

# Shan Drug Watch

Newsletter

JUNE 2007

ISSUE 1



## Message from the Editor:

For the past ten years, SHAN has been continuously monitoring the drug situation in Shan State, and has published several reports on the topic. This year, we have decided to compile our latest findings into a newsletter. While our aim remains the same -- to critique current drug eradication policies and to analyze the political context of the drug trade in Burma -- we hope that this new format will be more readable, and therefore accessible to a wider audience.

For too long, the debate about drug policy in Burma has been governed by the SPDC generals and UNODC officials. We want the broader public, at home and abroad, to become involved in the debate, and start raising questions about policies that are not only failing to eradicate drugs in Burma, but are having devastating humanitarian impacts on communities on the ground.

Mysoong! (Progress and prosperity to you)

S.H.A.N.

## Contents

<b>Wa sacrifice at what price? .....</b>	<b>3</b>
Two years on, the opium ban in the Wa region is causing growing social problems.	
<b>Smell of drug trade lingers in Panghsang .....</b>	<b>8</b>
Millions of pills continue to be traded behind closed doors in the Wa capital.	
<b>Burma Army members increasingly turning to poppy-growing .....</b>	<b>9</b>
Cash-strapped Burmese soldiers are now not only taxing but also growing opium.	
<b>Opium ban drives Wa into drug fugitive</b>	
<b>Wei's hands .....</b>	<b>10</b>
Facing financial difficulty after the opium ban, Wa leaders have resorted to appointing druglord Wei Hsuehgang in charge of trade in the Wa area.	
<b>Druglord given public land.....</b>	<b>11</b>
Wei Hsuehgang has been presented 2,000 acres of land seized from local farmers by the junta.	
<b>Flying the Burmese flag to sell drugs .....</b>	<b>11</b>
A pro-junta militia on the China-Burma border is openly selling drugs to Chinese customers.	
<b>The politics of drug eradication in Shan State .....</b>	<b>12</b>
A map showing political divisions in northern Shan State gives the lie to UNODC claims that areas under Burma Army control are mostly poppy-free.	
<b>Really poppy-free? .....</b>	<b>14</b>
A random survey by SHAN finds ongoing poppy-growing in northern Shan townships designated as "poppy-free" by UNODC.	
<b>More opium output in the north .....</b>	<b>15</b>
Opium output has increased in areas of northern Shan State controlled by the Burma Army and its allies.	
<b>Druglord appointed Namkham USDA leader .....</b>	<b>16</b>
Notorious Chinese druglord Pansay Kyaw Myint is rewarded for his loyalty to SPDC leaders.	
<b>A model of SPDC drug eradication? .....</b>	<b>17</b>
Photos of Special Region # 4 in E. Shan State reveal the continuing gulf between rich and poor despite being proclaimed a successful drug eradication area by SPDC.	
<b>Poppy areas swell in Shan State deep south.....</b>	<b>18</b>
Opium growing areas have swelled by 50% in Hsihseng, Mawkmai and Faikhun townships during the past season.	

SPDC = State Peace and Development Council, Burma's ruling military regime

This issue is dedicated to Gon Gur (Sumarn), who died on 7 May 2007

# Wa sacrifice at what price?

*Two years after the Wa region of northern Shan State was declared drug-free, opium cultivation has virtually disappeared in this area. However, the lack of sustainable alternative livelihoods for ex-opium farmers has caused growing social problems. With opium-growing continuing in other areas of Shan State under Burma Army control, Wa people are increasingly questioning the ban.*

“Everything is getting worse. People are desperate for food and clothes. They are complaining more and more. They want to know why there was an opium ban in the Wa area when there was no ban in other places.”

The words of 60-year-old Ai Nap, a former opium grower from Pangyang township, reflect the growing dissatisfaction among hundreds of thousands of Wa farmers forced into hardship by the opium ban enforced two years ago in the 6,000 square-mile Wa ceasefire

territory along the Sino-Burma border.

Under pressure from China and the Burmese regime, and with their leaders indicted by the US for drug trafficking, the United Wa State Army (UWSA) has stringently imposed the ban throughout its northern territories since June 2005. Famously, UWSA Chairman Bao Youxiang swore to forfeit his head if poppies were found after the deadline.

“They just called village headmen for meetings and

warned them of the ban without any explanation, reason or questions. They just said those found planting opium would be punished or even put to death,” explained a Shan trader from the Wa capital, Panghsang.

The sudden imposition of the ban without ensuring that sustainable alternative livelihoods were in place has been devastating for local farmers, who have subsisted on opium cultivation for generations.



*The lifestyle of Wa villagers, young and old, living along the road of Kard Maw-Pangyang-Panglem has hardly changed for 20 years. They remain in poverty, despite the wealth of their leaders.*

“The plan was put to work too fast, and the people were not ready,” said a local employee of an international development NGO working in the Wa area. “The number of people who don’t have enough rice to eat are about 75% of the population.”

Wa farmers have traditionally relied on income from their opium harvest to supplement their meager upland rice crops. Opium has the advantage that it can be grown in the same field season after season, while rice fields have to be shifted. There is also a guaranteed market, with local and Chinese traders willing to pay in advance for opium crops.

“Now we just plant highland rice and corn and sell to nearby villages,” said Ai Nap. “But the income can’t be compared with growing opium. Opium brings 4 to 5 times more income than rice. Growing rice is not enough to make a living. There is not even enough rice to eat,”

Ai Nap has been surviving by selling off his livestock. Others have been cutting down trees to sell as firewood, or selling forest products such as orchids, but these resources are fast being depleted.

