation of consent from subordinated social forces, using the ideological apparatuses of 'civil society', including churches, schools, trade unions, media and so on.⁴⁴ Gramsci called this collaboration between 'political society' and 'civil society' the 'integral state'. When ideological initiatives were successfully combined with material concessions, 'hegemony' can result, whereby subordinated groups see ruling groups' domination as natural and desirable. International Relations (IR) scholars have scaled up this approach, arguing that dominant powers achieve international hegemony not merely through military and economic power but also when their ruling classes successfully inculcate consent among key social forces within other states.⁴⁵ Arguably, this is what China's 'cadre-capitalist' class⁴⁶ is attempting today.

This conceptualization shares something with d'Hooghe's notion of "'new" public diplomacy', whereby diverse actors within a state seek to 'influence ... how relevant publics view the entity and its activities, with the objective of winning their sympathy and support.'⁴⁷ However, it differs in three ways. First, it is more specific about the 'activities' being legitimated, foregrounding efforts to cultivate support for capitalist domination, which Gramsci identified as the central purpose of hegemony-building.⁴⁸ Second, it avoids the potentially misleading term 'diplomacy', which

³⁹Daniel Large, 'China and the Contradictions of "Non-Interference" in Sudan', *Review of African Political Economy* 35(115), (2008), pp. 93–106; Aly Verjee, 'Explaining China's Involvement in the South Sudan Peace Process', *The Interpreter*, December 22, 2016, accessed October 18, 2017, <https://www.lowyinstitute.org/the-interpreter/explaining-chinas-involvement-south-sudan-peace-process>.

⁴⁰abcd.

⁴¹Shaun Breslin, *The Soft Notion of China's 'Soft Power'* (London: Chatham House, 2011).

⁴²E.g. Joshua Kurlantzick, *Charm Offensive: How China's Soft Power Is Transforming the World* (New Haven: Yale University Press, 2007).

⁴³Ying Fan, 'Soft Power: Power of Attraction or Confusion?', *Place Branding and Public Diplomacy* 4(2), (2008), pp. 147–58.

⁴⁴Antonio Gramsci, *Selections from the Prison Notebooks*, trans. Quintin Hoare and Geoffrey Nowell Smith (New York: International Publishers, 1971).

⁴⁵Robert W. Cox, *Production, Power, and World Order: Social Forces in the Making of History* (New York: Columbia University Press, 1987).

⁴⁶David S.G. Goodman, *Class in Contemporary China* (Cambridge: Polity, 2014), ch. 3.

⁴⁷Ingrid d'Hooghe, *China's Public Diplomacy* (Leiden: Martinus Nijhoff, 2014), p. 6.

⁴⁸Gramsci, *Selections*, p. 258.

normally denotes inter-state activity between diplomats. Third, and relatedly, Gramsci's 'integral state' concept accounts for the involvement of actors (and targets) beyond traditional diplomatic institutions. Gramscians are unsurprised to see 'policy networks consisting of state and non-state actors' at work⁴⁹; this is expected in the cultivation of hegemony.

This conceptualization also usefully shifts analytical attention away from the usual, rather banal emphasis in the 'soft power' literature on cultural exports and China's 'attractiveness' (e.g. the Beijing Olympics, Confucius Institutes) toward concrete attempts to persuade targeted social groups that China's growing economic might serves their interests, not merely China's. Beijing's provision of development financing—now estimated at around US\$5bn annually—clearly reflects this goal. Although aid is usually 'tied' to subsidize Chinese companies, it is also dispensed at recipients' request and without political conditions—so-called 'win-win' cooperation. Similarly, the BRI is depicted as providing global 'public goods', benefiting China and recipients alike. It is accompanied by an extra RMB60bn (US\$9bn) of aid for housing, poverty alleviation and healthcare,⁵⁰ Targeting poor and marginalized groups that, historically, have benefited little from and have often resisted, Chinese investment. China's BRI masterplan explicitly seeks stronger 'people-to-people bond[s]' by 'promoting extensive cultural and academic exchanges, personnel exchanges and cooperation, media cooperation, youth, and women exchanges and volunteer services, so as to win public support for [BRI].'⁵¹

This involves scaling up activity by Chinese non-governmental organizations (NGOs) and government-organized NGOs (GONGOs). From 2009, Beijing encouraged Chinese NGOs and GONGOs to 'go out' to counter African NGOs' mounting criticism of Chinese investments.⁵² By 2013, around 100 Chinese (GO)NGOs were operating in Africa.⁵³ Some engaged African NGOs in dialogue and 'capacity-building' exercises, to try to change their attitudes, while others worked to defuse popular anti-Chinese resentment. The Chinese-African People's Friendship Organization, for example, was converted into 'a philanthropic charity arm for Chinese private and state-owned enterprises'.⁵⁴ Similarly, the China Foundation for Poverty Alleviation (CFPA) built a 'friendship hospital' in Sudan in 2011, heavily financed by China National Petroleum Corporation.⁵⁵ CFPA now works in 12 countries, covering healthcare, education and disaster relief.⁵⁶ The Global Environmental Institute, a Beijing-based NGO, has also worked in South and Southeast Asia and Africa to improve the legitimacy of Chinese trade and investment by encouraging Chinese companies, Chinese regulators and financiers, and host-country governments, to adopt stronger environmental and social safeguards.⁵⁷

Case study: Securing Chinese Capitalism in Myanmar

This article now illustrates these trends through a detailed case study of Myanmar, which was selected for four reasons. First, China now has extensive economic interests there, which are

⁴⁹D'Hooghe, *China's Public Diplomacy*, p. 19.

⁵⁰Xi Jinping, 'Full Text of President Xi's Speech at Opening of Belt and Road Forum', *Xinhua*, May 14, 2017, accessed May 8, 2019, http://www.xinhuanet.com/english/2017-05/14/c_136282982.htm.

⁵¹NDRC et al. 'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road', March 28, 2015, accessed May 8 2019, http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html.

⁵²David Brenner, 'Are Chinese NGOs "Going out"? The Role of Chinese NGOs and GONGOs in Sino-African Relations', *Journal of Public and International Affairs* 22(1), (2012), pp. 131–52.

⁵³Jennifer Y. J. Hsu, Timothy Hildebrandt, and Reza Hasmath, "'Going Out" or Staying In? The Expansion of Chinese NGOs in Africa', *Development Policy Review* 34(3), (2016), p. 426.

⁵⁴Brenner, 'Are Chinese NGOs "Going out"?', p. 142.

⁵⁵Jennifer Y. J. Hsu, 'The Internationalisation of Chinese NGOs', *Asia Dialogue*, September 9, 2016, accessed October 10, 2018, <http://theasiadialogue.com/2016/09/29/gongos-vs-ngos-the-internationalisation-of-chinese-ngos>.

⁵⁶CFPA, 'Our International Work', n.d., accessed October 15, 2018, <http://en.cfpa.org.cn/index.php?file=article&cmd=list&cid=12>.

