

Show Business

Rangoon's "War on Drugs" in Shan State




Second Edition

Shan Herald Agency for News

April 2005

SHOW BUSINESS

Rangoon's "War on Drugs" in Shan State



A report by
The Shan Herald Agency for News (S.H.A.N.)
- An independent media group -

*"When kings are unrighteous,
The moon and the sun go wrong in their courses."*

The Buddha, Anguttara Nikaya

Message for Second Edition

It has been 15 months since the first edition of Show Business was published. The positive response from readers has necessitated a second printing, for which we have had to go through the whole report to correct mistakes and add updated data to each chapter. We therefore hope readers will find this new edition worthwhile.

Suffice it to note here that Yang Fengrui, Deputy Chief of China's narcotics bureau, complained on 14 July 2004 that despite the war on drugs in Burma, 95% of heroin that entered the Middle Kingdom still came from the Golden Triangle, according to AFP.

Opium poppy growing areas in
Shan State during 2002-2003 cultivation period



EXECUTIVE SUMMARY

This investigative report exposes as a charade the Burmese military regime's "War on Drugs" in Shan State. It provides evidence that the drug industry is integral to the regime's political strategy to pacify and control Shan State, and concludes that only political reform can solve Burma's drug problems.

In order to maintain control of Shan State without reaching a political settlement with the ethnic peoples, the regime is allowing numerous local ethnic militia and ceasefire organisations to produce drugs in exchange for cooperation with the state. At the same time, it condones involvement of its own personnel in the drug business as a means of subsidizing its army costs at the field level, as well as providing personal financial incentives.

These policies have rendered meaningless the junta's recent "anti-drug" campaign, staged mainly in Northern Shan State since 2001. The junta deliberately avoided targeting areas under the control of its main ceasefire and militia allies. The people most affected have been poor opium farmers in "unprotected" areas, who have suffered mass arrest and extrajudicial killing. The anti-drug campaign was not waged at all in Southern Shan State, and in only a few token areas of Eastern Shan State.

Opium is continuing to be grown in almost every township of Shan State, with Burmese military personnel involved at all levels of opium production and trafficking, from providing loans to farmers to grow opium, taxation of opium, providing security for refineries, to storage and transportation of heroin. The diversification of drug syndicates into methamphetamine production since the mid-90s has also been with the collusion of Burmese military units.

S.H.A.N. has documented the existence of at least 93 heroin and/or methamphetamine refineries in existence this year, run by the regime's military allies, with the complicity of local Burmese military units. Raids on refineries carried out during the regime's "war on drugs" have targeted only smaller players and served to consolidate control of the refineries into the hands of the major drug operators such as the United Wa State Army.

High-profile drug-traffickers continue to operate with impunity, many using legal businesses as a front. None have been prosecuted under the new anti-money laundering legislation introduced in 2002.

While colluding in and profiting from the drug business, the regime has taken no serious measures to deal with its social impacts. It has failed to implement public health campaigns against drug abuse, leading to growing addiction problems, particularly with methamphetamines, which Shan villagers are now routinely taking as "energy" pills. The lack of state drug treatment centres has led many communities to set up their own.

The junta's token attempts at crop substitution, often with international assistance, have also failed miserably, due to poor planning, coercive implementation and complete disregard for the welfare of local populations. Under the so-called "New Destiny" project launched in April 2002, farmers in many townships have been forced to plant a new strain of rice from China, which has failed in each locality.

The report also questions the latest figures for opium cultivation given by UNODC in its 2003 Burma opium survey, which show a decrease of 24% since the previous year, and an overall decrease of 62% since 1996. Data collected by S.H.A.N. in Mong Yawng, show that the actual amount of land under opium cultivation in the township during the 2002-2003 growing season was at least four times higher than that listed in the UNODC survey. The UNODC field teams surveyed only along the main roads, collecting data from villagers who were too intimidated to reveal the truth about the extent of poppy growing in the area.