China and the UN World Food Program (WFP) have been providing emergency food assistance to the Wa population, estimated at over 400,000. However, Wa officials claim this aid is fulfilling only a tenth of the real needs.

China’s most recent shipment in October 2006 of 10,000 tons of rice to Panghsang was distributed at the rate of 20 cups per person, barely sufficient for two weeks.

The WFP has targeted 100,000 people in the Wa area for assistance since 2004. However, local people complain about the amount and quality of rice provided by the UN agency.

“It was just like a token,” said Ai Nap. “People got only 10 cups per person. Some distant places only got 8 cups per person. They also had to pay for transport, and some people who went to get the rice for us also took a little. We got only once. We don’t like the rice they gave. Chinese rice is better in quality than the Burmese rice that WFP gave. The Burmese rice is very hard. It is said to be from old stock of years ago.”

While the UWSA has been touting its rubber plantation projects as an alternative livelihood for opium farmers, so far these only exist in limited areas, close to the main towns. A dozen or so Chinese companies have



*Piles of firewood along the road from Pangyang to Panghsang. Ex-poppy farmers in the Wa areas have been turning to cutting and selling firewood to make a living, accelerating forest depletion.*

invested in the plantations, with the raw product destined for export to China.

The companies are offering employment to local labourers, at the rate of 20 yuan (US\$2.50) a day for clearing land for the plantations, and the promise of 60% of profits once the trees produce rubber. However, local farmers are wary that their land will be encroached upon and that they will receive no benefit.

Near Ai Nap's village, west of the town of Pangyang, a Chinese company has been staking out about 1,000 acres for rubber plantations, including land that the villagers had intended to plant with other crops. "We won't agree to it," he said emphatically. "We don't know which company these *laopans* (Chinese bosses) are from. They just came to talk with the Headquarters (at Panghsang) and then started the work near our village."

The farmers have good reason to fear becoming reliant on the Chinese markets. Further east along the Sino-Burma border in the "drug-free" areas of Special Region 4, another ceasefire leader Sai Leun invested tens of millions of yuan in sugar cane plantations, allegedly as an opium substitution

## Shan State and Wa territory in northern Shan State



crop, to sell to China. When the price of sugar fell, the farmers made huge losses, and Sai Leun had to convert the sugar mill he had built into a coal-fired power station.

It is not only the local ethnic leaders who are guilty of "top-down" decision-making in crop substitution projects. A UNODC project to start tea plantations prior to the opium ban in their pilot project areas of Mong Pawk and Mong Ka "failed with a big loss," according to a local development worker interviewed in late 2006.

"They got some Chinese technical advisers to work on the project, but it didn't work out," he explained. "The villagers didn't have ownership and didn't want to do it. The UN distributed plant saplings and chemical fertilizers but all failed."

With little access to alternative agricultural livelihoods in their hill villages, the majority of young people are choosing to migrate elsewhere to try and survive. This mirrors the migration that took place in the Kokang areas in northern Shan State,

following an opium ban in 2003 which forced up to a third of the population to leave the region.

As a Wa officer from Panghsang explained: “We can see big changes now. People have been moving to other places in search of jobs. Some came to Panghsang to find work. Some have gone to China.”

Apart from construction work in the towns, the main jobs available are as laborers in the timber trade and in the mining industry. Young Wa men are now commonly seen loading and unloading teak and other hardwood along the Salween River and on roads around Panghsang. Despite the Chinese ban on cross-border exports of timber from Burma between March 2006 and May 2007, logs have continued to be shipped north from the UWSA’s concession areas in northern, southern and central Shan State.

Young men have also been finding work in antimony mines in the Wa areas of Mongmai (Mongmau) and Mongpawk, as well as in gem mining areas such as Monghsu, west of the Salween. The harsh conditions in the mines commonly lead to drug addiction. “All miners use



*A saw mill warehouse at Panghsang. Companies which can grease the palms of Burma Army officials and ceasefire group are able to get permits to do business in teak. The concession areas are in northern, southern and central Shan State, causing rapid deforestation.*

amphetamines. Chinese bosses give drugs to the workers so they will work harder and not feel sleepy,” said Sai Awn, a Shan trader who has traveled extensively in mining communities in northern Shan State.

Not only the men, but also young Wa women have been migrating and are now working as sex workers on both sides of the Wa-Chinese border. Local people claim that prior to three years ago, it was extremely rare to find a Wa female sex workers. Now a Chinese website is even advertising their services as follows: “Most Wa men have their

guns and most Wa girls have their bodies.”

The risk behavior of these newly mobile populations is sparking fears of increased HIV/AIDS transmission among Wa communities, whose isolated mountainous existence had formerly largely spared them from the epidemic.

The UNODC has repeatedly warned that opium eradication without food security and alternative livelihood programs for opium farmers may lead to a “humanitarian disaster” in Burma.



*Rubber plantations, invested in by Chinese companies, are starting to carpet the Wa hills.*

While this scenario does indeed appear to be unfolding in the Wa territories, what is most embittering for Wa farmers is that surrounding areas of Shan State are facing no such stringent opium bans. Poppies are still being grown freely in nearby Burma Army-controlled areas, such as Hopang to the north and Tangyan to the

west (see map on page 14). In fact, since the UWSA ban, hundreds of Wa farmers have migrated to these areas to continue growing opium.

“Many people went to the west of the Salween under the protection of the (pro-regime) Lahu people’s militia. Some went south to Maw Fa, to grow opium free



*Wa Vice-Chairman Xiao Minliang*

and unhindered, under the protection of the Burma Army,” explained Ai Nap.

