

ENERGY AND CULTURE

The Social Construction of the Myanmar-China Pipelines

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Transnational oil and gas pipelines have a troublesome history of disagreements and disputes that in many cases have led to a cessation of supply. While geopolitics and weak international institutions are often pointed to as explanations, considering pipelines as social as well as material constructs can also shed light on why disputes emerge. This paper will consider the social construction of the Myanmar-China pipelines. In China, the pipelines are seen as the solution to China's 'Malacca dilemma'. In Myanmar, the changing political situation has allowed new actors to contest the military junta's narrative of economic development and the pipelines have become a lightning rod for national conversations about local resource ownership, social and environmental norms and Chinese exploitation of Myanmar's energy resources.

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Introduction

Transnational oil and gas pipelines are an increasingly important feature of international relations but they have a history of conflict, disagreement and disputes that in many cases has led to cessations in supply. In light of this much of the academic literature on the impact of oil and gas pipelines on international relations points to them as a source of conflict or geopolitical tension (Stevens, 2003; Balmaceda, 2006; Stevens, 2009; Chicilnisky-Heal, 2009; Freifield, 2009;) and this is commonly attributed to economic issues such as changes in pricing and disagreement over transit terms (Stevens, 2009), weak international rules of investment and a lack of third party arbitration (Chicilnisky-Heal, 2009; Stevens, 2009), changes in relative bargaining positions (Omunbude, 2012) and the fact that the fixed nature of pipelines makes energy competition a 'zero-sum game' (Freifield, 2009).

What these perspectives have in common is a shared focus on material and institutional factors in explaining why conflict or cooperation results from oil and gas pipelines. The interests of the state are taken to be fixed and natural. This overlooks the role of identity, culture and other ideational factors in forming a state's interests with respect to pipelines and the possibility that such interests are contestable. This paper will use a constructivist framework of analysis to consider how actors, operating in distinct social environments, have assigned meanings to pipelines and what the significance of this is in understanding disputes.

As a transportation medium for oil and gas, transnational pipelines are a physical feature of international relations. They are permanent material structures that facilitate trade and connect one locality to another. But pipelines are also social structures. They have different meanings to the different actors involved. A pipeline may signify a commercial opportunity

for one state and a way to diversify energy import routes for another. The same pipeline might come to mean independence for one country and over-dependence for those that it supplies.

As this case study on the China-Myanmar oil and gas pipeline shows, the meanings assigned to oil and gas pipelines are important for understanding why they are built and for explaining why problems may occur. China's energy insecurities stem from the historical experience of energy shortages imposed by foreigners. Instead of focusing on reducing oil dependency, or building international regimes to cooperate on energy security, China has pursued a state-centric approach that privileges diversification and security of supply. Within a debate and decision making process dominated by powerful state interests the China-Myanmar oil and gas pipelines were considered the appropriate way to mitigate China's perceived 'Malacca dilemma' in spite of weak security and economic rationale.

Myanmar¹, long an international pariah and rentier state that saw energy exports as a means to keep the junta's head above water, is in a transitional phase that has given a greater amount of actors the ability to contest norms and shape energy priorities. Within this changing culture new actors have emerged that have contested the pipelines' meaning, embedding it in national discussions about local ownership of resources, social and environmental norms and Chinese exploitation of Myanmar's energy assets. This changing culture has caused the government to cancel, suspend and renegotiate a number of Chinese projects in Myanmar and it has heightened the risk of a dispute over the Myanmar-China pipelines.

¹ Burma was renamed Myanmar in 1989. This thesis will use the name Burma to describe the country before this time and Myanmar after.

²BP, "Bp Energy Outlook 2035 "(2014).

³ International Energy Agency (IEA), "World Energy Investment Outlook

1. The Pipeline Problem

Energy industry predictions indicate that transnational pipelines will become a more important medium for global energy trade. According to the 2014 BP Energy Outlook, there will be a 41% increase in global energy consumption by 2035 with 95% of that growth coming from emerging economies. While renewables are expected to account for some of that growth, fossil fuels are still predicted to make up 81% of global energy consumption in 2035.² Some of the largest drivers of energy consumption growth will be net energy importers such as China and India meaning there will be a continual need for new transportation infrastructure to bring product to market. In 2014 for the first time, developing countries outside the OECD used more oil than the wealthy countries inside it and in 2015 Asia is expected to use more oil than the Americas.³ The International Energy Agency predicts that by 2035 \$3.6 trillion in investment will be required for oil and gas transportation and two thirds of this will be spent in non-OECD countries. Approximately 52% of this is expected to be required on building gas pipelines and 19% on oil pipelines.⁴ But as well as the driving forces of supply and demand there are other reasons that pipelines are constructed.

1.1 Motivations for Pipelines

Pipelines involve different actors who have different interests. Three examples of different interests are commercial, energy security and economic integration.

1.1.1 Commercial

²BP, "Bp Energy Outlook 2035 "(2014).

³ International Energy Agency (IEA), "World Energy Investment Outlook 2014 Special Report,"(2014), 11.

⁴ *Ibid* p.70

Commercial motivation is one of the major drivers of transnational pipelines. It is more common for gas pipelines to be motivated by purely commercial considerations than oil pipelines because while gas is cheaper to transfer via pipeline, oil is typically more cost effective to transfer via tanker. Approximately 93% of the world's gas is transferred through pipelines while oil is predominately shipped by an international fleet of around 38,000 tankers.⁵ Shipping gas is expensive because it has to first go through the liquefaction process to become liquid natural gas (LNG) although changing technology is making this more feasible as time goes on. It is geographical constraints that typically make pipelines a more attractive option for oil. Landlocked countries for example, which don't have the option of shipping oil or LNG, would otherwise face the high costs of shipping via road or rail. New pipelines continue to be built for this reason and emerging producers who are landlocked include Kurdistan, South Sudan, Tajikistan and the Democratic Republic of the Congo.

While commercial motivations appear rational and materialistic they can also have an important ideational aspect. For example the Chad-Cameroon oil pipeline project that was finished in 2003 relied heavily on the involvement of the World Bank. To the World Bank the project was about poverty alleviation and a number of revenue conditions were assigned to the bank's financing of the project. A dispute emerged when Chad started spending the money on weapons and the World Bank decided to withdraw from the project altogether.⁶ Here conceptions of economic development conflicted resulting in a dispute.

1.1.2 Energy Security

⁵ Salee H Ali, "Energizing Peace: The Role of Pipelines in Regional Cooperation," in *Brookings Doha Center Analysis Paper* (Doha: Brookings Doha Center 2010), 11.

⁶ Lydia Polgreen, "World Bank Ends Effort to Help Chad Ease Poverty," *The New York Times*, 10 September 2008.

Another important reason that pipelines are built is energy security. The European Commission defines energy security as 'uninterrupted physical availability on the market of energy products at a price which is available for all consumers'.⁷ One of the key methods that states use to enhance their energy security is through the diversification of supply routes. As Winston Churchill told the House of Commons in 1913 'on no one quality, on no one process, on no one country, on no one route and on no one field must we be dependent. Safety and security in oil lie in variety and variety alone'.⁸ Hence pipelines can come to be seen as another route in case of a disruption. The vulnerability of sea lines of communication and so-called 'maritime chokepoints' are one major driver of pipelines. These are narrow parts of shipping routes that are vulnerable to piracy, terrorism or closure in the case of political instability. There are seven major chokepoints that are vital to the international trade in oil and gas. These include the Strait of Hormuz, the Straits of Malacca, the Suez Canal, the Panama Canal, the Strait of Bab el-Mandeb, the Turkish Straits and the Danish Straits.

An example of a pipeline built to reduce the vulnerability created by a maritime chokepoint is the Sumed Pipeline, an alternate supply route to the Suez Canal. The pipeline runs from the Ain Sukhna terminal on the Gulf of Suez to Alexandria on the Mediterranean Sea. The pipeline was built in 1973 through the cooperation of five Arab governments after the Suez Canal was repeatedly closed throughout the 1950s, 60s, and 70s due to war.

1.1.3 Interdependence

Another less common driver for pipelines is integration or interdependence. This motivation rests upon the assumption that pipelines will improve the relationship due to economic interdependence. According

⁷ European Commission. "Secure, Clean and Efficient Energy," European Union, 2000.

⁸ Daniel Yergin, "Securing the Supply," <http://danielyergin.com/securing-the-supply/>.

to Scholar Saleem H. Ali 'the fixed infrastructure of pipelines can foster economic cooperation between states and increase regional security'.⁹ He uses examples such as the Baku-Tbilisi-Ceyhan pipeline to show how pipelines can not only generate revenue but also help to improve bilateral relations and even resolve conflicts.

This is often cited as more of a flow on benefit for pipelines rather than their primary driving force. For example the Greenstream project was credited with significantly improving the relationship between Libya and Italy that had been damaged from the experience of Italian colonization. When Muammar Gaddafi came to power in 1969 more than 20,000 Italians born in Libya were expelled. The opening ceremony of the pipeline in 2004, held on the anniversary of Italian invasion, was directly linked to a gesture of reconciliation to grant Libyan-born Italians the right to return to Libya. At the ceremony Gaddafi said 'we now want to make it a day of friendship and cooperation between Libya and Italy, a cooperation which has been cemented by the gas project which we are inaugurating today'.¹⁰

But there are also some instances where interdependence is a primary driver. One is the planned TAPI line, which will transport gas from Turkmenistan across Afghanistan, Pakistan and India. The US has been behind a big push for the project in the hope it will enhance regional stability. According to one analyst 'the pipeline and the cooperation needed to maintain it may be the best hope for regional stability'.¹¹ The pipeline, if completed is expected to create hundreds of millions in receipts for Afghanistan and create 50,000 jobs. But the spectre of disputes hangs over prospective pipeline projects and is a major barrier to securing financing and political support.

⁹ Ali, "Energizing Peace: The Role of Pipelines in Regional Cooperation," 5.

¹⁰ Ibid., 11.

¹¹ Fred Starr, "The Pipeline That Could Keep the Peace in Afghanistan," *Wall Street Journal*, Oct 21 2013.

1.2 Disputes

The benefits of energy pipelines come alongside the risk of a dispute and in the most serious cases disputes can result in cessation in supply. As one scholar has pointed out 'while its true that many operating pipelines have avoided such problems, those that have such a history have casted a disproportionately long shadow'.¹² The consequences of disputes can be significant and the risk believed to be associated with the projects deters investors and increases costs. Stoppages of supply can have disastrous economic, and even humanitarian impacts, and disputes can become a major point of tension in bilateral relations. Oil products are especially at risk because they operate by 'tight' supply meaning that even a minor disruption or threat thereof can immediately effect global prices and cause significant ripple effects. While stoppages to gas don't have the same effect on international markets, gas lines are much more difficult expensive to reconnect once they have been stopped and the difficulty of converting gas to LNG means that supplies cannot easily be diverted elsewhere.

A 2014 study 55 high-profile transnational pipelines, both in development and operation, found that political risk was the largest and most consequential source of risk followed by commercial, security and environmental. Political risk affected 28% of the operational pipelines studied resulting in a cessation of supply in nine cases.¹³ Disputes are often over issues such as pricing, transit terms and the amount of gas or oil countries are entitled to take from the line.

The most high profile example of a dispute is that of the Russia-Ukraine disputes over the Russia-Europe lines, which led to a two-week cessation

¹² Paul Stevens, "Transit Troubles: Pipelines as a Source of Conflict " in *Chatham House Report*(London: Royal Institute of International Affairs, 2009), 17.

¹³ Thomas J. Dimitroff, "Cross-Border Oil and Gas Pipeline Risk and Sustainable Mitigations," *The Journal of World Energy Law & Business* 7, no. 4 (2014): 318.

of supply in the winter of 2009. Russia at that time provided Europe with approximately 25% of its gas and 80% of this went through pipelines located in Ukrainian territory.¹⁴ It was not the first time the disputes had caused a stoppage but it was the most serious and long lasting. For many European countries, in the midst of an unusually cold winter, the incident was a major humanitarian and economic catastrophe. Slovakia for example, which imports 99% of its gas from Russia, declared a state-of-emergency.¹⁵ The cessation of supply began when previous transit agreements expired on December 31st. The two sides had failed to agree on a price for Russian gas supplied to Ukraine (which had historically been at rates far below that charged to Europe) and on the tariff given to Ukraine for the gas supplied to Europe. While the dispute was ostensibly about pricing, the root cause was strained relations between Russia and Ukraine.¹⁶ After the dissolution of the Soviet Union, the former Soviet CIS states were given a much lower gas price than Europe but Russian gas giant Gazprom had been pushing to close the gap. Belarus and Armenia, which were much closer to Russia politically, were able to negotiate much longer timetables for import price increases whilst those who countries who had distanced themselves, Georgia and Ukraine, were being forced to repay debt and pay market rates. It has been this event more than any other that has brought attention to transnational pipelines and the problems that they face.

As it is established that pipelines are an increasingly important feature of international relations and that they are susceptible to disputes, the question that this paper therefore seeks to address is: why are oil and gas pipelines susceptible to disputes?

¹⁴ Jon Henley, "Is Europe's Gas Supply Threatened by the Ukraine Crisis?," *The Guardian*, 3 March 2014.

¹⁵ Jonathon Stern and Katja Yafimava Simon Pirani, "The Russo-Ukraine Gas Dispute of 2009: A Comprehensive Assessment," (Oxford Institute for Energy Studies, 2009), 53.

¹⁶ Ibid.

2. Literature

Making sense of why disputes emerge is a question that deserves more attention from International Relations scholarship. The connection (or perceived thereof) between pipelines and national interest and the impact that pipelines can have on international relations calls for more insight. Brenda Shaffer raises the point that in the thirty-year history of leading international relations journal *International Security* prior to 2009, only eight articles had been published about energy.¹⁷ While foreign affairs type publications often run policy type commentary which makes certain assumptions about the international system and the nature of states, theory is not often used to examine energy and pipelines. The purpose of this section is to examine the literature on pipelines and identify the theoretical assumptions. It will also identify the gap in the literature, to explain how meanings associated with pipelines are socially constructed. It is organised on the basis of theory.

The main theories of international relations take the international system to be anarchical. Transnational pipelines, because they cross the boundaries of states, operate under this condition of anarchy. The international system consists of sovereign states and there is no overarching jurisdiction or government to enforce contracts, provide an objective basis for assessing transit terms or to adjudicate disputes. Realist theories take the view that this anarchy means inevitable power struggles and conflict, liberals' stress that states can co-operate in such an environment for mutual gains and constructivists believe that 'anarchy is what you make of it'. With these assumptions a number of scholars from

¹⁷ Roland Dannreuther, "International Relations Theories: Energy, Minerals and Conflict," in *EU Policy on Natural Resources*(2010), 1.

these respective schools have provided explanations for why disputes occur over pipelines.

