



“O’ Northern Road...”

SUBCONTRACTING SOVEREIGNTY

Myanmar’s Conflict Resolution that Needs Guardrails
and the Future Prospects

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Photo: AFP



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“O’ Northern Road...”¹

Subcontracting Sovereignty

Myanmar’s Conflict Resolution that Needs Guardrails and the Future Prospects²

“Will we reach today?

Tomorrow?

Don’t wait (for me)...”

— Sai Hsai Mao. (1980). Muse-Namkham Road [Song]. *On My Dear Sein*.

■ Events

The Myanmar National Democratic Alliance Army (MNDAA) withdrew from Lashio between April 21-23, 2025. Lashio, the capital of northern Shan State and the base of the Northeastern Regional Military Command (RMC), was captured by the MNDAA last August. The MNDAA removed its flags and Special Region (1) flags raised in Lashio. Guo Jiakun, spokesperson for China’s Ministry of Foreign Affairs, formally confirmed that this withdrawal was possible thanks to Chinese mediation. During the Kunming Talks on April 28-29, mediated by China, the SAC demanded

that the Ta’ang National Liberation Army (PSLF/TNLA) withdraw from five towns they captured. The following press conference on May 4 by the PSLF/TNLA stated, “No agreement was reached.” Another round of talks is planned in August. On May 1, the Three Brotherhood Alliance (3BHA) announced an extension of its unilateral ceasefire for another month to continue the earthquake relief efforts. The military junta also declared on May 6 that it would extend the temporary ceasefire until May 31.

1 The phrase of this OnPoint’s title “O’... Northern Road...” is taken from the Muse-Namkham Road [song] composed and sung by famous Shan singer Sai Hsai Mao.

2 ISP-Myanmar plans to publish a trilogy on this topic: Myanmar’s Conflict Resolution that needs guardrails and the future prospects. This OnPoint is the first of the three.



The MNDA would likely desire China's guarantees and its capacity to monitor and mediate. If the Myanmar junta accepts this arrangement (orderly return of an occupied territory without a fight) managed by a superpower neighbor, it could be interpreted as an unprecedented approach in Myanmar's conflict management: subcontracting sovereignty to an external actor, China.

■ Preliminary Analysis

The Lashio incident marks a significant turning point not only for the Myanmar National Democratic Alliance Army (MNDA), which had to relinquish the city, but also for China's initiative and the history of Myanmar's conflict resolution, since a critical shift at the time of ceasefires in 1989. In 1989, led by then-Brigadier General (later General) Khin Nyunt, ceasefires were negotiated with two ethnic armies that had broken away from the Communist Party of Burma (CPB): the MNDA (April 14) and the UWSA (May 18). Following the ceasefire with Northern groups, around 17 major armed groups, including the Pa-O National Organization (PNO), Kachin Independence Organization (KIO), and New Mon State Party (NMSP), also entered into ceasefires with the then military regime. For ethnic armed groups, these agreements meant they could retain their weapons and control designated territories without disarmament. Negotiations included diverse issues from establishing checkpoints to launching liaison offices.

Moreover, the ceasefire groups freely engaged in activities ranging from mining, logging, and tax collection to illicit businesses like drug trafficking. New troop conscripts were allowed, and all conflicting parties agreed to inform in advance when troops pass through another's territory. While these arrangements halted major aspects of armed conflict, political talks were

- ▶ excluded. Political dialogue was only permitted at the National Convention, which was dictated by successive military regimes, such as the State Law and Order Restoration Council (SLORC) and the State Peace and Development Council (SPDC).