With such areas strictly off limits to foreigners, the regime can continue discreetly sustaining its troops and their allies on profits from the opium trade, while gaining international credit from the much-publicized drug ban in the Wa area.

Meanwhile, the hardship being suffered by the Wa people is no political loss for the regime. Since 2005 they have been upping pressure on the ceasefire armies to surrender their arms. A dwindling, impoverished Wa population fits neatly into the regime’s plans to force the UWSA to disarm.

Thus, while the junta is benefiting nicely from the Wa opium ban, the prospects of genuine drug eradication in Burma remain dim.

In June 2006, a year after the ban, UWSA Vice-Chairman Xiao Minliang reiterated his group’s commitment to maintaining their “supreme sacrifice” of opium eradication. The tragedy for hundreds of thousands of Wa farmers is that the sacrifice appears to have been in vain.

# Smell of the drug trade lingers in Panghsang



*Samples of methamphetamine pills next to watermelon seeds. Pills in Panghsang are only traded in quantities of millions.*

It is an open secret that despite the opium ban, the UWSA still has to depend on money from the methamphetamine trade for arms and ammunition procurement, salaries and other necessities. However, only people close to the leaders are able to be involved in the drug trade.

In the Wa capital Panghsang, if one can show the money to buy 5-10 million tablets of methamphetamine, it will take five days to do the deal. Samples cost four yuan per tablet. There is no dealing in methamphetamines by hundreds or

thousands of pills, only by millions. One small packet contains 2,000 tablets. One bundle contains three packets, or 6,000.

Heroin is also still being traded, in quantities of 100 kg upwards, but is more difficult to buy than methamphetamines.

Foreigners known to be working as chemists in drug factories are still to be seen in Panghsang. These include about five Thais, and more than ten Vietnamese. The Vietnamese, who had formerly worked in Cambodia and then Mong La, are officially working in an

incense distilling business, supposedly to sell to perfume and cosmetics companies in China. However, it is common knowledge that the herbal oils are also used in the production of methamphetamines. They make the drug fragrant and cover up the smell of the chemical ingredients.

Such smells betray the locations of drug factories that are continuing to operate. Beyond Panghsang, on the road to Pangyang, beyond the Nam Ping bridge, there is a large, heavily guarded brick building belonging to Wei Hsuehkang. Just north of this site, along the river, are several small buildings from which an unmistakable smell emanates, noticeable even from the road.

Similarly, on the hillsides north of Panghsang, along the road to Murng Mai, there are several nice buildings among the rubber trees. These belong to the leaders and some have underground cellars, from eight to twelve meters square, for illicit drug production. □



# Burma Army members increasingly turning to poppy-growing

A ten-fold pay rise last year notwithstanding, more and more army men and their families are being forced to look out for themselves and some of them are engaging in poppy cultivation, according to reports from the border.

Shans coming from Kengtawng sub-township, Mongnai township, Langkher district, Southern Shan State told S.H.A.N. that among the officers-turned-poppy growers were two from Kunmong-based Light Infantry Battalion (LIB) 569: one a company commander with the rank of captain and another Sgt Joseph of Lahu descent.

“They used to tax us in the past,” said a 56-year-old grandmother from the area. “But this year, they tax us and they also grow poppies themselves.”

Which was reassuring, according to her 61-year-old friend. “We used to worry that they might change their minds all of a sudden and destroy our fields,” she said. “But now we know we are in the same boat.”

Sources from Hsihseng township, further west, also report seeing soldiers and their family members from LIB 423, 424, 425 and 426 working in their own poppy fields.

Others sources say the Burmese military has destroyed some of the fields in the south and east. The hardest hit were in Mongkeung and Laikha, the townships where Shan State Army (SSA) South is still actively resisting the regime. “The Burma Army is afraid that if the people are well-off,

the SSA won’t go away,” said a 55-year-old migrant coming from the area.

Meanwhile, Chiangmai News, on 16 January 2007, reported that Thai authorities in Maehongson are expecting a bumper crop of 20 tons of opium from across the border in Homong, former base of Khun Sa, who surrendered in 1996, and the surrounding areas.

(This article was first published by S.H.A.N. on January 17, 2007)



*Poppy field in Southern Shan State, February 2007.*

# Opium ban drives Wa into drug fugitive Wei's hands

Increasingly cash-strapped since the imposition of the opium ban and China's restrictions on cross-border trade, the UWSA has been forced to rely on the expertise of drug fugitive Wei Hsuehkang to solve their financial problems.

Formerly, the UWSA had publicly dissociated themselves from Wei, who is wanted on drug charges in Thailand and the US, even denying that he was the commander of their southern 171<sup>st</sup> Military Region. Wei's force numbers an estimated 3,000 troops, or about 10% of the UWSA's total troop force.

However, since July 2006, the UWSA headquarters has appointed Wei in charge of economy and finance. Since then, all trade in the Wa area, legal and illegal, including gems, gold and timber has been under his control. Anybody wanting to do business has to apply for a permit from a committee appointed by him. Most of the permits have ended up in the hands of Wei's cronies and relatives, to the dissatisfaction of UWSA Chairman Bao Youxiang and his men.

Wei is now building himself a palatial mansion west of the UWSA's Panghsang headquarters,



*Wei's new mansion and Hong Pang offices at Wan Korng, 3-4 kms west of Panghsang, under construction since 2005 at a cost of 200 million yuan (nearly 1 billion baht)*

protected by his own security units. His men are distinctive by their smart Thai-made uniforms, Russian-made AK47s, and US-made M16s, while Bao's troops have Chinese-made uniforms and old M22s.

