

# The Investments of China and India in Rakhine State: The Perspectives of Rakhine Stakeholders on Ground in Post-Coup Myanmar

- Center for Arakan Studies  
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## Executive Summary

The Rakhine State in Myanmar offers immense potential for foreign direct investment (FDI) owing to its strategic location, abundant natural resources, and diverse opportunities in sectors such as agriculture, fishery, tourism, oil and gas, and services. In this context, it is essential to examine the major investments made by China and India in Rakhine State to understand their implications for the local stakeholders. China's Kyauk-Phyu Special Economic Zone (SEZ) and Deep Seaport project aims to reduce its dependence on the Strait of Malacca for transporting oil and liquefied natural gas from the Middle East. India, on the other hand, is involved in the Kaladan Multi-Modal Transit Transport Project, which seeks to enhance transportation infrastructure and connectivity with neighboring countries. However, the Kyauk-phyu SEZ project has faced criticism for being a last-minute deal approved by the previous government without adequate public discussion. Therefore, it is crucial to consider the public perception and the perspectives of the Rakhine stakeholders regarding the investments made by China and India in the region. The stakeholders have mixed opinions on the investments, with concerns around the impact on the environment and potential displacement of communities. To mitigate negative impacts, the project stakeholders need to increase transparency and engagement with local communities during project implementation. Moreover, it is important to ensure that these projects are implemented for the local welfare while adhering to environmental laws.



Photo 1. "Rakhine State, Myanmar (as of 16 Jul 2013)," UN Office for the Coordination of Humanitarian Affairs, July 16, 2013.

## Introduction: Why Arakan Matters

Rakhine State is an attractive location for foreign direct investment (FDI) due to several compelling factors. Firstly, its strategic position along the Bay of Bengal makes it a geostrategic hub for business ventures. Additionally, the region is endowed with abundant natural resources, breathtaking beaches, and fascinating cultural and historical sites, which make it a prime destination for investment in tourism, mining, and other related industries. Furthermore, the State boasts of vast stretches of land, majestic mountains, and rivers, all of which provide ample opportunities for diverse investment ventures. In addition, the state shares borders with key regions in Myanmar such as Magwe, Bago, Ayeyarwaddy, and others, providing easy access to neighboring markets. Finally, its proximity to populous markets such as Bangladesh and India, makes Rakhine State an attractive investment destination for those seeking to tap into the immense potential of these markets. In leveraging for detail, Rakhine State, located in the western part of Myanmar, covers a total area of approximately 14,184 square miles, of which 18% (1,635,850 acres) is net arable land<sup>1</sup>.

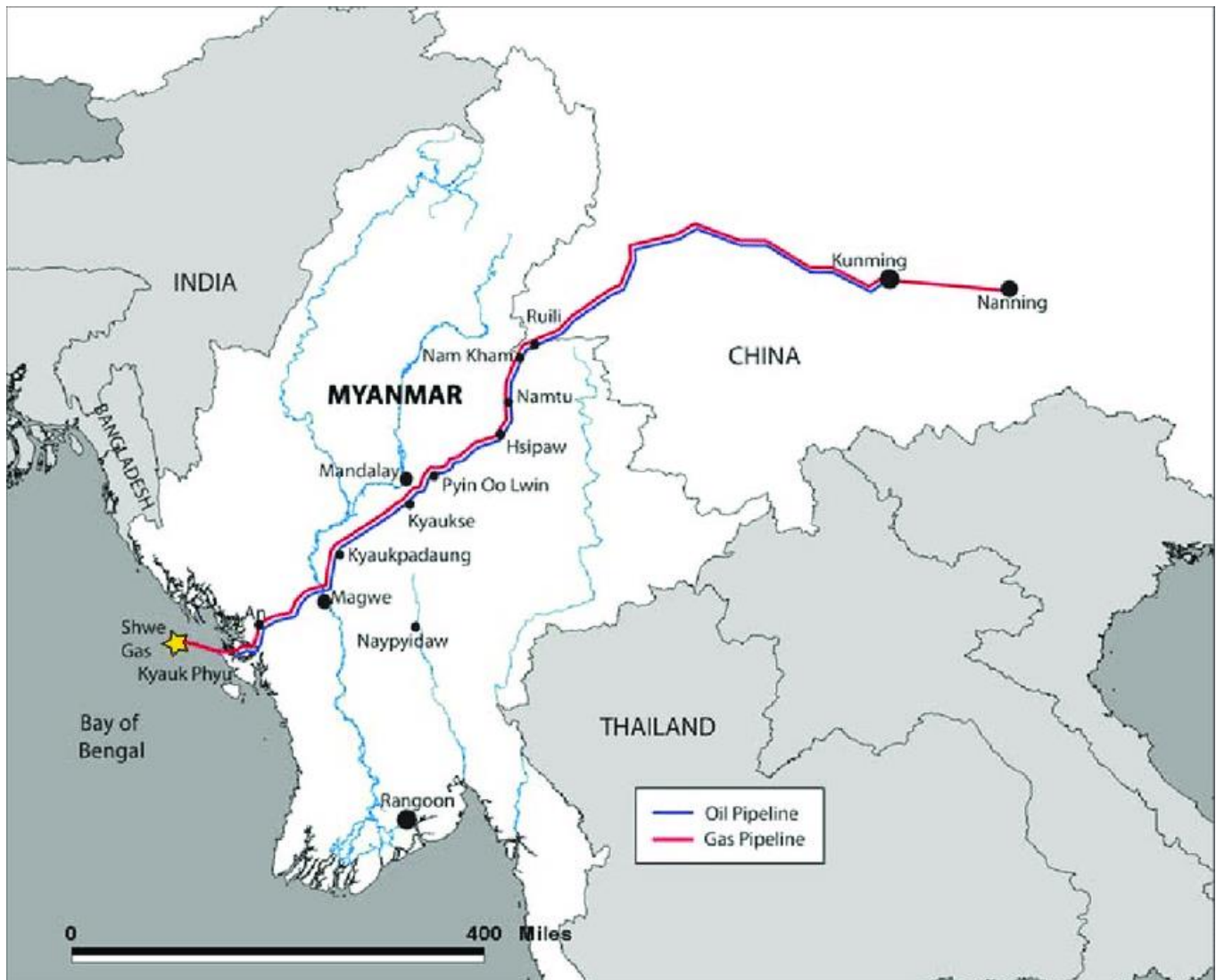
The major economic sectors in the state include agriculture, fishery, tourism, oil and gas, and services. The state has two important border trade stations, namely Sittwe and Maungdaw, which facilitate cross-border trade with neighboring countries. The coastal length of the state is approximately 443 miles, providing abundant opportunities for investment in the maritime sector. Rakhine State has attracted major investments in recent years, such as the Kyauk Phyu Special Economic Zone (SEZ) and Deep Seaport project, aimed at promoting economic development and regional connectivity.<sup>2</sup>

Additionally, the Kaladan Multi-Modal Transit Transport Project is underway, which will enhance transportation infrastructure and connectivity with neighboring countries.<sup>3</sup> Overall, Rakhine State is a promising investment destination with immense potential in various sectors, driven by its strategic location, natural resources, and development initiatives. Among all foreign direct investments, China and India are mainly participating in the prominent projects- Kyaukphyu SEZ and deep seaport and Kaladan Multi-Modal Transit Transport Project which exist as the vital role in the region. The investment of two Asian rival powers in the Rakhine State and how these rivals are competing to settle down in the region will be described in this sector.