⁵⁷Global Environmental Institute, 'Overseas Investment, Trade and the Environment Program', 2017, accessed October 15, 2018, http://www.geichina.org/_upload/file/project_flyer/oite_2017.pdf.

undoubtedly understated even by the following official statistics. By September 2018, 36 percent of Myanmar's approved investment (US\$28.12bn) was Chinese.⁵⁸ In 2016, 38 percent of Myanmar's trade was with China, while 27 percent of the trade of China's Yunnan was with neighboring Myanmar.⁵⁹ Myanmar is also central to China's BRI, especially the proposed Bangladesh-China-India-Myanmar corridor. Secondly, Chinese economic interests in Myanmar have faced many of the challenges described above. Before Myanmar's 2011 regime transition, Chinese investors were criticized by Western states and pro-democracy dissidents for supporting Myanmar's military dictatorship; thereafter, they have encountered mounting socio-political resistance. Third, Chinese government advisors see Beijing's reaction to these challenges as 'globally significant'; it is a 'classroom for China' that will demonstrate to the world whether Beijing can adapt to criticism and lay a secure basis for the BRI.⁶⁰ Finally, this recent (indeed, ongoing) case updates the now quite dated literature on this topic and extends its geographical coverage beyond the usual focus on Africa.⁶¹ The following sub-sections identify the nature of the challenge to China's economic interests in Myanmar, then trace the Chinese response.

China's Challenge in Myanmar

Myanmar is one of the world's riskiest investment destinations. It is home to the world's longest-running ethnic conflicts: ethnic-minority rebel groups (EMRGs) in Myanmar's borderlands have struggled against the centralizing, homogenizing state—dominated by the majority-ethnic Bamar—since independence in 1948. Decades of counter-insurgency have cemented a dominant political role for the military (known as the Tatmadaw). Following prolonged military rule, then a military-backed one-party regime, the Bamar heartlands erupted in pro-democracy protests in 1988, prompting another coup. The junta which then ruled Myanmar until 2011 faced Western sanctions, backing Aung San Suu Kyi's National League for Democracy (NLD), but tightened its grip with extensive Chinese military, diplomatic and economic support. The regime tempered ethnic insurgencies through growing repression, ceasefires and 'ceasefire capitalism'⁶²—business deals, often focused on natural resource exploitation, which enriched military and EMRG leaders, crony capitalists and foreign investors. Eventually, the military designed a new constitution and staged elections in 2010, leading to a constrained regime transition.⁶³ Elected civilian governments now share power uneasily with the military, first under ex-general President Thein Sein (2011–16) and now Suu Kyi's NLD government. Ethnic strife remains intense. Indeed, from 2009–15, several longstanding EMRG ceasefires broke down in Kachin and Shan states, bordering China. Conflict also flared in Rakhine state, where long-persecuted Rohingya Muslims endured mounting communal violence from 2012, then a brutal military crackdown in 2017, following attacks by the Arakan Rohingya Salvation Army (ARSA), driving over 727,000 into Bangladesh.

China's economic engagement has exacerbated these deep social conflicts in several ways. Chinese investment has been concentrated in export-oriented natural resource extraction (oil, gas, mining, logging), hydropower dam development and agribusiness, all predominantly in Myanmar's resource-rich borderlands. These investments frequently involved violent land-grabbing, forced displacement and militarization.⁶⁴ They were overwhelmingly brokered with—and enriched—a

⁵⁸Myanmar Directorate of Investment and Company Administration, 'Foreign Investment of Permitted Enterprises as of 30/9/2018 (By Country)', September 2018, accessed October 16, 2018, https://www.dica.gov.mm/sites/dica.gov.mm/files/document-files/fil_country.pdf. This includes Hong Kong.

⁵⁹UNCTAD, 'UNCTADstat'; Yunnan Department of Commerce, '2017 nian 1–12 yue Yunnan Sheng Jinchukou Qingkuang' ['Yunnan Import and Export Data, 2017], January 15, 2018, accessed November 27, 2018, http://www.bofcom.gov.cn/tjsj/jcksj/201805/t20180528_751517.html.

⁶⁰Interview with Experts in a Chinese Think Tank Focused on Sino-Myanmar Relations, Kunming, November 2018.

⁶¹Cf. Gill and Reilly, 'The Tenuous Hold'.

⁶²Kevin Woods, 'Ceasefire Capitalism: Military-Private Partnerships, Resource Concessions and Military-State Building in the Burma-China Borderlands', *Journal of Peasant Studies* 38(4), (2011), pp. 747–70.

⁶³Lee Jones, 'The Political Economy of Myanmar's Transition', *Journal of Contemporary Asia* 44(1), (2014), pp. 144–70.

⁶⁴Woods, 'Ceasefire Capitalism'; Jones, 'Political Economy'; Transnational Institute, 'Financing Dispossession'; Transnational Institute, 'Access Denied'.

narrow elite of military commanders, EMRG and militia leaders, and crony capitalists, while ordinary people scarcely benefited. Coupled with the influx of cheap Chinese products and over two million Chinese immigrants since 1988, and with Beijing's economic and political support for the junta, this generated widespread anti-Chinese sentiment. Popular resistance to Chinese mega-projects emerged well before 2011, even under highly repressive conditions, with protests against oil and gas fields and pipelines, and hydropower dams in Kachin state.⁶⁵ Even the Tatmadaw has little real affection for China, despite Beijing's patronage, given its previous support for communist insurgency during the Cold War, and its dubious relations with several EMRGs today.⁶⁶

Chinese investment is directly implicated in some of Myanmar's contemporary conflicts, notably the renewed conflict between the Tatmadaw and Kachin Independence Organization/Army (KIO/KIA) after 2011. Through the preceding decade, discontent had mounted among the Kachin ethnic-minority about 'ceasefire capitalism' and rapacious Chinese logging, mining, dam-building and agribusiness investments. The most prominent flashpoint was the SOE China Power Investment's US\$3.6bn Myitsone dam project, which threatened to flood a Singapore-sized area of great cultural significance and attracted mounting local resistance from 2004. Alongside other abuses, this rekindled the Kachin resistance and sparked Tatmadaw-KIA tensions, contributing directly to the breakdown of their ceasefire in 2011.⁶⁷ The renewed fighting has directly imperiled Chinese investments, beginning at China's Darpein dam and threatening the oil and gas pipelines, which transect Kachin state. Renewed fighting in Shan state has also displaced up to 100,000 refugees into China since 2009, including Chinese nationals. Violence in Rakhine state also imperils Chinese economic interests: its Kyaukphyu township is the starting point of the oil and gas pipelines and was selected in 2014 to host a US\$10bn, Chinese-built deep-sea port and special economic zone (SEZ), coupled to a US\$20bn China-Myanmar railway and highway.