Given the regime's use of the drug trade within its political strategy to control Shan State, it is clear that no amount of international aid will succeed in solving the drug problem unless there is political reform. As Shan analysts have reiterated for decades, this can only be achieved through the restoration of genuine peace, democracy and the rule of law in Burma.

When our neighbors are peaceful, narcotic problems are small. Apparently little illicit drugs come from Cambodia and Laos but a lot from Burma. Peace will lead to the disappearance of drugs.

Thaksin Shinawatra, Bangkok Post, 27 January 2003

Administrative Divisions of Shan State



Note: The Northern area is under SPDC's North Eastern Regional Command, the Southern area is under the Eastern Regional Command and the Eastern area is under the Triangle Regional Command)
(Township boundaries were divided during Burmese military rule in the period of BSPP, SLORC and SPDC.)

Country Profile

Shan State is a landlocked mountainous region larger than England and Wales combined

Size: 62,500 square miles (160,000 square kilometers)

Boundaries: Kachin State, & China in the north;
Laos in the east;
Thailand, & Karenni in the south;
Burma Proper in the west.

Topography and Drainage

Bisected north to south by the Salween river. Most of the land is 2,000 ft above sea-level. The highest point is Mount Loileng (8,777 ft). The biggest waterfall is Zong-arng (972 ft) in Kengtawng sub-township, southern Shan State. The biggest inland lake is the Inlay, in Yawngghwe, known for its leg-rowing people.

Climate

Three seasons - temperate.

Vegetation

Until 1989, thick forest covered 47,210 square miles (75%)

Minerals

Much of Burma's natural resources are in Shan State. Examples: Mongkok ruby mines, Monghsu ruby mines, Namtu Silver mines (renovated by Herbert Hoover).

People

Multiracial - main ethnic groups are: Shan (Tai), Pa-O, Palawng, Kachin, Wa, Lahu, Akha and Kokang Chinese.

Culture

Pluralistic - The majority are Buddhists, some Muslims, animists and Christians. Most men in Shan State wear baggy trousers instead of sarongs.

Agriculture

A self-sufficient agricultural economy until destroyed by the Burmese Way to Socialism and now the "Myanmar Way to Democracy". Staple crops include rice, soy bean, peanuts, sesame, sugar cane, chilli, garlic, onions, tea.

Prior to 1948, opium was only grown commercially in the far north of Shan State; in other areas, it was only grown by hill-peoples for their own consumption.

History

Shans more or less ruled most of today's Burma and beyond from the 13th century until 1555 AD, particularly during the reign of Surkhanfah (1311-64). After this, they alternated as tributaries to China, Burma, Thailand or as independent states.

- 1882** Shan confederacy brought independence from Mandalay for many states.
- 1885** British conquered Burma and it became a British colony.
- 1887** British annexed the Shan States which became a British protectorate.
- 1922** The 33 independent princely Shan states (later 34) formed the Federated Shan States, with its capital at Taunggyi.
- 1947** Panglong Agreement to form a federal democracy draws Burma, the Federated Shan States and other regions together to obtain independence from Britain.
- 1948** Independence from Britain.
- 1952** The Kuomintang invasion from China led to Burmese military rule in Shan State.
- 1958** First armed clash between Shan nationalists and the Burma Army after the Shan State is denied its constitutional right to secede.
- 1960** The Federal Movement to amend the Constitution was founded.
- 1962** Burma Army seized power from a democratically elected government and abrogated the Union constitution, which bound Shan State to Burma.
- 1964** Shan State Army formed to resist the illegal occupation of Shan State by the Burma Army.
- 1989** Shan State Army (North) enters into a ceasefire agreement with the Burma Army.
- 1990** Khun Toon Oo led the Shan Nationalities League for Democracy to victory in Shan State in the general elections.
- 1996** Drug king Khun Sa and his Mong Tai Army surrender to the Burma Army.
- 2003** The Shan State Army - South and various other armed groups continue to resist the Burma Army occupation of Shan State.

