

Rakhine's New Possible Statehood: Assessing the Arakan Army's Strategic Move and Its Consequences

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Source: Republic World

Introduction

Amid the chaos of Myanmar's ongoing civil conflict, a dramatic power shift has taken place in the Rakhine region. The Arakan Army, a formidable ethnic rebel group, has wrested control of the province, marking a historic incident—the entire 270-kilometer² border between Myanmar and Bangladesh now falls under the authority of a non-state actor. This development is a significant blow to Myanmar's ruling military junta, altering the dynamics of the country's internal conflict and reshaping regional geopolitics. While the Arakan Army's rise represents a triumph for its aspirations of self-determination, it raises pressing questions for neighboring countries.

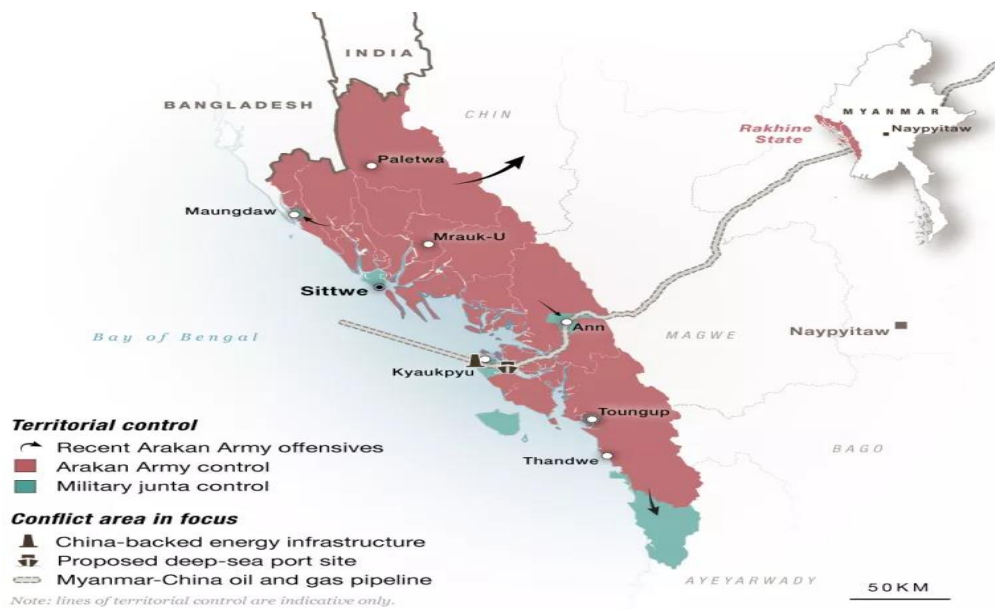
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²Head, Jonathan. 2024. "A Bloody Siege Ends Myanmar Army Control of Western Border." *BBC*, December 13, 2024. <https://www.bbc.com/news/articles/ckg324den6po>.

Bangladesh is deeply concerned about the potential for a renewed influx of Rohingya refugees, already a significant humanitarian challenge. Meanwhile, India faces heightened security risks along its northeastern frontier, as the shifting power balance in Myanmar complicates its efforts to maintain stability and safeguard strategic connectivity projects in the region. This atypical scenario also thrusts China and other influential players into the spotlight, as the region’s delicate balance of power comes under increasing strain. As the Arakan Army consolidates its position, its ethnic ties with groups in India's Northeast and its stance on the Rohingya crisis add further complexity to an already volatile situation.

The implications of this transformation are far-reaching. From the corridors of power in New Delhi and Dhaka to the refugee camps in Cox's Bazar and beyond, the question looms large: what does the rise of the Arakan Army mean for Rakhine’s future, for Myanmar’s stability, and for the region as a whole? This commentary presents a deep analysis on the strategic maneuvering of the Arakan Army, exploring its impact on the regional security architecture and the prospects of a new statehood emerging from the ashes of conflict.

Arakan Army’s Evolution: The Making of a Rebel Powerhouse



Source: Crisis Group

The Arakan Army (AA), founded in 2009 as the military wing of the United League of Arakan (ULA), is a powerful ethnic armed group advocating for greater autonomy for the Rakhine people.³ Initially trained by the Kachin Independence Army (KIA), it has grown into a highly capable insurgent force with thousands of well-trained fighters and advanced weaponry. The AA's strength is bolstered by strategic alliances, particularly through the Three Brotherhood Alliance with the Ta'ang National Liberation Army (TNLA) and the Myanmar National Democratic Alliance Army (MNDAA), which enhances operational efficiency through mutual support.⁴ Alongside its military capabilities, the AA has established a parallel governance system in Rakhine State, administering services, collecting taxes, and maintaining order, which has earned it local legitimacy and support. By addressing local grievances against the Myanmar government, the AA has increased its recruitment and influence, asserting significant control in Rakhine State and challenging the central government's authority.

