

# CHAPTER I

## INTRODUCTION

### A. Background

Myanmar is one of the developing countries that located in Southeast Asia which until now controlled by the military junta. After gaining their independence from Britain in 1948, Myanmar government formed the Republic of Union of Burma with Sao Shwe Thaik as the first President. Myanmar is the second largest country in ASEAN after Indonesia with a population of about 60 million people. Myanmar economy is based on agriculture and functions mainly on cash and barter systems. The main industries are controlled by the military run by state enterprises. Every aspect of economic life is absorbed by the black market, where price reactions have skyrocketed against official price controls since 1989. SPDC (State Peace and Development Council) open market economy policy has brought a flood of foreign investment in oil and gas. Myanmar is more dominated by ethnic Burmese that is ethnically close to Tibet and China. Other ethnicities such as Karen, Shan, Rakhine, Kachin and other smaller ethnic groups pose a security threat in the country and are associated with separatist movements (Win, 2008).

In terms of population, Myanmar is multiethnic country, that 70% of population are ethnic of Burma, Bamar, Shan, Kachin, Kayin (Karen), Kayah (Karenni), Chin and Mon. from those various ethnics, there is a group of Muslim Rohingya that including minority group that stays in the Arakan area, which directly borders Bangladesh. In terms of religion, although 75% of the population are Buddhist, there is also Christian, Islam (20%), Hindu and animism in Rohingya. And even half of the data are indicated that more than 40,7% people in Rakhine are Muslim. But in the reality, the relation between those are religions is not good (Yumitro, 2017).

After gaining their independence, the country has many ethnic acts of violence that led to conflict. One of them is the conflict of ethnic Rohingya in Myanmar that occurred from a few and even hundred years ago and still happen until today is one of the biggest conflicts, especially in the Southeast Asia area. There is some escalation conflict in Myanmar toward ethnic of Myanmar. In 1942, the government of Myanmar provoked Buddhist in Arakan until big conflict occur that caused 100.000 people of ethnic Rohingya were killed and hundreds of thousands fled to East Bengal. Then in 1949, the conflict that triggered by Burma Territorial Forces (BTF) occurred again by killing thousands of Muslims and hundreds of homes and mosques destroyed. On some occasions, some Rohingya even becoming minister of Myanmar's cabinet in the period 1940 – 1950. In 1962, after Myanmar's independence, there was a coup d'etat in Myanmar by General Ne Win against President Aung San, followed by a military operation against the Rohingya known as Operation King Dragon (Dragon Min), and also Myanmar's political system turns into more authoritarian. In 1978 which resulted in 200.000 people fleeing to Bangladesh and neighboring countries others (NN, 2016)

In an official manner under the Myanmar Citizenship Act of 1982, the government did not even recognize Rohingya as part of the race in Myanmar. This is evident from the statement of Myanmar's Foreign Ministry that there are 135 races living in Myanmar now. The Rohingya do not belong to any of these races. According to them, the Rohingya is an illegal immigrant. Even more, their existence is not recognized, ethnic of Rohingya are allowed to live in Myanmar. But, they do not get citizenship rights as citizens by Myanmar government because ethnic Rohingya are considered Bengali ethnic from Bangladesh. Therefore, a tension arose between the Rohingya and the newly independent Burmese government. There arose some movements and insurgents who called themselves as a group of Mujahid who fought against the policies of government because they think that they are part of Myanmar (Irib World Service, 2012).

There are reports mentioning between 1991 to 1997, there are more than 250 thousand Muslims Rohingya became victims of Myanmar's immigration law. They fled to avoid being slave-ridden, rape, and sectarian persecution by the Myanmar military, mosques that have been torn down and replaced with new Buddhist pagodas. The number of asylum seekers from the Rohingya ethnic group decreased in the late 1990s but again increased in 2000 (NN, 2016). During the period of the military regime, from the Ne Win era until 2000, the ethnic of Rohingya faced a severe situation, this situation is due to the existence of large-scale discrimination conducted by the Myanmar military government. There are several efforts that forcing to influence the lifestyle of Muslim Rohingya and also there is provoked from certain parties (Triono, 2014).