Myanmar's regime transition has also allowed other societal actors to mobilize openly against Chinese economic projects, including fledgling NGOs, ethnic-minority campaigners and Buddhist monks. Crucially, in 2011 Bamar environmentalists were able to join Kachin activists opposing the Myitsone dam, framing it as an 'existential threat to the people of Myanmar by Chinese colonialism'.⁶⁸ Coupled with the Kachin unrest, this prompted President Thein Sein to suspend the project in September 2011, explicitly to demonstrate that the new 'democratic' government was responsive to public opinion.⁶⁹ Emboldened, other civil society groups, often led by Paung Ku—an internationally funded NGO founded in 2007—have criticized other Chinese projects, including dams, the oil and gas pipelines, and the US\$3bn Laung Lon oil refinery project.⁷⁰ Buddhist monks and Kachin and Bamar Christian clergy have also criticized Chinese megaprojects. Farmer- and monk-led protests against the Letpadaung copper mine, a joint venture between a Chinese firm and a military company, were brutally suppressed in 2012 and 2014, while the famed Buddhist monk Zaya Ditha has denounced the BRI.⁷¹ Newly legalized trade unions, led by the Confederation of Trade Unions of Myanmar (CTUM), which comprises around half of Myanmar's unions, are also challenging Chinese

⁶⁵Shwe Gas Movement, 'The Shwe Gas Movement', May 2004, accessed October 15, 2018, <http://www.shwe.org/>; Kachin Development Networking Group, 'Damming the Irrawaddy', 2007, accessed October 15, 2018, <http://burmacampaign.org.uk/media/DammingtheIrr.pdf>.

⁶⁶Min Zin, 'Burmese Attitude toward Chinese: Portrayal of the Chinese in Contemporary Cultural and Media Works', *Journal of Current Southeast Asian Affairs* 31(1), (2012), pp. 115–31.

⁶⁷Brenner, 'Ashes of Co-Optation'; see also Laur Kiiik, 'Nationalism and Anti-Ethno-Politics: Why "Chinese Development" Failed at Myanmar's Myitsone Dam', *Eurasian Geography and Economics* 57(3), (2016), pp. 374–402.

⁶⁸Tira Foran et al., 'Large Hydropower and Legitimacy: A Policy Regime Analysis, Applied to Myanmar', *Energy Policy* 110, (2017), p. 626.

⁶⁹Debby Sze Wan Chan, 'Asymmetric Bargaining Between Myanmar and China in the Myitsone Dam Controversy: Social Opposition Akin to David's Stone Against Goliath', *Pacific Review* 30(5), (2017), pp. 674–91; Foran et al., 'Large Hydropower and Legitimacy'.

⁷⁰Interview with Kyaw Thu, Director, Paung Ku, Yangon, March 13, 2017.

⁷¹Zaya Ditha, 'ho ta law le ka a me ri kan than a mat haung' [Talk with former US Ambassador Days Before], *Facebook*, April 27, 2017, accessed April 27, 2017, <https://www.facebook.com/oozinzero/posts/1960785257491375>.

business interests.⁷² Strikes, which occurred even under military rule, have intensified, with Chinese factories among those targeted. Most notoriously, from January–March 2017, strikes paralyzed the Hangzhou Hundred-Tex Garment factory, which supplies global brands like H&M. Workers beat their Chinese manager and caused US\$75,000 of damage, and the company lost its international contracts.⁷³

Aung San Suu Kyi is often hostile to these groups, trying unsuccessfully to block foreign funding and assistance for NGOs and CTUM, apparently seeing them as political rivals.⁷⁴ She even warned farmers at Letpadaung to stop protesting or face arrest, arguing that Myanmar ‘needed a lot of development’.⁷⁵ Nonetheless, even she cannot entirely ignore popular concerns.

These developments seriously challenge Chinese economic interests and pose cross-border security problems. From 2010 to 2014, Chinese investment plummeted from US\$1.52bn (68 percent of Myanmar’s total) to just US\$70.4m (7 percent) and has never exceeded 12 percent since.⁷⁶ SOEs’ megaprojects, in particular, have faltered. The Myitsone dam remains suspended, with no compensation paid to CPI, and no new dam projects have been approved. An agreement on the China–Myanmar railway lapsed in 2014. Following environmental protests, work on the US\$3bn Dawei oil refinery was canceled in November 2017. The Kyaukphyu port and SEZ project, notionally agreed in 2013, was stalled until late 2018.

Chinese experts have widely recognized and lamented this enormous setback, quickly recognizing that China’s previous *modus operandi*—striking cozy deals with military elites, crony capitalists and EMRG leaders without regard to the wider public—was unsustainable. The crisis in Sino–Myanmar relations drove much of the post-2011 tightening of ODI regulation, in addition to the softening of non-interference, and efforts to cultivate popular consent for China’s economic presence.

China’s Response: (1) From Non-Interference to Intervention

To pacify Myanmar’s borderlands and safeguard physical Chinese investments, Chinese elites have softened their traditional ‘non-interference’ policy, intervening to broker a peace settlement. This was a substantial turnaround. Under the junta, Beijing had prioritized economic engagement beneath the cover of ‘non-interference’, vetoing Western-sponsored UN resolutions. This served Chinese politico-business interests well for years, but Myanmar’s renewed civil war forced China’s Ministry of Foreign Affairs (MFA) to change tack.

The MFA has repeatedly intervened to pacify Myanmar’s borderlands, first with the KIA, then other EMRGs as the violence spread. Former MFA Vice-Minister Wang Yingfan, appointed Special Envoy for Asian Affairs, brokered KIO/A-government peace talks in Yunnan in February and March 2013.⁷⁷ This ‘firm intervention’ generated Myanmar’s first ever multiparty peace talks, followed by a KIA-government truce in May 2013, formally backed by China and the UN.⁷⁸ However, sporadic fighting continued. Wang held further talks with the KIO chairman in Kunming in August 2013 and brokered further KIO-government negotiations in November, but

⁷²Interview with CTUM Executive Committee member, Yangon, March 3, 2017.

⁷³‘Bosses, Workers Negotiate Return to Work After \$75,000 Rampage at Garment Plant’, *Frontier Myanmar*, March 10, 2017, accessed May 8, 2019, <https://frontiermyanmar.net/en/bosses-workers-negotiate-return-to-work-after-75000-rampage-at-garment-plant>.

⁷⁴Interview with a consultant, Myanmar Ministry of Social Welfare, Relief and Resettlement, Yangon, December 2016; Interview with CTUM Executive Committee member.

⁷⁵Lawi Weng and Thet Swe Aye, ‘Stop Protests against Copper Mine, Suu Kyi Tells Communities’, *Irrawaddy*, March 13, 2013, accessed May 8, 2019, <https://www.irrawaddy.com/news/burma/stop-protests-against-copper-mine-suu-kyi-tells-communities.html>.

⁷⁶ASEAN Secretariat, ‘ASEANstats Database’, 2017, accessed October 15, 2018, <http://aseanstats.asean.org>.

⁷⁷Consulate-General of PRC in Houston, ‘Foreign Ministry Spokesperson Hua Chunying’s Regular Press Conference on March 12, 2013’, March 13, 2013, accessed October 15, 2018, <http://www.mfa.gov.cn/ce/cght/eng/fyrth/t1021196.htm>.