2.1 Realism

A common explanation for why pipelines are susceptible to disputes is geopolitics. Based largely on realist theories of international relations, geopolitical explanations emphasize the importance of material forms of power, proximity and the competitive nature of the international system. An analysis of disputes from a realist perspective focuses on a state's use of energy to support larger foreign policy objectives, the consequences of shifts in the relative distribution of power and the notion of 'zero-sum competition' over scarce resources.

Realism has two main variants. Classical realism, with roots in the *realpolitik* ideas of thinkers like Machiavelli, focuses on the natural human tendency toward aggression. Neo or structural-realism on the other hand, focuses on the structure of the international system and the distribution of power. Both assume that international relations are a 'zero-sum game' and that states are self-interested, rational and unitary actors. Some key assumptions of realism when applied to energy include that; energy is a key ingredient of state power and central to national interest, energy resources are becoming scarcer and more insecure, states are forced to compete over energy resources in an anarchical environment, and that conflicts over resources are increasingly likely if not inevitable.¹⁸

Pipeline disputes are often explained with these assumptions. Daniel Freifeld says of the European-Russian disputes that 'today's gas war is a zero-sum conflict similar to the scramble for resources that divided

¹⁸ Ibid., 10.

Eurasia in the 19th century'.¹⁹ The notion of conflict being zero-sum is central to realist theory and an important difference from other theories. This suggests that states seek relative and not mutual or absolute gains from cooperation in pipelines and this is a source of conflict. This idea that energy is part of a 'great game' of geopolitical competition is a common feature of realist analysis. Realist analysis on pipelines and international relations often examines connections between energy and security at the level of the international system. Lusine Badalyan argues that the creation of the BTC and BTE pipelines altered the distribution of power in the South Caucasus because they ended Russia's monopolistic control over energy routes from the Caspian region.²⁰ She explains that this gave countries such as Azerbaijan and Georgia the ability to move out of the Russian sphere of influence and forge their own security orientation. Implicit in these explanations are realist notions such as the balance of power and regional strategic spheres of influence.

Realists of the *realpolitik* classical variety would also emphasise that states are likely to deploy energy assets in support of broader foreign policy objectives. This notion of using energy as a weapon to secure relative gains in a competitive international environment is a common thread throughout analysis of the Russia-Eastern European gas disputes. According to Robert Kaplan and Eugene Chausovsky, Russia uses energy to influence the decision making of Belarus, Bulgaria and the Baltic states giving 'beneficial terms to states that cooperate with Moscow, while charging higher prices and occasionally cutting off supplies altogether to those that don't.'²¹

2.1.1 Strengths and weaknesses of the realist approach

¹⁹ Daniel Freifield, "The Great Pipeline Opera," *Foreign Policy*, August 24, 2009 2009.

²⁰ Lusine Badalyan, "The Geopolitics of Pipeline Diplomacy," 10 October 2012.

²¹ Robert Kaplan and Eugene Chausovsky, "Pipelines of Empire," *Forbes*, November 11 2013.

One of the strengths of realism is that it has considerable explanatory power with simple ideas. It makes a straightforward, though contestable, set of claims about the international system that can help to explain trends in state behavior. Ideas like anarchy, power seeking and the balance of power can give insights, in a broad sense, into why pipelines may lead to disputes. This is the biggest strength of realism but also the biggest weakness. The fact that it can only demarcate large trends in international relations makes it less useful for making sense of specific relationships or events because it pays no attention to the role of history, beliefs, domestic politics or other aspects of state identity.

Additionally, many of the central claims of realism are problematic and this is especially true with this subject matter. For example realism's sole focus on the state as the only relevant actor in international affairs overlooks a range of other important players in the energy sphere. According to founder of structural realism Kenneth Waltz; 'states are the units whose actions form the structure of international relations. They will long remain so'.²² This overlooks the role of important sub-national and transnational groups from civil society to international energy companies who are increasingly important players contributing to pipeline outcomes.

Similarly, the notion that states are 'unitary' actors in foreign affairs can be called into question when analyzing the behavior of national oil companies who have been shown to have, worked against the objectives of other parts of the foreign policy apparatus. A recent study by the IEA found that China's state-owned enterprises were becoming increasingly autonomous from the central government in their activities abroad, dispelling the notion that they were following common overarching objectives. This is

²² Kenneth Waltz, *Theory of International Politics* (Reading, Massachusetts: Addison Wesley Publishing Company, 1979), 54.

despite the fact that such entities are wholly state owned and senior managers are high-ranking party officials.²³

The most significant shortcoming of realism for analyzing this subject is the assumption that all states will behave in similar ways and share common or natural material interests. This position is articulated by Kenneth Waltz when he talks about states as 'units' and says 'states are alike in the tasks they face, though not in their abilities to perform them. The differences are of capability, not of function.... international politics consists of like units duplicating one another's activities'.²⁴ He explains that 'state behavior varies more with differences in power than with difference in ideology, in internal structure of property relations or in governmental form.'²⁵ This position assumes that given a certain set of circumstances, all states would behave in the same ways regardless of ideology, domestic politics, leadership, and institutional constraints. This is a problematic claim and a frequent criticism of realist theory. As this analysis will show, states' interests with respect to energy are influenced by domestic social forces and the agents that produce and reproduce them.

An example is the Eilat-Ashkelon Pipeline that was built through a joint Israeli-Iranian venture in 1968 to transport crude from Iran to Europe through Israel. The Iranians cut all diplomatic ties with Israel and stopped the use of the pipeline after Shah Mohammad Reza Pahlavi was overthrown as a result of the Iranian Revolution in 1979. There were still some 800,000 tonnes of crude in the pipeline at the time, worth about \$400m in today's prices, and there have been ongoing legal disputes taking place over the last three decades.²⁶ This example problematizes the realist

²³ Julie Jiang and Jonathan Sinton, "Overseas Investments by Chinese National Oil Companies "(International Energy Agency, 2011).

²⁴ Waltz, *Theory of International Politics*, 96.

²⁵ *Reflections on Theory of International Politics. A Response to My Critics*, Neorealism and Its Critics (1986), 202-03.

²⁶ Aluf Benn, "The Secret Hands Guiding Israel's Controversial Pipeline," *Hareetz* 2015.

notion that interests are fixed and material and highlights the importance of understanding the role of identity in the formulation of interests.

While realism is able to make some general claims about the international system that might be useful in understanding why transnational pipelines are susceptible to disputes such as the effects of anarchy and the self-interested nature of states, it is so general as to be useless in making sense of a particular circumstances that are intertwined with history, identity, domestic politics and other ideational factors.

2.2 Neoliberalism

Unlike realists, liberals see in anarchy opportunities for cooperation for mutual gain. Their ideas are grounded in a more positive view of human nature and they are more optimistic about the prospects for progress and cooperation through means such as international law and international institutions. When liberals account for the incidence of disputes relating to oil and gas pipelines, they point to the underdeveloped legal and institutional framework for energy transit. This section will examine the liberal argument that weak institutions are the source of disputes and consider the role of the Energy Charter and international law.

According to Robert Keohane and Lisa Martin 'institutions can provide information, reduce transaction costs, make commitments more credible, establish focal points for coordination, and in general facilitate the operation of reciprocity'.²⁷ This is in stark contrast to the realist position articulated by neorealist John Mearsheimer when he says 'institutions have no independent effect on state behavior'.²⁸ But while institutional

²⁷ Robert O. Keohane and Lisa L. Martin, "The Promise of Institutional Theory," *International Security* 20, no. 1 (1995): 42.

²⁸ Ibid.

frameworks deal with many aspects of international relations, developments have been slow with regard to energy transit. As one legal scholar put it 'the ability of oil and gas producing states and companies to transport energy products unimpeded and without risk of stoppage and siphoning via transit states is perhaps one of the most significant legal issues for the energy industry in the 21st century'.²⁹ The rights and responsibilities of the different states involved in a transnational pipeline are typically laid out in an agreement, which has the force of a treaty in international law, but unlike domestic law, international law encounters challenges in interpretation and enforcement. As a result governments tend to ignore pipeline agreements when disputes emerge.³⁰

Liberal scholars therefore advocate the strengthening of international institutions to deal with disputes. Looking to regional organisations, Natasha Chichilnisky-Heal argues that the unique institutional structure of the Shanghai Cooperation Organisation 'makes it an ideal starting point for a new institutional approach to conflict mitigation in the Eurasian energy sector. She describes the 2009 Ukraine-Russia disputes as 'a high profile example of a lack of institutional mechanisms for coping with transnational pipeline conflict' and points out that the Energy Charter Treaty has 'weak incentives for compliance'.³¹ Liberals see institutions as mechanisms for cooperation and in the case of pipelines they argue that they can set rules and fulfill roles such as arbitration when disputes occur.

Liberal scholars also use the example of the EU to support their arguments. Amongst the EU countries of Western Europe there have been virtually no major problems or disputes despite the region being host to many of the

²⁹ Dr Yang Zewei, "The Energy Charter Treaty and Dispute Settlement of Transnational Energy Pipelines: A Chinese Perspective," *China Energy Law and Policy*, no. China National Social Science Fund Great Project 2009 (2011): 397.

³⁰ Stevens, "Transit Troubles: Pipelines as a Source of Conflict " 2.

³¹ Natasha Chichilnisky-Heal, "How to Solve the Pipeline Problem," (2009), https://www.academia.edu/6502062/How_to_Solve_the_Pipeline_Problem_from_2009.

world's cross-border pipelines. Paul Stevens attributes this to the common jurisdiction created by the Treaty of Rome in 1957.³² This is in contrast to the Middle East where all nine of the major pipelines have experienced disruptions. The difference in the language of international relations is that Europe does not have a state of anarchy in the same way that the Middle East does, overarching regulations and legal jurisdictions prevent disputes from occurring.

The Energy Charter is attempting to fill this legal and institutional vacuum but faces a number of shortcomings. The Charter is a multilateral process first agreed to in 1991 with the intention of facilitating transit and integrating energy sectors of the Soviet Union and Europe at the end of the Cold War. The core aim is to strengthen the rule of law on energy issues and thereby mitigate the risk associated with energy-related investment and trade.³³ The Charter itself is not legally binding but rather a declaration of political intention. The legal instrument of the Charter is the *Energy Charter Treaty* signed in 1994, which has been signed or acceded to by 52 states, the European Union and Euratom. It covers four main areas: protection of foreign investments, non-discriminatory conditions for trade, the resolution of disputes (state-state/investor-state) and the promotion of energy efficiency.

At a meeting in Turkmenistan in 2009 Energy Charter Secretariat Secretary General Andre Mernier explained the task of the ECT;

‘[The] growing importance [of energy transit] is based upon increasing energy interdependence in the context of rising pressure on world energy supplies. Given the global distribution of energy resources, current technologies and projections of demand, the priority for policy makers should be on how to manage

³² Stevens, "Transit Troubles: Pipelines as a Source of Conflict " 13.

³³ Energy Charter Secretariat, "About the Energy Charter," <http://www.encharter.org/index.php?id=7>.

interdependence and supply most effectively; on creating functioning and balanced international frameworks that can mitigate associated risks'.³⁴

The Energy Charter seeks to build a regime of commonly accepted principles covering transit flows such as the freedom of transit (without unreasonable delays or charges) and non-discrimination (on the basis of origin, destination or ownership). The Charter also includes a mechanism for transit disputes but this failed to resolve the 2006 and 2009 energy crises between Russia and CIS states which were instead solved bilaterally behind closed doors. According to Dr Katja Yafimava there is a lack of political will on the part of ECT parties to use the ECT in the context of transit and this is calling the relevance of the Charter into question with respect to transit.³⁵ Other commentators are more upbeat about the Charter's future and ability to deal with transit disputes. One of the most significant legal challenges that face pipelines is an international standard for assessing transit fees, which is a key source of disagreement for states. According to Saleem H. Ali, the Energy Charter has the potential to create clear guidelines for fair transit fees, which can help in framing and facilitating future negotiations.³⁶

Thomas Dimitroff explores other relevant international public law relevant to transnational pipelines and argues that its inadequacy holds back the development of more pipelines.³⁷ Many of the multilateral legal instruments that apply to the international trade in crude oil and gas are more applicable to maritime shipping and by rail or truck rather than through pipelines. Examples of such principles in international law include

³⁴ Ali, "Energizing Peace: The Role of Pipelines in Regional Cooperation," 22.

³⁵ Dr Katja Yafimava, "Why Did the Energy Charter Treaty Fail in the Context of Transit " (paper presented at the Energy Charter Treaty Conference, Stockholm, 9-10 June 2011).

³⁶ Ali, "Energizing Peace: The Role of Pipelines in Regional Cooperation," 22.

³⁷ Dimitroff, "Cross-Border Oil and Gas Pipeline Risk and Sustainable Mitigations," 300.

rights of 'transit passage' in the United Nations Convention on the Law of the Sea and the principle of the freedom of transit for goods in transit in Article V of the General Agreement on Tariffs and Trade (GATT). Dimitroff explains that when it comes to landlocked countries that his study examined, five out of seven of which have faced major supply disruptions, 'existing multilateral treaties and principles of law are simply not equipped to deal with this important kind of risk'.³⁸

2.2.1 Strengths and weaknesses of the liberal approach

By focusing on the role of international institutions liberal scholars provide an alternate, but not incompatible, perspective to realism about the causes for disputes over transnational pipelines. Liberalism pays attention to different features of international relations such as the role of economics, institutions and international law. The liberal argument that a lack of an institutional framework is the cause of disputes is useful but this is only a permissive cause similar to the realist argument that 'wars happen because there is nothing to prevent them'.

But this claim rests on the assumption that institutions are actually able to prevent disputes. The realist critique of liberal institutionalism is to question how much difference institutions and international law make when it comes to issues that are perceived as being in the national interest. As Shirley Scott points out 'the international law of telecommunications or airline travel may well be regularly complied with but when it comes to questions of 'high politics' such as the decision to use force, international law plays a minor role if any in national decision making'.³⁹ Even though the Energy Charter has dispute resolution mechanisms, countries have opted to ignore it and instead deal with disputes behind closed doors. The Energy Charter received a major setback in 2009 when Russia decided to

³⁸ Ibid.

