Original Research Article

"Diplomatic Frontiers:  Myanmar’s Economic Diplomacy Journey 2011-2023“

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ABSTRACT

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| This study interrogates Myanmar's economic diplomacy through documentary analysis and interviews, mapping how strategic engagement evolved from international reintegration to crisis-driven adaptation. Framed through the lens of diplomatic frontiers, the study examines how successive governments leveraged economic statecraft to navigate the dual imperatives of international reintegration and domestic transformation. This qualitative study examines Myanmar's economic diplomacy through documentary analysis and interviews, tracing the evolution of strategic engagement from international reintegration to crisis-driven adaptation. Using documentary analysis, drawing on archival research, interviews, and secondary data, the article identifies three critical frontiers that shaped Myanmar’s economic diplomacy: (1) the transition from sanctions to investment, (2) the geopolitical hedging space, and (3) the institutional capacity threshold. While setbacks remain, the study underscores Myanmar’s enduring potential as a small state with strategic agency, rich cultural capital, and a resilient population, particularly its youth, who remain committed to reform and inclusive growth.By situating Myanmar within broader debates on small-state diplomacy and transitional governance, this article offers a nuanced account of how economic engagement can serve as both a catalyst and a constraint in political environments. |

***Keywords****: Myanmar, economic diplomacy, small-state agency, diplomatic frontiers, foreign investment, ASEAN, China, institutional resilience*

1. INTRODUCTION

The political liberalization of 2011 marked a transformative chapter in Myanmar’s international relations, as the country emerged from decades of isolation to reassert itself on the global stage. Economic diplomacy, the strategic alignment of foreign policy and economic imperatives to foster development and geopolitical stability, became a cornerstone of this reintegration. (Bünte, M., & Dosch, J. 2015). Between 2011 and 2021, Myanmar demonstrated remarkable agility in leveraging its strategic position, attracting over $35 billion in foreign direct investment (FDI), restoring diplomatic ties with Western nations, and striking a delicate balance between competing great powers. This period showcased Myanmar’s potential as a dynamic frontier economy, capable of navigating the complexities of a multipolar world. (Findlay, R., Park, C.-Y., & Verbiest, J.-P. A. 2016)

However, this trajectory was not without its challenges. While Myanmar’s multi-vector diplomacy initially earned international praise for its strategic balance, the events of 2021 reshaped its diplomatic landscape. The country has since navigated a more focused engagement with key partners, adapting to new geopolitical realities as it works to stabilize and redefine its global role. This transition highlights both the challenges of maintaining complex diplomatic partnerships during periods of domestic change and the enduring significance of Myanmar’s strategic role. (High-Level Official, 2025)

This article examines Myanmar’s economic diplomacy from 2011 to 2023 through the lens of diplomatic frontiers, exploring the moments when the country expanded its international engagement and the points at which these efforts encountered resistance or regression. Three key arenas emerge as pivotal in shaping Myanmar’s diplomatic trajectory:

 1. From Sanctions to Investment: How Myanmar transformed its pariah-state status into an emerging investment destination, reintegrating into global financial and trade networks.

 2. Geopolitical Hedging in a Multipolar World: Myanmar’s strategic maneuvering between China, Western democracies, and regional powers, positioning itself as a hedge state amid intensifying great-power competition.

 3. Institutional Capacity and Sustainable Diplomacy: The interplay between governance structures, economic policymaking, and long-term diplomatic resilience.

Rather than framing Myanmar’s story solely through narratives of fragility or setback, this study emphasizes the agency, adaptability, and resilience of a small state navigating an increasingly contested international order. Myanmar’s economic diplomacy, though imperfect, reflects a broader struggle for sovereignty, development, and global integration.

By situating Myanmar within contemporary debates on transitional economies, small-state diplomacy, and geopolitical hedging, this article offers a nuanced case study of how emerging markets negotiate influence, attract capital, and sustain autonomy in an era of strategic uncertainty. Beyond its immediate policy implications, Myanmar’s experience underscores the enduring aspirations of its people, particularly its youth and civil society, for a more prosperous and globally engaged future.