⁷⁸International Crisis Group, ‘A Tentative Peace in Myanmar’s Kachin Conflict’, *Asia Briefing* 140, June 2013, pp. 1–2, 12–16.

without success. Several similarly fruitless meetings followed through 2014.⁷⁹ The conflict escalated in 2015, spreading to Shan state as the Myanmar National Democratic Army, Shan State Army-North, Arakan Army and Ta'ang National Liberation Army all clashed with the Tatmadaw. By then, President Thein Sein had proposed a 'national ceasefire accord' as a precursor to full peace talks—an approach copied by the NLD. Sun Guoxiang, who replaced Wang in September 2015, sought to persuade the EMRGs to sign the accord through early to mid-2016. In August, he also visited the United Wa State Army (UWSA), Myanmar's largest EMRG, urging them to participate in Suu Kyi's 'Twenty-First Century Panglong Conference'.⁸⁰ Chinese mediation helped secure several EMRGs' formal participation in September 2016, but the conference ended without agreement, as did two subsequent meetings. In early 2017, Sun visited Wa and Kachin states and hosted further talks in Kunming, urging all parties to implement ceasefires and engage in peace talks.⁸¹ High-ranking officials from China's MFA, Defence Ministry, and PLA have also interceded with the Myanmar government.⁸² China has also squeezed the EMRGs by curbing the illicit border trade that sustains them.⁸³ Agreement remains elusive, but clearly not for want of Chinese intervention.

China has also tried to help pacify Rakhine state, though its intervention here is more tentative, reflecting extreme sensitivity in Myanmar. In April 2017, Sun Guoxiang visited Dhaka, offering to mediate between Myanmar and Bangladesh, where around 300,000 Rohingya refugees were already sheltering.⁸⁴ Naypyidaw demurred. But following Rohingyas' mass exodus in late 2017, Foreign Minister Wang Yi flew to Naypyidaw, renewing this offer and outlining a three-stage Chinese plan for a ceasefire, bilateral talks, then steps toward a 'long-term solution'.⁸⁵ This apparently pushed Myanmar and Bangladesh into signing a bilateral repatriation agreement. Although Beijing blocked a UN Security Council resolution, it agreed to a presidential statement that largely recapitulated Britain's draft resolution.⁸⁶ Beijing thereby condemned the violence in Rakhine and expressed 'grave concern' about human rights violations, calling on Myanmar to cease using 'excessive military force' and halt communal violence. The statement also 'demand[ed]' humanitarian access, urged the involvement of the UN High Commissioner for Refugees, pressed Myanmar to ensure refugees' 'voluntary, safe and dignified return,' and called for swift and full implementation of the domestic reforms specified by Kofi Annan's Advisory Commission on Rakhine State. Finally, the statement called for investigations into human rights abuses, full cooperation with UN bodies and media access.⁸⁷ Chinese diplomats reportedly tried to delete

⁷⁹Yun Liu, 'Keqin Dulijun Xianzhuang' ['Kachin Independence Army Situation'], *Hanyue Myanmar Commentary*, August 9, 2016, accessed January 29, 2018, <http://mp.weixin.qq.com/s/LmhVyc-12KWxswVCxtzRfw>.

⁸⁰Wa State Information Bureau, 'Xiao Mingliang fuzhuxi deng lingdao huijian zhongguo Waijiaobu yazhouteshi Sun Guoxiang yixing' ['Vice Chairman Xiao Mingliang Meets with His Excellency Sun Guoxiang, Special Envoy of the Chinese Ministry of Foreign Affairs and His Delegation'], *Blog of Wa News Bureau*, August 2, 2016, accessed January 29, 2018, http://blog.sina.com.cn/s/blog_9084449c0102wxdu.html.

⁸¹Wa State Information Bureau, 'Zhongguo Waijiaobu Yazhou Teshi Sun Guoxiang yu Wobang Zhengfu Daibiaotuan zai Kunming Juxing Huitan' ['Asian Special Envoy of the Chinese Foreign Ministry Sun Guoxiang Holds Talks with Our State Government Delegation in Kunming'], *Blog of Wa News Bureau*, March 26, 2017, accessed January 29, 2018, http://blog.sina.com.cn/s/blog_9084449c0102x8ml.html.

⁸²'China, Myanmar Hold Consultations on Maintaining Peace, Stability in Border Areas', *Xinhua*, November 26, 2016, accessed May 8, 2019, <http://en.people.cn/n3/2016/1126/c90000-9147465.html>; Chinese MFA, 'China and Myanmar Hold 2 + 2 High-Level Consultations Led by Ministry of Foreign Affairs and Ministry of Defence', February 7, 2017, accessed January 29, 2018, http://www.fmprc.gov.cn/mfa_eng/wjbxw/t1437166.shtml.

⁸³Interview with Yunnan-based expert on Sino-Myanmar border affairs, Kunming, October 2018.

⁸⁴Serajul Quadir, 'China Ready to Mediate between Myanmar, Bangladesh over Rohingya Row', *Reuters*, April 25, 2017, accessed May 8, 2019, <https://www.reuters.com/article/us-bangladesh-rohingya-china/china-ready-to-mediate-between-myanmar-bangladesh-over-rohingya-row-idUSKBN17R1UH>.

⁸⁵Saibal Dasguptal, 'China to Mediate on Rohingyas Between Myanmar and Bangladesh', *Times of India*, November 21, 2017, accessed May 8, 2019, <https://economictimes.indiatimes.com/news/international/world-news/chinese-govt-to-play-mediator-in-sending-back-rohingyas-refugees-from-bangladesh-to-myanmar/articleshow/68788655.cms>; 'China Proposed Three-Phase Plan for Rohingya Issue', *Reuters*, November 20, 2017, accessed May 8, 2019, <https://www.reuters.com/article/us-china-myanmar-rohingya/china-proposed-three-phase-plan-for-rohingya-issue-idUSKBN1DK00L>.

⁸⁶Personal Communication with Senior British Diplomat, January 2018.

⁸⁷United Nations, 'Provisional Verbatim Record of the 8085th Meeting of the United Nations Security Council', November 6, 2017, accessed November 16, 2017, https://www.un.org/en/ga/search/view_doc.asp?symbol=S/PV.8085.

the demands for human rights investigations and accountability.⁸⁸ However, this failed, and China nonetheless accepted the forceful statement, further softening Beijing's non-interference posture.

Rakhine aside, China's intervention in Myanmar's ethnic peace talks has ostensibly been welcomed by all sides, notwithstanding period criticism of Chinese 'meddling'.⁸⁹ China's motives are clear. As one Chinese expert puts it, unless peace is restored, 'we cannot do the [cross-border BRI] projects'.⁹⁰ This is well understood in Myanmar. As UWSA's 'foreign minister' puts it: 'Only when there is peace and stability in the region will the One Belt One Road project [i.e. BRI] be implemented.'⁹¹ Similarly, Myanmar's government reciprocated China's assistance by declaring support for the BRI in 2017.