Most Myanmar people and international analysts have focused primarily on the 1988 Democracy Uprising, the 1990 multi-party elections, and Aung San Suu Kyi as key movers for Myanmar politics. These issues are undeniably significant due to the immense public support, legitimacy, and the heroic sacrifices made by people driven by their democratic aspirations. However, what truly shaped Myanmar's conflict, actors, and political economy was the 1989 ceasefire negotiations. In practice, consecutive military regimes utilized a containment strategy to prevent battling on two fronts. They achieved ceasefires with majorities of ethnic armed groups, enabling the regime to concentrate on suppressing urban democratic uprisings. As a result, armed conflicts were stopped in most regions except in Karen State, enabling the SLORC/SPDC military regimes to harshly repress urban democratic movements. This suppression peaked at the 2007 Saffron Revolution and the enactment of the 2008 Constitution, which formalized a quasi-civilian framework. Some ethnic armed groups were coerced to transform into Border Guard Forces. The ceasefire agreements fundamentally gave rise to a "ceasefire crony capitalism," marked by the arbitrary extraction of natural resources and

widespread land grabbings across Myanmar, leading to severe social disruption. The 1989 ceasefire framework was merely a domestic model, negotiated among conflicting parties. However, this model drove to weaken the state, fostering an illicit economy that flourished at the expense of the people and the country's natural resources, which suffered immense losses.

In the 2021 Spring Revolution, the SAC's strategy of avoiding a two-front warfare failed. The SAC could neither divide nor contain the coordinated resistance between the newly emerged Bamar resistance forces, such as the National Unity Government (NUG) and People's Defense Forces (PDFs), and the Ethnic Resistance Organizations (EROs); the containment strategy proved ineffective. From this perspective, the recent emerging "Lashio model" appears to pave the way for reviving the containment approach through ceasefires, potentially giving the SAC a strategic advantage. However, unlike the 1989 ceasefire model negotiated among conflicting parties, the current Lashio model was driven by China's proactive mediation and pressure. Under the model, the junta will take over urban administrative responsibilities, while the MNDAA shares its rule, retaining control over rural areas, establishing a form of joint governance that could persist for some time. This arrangement may also enable the reopening of trade routes in northern Shan State. According to a BBC Burmese report citing a source close to the Chinese government, this new setup resembles the Mongla model of the

► National Democratic Alliance Army (NDAA) in Special Region 4 (Mongla) in eastern Shan State. For such a joint governance model to work, the MNDA would likely desire China's guarantees and its capacity to monitor and mediate. If the Myanmar junta accepts this arrangement (orderly return of an occupied territory without a fight) managed by a superpower neighbor, it could be interpreted as an unprecedented approach in Myanmar's conflict management: subcontracting sovereignty³ to an external actor, China.

In fact, the United Wa State Army (UWSA) offered this Lashio model before the MNDA captured Lashio City in 2024. The UWSA had already sent thousands of troops from its southern areas to Lashio, stating, "We're not here to fight but to protect. The Wa forces only wish to act as a peacekeeping 'blue helmet' force." However, the SAC was suspicious of the UWSA's maneuver to control Hopang without firing a shot. Citing this as an example, the junta rejected the UWSA's offer, expressing distrust by saying, "The Wa's 'temporary' presence can't be trusted; they won't leave eventually."

Consequently, the UWSA's "blue helmet" forces did not literally end up controlling

Lashio. Nevertheless, it is understood that the UWSA evacuated dozens of junta military officers and staff trapped in the Northeastern Regional Military Command headquarters during the fighting. After Lashio and the Northeastern Regional Military Command (RMC) headquarters fell under MNDA control, the Lashio model re-emerged in this new form. Unlike earlier proposals where the United Wa State Army (UWSA) would take on a "blue helmet" peacekeeping role, this model is managed directly by China. China's spokesperson boasted that both the SAC and the MNDA expressed gratitude for China's constructive role in maintaining peace and stability in northern Myanmar. China will continue to advance the Kunming peace talks and remain committed to supporting conflict cessation and peace negotiations to ensure peace and stability along the China-Myanmar border.