³⁹ Anthony Burke and Jim George Richard Devetak, ed. *An Introduction to International Relations: Australian Perspectives*, International Law (Cambridge: Cambridge University Press, 2008).

withdraw from it altogether. What this illustrates is that the ECT, like many international institutions, can be criticized for being 'toothless'.

From a more constructivist perspective, another criticism of liberalism is that institutions can also entrench and perpetuate structures of power in the international system that favor some states over others. From this perspective they are not 'neutral entities' but rather the institutionalization of certain values and certain modes of interaction. According to Andrei Belyi 'Russia views the Energy Charter as the main tool in the EU's energy policy, mainly because the EU has given the impression that Russia should accept the Treaty as it is'.⁴⁰ It is perhaps for this reason many states have refused to join the ECT, with China notably only at observer status. Focusing on the ideas and identities that constitute institutions gives different insights into the why and how they were formed and how they ensure compliance. A constructivist might ask for example: what impact did Gorbachev's desire for Russia to be an 'acceptable' member of the international community have on the formation of the Energy Charter? These perspectives would offer different insights into the success or otherwise of institutions like the ECT

Finally liberalism shares many assumptions with realism about states and the international system. Like realism, liberals assume that states are unitary, rational actors and in a given set of circumstances (such as the creation of institutions) they will behave in a certain set of ways. Liberals assume that states will pursue a rational calculated set of policies based on interests that are natural to them by virtue of being states. This claim is what constructivist scholars take to be problematic. States are not only guided by 'the logic of consequences' but also by the 'logic of appropriateness' and there is a connection between 'who we are' and 'what we want'.

⁴⁰ Andrei Belyi, "Russia's Position on the Energy Charter," in *Russia and Eurasia Programme* (Chatham House, 2012), p.2.

2.3 Toward a social theory

Paul Stevens considers the explanation for pipeline disputes to be in the different competing interests of the parties involved. He says that 'where relationships are governed purely by commercial considerations, differences are relatively easily resolved' and 'frequently, projects that are driven by politics rather than commercial considerations end in failure'.⁴¹ An example he gives is the impact of Syria's 'socialist' development strategy, which reduced its interest foreign direct investment and therefore reduced a major barrier to acting unilaterally to renegotiate terms.⁴² This points to the domestic, rather than the international structure as a reason why pipelines are susceptible to disputes.

But where do these interests come from? In trying to explain why pipeline projects are completed, Benjamin Sovacool looks at how different parties interpret the project and how this can influence the outcome. Using concepts from the sociology-based Science and Technology Studies Sovacool (2010) researched the 'interpretive flexibility' of transnational pipelines.⁴³ His comparative analysis of why the Baku-Tbilisi-Ceyhan (BTC) pipeline was built and why the Trans-ASEAN gas pipeline was not concluded that pipelines have different meanings to different parties involved (or 'relevant social groups' as he terms it) and this is necessary to pay attention to in order to understand whether they are likely to be completed. His research, which was based on interviews with different stakeholders in the projects, concluded that the notion of a unified enemy in Russia drove Azerbaijan, Georgia and Turkey to seek an alternative transport route in the BTC whereas differing views about whether the

⁴¹ Paul Stevens, "Cross-Border Oil and Gas Pipelines: Problems and Prospects," (Joint UNDP/World Bank Energy Sector Management Assistance Programme, 2003), 45.

⁴² Ibid., 35.

⁴³ Benjamin Sovacool, "The Interpretive Flexibility of Oil and Gas Pipelines: Case Studies from Southeast Asian and Caspian Sea " *Technological Forecasting and Social Change*, no. 78 (2011).

pipeline should be used to facilitate domestic consumption or drive exports stopped the development of the Trans ASEAN gas pipeline.

Sovacool's research is important to this question because it shows that different states become involved in pipelines for different reasons and that if those meanings do not align then it can be problematic. It demonstrates that meaning matters. Paul Steven's ideas are important because they show that pipelines are susceptible to disputes because they involve different actors with different interests. The room that this leaves in the literature is to consider how these meanings or interests actually come about, why some meanings come to be taken-for-granted whilst others are marginalized.

3. Conceptual Framework

This thesis will use constructivism to examine why pipelines are susceptible to disputes. The core claim is that pipelines have different meanings to different states and this is important for understanding their success or otherwise. When the motivations of different actors do not align is when disputes occur. The focus will be on examining the processes of socialisation that lead to the construction of these meanings. This section will discuss the core claims of constructivism, its different variants then it will develop the concept energy cultures to explain how domestic social structures around energy and the agents who operate within them contribute to the production of meanings. The conceptual framework has two main aspects;

- 1) Identifying the structures of beliefs and social relationships that constitute a state's energy culture
- 2) Identifying how agents within aforementioned cultures have assigned particular meanings through processes of social interaction

3.1 Constructivism

The main theories of international relations, especially neorealism, are *materialist*. This means that they explain state action based on physical characteristics such as economic or military distributions of power. Constructivists believe that the most important factors guiding state action are *social*. They argue that human interaction is influenced by ideas and not simply material factors. They focus on the role of norms, values, knowledge and other ideational factors that are 'intersubjectively' held and the influence that they have on politics. On an ontological level, constructivism is based on the assumptions that structure and agency are

mutually constitutive and reality consists of intersubjective meanings created by processes of social interaction. According to Checkel:

It is not a theory but an approach to social inquiry based on two assumptions: (1) the environment in which agents/states take action is social as well as material; and (2) this setting can provide agents/states with understandings of their interests (it can 'constitute' them)⁴⁴

For international relations, this means that features of international relations are not fixed but socially constructed and therefore subject to change. This can apply to material features of international relations such as perceptions of nuclear weapons or to purely ideational features such as anarchy. But beyond these core assumptions constructivists differ in a number of important ways.

An important difference is the constructivist epistemology, how they know what they know. Scholars from the post-positivist persuasion 'reject scientific style theorizing and stress the interpretive nature of social science' whilst positivist scholars allow for empirical theoretical insights in explaining international relations.⁴⁵ Generally, scholars from the positivist variety are concerned with identifying causal relationships between actors, norms, interests and identity. The post-positivist scholars on the other hand look to the role of social discourses and linguistic constructions using 'bottom up' inductive research strategies to identify how knowledge and power are connected.⁴⁶ This paper will employ ideas from the positivist branch of constructivism. It is setting out to uncover the meanings attributed to pipelines and it will assume therefore, that stable meanings such as identities, norms and cultures can be identified independent of interpretive biases.

⁴⁴ Jeffrey Checkel, "The Constructivist Turn in International Relations Theory," *World Politics* 50 no. 2 (1998): 325.

⁴⁵ Maysam Behraves, "Constructivism: An Introduction," (2011), <http://www.e-ir.info/2011/02/03/constructivism-an-introduction/>.

⁴⁶ Ibid.

Another important difference between constructivists is the level of analysis that they focus on. System level theorists such as Alexander Wendt consider how features of the international system, like anarchy, are socially constructed. The focus with this system level branch of constructivism is on 'interactions between unitary state actors' and processes of mutual constitution taking place at the international level at the expense of what is happening within states.⁴⁷ Unit level explanations on the other hand, give more weight to the domestic realm and how domestic social factors such as identity and culture can provide explanations for state interest. Key scholars from this branch include Peter Katzenstein and Alistair Iain Johnston.

Focusing on security policies, Alastair Iain Johnston looks at how China's *realpolitik* approach to grand strategy has been borne out of its unique cultural and historical military experience. Katzenstein's work, also on military and strategic cultures, locates Japan's approach to national security within heavily contested social norms and institutional practices emerging out of the experience of defeat in the Second World War. He describes the domestic environment as one where 'actors contest norms and through political and social processes construct and reconstruct identities'. He says 'The process of [identity] construction typically is explicitly political and pits conflicting actors against each other.'⁴⁸ Using concepts like culture and identity, these scholars have given insights into how domestic social environments and the actors within them can shape state interest.

The most appropriate level for analysis for transnational pipelines is the unit level. Systemic level theories could give valuable insights into how state's come to value the pursuit of such goals as economic growth energy

⁴⁷ Ibid.

⁴⁸ Peter Katzenstein, ed. *The Culture of National Security: Norms and Identity in World Politics*, Introduction (New York: Columbia University Press, 1996). 26

security and interdependence but the process by which pipelines come to attain the meanings that they have is predominately domestic and specific to each pipeline. No general international system theory could explain the interests of each state involved in pipeline projects because they are all different. For some pipelines the main driver is economic growth and for others it might be diversification of energy routes, some states are producers and some are suppliers.

Constructivists also differ in the amount of weight they attach to structure and agency. While constructivists would all consider both structure and agency to be important, some favor explanations that focus more on structures and some that focus more on the role of agents. This thesis will consider the role of both structure and agency in the assigning of meanings to pipelines. Structures are cognitive frameworks, which direct the actions of actors in a social system. They might be informal rules or institutionalized practices like bureaucracies.⁴⁹ Agents (which might be states in international society or people in a domestic society) are influenced by structures in the beliefs, attitudes and roles that they hold but they also contribute to those structures. This is the process which constructivists call mutual constitution.

3.2 Energy cultures

3.2.1 Structure

This paper will consider the role of both structure and agency in assigning meanings to pipelines. The structural side of the analysis will use the term energy culture to consider the relevant beliefs about energy and how they are diffused amongst actors through social relationships. For example 25% of Chinese students believe that China's energy security is at 'crisis level'.

⁴⁹ Audie Klotz and Cecelia Lynch, *Strategies for Research in Constructivist International Relations*(New York: M.E Sharpe, 2007), 44.

Of those students, 72% say the media is their main source of information about energy and 74% say their education is their second source.⁵⁰ This sense of insecurity, and knowledge of where it comes from, can lend insights into why the Myanmar-China pipeline means increased energy security in China.

The term 'culture' denotes frameworks of knowledge, behaviors and social relationships. Katzenstein describes culture as a:

'broad label that denotes collective models of nation-state authority or identity, carried by custom or law. Culture refers to both a set of evaluative standards (such as norms and values) and a set of cognitive standards (such as rules and models) that define which social actors exist in a system, how they operate, and how they relate to one another'⁵¹

The fact that it is broad is useful because it allows the analysis of different relevant social aspects that can help to explain why one policy choice is selected from competing visions. On the other hand culture can be a term so broad as to be meaningless so it is necessary to specify certain aspects of culture that will be the subject of inquiry. This paper will consider how predominant beliefs about energy, and 2) social relationships influence the production of meanings by constituting actors.

3.2.2 Agency

In order to understand the process by which pipelines have come to attain certain meanings it is also important to consider the role of agency: how certain actors and their behaviors contribute to production of meanings. The agency aspect of the analysis will look at how actors within these

⁵⁰ David Zweig and Shulan Ye, "A Crisis Is Looming: China's Energy Challenge in the Eyes of University Students," in *China's Search for Energy Security: Domestic Sources and International Implications*, ed. Suisheng Zhao (Routledge, 2013), 29.

⁵¹ Katzenstein, *The Culture of National Security: Norms and Identity in World Politics*, 58.

cultures have assigned meanings to the pipeline through processes of social interaction.

When actors exercise their agency they can both reproduce and alter structures. For example, when policy-makers, leaders and journalists pushed for the Myanmar-China pipeline to be built in China, this reproduced the energy insecurity in China's energy culture. By contrast, when social movements in Myanmar campaigned against the pipeline due to social and environmental impacts, this contributed to the emergence of new norms around responsible business in Myanmar's energy industry. The way these agents are constituted by structures (their beliefs and social relations) and the way that they in turn constitute structures (through their actions and speech) is a process which constructivists call mutual constitution.

Agents can be a range of different actors but in this analysis of energy in the domestic sphere agency will often focus on the role of particular leaders, social movements or other political actors in contesting or reproducing meanings. The use of speech, as well as techniques such as symbolic politics will be examined in understanding how pipelines acquire meanings.

Identifying agency involves tracing the role of individuals or groups in the production of certain meanings. It can be explained through the construction of a narrative that emphasizes the role of key actors.⁵² Agents advance particular meanings and by tracing how they have made arguments and disseminated information, and by comparing this to changes in state behavior, it is possible to identify how agents have influenced outcomes through the assignment of meanings. One way that agents can influence meanings is through speech, argument and persuasion. According to Finnemore 'speech can also persuade; it can change peoples minds about what goals are valuable and about the roles

⁵² Lynch, *Strategies for Research in Constructivist International Relations*.

they play (or should play) in social life. When speech has these effects, it is doing important social construction work, creating new understandings and new social facts that reconfigure politics'.⁵³ Within their speech, agents use techniques such as symbolic politics. The use of these techniques by agents will be examined.

3.3 Methodology

The information on energy cultures in Myanmar will also use a mix of secondary sources and primary data from interviews. The secondary sources are news media, reports from civil society and international organisations and scholarly articles. The 10 interviews were conducted in Myanmar in December 2014 with representatives from international and local civil society, academics, oil and gas sector staff and journalists. All of those interviewed asked for their identities to be kept confidential. The information on energy cultures in China comes exclusively from secondary sources such as news sources, public opinion research, scholarly articles and reports from international organisations focusing on the energy sector.

A limitation in this study has been the difficulty of accessing Myanmar language and Chinese language texts. A more thorough analysis of processes of social construction would have been possible with language skills. Fortunately, a number of Myanmar news outlets from across the political spectrum are published online in English and social movements in Myanmar publish many of their reports in English so as to attract international attention to their issues. In China there have also been a number of good sources published in English such as state-owned media outlets and research reports by academics.

⁵³ Martha Finnemore and Kathryn Sikkink, "Taking Stock: The Constructivist Research Program in International Relations and Comparative Politics," *Annual Review of Political Science* 4, no. 1 (2001).

4. The Myanmar-China Pipelines

This section will give a brief overview of the China-Myanmar pipelines such as origins of the project, geographical and economic factors and social and environmental impacts.