<sup>1</sup> Rakhine State Investment Fair, <https://www.investrakhine.com/>

<sup>2</sup> Rakhine State Investment Fair, <https://www.investrakhine.com/>

<sup>3</sup> Rakhine State Investment Fair, <https://www.investrakhine.com/>



## Profiles of China-backed Foreign Investments in Arakan

China's investments in Rakhine State, Myanmar, during the pre-coup era were primarily focused on the Belt and Road Initiative (BRI) and the China-Myanmar Economic Corridor agreement. The construction of the oil and gas pipeline was a significant strategic move for China, allowing it to reduce its reliance on the Strait of Malacca for transporting energy from the Middle East. Despite concerns about pipeline vulnerability during conflict, they are considered critical to addressing China's energy shortage and insecurity in the Southwest. In 2009, China National Petroleum Company (CNPC) and

Myanmar's Ministry of Energy invested USD 2.54 billion in the Sino-Myanmar oil and gas pipeline project, which became operational in May 2013.<sup>4</sup>

The gas pipeline was successfully transporting almost two billion cubic meters of gas by July 2014<sup>5</sup>, and the oil pipeline was completed in August 2014, improving China's energy security, and reducing its reliance on traditional shipping routes<sup>6</sup>. The gas pipeline has been operating without issue since then, transporting a total of 24.6 billion cubic meters of LNG to China and 4 billion cubic meters to Myanmar. The oil pipeline began operating in 2017 after a two-year delay due to fee disputes and has transported 25 million tons of crude oil to China since then.<sup>7</sup> The project had been going well before the coup, despite being halted during U Thein Sein's presidency.

One of the most famous and significant Chinese projects in Rakhine State is Kyaukphyu SEZ, which is located at the west coast of Rakhine State. To see the background of the project, it includes three components: a deep-sea port, an industrial park, and a housing development project. In 2014, Myanmar opened bids for the development of a deep-sea port and industrial park. In 2015, the government selected a consortium led by China International Trust Investment Corporation (CITIC) for the project, which has a total investment of USD 10 billion. CITIC plans to use a DBFOT model for the project, handling everything from design to transfer. However, the project has faced criticism for being a last-minute deal approved by the previous government without sufficient public discussion.

Critics argue that the size of the SEZ is unnecessarily large and could require significant borrowing from China, which could be a burden for Myanmar's economy.<sup>8</sup> Moreover, the Kyaukpyu SEZ has made significant progress in recent years, with several agreements being signed for the deep seaport project. On 18 November 2018, the framework agreement for the project was signed, followed by the shareholder agreement in January

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<sup>4</sup> SUN Yun, TOEP, "On the Yunnan-Rakhine Corridor", Policy Brief Series, No. 109, 2020.

Accessed: <https://www.toaep.org/pbs-pdf/109-sun-yun>

<sup>5</sup> Tenzing Chopel Sherpa, "Importance of Myanmar in China's Strategic Interest: A Case Study on Sino-Myanmar Oil and Gas Pipelines," 2016, p60.

<sup>6</sup> SUN Yun, TOEP, "On the Yunnan-Rakhine Corridor", Policy Brief Series, No. 109, 2020.

Accessed: <https://www.toaep.org/pbs-pdf/109-sun-yun>

<sup>7</sup> "Sino-Myanmar Oil and Gas Pipelines Achieving High-Quality Cooperation", [中缅油气管道实现高质量合作], People's Daily, 17 January 2020 (<https://www.legal-tools.org/doc/4tosx7/>).

<sup>8</sup> SUN Yun, TOEP, "On the Yunnan-Rakhine Corridor", Policy Brief Series, No. 109, 2020.

Accessed: <https://www.toaep.org/pbs-pdf/109-sun-yun>

2020<sup>9</sup> and the concession agreement in November 2020 which was just before the coup when President Xi Jinping made a visit to Myanmar<sup>10</sup>.

The news described that the project requires management of tenders for ESIA and PGTS surveys. The news at The Kyaukpyu SEZ management committee can learn from the success of Thilawa SEZ in achieving its goals<sup>11</sup>. The project is crucial to Myanmar-China economic cooperation and is aligned with the Belt and Road Project. It is expected to contribute significantly to the regional development of both countries. Myanmar Governments in different political eras expected the best benefits from those projects using different strategies. The stakeholders especially AA in the Rakhine State also welcomed the resource-based projects in the areas hoping to achieve the interests and opportunities for the local communities.

From August 27 to 28 in 2022, the Environmental and Social Impact Assessment (EIA/SIA) team led by the ‘Myanmar Survey Research (MSR)’ for the Kyauk-Phyu Special Economic Zone and Deep-Sea Port Project held a meeting with residents in Kyauk-phyu Township and Maday Island.<sup>12</sup> On October 27th, 2022, campaigners who were against a deep-sea port project supported by China, organized a protest in Kyauk-phyu Township, Arakan State. The protest took place in the Thanzit River close to Maday Island where the port is planned to be constructed. The campaigners demanded that the local fishermen be treated with respect and that the development of the project should be immediately stopped. They argued that the project was initiated without the

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<sup>9</sup>Global New Light of Myanmar, “SEZs are important to seek employment opportunities and techniques, and secure economic development of the country similar to that of neighbouring and other countries: Vice-Senior General, June 02, 2021. [https://www.gnlm.com.mm/sezs-are-important-to-see-employment-opportunities-and-techniques-and-secure-economic-development-of-the-country-similar-to-that-of-neighbouring-and-other-countries-vice-senior-general/?\\_cf\\_chl\\_jschl\\_tk\\_\\_=pmd\\_kD9Wpi8rIoBaDld0eDa9Sob9ehBkjpAQf\\_7\\_XGTy8Bc-1630224284-0-gqNtZGzNAtCjcnBszQXI](https://www.gnlm.com.mm/sezs-are-important-to-see-employment-opportunities-and-techniques-and-secure-economic-development-of-the-country-similar-to-that-of-neighbouring-and-other-countries-vice-senior-general/?_cf_chl_jschl_tk__=pmd_kD9Wpi8rIoBaDld0eDa9Sob9ehBkjpAQf_7_XGTy8Bc-1630224284-0-gqNtZGzNAtCjcnBszQXI)

<sup>10</sup> Nan Lwin, “Myanmar, China Sign Dozens of Deals on BRI Projects, Cooperation during Xi’s Visit,”.