In reality, the Lashio model can be seen as a strategy of the SAC weaponizing its own weakness—the risk of Myanmar becoming a failed state and collapsing—as a tool by courting China to help prevent the center from falling. For China and other neighboring countries like Thailand and India, which link Myanmar's stability to

3 The concept of "subcontracting sovereignty" is also used in academic literature, referring to a state's delegation of core sovereign responsibilities to private entities. This is particularly evident in sectors such as security and military affairs, where private companies or organizations are authorized to carry out state functions. In the case of small or weak states, geopolitical pressures may compel them to relinquish certain sovereign roles. Such arrangements raise concerns over the erosion of state authority, reduced accountability and oversight, instability, and the commodification of military power.

Verkuil, P.R. (2009). *Outsourcing Sovereignty: Why Privatization of Government Functions Threatens Democracy and What We Can Do About It*. Cambridge University Press.

● Operation 1027 and the UWSA's Stance

In late October 2023, during the initial phase of Operation 1027, the Three Brotherhood Alliance (3BHA) seized Hopang town, which was later handed over to the UWSA. UWSA forces entered and temporarily administered the town. Following negotiations with the State Administration Council (SAC), the SAC officially transferred control of both Hopang and Panglong towns to the UWSA in early January 2024, without a single shot being fired. In July 2024, the UWSA consolidated Hopang, Panglong, Namtit, and Narwee towns into a new administrative unit known as Hopang District, initiating a fresh governance structure. Although the SAC reappointed Nyi Nat as chairman of the Wa Self-Administered Division's administrative body, control was later shifted to the Pangsang administration, prompting dissatisfaction from the SAC. Bearing this resentment, the SAC rejected the UWSA's offer to help minimize casualties in Lashio, even as the North-eastern Command and the town were on the verge of falling.

On the other hand, after its takeover of Hopang and Pan Lon, the UWSA issued a statement on July 29, 2024, reaffirming its commitment to a neutral policy regarding military conflicts among other organizations and refusing to exacerbate further warfare. The UWSA stated that this position reflects the interests of all ethnic groups in Wa State, as well as those throughout Myanmar. It warned that ongoing armed conflict has pushed the country to the brink of collapse, sparked an economic crisis, and left the public in despair. Prolonged fighting, it added, risks deepening divisions among ethnic and social communities, intensifying animosity, and inflicting lasting psychological harm. The UWSA stressed that the public's desire for peace must not be ignored, urging all parties to avoid acting out of self-interest at the expense of the people's well-being. It called for peaceful resolution through dialogue and negotiation, reaffirming Wa State's commitment to pursuing peace.

Minutes from a meeting between Chinese Special Envoy Deng Xijun and senior UWSA leaders, leaked in October 2024, made the UWSA's stance clear. Notably, UWSP/UWSA Vice-Chairman Zhao Guoan informed Mr. Deng that, following China's guidance, the UWSA would refrain from involvement in military conflicts.