China's Response: (2) Courting Hegemony in Myanmar's Civil Society

Although political, military and EMRG elites remain crucial interlocutors, Chinese leaders have also moved to cultivate consent for China's economic activities among other social forces. The learning curve has been steep. Following the Myitsone suspension, the MFA initially demanded respect for CPI's interests. However, as malfeasance by CPI and Chinese officials became clearer,⁹² Chinese policymakers apparently conceded the validity of some local grievances and recognized that popular opinion could no longer be ignored.

Accordingly, China launched an unprecedented campaign to woo important societal groups, mobilizing national and local government resources but also non-state, 'civil society' actors, that is the 'integral state'. In late 2012, Chinese officials and scholars were sent to investigate how to promote bilateral, non-governmental ties.⁹³ Diverse initiatives followed in the fields of education, healthcare, disaster relief and the environment. China's embassy sponsored vocational training courses for local businesses and offered Mandarin courses for government bureaucrats.⁹⁴ Yunnan University trained NLD leaders, while Yunnan's provincial government sponsored classes for Myanmar's women's organizations.⁹⁵ Revealing the economic motives at work, one organizer notes that 'for every training course, we also provide an opportunity to visit [Chinese] hydropower dams'.⁹⁶ Beijing has also provided over 100 university scholarships for Myanmar students, and sponsored 16 China-Myanmar 'friendship schools'.⁹⁷

⁸⁸Michelle Nichols, 'China Does Not Want UN to Push Myanmar on Accountability', *Channel News Asia*, May 9, 2018, accessed May 8, 2019, <https://www.channelnewsasia.com/news/world/china-does-not-want-un-to-push-myanmar-on-accountability-10215530>.

⁸⁹Sui-Lee Wee, 'Myanmar Official Accuses China of Meddling in Peace Talks', *Irrawaddy*, October 9, 2015, accessed May 8, 2019, <https://www.irrawaddy.com/news/burma/burmese-official-accuses-china-of-meddling-in-peace-talks.html>.

⁹⁰Interview with Yunnan-based expert on Sino-Myanmar border affairs, November 2018.

⁹¹Kyaw Kha, 'The Wa's Zhao Guo An: Suu Kyi Wants to Achieve Peace in Her Lifetime', *Irrawaddy*, May 29, 2017, accessed May 8, 2019, <https://www.irrawaddy.com/in-person/zhao-guo-daw-aung-san-suu-kyi-wants-achieve-peace-lifetime.html>.

⁹²See Jones and Zou, 'Rethinking the Role', pp. 754–55.

⁹³Chinese Embassy in Myanmar, 'Gonggong wajiao zhuanjia xiaozu yingyao fangmian' ['Public Diplomacy Experts Invited to Visit Myanmar'], December 21, 2012, accessed January 29, 2018, <http://mm.china-embassy.org/chn/xwdt/t999881.htm>.

⁹⁴Chinese Embassy in Myanmar, 'Zhongguo zhu miandian dashi Hong Liang chuxi gongfadang hanyu peixunban jiejie yishi' ['Chinese Ambassador to Myanmar Attends Chinese Training Course Graduation Ceremony'], September 8, 2017, accessed January 29, 2018, <http://mm.china-embassy.org/chn/sgxw/t1499124.htm>; Chinese Embassy in Myanmar, 'Shouqi zhongmian fandian lvyou zhiye peixunban qidong yishi zai yangguang juxing' ['First Class of China Myanmar Travel, the China-Myanmar Hotel Tourism Vocational Training Held in Yangon'], September 14, 2017, accessed January 29, 2018, <http://mm.china-embassy.org/chn/xwdt/t1493116.htm>.

⁹⁵Institute of Myanmar Studies, 'Miandian minmeng qingniandangyuan peixunban wancheng dijiieduan peixun' ['Myanmar National League for Democracy Youth Training Class Completed First Phase'], October 1, 2017, accessed January 29, 2018, <http://www.ims.ynu.edu.cn/index.php?route=news/details&id=188&cid=4>; Qiang Xiong, '2017 Myanmar Women's Organization Exchange Seminar' Opened in Kunming', *Xinhua*, September 4, 2017, accessed May 8, 2019, http://www.yunnangateway.com/html/2017/guoneixinwen_0904/21300.html.

⁹⁶Interview, November 2018.

⁹⁷Chinese Embassy in Myanmar, 'Zhu miandian dashi Hong Liang wei 2017 nian miandian gongpai fuhua liuxuesheng juxing huansong yishi' ['Ambassador to Myanmar Hong Liang Held a Farewell Ceremony for Students the Myanmar Government Sent to China for 2017'], September 1, 2017, accessed January 29, 2018, <http://mm.china-embassy.org/chn/xwdt/t1489016.htm>; Chinese Embassy in Myanmar, 'Zhu miandian dashi Hong Liang chuxi di shiliusuo "zhongmian youyi xuexiao" jiejie yishi' ['Ambassador to Myanmar Hong Liang Attended the Opening Ceremony of the 16th "China-Burma Friendship School"], August 14, 2017, accessed January 29, 2018, <http://mm.china-embassy.org/chn/xwdt/t1484420.htm>.

Meanwhile, the CFPA established an office in Myanmar, creating a new China-Myanmar Paukphaw Friendship Foundation to implement livelihoods projects, enhance Mandarin education and religious exchanges, and promote ‘mutual understanding’ among youths.⁹⁸ The China NGO Network for International Exchange (CNNIE) and the China Foundation for Peace and Development have co-sponsored ‘Deep Fraternal Friendship’ activities with Myanmar NGOs. These include laptop donations to local schools and the provision of free medical care by Yunnanese doctors, co-organized by Yunnan’s provincial government and affiliated NGOs.⁹⁹ China also supplied US\$2m to help upgrade a women’s hospital named after Aung San Suu Kyi’s mother.¹⁰⁰ Even the PLA has participated, donating medical equipment and sending its *Peace Ark* to Yangon to provide free healthcare.¹⁰¹ In the field of disaster relief, China provided RMB100m of aid after serious flooding in 2016 and helped restore pagodas damaged in the 2016 Bagan earthquake.¹⁰² The embassy also initiated a ‘China-Myanmar Friendship Forest’ program, planting 150,000 trees.¹⁰³

Chinese actors have also sought to improve relations with Myanmar’s NGOs and political parties, initiating dialogues and organizing dozens of study tours to China.¹⁰⁴ CNNIE, initially formed in 2005 to target African NGOs,¹⁰⁵ now incorporates 90 Chinese and 76 foreign NGOs, including five from Myanmar.¹⁰⁶ Again revealing the economic motives at work, CNNIE invited a leading Myanmar development NGO, Mingalar Myanmar, to Xi’s 2017 BRI Summit, where they jointly launched the ‘Chinese Social Organizations’ Action Plan for Closer People-to-People Bonds Along the Belt and Road (2017–2020)’. CNNIE’s overtly-stated objective is to ‘create [a] sound atmosphere and consolidate [the] public opinion foundation’ for BRI projects.¹⁰⁷ Politicians and NGOs opposing Chinese projects have also been invited to China for a special charm offensive. For example, Zaw Aung, head of the Myanmar-China Pipeline Watch Committee, was invited to an SOE-NGO dialogue organized by a think tank linked to China’s Ministry of Commerce, where the vice-president of China National Petroleum Company promised to address his complaints.¹⁰⁸ Similarly, anti-Myitsone campaigners have been brought to meet CPI and, with NLD delegates,

⁹⁸‘China-Myanmar Paukphaw Friendship Foundation Set Up in Yangon’, *Xinhua*, June 9, 2016, accessed May 8, 2019, http://www.china.org.cn/world/2016-06/09/content_38634102.htm.