2. methodology

**2.1 Research design**

The research incorporates a longitudinal perspective, as it examines Myanmar’s economic diplomacy over 12 years (2011–2023). This approach allows for the analysis of continuity and change in diplomatic strategies, highlighting how political reforms, international engagement, and economic challenges have shaped Myanmar’s diplomatic trajectory. By tracing developments over time, the study provides a comprehensive understanding of the factors that have influenced Myanmar’s economic diplomacy and their evolving impacts.

The qualitative approach is central to this study, as it enables the exploration of Myanmar’s economic diplomacy through the analysis of non-numerical data. This approach is particularly suited to understanding the contextual and subjective dimensions of diplomatic strategies, policy shifts, and their socio-economic impacts. By focusing on narratives, perspectives, and lived experiences, the research captures the complexities of Myanmar’s diplomatic journey.

**2.2 Study Area**

The study area for this research focuses on the key political posts, diplomatic entities, economic counselors, Myanmar embassies, other ministry officials, and organizations that have played a central role in shaping Myanmar’s economic diplomacy from 2011 to 2023.

**2.3 Research Approach**

This dissertation employs a qualitative research approach to explore Myanmar’s economic diplomacy journey from 2011 to 2023. The study is designed to provide an in-depth understanding of the motivations, strategies, and outcomes of Myanmar’s economic diplomacy during this transformative period. The qualitative approach is particularly well-suited to this research, as it enables a nuanced exploration of complex political, economic, and social phenomena. The study is divided into three phases: **2011–2015**, Transition and re-engagement with the global economy, **2016–2020**, Consolidation of economic diplomacy and **2021–2023**, Economic diplomacy in the context of political instability and international isolation.

* 1. **Data Analysis**

By using document-based analysis, identify and analyze key themes, patterns, and shifts in Myanmar’s economic diplomacy. This involves coding interview transcripts and documents to extract recurring ideas, strategies, and challenges.

3. result

**3.1 Myanmar’s Economic Reforms and Liberalization (2011–2023): Progress and Reversal**

Between 2011 and 2021, Myanmar implemented significant economic reforms, transitioning from the old era, closed economy to a more market-oriented system. Under President Thein Sein (2011–2016), key changes included the unification of the exchange rate, liberalization of foreign investment, and the opening of sectors such as telecommunications (World Bank, 2014). These reforms spurred rapid growth, with GDP averaging 7% annually and foreign direct investment (FDI) peaking at $9.5 billion in 2016 (ADB, 2017).

The elected government (2016–2021) continued reforms, modernizing banking and easing business regulations, but faced setbacks due to the Bengali crisis, which led to renewed scrutiny from Western investors.

Following the 2021 political transition, Myanmar's economy faced significant headwinds, including currency pressures and inflationary challenges. While maintaining important trade relationships with regional partners, the country has entered a period of economic recalibration (UN Comtrade,2023). These developments highlight the ongoing interplay between governance and economic stability, with future growth potential tied to policy adaptation and international re-engagement. (High-Level Official**,**2025)

**3.2 GDP Growth and Economic Indicators**

From 2011 to 2023, Myanmar’s economy experienced dramatic shifts, transitioning from rapid growth under economic liberalization to severe contraction following the 2021 military government. Below is an analysis of GDP trends, inflation, trade, and other critical indicators over this period.( Worldometer, World Bank)

Here is the Myanmar GDP growth data for 2011-2023, primarily sourced from Worldometer, which cites the World Bank and United Nations:

| **Year** | **GDP Growth Rate (%)** |
| --- | --- |
| 2011 | 5.59 |
| 2012 | 7.33 |
| 2013 | 8.43 |
| 2014 | 8.17 |
| 2015 | 6.99 |
| 2016 | 5.86 |
| 2017 | 6.14 |
| 2018 | 6.27 |
| 2019 | 6.58 |
| 2020 | -9.05 |
| 2021 | -12.02 |
| 2022 | 4.04 |
| 2023 | 0.96 |