<sup>11</sup>Global New Light of Myanmar, “SEZs are important to seek employment opportunities and techniques, and secure economic development of the country similar to that of neighboring and other countries: Vice-Senior General, June 02, 2021. [https://www.gnlm.com.mm/sezs-are-important-to-see-employment-opportunities-and-techniques-and-secure-economic-development-of-the-country-similar-to-that-of-neighbouring-and-other-countries-vice-senior-general/?\\_cf\\_chl\\_jschl\\_tk\\_\\_=pmd\\_kD9Wpi8rIoBaDld0eDa9Sob9ehBkjpAQf\\_7\\_XGTy8Bc-1630224284-0-gqNtZGzNAtCjcnBszQXI](https://www.gnlm.com.mm/sezs-are-important-to-see-employment-opportunities-and-techniques-and-secure-economic-development-of-the-country-similar-to-that-of-neighbouring-and-other-countries-vice-senior-general/?_cf_chl_jschl_tk__=pmd_kD9Wpi8rIoBaDld0eDa9Sob9ehBkjpAQf_7_XGTy8Bc-1630224284-0-gqNtZGzNAtCjcnBszQXI)

<sup>12</sup> <https://www.ispmyanmar.com/burmese/ispced-timeline2022/>.

agreement of the residents and had not addressed the concerns of the fishermen and residents living in the area.<sup>13</sup>

## Profiles of India-backed Foreign Investments in Arakan

On the other hand, India with its Look East Policy and Rebalancing Strategy towards China's influence in the region tries to target Rakhine State under various interests (strategic, security and economic objectives). India has its main investment in the area called Kaladan Multi-Modal Transit Transport Project. The Kaladan Multi-Modal Transit Transport Project is a key strategic initiative of the Indian government to improve connectivity and trade linkages with Myanmar.

The project aims to create a sea-to-land access route to India's northeastern region, connecting the Kolkata seaport with the deep-sea port in Sittwe, Rakhine state<sup>14</sup>The goal is to link this port with Mizoram State in Northeast India, with the transit route stretching over 539 km and connecting the Kolkata seaport with Sittwe port. India has invested heavily in the project, with the construction of the Sittwe port being a significant achievement.<sup>15</sup>The project was initiated through an agreement signed by Indian and Myanmar ministers in 2008, with work commencing in 2010<sup>16</sup>.

This ambitious project seeks to develop the region surrounding the Kaladan River in Myanmar, where it meets the Bay of Bengal at the port of Sittwe. The goal is to link this port with Mizoram State in Northeast India, with the transit route stretching over 539 km and connecting the Kolkata seaport with Sittwe seaport. The KMTT project has a budget of approximately US\$ 105.4 million, with the Indian government contributing US\$ 95.4 million and Myanmar expected to provide US\$ 10 million<sup>17</sup>. Myanmar has also

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<sup>13</sup>DMG, "Campaign seeks to put stop to Kyaukphyu deep-sea port", 28 Oct 2022. Accessed:<https://www.dmediag.com/news/deep-sea-port.html>

<sup>14</sup> Shamsuddoza Sajen, Rakhine is boiling again. Will we look away? The Daily Star, Thu Oct 27, 2022.<https://www.thedailystar.net/opinion/views/news/rakhine-boiling-again-will-we-look-away-3153781>

<sup>15</sup> Shamsuddoza Sajen, Rakhine is boiling again. Will we look away? The Daily Star, Thu Oct 27, 2022.<https://www.thedailystar.net/opinion/views/news/rakhine-boiling-again-will-we-look-away-3153781>

<sup>16</sup> Kyaw Min Htun et al., ASEAN-India Connectivity: A Myanmar Perspective, p-184.

<sup>17</sup> Arakan Rivers Network (ARN), "Kaladan Multi-Modal Transit Transport Project," Preliminary Report (Arakan Rivers Network (ARN), November 2009), p-2, [www.arakanrivers.net](http://www.arakanrivers.net).

committed to covering the expenses for land and security for all Indian workers.<sup>18</sup> The primary aim of the project is to improve cargo flow between Kolkata and Aizawl in Mizoram, using the Kaladan River for transport as well as land transportation options. This will facilitate closer ties between India and Myanmar and foster greater economic integration in the region.

The KMTT project has significant strategic importance for India, as it provides a direct trade route to Southeast Asia, bypassing the traditional sea routes through the Malacca Strait. This is of particular significance given the increasing competition for influence in the region from China, which has been investing heavily in port infrastructure throughout the Indian Ocean region. The KMTT project is also a key element of India's 'Look East' policy, which aims to strengthen economic ties with Southeast Asian nations. In October 2011, President U Thein Sein's visit to India marked the progress of the Kaladan Multi-modal Transit Transport Project, which aimed to develop a sea-to-land access route to India's northeastern region.

The visit was successful as both nations expressed satisfaction with the project's implementation, particularly the development of the port in Sittwe, and inland waterways. The discussion mainly focused on the earliest operationalization of the road component of the project and the opening of an additional Land Customs Station/border trade point on the India-Myanmar border. This initiative would facilitate the smooth flow of goods generated by the Kaladan Project, promoting trade and economic integration between the two countries.<sup>19</sup> Nevertheless, the stages of Kaladan project are left behind the running schedule although many deadlines are set and still missed where the original deadline for completion is in 2013<sup>20</sup>. India claimed that AA is the main reason for delaying the processes of the project targets. There are some instances that AA captured some Indians who worked at Kaladan project.

Moreover, India's relationship with the military junta in Myanmar has allowed for cooperation in targeting militant groups including the AA which has also been known to attack the Kaladan project. India has accused China of using the AA to limit India's presence in Rakhine, but the AA has shown a willingness to engage with India as a key protector of the region. As the military junta's control over Myanmar weakens, Indian

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<sup>18</sup> Arakan Rivers Network (ARN), "Kaladan Multi-Modal Transit Transport Project," Preliminary Report (Arakan Rivers Network (ARN), November 2009), p-2, [www.arakanrivers.net](http://www.arakanrivers.net).

<sup>19</sup> Ministry of External Affairs, Government of India, "Joint Statement on the Occasion of the State Visit of the President of the Republic of the Union of Myanmar to India," p-19.

<sup>20</sup> Sudha Ramachandran, "The Trouble with India's Projects in Myanmar –," para.9.



strategy analysts, including Subir Bhaumik and Praveen Swamy, have suggested that the Modi government rethinks its Myanmar policy and opens dialogue with the AA. This would be a departure from India's previous stance of only engaging with the Myanmar government and could lead to greater cooperation and stability in the region.<sup>21</sup> It remains to be seen how India will navigate its relationship with the AA and Myanmar in the face of changing political dynamics, but engaging in dialogue could lead to a more comprehensive and sustainable solution to issues in the region.

The Kaladan Multi-Modal Transit Transport Project aims to bring back agricultural and sea products from Rakhine State through Indian ships, which could potentially bring benefits to Myanmar. Additionally, new roads are expected to be built as part of the project, creating job opportunities for residents.<sup>22</sup> However, like worries happening by the residents, the project may also have negative impacts on the local community. With large ships passing through the Kaladan River, smaller boats may face difficulties and there is a risk of environmental damage. These potential consequences highlight the need for careful evaluation and management of the project to ensure that it maximizes its benefits while minimizing its negative impacts on the local community and environment.

## New Developments After the 2021 Military Coup

After the February coup in 2021, despite the complex political situations in the country, China and India have tried to maintain their relations with the stakeholders in the region in order to strengthen their infrastructural and development projects as well as Foreign Direct Investments (FDI) a China took the advantages of political complexity for accelerating its FDI in the region. The actions of Chinese foreign direct investments after the coup will be described.