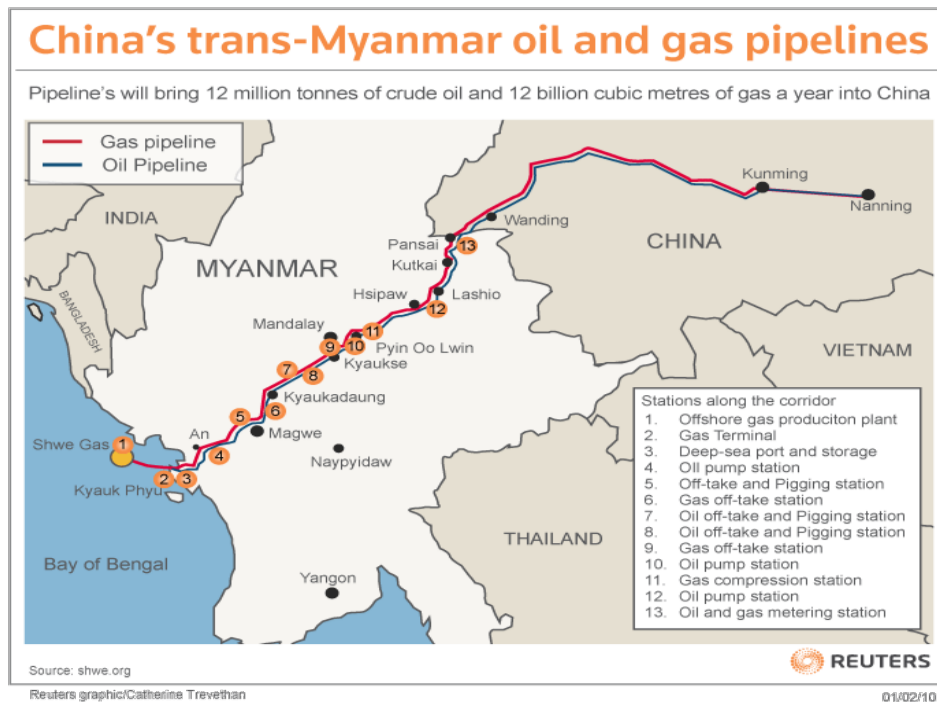


Figure 1 China-Myanmar pipelines (Reuters)

The Sino-Burmese pipelines (also referred to as the Shwe pipelines, the China-Myanmar pipelines and the Kyaukphyu-Kunming pipelines) are parallel oil and gas pipelines that connect Kyaukphyu in Rakhine State, Myanmar and Kunming in China's Southwest Yunnan Province.

Following a bilateral agreement between Myanmar and the People's Republic of China, a Memorandum of Understanding (MoU) was signed in June 2009 to build the pipelines between the state-owned China National Petroleum Corporation and the Myanmar Oil and Gas Enterprise (subsidiary of Ministry of Energy). At this time Myanmar was still under control of the State Peace and Development Council, the official name of

the military regime.⁵⁴

Construction began on the pipelines in June 2010 and the gas pipeline became operational in June 2013. The oil pipeline underwent preliminary testing in January 2015. Under the terms of the agreement holdings companies were set up for each pipeline in which CNPC has a controlling 50.9 per cent stake.⁵⁵ The CNPC was responsible for building the pipeline and the Myanmar government for providing security. The oil pipeline is approximately 771km in length and begins at the port in Kyaukphyu where it is supplied with Saudi Arabian oil shipped in from the Middle East. It is designed to carry 22 million tons of crude per year (440,000 barrels per day).⁵⁶ The crude oil pipeline and Made Island terminal were constructed with US \$2.4532b foreign investment and US \$1.204 billion investment from the state. The approximately 1800 km gas pipeline delivers gas from the Shwe fields on Myanmar's coast in the Bay of Bengal beyond Yunnan province to Guangxi. The gas pipeline is designed to carry 10 -13billion cubic meters (bcm) per year from Myanmar's Shwe natural gas fields in the Bay of Bengal. The terms in the MoU includes a 30-year purchasing agreement for gas.

The available evidence indicates that the contract for the pipeline has already been renegotiated. Myanmar was originally going to be paid \$150m USD in transit fees per year over the thirty year duration of the gas pipeline agreement as well as the below market rate of \$4 per MBTU.⁵⁷ After the new government took office in 2011 Energy Minister U Than Htay revealed in Parliament that eighty per cent of the gas would be sent to

⁵⁴ The SPDC was previously called the State Law and Order Restoration Council (SLORC)

⁵⁵ Hong Kong registered companies are named the Southeast Asia Oil Pipeline Company Ltd and the Southeast Asia Gas Pipeline Company Ltd

⁵⁶ The CNPC has led the construction of a storage and processing facility for the oil in Kyaukphyu with 600,000 cubic meters of storage capacity

⁵⁷ Shwe Gas Movement, "Corridor of Power," (Shwe Gas Movement, 2011), 9.

China and twenty per cent would be reserved for domestic use.⁵⁸ As well as the agreed \$13.8m fee and \$1 per tonne of crude Myanmar will reportedly now take 10% of the crude oil, which would be two million tonnes per year if the pipeline operates at full capacity.⁵⁹

The pipelines, which cross through terrain including mountains, major rivers and virgin forests, are considered a considerable feat of engineering.⁶⁰ They pass through Rahkhine State, Magway Division, Mandalay Division and Shan State before crossing into China at Riuli. Passing through more than 21 towns and cities, the pipelines have been the subject of numerous research reports by local and international NGOs that have detailed the controversial and poorly executed land compensation practices, human rights abuses associated with the military presence, health and safety problems resulting in deaths of locals and workers and extensive environmental damage.

⁵⁸ Adam Simpson, "Civil Society and Pipeline Politics in Myanmar(Burma): Energy Markets and Activist Environmental Governance " in *New Approaches to Building Markets in Asia*(2013), 11.

⁵⁹ Ying Hongwei, "Chinese Investments in Myanmar: The Sino-Myanmar Oil and Gas Pipeline Project Could Become a Chess Piece "(Asien Haus, 2014), 3.

⁶⁰ Ibid., 1.

5. China: Breaking the Malacca Dilemma

The main purpose of this section is to show that China's interest in the pipeline was socially constructed. The meaning assigned to the pipeline in China was that it would be a solution to China's 'Malacca dilemma'. This section will firstly consider the ideational environment or energy culture then examine the actors and processes of social construction that led to the Malacca Dilemma and then the pipeline being perceived as the best solution despite weak materialist rational.

5.1 China's energy culture

This section will examine the main beliefs and social relationships that constitute China's energy culture. The beliefs are vulnerability, distrust of international markets and institutions, ideology and the state centric approach. Then, examining social relationships, it will then consider how these beliefs are diffused through the organizational hierarchy of the energy bureaucracy and through the state-controlled media.

4.1.1 Vulnerability

A belief that is central to China's energy culture is vulnerability to a cessation of oil supply. While coal, natural gas, and increasingly renewables, are important in the country's energy mix, China's energy security debate primarily focuses on the availability, reliability and affordability of oil. It is considered to be particularly vital because its availability underpins both economic and military power and because China's dependence on oil imports is increasing year on year. This sense of vulnerability is driven by the material reality of dependence on imports combined with the perception of hostile foreign enemies.

It is important to examine the beliefs of leadership in China because China's top leadership determines the main energy goals and the

framework through which they are pursued. The attitudes of leadership in China towards energy security have been shaped by the historical experience of disastrous oil shortages caused by foreigners. In the early 1950s the Western bloc's Coordinating Committee for Multilateral Export Controls (COCOM) put China under oil embargo and, with low domestic production capacity, China was forced to rely on the Soviet Union. After the Sino-Soviet split in the early 1960s the oil supplies were cut off leading to disastrous shortages interrupting military activities and transport.⁶¹ The discovery of several major domestic oil fields ushered in a period of self-sufficiency from 1963 until 1993 when demand once again began to exceed domestic supply. The centrality of oil to conceptions of energy security is illustrated in the fact that the first use of the term 'energy security' (*nengyuan anquan*) in the 'China Economic News library' database of periodicals was on the 27th of March 1994, a few months after China officially became a net energy importer of oil. The term 'energy security' then appeared in 41 articles from 1994 to 1999, 1150 from 2001 to 2005 and in 1435 from 2006 to 2010.⁶²

The prevalence of this perception throughout the policy-making apparatus is supported by public opinion research into the perspectives of policymakers towards energy issues. A recent study by Vlado Vivoda and Benjamin Sovacool (2012) researched the perspectives of individuals working in the energy sector from China, India and Japan on energy security. The survey asked the 830 respondents from academia, civil society, the private sector and government about 16 different dimensions of energy security from fossil fuels to pollution and water supply. One of the main findings highlighted was the difference in levels of actual reliance on fossil fuels and perceptions of insecurity between the three countries. The most important aspect of energy security to Chinese respondents was the supply of fossil fuels whereas to Japanese respondents, R&D and

⁶¹ Guy Lueng, "China's Energy Security: Perception and Reality," *Energy Policy*, no. 39 (2011): 1332.

⁶² Ibid.

minimization of pollution were most important.⁶³ This is despite the fact that Japan relies on the import of fossil fuels much more than China does.⁶⁴ This research indicates that energy security is driven by ideational factors as well as material realities such as the level of dependence on imports.

There is also evidence to suggest that these views are prevalent throughout other aspects of Chinese society. A 2009 study into student attitudes, which canvassed approximately 1000 students across major universities, found that a vast majority thought energy imports could allow other countries to control China. 57% thought external control was completely possible and only 13% did not believe energy imports would let other states control China. Moreover, a majority of students also believed that 'disagreements over energy will lead to military conflict among countries' with 25% seeing this as 'very likely' and 43% seeing this as 'likely'. 57% of the students saw the U.S as China's greatest energy adversary and 30% believed it was Japan. Only 5% saw India as a rival despite India being one of China's main competitors for international and regional energy resources. Nearly 25% reported a 'crisis' level of concern over China's energy situation.⁶⁵ While this particular data only reflects the views of a small segment of society it is nonetheless an important one because these students will be the policy-makers and thought leaders of tomorrow.

The above survey data also links perceptions of China's energy insecurity to the perception of the US and Japan as adversaries. Thus the notion of an enemy seeking to contain China and evitable conflict resulting from China's increasing power is a fundamental aspect of China's energy insecurity.

4.1.2 Distrust of international markets and of institutions

⁶³ Benjamin Sovacool and Vlado Vivolda, "A Comparison of Chinese, Indian and Japanese Perceptions on Energy Security," *Asian Survey* 52, no. 5 (2012): 960.

⁶⁴ Japan imports approximately 90% of fossil fuels compared to 50% in China.

⁶⁵ Zweig and Ye, "A Crisis Is Looming: China's Energy Challenge in the Eyes of University Students," 26.

Chinese policy makers are also influenced by a strong distrust of international markets and institutions. One aspect of the distrust of markets is the belief that prices are not the result of supply and demand but rather they are manipulated by major international monopoly capital and international speculation capital.⁶⁶ The result is that China's leaders feel that they cannot control the price, an important dimension of energy security. There is also the belief that market forces are not effective in allocating resources because of political interference. An important event that shaped this perception was the failed acquisition of Unocal by China's state-owned energy company the China National Offshore Oil Company in 2005. The attempted \$18.5b takeover of the American oil company caused huge public backlash in the United States and the US House of Representatives voted overwhelmingly for the government to block the bid on the grounds of national security. Subsequent Chinese state media reports pointed out the hypocrisy in US lectures to China over the years on the free market and non-intervention by government.⁶⁷ This further contributed to the belief in China that China's adversaries are using energy as a method of containing China's rise.

China's suspicion of international energy institutions has also made it reluctant to play a significant role in international energy governance. Because China is now one of the world's largest energy players, this in turn limits the overall effectiveness of these institutions. Despite being a state with strong energy insecurities, China is not a member of major international energy institutions such as the International Energy Agency and the Energy Charter, which are designed to promote energy security. This choice stems from the belief that such institutions are Western dominated and would reduce China's autonomy. This view was articulated by Zhang Yan, deputy director of the Economic Cooperation Office under the Department of Policy and Planning at the Chinese Ministry of Foreign

⁶⁶ Bo Kong, "An Anatomy of China's Energy Insecurity and Its Strategies," (U.S Department of Energy, 2005), 26.

⁶⁷ Matt Pottinger, "China Restricts News of Cnooc Bid " *The Wall Street Journal* 5 August 2005.

Affairs. Zhang explained that developing countries are simply passive participants of the international energy system and because China is a latecomer to western dominated international energy regimes it has no say in the rules of the game.⁶⁸ Implicit in this belief also, is the notion that the United States led order will seek to restrain China's rise.

4.1.3 Ideology

The broader ideological vision of Chinese leadership is also an obvious and important the dimension of the ideational environment in which actors operate. The central role of the government in energy planning is a legacy of the Chinese Communist Party's (CCP) Soviet-style economic model. This ideology evolved under the market-oriented reforms of Deng Xiaoping and the third wave of China's leadership but reverted back to a strengthened control over 'strategic industries' under Hu Jintao and Wen Jiabao. This ideology was illustrated when in 2006 Li Rongrong, chairman of the State Assets Supervision and Administration Commission categorized oil and petrochemicals as one of the seven sectors over which the state will retain 'absolute control'.⁶⁹ As well as being driven by perceptions of the international system and the self-image of China as a 'rising power', this is due to the desire to control prices under the more socialist post-Tiananmen approach that characterized the Hu-Wen years. These ideas are reflected in the key slogans of these years such as 'the Moderately Well-off Society', 'the Harmonious Society' and 'Scientific Development'.

4.1.4 The state-centric approach

This broader ideological framework, perception of vulnerability and distrust of international actors and institutions have led to the belief amongst Chinese policymakers that a state-centric approach to securing energy resources is best way of ensuring energy supply and affordability. This state centric approach involves the acquisition of resources by China's

⁶⁸ Bo Kong, "Governing China's Energy in the Context of Global Governance" *Global Policy* 2 no. Special Issue (2011): 60.

⁶⁹ Ibid., 59.

state-owned energy companies supported by bilateral engagement by the government. At the end of 1992, just before China became a net energy importer, the Chinese leadership proposed that China would have to 'fully exploit domestic and foreign resources'.⁷⁰ Since that time the three major Chinese national oil companies, China National Petroleum Corporation (CNPC), the China Petroleum and Chemical Corporation (Sinopec) and the China National Offshore Oil Corporation (CNOOC) have begun acquiring foreign petroleum and gas assets. By 2005 they had collectively invested in more than 60 oil and gas projects in 30 countries across Africa, Central Asia, Oceania and Latin America.⁷¹ There is evidence that suggests that this policy choice, and the beliefs that underpin it, are widely supported in China. A 2009 survey of 230 advanced students and energy experts in Beijing found the majority believed that government rather than the private sector should play the leading role in providing energy. Almost all viewed oil as a major problem in China's 'peaceful rise' and most believed that China should give more support to its oil companies to purchase and develop foreign oil and gas fields.⁷² This indicates that this preference is not only a realpolitik response to material realities but rather the result of beliefs and attitudes that are prevalent amongst policy makers.