**Source:** Worldometer (citing World Bank, United Nations)





**3.3 GDP Growth: Expansion and Decline**

**3.3.1 2011–2016: High Growth Under Reforms**

During this period, Myanmar experienced robust economic expansion, with GDP growing at an average of 7–8% annually (World Bank, 2016). Growth peaked at 8.4% in 2013–2014, fueled by foreign direct investment (FDI) inflows, the rapid expansion of garment exports (ILO,2019), and the liberalization of the telecommunications sector. Key drivers of this growth included manufacturing, services, and natural gas exports, reflecting the success of early economic reforms under President Thein Sein’s administration. (Passeri, A., & Marston, H., 2021)

**3.3.2 2016–2020: Slower but Steady Growth**

Economic growth moderated to an average of ~6% (IMF, 2020), due to several challenges. The Bengali crisis (2017) led to reduced Western investment and increased international scrutiny, while the COVID-19 pandemic in 2020 caused a sharp contraction in economic activity.( Yuka Kobayashi and Josephine King,2022) Despite these setbacks, Myanmar maintained steady, albeit slower, growth until the pandemic-induced downturn.

**3.3.3 2021–2023: Economic Decline Post-2021**

The political transition in 2021 triggered the economic situation, with GDP contracting by -12% in 2021 (World Bank, 2022), marking one of the steepest declines globally. Although growth slightly recovered to ~2% by 2023 (ADB,2024), the economy remained far below pre-2021 levels. Key factors behind this stagnation included international sanctions, a collapse in FDI, hyperinflation, and a banking crisis, underscoring the fragility of Myanmar’s economic recovery amid the ongoing political situation(Armia, M. S. 2022). These are the lessons learned for a better future to create a better economy.

**3.4 Inflation and Currency Depreciation**

Between 2011 and 2019, Myanmar demonstrated strong macroeconomic management, maintaining inflation at a stable 5-7% annual rate (IMF,2020). The post-2021 period brought new economic challenges, with inflation rising to 20-30% by 2022 (UNDP) as the kyat underwent significant adjustment in foreign exchange markets. These developments created complex conditions for monetary policy, particularly in maintaining exchange rate stability, while the economy continues to demonstrate resilience through its established trade networks and human capital. (Mid-Level Official, 2025)

**3.5 Foreign Direct Investment (FDI) Trends**

FDI inflows followed a volatile trajectory over the study period. During 2011–2016, investment surged, peaking at $9.5 billion in 2016 (Myanmar DICA,2016), driven by economic liberalization and sanctions relief. However, from 2016 to 2020, FDI declined to $4–5 billion annually due to rising political risks, including the Bengali crisis and deteriorating investor confidence. After the 2021 political transition, FDI collapsed to a decade-low of $1.1 billion in 2022, as sanctions and instability deterred foreign capital. While the energy sector(oil and gas) remained resilient, manufacturing (particularly garments) saw a sharp decline, reflecting Myanmar’s shrinking economic diversification.(Foreign Investor, 2025)

**4 Discussion**

**4.1 Successes of Myanmar’s Economic Diplomacy (2011–2023)**

Adaptive Strategies in a Challenging Era, Despite confronting profound challenges, including international isolation, domestic political upheaval, and sustained economic sanctions, Myanmar's economic diplomacy between 2011 and 2023 demonstrated notable resilience and achieved significant, albeit circumscribed, successes through strategic adaptation. By astutely navigating complex geopolitical currents, the state effectively leveraged strategic partnerships, particularly with immediate neighbors and major regional powers, while exploiting underlying rivalries among external actors to secure essential economic lifelines. This proactive and flexible approach enabled critical achievements, mitigating the worst potential impacts of sanctions on vital sectors, securing crucial foreign direct investment, especially in energy and infrastructure, diversifying trade routes to reduce dependency on any single partner, and maintaining access to regional economic frameworks like ASEAN. These successes, underpinned by a pragmatic hedging strategy and continuous economic recalibration in response to external pressure, were instrumental in sustaining basic economic functionality, preserving essential state revenues, and bolstering government security imperatives throughout an exceptionally turbulent period. The period thus stands as a testament to the capacity of targeted, adaptive economic statecraft to navigate severe external constraints and achieve core stability objectives under duress.(High-Level Official, 2025)