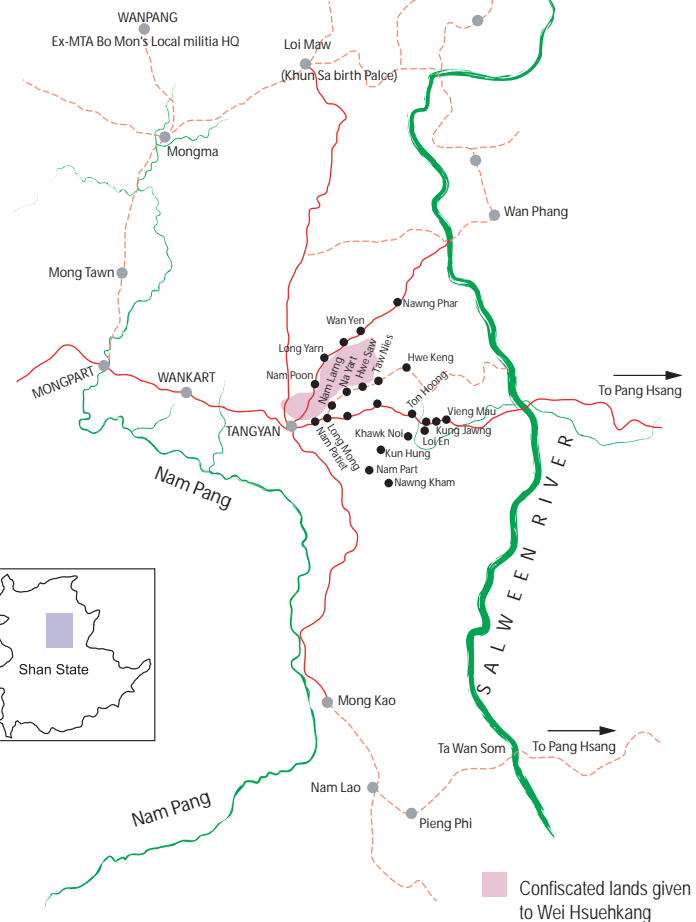
Wei Hsuehkang's Hong Pang Company has numerous business interests throughout Burma. These include a cement factory, liquor distilleries, petrol pumps, businesses selling drinking water, compact discs and electric wire, a gas lighter factory (in the Sagaing Division) and also department stores in Lashio, Mandalay and Rangoon.

The company also has thousands of acres of fruit

orchards in Nawngkhio, Maymyo and Zay Ann near Lashio. It also owns a coal mine in Zay Ann which is doing good business, and a big jade mine in Phakant, Kachin State, using hundreds of bulldozers, backhoes and tractors.

Most of the relatives and in-laws of Wei Hsuehkang who are profiting from his business are Chinese. Even Wei himself is not a Wa Ai Hsoi (Sinicized Wa) as alleged. In fact he is a pure Chinese native of Xuangjiang, Yunnan. When he was eleven his parents migrated from China to Shan State and settled in Nam Hpak Lern, a town between Loi Maw and Nong Hpa, northeast of Tangyan. □

## Druglord given public land



In 2001, Survey officials in Tangyan township, acting on orders from the SPDC, carved up a 2,000 acre plot of land for Wei Hsuehkang's Hongpang company to grow fruit. Some 7-8 villages lost their agricultural lands in this way, without compensation. These lands are 20-30 miles away from poppy growing areas. The SPDC however declared that it was part of the opium substitution program.

Most work team leaders inside Wei's orchard are ethnic Chinese. Only a few are Wa. Local villagers are not hired as workers. Hundreds of Burmans from Burma instead were brought in creating tensions between local people and the newcomers. A grand mansion has been built in the orchard for Wei when he visits.

## Flying the Burmese flag to sell drugs

At the small border town of Panghsai, opposite China's Wanding, the main local gambling den is run by the Mong Ha pro-SPDC militia. The den, which entertains 30-40 mainly Chinese customers a day, also sells

methamphetamines and "khaku," an opium-mix smoked through water-pipes.

The militia are able to run the den openly by paying off the local authorities. In fact, they

even fly the Burmese national flag over the premises. Thus, tellingly, for the Chinese customers, the Burmese flag now signals an open license to vice. ☐

# The politics of drug eradication in Shan State

Each year the United Nations Office on Drugs and Crime (UNODC) publishes its annual drug survey report on Burma, and each year its figures are routinely reported by the international press, together with the continuing claims of “remarkable success” in opium eradication in Burma.

The UNODC reports studiously avoid any mention of the Burma Army’s extensive involvement in the drug trade, nor of the political root causes of the drug problem itself. In fact, reading the October 2006 report “Opium Poppy Cultivation in the Golden Triangle,” the uninformed reader is likely to be left with the impression that the regime is making every effort to control the drug trade, and it is merely the fault of ethnic resistance groups relying on the trade that drug production persists.