4.1.5 Social relationships

The organisation of China's energy policy-making apparatus is an important dimension in understanding how certain ideas come to be taken-for-granted whilst others are marginalized.

The top leadership sets the overarching framework of energy planning and it is the responsibility of ministries and state-owned enterprises to develop and implement policy. In shaping this vision, the leadership relies on information from think tanks that provide information, analyses and

⁷⁰ Joseph Cheng, "A Chinese View of China's Energy Security," *Journal of Contemporary China* 17, no. 55 (2008): 313.

⁷¹ Ibid.

⁷² Eduard Vermeer, "China's Energy Security and Student Attitudes " in *The Newsletter* (International Institute for Asian Studies 2009).

recommendations. These include the Development Research Centre of the State Council and the NDRC Energy Research Issue. These recommendations influence policy choices but the leadership themselves play an important role in guiding, funding and deciding research questions.⁷³ This politicization means that the information underlying overarching policy goals is unlikely to challenge entrenched assumptions and beliefs about energy security.

Similarly, ministries and, especially state owned enterprises, play an important role in formulating policy options but the direction is strongly influenced by the *nomenklatura* system, a hierarchical system of appointing personnel whereby all of the senior management of SOEs and ministries are appointed by the Communist Party's Organization Department.⁷⁴ The result is that different actors involved in the formulation of policy compete for the support of senior leadership and rarely collaborate or even engage with one another in debate on different energy policy options.⁷⁵ This results in 'stove piping', which means that ideas are transferred vertically throughout institutions but not horizontally between them where they are more likely to be subjected to critical analysis.

The media and the education system in China are also important social relationships by which views are diffused. A survey of over 1000 students at top universities in China on energy security found that 72% thought the news media was their most important source of information on energy and 74% thought the education system was their second most important source of information.⁷⁶ Both the media and the education system in China

⁷³ Philip Andrews-Speed & Ma Xin Michael Meidan, "Shaping China's Energy Policy: Actors and Processes," *Journal of Contemporary China* 18, no. 61 (2009): 596.

⁷⁴ Erica S. Downs, "Business Interest Groups in Chinese Politics: The Case of Oil Companies " in *China's Changing Political Landscape*, ed. Cheng Li (Brookings Institution Press 2008), 123.

⁷⁵ "The Chinese Energy Security Debate," *The China Quarterly* 177(2004): 29.

⁷⁶ Zweig and Ye, "A Crisis Is Looming: China's Energy Challenge in the Eyes of University Students," 30.

had a significant degree of state control so this is an important aspect of understanding how beliefs about energy security come to be taken-for-granted.

China's energy culture is therefore made up of central beliefs about the international system, foreign adversaries and the role of the state in securing energy resources. The high degree of politicization of the bureaucracy, education and the media diffuses these views throughout the decision-making apparatus and society.

4.2 The social construction of the Malacca dilemma

This section will examine how actors constituted by this cultural environment have constructed the China-Myanmar pipeline as a way to mitigate to China's energy insecurities. It will consider the social construction of both the 'Malacca dilemma' and then the pipeline as the solution to the dilemma.

An important process that led to the decision to build the Myanmar China pipeline was the social construction of the 'Malacca dilemma'. The key driver of the pipelines construction was the need to find a solution to this problem. The 'Malacca dilemma' is the perceived strategic vulnerability whereby some 80% of China's oil imports are shipped by tanker through the narrow shipping straits between the Malay Peninsula and the Indonesian island of Sumatra. The strait is the main shipping channel between the Indian and Pacific oceans and around one quarter of the world's traded goods pass through yearly. Approximately 15.2 million barrels of oil pass through the strait per day, which is around 2km wide at its narrowest point.⁷⁷

The term 'Malacca dilemma' (*Maliujia Kunju*) came out of a speech given by Chinese President Hu Jintao to senior party members at an economic work

⁷⁷ Dimitroff, "Cross-Border Oil and Gas Pipeline Risk and Sustainable Mitigations," 293.

conference in 2003. President Hu explained that 'certain major powers have all along encroached on and tried to control navigation through the strait'.⁷⁸ The concept was then picked up and popularized by the Chinese media who discussed the need to 'break' (*po*) the dilemma.⁷⁹ One party controlled newspaper declared 'it is no exaggeration to say that whoever controls the Strait of Malacca will also have a stranglehold on the energy route of China'.⁸⁰ The Chinese media therefore played an important role in constructing and reproducing the Malacca dilemma.

Zha Daojiong explains how Chinese policy makers view the 'idea of the Malacca Dilemma':

Unspecified hostile powers may decide to deliberately sabotage oil tankers bound for China. In response, China would need naval escort capacity in the Strait of Malacca as well as in the South China Sea. However, should it project blue water naval power into Southeast Asian waters, China risks being treated as a threat. States in maritime Southeast Asia may credibly choose to involve outside powers hostile to China for self-protection.⁸¹

According to Zha this 'argument errs by taking one scenario – all out war – as a constant possibility'.⁸² It can be reasonably assumed that the unspecified hostile powers or those President Hu describes as 'certain major powers' are the United States and key allies such as Japan. This is supported by comments published in official media later that year. Zhu Xingshan from the State Commission for Economic Development and Reform was quoted as saying 'People are worried about SOMI [State of Malacca Imbroglio] for fears

⁷⁸ Marc Lanteigne, "China's Maritime Security and the 'Malacca Dilemma' " *Asian Security* 4, no. 2 (2008): 143.

⁷⁹ *Ibid.*, 144.

⁸⁰ Ian Storey, "China's 'Malacca Dilemma' " The Jamestown Foundation, <http://www.asianresearch.org/articles/2873.html>.

⁸¹ Zha Daojiong, "Oil Pipeline from China to Myanmar: Competing Perspectives," in *RSIS Commentaries* ed. Yang Razali Kassim (RSIS Nanyang Technological University, 2009), 1.

⁸² *Ibid.*, 2.

of the U.S going for the jugular'.⁸³

While China perceives the threat of the strait as primarily geopolitical (and coming from states), other states in the region such as South Korea and Japan have perceived threat presented by the strait as being from piracy or other non-state actors such as terrorists. Instead in partaking in the construction of international rules and institutions to secure the shipping route, China has viewed the US and Japan's efforts to step up anti-piracy measures as a pretext to increase their naval presence in the area and has opposed a range of anti-piracy initiatives.⁸⁴ Considering aforementioned energy cultures is an important way to explain how China has viewed and responded to the threat differently to Japan.

Both China's perception of, and response to, the threat of the Malacca dilemma cannot be explained in purely material terms. Western analysts have dismissed this possibility as 'far fetched' and a 'conspiracy theory'.⁸⁵ As one scholar has pointed out, by blockading the strait, the United States would also cut off shipping to important allies such as Japan and South Korea.⁸⁶ Moreover, the importance of China to the global economy means any blockade would be a disaster for the United States as well as China.

But by considering the ideational environment within which China's policy makers operate this behavior can be explained. The 'Malacca dilemma' rests on assumptions about energy security and the international system that have emerged from culture consisting of beliefs and political structures.

4.3 A Solution to the Malacca dilemma

The social construction of the 'Malacca Dilemma' by China's leadership, policymakers and the media led to a number of different suggestions from think-tanks, policymakers and academia as to how the problem could be

⁸³ Willy Lam, "China's Energy Paranoia," *The Wall Street Journal* July 30 2004.

⁸⁴ Storey, "China's 'Malacca Dilemma' ".

⁸⁵ Lam, "China's Energy Paranoia."

⁸⁶ Lanteigne, "China's Maritime Security and the 'Malacca Dilemma' " 151.

mitigated. Here it is possible to observe a process of mutual constitution where an ideational structure, ('Malacca dilemma'), is reproduced by agents (academics, policymakers) in their search for a solution.

Analysts and policy-makers proposed a variety of ideas about how the problem could be solved. One of the most prominent suggestions was to build a \$20b canal across Thailand's Kra Isthmus. It ultimately failed to gain traction after opposition from Thai leadership and the large price tag. Another suggestion was a pipeline from Gwadar in Pakistan to Xinjiang. This idea failed to due to technical issues and political instability in Pakistan. Another suggestion was a pipeline that would travel through Iran, India, Pakistan and finally on to China. This failed to gain the necessary cooperation needed to move ahead.⁸⁷

The successful idea came from a group of three academics in China's southwest Yunnan Province. Professors Li Chenyang, Qu Jianwen and Wu Lei proposed the idea of building an oil pipeline from Sittwe in Myanmar's Rakhine State to Kunming in Yunnan Province to China's State Council through the Yunnan Provincial Government. The plan was first published in 2004 in *Liaowang Dongfang Zhoukan* [Oriental Outlook], a leading policy journal owned by Xinhua, a state media outlet.⁸⁸ Li Chenyang gained significant exposure from the proposal and promoted the project in the media. Highlighting the threat of foreign interference with China's energy supplies he was quoted in one story saying 'the reality is that the Americans want to control the Strait of Malacca...For China to fall under American control is a very risky thing'.⁸⁹

The plan was on the central government's agenda within months and was supported by China's state owned media outlets. On July 11th Chinese

⁸⁷ Jasnea Sarna and Matthew Reinhart, "The Malacca Dilemma," IIT Madras China Studies Centre, <http://www.csc.iitm.ac.in/?q=node/375>.

⁸⁸ Bo Kong, "The Geopolitics of the Myanmar-China Oil and Gas Pipelines," in *Pipeline Politics in Asia* ed. Mikkal E. Herberg (The National Bureau of Asian Research, 2010), 58.

⁸⁹ Hereward Holland, "In Myanmar, China's Scramble for Energy Threatens Livelihoods of Villagers," *National Geographic* 2014.

Premier Wen Jianbao and Myanmar Prime Minister Khin Nyunt discussed the plan for the pipeline.⁹⁰ Then on July 30th Li Lianzhong, the head of the economic department at the Policy Research Office of the Chinese Communist Party Central Committee, announced a 10-point strategic program for Chinese energy safety at a conference in Beijing which included the plan to build the Sino-Burmese pipelines.⁹¹

Continuing to promote the project, In August of that year the same three scholars published an op-ed in *Cankao Xiaoxi* (Reference News) giving five reasons why the pipeline should be built. Firstly, it would allow exports to avoid the Strait of Malacca. Secondly, the route would be 1200km shorter than shipping to Guangzhou then on to Southwest China. Thirdly, financing the pipeline construction would limit the influence other countries might have on Myanmar and turn the country into a strategic buffer zone for China. Fourthly, the history, current status and future prospect of Myanmar-China relations would guarantee the security of the pipeline. Finally, building the pipeline would be cheaper than other routes because there is already a 400km long railway in operation and plans to connect the remaining 500km between Sittwe and Kunming.⁹² Through this public argumentation these actors were able to socially construct the pipeline as the solution to the 'Malacca dilemma'.

The agency of the China National Petroleum Corporation and its CEO Jiang Jiemin was an important factor in the project's success. While Jiang used the Malacca dilemma to push the pipeline, personal ambition and competition between national oil companies are also part of the explanation for the

⁹⁰ No Author, "Will Sino-Burma Pipeline Project Free China from the Malacca Strait?," Petro Energy Information Network <http://www.shana.ir/en/newsagency/29077/Will-Sino-Burma-Pipeline-Project-Free-China-From-The-Malacca-Strait->.

⁹¹ Phar Kim Beng, "China Mulls Oil Pipelines in Myanmar, Thailand " *Asia Times*, September 23 2004.

⁹² Bo Kong, "The Geopolitics of the Myanmar-China Oil and Gas Pipeline " in *Pipeline Politics in Asia: The Intersection of Demand, Energy Markets and Supply Routes*, ed. Mikal E. Herberg(National Bureau of Asian Research, 2010), 58.

company's support. The CNPC became one of the biggest advocates for the pipeline, using the symbol of the 'Malacca dilemma' to push the pipeline plan to the highest levels of government, where CNPC's senior staff, with the rank of minister, have access.

Jiang has been described as a 'political businessman' who often gave speeches on the national and social responsibility of state-owned enterprises.⁹³ Jiang went against the advice of planners and technicians to throw CNPC's support behind the pipeline and promote it at the highest levels of central leadership.⁹⁴ He also promoted the project to the public in media interviews, perpetuating the narrative that it would mitigate China's energy insecurities. Locating the need to build the project in China's 'Malacca dilemma', Jiang made statements such as 'the Sino-Myanmar Pipelines will diversify the methods and sources of crude oil sources'.⁹⁵ In this speech and behavior Jiang was an important agent in this process of social construction.

Jiang came under criticism through his time as CEO of CNPC for undertaking projects to please Beijing instead of those that made commercial and practical sense.⁹⁶ This demonstrates the workings of China's energy culture whereby projects are pushed for ideological rather than practical reasons. Jiang has been described as a key figure in 'China's determined expansion of its energy empire overseas' and along with the China-Myanmar pipeline he was behind the push for pipelines between China and Russia and China and Central Asia.⁹⁷ The fact that Jiemin was promoted (before later being purged) to chairman of the State Assets Supervision and Administration Committee, a major role overseeing all of China's state owned enterprises, demonstrates the workings of the *nomenklatura* system of hierarchical appointment and the way that ideology is diffused through the energy

⁹³ Charlie Zue and David Lague, "Official at Centre of Chinese Oil Purge Was Politic Businessman," *Reuters* 24 July 2014.

⁹⁴ Ibid.

⁹⁵ Li Woke, "Myanmar's Pipeline to Diversify Energy Sources " *Global Times* 14 September 2010.

⁹⁶ Lague, "Official at Centre of Chinese Oil Purge Was Politic Businessman."

⁹⁷ Ibid.

apparatus.

The competitive nature of China's NOCs also explains CNPC's enthusiasm to lead the project. In the first few years after energy self-sufficiency ended in China in 1993, Beijing reorganized China's main national oil companies to be more competitive both locally and internationally. This involved the redistribution of assets between the two major players the China National Petroleum Company and Sinopec so they would operate as two vertically integrated entities instead of monopolizing upstream (CNPC) and refining (Sinopec). Sinopec had a dominant market share in China's southwestern provinces and CNPC saw the pipeline as an opportunity to get a foothold in the region's downstream market, which was being serviced primarily by the Maoming-Kunming pipeline operated by Sinopec.⁹⁸ This demonstrates that while CNPC and Jiang Jiemin had a number of ulterior motivations for supporting the pipeline project, they used the symbol of the 'Malacca dilemma' to push the project and in the process became important agents in assigning that meaning to it.