Myanmar is known as a country rich in natural resources, including gold, diamonds, oil, and gas. Those are included as Myanmar's largest sources of legal export earnings, accounting for 30% of total exports. In 2004 when for the first time found gas in Shwe Blocks A1-Bay of Bengal. Estimated gas deposits reached 5.6 Trillion cubic feet which will not be discharged in the exploitation of up to 30 years. Based on reports from Forbes, Myanmar is estimated to have oil and gas reserves of 11 Trillion to 23 Trillion cubic feet. It would make foreign multinational corporation from different countries fighting over getting the deal to exploit it. Actually, the natural resources are owned by Myanmar's Rakhine State, which is oil and natural gas. This location also has rivers, lakes, and the sea that is directly connected to the vast ocean. It caused Rakhine has potential business prospects in the future. In addition, Myanmar also is in a favorable geopolitical position, especially for China, because it is the access to the sea of India and the Andaman sea (ArrahmahNews, 2015).

In the midst of the conflict in Myanmar, China is a country with the high economic level in the world has long been building bilateral relation with Myanmar in various fields, including agriculture, maritime economy, finance, science, technology, environmental protection, etc. In 2004 Myanmar build cooperation with China National Petroleum Corporation

(CNPC) owned by China. CNPC is the largest oil company in China which was founded on September 17, 1988, to replace the Ministry of Petroleum Industry (MOPI) dating from 1949. The cooperation in the form of oil and gas purchase contract nature from Myanmar to China through Myanmar Oil and Gas Enterprise (MOGE) and China National Petroleum Corporation (CNPC) will last for 30 years and CNPC will act as the main implementers of the project of this cooperation. In a description obtained from the Department of Statistics of China said that in 2009 bilateral trade between Myanmar and China reached USD 2.907, and still increase until 10% from the previous year with total Chinese exports to Myanmar USD 2.26 billion and imports of Myanmar reached USD 1.331 billion, mostly in mining, energy, electricity, Oil and Gas sectors (Dheflower, 2012).

According to the background, the researcher will explain more about the influences of the result of the agreement between Myanmar and China, which is the construction of oil and natural gas pipeline toward conflict of Rohingya.

## **B. Research Question**

Based on the background illustrated above, the question which serves as a point of analysis is:

“Why did the influence of the construction of Shwe Pipeline in 2004 rises the escalation of conflict Rohingya?”

## **C. Theoretical Framework**

To analyze the problem by looking at the background and research question, then the theoretical framework in this research is to use the theory of dependence and the concept of conflict

### **1. Theory of Dependency**

The theory of dependency assumed that poverty and underdevelopment that occur in a developing country is not caused by internal factors in that country, but is determined by external factors from developed countries. The external factor that most decisive is there is an intervention and domination

from the developed country at the pace of developing country development. With that intervention, the development in developing countries is not working and is useful for eliminating the ongoing underdevelopment, but increasingly bringing misery and underdevelopment. If the developers want to succeed, so the dependency should over and let the developing country stand by their own self (Lipu, 2011).