Regional Implications

Bangladesh: The establishment of a new state under the Arakan Army (AA) would significantly shift regional geopolitics, making Bangladesh to recalibrate its foreign policy by engaging with both Naypyitaw and the AA. This could open new opportunities and challenges, particularly in addressing the Rohingya crisis, as the AA's governance could either facilitate repatriation or worsen humanitarian challenges if inclusivity is not ensured. The AA has expressed a willingness to include the Rohingya in its governance framework, but tensions between the two groups remain unresolved. A stable, autonomous Rakhine under the AA could facilitate dialogue on repatriation and rights for the Rohingya. However, failure to address these issues inclusively could exacerbate existing humanitarian challenges for Bangladesh, which already hosts over a million Rohingya refugees. Border security risks, such as arms smuggling and militant activity, would require Bangladesh to enhance its infrastructure and intelligence while managing potential geopolitical

³Banerjee, Sreeparna. 2025. "Arakan Army's Growing Influence in Myanmar: Implications for the Rohingyas." Orfonline.org. OBSERVER RESEARCH FOUNDATION (ORF). January 24, 2025. <https://www.orfonline.org/expert-speak/arakan-army-s-growing-influence-in-myanmar-implications-for-the-rohingyas>.

⁴Mathieson, David. n.d. "SPECIAL REPORT the Arakan Army in Myanmar: Deadly Conflict Rises in Rakhine State." Accessed January 26, 2025. https://www.usip.org/sites/default/files/2021-02/sr_486-the_arakan_army_in_myanmar_deadly_conflict_rises_in_rakhine_state.pdf.

tensions with India and China. An autonomous Rakhine might offer economic opportunities through increased connectivity and trade, but this hinges on stability and functional governance.

So far, Bangladesh has played it safe by only dealing with the military government in Myanmar. But this has not worked because the junta has no real interest in solving problems like the Rohingya crisis. The military's actions, including terrible violence like beheadings and torture, show they do not care about international rules or human rights. It has been almost six months since the interim government took charge in Bangladesh, but they still have not made progress on Rohingya repatriation. While solving the entire issue might not be possible right now, they can at least start the process. This would help create a foundation for future governments to build on. The time to act is now. Bangladesh should begin discussions with the AA and take steps to send the Rohingya people back home.

India

One of India's key infrastructure projects, the Kaladan Multi-Modal Transit Transport Project, passes through Rakhine, linking Kolkata to Mizoram via the Sittwe Port.⁵ The AA's control over the region could disrupt the project's completion or alter India's access to crucial transit routes. If the AA imposes restrictions or demands renegotiation of terms, India might need to reassess its connectivity strategy in the region. Besides, India has traditionally maintained ties only with Myanmar's military government while overlooking other political groups. However, with the rapid decline of the junta's control, the situation has changed. Now, the powerful ethnic armed groups see this as their opportunity to gain more political autonomy, further shifting the balance of power in the region. This new reality means that India can no longer rely solely on the central government in Myanmar. If India continues with its old approach, there will be risks of losing influence in the region and facing instability along its borders. To protect its strategic interests, including key infrastructure projects in Rakhine and trade routes to the Northeast, India needs to adopt a more flexible and inclusive policy. This would involve engaging with emerging power centers, reassessing diplomatic strategies, and ensuring regional stability through a balanced approach.

⁵Team, CA. 2024. "Kaladan Multi-Modal Transit Transport Project." PMF IAS. February 9, 2024. <https://www.pmfias.com/kaladan-multi-modal-transit-transport-project/>.

China



Source: South China Morning Post

Rakhine is a critical region for the China-Myanmar Economic Corridor (CMEC), including the Kyaukphyu deep-sea port and oil and gas pipelines that help China bypass the Malacca Strait.⁶ If the AA takes over Rakhine fully, Beijing will have to renegotiate terms with a new authority, potentially leading to disruptions or delays. Besides, the AA has already takeover the China-Myanmar oil and gas pipeline station in Ann Township of Rakhine state.⁷ The pipeline is crucial for China's energy security, delivering natural gas and crude oil directly to Yunnan Province.⁸ With the AA now controlling most of the pipeline's infrastructure in Rakhine, China can face potential disruptions or new terms for energy flow. On the other hand, clashes between the AA and junta forces near Kyaukphyu, the pipeline's starting point, could escalate further, threatening China's infrastructure projects. Any disruption to the pipeline's operation would have broader economic consequences and could force China to intervene diplomatically.