**4.2 Successful Reintegration into the Global Economy (2011–2016)**

Sanctions Relief and Strategic Re-engagement, the period 2011-2016 marked a demonstrably successful phase in Myanmar's contemporary economic history, characterized by a transformative recalibration of its global economic standing. The credible political and economic reforms initiated under President Thein Sein's administration proved pivotal, persuading key Western nations to substantially lift long-standing sanctions. This decisive shift unlocked Myanmar's access to international capital and markets, triggering a significant and diversified surge in Foreign Direct Investment (FDI). Landmark achievements underscored this reintegration, the Thilawa Special Economic Zone (SEZ), developed in partnership with Japan, emerged as a flagship success, attracting over $1.5 billion in committed investment by 2020 and establishing a vital manufacturing and export hub. Concurrently, major European and U.S. corporations strategically re-entered critical sectors, including energy (TotalEnergies, Chevron), telecommunications (Telenor, Ooredoo), and financial services, injecting capital, technology, and international standards. This influx of FDI, coupled with renewed trade access, directly fueled robust economic expansion, with GDP growth averaging a commendable 6-7% annually and contributing to a measurable reduction in national poverty rates. Furthermore, Myanmar's proactive diplomacy culminated in its timely accession to the ASEAN Economic Community (AEC) in 2015, a strategic milestone that significantly deepened regional economic integration, diversified export markets, and reduced historical over-reliance on any single partner (ASEAN Secretariat,2023). Collectively, these developments represent a period of remarkable economic momentum and successful global re-engagement, demonstrating Myanmar's capacity for systemic transformation and its ability to capitalize effectively on geopolitical openings to achieve substantial growth and integration objectives.

**4.3 Sanctions Resilience & Alternative Economic Alliances (2017–2023)**

Strategic Pivoting and Government Resilience Amidst Renewed Adversity, Confronting the severe economic repercussions of renewed international sanctions following the 2017 Rakhine crisis and the profound isolation after the 2021 transactions, Myanmar's economic diplomacy exhibited remarkable adaptability and resilience, effectively preventing economic collapse through a strategic and pragmatic pivot towards alternative alliances and expedient economic channels (Senior Diplomat,2025). A cornerstone of this resilience was the continued security of critical energy revenue streams. Key gas exports, particularly from the Yadana and Shwe fields to Thailand and China, remained largely uninterrupted, generating an indispensable $1–2 billion annually in vital hard currency. Crucially, China's sustained political and economic backing ensured that Western sanctions targeting the Myanmar Oil and Gas Enterprise (MOGE) had demonstrably limited operational impact, safeguarding this essential fiscal lifeline. Simultaneously, Myanmar successfully diversified its core trade and supply partnerships. Strategic alignment with Russia emerged as pivotal, securing critical imports in military equipment and fuel, thereby circumventing Western embargoes. Concurrently, maintaining robust border trade with India and Thailand, particularly in agricultural products and commodities, provided crucial economic continuity at the regional level.

