



Russia steps in to develop Dawei's Special Economic Zone

October 2025



Introduction

Despite ambitious plans to “[change Myanmar](#),” the 15-year-old [Dawei Special Economic Zone \(SEZ\) project](#) has yet to materialise. Estimated to cost US\$8 billion in 2010, it is envisioned as a land bridge that would allow ships from the Middle East, Africa, and Europe to unload cargo in Myanmar, which would then be transported by road to Thailand and other southeast Asian countries. This would bypass the Malacca Strait bottleneck, one of the busiest shipping lanes in the world, shifting maritime trading routes and significantly reducing shipping time and costs.

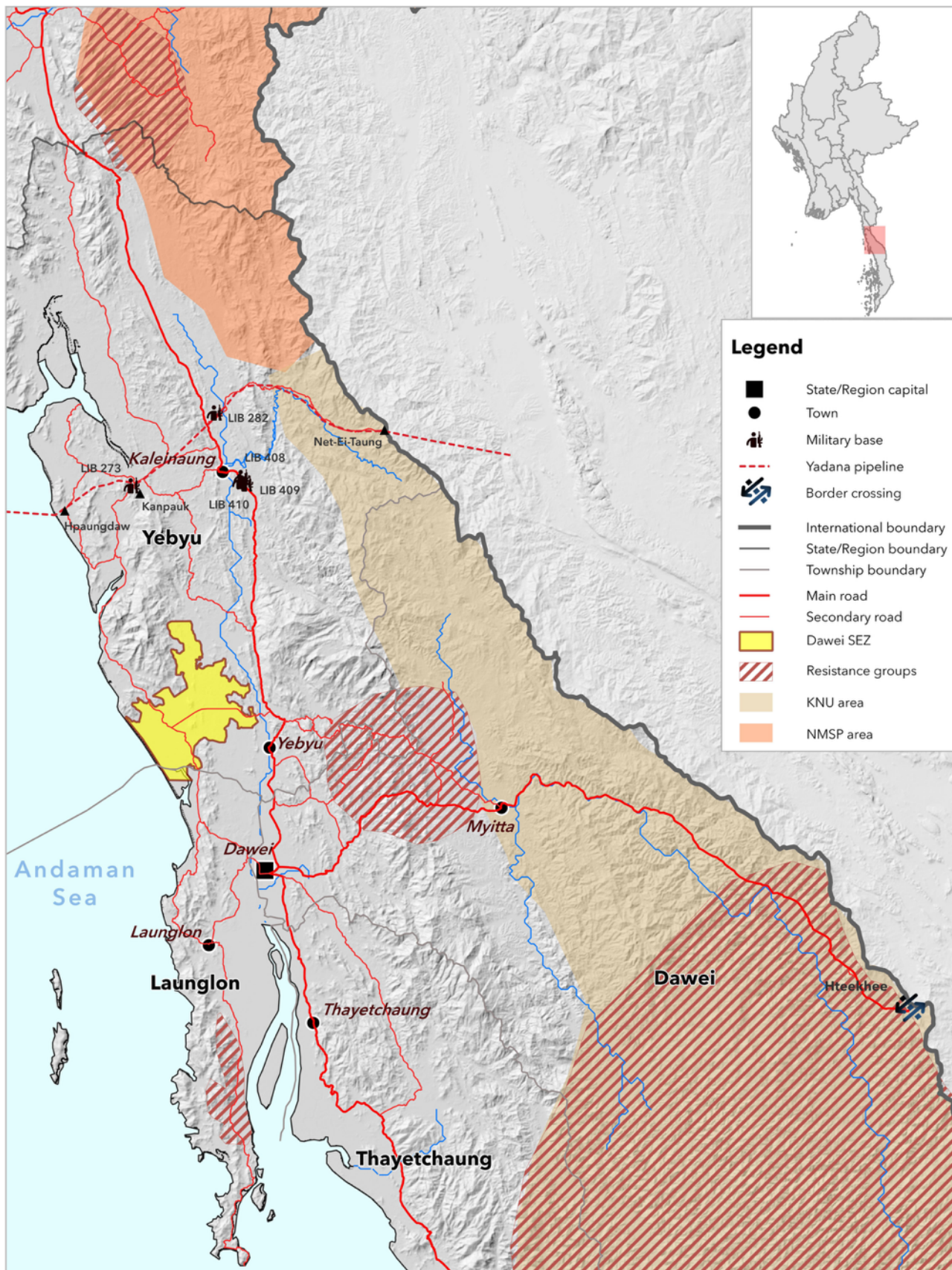
Interests ranging from private companies to joint governmental entities have attempted to get the project moving, but its fate remains uncertain and has been disrupted by the military coup in February 2021. Today, the office buildings at the centre of the SEZ are abandoned. The beach, once filled with visitors, is quiet. No strangers are welcome in the area. A military column patrols it, leading to frequent confrontations with local resistance groups.