⁶"Securing the China-Myanmar Economic Corridor: Navigating Conflicts and Public Scepticism | FULCRUM." 2024. FULCRUM. October 24, 2024. <https://fulcrum.sg/securing-the-china-myanmar-economic-corridor-navigating-conflicts-and-public-scepticism/>.

⁷kaung. 2025. "Arakan Army Seizes Key Oil and Gas Pipeline Station, Tightening Grip on Rakhine State." Myanmar Now. January 8, 2025. <https://myanmar-now.org/en/news/arakan-army-seizes-key-oil-and-gas-pipeline-station-tightening-grip-on-rakhine-state/>.

⁸kaung. 2025. "Arakan Army Seizes Key Oil and Gas Pipeline Station, Tightening Grip on Rakhine State." Myanmar Now.

Implications for the USA

The U.S. has historically been concerned with the stability of Southeast Asia, given its strategic importance and the presence of U.S. allies in the region. A shift in power dynamics within Myanmar, particularly in Rakhine State, could alter regional security calculations. The Trump administration's approach to human rights was often characterized by a transactional nature, focusing on strategic interests over human rights advocacy.⁹ While the U.S. did impose sanctions on Myanmar's military leaders in response to the Rohingya crisis, the overall emphasis on human rights was less pronounced compared to previous administrations. If the AA were to gain control, the U.S. might prioritize stability and counterterrorism efforts over human rights, potentially sidelining the plight of the Rohingya and other ethnic minorities. Besides, Rakhine State is strategically significant, with infrastructure projects like the CMEC passing through it. The AA's control could disrupt these projects, potentially affecting China's Belt and Road Initiative.¹⁰ The U.S. might view this as an opportunity to counter China's influence in the region. However, the U.S. would need to balance this with the risk of further destabilizing Myanmar, which could have broader implications for regional security and U.S. interests. The Trump administration's focus on strategic interests and transactional diplomacy would likely lead to a pragmatic approach. While there might be some engagement with the AA, especially concerning regional security and economic interests, the overall response would be more likely to prioritize U.S. strategic objectives over human rights considerations.

Way Forward

The dream of statehood for Rakhine is no longer just a distant idea—it is a possibility that has kind of started to take shape. However, turning this dream into reality requires the Arakan Army (AA) to focus on long-term planning and building trust both within and beyond its borders.

⁹"President Trump Must Respect Human Rights in His Second Term." 2025. Amnesty International. January 20, 2025. <https://www.amnesty.org/en/latest/news/2025/01/usa-president-trump-must-respect-human-rights-second-term/>.

¹⁰Banerjee, Sreeparna. 2024. "Carrots, Sticks, and Conflict: China's Role in Myanmar." Orfonline.org. OBSERVER RESEARCH FOUNDATION (ORF). December 26, 2024. <https://www.orfonline.org/expert-speak/carrots-sticks-and-conflict-china-s-role-in-myanmar>.

For Rakhine to thrive as a self-governed state, the AA must take steps to create a peaceful and stable environment. This means making sure that people in Rakhine feel safe, can earn a living, and have access to basic services. By improving the lives of ordinary people, the AA can show that it is capable of running a stable and responsible government. Rakhine's strategic location could make it a key trade hub connecting South and Southeast Asia, provided the AA ensures security and improves infrastructure. By fostering economic growth and engaging in peaceful collaboration with neighbors like Bangladesh and India, the AA can build trust and regional partnerships. Resolving shared challenges, such as the Rohingya crisis, is essential for long-term stability. Learning from global examples of autonomy, the AA can avoid pitfalls and strengthen governance. If the AA manages to secure a stable political framework, it could achieve legitimacy both domestically and internationally by offering a more autonomous governance model for the Rohingya and other ethnic groups.

However, the Arakan Army's ascendancy in Rakhine also introduces significant challenges. The region's complex ethnic landscape, with the long-standing tensions between the Rakhine Buddhists and the Rohingya Muslims, remains a potential flashpoint. The AA's position on the Rohingya issue is critical—if it fails to address their rights or integrate them into the governance model, it risks exacerbating regional instability. Moreover, the AA's control of crucial resources, such as the oil and gas pipeline, may provoke opposition not only from the Myanmar military but also from external actors like China, which has significant investments in the region. Managing these geopolitical tensions while maintaining a functional administration within the state will be a significant challenge for the AA.

The road ahead is uncertain, but the possibilities are endless. If the AA focuses on building a fair, inclusive, and forward-looking system, Rakhine could become not just a new state but a beacon of hope for others facing similar struggles in the region.