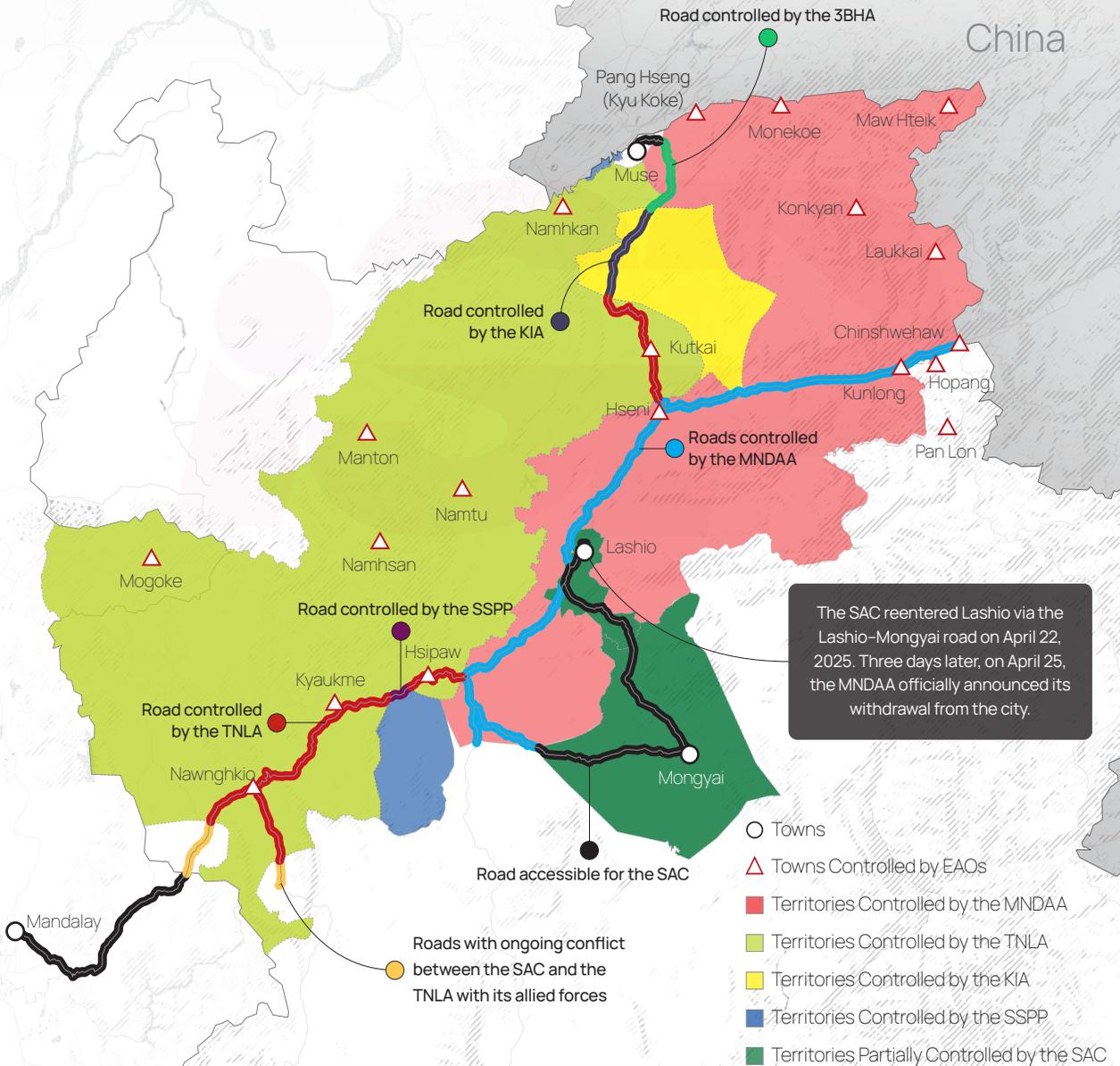


The Lashio model can be seen as a strategy of the SAC weaponizing its own weakness—the risk of Myanmar becoming a failed state and collapsing—as a tool by courting China to help prevent the center from falling.

▶ broader regional security, the collapse of Naypyitaw is a major concern. There is a growing concern among neighbouring countries over the possible emergence of “mini-states or quasi-states” in a fragmentation scenario—as noted in ISP’s OnPoint No. 19 from December 2023, “[Operation 1027: The Need for New Political Imagination and Pragmatic Strategy](#)”, if the opposition forces fail to fill the resulting power vacuum after the fall of the center. Consequently, the Chinese-initiated Lashio model has emerged as a means of scaffolding Naypyitaw, reluctantly embraced as a necessary compromise, a case of swallowing the bitter pill. Just as putting out the fire in a burning house takes precedence, Myanmar’s stability and security are integral not only to China’s geopolitical interests but also to preserving its international image as a superpower capable of managing crises in its own neighborhood. As the ISP-Myanmar noted in OnPoint No. 17 (published in November 2023, “[Operation 1027: Will All Roads Lead to Laukkai or Naypyitaw?](#)”), “significant shifts often occur rapidly when China’s interests in Myanmar reach a pivotal point.” This assessment remains relevant today. In the current Lashio model, the SAC resembles someone who sets their own house on fire, only to be saved by neighbors rushing in to extinguish the flames.