As it can be seen that China is moving forward with its Belt and Road initiative (BRI) in Myanmar, despite growing resentment towards China in the country. Even amid the political turmoil, BRI projects are continuing, with the military junta's assurance. To further cooperation between the two countries, the junta has reorganized the working committees of several crucial developmental projects under the China-Myanmar

<sup>21</sup> M Shahidul Islam, "Rakhine: Where China meets India", The Daily Star, Oct 8, 2017. Accessed: <https://www.thedailystar.net/opinion/mayanmar-rohingya-refugee-crisis-rakhine-where-china-meets-india-1472947>

<sup>22</sup> BBC News, "ရခိုင်မှာ အပစ်ရပ်ပြီး ကုလားတန်စီမံကိန်း ပြန်စတင်ပြင်", ၇ ဒီဇင်ဘာ ၂၀၂၂. Accessed: <https://www.bbc.com/burmese/articles/c2jmxemrr8o>

Economic Corridor (CMEC) and is accelerating the planning and implementation of these projects.<sup>23</sup>

As India is the main competing power for China, its interests in the region are also directly based on what China is trying to achieve in it. Not only security interests, but also strategic interests are grabbing India to be a player in Rakhine State. Moreover, India with its rebalancing strategy of China is one of the main reasons why India is particularly interested in the region and trying to keep its occupations in it. Continuously before and after the coup, India's actions, and reactions towards Myanmar, mainly in the Rakhine State are not too different that it has tried to establish and accelerate investments and projects in the region.

To take back, it had faced a lot of struggles in implementing its main project, Kaladan Multi-Modal Transit Transport due to misunderstanding with one of the main local stakeholders, AA and therefore, the project had been delayed before the coup. Like China, India also tries to focus on its progress for investing in projects in Rakhine State, Myanmar after the coup. It can be clearly seen the moving forward steps of Asian power, India in the region.

Back to the project, currently, the Sittwe Deep Sea Port and Paletwa Deep Sea Port have been completed as part of the project. However, the construction of a 109.2 km long road from Paletwa to Myeikwa, which marks the Indian border, is still pending. In August 2022, the Palatwa region in Myanmar experienced an escalation in conflict between the Arakan Army and the Myanmar Army, leading to the suspension of traffic on the Kalatan River. However, the Army resumed transportation on December 3rd, 2022.<sup>24</sup> On December 4th, 2022, Indian Consul Mr. Jay Krishna and the Rakhine State Military Council held a meeting to discuss the stalled Kalatan River Comprehensive Project. During the meeting, an agreement was reached through the Rakhine State Council to resume the project.

According to the Rakhine State Council, the Indian government has facilitated an agreement between Myanmar and both countries to transform the Sittwe port from a bilateral trade port to an international trade port as part of the strategic Kalatan

<sup>23</sup>SREEPARNA BANERJEETARUSHI SINGH RAJAURA, “ Growing Chinese investments in Myanmar post-coup”, ORF, NOV 09 2021.

Accessed:<https://www.orfonline.org/expert-speak/growing-chinese-investments-in-myanmar-post-coup/>

<sup>24</sup> BBC, “ရခိုင်က ကုန်လမ်း ရေလမ်းအချို့အကန့်အသတ်နဲ့ ထပ်ဖွင့်”, ၄ ဒီဇင်ဘာ ၂၀၂၂.

Accessed:<https://www.bbc.com/burmese/articles/c979nevqd8ro>

project.<sup>25</sup>The launch date of the new Sittwe Port is yet to be determined, but according to U San Shwe Maung, a member of the Arakan State military council and the Arakan State minister of commerce, once the port is operational, it will be beneficial for trade between India and Myanmar. U San Shwe Maung also noted that people in Arakan State have been trading for centuries, dating back to the Mrauk-U and Waithali eras when commodities from all over the world were transported to Mrauk-U and shipped back to the rest of the world. Therefore, the port will undoubtedly be advantageous for the people.<sup>26</sup>

Under the KMTT project, the Paletwa-Zorampuk highway construction project, which had been stalled for two years due to regional instability and other reasons, is set to resume with five tendering companies, and it is expected to be completed within five years. The Palatwa-Zorampura road is located in Chin State, and the project manager of Su Htoo Standard Company, U Lwin Ko Ko Aung, has confirmed that the road is 109 kilometers long and 27 feet wide, stretching from the Paletwa Township wharf to the Indian border. The construction of the Paletwa-Zorampuk road by the five tender-winning companies, namely Su Htoo San Company, K&DL Co., Shwe Mann Co., Future Creator Group Construction Company, and Htet Shine Linn Co., Ltd, began on December 25, 2022. Indeed, the Kalatan River Multipurpose Development Project was signed in 2008 between India and Myanmar, and construction of the Palatva-Zorampura highway, which will connect Palatva to Mizoram, India, commenced in 2018.

However, the construction was halted in 2020, after about two years, due to regional instability and other reasons.<sup>27</sup>By the end of 2022, reconstruction of the road was initiated. Now, the project is restarting again, and the local community hopes good benefits from that. There are also good comments from the Arakan Army related to the Kaladan project that AA is not against the Kaladan River development project, as long as it is beneficial for the people of Rakhine. This project has already received approval from both the governments of Myanmar and India. Additionally, organizations involved in

<sup>25</sup> BBC News, “ရခိုင်မှာ အပစ်ရပ်ပြီး ကုလားတန်စီမံကိန်း ပြန်စတင်ပြင်”, ၇ ဒီဇင်ဘာ ၂၀၂၂.

Accessed:<https://www.bbc.com/burmese/articles/c2jmrxmrr8o>

<sup>26</sup>DMG Newsroom, “New port in Sittwe to open soon, says Arakan State military council member, 28 December 2022. (Accessed:<https://www.dmediag.com/news/kld-prj-st-hb.html>)

<sup>27</sup> DMG, “ကုလားတန်စီမံကိန်းထဲမှ ပလက်ဝ-ဇိုရမ်ပူကားလမ်း ပြန်လည်ဖောက်လုပ်နေမှုကို ၅ နှစ်အတွင်း အပြီးဆောင်ရွက်မည်”, ဖေဖော်ဝါရီ ၉, ၂၀၂၃.

Accessed:[https://m.facebook.com/story.php?story\\_fbid=pfbid0mPCfDmoTHCwUAVwkWnyH4dSZf1AcSGwe4gT5moUCQPYVSqGfUEGNPXmDbjPkpumFl&id=466648543487562&mibextid=Nif5oz](https://m.facebook.com/story.php?story_fbid=pfbid0mPCfDmoTHCwUAVwkWnyH4dSZf1AcSGwe4gT5moUCQPYVSqGfUEGNPXmDbjPkpumFl&id=466648543487562&mibextid=Nif5oz)

the project have been actively communicating with the AA to gain their support<sup>28</sup>. By seeing this, India moved into a way of negotiating on local stakeholders in the region by neglecting the past. These will help both India and the region to achieve the win-win interests.

Both China and India have been moving towards their targets in the region before and after the coup. However, their movements and actions are changing based on the conditions of the local political situation. Compared to the situation before and after the coup, China's steps in Rakhine State have been accelerated more than Myanmar was under NLD governance and China also has maintained its good ties with SAC and with local stakeholders, mainly AA. India as the rival power to China also tries to increase its presence in the region since previous governments before the 2021 coup. However, it needed to keep its good relationship with local stakeholders in the region in order to achieve its main goal, the KMTT project which will bring benefits for India's northeastern areas and its nation.