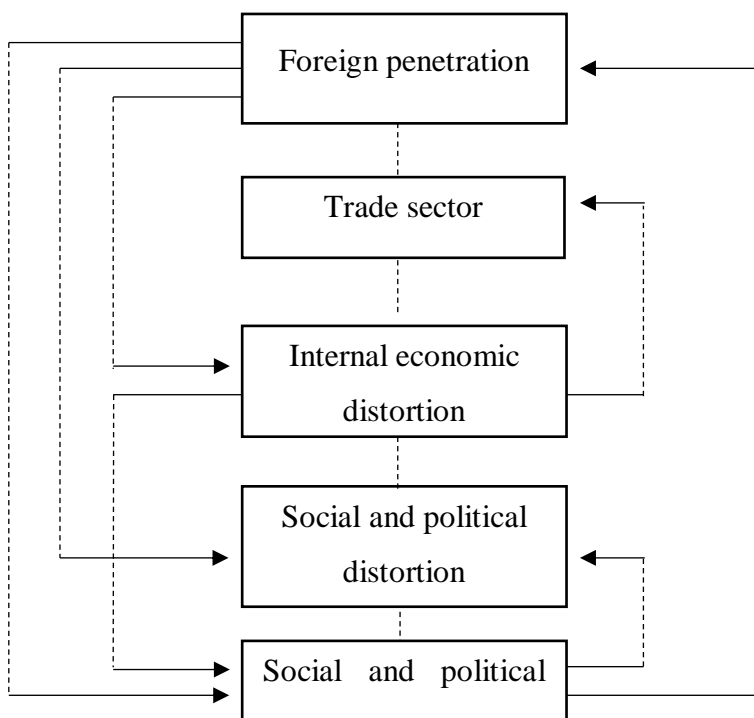
This theory is the result from two mains perspective, first is the theory of Marxist about imperialism, second is empirical studies about the development in the periphery that illustrate through the thoughts of the figures. Such as Celso Furtado, Andre Gunder Frank and Theotonio Dos Santos (Ruslin, 2012).

Theory of dependency first appeared in Latin America. This theory answering the program that runs by ECLA (United Nation Economic Commission for Latin America) at the beginning of 1960. That institution was formed to run the economic system in countries that include in Latin America with bringing the example of modernization theory that already a success in Europe. According to Theotonio Dos Santos and Andre Gunder Frank, they explained that the dependency is the rational relation that imbalance between developed and developing countries in the development in both of countries groups. He was explained that the progress of a developing country is the result of the economic expansion of developed country with their capitalism. If something happened in the developed country, the developing country also will get a negative effect from that. While if something negative happens in a developing country, then the not necessarily developed country will get the impact from that (Lipu, 2011).

In this case, the meaning of dependence is defined as a situation when the economy of a particular expanding state is conditioned by the development and expansion of other economists, and the relation between them and world trade is in a dependency. Dos Santos analyzes 3 forms of dependency theory. *First*, colonial dependence characterized by a trade monopoly equipped with land, mining and labor monopolies in

the colonies. *Second*, financial-industry dependence started from the era of independence and marked by the concentration of capital in the state centers and by investing capital in the production of raw materials and agricultural products in periphery countries. *Third*, technological-industry dependence emerged after the second world war and marked by the emergence of multinational companies setting up factories relating to the domestic market of dependent nations (Fakih, 2001).

**Chart 1. 1 Simple Pattern of Dependency Theory by Raymond Duvall**



Source: Discipline of International Relations Science and Methodology Book by Mochtar Masoed.

From the table above, almost all developing countries experienced deep penetration and highly dependent on advanced industrialized countries. The dependency from external it will an effect to the existence of distortion inside the economic structure in developing country and then it will lead to severe social conflicts and ultimately encourage state oppression of the people independent societies. This penetration can occur in various ways, economically, politically, and culturally (Ruslin, 2012). Politic and cultural penetration coming through several ways, highly information and communication, through various material and symbolic packages. Such as, book, television program, internet, magazine, and film, that bring western industrial culture and will influence the mindset, behavior, ideology, value, consumption, and so on.

The simple pattern of Raymond relate to the dependency theory of Paul Baran in his books *On the Political Economy of Backwardness* (1952) focusing attention at class relations between many people, elite internal, foreign investor, he sees that there is contradicted between imperialism, industrialization process, and general economic development in developing countries. This view is based on the observation that capitalism enters the developing countries not through the growth of the competition of small firms, but through the transfer of monopolistic business from outside. Thus, capitalist development in these developing countries is not accompanied by the rise of the middle class and the loss of landlord domination over society, but with the provision of facilities to a few monopolistic ruling socially and politically. Baran recognizes that investments by multinational corporations from developed countries in developing countries, on the one hand, can increase the national income of third world countries. However, the increase in income is not enjoyed by most of the lower societies due to the high inequality in income distribution (Deliarnov, 2006)

According to Mochtar Mas'oeed in his books *Science of International Relations – Discipline and Methodology* conclude that the main of the dependency theory are: foreign

penetration and external dependency causing massive distortion in the periphery economic structure, and the next it will lead to massive social conflict and finally encouraging state oppression of the dependent people of the community. He also explains about the effect of dependency in term politics, the existence of foreign penetration inside economic growth of developing countries will inhibit liberal democracy, its presence will only further trigger the strengthening of the dictatorship. Where the state bureaucracy in controlling the government and state enterprises that control various business sectors as highly active actors together consolidate power (Mas'ood, 1990).