In February 2025, the regime [signed](#) a new memorandum of understanding (MoU) with Russia to develop the Dawei SEZ, and there are discussions about bringing a nuclear power plant to the project site. However, the chaos caused by the coup, ongoing conflict and the presence of armed resistance groups in Dawei pose significant challenges to conduct even a preliminary study in the region.

This report examines these developments, their implications in post-coup Myanmar, and whether the project is realistic or a fantasy. Eleven people were interviewed, including three women. They included Dawei/Tavoyan, Mon, Karen and Bamar ethnicities, as well as people from Thailand and Europe. They included politicians, activists, businesspeople, local villagers, academics and a former diplomat from Myanmar and Thailand. They range in age from 30 to 70. Researchers also joined three meetings discussing the Dawei SEZ and Russia.

Cover photo credit: Sprit in Education Movement

Dawei Special Economic Zone, Tanintharyi Region



History of the Dawei SEZ

The Dawei SEZ has been an ambitious plan since it was first mooted in 2010. Should it be developed, it would be the largest industrial zone in southeast Asia. It has, unsurprisingly, faced numerous challenges.

2010: As Myanmar began economic liberalisation and opened its markets, military leader Senior General Than Shwe visited China's Shenzhen industrial zone, reportedly wanting Dawei to emulate it. Two months later, and five days before the election that ushered in a decade of change for Myanmar, an agreement to develop the 250-square-kilometre Dawei SEZ was signed on a 60-year lease with Italian-Thai Development (ITD), a Thailand-based construction company. It established Dawei Development Company Limited (DDC), a joint venture with the Myanmar crony conglomerate Max Myanmar.

2012: A 4,000 MW coal-fired power plant intended to supply electricity for the Dawei SEZ was cancelled by Myanmar's Thein Sein government due to opposition from civil society organisations and environmentalists who cited its environmental impacts. ITD sought new investors to replace Max Myanmar after it withdrew its 25 per cent stake in DDC, potentially due to financial limitations or due to pressure related to the company's links with the Myanmar military, which may have dissuaded some investors.

2013: The Myanmar government withdrew the 60-year concession to ITD as the company failed to find the necessary investors, given the size and risk involved in the project, and ITD's limited capacity to manage a project of this scale in Myanmar. Instead, the governments of Myanmar and Thailand created a new joint company, known as a Special Purpose Vehicle (SPV), to hold the rights and oversee the project together. Although there was still no funding and the project was suspended, the fact that both Nay Pyi Taw and Bangkok formally backed it showed their commitment and the SPV kept the project alive on paper.

2015: The Japanese government expressed interest and joined the SPV as a third partner. This signalled the project's potential resumption and brought on board financial and technical expertise. ITD also rejoined the project at this stage, signing a concession to build an industrial park.

2017: Myanmar, Thailand, and Japan created two task forces – one to work on the road link and the other on the initial phase – to make the project more realistic and investor-friendly. Environmental and social impact approvals also advanced, signalling tentative momentum.

2020: Japan formally [pledged support](#) for the full-phase development of the SEZ, including the deep-sea port, though details of funding and execution remained unresolved. The project stayed largely on paper, with community concerns and financing hurdles continuing.

2021: Shortly before the coup, Myanmar [officially terminated](#) ITD's consortium from the Dawei SEZ, citing financial non-performance and unmet conditions, in turn suspending the SEZ plans. The project faced further uncertainty following the 1 February military coup, which disrupted prospects for a foreign-supported revival of the project.