Compared to its steps before and after the coup, India's approaches are a bit different from the past as it gravitates with local kingmaker AA after it had a bad history with it related to the Kaladan Project. AA, one of the most important stakeholders in Rakhine State should have to focus on its local community's stability and benefit as first priority while the region is under the power competition and strategic focus of these rivals. The Arakan dream should be the best by figuring out the foreign direct investment and the profits generated from these investments. As described in the article written by Aung Tun in the Arakan Dream in Post-Coup Myanmar, "though Rakhine State is among the poorest regions in Myanmar, it is the recipient of multi-billion-dollar international investments, such as projects under the auspices of China's Belt and Road Initiative (BRI)<sup>29</sup>.

The results of these investments will depend on the political options that the AA is now pursuing." The statement is accurate in acknowledging the current complex political landscape in the region. As the actions of local stakeholders will heavily influence the political condition of the region, it is likely that both positive and negative outcomes will

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<sup>28</sup> Khonumthung media Group, "ကုလားတန်စီမံကိန်း အကောင်အထည်ဖော်ဆောင်မှုကို AA အားပေးနေ", Monday, June 20, 2022.

<sup>29</sup> Aung Tun, "The Arakan Dream in Post-Coup Myanmar", ISEAS, 2022.  
Accessed:<https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/2022-71-the-arakan-dream-in-post-coup-myanmar-by-aung-tun/>

result. The benefits derived from the region's resources and strategic location will be dependent on how these stakeholders navigate the political complexities at play.

## **Perspectives of the Key Stakeholders: Leaders of Political Parties and Civil Society Organizations, Media agency and Local Community Members**

In this section, the opinions and perspectives of various key stakeholders concerning the foreign investments of China and India in the Arakan region are going to be mentioned. These actors include leaders of the Rakhine political parties such as Arakan League for Democracy (ALD), Arakan National Party (ANP) and Arakan Front Party (AFP) in addition to the responsible persons from the key civil society organizations, media agency and individual member of the community in Paletwa, Sittwe, and Kyaukphyu townships where both China and India backed projects exist.

The questions interviewed by the CAS team members to the respective stakeholders are also diverse and comprehensive based on the identity of the individual organizations and respondents. These questions generally include their policies toward the foreign investment, their perceptions on the continued implementation of the projects, pros, and cons of the investment on the local population, relevant strategies and tactics to approach the issues and their expectations and perceptions on the foreign investment environment in general.

The following are short profiles of the interviewees contacted by the CAS team.

- Kaung Mrat Naing: Founder and editor, journalist from Border News Agency (BNA). BNA was established on August 8, 2020, in commemoration of the 8888 movement, a significant popular uprising in 1988. Originally known as Boundary News Agency, the name was changed to Border News Agency a year later for branding purposes.
- A Key leader of a local Civil Society Organization based in Kyauk-Phyu. The organization focuses on community development, particularly in socio-economic improvement, healthcare, education, and environmental development.

- The director from a key local Civil Society Organization based in Sittwe. The organization is actively engaged in various initiatives aimed at enhancing the well-being of the community, such as socio-economic development projects and emergency response efforts to address the challenges faced by residents.
- Ko Tun Kyi: Secretariat of Kyaukphyu Rural Development Association (KRDA), founded in 2014. KRDA primarily works towards local development and represents the voices of the people in Kyaukphyu. They also advocate for the rights of individuals living in areas affected by Chinese projects in Kyaukphyu.
- A key leader from Arakan National Party (ANP): A political party in Myanmar representing the interests of the Rakhine people in Rakhine State and Yangon Region. Founded on January 13, 2014, the ANP was registered with the Union Election Commission on March 6, 2014.
- Dr. Aye Maung: Arakan Front Party (AFP). The AFP is a political party in Myanmar that advocates for Arakanese self-determination. Founded on October 11, 2018, by Dr. Aye Maung, former chairman of the Arakan National Party, the party includes colleagues such as his son Tin Maung Win.
- A key leader from the Arakan League for Democracy (ALD): A political party active in Rakhine State, Myanmar. The ALD was founded in September 1989 in Yangon and registered with the election commission in October 1989.
- An Ethnic Chin from Sittwe: He is a young local resident from Sittwe, where the India-backed project is located. This individual possesses insights and perspectives based on the local community's pros and cons regarding the project.
- An Ethnic Chin from Paletwa: He is a local resident from Paletwa, where the India-backed project is located, actively involved in local community development and a member of a local Civil Society Organization.
- An Ethnic Rakhine from Kyauk-phyu: He is a local resident from Kyauk-Phyu, where the China-backed projects are located. This individual has a strong and active understanding of the projects, coupled with extensive experiences related to them.

## Policy Stands of Different Rakhine Based Political Parties

Firstly, when it comes to the party policy toward the foreign investment, the three key Rakhine political parties are also different. A leader of the ALD said.

*“For the party, we don't want to say what we desire or not. The Arakan people want to manage their own resources, their water and land. This is not different from our party's policy. We don't want to stop them (China) from doing it.”*

*“This is the attitude of the party in China. The party doesn't like what China does together with the junta without showing it openly to the public.”*

More importantly, he also added that they are less familiar with Indian investments. But, regarding Chinese investment, this matter is discussed a lot in the party.

However, the founding leader of the Arakan Front Party (AFP), Dr. Aye Maung answered differently, and claimed that according to the existing 2008 constitution, they can only say that the foreign investment made in Rakhine State is foreign investment made in the Union of Myanmar. And, as the party is only representative to a region. Therefore, there are policies defined by the 2008 constitution and there are special laws for economic zones, he added.

According to the AFP leader,

*“Even though political parties have the right to say beyond these rules, according to the law, it is managed by the relevant government ministries, the federal government, and the state governments. This is about the current situation”.*

*“Regarding investments in Rakhine State, we are following those rules according to the current situations. The parties related to Rakhine State have to go through the frameworks that are here.”*

However, a key Arakan National Party (ANP) leader noted on the similar issue as the following: he said that the current situation in Rakhine is a situation where employment opportunities are lost, and it is underdeveloped. For that reason, he said he can see that foreign investments are necessary to be able to catch up with the development status of the international community. The party has established policies to ensure that all ethnic groups in Rakhine State have the opportunity to fully enjoy the natural resources in Rakhine State. According to ANP leader,

*“However, there is very little transparency regarding foreign investment in Rakhine State. The authority of the Rakhine State government is limited, so it can be said that it is not a situation where the activities should be managed effectively.”*

*“Because of that, if we were to talk about international investment in terms of the party, there is still a situation where we can say that we accept it in principle. We still need to analyze whether the interests of the people of Rakhine can be benefited or not depending on Myanmar's current situation and operations.”*

Therefore, in analyzing the local parties' views and policies, the ALD, an older and more pro-democracy party, is not fully supportive of Chinese investments, but they do not want to stop them either. A relatively new and active party, the AFP, however, views that foreign investments in Rakhine State are managed according to the constitution and special laws for economic zones. Another key party, the ANP, denotes foreign investments as a necessary one for the state's development and has policies to ensure equal access to natural resources for all ethnic groups. However, there is a lack of transparency in foreign investments in Rakhine State, and their benefits to the people of Rakhine need to be further analyzed.