⁹⁹‘China-Myanmar Friendship Activities Held in Yangon to Boost Ties’, *Xinhua*, May 16, 2012, accessed May 8, 2019, http://www.gov.cn/misc/2012-05/16/content_2138564.htm; Htike Nanda Win, ‘China Medical Teams Conduct Free Eye Surgery in Yangon’, *Myanmar Times*, August 22, 2017, accessed May 8, 2019, <https://www.mmtimes.com/national-news/yangon/27373-china-medical-teams-conduct-free-eye-surgery-in-yangon.html>.

¹⁰⁰‘Myanmar News Agency, ‘Soft Opening of Daw Khin Kyi Women’s Hospital’, *Global New Light Of Myanmar*, August 6, 2017, accessed May 8, 2019, <http://www.globalnewlightofmyanmar.com/soft-opening-of-daw-khin-kyi-womens-hospital/>.

¹⁰¹‘Chinese Embassy in Myanmar, ‘Zhongguo renminjiefangjun yuanzhu mianjun yiliao shebei jiaojie yishi zai neibidu juxing’ [‘Chinese People’s Liberation Army’s Medical Equipment Aid to Myanmar Handover Ceremony Held in Naypyidaw’], August 10, 2016, accessed January 29, 2018, <http://mm.china-embassy.org/chn/xwdt/t1388044.htm>; ‘Chinese Hospital Ship “Peace Ark” Leaves Myanmar’, *Xinhua*, September 3, 2013, accessed May 8, 2019, http://www.chinadaily.com.cn/china/2013-09/03/content_16941179.htm.

¹⁰²‘Chinese Embassy in Myanmar, ‘Zhumiandian dashi Hong Liang chuxi zhongguo zhengfu yuanzhu miandian huodongbanfang jiaojie yishi’ [Chinese Ambassador to Myanmar Hong Liang Attends Handover Ceremony], February 22, 2016, accessed January 29, 2018, <http://mm.china-embassy.org/chn/xwdt/t1342311.htm>; Chinese Embassy in Myanmar, ‘Zhongguo zhu miandian dashiguan Yu Bianjiang canzan chuxi pugan dizhen yizhounian fota xiufu guoji yantaohui’ [‘Counsellor Yu Bianjiang of Chinese Embassy in Yangon Attended the International Symposium of Pagoda Renovation on the First Anniversary of Bagan Earthquake’], September 6, 2017, accessed January 29, 2018, <http://mm.china-embassy.org/chn/xwdt/t1490571.htm>.

¹⁰³‘Chinese Embassy in Myanmar, “Zhongmian youhao shengtai shifanlin” zhishu gongcheng jungong yishi zai miandian maguisheng juxing’ [‘Completion Ceremony of the “China-Myanmar Friendship Forest” Tree-Planting Project Held in Magu Province, Myanmar’], September 1, 2017, accessed January 29, 2018, <http://mm.china-embassy.org/chn/xwdt/t1489172.htm>.

¹⁰⁴Khin Khin Kyaw Kyee, *China’s Multi-Layered Engagement Strategy and Myanmar’s Realities* (Yangon: ISP, 2018).

¹⁰⁵Brenner, ‘Are Chinese NGOs “Going out”?’ p. 139.

¹⁰⁶China NGO Network for International Exchange, ‘Jiaru silu yanxian minjian zuzhi hezuo wangluo de zuzhi mingdan’ [‘List of Network for Cooperation Among NGOs in Countries Along the Belt and Road’], May 17, 2017, accessed January 29, 2018, <http://www.cnie.org.cn/WebSite/zlbmj/UpFile/2017/201751716212596.doc>.

¹⁰⁷‘China NGO Network for International Exchange, ‘Silk Road NGO Cooperation Network’, May 17, 2017, accessed January 29, 2018, <http://www.cnie.org.cn/WebSite/zlbmj/UpFile/2017/20176911853391.doc>.

¹⁰⁸Interview with Zaw Aung, Myanmar-China Pipeline Watch Committee, Yangon, October 8, 2016.

taken to hydropower dam sites in China. Chinese officials have also courted the Arakan National Party, Rakhine state's leading political force, promising to develop local infrastructure and job opportunities if they support the BRI.¹⁰⁹

Chinese NGOs have even targeted Myanmar's Buddhist clergy, with Xi's support. This has involved large-scale reciprocal visits and donations to help restore Bagan's pagodas.¹¹⁰ These exchanges seek to assuage the xenophobic nationalism promoted by some prominent Myanmar monks and to enlist Myanmar's influential clergy in the cultivation of popular consent for China's economic projects. This was made explicit by China Buddhist Association president Xue Cheng, who urged Myanmar's monks to 'make contributions to pushing forward the "BRI,"' arguing that cross-border roads would be 'an important channel for the spread of Buddhism'.¹¹¹

Chinese enterprises have also changed their strategies. Alongside tighter domestic regulations, companies have increasingly realized the need to win popular support in post-2011 Myanmar. Accordingly, CSR activity in Myanmar has substantially increased, particularly among hydropower companies.¹¹² Firms have also engaged more directly with EMRGs when developing megaprojects, seeking to spread material benefits more widely to cultivate consent. For example, PowerChina International Group has worked closely with the Karen National Union on the Tanintharyi hydropower dam and industrial park,¹¹³ and with UWSA leaders on the Mantong dam project, which had previously been agreed only with the central government in 2014.¹¹⁴ Some Chinese companies have also shown novel willingness to engage with local NGOs opposing their plans. For example, CPI has engaged with NGOs and religious leaders, supporting local schools, and inviting activists to visit the Myitsone site.¹¹⁵ However, CSR programs are uneven and, as discussed below, limited. Moreover, some firms remain hostile to civil society. PetroChina, for example, an SOE involved in the oil and gas pipelines, has rebuffed approaches from the Paung Ku-backed Myanmar-China Pipeline Watch.¹¹⁶

Among Myanmar's emergent socio-political actors, labor unions remain the group that China still deals most awkwardly with, arguably reflecting the Chinese cadre-class's ingrained hostility toward labor militancy. In response to the Hangzhou Hundred-Tex strike, China's embassy issued a highly traditional demarche to Myanmar's foreign ministry, demanding protection for legitimate Chinese business interests,¹¹⁷ which further alienated CTUM,¹¹⁸ and failed miserably. Myanmar's government not only failed to suppress the strike; it instructed Hangzhou Hundred-Tex to

¹⁰⁹Sui-Lee Wee, 'China Courts Hardline Buddhist Party Ahead of Myanmar Poll', *Reuters*, October 15, 2015, accessed May 8, 2019, <https://www.reuters.com/article/us-myanmar-election-china/china-courts-hardline-buddhist-party-ahead-of-myanmar-poll-idUSKCN05900520151015>; Interview with Oo Hla Saw, Member, Central Committee, Arakan National Party, Yangon, October 14, 2016.