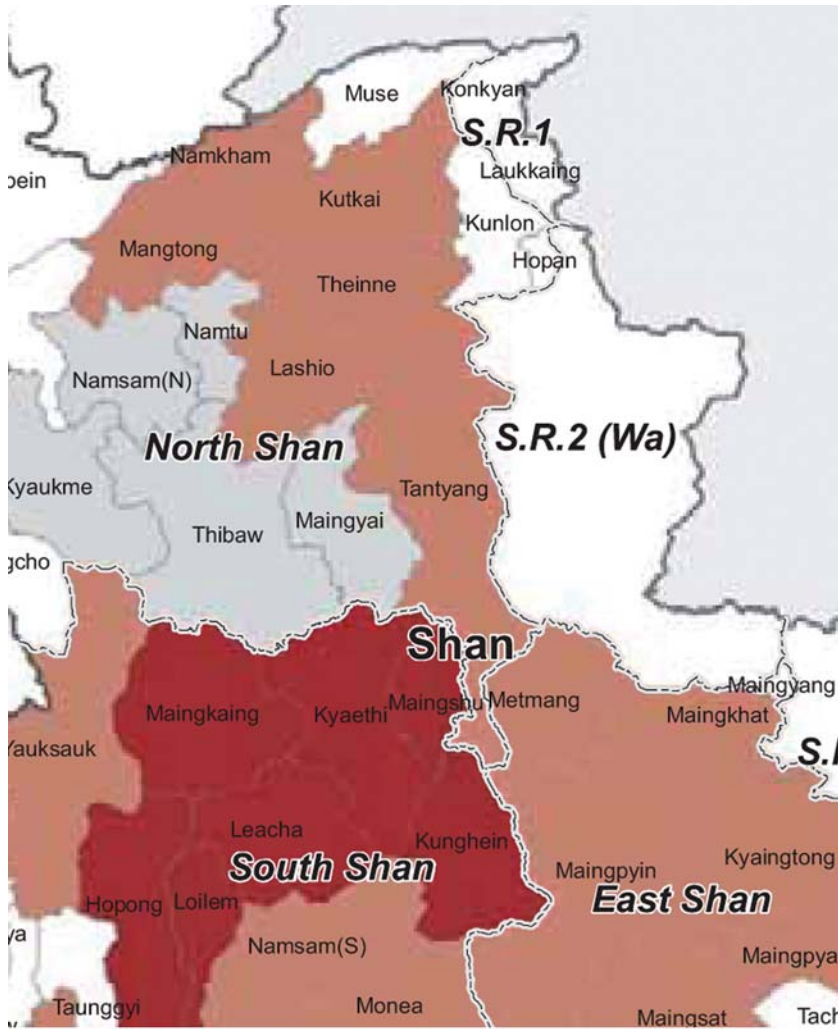
Indeed, the report states directly that “In most townships under full government control, no evidence of (poppy) cultivation exists,” which is so far from the truth that it is remarkable that the UNODC has been able to get away with this claim unchallenged.

**Areas under the control of the Burma Army and its allies and areas controlled by ceasefire groups in N. Shan State**



- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #90EE90; border: 1px solid black; margin-right: 5px;"></span> Areas controlled by the Burma Army and its allies</li> <li>M = Pro-junta militia</li> <li>Groups that surrendered =</li> <li>PSLA = Palaung State Liberation Army</li> <li>SSNA = Shan State National Army</li> <li>MTA = Mong Tai Army</li> <li>SSA-S = Shan State Army South (758 Brig.)</li> </ul> | <ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 15px; background-color: #ADD8E6; border: 1px solid black; margin-right: 5px;"></span> Areas controlled by ceasefire armed groups</li> <li>KIA = Kachin Independence Army</li> <li>KDA = Kachin Defence Army</li> <li>MNDAA = Myanmar National Democratic Alliance Army (Kokang)</li> <li>UWSA = United Wa State Army</li> <li>SSA-N = Shan State Army North</li> <li>PNA = Pa O National Army</li> </ul> |
|---|--|

**Opium poppy cultivation in Shan State, Myanmar, 2006**  
*(From October 2006 UNODC report, p 119)*

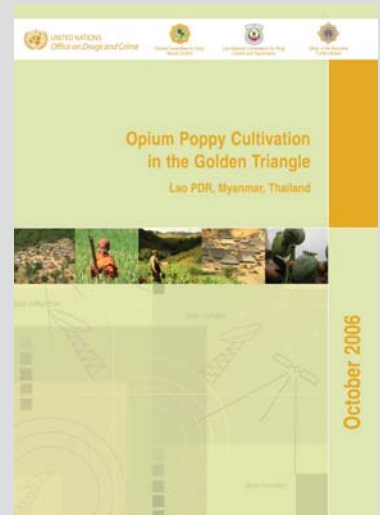


**Cultivation Level**

- High intensity
- Low intensity
- Free
- No Information

In the interests of truth, which may hopefully feed one day into a truly workable and sustainable drug eradication policy in Burma, SHAN is therefore contrasting on these pages the UNODC map of drug producing areas with the areas in northern Shan State controlled by the Burma Army and its allies.

It can be clearly seen that the majority of the poppy cultivating areas are in fact directly under SPDC control. Meanwhile, the main “poppy-free” areas are under the control of ethnic ceasefire groups. Thus, contrary to the UNODC’s claims, the drug eradication record of certain ceasefire groups is distinctly superior to that of the regime itself.