## **Will the Projects Be Beneficial for the Local People?**

Apart from these perspectives of the key electoral political parties, the perspectives of the civil society organizations are more homogenous but comprehensive. Their perceptions are also asked on how they see the policies and actions of the other political and social actors on the foreign investment issues in Arakan.

Firstly, a well-known CSO leader from Sittwe, Rakhine State capital said when asking about the potential impacts of the foreign investments on the local population as the following.

*“Related to the employment opportunities for local people, there are economic opportunities, but those jobs are just low paid ones.”*

*“When China came to build a project in Kyauk-Phyu, they took all kinds of workers including cooks. What I want to say is that even though there are employment opportunities for the locals, the laborers only have to do minor jobs like security, car-driver. They only get such opportunities. The economy of the local people has not improved due to these projects.”*



There are also many other harming environmental negative impacts on the local community especially due to the arrival of oil tankers. As a result, fish resources and fishing areas are decreasing, he added. Another interesting and deeper angle is presented by a local political analyst and civil society leader, Ko Tun Kyi. He gave comments related with opportunities and challenges posed by both Kyauk-Phyu seaport by China and Kaladan Project by India as the following:

*“The Chinese port is bigger, since it is planned to spread over more than 100 countries and pass through more than 80 of these countries, many other ports have also been prepared. That’s why the Chinese Kyauk-Phyu deep seaport project is not as easy as it seems for the people.”*

*“Compared to Sittwe Port, it can be said that Kyauk-Phyu Port is a less profitable project for the Rakhine people. As a result, Kyauk-Phyu Port has more negative effects. The oil tanks keep falling, and there are oil leaks. There is also a waste from the oil storage facility. Last week, there were mass deaths of clams. It is not possible to investigate in this country how much it is related to the loading of oil and cannot sue foreign companies and so, Kyauk-Phyu port is more dangerous.”*

This analytical stand also seemed to be proved stronger when the CAS team interviewed another CSO leader from Kyauk-Phyu township. He said that according to his experience, most of the projects in that area of Kyauk-Phyu affected the public more. Because when the project is implemented, the dictatorial rulers decide and implement it. And there is disregard and disrespect for the public interest. Also, it is very weak in taking responsibility related to the effects of the project on the people and problem solving.

*He continued,*

*“Because of these issues, most of the projects implemented so far have done more harm than good to the people. On the other hand, there are some implementations under the project. For example, the Yangon-Kyaukphyu highway appears.”*

*“The main power line came to Rakhine state. These actions are intended more for their projects and networks than for the public. It has become more convenient than before in some places. But on the other hand, there are many local people who are affected. For example, there were land confiscations and destruction of jobs and traditional industries.”*

Beyond the civil society perspectives, the prominent local Journalist, Ko Kaung Mrat Naing from Border News Agency (BNA) said that foreign investments started in Rakhine State are hardly good for the Rakhine people. There are only negative effects. Due to foreign investment in Kyauk-Phyu, local residents face losing their farmland. At the same time, the natural environment is being destroyed. When there are no international standards in Myanmar, foreign investment does not benefit the local people.

He added,

*“They (foreign investors) say that because of the Kaladan projects, the flow of goods between India and Rakhine will improve. However, when the project was made, the local people were only allowed to work as low-level workers. Later, they were not even allowed to work as low-level workers.”*

*“Now, the local people don’t even have access to the Indian project. Another thing is that the government doesn’t have specific and strong trade policies to directly connect Rakhine with India where there is central control. I don’t see any official release related to that. Because of that, it can be said that foreign investment has no benefit for the people of Rakhine from now on.”*

More importantly the local community members from Sittwe, Paletwa and Kyaukphyu have their own perspectives and expectations regarding the implementation of these foreign investments. A Chin ethnic resident from Sittwe said his position on the Kaladan project.

*“Everything has both positive and negative aspects. The negative aspects include the appointment of project staff and workers from areas outside proper Burma, resulting in local people being compelled to work in low-paying jobs. Moreover, job opportunities are scarce.”*

*“On the other hand, the positive side is that we will have the opportunity to export local goods and products to India. Additionally, with China-backed Kyaukphyu, large foreign ships will be able to dock, leading to a decrease in the price of general commodities. In my opinion, the positive aspects carry more weight.”*

*This same question is also answered by a local Rakhine ethnic resident from Paletwa township as the followings.*

*"Among the impacts, the first thing to consider is the positive aspect. By implementing this project, the finished products produced by our local people in this area will greatly profit from the improved communication. The prices will also be better, and it will provide employment opportunities for the unemployed individuals, which is an inevitable (good) consequence. However, there are adverse effects as well. Being a large country, they will act based on their country's perspective, leading to negative consequences. Moreover, crossing this border may result in human trafficking."*

*"Another concern is the abundance of trees and teak in the Palatwa region. When constructing this road, they took ownership of the land, which could lead to wood smuggling and other related issues. It is essential to ensure the enforcement of laws to mitigate potential harm. If there is a proper rule of law, the benefits can outweigh the drawbacks."*

A perspective related to the difference between the two projects is mentioned by a local Rakhine ethnic resident from Kyauk-phyu.

*"From my point of view, I see that the Kaladan River project is more advanced. Because India consistently does that project at Sittwe. I think that compared with China's deep seaport project; the damage will be less. Because of that, I saw that when they worked, they came forward."*

## **Are the Views of Political Parties' Leaders Different on this Issue?**

When addressing this question regarding the potential positive and negative impacts of the foreign investments, the responses are slightly different. The same representative from the ALD said,

*"There were no good things during the Shwe gas project period. There are environmental problems. Nothing about job opportunities. China lacks care for residents. The junta and U Thein Sein's government did not stand on the side of the people."*

*"Anyway, the cities in Rakhine State got electricity and it was good. To look at the whole process, there is no care for the residents. Later, the local people got a chance. It has become comfortable to a certain extent, but it needs to be much more comfortable in future."*

A deeper perspective is mentioned by the ANP leader on this issue as the following: He said,

*“The people in the Rakhine region depend on nature for their livelihood. For those people, foreign investments have affected their careers. There are damages on them. For this reason, the projects made by foreign investments should be done systematically so as not to cause suffering to the public and to prevent the loss of employment opportunities for the people. It is necessary to work out ways to help solve livelihood difficulties.”*

He also remarked that he has taken into consideration the possibility that other individuals may hope to benefit from foreign investments. Additionally, he observed that, up to this point, the responsible parties involved in the foreign investment project and the organizations handling the issues have not been transparent in their communication about the situation. Furthermore, he believes that these responsible parties are not fulfilling their duties adequately, which could lead to dissatisfaction among the residents, he concluded.

However, a very deviated opinion is described by a renowned politician, Dr. Aye Maung when he said,

*“Any foreign investment is good if it is beneficial for the Rakhine region and Myanmar. The government has a lot of responsibilities for this issue. According to the constitution, the federal government has the duty to coordinate with the relevant state governments to improve investment and make improvements for the benefit of residents.”*

*“There is no international investment that does not benefit Rakhine people, directly or indirectly it gives benefits. It will be different from less and more.”*

By hearing the voices from the local stakeholders, it is clear that they are really worried about the investments among the opportunities and challenges that the local people have to face. Most of the people from the CSO and NGOs believe that the projects will do more harm, less good for the community as there is low transparency and different interests of the Union Government.