The theory of dependency interprets the distorted development phenomenon typically. *First*, they compared patterns of development with slow-growing but equitable, balanced, tractive and homogeneous economic model. *Second*, they assumed that the distortion in the development of the periphery countries is the result of the pattern of foreign penetration and there is indeed a positive correlation between foreign penetration and the distortion of periphery development. *Third*, the dependency theory links foreign penetration and economic distortion with other distortions in social and political systems. They showed that the effect of foreign penetration, the growth of economies in developing countries is not able to encourage the growth of liberal democracy, but stimulates the emergence of inaccuracies. According to this perspective, the bureaucracy of the state makes triangle alliance with foreign investment and ruler inside the country. And to protect the alliance, the bureaucrats applied the political repression and social conflict. This theory showed that the consequences from economic and politic life are passed its violence, even the use of direct violence and the widespread of structural violence which is poverty and inequality (Mas'ood, 1990).

If the government directly dominated by foreign investment, the government will prioritize the policy that supports their interest, which is the cost stabilization by reducing labor costs and increasing profits. If the government



bureaucracy reflects the interests of the state and tries to expand the company's activities, then the bureaucracy will also have an interest in pressuring the wage of workers to remain low in order to stabilize costs for the company's activity.

The inequality of income distribution is particularly vulnerable to conflict since some groups or classes gain an increasing share while they themselves gain little or even a decline. This condition also triggers the magnitude of crime caused by the existing poverty. This allows for increased levels of socio-political distortion. If the government directly dominated by foreign investment, the government will prioritize policies that support their interest, which is cost stabilization with pressing the wages of labor.

## **2. Concept of Conflict**

In International Encyclopedia of The Social Sciences explain about the definition of conflict from anthropology aspect, the problem that exists due from competition at least between two parties, where each part can be family, group, community, politic organization, ethnic, and religion. Word of conflict coming from Latin language '*configere*' means hitting each other. The conflict also means the action from one part which resulted in blocking or disturbing another part where it can occur between groups of people. While Scannell explains that conflict is something normal that arises because there is different perception, goal or value in one group of individual. (Sudarnoto, 2015).

Conflict defined as an interaction between two or more parties that have the dependency on each other but they are separate because of different goals. The implication of the definition of conflict below are 1). The conflict can occur inside or outside a system. 2). The conflict has to realize by at least one of the part that involved in that conflict. 3). Sustainability is not an important thing because it will stop

when the goal has been achieved. 4). The act may refrain from not acting.

Talking about the scale of the conflict. Social conflict can take place at the inter-power level. There are three known power spaces in a social system, namely state power space, civil society or social-collectivity, and the private sector. Social conflict can take place in any room or agency or interspace power structure.

Social conflict between stakeholders can occur in 3 forms:

- a) Civil society or social collectivity face to face against the state. in the case of social conflicts can occur in the form of public protests over public policy taken by the state/government that is considered unfair and detrimental to society in general.
- b) Social conflict that occurs between civil society or social collectivity against private. Classic example “bloody feud” that still occur between local community against the multinational corporation in Papua.
- c) Social conflict that occurs between private against a state. Various actions were taken by the government/state in guarding the course of a policy usually spend costs of social which is conflict and this type is inevitable.

The dynamics of social conflict between powers-rooms will be more complex when the constituent elements of a powerful space do not represent social structures with homogeneous social attributes identities. In the space of state power, there are a number of internal social conflict both latent (hidden) and manifest. In this case, the easiest example is the social conflict that takes places in the practice of government management due to the authority in controlling the hierarchy of development between the district, provincial and central. (Sudarnoto, 2015)

In the room of civil society power or social collectivity occurred in social conflict between social collectivity in opposing a common object. This is triggered by a different

perspective in interpreting a problem. Differences of ideologies shared by each side of the dispute make the social friction may turn into a real social conflict.