Russia in, Thailand and Japan out

Myanmar and Russia [signed an MoU](#) on investment cooperation for the Dawei SEZ, including the construction of a deep-sea port, oil refinery and coal-fired power plant, in February 2025. If developed, this would be the first Russian-sponsored large-scale development project in Myanmar. However, the MoU is non-binding, signalling only an intention to sign a contract on its development with no guarantees.

In March, the junta's Vice-Senior General Soe Win called for [dissolving the trilateral SPV](#) with Thailand and Japan to clear the way for Russian and Belarusian investors. However, its status and how this would be negotiated with Thailand and Japan remain unclear, and the regime risks losing face in the process. Since the signing, the Myanmar military has [deployed troops](#) around the SEZ area, displacing more people.

During a regional government meeting in March 2025, the junta's Tanintharyi Region chief Minister stated that foreign investments are expected to flow into the Dawei SEZ, necessitating preparations, including investments in tourism. Then, in May, a one-month Russian language basic training was held for 200 civil servants and university students in Dawei, organised by Tanintharyi Region authorities.

The move away from Thailand towards Russia is surprising, given that the regime maintains border trade with Thailand and the Dawei SEZ ultimately connects to the country's Kanchanaburi province.

The shift away from Japan, meanwhile, is not unforeseen, given that it has held a disapproving posture towards the military regime since the coup. However, it has far more expertise than Russia in financing, designing and building deep-sea ports, including in the region, suggesting it would have been a valuable ongoing partner. Japan has not made any public statements on the matter, but it may be that it is happy to leave behind a reputationally and financially risky investment.

The relationship between Russia and Myanmar began to strengthen in the early 2000s, when Myanmar's then-junta became frustrated with Chinese military equipment and turned to Russia for supplies, including fighter jets. This bond has [strengthened](#) since the coup, which Russia has supported since the start, providing a veto for the regime in the UN Security Council and opportunities for diplomatic engagement. Meanwhile, Myanmar has been the only southeast Asian country to support Russia's war in Ukraine. For Russia, this relationship earns it a friend within ASEAN.

Russia-Myanmar cooperation has been expanding to encompass various sectors, including infrastructure, banking, education, communication, technology, and aid. For Russia, the Dawei SEZ would allow it to expand its presence in Asia, particularly as it pivots away from the West amid Ukraine-related sanctions, and get a foothold in international maritime trade. A few months after signing the Dawei SEZ MoU with the regime, Indonesia signed a strategic partnership with Russia to expand trade. While growing in recent years, Russia's economic relationship with southeast Asia remains limited. Its bilateral ASEAN trade is valued at around US\$15 billion, and with Myanmar it is "tiny" - in the tens of millions, according to Ian Storey, an expert on Russia's involvement in southeast Asia.



Photo: Satellite imagery of the stalled developments at the Dawei SEZ

Indian ambassador's visit signals interest from New Delhi

India's ambassador to Myanmar [visited Dawei](#) on 24 May 2025, meeting with the junta's Tanintharyi Region chief minister and discussing, among other issues, the SEZ project. The ambassador also met with the chair of the Tanintharyi Chambers Association and discussed prospects for coastal maritime trade through the region.

The visit occurred shortly before [reports](#) emerged that India is "not against" Myanmar and Russia discussing the feasibility of a new economic corridor between the two countries via India to bypass Western sanctions. It would also serve as a strategic transshipment hub for Russian exports to Asia. This would be the third logistics project linking India eastwards through Myanmar. It joins the Kaladan Multimodal Transit Transport Project connecting India's Mizoram state through Rakhine State to the Bay of Bengal, and the India-Myanmar-Thailand Trilateral Highway from Moreh in Manipur, which borders Tamu in Sagaing Region, to Mae Sot in Thailand via Myawaddy in Kayin (Karen) State. It should be noted that none of these projects has been completed.

It should be noted that, at present, one of the two official India border crossings to Myanmar, at Zokhawthar-Rikhawthar, is controlled by the Chin resistance. The other, Tamu-Moreh, has a strong People's Defence Force (PDF) presence, and the onward shipments through Sagaing Region are far from straightforward amid widespread conflict. Similarly, the Karen National Liberation Army (KNLA), a key armed and political actor in Tanintharyi Region, controls the Asia Highway, which connects the Myawaddy-Mae Sot border to the rest of Myanmar. This makes trade through these crossings challenging. Therefore, it would be logical for India to explore a new

maritime trade route along the Tanintharyi Region coastline. Indeed, the regime is increasingly relying on the Yangon-Kawthaung-Ranong maritime route for trade with Thailand, underscoring the current difficulties with these land routes.