They also believe that the headlines of the project will do whatever it takes to do without caring about the public. It has proven that the community-based voices are mixed with the fear of the conflicts among the local players based on the investment, besides they are worried about the pros and cons coming out from the projects. Therefore, the residents of Rakhine state protested that they did not want the Kyauk-Phyu deep seaport project, which is a key project of the China-Myanmar Economic Corridor project.

They protested with signs saying that the deep seaport project was harming the fishing industry of the local people and that it should stop immediately and respect the local people. It is said that the fishing blocks and fishing nets are damaged due to the large ships digging underwater without asking the locals about their wishes, and the fishermen are no longer able to catch fish.

## Opinions toward the Roles of the ULA Leadership on Foreign Investments

As ULA/AA and local parties are one of the main stakeholders in Rakhine State and so, it is important to consider how ULA/AA and these parties are acting and approaching the investments made by China and India. Regarding this issue, a responsible person from the ALD commented that.

*“I don't know what the relationship between ULA/AA and China is. I don't know what ULA/AA's policy is regarding Chinese investment. ULA/AA did not say anything about China's land and mangrove issues. I don't see anything being done. So, it's hard to answer.”*

*“There is no control by the ULA/AA in this area. After this, when I was going to collect an assessment at the place where the deep seaport was going to be built, they stopped me because I didn't inform ULA/AA. Therefore, ULA/AA is only stopping the assessment team. There is nothing else.”*

However, the answer for this question by the AFP leader, Dr Aye Maung is quite indirect. He described,

*“In Burma, for more than 70 years, we haven't yet seen any organizations that have achieved their goals. This is the status quo. What is doing and also what the ULA/AA can only answer. Under the current situation, they have some military success. There is also popular political support.”*

*“In terms of foreign investment, China targets Kyauk-phyu and India targets Sittwe. Then, Russia may target Thandwe in the future. The rising geopolitical value of Rakhine is leading to military tensions. So, in terms of geopolitics, the Rakhine coastal region is important for both the Burmese Army and also ULA/AA.”*

More interestingly, there is also a quite strange response from the key ANP leader regarding this issue. He said,

*“I think it would be better to ask ULA/AA about their position. I don't want to answer this question.”*

Beyond the perspectives of these three key political actors toward the stand of the ULA leadership, additional opinions stemming from the civil society sector caused the issue to be more comprehensive as they are also asked more about the positions of the political parties as well.

With a CSO leader, he stated that *“ULA/AA's stand seems unclear. It is not clear whether these projects are acceptable or not. There will be various connections. But what a clear position is yet to be seen.”*

He continued that *“As for the political parties, the position of each party is not clear. And even if the party members and the regional party representatives are from the same party, they have different positions. It is not clear how each party stands on this project.”*

Ko Tun Kyi also claimed that.

*“The current political parties in Rakhine have no principle and value. They are just election contestants and nothing more than the situation of being one or two MPs. They don't have specific principals who have a political position.”*

Related with the political role of the ULA, he added,

*“At upcoming projects and current projects, ULA's role cannot be forgotten internationally. It is a calculable situation that countries that are particularly powerful and think of working together with the military need to recognize the role of powerful armed organizations in the region.”*

On the other hand, Ko Kaung Mrat Naing from the BNA also expressed his views on ULA/AA and parties.

*“As ULA/AA, they are the official government regarded by the Rakhine people. If they believe that they really want to benefit the people of Rakhine State, they need to have specific and strong policies regarding foreign investment. No matter how powerful the foreign investor countries are, if they have to stop, they have to say clearly that we have to stop. It should be pressured to show the pros and cons of this project in an open and transparent way.”*

When it comes to the role of the political parties, he replied,

*“There is no way that they (political parties) have represented all the people of Rakhine since the beginning. It is not the case that the interests of the Rakhine people have been taken to such an extent. As soon as the military says a coup d’état, the political parties no longer have a role in whether the coup is successful or not.”*

In line with another CSO leader, he viewed that currently, he does not see that the political parties can do anything about the projects. He also does not think the parties and CSOs are doing enough. Moreover, it is difficult for him to focus on the impact of the ULA/AA movement on these foreign investment environments, he added.

Different tones of opinion are also presented by the various local community members regarding the role of the ULA/AA as the following. A local Rakhine ethnic resident from Kyauk-phyu said.

*“The role of ULA is very important in this case. As they have power and control in some parts of Rakhine State, and they have the ability to do so. I think they firstly need to search the ways they can provide for the people and what are necessary things in order to approach both countries after carefully examining the real needs of the people.”*

A more interesting perception is highlighted by a local Rakhine ethnic resident from Paletwa.

*“I think currently the ULA can represent the people from the Paletwa area as well. But it is not 100 percent because there are still many weaknesses of the ULA on the ground. If they try to bully other ethnic people, their credibility will be reduced. It will be great if the ULA can help the local people to get more jobs. They should also negotiate with the junta military concerning the road construction here because it is the key for better transportation and communication.”*

## **What Kinds of Changes Do They Want Over Foreign Investments in Arakan?**

As one of the key objectives of the current observation report is not just to describe the current situations but also to prescribe the possible policy changes in the investment environment of Arakan, the CAS team also asked the respective research participants

regarding their policies or desires on the future of these projects. Firstly, a systematic perspective is mentioned by a CSO leader from Kyaukphyu.

He said,

*“There are three key things I would like to advise. The main thing is balance. Not only the benefit of the investors, but also the people. As for the affected local population, we all want to benefit equally. Another thing is transparency. What is being done in the project needs to be transparent.”*

*“The other one is responsibility. It is also for the junta military council, other forces working for power. Whether it's the investors or the people who are in the process of this project, they want to take responsibility according to their respective sectors. Whether it is good or bad, there must be something to solve it. I think these projects will be good projects if the impact on the public and the environment is as low as possible, and the benefits can be enjoyed fairly.”*

Then, Ko Tun Kyi presented a slightly different but political idea on the future of the foreign investment as the following.

*“Mainly, I think it would be the best if we can play between the power rivalry of these two regional countries even if the ULA/AA is not recognized and supported internationally as an official government. Another one is to pass ULA/AA's approvals related to investment projects in Rakhine State.”*

*“I can see that if we work with this kind of permission, it can become a smoother project. On the other hand, the necessary political landscape, economic development, and the local people's needs will also be fulfilled under this situation.”*

A Paletwa resident expressed his personal experience on the Kaladan project construction as the following.

*“The main thing I would like to suggest is that since it is a foreign company, they should not treat the public in oppressive ways, like giving low salaries to the local people. What we heard were workers from central Burma areas, for example, when they were first contacted, they were told to be paid 5 lakhs but in reality, they just received 3 lakhs. I would recommend not doing that kind of action.”*

Apart from these opinions in the civil society sector, the future political aspirations of the respective political party leaders are also worth noting.



Firstly, the leader of the ALD explained,

*“Our party's policy is that we create our own destiny. But we can't cooperate with the military council at all. We want to make it so that our local government can deal with the issues in our region. It does not mean that the military-appointed state government should handle this issue. I see this is quite important because we want to achieve a federal democracy.”*

The key leader from the ANP said a broader and more comprehensive perspectives on the future of foreign investment as the followings.