The decision to build the gas pipeline on the Chinese side was less about security of supply and the prospect of a naval blockade and more about supply and demand. The decision to build the parallel pipeline came out of the lengthy discussions over the crude oil pipeline and the cost effectiveness of laying two pipelines at once incentivized the project. China's gas demand was rapidly growing and proven reserves in Myanmar increased from 10.1 to 17.5 trillion cubic feet in the period 2000 to 2008. It was also driven by the fact that Chinese NOCs had secured 12 hydrocarbon projects in Myanmar.⁹⁹¹⁰⁰

⁹⁸ Kong, "The Geopolitics of the Myanmar-China Oil and Gas Pipelines," 60.

⁹⁹ Ibid., 61.

¹⁰⁰ Sinopec, China National Offshore Oil Company CNOOC and the China National Petroleum Company all have offshore and onshore gas projects in Myanmar.

4.4 'Fundamentally flawed'

The economic and security rationale behind both the oil and the gas pipeline has been widely disputed by Chinese and international analysts. This highlights the important role that social construction and China's highly politicized energy culture played in the pipelines success. Erickson and Collins (2011) argue that the perception that the Burma-China pipeline will increase supply security is 'fundamentally flawed'.¹⁰¹ They point out that pipelines are more vulnerable to sabotage and military interdiction than seaborne shipping which is more flexible and can be rerouted for minimal cost. This echoes comments by prominent Chinese academics such as Zha Daojiong (2009) who argues that the pipeline 'doesn't make much sense since during combat, a pipeline that is fixed and immobile makes a much easier target than a moving tanker in the ocean'.¹⁰² While the pipelines are buried, the pumping stations are not and these could be easily targeted by air forces or ordinance in a conflict and the multimillion dollar pumps can take up to a year to replace, stopping all oil transit in the process if multiple stations were destroyed.¹⁰³ As well as this the pipeline passes through a number of active conflict areas where the Myanmar army is fighting armed ethnic groups such as the Kachin Independence Army (KIA), the Ta'ang National Liberation Army (TNLA) and the Shan State Army North (SSA-N).¹⁰⁴

Zhao Hong (2010) believes that the impact of the oil pipeline on China's energy supply 'is likely to be marginal'. At full capacity of 440,000 barrels per day (b/d) the pipeline can only deliver 11% of China's oil needs. Based on an average growth rate of 3.7% he points out that by 2015 it will only

¹⁰¹ Andrew S. Erickson and Gabriel B. Collins, "China's Oil Security Pipe Dream: The Reality, and Strategic Consequences, of Seaborne Imports," *Naval War College Review* 63, no. 01 (2010): 92.

¹⁰² Daojiong, "Oil Pipeline from China to Myanmar: Competing Perspectives."

¹⁰³ Downs, "The Chinese Energy Security Debate."

¹⁰⁴ Community Group Member, interview by Jeremy Todd, 20 December 2014, Lashio, Shan State, Myanmar

account for 6.7% and by 2030 only 3.4%.¹⁰⁵ Similarly, Ma Hong, a researcher at the China University of Petroleum's China Energy Strategic Research Institute said '22 million tonnes of oil is a drop in the ocean' and the Burmese pipelines will not make much difference.¹⁰⁶ Another prominent oil and gas expert, Tong Xiaoguang who is a member of the Chinese Academy of Engineering Sciences was even harsher with his criticism saying 'the idea that the Burmese pipelines will relieve the Malacca problem is false'.¹⁰⁷ The fact that prominent experts have denounced the logic suggests that social and political explanations for the pipelines construction may be more useful than economic, technical and security based answers.

Similarly, an analysis of the first year of operation of the gas pipeline raised serious doubts about that pipelines commercial viability. Data released in July 2014 by CNPC showed that in the gas pipelines first year of operation it transferred 1.87 billion cubic meters (bcm) of gas, which amounts to less than 20% of the 12 bcm capacity. This amounted to a loss of about \$280m and comes despite CNPC marketing projections it would operate in the first year at 50%.¹⁰⁸ In fact, nearly all Chinese invested gas pipelines operated overseas lose money. Because domestic gas is heavily subsidized, the more gas that is imported via pipeline, the more state owned enterprises stand to lose and this explains why other pipelines, such as China's central Asian pipelines, are operating at below 50% of their capacity.¹⁰⁹ The explanation for the pipelines is not in commercial viability but rather the need to diversify supply routes.

Understanding the attitudes of leadership, energy experts and important

¹⁰⁵ Zhao Hong, "China-Myanmar Energy Cooperation and Its Regional Implications," *Journal of Current Southeast Asian Affairs* 30, no. 4 (2011): 63.

¹⁰⁶ Li Yi, "China-Myanmar Oil and Gas Pipelines: A \$5 Billion Problem " *China Dialogue* 05 July 2013.

¹⁰⁷ Ibid.

¹⁰⁸ William Boot, "China's 'Strategic' Gas Pipeline in Burma May Be Built on Hot Air " *The Irrawaddy* July 31 2014.

¹⁰⁹ Yun Sun, "Gas Pains for China and Myanmar " *Asia Times* 14 October 2014.

segments of Chinese society as well as the bureaucratic structure and practices associated with energy gives important insights into why the Sino-Burmese pipeline came to be accepted as an appropriate way to mitigate China's energy insecurities. Energy security, as a national interest, is not only a rational response to material realities but also a social construct born out of domestic culture and shaped by important players in the energy sector and political arena.

5. Myanmar

The main purpose of this section is to show that interests can change with processes of social construction. This section will begin with examining Myanmar's energy culture and the impact that the political transition has had on it. It will argue that Myanmar is transitioning away from a rentier energy culture as new actors emerge setting norms of local resource ownership and social and environmental responsibility.

Within this context, the role of social movements in assigning new meanings to the China Myanmar pipeline will be examined. Challenging the government's narrative of economic development and modernization, these actors have embedded the pipeline in national discussions of social and environmental responsibility, Chinese exploitation of Myanmar's resources and self-determination. It will finish by considering impact that this new meaning has had on the pipeline.

5.1 Myanmar's changing energy culture

This section will consider the beliefs and social relationships that constituted Myanmar's energy culture under the military junta then examine how it has changed with Myanmar's political transition.

Unlike China, which could be characterized as having an energy culture of insecurity, Myanmar has had a rentier energy culture. The culture from which the pipeline emerged in Myanmar was a highly centralized political structure where the junta primarily viewed energy resources as a much-needed source of export revenue. China was seen as a favorable economic partner and source of foreign direct investment, regions populated by ethnic minorities were predominately seen as a problem to be pacified and natural resources were viewed as the property of the central government to be used in the strengthening of the union. The political environment in

Myanmar precluded a public debate about the pipeline and official government narratives were about the economic opportunities it would bring to Myanmar and the regions through which it passes.

Myanmar's political transition (2011-present) allowed new actors with different to contest the pipelines meaning. Social movements, pro-democracy news outlets and opposition political parties were able to assign new ideas to the project and embed it in national discussions about accountability, social and environmental norms and Chinese exploitation of Myanmar's resources.

5.1.1 A rentier culture

The social structures and beliefs that constituted Myanmar's energy culture under the military junta are important for understanding why the pipelines were built. Organizationally, Myanmar's decision-making structure around energy was highly centralized. Andrew Selth, an analyst of Myanmar's military affairs, described an 'opaqueness' that extends 'to the highest levels of government, where many important issues seem to be decided by individuals, notably regime leader Senior General Than Shwe'.¹¹⁰ Identifying the beliefs of senior leadership around energy that led to the pipeline project is therefore difficult but a number of conclusions can be made. Myanmar's junta saw energy resources primarily as a source of export earnings to be used by the central government in the strengthening of the union, large infrastructure projects were seen as an important signifier of progress, China was seen as a favorable economic and political partner and here was a conscious disregard for the social and environmental impacts of projects, especially in areas populated by ethnic minorities.

5.1.1.1 Export earnings for the central government

Between the early 1990s and 2011 Myanmar had what can be described as

¹¹⁰ Benedict Rogers and Jeremy Woodrum, *Than Shwe: Unmasking Burma's Tyrant* (Seattle University of Washington Press 2009).

a rentier energy culture. The export of natural gas, oil and electricity has been a key source of export earnings for the military junta, which would have otherwise been crippled, and existentially threatened, by Western sanctions.

Burma gained independence in 1948 and after the coup de tat of 1962 foreign oil assets were taken over as part of the 'Burmese way to socialism' doctrine of Ne Win's revolutionary council. The ideological framework of the Burmese way to socialism has been described as 'a peculiar mix of Marxism, nationalism, and Buddhism, grounded in an intolerance of dissent and an extreme xenophobia'.¹¹¹ Central planning and control of key assets was a fundamental aspect of the philosophy and in 1963 the assets of the British owned Burmah Oil Company were nationalized and formed the basis of the state monopoly People's Oil Industry, renamed the Burma Oil Corporation in 1970 and the Myanmar Oil and Gas Enterprise in 1989.

Foreign investors were allowed back into Myanmar's oil and gas sector after the State Law and Order Restoration Council (SLORC) introduced the Union of Myanmar Foreign Investment Law in November 1988, which guaranteed that foreign businesses would not be nationalized. The government then encouraged foreign firms to conduct oil exploration in Myanmar and contract for exploration and drilling were signed with international firms.

Despite the foreign investment law, the government continues to legally control all natural resources. The State-Owned Enterprises Law of 1989 gives 'sole right' to the government for 'the exploration, extraction, production and sale of petroleum and natural gas'. Similarly, the 2008 constitution of Myanmar states that the Union is: 'the ultimate owner of all lands and natural resources above and below the ground, above and beneath the water and in the atmosphere of the Union.' Rules such as this are important indicator of beliefs because they are a formal embodiment of ideational structures. This is an important aspect of Myanmar's energy

¹¹¹ Ibid.

culture that can be located in the ideological framework of the 'Burmese way to socialism.'

In the early 1990s the brutal repression of a pro-democracy movement by the military led to the enactment of sanctions by Western countries and the supply of oil and gas became a critical source of revenue for the military government. Myanmar invited foreign firms to begin offshore exploration and production in the early 1990s and large discoveries were made in the Yadana field by French firm Total and in the Yetagun field by Texaco/Premier. Natural gas became the top export item in 2001, accounting for approximately 40% of total exports for the decade that followed.¹¹² The most significant of these sources have been the Yadana, and Yedagun fields that supply natural gas to Thailand through a 670km pipeline. In the early 2000s there were more large finds by Korean firm Daewoo in the Shwe Gas field (gas for China-Myanmar pipeline) and by Thailand's PTT in the Zawtika field.

Myanmar's junta saw their primary responsibility as maintaining the territorial integrity of the nation from foreign threats and the domestic civil conflicts with more than twenty armed ethnic groups. Energy exports were used primarily for resources in that cause. According to individuals who knew Senior General Than Shwe, nearly every speech that he gave was 'deeply infused with the rhetoric of maintaining the territorial integrity of the nation'.¹¹³ Moreover, research by NGOs has shown correlations between the Yadana natural gas field becoming operational and large arms acquisitions.¹¹⁴ This indicates that the export of energy resources was primarily seen by the junta as a way to bolster the capabilities of the military.

It is important to point out that although Myanmar is an important

¹¹² Thet Aung Lynn and Mari Oye, "Natural Resources and Subnational Governance in Myanmar " in *Subnational Governance in Myanmar Discussion Paper Series* (Asia Foundation, 2014), 22.

¹¹³ Woodrum, *Than Shwe: Unmasking Burma's Tyrant* 65.

¹¹⁴ Movement, "Corridor of Power," 13.

regional supplier of natural gas, the country does not have large reserves by international standards. In 2010 Myanmar had the proven natural gas reserves of 283 billion cubic meters ranking it 40th in size internationally with approximately 0.2% of the world total. Myanmar ranks behind other regional players such as Thailand (39th with 284 bcm) Brunei (34th with 390 bcm) Vietnam (29th with 699 bcm) and Malaysia (15th with 2350 bcm). Myanmar has become an important producer, despite relatively modest reserves, because of successive government's preference for using the resources as a source of export revenue and foreign currency instead of supplying local demand. In 2014 approximately 80% of natural gas produced in Myanmar was exported.¹¹⁵ What this indicates is that there is that government preference, beliefs and attitudes toward energy, have driven exports rather than just the material reality of the country's resource endowment.

5.1.1.2 Infrastructure projects as a signifier of progress

The military junta, and Senior General Than Shwe in particular, viewed large-scale energy projects as an important signifier of progress and economic development. While many aspects of development, such as education and healthcare, were completely neglected, large infrastructure projects like dams and highways were a priority. Than Shwe maintained a tight grip on economic policy, once purging another general for suggesting an alternate economic vision,¹¹⁶ and from his position as chair of the Special Projects Implementation Committee he personally drove and oversaw infrastructure projects.

In one of his only interviews with foreign media, Than Shwe recounted his government's success in building dams claiming that 'up until 1988, the country had only 138 dams...we have built 233 new dams and sluice gates, set up 327 river water pumping stations in areas that are difficult to build

¹¹⁵ William Boot, "Burma Won't Export New Gas Finds until Domestic Needs Met, Says Official," *The Irrawaddy*, February 7 2014.

¹¹⁶ Woodrum, *Than Shwe: Unmasking Burma's Tyrant* 217.

dams in'.¹¹⁷ The General's passion for such projects was also noted by a former British Ambassador that had interacted with him: 'he is very proud of having unified the country, in his view, and having made it stable, and he is very proud of all the bridges and roads and dams'. He pointed out that 'There is no doubt that they think this is a big deal – but you wonder about the software. They haven't done anything there; in fact they have let it wither'.¹¹⁸ This indicates that the junta, and Than Shwe, do feel some responsibility for economic development and they see infrastructure projects as a way to pursue it and demonstrate it to the world.