Given that the Dawei SEZ still relies on road transport to Kanchanaburi province in Thailand via the KNLA-held Htee Khee border gate in Tanintharyi Region, the Indian Ambassador gave higher regard to discussions about the maritime route, according to the Tanintharyi Chambers Association chair.

Resistance actors concerned by developments

The Karen National Union (KNU), the political wing of the KNLA, is concerned that there is already or soon will be a Russian military presence on the ground in Dawei to protect the SEZ investment. This is not unprecedented, given that Chinese private security companies are already protecting Chinese assets in Rakhine State's Kyaukpyu Township, and would potentially threaten resistance groups active in the region. The Htee Kee road linking the Dawei SEZ to the border crosses a KNLA-controlled area in the eastern part of Dawei, potentially bringing its troops face-to-face with these Russians – be it military or private security – should they be deployed.

The Mon resistance is equally concerned, particularly given that Mon communities live near the SEZ. A Mon leader stated during a June 2025 meeting on the Thai-Myanmar border that both the NUG and Mon resistance groups are closely monitoring Russian activities in Dawei.

Eleven political, civil society, and humanitarian organisations from Tanintharyi Region jointly released [a statement](#) in March 2025, declaring that they do not accept the agreement signed with Russia. They asserted that the project would harm the livelihoods of the Dawei people, and that the fate of the project should be decided by a governing body accepted by the communities in Dawei.

Historical trauma from abuses perpetrated to fulfil large-scale projects in Tanintharyi Region has left fears that new initiatives could see this happen again, particularly amid the lawlessness that pervades post-coup Myanmar. For example, in the 1990s, Myanmar military soldiers were accused of committing a [range of abuses](#) in Tanintharyi Region to ensure the progress of the Yadana natural gas pipeline owned by a joint venture between Total, Chevron, a Thai company and the Myanmar state oil and gas companies. These were alleged to have [included](#) forced unpaid labour, murder, torture and land confiscation. There are concerns that history could repeat itself, particularly regarding uncompensated land seizures.

Nuclear power a cross-border threat

Russia's discussions with Myanmar on [nuclear energy](#) are reported to go back as far as 2002. However, they have escalated this year, with Russia agreeing with Myanmar in March to build a nuclear power plant with Russia's state-owned company, Rosatom. A delegation led by Myanmar's military leader, Senior General Min Aung Hlaing, [attended](#) the World Atomic Week forum in Moscow from 25 to 28 September 2025 to further affirm the regime's nuclear partnership with Russia. It saw another MoU signed between Rosatom and Yangon Technological University to

“enhance cooperation on nuclear science technology, research, and human resource development”, including student and teacher exchanges.

Although the exact location of the low-capacity power plant has not been revealed, the KNU and NUG believe it is to be situated on the Dawei coastline. The KNU [stated](#) in May that it is “gravely concerned” about the potential development and the risks it poses to people in Myanmar and Thailand. Although the Thai government has not publicly responded because, according to a former Thai diplomat, the nuclear power plant is not feasible at present, concerns are growing from other quarters. Thara Buakamsri, a Thailand Greenpeace advisor, [stated](#) that building nuclear power plants is a complex and lengthy process that presents significant safety and cost challenges. He warned that in conflict-prone countries like Myanmar, the risks of accidents or attacks involving radioactive materials are high. One activist from Thailand said that they must raise awareness among the Thai public about this issue, as there is little awareness about Myanmar's internal affairs, even when they affect Thailand, such as [river contamination](#) and deforestation.

However, activists and academics from Thailand argue that the possibility of building nuclear power in Dawei is very low due to a lack of technological expertise. Storey commented that, “[the nuclear project], I think, is the biggest fantasy.” Meanwhile, ASEAN’s existing frameworks, such as the [Southeast Asia Nuclear Weapon-Free Zone Treaty](#), aim to prevent the region’s militarisation, yet concerns persist that the junta’s plans for nuclear power could serve as a pretext for developing weapons-related capabilities.