*“If we have the rights to make our own decisions regarding foreign investments in Rakhine State, in both the activities of exploration of natural resources and in projects implementation related to foreign investment, we will develop mechanisms that allow people to participate in decision-making in various sectors in cooperation with the representatives working in the respective sectors. Because when you use your natural resources from your land, there is a harm to the environment.”*

*“There are always losses. If there is such an environmental conflict, it may affect the people who depend on nature in the region and seek food for their survival. If local people lose their job opportunities due to environmental damage, we will find replacement job opportunities. And I think it is important to let the people of Rakhine fully feel the benefit of the projects made from foreign investments.”*

Moreover, a more concrete and bolder plan is also highlighted by the AFP leader Dr Aye Maung. He said,

*“If the party has the right to manage Rakhine State's affairs, the Kyauk Phyu project will be implemented as soon as possible to develop it into a great seaport. We will approach the Central government to allocate 5 percent of the total 15 percent benefits from the Kyauk-Phyu project to the Rakhine state government. When projects are undertaken in Rakhine or Mon State, it becomes the responsibility of the federal government to ensure that the local population benefits from these initiatives.”*

*“The benefits of the Kyauk-Phyu port should not be limited to the locals of Kyauk-Phyu alone but should extend to the entire union. Additionally, it should also bring benefits to China. If a specific party is to take over the management of Rakhine State's affairs, a broad vision is necessary.”*

Regarding the future situation of the India backed Kaladan project, he views somehow differently.

*"The Sittwe plain area holds significance for Mizoram and Assam in the northeastern region of India. The role of ULA/AA is crucial for maintaining stability in the Sittwe plain, and I don't need to elaborate on its significance. When it comes to political parties, there are existing laws and frameworks that must be adhered to. It is essential to follow these laws."*

*"We should actively seek foreign investments, and for that, it is necessary to remain calm. Considering the current situation, the responsibility to resolve the political crisis rests upon every citizen."*

Because of the above-mentioned opinions, the locals in the areas are also worried about the environmental impact and clearance about benefits besides they expect and see good opportunities from these projects.

## Conclusion

In the case of China, while its investments in Rakhine State aimed to enhance energy security and promote economic cooperation, the projects have faced criticism for the lack of public involvement, potential economic burdens, and environmental and social impact concerns. Moreover, there are also some aspects from people that China has ignored on the local voices although it has strong relations with local stakeholders and powers. Therefore, these concerns and issues highlight the challenges associated with large-scale infrastructure projects like China-backed projects in the region and the importance of considering the interests and concerns of local communities in such endeavors.

Concerning the foreign investments of India, it has been observed that the country had been somewhat hesitant in its engagement with various non-state armed groups and electoral political parties within Myanmar. New changes after the 2021 military coup in Myanmar, however, bring a more constructive perspective. Despite this perceived delay, interviews have revealed that the local community still holds hope for a more positive and proactive approach from India towards local stakeholders. They express optimism regarding India's Kaladan Project, seeing it as a potential source of substantial benefits for the people in the region.

For the overall view on both China and India's projects, with particular emphasis on China's operational projects in the region, it is crucial to address any potential environmental and social impacts that may arise. Adequate measures must be taken to mitigate these impacts and minimize any negative effects on the local community and the surrounding ecosystem. This includes careful consideration of issues such as deforestation, pollution, and displacement of local communities. Furthermore, the success of these initiatives hinges upon various factors, such as effective implementation, sufficient funding, and the establishment of robust and sustainable infrastructure. Moreover, it is of utmost importance to ensure that local communities are actively consulted and involved in the planning and implementation of these projects.

Regarding both investments from China and India, the local parties, driven by their strong commitment to the welfare and interests of the people, have also expressed a desire to engage more with India than China. They draw upon historical experiences that suggest China's projects in the region have provided fewer opportunities for the local population. While it is acknowledged that all states prioritize their own interests, it is crucial to strive for win-win solutions in project-based cases that benefit both sides.

In assessing the role of the United League of Arakan/Arakan Army (ULA/AA), the local community eagerly awaits its leadership and management in projects related sector despite challenging factors associated with China's projects in the area. Some members of the local community see this as an opportunity for the ULA/AA to strike a balance in their relationship with China and India, considering China's current reputation as a more pragmatic and reliable major partner compared to India. Taking a long-term perspective, it is argued that Rakhine State needs to focus more on its adjacent borders in order to protect and promote its region's interests. By doing so, the ULA/AA can gain more influence in decision-making processes related to the development and governance of the region.

Perspectives of CSOs and residents reveal a complex picture of the impacts of foreign investments in Arakan. While there are some potential benefits, such as employment opportunities and improved communication, the overall perception is one of dissatisfaction due to low economic benefits, environmental degradation, and a lack of accountability in project implementation. Taking into account the viewpoints from the key stakeholders interviewed in this report, the following key points should also be considered regarding the future changes in the investment projects.

- Balance and fairness: Stakeholders emphasize the importance of balancing the benefits for investors with the well-being of the local population. They want equal distribution of benefits and a focus on minimizing negative impacts on the public and the environment.
- Transparency and responsibility: There is a strong demand for transparency in project activities. Stakeholders expect investors, as well as the junta military council and other power-holding entities, to take responsibility for their actions. They want issues to be addressed and solutions provided, regardless of whether they are positive or negative.
- Political considerations: Some stakeholders suggest leveraging the power rivalry between regional countries and seeking approvals from relevant political entities to facilitate smoother project implementation. They believe that aligning with political dynamics and meeting local needs will contribute to economic development.
- Fair treatment of workers: Concerns are raised about foreign companies providing fair treatment to local workers, including offering reasonable salaries and avoiding oppressive practices. Stakeholders expect investors to respect the rights and well-being of the workforce.
- Political aspirations: Political party leaders express their desires for local governments to handle regional issues and work towards achieving a federal democracy. They advocate for decision-making processes that involve people's participation and prioritize the well-being of local communities.
- Environmental and social considerations: Stakeholders highlight the importance of addressing environmental conflicts and minimizing harm caused by resource exploration and foreign investment projects. They want mechanisms in place to protect the environment, provide alternative job opportunities, and ensure local communities fully benefit from the projects.
- Clear communication and public support: It is crucial to clearly communicate the benefits, environmental impacts, and public advantages of investment projects to local communities. By doing so, stakeholders believe that the projects can garner public support and bring positive impacts to the region.

Overall, the potential benefits of these projects could be significant, not only for Rakhine State but also for the wider region. However, it is important to ensure that these initiatives are pursued in a responsible and sustainable manner, taking into account the needs and concerns of local communities, as well as environmental considerations. While the accountability of the public interests requires transparency along the process of the

project implementation, enhancing more space for the public participation should be the key for any other foreign investment projects in Arakan.

### **About Center for Arakan Studies (CAS)**

The Center for Arakan Studies (CAS) is an independent, nonpartisan, and research-oriented institution established by a group of Arakanese youths who are journalists, political analysts, researchers, social workers, and activists. The Center aims to conduct research collaboratively with other institutions and organizations, and independently undertake research about human rights, political, economic, and social dynamics in Arakan, and issues to Arakan affairs in Burma and beyond through analysis and recommendations in favor of policy change and common solutions.

Contact – [info@arakanstudies.org](mailto:info@arakanstudies.org)