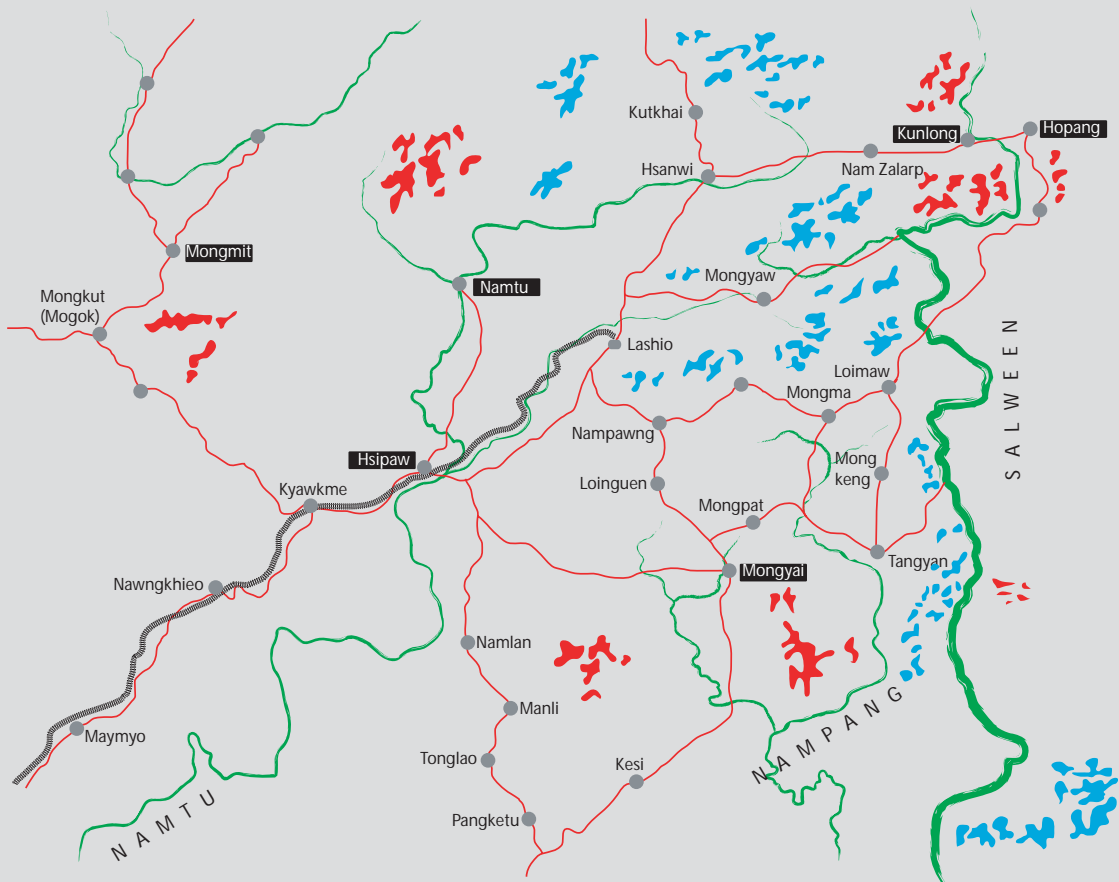




*October 2006 UNODC report*

# Really “poppy-free”?

While the UNODC continues to claim that opium production in Burma is decreasing drastically, a random survey by SHAN in late 2006 showed that several of the areas designated as “poppy-free” by the UNODC in their October 2006 report were actually still growing poppies, in some cases extensively, and under the direct patronage of the Burma Army.

## Opium poppy growing areas in townships designated by UNODC as “poppy-free”



-  Opium growing in areas designated by UNODC as "poppy-free"
-  Opium growing in other areas

# More opium output in northern Shan State

Contrary to official claims, northern Shan State that has been under a stringent opium ban since the 2001-2002 season is enjoying a bumper crop during the latest season which ended in March 2007, according to sources coming to the border.

Most output, they say, took place in areas under the

Mawfa area under the Burma Army command, southwest of Panghsang, following the zero-production declaration by the Wa leadership in June 2005.

West of the Salween, farmers continued cultivation under firm supervision of pro-junta militia forces. "We had to either acquire permits

Mongheng militia in the neighboring Tangyan township. "We were also required to grow it in deep forests and mountainous areas".

One of his Shan neighbors meanwhile disclosed he had been working as a tenant to a local official from the Kachin Defense Army (KDA), a ceasefire group favored by the Burma Army. The group is active in Namkham, Muse, Kutkhai, Hsenwi and Lashio townships.

The product is purchased by agents authorized by the local pro-junta militia groups. "Due to extra costs and security measures, prices have certainly gone up," said a businessman from Lashio.

"Last year, it was 700,000 kyat (\$560) per viss (1.6 kg). But now it's going up to as much as 1 million kyat (\$800) in some areas."

He refuted official claims that opium in circulation is essentially from last year's output. "That is simply not true," he said. "Everyone with a little opium savvy can see that it's from the latest harvest."



*A plot of land prepared for new opium during the 2006-2007 season on Loi Lawlaw-Mark Wao, southwest of Namkham during the 2006-2007 season. This is an area under the pro-SPDC Panhsay militia force led by Kyaw Myint.*

Burma Army and pro-Burma Army militia control.

Hundreds of poppy farmers from the United Wa State Army controlled territory along the Chinese border reportedly moved into the

from the local authorities or work as joint ventures with them," said a 60-year-old ethnic Chinese farmer with 2 adult children from Mongyaw, Lashio township, who recently returned from "a joint venture" with the Mongha-

Sources also agree that apart from the rising prices, the traders are facing very few problems conducting their business. "The results of course are more abuses, addictions and social problems among the population, especially among the youth, the future of our country", complained a local resident of Muse on the Sino-Burma border.

In eastern Shan State, the output is said to be as much as the last season, despite "some showcase destructions" in Mongton. However, in southern Shan State, the output appeared to have dropped in some places. "Nothing to do with official crackdowns, mind you," said a Shan businessman who has a home in Thailand. "It was the drought. The rain didn't fall when the fields needed it."

As a result, opium prices have climbed significantly. In Kunhing, southern Shan State, the cost is 800,000 kyat (\$650) per viss, while in Mongton, eastern Shan State, it has already increased from 20,000 baht (\$570) per viss last month to 25,000 baht (\$714).

