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China's Digital Silk Road: The Integration of Myanmar

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SYNOPSIS

Although relatively new to the information and communication technologies (ICT) field, Myanmar has made rapid progress in the technological domain in the past few years. This, coupled with the country's unique geographical location between South Asia and Southeast Asia makes Myanmar an increasingly vital intersection in China's Digital Silk Road.

COMMENTARY

WITH PROJECTS valued at over US$740 billion, Southeast Asia has become one of the most participative regions for China's Belt and Road Initiative (BRI). In September 2018, China and Myanmar officially signed the China-Myanmar Economic Corridor (CMEC) agreement, an initiative first proposed by China's foreign minister Wang Yi during his Myanmar visit in November 2017.

Connecting Kunming, Yangon and Mandalay, the CMEC has an enhanced bilateral focus on Myanmar within the BRI, aimed at fostering greater bilateral economic integration through the formation of joint industrial zones and further lowering of trade barriers. But alongside the CMEC, a parallel undercurrent of technology flows between Myanmar and China is flourishing but given little attention. It is crucial to understand this bilateral technological exchange within the ambit of the Digital Silk Road to perceive the significance of these developments.

The Digital or Information Silk Road (DSR)

Introduced as one of the sub-goals of connectivity under the massive BRI in 2013, the Digital or Information Silk Road was conveyed to the business community and

governments at the China-European union digital cooperation forum in July 2015 as a mere area of multilateral cooperation with China.

But to date, memorandums of understanding between China and 16 countries have been officially signed under the Digital Silk Road (DSR). Unofficially, the number of host countries would include at least a third of BRI host countries – the China-based Belt and Road Portal has reported that over 6,000 of China's Internet enterprises alongside over 10,000 Chinese technological products have penetrated the overseas market.

As China continues to promote digital connectivity and its technologies under the BRI, this raises Myanmar's playing field for further economic integration in the region, especially with the country acting as a strategic bridge between South and Southeast Asia. Myanmar could do so both geographically and through its presence in regional groupings like ASEAN and the Bangladesh-China-India-Myanmar (BCIM) Forum.

Digitalising Myanmar

In ASEAN, Chinese investments in its combined technological sectors account for over one third of Chinese tech investments across all BRI countries (2007-2016). However, Myanmar is still a relatively new entrant in the global ICT market. As of 2016, Myanmar still ranks 133th out of 139 countries under the World Economic Forum's Network Readiness Index (NRI).

Across all ASEAN countries, Myanmar also scored the lowest in terms of rank of business, government and individual usage under the NRI. In addition, only an estimated 20 percent of Myanmar's population has access to 4G internet services.

But with progressive transformation from military to civilian rule, the World Bank helped to liberalise its telecommunication sector, through the Myanmar Telecommunications Sector Reform in 2014. In August 2016, the Myanmar government formulated a 12-point economic policy aimed at attracting investments as well as improving employment opportunities and productivity. Within this grand economic strategy, the government aims to build a digital government strategy, supported by a rapidly growing ICT sector with infrastructure.

Through these efforts, Myanmar's domestic ICT market is significantly expanding. In 2017, Myanmar's mobile phone users stood at 108 percent of the population, having increased from a mere 13 percent in 2013. A more liberal market has also made access to technology significantly affordable. The average price of mobile sim cards has fallen 99.3 percent within the five year period from 2012-2017.

Broadband access also increased to 56 percent in 2017 as compared to one percent in 2012, while the actual number of Internet lines that are fibre optic based has grown at least 440 per cent between 2010 and 2016-17. Conversely, the number of dial-up lines fell to zero since 2016-17. At the backend of technology service provision, the Myanmar government is also working on a 15-year power development plan to sustain Myanmar's digitalisation in the long run.

Digital Silk Road's Involvement in Myanmar

Despite Myanmar's steady growth in the ICT sector in the past few years, the country continues to rely on external technology partners to aid its domestic technological advancement. A number of instances illustrates the magnitude of Chinese interest to further strengthen Myanmar's digital infrastructures.

First, Chinese interests in Myanmar's ICT landscape have been deepening over the last decade. Since, 2018 the country's Ministry of Transport and Communications has been working with Huawei in order to deploy 5G broadband services across Myanmar within the next five years. A further push was given to its 5G plans in February 2019 when Huawei pledged to increase digital literacy and the usage of Internet of Things in Myanmar.

However, even as early as 2013, Huawei had begun its involvement in Myanmar - it donated more than US$5 million of equipment to Myanmar for a various purposes, including the SEA Games Organisation and mobile technology systems.

On the softer side of Myanmar's digital economy, Alibaba acquired Shop.com.mn, Myanmar's largest online shopping platform in early 2018 and has plans to localise e-commerce by working with local suppliers and labour. It also attempts to introduce the Myanmar Payment Union on its e-commerce platform as a uniform payment solution across local bank partners.

Myanmar as a Critical Node for China

But their tech interests is not one-sided. As part of infrastructure building under the CMEC, both China and Myanmar held their first science and technology cooperation meeting in Yangon in late 2018, where they established a joint radar and satellite communications laboratory. Prior to this, China Unicom, China's second largest mobile and fixed network operator, launched a US$50 million China-Myanmar International (CMI) terrestrial cable system in 2014. But this has yet to be activated for undisclosed reasons.

Spanning across 1500 km from Ruili (Southwestern China) to Ngwe Saung Beach on the west coast of Myanmar, the CMI cable project is but one of the many Chinese cable projects in Asia set to link to those in Djibouti in Africa, including ongoing Chinese cable projects under the China-Pakistan Economic Corridor. Earlier in 2014, the Myanmar's state department of agriculture had also procured 520 sets of BeiDou satellite navigation receiver for collecting and utilising agricultural data.

While Myanmar appears to be only one of the many hosts to the Digital Silk Road, the country's unique geographical location is a critical node to link the BRI between South Asia and Southeast Asia, with respect to digital connectivity. In addition, Myanmar's participation in both ASEAN and the BCIM Forum can further strengthen its position as a potential collaborator and base for new-age projects such as inter-smart cities for countries in this region.

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