¹¹⁰China Buddhist Association, 'Xue Cheng huizhang huijian miandian gaoseng fan huatuan' ['President Xue Cheng Meets with Visiting Monks from Myanmar'], March 21, 2017, accessed January 29, 2018, <http://www.chinabuddhism.com.cn/xw/jliu/2017-03-21/12685.html>; China Buddhist Association, 'Zhongguo fojiao xiehui daibiao tuan jieshu duimian jiaoliu fangwen' ['Chinese Buddhist Association Delegation Completes Exchange Visit to Myanmar'], April 11, 2017, accessed January 29, 2018, <http://www.chinabuddhism.com.cn/xw/jliu/2017-04-14/12758.html>.

¹¹¹China Buddhist Association, 'Zhongguo fojiao'.

¹¹²Kirchherr et al., 'The Interplay'.

¹¹³Su Phyo Win, 'CSOs Call for Greater Transparency in Tanintharyi Developments', *Myanmar Times*, December 16, 2016, accessed May 8, 2019, <https://www.mmtimes.com/national-news/24247-csos-call-for-greater-transparency-in-tanintharyi-developments.html>.

¹¹⁴Wa State Information Bureau, 'Bao Youliang Buzhang huijian Zhongguo Zhongdianjian Shuidian Kaifa Jituan Zongjingli Du Xueze Yixing' ['Minister Bao Youliang Met with China Hydropower Development Group Co. Ltd. General Manager Du Xueze'], August 4, 2017, accessed January 29, 2018, http://blog.sina.com.cn/s/blog_9084449c0102xcxr.html.

¹¹⁵Upstream Ayeyawady Confluence Basin Company, 'Sustainable Development Report 2013-15', August 30, 2016, accessed January 29, 2018, <http://eng.spic.com.cn/2016SiteEn/Responsibility/report/201612/P020161216528390342984.pdf>, pp. 7-11.

¹¹⁶Ye Thein Oo et al., 'In Search of Social Justice Along the Myanmar-China Oil and Gas Pipeline: A Follow-Up Report', *Myanmar-China Pipeline Watch Committee*, January 8, 2016, p. vi.

¹¹⁷Zhongguo Dashiguan jiu zhongzi qi yao chongqi shijian xiang mianfang tichu yanzheng jiaoshe' ['Chinese Embassy Made Solemn Representation to Myanmar Government on Attack on Chinese Enterprise'], *Xinhua*, February 24, 2017, accessed May 8, 2019, http://www.xinhuanet.com/2017-02/24/c_129494969.htm.

¹¹⁸Interview with Maung Maung, CTUM Chairman, Yangon, March 3, 2017.

compensate the striking workers.¹¹⁹ However, even this incident demonstrates China's adaptation. Subsequently, the All-China Federation of Trade Unions was tasked to engage CTUM, and it is now helping to resolve conflicts involving Chinese firms more peacefully.¹²⁰

Conclusion

After 17 years of 'going out', Chinese enterprises and their political backers are now encountering challenges that Western companies and governments have long faced. Unsurprisingly, they are beginning to develop responses similar to those of other powerful capitalist states: they are tightening corporate regulation, becoming more interventionist and seeking to cultivate popular consent in other societies. The case study of Myanmar demonstrated these claims in depth, illustrating a rapid strategic adjustment in just a few years.

These findings have relevance for the debate over China's rise, mentioned in the introduction. As noted, China's economic expansion is often cited by those arguing that China will be a 'revisionist' power, bolstering authoritarian regimes, undermining good governance, and violating norms around environmental and social protection. However, this article's findings suggest that when these practices create destabilizing 'blowback' for Beijing, the Chinese party-state evolves, tightening regulations, moving to improve corporate conduct and intervening to support peace-building. This convergence with Western practices should not be exaggerated. Chinese regulations and their enforcement are still weak.¹²¹ And Beijing's willingness to intervene has limits, as its opportunistic, largely pro-government response to the Rakhine crisis shows. Nonetheless, the frequent assumption of stasis in the 'revisionist-versus-status-quo' debate is clearly problematic; scholars more closely attend to China's evolving adaptation to international challenges.

The article's findings also have implications for predicting the fate of China's overseas economic interests. The party-state's adaptive capacity suggests a partial corrective to those who, noting early challenges and 'blowback,' branded China's position in emerging markets 'tenuous'.¹²² This was itself an important corrective to the hyperbolic discussion of 'China Inc.' and Chinese 'imperialism'. However, a decade later, it is clear that China's economic engagement has deepened and become more complex and adaptive, with greater emphasis on cultivating consent among subordinated social groups.

Nonetheless, we cannot assume that this process will be smooth or successful; indeed, the Myanmar case suggests significant limitations. China has done enough to secure formal governmental support for the BRI, in 2017, and the China-Myanmar Economic Corridor, in 2018. A framework agreement to proceed with a downsized Kyaukphyu project was finally agreed in November 2018, and a fresh feasibility study is underway for the China-Myanmar railway. Our interviews with Myanmar political *elites* found a generally pragmatic recognition that, especially given Western reactions to the Rakhine crisis, Chinese investment is needed for Myanmar's development.¹²³ This view was shared by some civil society informants, but they typically expressed considerably greater skepticism about Chinese megaprojects, suggesting that China's attempts to cultivate *popular* consent have been less successful. Indeed, Chinese-commissioned opinion polls have detected only modest improvements in attitudes toward China since 2011, with larger but 'superficial' upticks following China's perceived support over Rakhine.¹²⁴ This reflects four limitations.

¹¹⁹Arbitration Council, 'Order Number (13/2017) for Approval of Litigation in Accordance with the Settlement of Labour Dispute Law', March 23, 2017, accessed January 29, 2018, https://www.facebook.com/pg/ftub.burma/photos/?tab=album&album_id=668408880036884.

¹²⁰Interview with Maung Maung.

¹²¹Hameiri and Jones, 'China Challenges Global Governance?'

¹²²Gill and Reilly, 'The Tenuous Hold'.

¹²³Interviews with Myanmar political elites, Naypyidaw and Yangon, October 2018.

¹²⁴Interview with Experts in a Chinese State-Linked Think Tank, Kunming, November 2018.