(This article was first published by S.H.A.N. on 19 April, 2007) □

## Druglord appointed Namkham USDA leader



*Kyaw Myint*

One of the main opium producing areas in northern Shan State, in the high Pansay mountain range between Namkham, Kutkai and Mantong, is controlled by drug warlord Panhsay Kyaw Myint, who leads a militia of 300-400 armed men. They give protection to local opium growers and traders, in exchange for hefty taxes.

The UNODC report mentions the continuing drug production in this area, but disingenuously refers to Kyaw Myint's Panhsay militia as an "ethnic armed group." In fact, the ethnically Chinese Kyaw Myint heads a pro-junta militia, and has maintained close personal ties to successive SPDC northeastern region commanders.

Kyaw Myint regularly pays off local SPDC military and police. Last October 2006, at the start of the growing season, a contingent of SPDC troops, police and narcotics personnel arrived at the Panhsay militia headquarters on a "search and destroy" drug eradication mission from Namkham. After receiving the requisite bribes, they ventured no further, and the surrounding opium fields were left untouched.

Clear evidence of Kyaw Myint's firm standing with the authorities is his appointment as Chairman of Namkham's Union and Solidarity Development Association, the nationwide "people's organization" of the junta.

Ironically, Kyaw Myint has been attending the SPDC's National Convention as an "ethnic representative." □



# A model of SPDC drug eradication?

These photos taken in December 2006 in Special Region # 4 in E. Shan State reveal the continuing gulf between rich and poor despite being proclaimed a successful drug eradication area by the SPDC.



*During the 1990s, Special Region # 4 leader and well-known druglord Sai Leun a.k.a. Lin Mingxian promoted development of tourism, in the form of casinos, massage parlours and hotels, at the town of Mong La on the China-Burma border. After Chinese authorities tightened border restrictions in 2004, the town's tourist industry collapsed. This hotel, built by a Chinese investor, was sold off cheaply to Sai Leun's wife in 2006.*

*Former poppy farmers being forced to repair roads by local authorities in the Mong La area. They remain desperately poor, despite the supposed "success story" of drug eradication in Special Region # 4.*



# Poppy areas swell in Shan deep south

Farmers in southern Shan State under the sway of two allied ceasefire groups appear to have increased the size of their fields during the last poppy season that ended in March, 2007, according to a recent report filed by Ethnic Youth Network Group.

More than 6,000 acres of land in Hsihseng, Mawkmai and Faikhun (Pekhon) townships had been planted with poppy, compared to an estimated 4,000 acres during the 2005-2006 season. "This was in spite of stern warnings by the PaO National Organization (PNO) and Shan State

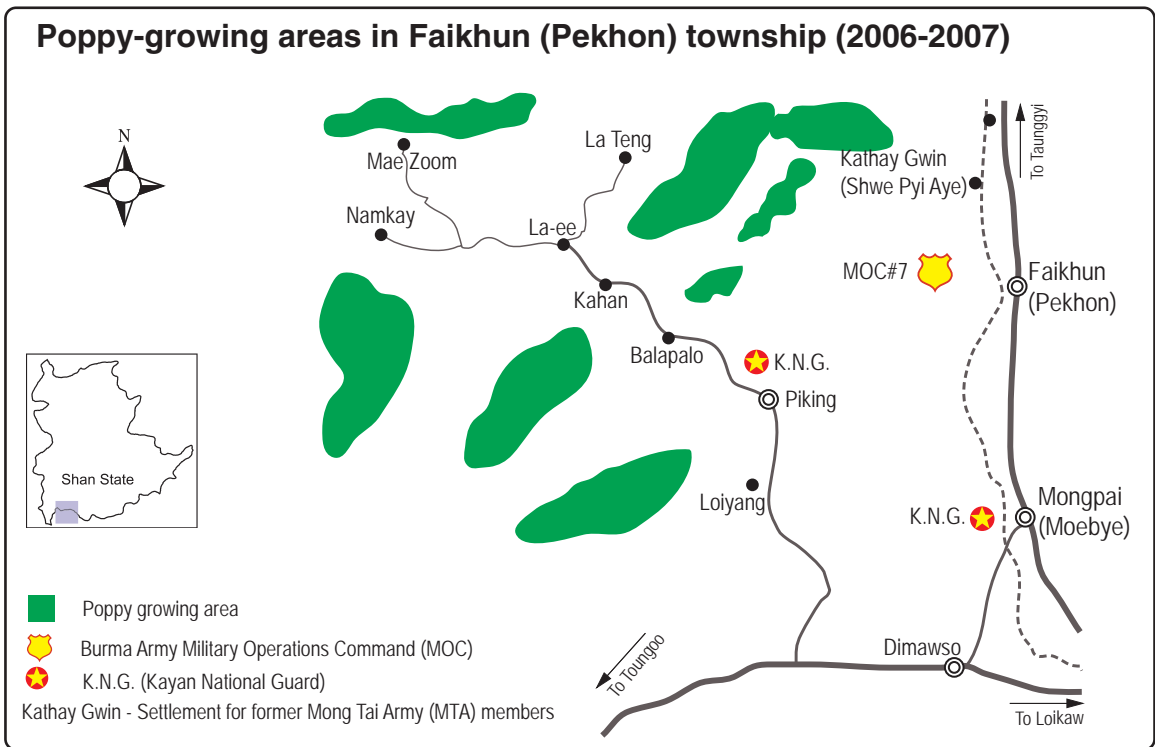
Nationalities Peoples Liberation Organization (SNPLO) forbidding farmers to grow poppy in lowland areas in public view, unlike previous years when it could be grown anywhere," said a member of the EYNG who is active inside Burma.