#### **D. Hypothesis**

Based on the theoretical framework, then it is proposed the following hypothesis:

The Construction of Shwe Pipeline effect on the escalation of conflict of ethnic Rohingya. This is evidenced by the widespread scale of the conflict. Conflict occurs not only against the Muslim Rohingya but also the local people that stayed in Arakan, including Buddhist. It was caused by structural distortions. These distortions include:

1. Trade sector distortion. It can be seen from the country's dependence on foreign markets.
2. Internal economic distortion. This can be seen from the imbalance in the distribution of energy resources and the problem of cost stabilization by pressing laborers' salaries.
3. Social and political distortion. It increases the escalation of the conflict because it can be seen from the formation of different classes in the society, the existence of violations of the rights of local people in Arakan. Such as: "ethnic cleansing" the policy of Myanmar government which is valued as a form of land grabbing, inadequate compensation, acts of harassment and intimidation by state officials, forced labor by local residents in connection with project work, etc.

#### **E. Purpose of Writing**

This research aims at understanding the influence also the effect that brings from the bilateral relation between China and Myanmar towards conflict of Rohingya in case the construction of Shwe Pipeline in Rakhine, Myanmar.

## **F. Methodology of Research**

This research about the influence of bilateral relations between China and Myanmar toward conflict of Rohingya are analytic because the researcher analyzes about how does bilateral relations between Myanmar and China can influence the conflict of Rohingya ethnic in Myanmar. Besides that, the researcher also conducts the analysis by using some good sources from references sites, the journal that explains and discuss conflict of Rohingya in case the construction of Shwe Pipeline in Myanmar. This research using secondary data as the source of data. Secondary data is a source of research data obtained by researcher indirectly through an intermediary media obtained and recorded by another party. Secondary data is generally in the form of evidence, records or historical reports that have been arranged in the archive are published and not published. (zetzu.blogspot.com, 2017).

In general, secondary data that conducted by the researcher to give a general description, or for further processing. The researcher will analyze the influence and will find some evidence and effect as the result of that construction with using the concept of conflict and supported by the theory of dependency as the theoretical framework.

## **G. Range of Research**

To restrict the analysis, the researcher limiting the time period from all the sources, review in the research conducted since the year 2004 until 2018, where at that time the beginning of the cooperation between China and Myanmar. The researcher observes how does the influence of Bilateral relations between China and Myanmar toward conflict of Rohingya through several sources, such as web site. The researcher also will compare the influence before and after the cooperation are signed both of countries.

## **H. Organization of writing**

In order to create an understandable analysis, the system of writing is really important. This thesis provides analysis in

systematic order by separated the analysis into several chapters. Every single chapter is a coherent body of analysis in order to answer the question that generated before. These would be as follows:

**Chapter 1** consists of seven sub-titles: background, research question, theoretical framework, hypothesis, the purpose of research, the method of research, and the last is the organization of writing, in which it meant to show the order of the analysis written in this thesis.

**Chapter 2** contains about the condition of Myanmar state especially when the conflict of Rohingya ethnic occurred before 2004, which is before the construction is established.

**Chapter 3** contains about the cooperation that built between Myanmar and China and explains more about the development of the company that owned by China. In this chapter, the researcher also will explain detail about why this construction is established, how do the beginning of the construction and its development until today 2018.

**Chapter 4** contains about the effect and also the evidence that brought from the bilateral relation between China and Myanmar toward conflict of Rohingya. This chapter also answers whether the construction of the pipeline has an influence on the conflict of the Rohingya.

**Chapter 5** this will be the last chapter of this thesis, which consists of the overall conclusion of this research. The conclusion will consist of the summary of all explanation generated in the previous chapters. In this chapter, this thesis will conclude how does the influence of bilateral relation between China and Myanmar toward conflict of ethnic Rohingya in case the construction of Shwe Pipeline in Rakhine, Myanmar.