The first is the difficulty of the socio-political terrain itself, which will always codetermine the success of any Chinese engagement. As Chinese diplomats have found, Myanmar's domestic conflicts are highly intractable and continue despite China's intensive interventions. Moreover, the Myanmar government remains constrained by political ineptitude, bureaucratic incapacity and excessive centralization: rapid implementation of even notionally agreed projects remains unlikely. Another barrier is the legacy of what civil society actors rightly see as the 'one sided and exploitative' nature of past Chinese investment.¹²⁵ As one NGO leader admits, coupled with a chauvinistic, nationalistic and xenophobic political culture, this has generated anti-Chinese attitudes 'verging on racism' among the public and civil society activists.¹²⁶

Second, Chinese engagement remains limited by conspiratorial thinking and patronizing and paternalistic attitudes. The publications of Chinese scholars seeking to understand the Myitsone suspension and the setback in Sino-Myanmar relations are illustrative. Early investigations exposed extensive Chinese malfeasance and tried to convey the need for fundamental change.¹²⁷ However, this self-criticism was swiftly replaced by more politically palatable accounts primarily blaming Western governments and local NGOs, CSOs and media.¹²⁸ This may partly restrict academic achievements in China. But it also reflects Chinese elites' deep attachment to the idea that economic development (eventually) cures all social ills. This has long legitimized China's overseas economic expansion and still guides Chinese interventions in Myanmar today—despite evidence that capitalist development actually intensifies social conflict.¹²⁹ Myanmar participants in Chinese study tours report being pushed to accept this idea, and complain that the Chinese do not understand the deep-seated political and cultural grievances underpinning these conflicts, instead naively believing that actors can be 'bought off'.¹³⁰ Recent Chinese attempts to pay Rohingya and Kachin refugees to return to Myanmar are illustrative. This disconnect will obviously undermine Chinese efforts to cultivate consent among marginalized populations. For example, claims that the BRI's road-building will spread Buddhism may enthuse Bamar Buddhists, but not Christian ethnic minorities who have endured years of forced 'Burmanisation'.

The third limitation is the continued weakness of China's ODI governance, which is widely recognized in Myanmar. Myanmar political elites remain concerned about the costs and benefits of Chinese megaprojects, and environmental and social risks, insisting that tough *domestic* regulation is required to avoid junta-era problems recurring.¹³¹ This implies little faith in China's governance reforms. CSOs have even less faith, complaining of China's continued over-reliance on host-country regulation and discerning 'no change in policy or scrutinizing of the companies' on the ground.¹³² They claim many SOE managers remain ignorant of China's regulatory changes, while communities are still not being meaningfully consulted, with CSR involving 'charity/bribes' to local headmen or monks 'to tell the villagers to shut up'.¹³³ CSR along the oil and gas pipelines, for instance, involves donations to schools and clinics, not the action to redress land-grabbing.¹³⁴ Moreover, ethnic-minority NGOs still accuse the Tatmadaw of stoking conflict to grab land for Chinese-backed mega-projects, like the Hatgyi hydropower dam.¹³⁵

¹²⁵Interview with Myanmar CSO Executives, Yangon, September 2018.

¹²⁶Interview with Director of a Development-Focused NGO, Yangon, September 2018.

¹²⁷E.g. Qin Hui, 'Behind Myanmar's Suspended Dam', *China Dialogue*, March 28, 2012, accessed October 30, 2018, <https://www.chinadialogue.net/article/show/single/en/4832>.

¹²⁸E.g. Guangsheng Lu et al. 'Zhongguo dui Miandian de touzi he yuanzhu—jijyu diaocha wenjuan jiegou de fenxi' ['Chinese Aid and Investment in Myanmar: An Analysis of Survey Data'], *South Asian Studies* 2014(1), (2014), pp. 17–30; Song Tao, 'Zhongguo dui Miandian zhijie touzi de fazhan yanjiu' ['Research on the Current Situation and Trends of China's Direct Investment in Myanmar'], *World Regional Studies* 25(4), (2016), pp. 40–47.

¹²⁹Shahar Hameiri, Lee Jones, and Yizheng Zou, 'The Development-Insecurity Nexus in China's Near-Abroad: Rethinking Cross-Border Economic Integration in an Era of State Transformation', *Journal of Contemporary Asia*, 49(3), (2019), pp. 473–499.

¹³⁰Khin Khin Kyaw Kyee, *China's Multi-Layered Engagement Strategy*.

¹³¹Interviews with Myanmar political elites, Naypyidaw and Yangon, September 2018.

¹³²Interview with Deputy Director, Myanmar NGO, Yangon, September 2018.

¹³³Interview with Director, rural development NGO, Yangon, September 2018.

¹³⁴Interview with Myanmar Environmental Consultant, Yangon, September 2018.

¹³⁵Mang and Yan, 'China-Backed Dams'; Thu Thu Aung, 'CSOs Say Hatgyi Dam Fuelling Recent Clashes in Kayin', *Myanmar Times*, September 30, 2016, accessed May 8, 2019, <https://www.mmtimes.com/national-news/22836-csos-say-hatgyi-dam-fuelling-recent-clashes-in-kayin.html>.

Fourth, structural limitations to Chinese NGO engagement stem from China's political system. The organizations engaging Myanmar are mostly GONGOs, and many of their Myanmar interlocutors perceive their mission as information-gathering and advancing China's economic interests. Unlike Western NGOs, Chinese NGOs are barred from doing advocacy work, limiting their ability to address deep-rooted grievances linked to Chinese investment, and they are too small to deliver services to a large population.¹³⁶ This reflects the general limitations of overseas Chinese NGOs.¹³⁷

These four problems suggest structural limits on China's capacity to achieve hegemony, stemming from its own socio-political character. Assessments of Chinese 'soft power' have often emphasized the limited extent or appeal of Confucian ideology, for example but this article's Gramscian analysis suggests the constraints go far deeper. The way China governs its companies, the intelligentsia, and civil society are not easily changed, nor is the CCP's developmentalist ideology. These are deeply entrenched aspects of the regime, evolving slowly at best, and subject to growing political constraints and reversals.

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Notes on contributors

Yizheng Zou is Associate Professor in the Institute for China's Overseas Interests at Shenzhen University, China. His past research focused on media, identity and British imperialism in China. His current research focuses on China's Belt and Road Initiative, particularly the impact of major Chinese projects in Myanmar.

Lee Jones is Reader (Associate Professor) in International Politics at Queen Mary University of London. His research focuses on security, governance and political economy, with an empirical focus on the Asia-Pacific. He is author of *ASEAN, Sovereignty and Intervention in Southeast Asia* (Palgrave Macmillan, 2012), *Societies Under Siege: Exploring How International Economic Sanctions (Do Not) Work* (Oxford University Press, 2015) and, with Shahar Hameiri, *Governing Borderless Threats: Non-Traditional Security and the Politics of State Transformation* (Cambridge University Press, 2015). He tweets as @DrLeeJones and his website is <http://www.leejones.tk>.

¹³⁶Interview with Director, rural development NGO, Yangon, September 2018.

¹³⁷See Li, Xiaoyun, and Qiang Dong. 'Chinese NGOs Are "Going Out": History, Scale, Characteristics, Outcomes, And Barriers.' *Nonprofit Policy Forum* 9(1), (2018), pp. 1–9.