Control of Lashio and Surrounding Trade Routes Post-April 2025

On April 28, 2025, the State Administration Council (SAC) regained control of Lashio, a town previously held by the Myanmar National Democratic Alliance Army (MNDAA). However, several Ethnic Armed Organizations (EAOs) continue to control key roads along the Myanmar–China border trade route. In particular, the Three Brotherhood Alliance (3BHA), the Kachin Independence Army (KIA), and the Shan State Progressive Party (SSPP) each maintain control over segments of the Mandalay–Lashio–Muse road.





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■ Scenario Forecast

The Lashio model seems to exemplify China's approach to facilitating a "soft landing" for Myanmar's crisis—an idea emphasized by Chinese Foreign Minister Wang Yi during the Lancang-Mekong Cooperation Foreign Ministers' Meeting on August 16, 2024.

However, if the SAC permits a China-sponsored model like the "Lashio model"—which effectively subcontracts sovereignty—to take root and stabilize, a critical question emerges: could similar arrangements arise in other conflict-affected areas? This includes towns under TNLA control or key border towns such as Myawaddy and Kawkaik along the Myanmar-Thailand frontier—either under China's direction or through the mediation of neighboring countries like Thailand or India. This possibility calls for careful deliberation. If such scenarios materialize, they would mark a sharp departure from the 1989 ceasefire framework, potentially reshaping Myanmar's conflict dynamics, political economy, and geopolitical landscape. While the 1989 ceasefires led to a weak state, a post-Lashio model era could signify a deeper slide into diminished statehood.

Another possible scenario concerns the ultimate goal of the Lashio model and where it might lead beyond immediate conflict de-escalation. Our ISP OnPoint No. 21: "[Seeking a Process Strategy for Myanmar: China's Initiative](#)" (published in August 2024) has examined this scenario ►

▶ previously. It noted, there is “a vacuum for domestic and international leadership to effectively implement a ‘process strategy’ to resolve the Myanmar crisis. China has been using its power to trailblaze through this initiative, like a Burmese saying ‘the elephant’s steps create a path.’... China’s process is based on the SAC’s path of convening a General Election and its support ‘to realize political reconciliation and resume the process of democratic transition... within the 2008 constitutional framework.’ This strategy could be surmised as China’s desire to ‘hold elections in Myanmar as early as possible, transfer power to a civilian government, prioritize economic development, and implement the peace-making process patiently, while resisting influence from the Western powers’... Nonetheless, the success of any mediation hinges on a strategy that fully involves all stakeholders and respects the aspirations of the people of Myanmar. Skillful deployment, thorough consultation, and collaboration are crucial

for the strategy’s success and effectiveness. These elements will pave the way for a workable solution to emerge from the process.”

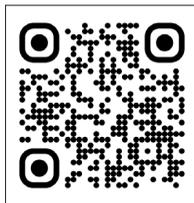
Traditional clay water pots in rural Myanmar are commonly seen providing for public use. Typically resting on a rounded base, these pots are supported by a frame known as *ka-yut-khwe* in Burmese, which acts as a guardrail to keep them steady. Without this frame, the pot would wobble, risk tipping over, and be vulnerable to breaking. Wobbliness lacks grace and would quickly become the talk of the town. Similarly, China’s political process in Myanmar requires guardrails: the support of the Myanmar people, inclusion of relevant stakeholders, and alignment with internationally accepted frameworks, such as UN Security Council resolutions and ASEAN’s Five-Point Consensus. Without these guardrails, the process risks collapsing or drawing criticism. Only with such grounding can it endure. ■

ISP ON POINT NO.17



Operation 1027:
Will All Roads Lead to
Laukkai or Naypyitaw?

ISP ON POINT NO.19



Operation 1027:
The Need for a New
Political Imagination and
a Pragmatic Strategy

ISP ON POINT NO.21



**Seeking a Process
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China’s Initiative

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