Furthermore, engagement within ASEAN, exemplified by Thailand’s "quiet diplomacy," proved instrumental in mitigating complete regional isolation and preserving vital, albeit diminished, economic linkages. Complementing these formal strategies was a demonstrable capacity for parallel economic adaptation. The activation and scaling of others trade networks, particularly for high-value resources like jade and timber flowing into China, partially compensated for lost formal export revenues. Additionally, the expedient adoption of alternative financial mechanisms, including cryptocurrencies and gold transactions, showcased a pragmatic, albeit controversial, capacity to bypass stringent financial sanctions and maintain essential liquidity. Collectively, these multifaceted strategies, securing core revenues, forging critical alternative alliances, and leveraging parallel economic channels, constituted a sophisticated and largely effective resilience architecture. This allowed the state to navigate an exceptionally hostile international environment, mitigate the most severe potential impacts of comprehensive sanctions, and sustain essential economic functions and government stability throughout this turbulent period, underscoring the strategic depth and adaptability of its economic statecraft under duress.(Mid-Level Official, 2025)

**4.4 Geopolitical Hedging as a Survival Tool**

Sophisticated Hedging, Strategic Maneuvering for Government Security and Economic Continuity, Myanmar's economic diplomacy between 2011 and 2023 was fundamentally underpinned by a sophisticated and deliberate strategy of geopolitical hedging, which proved instrumental in preserving national autonomy, securing vital economic resources, and mitigating existential external threats. This approach manifested in two distinct, yet strategically coherent, phases. During the reformist period (2011-2020), Myanmar adeptly navigated the complex rivalry between major powers. While actively engaging with and accepting substantial Chinese investment, particularly under the Belt and Road Initiative (BRI), to fuel development, the state simultaneously and assiduously courted Japan, Singapore, and Western investors(CISIS,2020). This conscious diversification strategy effectively prevented over-dependence on any single patron, maximizing bargaining leverage and preserving crucial political and economic maneuvering space. The high-profile suspension of the China-backed Myitsone Dam project in 2011 stands as a potent demonstration of Myanmar's capacity to assert its national interests and resist significant pressure from Beijing when deemed strategically necessary(Policy Maker, 2025).

Following the political transition in 2021, facing profound international isolation and comprehensive sanctions, Myanmar's hedging strategy evolved into a more overtly survivalist mode, characterized by pragmatic political alignment. The government has decisively deepened strategic and economic ties with powers exhibiting ambivalence or opposition to Western sanctions, including China, Russia, and pragmatic ASEAN members such as Thailand and Cambodia. This realignment ensured the uninterrupted flow of essential economic lifelines. Crucially, Myanmar secured robust Russian support, encompassing critical goods supplies, fuel imports, and invaluable diplomatic cover at the United Nations, through the strategic offering of resource access, particularly in the mining and energy sectors. This transactional pragmatism exemplifies the government's ability to convert geopolitical assets into tangible security and economic benefits under duress. Throughout both phases, Myanmar demonstrated a masterful capacity to exploit great power competition and regional dynamics, transforming its position as an object of rivalry into a source of strategic leverage. This sophisticated, adaptive hedging strategy was not merely reactive but constituted a proactive and highly effective cornerstone of the state's broader resilience architecture, enabling it to navigate extreme geopolitical turbulence, secure indispensable external backing, and maintain core government functionality against overwhelming international pressure.

5. Conclusion

Myanmar’s economic diplomacy from 2011 to 2023 highlights how a strategically positioned, resource-rich nation can navigate extreme geopolitical pressures. While Western sanctions and the 2021 transition caused severe economic damage, Myanmar’s adaptability in securing alternative partnerships, exploiting geopolitical divisions, and leveraging informal economies ensured its survival.

These lessons emphasize the importance of strategic balancing in foreign relations. Myanmar’s early approach to economic diplomacy allowed it to engage multiple partners and attract investment, demonstrating that fragile states can leverage their position to create growth opportunities. By fostering diversified economic relationships, states can enhance their ability to withstand external pressures and maintain policy independence.

DISCLAIMER (ARTIFICIAL INTELLIGENCE) Author(s)

Hereby declare that no generative AI technologies such as large language models (ChatGPT, Copilot, etc.) and text-to-image generators have been used during the writing or editing of this manuscript.

COMPETING INTERESTS

The authors have declared that no competing interests exist.

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