SEZ area partially controlled by resistance groups

At least three revolutionary groups – Ba Htoo Army, Ye Phyu People’s Defence Force and Dawei National Liberation Army (DNLA) – are active in the Dawei SEZ area and its surroundings. Although a small police station remains near the SEZ, the police were previously unable to patrol due to the threat of PDF attacks.

Before signing the agreement with Russia, the regime launched attacks against these PDFs but then withdrew. Since June 2025, a military battalion has been based at the SEZ, and a column, comprising approximately 100 soldiers, has been patrolling and attempting to station troops village by village. During these patrols, occasional fighting with resistance groups has occurred, resulting in the displacement of thousands of people and at least four civilian deaths. Locals are concerned that, given the importance of the SEZ, these attacks will persist.

Over 60,000 people have been temporarily displaced between January and July 2025 due to these military patrols, according to an [Investment Monitor – Tanintharyi report](#). These individuals return home when the column leaves. Similarly, PDFs relocate to other villages when the military approaches. This cat-and-mouse game leads to minimal skirmishes with the junta. Only three confrontations have occurred since June. However, recent fighting between the regime and the DNLA in late July in Launglon Township’s Pantininn village, near the Dawei SEZ area, resulted in the burning of more than 10 civilian houses. The DNLA [claimed](#) that 30 junta soldiers died during the 10-hour battle.

Amid this conflict and the presence of the resistance, it would be extremely difficult for Russia to maintain a safe presence in the Dawei SEZ, or even to conduct a feasibility study. Residents

report no visible Russian presence in Dawei city, and the SEZ office in the city remains closed, indicating no significant activity.

There have been no airstrikes in or around the Dawei SEZ since May 2023, when resistance groups attacked the police station inside the SEZ.

Less transformative economic project, more geopolitical bargaining chip

A 40-year-old local woman said, "If [Russia] works with the military, we locals won't get any benefits at all. They [will] only give us suffering."

The fate of the Dawei SEZ and the consequences for the local community, the country and the region remain uncertain. While the project continues to resurface in different forms, it remains hindered by fundamental obstacles, including armed conflict, political instability, financing gaps, and contested legitimacy in the surrounding area. This makes the SEZ more aspirational than achievable in the near term. Russia will be more than aware of this. However, it will remain hopeful for the longer-term benefits that its involvement may yield, namely gaining access to Asian markets and evading Western sanctions. For Nay Pyi Taw, the Dawei SEZ would be much-needed foreign direct investment and an opportunity to gain diplomatic favour with one of its biggest international allies.

Yet, the project would take years to complete, even in peaceful circumstances, let alone when the regime does not sufficiently control the area around the SEZ, nor the land border at Htee Khee used for onward shipments to Thailand. The latter could shift to Kawthaung in southern Tanintharyi Region, which is held by the regime and not immediately threatened by the resistance. However, the road route is long – more than 600 kilometres – and not entirely under the junta's control.

Under a dictatorship, barriers to the SEZ's development can, however, easily be dismantled. The environmental concerns raised by civil society can be swept aside, and local communities are unlikely to be brave enough to stage any protest. Land seizures can be pushed through in the absence of the rule of law. Dissent can easily be suppressed.

Local communities, civil society, and resistance groups view the project as a threat rather than an opportunity. Historical patterns of forced displacement and abuse tied to large-scale infrastructure projects in Tanintharyi Region heighten fears that development will bring further suffering rather than any economic benefits. The proposed nuclear power plant only amplifies these concerns, creating cross-border risks for Thailand and raising new environmental and security questions, even if its construction is highly unlikely.

If Russia and the regime push through with the SEZ, people living close to the SEZ may increasingly get caught up in conflict as the Myanmar military attempts to pacify the area and show the Russians it is secure. This will lead to displacement and an increase in humanitarian needs.

Dawei has become a geopolitical battleground. Russia's involvement signals Moscow's pivot toward Asia, while India's interest underscores its search for an alternative maritime route to bypass the growing insecurity close to its road trade corridors. Yet without stability, infrastructure, or reliable governance, external actors will find it difficult to commit more than symbolic support.

The Dawei SEZ stands less as a transformative economic project than as a mirror of Myanmar's broader conflict, political and governance challenges. Unless a meaningful and lasting solution to the political crisis and conflict is found, the SEZ is likely to remain a project on paper, more valuable as a bargaining chip in geopolitics than as a functioning economic corridor.

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