The PNO areas, officially Shan State Special Region # 6, have been declared to be opium-free beginning this year, according to the UN World Food Program (WFP) which is granting food assistance to ex-poppy farming communities in Shan State, including PNO areas.

Apart from the PNO, SNPLO and KNG (Kayan National Guard, another ceasefire group), farmers were required to pay "appropriate kickbacks" to Light Infantry Battalions (LIBs) 423, 424, 425, 426 and other units under Faikhun-based Military Operations Command (MOC) # 7, says the report.

At least 4 heroin refineries are also believed to be located in the areas.

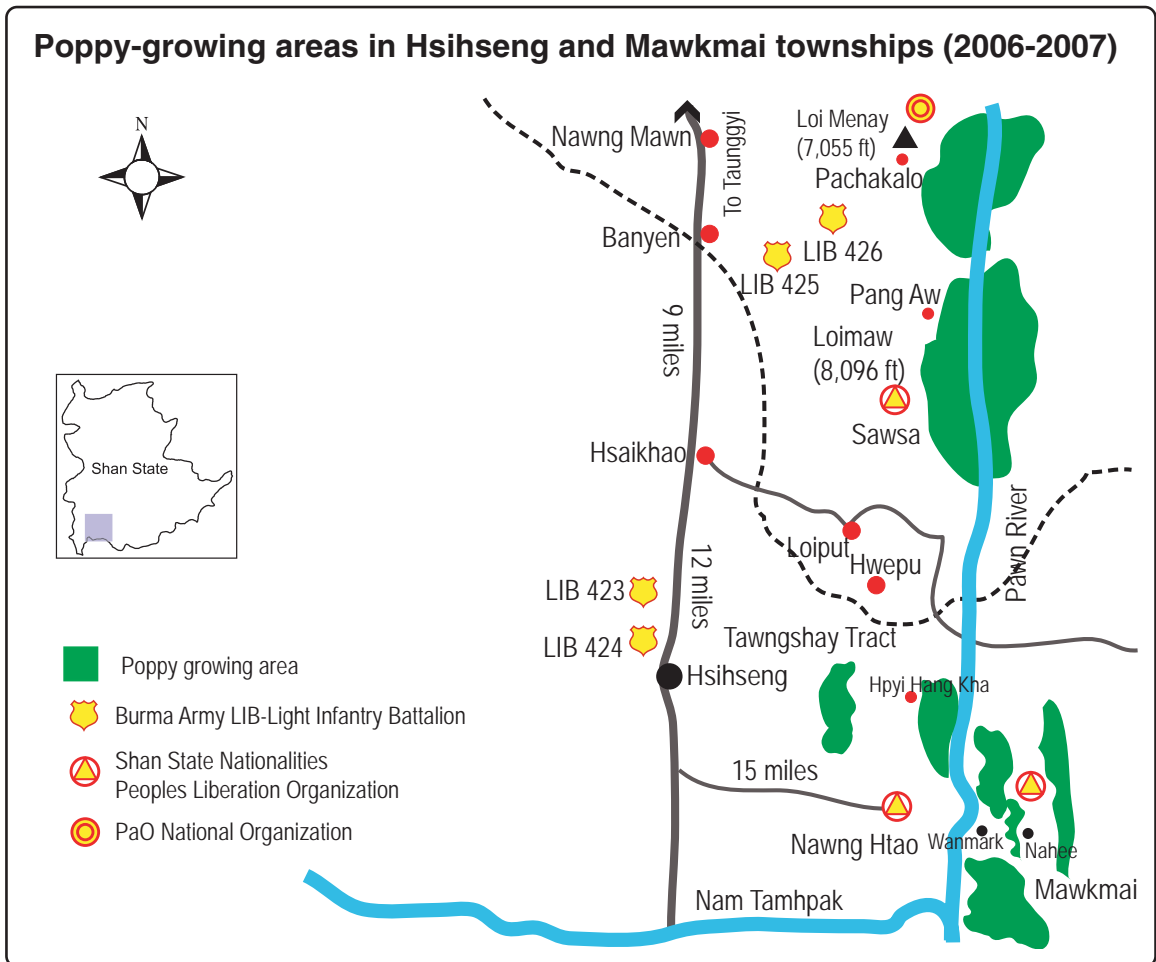
(This article was first published by S.H.A.N. on June 19, 2007.)



## Poppy-growing areas in 3 townships of Shan State South

Township	Tract	Cease-fire Group (CFG)	Battalion	Estimated acreage	Tax by CFG	Local Burma Army units	Refineries
1. Hsihseng	Tawngshay	SNPLO	491	300	20%	LIB 423/425	-
	Loimaw	SNPLO	943	1,000	20%	LIB 425/426	1
	Menay	PNO	-	800	30%	LIB 425/426	-
2. Mawkmai	Nahee	SNPLO	464	2,000	20%	n.a.	1
3. Faikhun (Pekhon)	Piking	KNG	-	2,000	20%	MOC 7	2
Total	-	-	-	6,100	-	-	4

*N.B. SNPLO levies 15% tax for outsiders, mostly ethnic Chinese who grow large areas of opium for huge profit, and who must also pay refinery tax to SNPLO. Farmers are also required to pay 20,000 kyat (US\$ 15.4) each to SNPLO for a permit to grow opium every year.*





*Wa children along the road from Pangyang to Panghsang. Wa communities have become increasingly impoverished since the June 2005 opium ban.*

Previous SHAN publications on the drug trade in Shan State  
available at [www.shanland.org](http://www.shanland.org)