5.1.1.3 Disregard for social and environmental impacts

Another dimension of the junta's rentier energy culture has been a total disregard for the social and environmental impacts of foreign energy projects within Myanmar. According to Adam Simpson 'In general, environmental governance of large projects of governments and their agencies in the South is poorly executed, but projects involving Myanmar have been particularly notable for environmental destruction and human rights abuses'.¹¹⁹ This is in part due to the fact that many of the countries natural resource endowments are located in areas populated by ethnic minorities where the government is was/is fighting against armed ethnic groups. As a result, the presence of the military to ensure the security of the projects has brought immense suffering to communities in the vicinity. An important aspect of the military junta's philosophy was the principle of 'Amyo, Batha, Thathana'. It translates as 'One race, one language, one religion'.¹²⁰ The result of this philosophy is that people from ethnic minority communities are treated as second-class citizens by the majority ethnic Burmese military and large infrastructure projects have taken place against this backdrop. A particularly harrowing example was the construction of the Yadana pipeline, through Mon state in Southern

¹¹⁷ Senior General Than Shwe, June 2011.

¹¹⁸ Woodrum, *Than Shwe: Unmasking Burma's Tyrant* 173.

¹¹⁹ Simpson, "Civil Society and Pipeline Politics in Myanmar(Burma): Energy Markets and Activist Environmental Governance " 5.

¹²⁰ Ibid.

Myanmar, which led to systemic human rights abuses at the hands of the military and environmental destruction. Field research by Earthrights International detailed cases of summary executions, torture, rape, forced labour and forced relocations.¹²¹

As well as a disregard for communities there has also been an institutional incapacity for implementation, monitoring and enforcement of social and environmental standards. According to a senior staff member from an oil and gas company with a contract in Myanmar, the low level of social and environmental regulations in Myanmar means that the industry has been effectively self-regulated.¹²² The result has been that businesses who are accountable to shareholders, more often Western businesses, have tended to pursue greater corporate social responsibility while less accountable entities such as national oil companies have not. This rentier culture began to change after the 2011 political transition.

5.1.2 Brief overview of political transition

Myanmar was ruled by various iterations of military dictatorship from 1962 to 2011. A constitution adopted in 2008 led to an election in 2010, widely considered fraudulent, that brought the military-backed Union Solidarity and Development Party (USDP) to power in March 2011. The new government under ex-general Thein Sein embarked on a number of significant reforms including new labour legislation, release of political prisoners and the ending of press censorship.

The political reform process has been incrementally implemented from the top-down and the 2008 constitution reserves 25% of the seats in each house of the bicameral legislature for the military. Human rights abuses continue especially in those areas populated by ethnic minorities and those occupied by the *Tatmadaw* (army).

¹²¹ Earthrights International, "Total Denial "(Earthrights International 1996).

¹²² Senior staff member at an oil and gas company in Myanmar, interview by Jeremy Todd, 12 December 2014, Yangon.

Thus there are aspects of both continuity and change from the previous regime. Robert Taylor summarizes that ‘the new constitutional order.... preserved the autonomy of the armed forces while creating an arena for the emergence of civilian political interests and activities’.¹²³ The pace and level of change has varied greatly depending on the issue, the political climate and the part of the country.

This had a strong impact on Myanmar’s energy culture. New actors have emerged, the government is becoming increasingly accountable and new norms are guiding the actions of policy-makers.

5.1.3 Changing culture: addressing domestic energy demand

One significant change has been that the new nominally civilian government has begun to focus on supplying the domestic market. This reflects new norms about local ownership of resources. Signals of a change in approach began to emerge in 2012 ahead of a number of rounds of bidding for on and offshore blocks. In his first interview with foreign media, the Myanmar Minister of Energy Than Htay said that ‘power is very much crucial to our transformation process...we are developing, we need more energy, so we won’t sell our natural gas abroad. We will use it ourselves.’ He explained there was a ‘huge gap between supply and demand’ but assured that existing contracts with China and Thailand would be honored.¹²⁴ This marks a considerable departure from the policies of the junta, which placed little importance on supplying the energy needs of the population. But despite assurances that contracts would be honored, the CEO of Thailand’s oil company PTT Palin Chuchottaworn revealed to Reuters in 2013 that ‘we’re renegotiating [the contract] already’.¹²⁵ Because renegotiation is often a cause of disputes, and this demonstrates that the new government is willing to renegotiate

¹²³ Robert H. Taylor, "Myanmar: From Army Rule to Constitutional Rule?," *Asian Affairs* 63, no. 11 (2012): 4.

¹²⁴ Jason Szep, "Myanmar Has No Plans to Export New Gas Finds " *Reuters* 27 January 2012.

¹²⁵ Wayne Arnold, "Myanmar Finally Takes a Seat at Its Own Oil & Gas Feast," *ibid.*, June 12 2013.

contracts, this indicates that the risk of a dispute has heightened over the Myanmar-China pipelines due to new norms about the use of resources.

5.1.4 Changing culture: new social and environmental norms

The government has also taken a number of significant actions that indicate that they are taking the social and environmental impacts of large energy projects seriously. The most symbolic was the decision to suspend the \$3.6b Chinese-led Myitsone Dam¹²⁶ project only months after coming to power in accordance with the 'will of the people'. This was followed by the decision to suspend the Dawei coal power plant, which would have sent 100% of electricity generated to Thailand. In a statement addressing public criticism one of the energy ministers, Khin Maung Soe, told reporters that the government had decided to stop the coal plant 'after reading about concerns over the environmental impact of this plant in local media reports'.¹²⁷ The fact that environmental impacts were cited shows that the government is responding to political pressure and is being held to new standards of appropriate behavior.

New standards have also been implemented requiring social and environmental impact assessments for large projects. In 2012 the new government passed the Environmental Conservation Law requiring both environmental and social impact assessments for the extractive industries, which must involve consultation with communities affected by such projects. The government has also signed up to the Extractive Industries Transparency Initiative (EITI), a global standard to promote openness and accountability in the management of natural resources. Membership of the EITI has stringent reporting requirements on revenues and taxation and requires governments and businesses to work with civil society to promote transparency. Myanmar's ascendency to the EITI has been a

¹²⁶ The pipelines, the Myitsone Dam and the Letpandaung copper mine are the three major Chinese projects in Myanmar. The new Myanmar government also renegotiated the contract of the Letpandaung copper mine in Myanmar's favour.

¹²⁷ Gwen Robinson, "Myanmar Cancels Big Power Plant Project," *Financial Times* January 10 2012.

major political issue because it requires the government to work alongside non-governmental and community organisations through major projects and reveal where revenues from major projects are being directed. This acknowledges the role of civil society in a formal sense and illustrates the new social structures in Myanmar's energy culture. The government announced its commitment to joining the initiative in 2013, was accepted as a candidate country in 2014 and will have to submit its first report by 2016.

5.2 Reframing the pipeline

Looking to the role of agency, this section will consider how activists have contested social understandings of the Myanmar-China Pipeline. The purpose of this section is to demonstrate that pipeline meanings are contestable and can be influenced by changing domestic social and political circumstances. Constructivist theorists have paid considerable attention to the role of social movements and activists in changing social understandings. Scholars such as Keck and Sikkink (1998) and Risse et al (1999) have examined the sorts of techniques that activists use such as symbolic politics, issue framing and shaming. Using these speech acts the pipeline has been constructed as a symbol of Chinese exploitation, rent-seeking, social and environmental irresponsibility and marginalisation of ethnic minorities. Opposition political parties, non-governmental groups, community level organisations and pro-democracy news outlets have been important agents in this process.

The narrative produced by the Myanmar government and the China-National Petroleum Company in Myanmar primarily focused on the economic benefits of the pipeline to Myanmar and the underdeveloped areas along the pipeline route. According to Myanmar's Vice President U Nyan Tun 'this project will promote our country's economy and

development in the area the pipeline crosses'.¹²⁸ Thus the meaning assigned to the government primarily revolved around economic development and modernisation. This meaning was reproduced through media outlets such as television and newspapers like *The New Light of Myanmar*, which are widely viewed and read.

As Myanmar's political change progressed, a variety of political actors were able to contest this and assign new meanings to the pipeline. One of the most important groups was activists. Adam Simpson argues that 'activists can play an important role in communicating local community concerns to these bodies and their governments but the extent of their influence depends on the nature of the political regimes under which they operate'.¹²⁹ The military regime had previously prohibited and brutally punished any sort of dissent so social movements were limited in their abilities as agents of socialisation. According to a former political exile who returned to Myanmar to work on the pipeline project, if you spoke out about the human rights impacts of the China-Myanmar pipeline in 2009, you could be arrested.¹³⁰ For that reason many of the activists working on the China-Myanmar pipeline were political exiles primarily based in Thailand. While they were able to bring international attention to the issues, they were less able to perform research or advocacy roles.

This began to change after the 2011 election. On the 17th of August 2011 newly elected President Thein Sein invited Myanmar's political exiles to return home. An estimated one million had fled for political reasons, most since the brutal crackdowns in 1988 and a large number continued their activism overseas with large concentrations in Thai cities of Chiang Mai

¹²⁸ Aung Shin, "\$1 Billion Local Investment in Pipeline " *Myanmar Times* 2 February 2015.

¹²⁹ Simpson, "Civil Society and Pipeline Politics in Myanmar(Burma): Energy Markets and Activist Environmental Governance " 4.

¹³⁰ Human rights activist, interview by Jeremy Todd, 7 December 2014, Yangon.

and Mae Sot.¹³¹ In the same month the Ministry of Information lifted the requirement that news outlets submit materials to the government prior to publication, effectively ending Myanmar's decades of press censorship and allowing pro-democracy news outlets such as *The Irrawaddy* and the *Democratic Voice of Burma* to set up offices within Myanmar. While activists continued to be harassed and arrested, especially for protest action, these changes created a political space within Myanmar for civil society to operate and contest norms around energy and foreign investment.

5.2.1 Organisation

The organisational structures of the main civil society groups allowed a broad number of disparate groups and individuals, across large geographical, cultural and linguistic barriers to communicate a shared message and approach on the pipeline issue. This was an important aspect in their ability to contest understandings. Two key coalitions were the Shwe Gas Movement and The Myanmar-China Pipeline Watch Committee. The actors involved have a range of social, political and ethnic identities but they were brought together but a number of common characteristics. One was that most came from an ethnic minority area affected by the pipeline. Another was the common experience of exile in countries like Thailand and Bangladesh where pro-democracy (or anti-government) groups coalesced alongside international non-governmental organisations (NGOs) working on social and environmental causes. The shared experience and familiarity created by political exile was an important factor in their ability to work together on the pipeline issue and these groups gained education and skills from the support of international NGOs.¹³² This shared experience of exile can be considered an important factor in the identity formation of these individuals. Common beliefs and attitudes to the groups include pro-democracy sympathies, pro-self

¹³¹ Nyein Nyein, "Burma's Exiles Want Clear Rules for Return," *The Irrawaddy*, 2 December 2014.

¹³² Interview with activist, "Human Rights China-Myanmar Pipeline."

determination for ethnic minorities and local ownership of resources.

The Shwe Gas Movement (SGM) is a collection of individuals and smaller groups primarily from Western Myanmar's Rakhine (Arakan) State, which came together in 2002 when exploration began off the coast of Rakhine State. Key players are the Global Coordinator Wong Aung, Arakan Oil Watch and the All Arakan Students and Youth Congress. The group was originally based in Chiang Mai, Thailand where it was supported by international NGOs and members have experience campaigning on and researching other energy projects such as the Yadana Pipeline in the 1990s.¹³³ Stated aims of the Shwe Gas Movement are 'raising awareness about the social, economic and environmental impacts of the Shwe Gas Project'¹³⁴ and a central message is Rakhine ownership of Shwe gas.

The Myanmar-China Pipeline Committee began in 2012 and consists of 18 groups across the pipeline route from Shwe Gas Movement and other Rakhine groups to Shan and Palaung groups based in Lashio near the Chinese border. The aim of this group has to present a united front among the different affected communities and to produce research on social and environmental impacts.¹³⁵ This group also consists of community level groups as well as issue-specific social movements.

5.2.2 Collecting information

One key function of these groups was the collection of information about the pipelines numerous social and environmental impacts. The collection of this data also allowed civil society groups to challenge claims from the government and oil companies about the benefits that the pipeline would bring to regional areas such as training, business opportunities and employment.

¹³³ Simpson, "Civil Society and Pipeline Politics in Myanmar(Burma): Energy Markets and Activist Environmental Governance " 11.

¹³⁴ Shwe Gas Movement, "About, Shwe Gas Movement Website " www.shwe.org.

¹³⁵ Interview with Community Group Member, "Myanmar-China Pipeline and Human Rights."

In the early stages of the pipelines construction research was extremely difficult. In Shan State where the military was fighting groups in the vicinity of the pipeline route such as the Ta'ang National Liberation Army and the Northern Shan Army the roads were controlled by the military and researchers were at risk of being arrested, and beaten under the pretext of aiding the rebels.¹³⁶ While some information was being reported, this largely suppressed the emergence of new social understandings of the pipelines until Myanmar's political atmosphere began to shift.

In conducting field research for a report on the impacts of the pipeline in 2011 one community group member described his process of field research. He explained that in order to stay under the radar of the military and to gain the trust of the villagers who were terrified of discussing politics 'We had to pretend to be villagers looking for work and stay in the area for a week or ten days. We told the villagers we were looking for a job. People would not talk because they were afraid and we had to build trust'.¹³⁷ Twenty members of his organisation used this strategy to survey the impacts of the pipeline in 52 villages.

The changing political climate allowed field research to be conducted more safely and thoroughly and research was conducted by Earthrights International, the Myanmar-China Pipeline Watch Committee, the Ta'ang Student and Youth Organisation, the Shwe Gas Movement, Arakan Oil Watch, the Northern Shan Farmers Committee, BadeiDha Moe Civil Society Organisation and The Myanmar Centre for Responsible Business as part of their Oil and Gas Sector Wide Impact Assessment.¹³⁸

5.2.3 Disseminating information

This research has formed the basis of a number of reports by the aforementioned group that have been widely disseminated and cited by

¹³⁶ Human rights activist, interview by Jeremy Todd, 22 January, 2014
Lashio, Shan State, Myanmar

¹³⁷ Ibid.; *ibid.*

national and international media outlets. Some of the key reports include Supply and Command (Shwe Gas Movement 2006), Corridor of Power (Shwe Gas Movement, 2009) and Sold Out (Shwe Gas Movement, 2011).

These reports detailed environmental damage, human rights abuses perpetrated by the military including forced labour and sexual violence and the poorly executed land compensation scheme. They were able to show that many of the workers on the project had actually been brought in from China and that the schools and hospitals built by CNPC as part of the corporate social responsibility efforts were built in areas away from the pipeline route and were going unused. These reports were circulated internationally, with Wong Aung frequently being quoted in publications such as the New York Times. Access to the Shwe Gas Movement website in Myanmar became available in September 2011 after blocks were lifted on exile websites.

Shwe Gas Movement and Arakan Oil Watch are particularly adept at using digital mediums to communicate their messages and were initially supported in developing web and IT capacities by international NGOs.¹³⁹ All of the reports and press releases are available on the Shwe Gas Movement website as well as photographs and YouTube videos. The Arakan Oil Watch also publishes a regular *Shwe Gas Bulletin* including regular updates on projects and campaigns.

Technological, as well as political, change has thus been instrumental in allowing these groups to organize, report on incidents and disseminate information. A community group member in Northern Shan State explained that now that cellphones are widely available farmers could report incidents and someone from his organisation can drive out and meet with them and report back online to the wider network.¹⁴⁰ Other groups that do not have the same level of IT skills necessary to build and

¹³⁹Simpson, "Civil Society and Pipeline Politics in Myanmar(Burma): Energy Markets and Activist Environmental Governance ".

¹⁴⁰ Interview with Community Group Member, "Myanmar-China Pipeline and Human Rights."

maintain websites have been able to use social media to communicate information. The Myanmar-China Pipeline Watch Committee is particularly active on Facebook posting photographs and videos sent in by villagers.

These groups are also proficient in using traditional media in communicating their messages and the relaxation of press censorship has allowed them to hold press conferences and issue media releases to domestic news outlets. Pro-democracy national news outlets such as the *Myanmar Times*, *The Irrawaddy* and *The Democratic Voice of Burma* frequently publish articles on Myanmar-China pipeline as well as regional newspapers such as the *Shan Herald*. All of these news outlets have websites are widely read internationally and are often cited in the reports of international news outlets. For example, a report by the widely read British newspaper the Guardian read:

The losers from this venture are the Burmese people and the environment. An extensive report by the Shwe Gas Movement (SGM), a Burmese community based human rights network, documented the destruction of local fishing and farming industries, including confiscation of thousands of acres of land to 'clear areas for the pipeline and associated infrastructure', from 2010 to 2011. Tens of thousands have been left jobless, with little or no compensation or employment opportunities.¹⁴¹

By publishing these types of articles the newspapers became important agents in this process of socialisation. They were influencing the reproduction of certain ideas through their actions and therefore helping to assign new meanings to the pipelines that disrupt official narratives.

5.2.4 Campaigning

These groups have also used targeted campaigns to convey their messages about local ownership of resources and Chinese exploitation of Myanmar. Evident in these campaigns has been the sort of techniques described by Risse and Sikkink such as shaming and symbolic politics. On the first of

¹⁴¹ Nafeez Ahmed, "The Dirty Fossil Fuel Secret Behind Burma's Democratic Fairytale " *The Guardian* 26 April 2013.

March 2012 the Shwe Gas Movement organized an international day of protest action involving demonstrations by 130 groups across 20 countries. Accompanying the protest was an open letter to President Thein Sein asking for the immediate postponement of the pipelines on the grounds that the government 'should be meeting energy needs instead' and 'protecting community rights to their lands and livelihoods'.¹⁴² Campaigns would coordinate protest action, letter writing, signature collection and report releases to draw as much media attention to the messages as possible.

5.2.5 Issue linkage and symbolic politics

The linkage of the pipeline issue to a broader national discussion about self-determination and the right of regions to subnational resource governance has been an important aspect of the campaigns. In Shan State the member of Shan Assembly for Namtu, Nang Kahm Aye, has been particularly active on the pipeline issue and has frequently brought the issue up in the Shan Assembly. As well as discussing environmental and social impacts she has argued that 5% of the pipelines earnings should be used to compensate losses incurred by locals.¹⁴³ Similarly, the Shwe Gas Movement has been campaigning for local ownership of gas resources Rakhine state, which has one of the lowest rates of energy access in Myanmar. In 2012 the group launched the '24 Hours of Electricity Now' campaign that demanded 24 hours of electricity a day in Rakhine State before any gas was exported.¹⁴⁴ This campaign featured t-shirts, bumper stickers and posters with the slogan '24 Hours of Electricity Now. We Have the Right to Use Our Gas' and events centered on the traditional Rakhine

¹⁴² "Open Letter to President Thein Sein: Postpone Destructive Chinese Pipelines in Burma," Federation for Human Rights, <https://www.fidh.org/International-Federation-for-Human-Rights/asia/burma/Open-letter-to-President-Thein>.

¹⁴³ Interview with activist, "Research on the China-Myanmar Pipelines".

¹⁴⁴ Natural gas plants are one of the main ways electricity is generated in Myanmar

Rahta-Swe-Bwe tug-of-war events.¹⁴⁵ This indicates the Rakhine based activists were using these traditional symbols and signifiers of Rakhine identity to link the campaign to broader themes of subnational resource governance and self-determination. Formal Rakhine political parties in the state and national legislatures supported the campaign. Oo Hla Sow from the Rakhine Nationalities Democratic Party (RNDP) argued in Parliament that 20% of the gas allocated to Myanmar should be used in Rakhine State and the party set up a '24 Hour Electricity Committee' to push for it.¹⁴⁶

Another central theme running through campaigning is Chinese exploitation of Myanmar's natural resources. By emphasizing Chinese aspect of the pipelines the campaign has tapped into a broader current of anti-Chinese sentiment in Myanmar. This is another example of issue linkage and symbolic politics. Historical anti-Chinese sentiments have been inflamed by the practices of Chinese businesses in recent years and have been allowed to expand by the relaxation of press censorship. There is a long history of anti-Chinese sentiment in Myanmar with major anti-Chinese riots in the late 1960s during China's attempt to export communism during the Cultural Revolution. According to Min Zin, who studied attitudes toward Chinese in popular culture, there has been an observable anti-Chinese attitude in Myanmar since at least the mid 1980s.¹⁴⁷ Protests against major Chinese extractives projects have taken on a distinct anti-Chinese character with the most widely reported example being the banner which was hung over the Chinese Embassy in Yangon during protests over the Letpadaung copper mine in 2012 which read 'This is our Country – Dracula China Get Out!'¹⁴⁸ A text message with a similar tone went viral in Myanmar in 2012: 'Chinese get out. We're not

¹⁴⁵ Editorial, "Energy Campaigns Work," *The Myanmar Times*, 20 August 2012.

¹⁴⁶ Simpson, "Civil Society and Pipeline Politics in Myanmar(Burma): Energy Markets and Activist Environmental Governance ".

¹⁴⁷ David Steinberg, "Editorial: On China-Myanmar Relations " *Journal of Current Southeast Asian Affairs* 31, no. 1 (2012): 6.

¹⁴⁸ Lucy Ash, "Burma Learns How to Protest - against Chinese Investors " *BBC*, 24 January 2013

afraid of you'.¹⁴⁹ Reports from the Shwe Gas Movement such as 'Corridor of Power' have a strong focus on the China, its role in undermining democratic reforms in Myanmar and the geopolitics of the pipeline. On the Shwe Gas Movement website the four of the five articles on the banner have the word China in the title.

This anti-Chinese sentiment prevalent in the campaigning is particularly evident when compared to campaigning against the Yadana pipeline, which pumps gas to Thailand. There is very little focus on the 'Thai' character of the Yadana pipeline in reports from NGOs such as Earth Rights International and the Mon Human Rights Foundation despite Thai companies being involved in the project and Thailand being the end consumer. The campaigning over the China-Myanmar pipelines in comparison paints the pipeline as part of a major expansion of Chinese power and a purposeful exploitation of Myanmar's resources.

5.2.6 Impact of social movements

The impacts that these social movements have had on the pipelines project are threefold. Firstly, planned projects that were expected to flow on from the pipelines have been suspended. Secondly, the pipelines' future is much more uncertain and a number of commentators including Chinese state media have acknowledged the heightened risk of a dispute. Thirdly, these social interactions have contributed to the emergence of new norms in Myanmar around social and environmental responsibility for large projects.

The social movements have been an important factor in the reduction of 'flow on' cooperation from the pipeline. The pipelines were expected to be the main feature of a broader development project between China and Myanmar that includes other aspects such as a special economic zone (SEZ) and a railway. The special economic zone is struggling to gain momentum and the planned railway, which would have cost around \$20b

¹⁴⁹ Christina Larson, "China's Oil Pipeline through Myanmar Brings Both Energy and Resentment " *Bloomberg Business*, February 04 2014

and followed the pipeline route, has been cancelled with Railway Minister Myint Wai saying the project has been cancelled 'in accordance with the public's demand'.¹⁵⁰ Despite the railway not progressing past the planning stages, NGOs that had worked on the pipeline were preparing campaigns against it using methods and organisational structures developed throughout the campaigns against the pipeline.¹⁵¹ Because one of the drivers of the pipeline for the Myanmar government was that it would contribute to greater economic cooperation with China, this demonstrates how activists have contributed to a shift in national interest by reframing the pipeline.

It is also now generally accepted that the risk of a dispute from the Myanmar government trying to further renegotiate the terms of the agreement is much higher due to political pressure in Myanmar. Chinese state media outlet *The Global Times* acknowledged this when it issued a stern warning to the Myanmar authorities. Acknowledging that 'with Myanmar's political transformation, some observers doubt if this pipeline can work smoothly in the future' the editorial warned 'Myanmar should hold a serious attitude toward China, and Chinese will take (the Myanmar) people's attitude toward the pipeline as a test of their stance on China'. It pointed out that 'no matter who leads Myanmar, the leadership should ensure the enforcement of these agreements' and said 'China should be determined to supervise Myanmar in doing so'.¹⁵² A number of analysts have also predicted that this growing domestic demand and the increasing assertiveness of the population will impact on the ability to supply the China-Myanmar pipelines. For example Kang Wu, the head of Asia operations at Facts Global Energy, said after the gas pipeline's poor first year of performance 'there is an issue with domestic consumption' adding

¹⁵⁰ Gabrielle Paluch, "China Backed Railway Expansion Stalls in Myanmar " *Voice of America* 1 August 2014

¹⁵¹ Interview with activist, "Human Rights China-Myanmar Pipeline."

¹⁵² Editorial, "Myanmar Pipeline Tests Public Feelings," *Global Times* 28 August 2013.

‘nationalist sentiment is running high in Myanmar’.¹⁵³ This uncertainty, about the future of the pipeline has been a common feature of Chinese, Myanmar and international analysis. The important role that social movements played in this was bringing repeated attention to the importance of supplying local energy needs, disrupting the narrative about economic benefits and continually keeping the issue in the public consciousness.

Thirdly, these processes have constructed and reproduced norms around social and environmental responsibility for large companies and this has had an impact on the pipeline project. After the surge in protests at Chinese projects between 2011-2012 China’s embassy released corporate social responsibility guidelines for businesses operating in Myanmar. The China National Petroleum Company subsequently spent over \$20m in community infrastructure such as schools.¹⁵⁴ The Myanmar government and the CNPC also began to consult more with communities and non-governmental organisations. At the beginning of the project, many communities first heard about the pipelines when their villages were being surveyed whereas toward the end, representatives from the China-Myanmar Pipeline Watch Committee and the Shwe Gas Movement were having highly publicized meetings with the CNPC and the Myanmar Oil and Gas Enterprise.¹⁵⁵ This demonstrates that new norms emerged in a very short space of time and this is difficult to explain without looking to the role of social movements.

¹⁵³ James Byrne and Colin Shek, "Delays Put Brakes on China-Myanmar Gas Flow," *Natural Gas Daily* 17 March 2014.

¹⁵⁴ Tyler Roney, "With Pipeline, China Launches Burma Charm Offensive " *The Diplomat*, August 1 2013.

¹⁵⁵ Interview with activist, "Research on the China-Myanmar Pipelines ".

Conclusion: Are national interests socially constructed?

Pipelines are susceptible to disputes because different actors have different interests. This thesis has sought to show that these interests, these meanings that the pipelines hold, are socially constructed and are therefore subject to change. When these interests fail to align, but the physical structure remains, is when problems are more likely to occur.

To argue this point this thesis has sought to examine the processes by which transnational pipelines come to attain these meanings, arguing that considering both structure (culture) and agency (actors) is important. By considering how the pipeline became the best option for solving China's Malacca dilemma despite weak rational and how new meanings emerged in changing social circumstances in Myanmar, it has demonstrated that state's interests are not natural or a rational response to international forces but are borne out of domestic cultures and driven by particular agents.

As such this thesis has waded into the debate about where national interests come from generally. According to realists and neoliberals, states have natural interests because of their size, location and capabilities. Constructivists disagree, they see interests as the result of ideas about the self and the world. Myanmar's changing attitude towards the pipeline, and toward major Chinese projects generally, demonstrates how social and political change can impact on national priorities. In justifying the subject matter in his book on the culture of national security Peter Katzenstein points out that in order to prove the usefulness of social explanations it is necessary to 'meet the reigning paradigms on their preferred ground'.¹⁵⁶ Oil and gas generally, and transnational pipelines in particular,

¹⁵⁶ Katzenstein, *The Culture of National Security: Norms and Identity in World Politics*, 5.

invoke images of great power geopolitics, calculations, grand strategy and rational choice. By trying to provide a constructivist explanation, this paper has attempted to show the broad explanatory power of the approach. This thesis also highlights that it is important to pay attention to a larger number of actors in explaining international events. In Myanmar, social movements have been important actors in shaping national interests in the same way that state-owned enterprises have been in China. States are not black boxes as realists would have us believe and it is important to pay attention to what is going on inside them to understand their behavior

The social processes around the pipelines also demonstrate what constructivists call the mutual constitution of structure and agency. In China, a culture of insecurity was reproduced by media, academics and leadership in the search for solutions to the 'Malacca dilemma'. In Myanmar, changing social structures allowed new agents to contest the pipelines meaning, in the process altering the energy culture in Myanmar by challenging dominant practices and setting new norms around local ownership of resources and the social and environmental responsibilities of business.

By using a unit level approach this paper has paid attention to the domestic at the expense of the international in understanding where state interests come from. Another large body of constructivist research has focused on how international structures constitute states and this would be another approach to examining this subject. For example one could ask questions about how states come to value such goals as economic growth or how activists are constituted with beliefs about human rights and environmental protection. The fact that many of Myanmar's activists were exiled would make for a fascinating study of the latter. Thus the international is worth considering but it is outside the scope of this study to do both.

This case study nonetheless makes for a compelling case as to the importance of understanding the domestic sources of state interests. Viewing pipelines as social as well as material constructs can shed light on why pipelines are built, why some are successful and why others fail. Simply put, ideas matter.

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