CONTENTS

EXECUTIVE SUMMARY	3
COUNTRY PROFILE	6
INTRODUCTION	11
I. BACKGROUND OF POPPY CULTIVATION IN SHAN STATE	13
- Factors influencing poppy cultivation	13
- Poppy cultivation before the SPDC's 2001 campaign	16
II. THE SPDC'S "WAR AGAINST DRUGS" IN SHAN STATE	17
i. The campaign against poppy growing and opium production	17
a. Northern Shan State: the main showcase area	19
- Selective targeting	20
- Harsh reprisals	23
- Showcase bonfires	24
- Vulnerable populations affected	25
b. Southern Shan State: untouched	27
c. Eastern Shan State: token suppression	29
- Token poppy growing bans	30
- Selective showcasing of ceasefire areas	31
Wa areas close to the Thai border	31
Northern Wa area	34
Special Region 4	35
ii. Crop substitution	35
- New Destiny: New Doom?	36
- Japanese buckwheat	37
- Other development projects	38
iii. Drug rehabilitation	39
- Levels of addiction	39
- Drug rehabilitation	40
III. THE DRUG TRADE IN SHAN STATE TODAY	43
i. Heroin and methamphetamine refineries	43
- Numbers of refineries	43
- Diversification into methamphetamines	45
- Business as usual for SPDC allies	46
- Same old faces	47
- Consolidation of monopolies	48
- SPDC security for refineries	50 ₉

ii. Drug trafficking	51
- Catching the small fry	51
- Major trafficking networks unaffected	52
- Increased drug flows to China	54
- Effects of Thailand's War on Drugs	54
- The North Korean connection?	55
iii. Laundering dirty money	55
IV. FACTS BEHIND THE FIGURES	59
V. CONCLUSION	63
Appendix I:	64
Data from S.H.A.N. news reports on Burma Army personnel involvement in drugs (1996 - Sept 2003)	
Appendix II:	75
List of ceasefire groups and pro-junta militia in Shan State	

INTRODUCTION

There are two schools of thought among the international community on how to wage the "War on Drugs in Burma":

- u One school believes that the only way to stop the flow of drugs is to bring democracy and the rule of law to Burma.
- u The other school believes that the "War on Drugs" can be won by working with the military dictatorship to improve law enforcement and implement development programs that will woo the populace away from involvement in the drug trade.

The debate at the international level has been informed mainly by reports from international agencies such as the UN Office on Drug Control and Crime Prevention who are operating in Shan State, and from foreign researchers or journalists based outside Burma, who are denied access to most opium-growing areas. There has been a conspicuous absence of information and analysis from stakeholders on the ground in Shan State.

This report by S.H.A.N. is an attempt to address this urgent need for local stakeholders to have input into international drug policy debates on Burma. It is a compilation of information gathered during years of reporting on the drug issue as well during intensive fact-finding missions carried out during March 2002 to October 2003.

During that period, the S.H.A.N. team visited the northern, southern and eastern parts of Shan State, secretly interviewing hundreds of people, who patiently spoke of things that they are unable to say to foreign visitors under the watchful eyes and ears of Burmese government officials.

The team interviewed government servants, teachers, lawyers, traders, company staff, officers from armed groups that have ceasefire agreements with Rangoon, truck drivers, farmers, gamblers, former inmates of drug factories, hired drug couriers, addicts, and refugees. A one-month trip to northern Shan State in November-December 2002 alone produced transcripts from 171 sources.

The interviewees were asked about poppy cultivation, heroin refining, methamphetamine production, drug trafficking, addiction, and action by the Burmese military to eradicate drugs as well as international development projects to wean farmers away from poppy cultivation.

The information compiled in the report has been analyzed within the political context of Shan State, in the belief that without an understanding of the complex political factors fuelling the drug trade it will not be possible to address the problem.

I. BACKGROUND OF POPPY CULTIVATION IN SHAN STATE

A former UN Drug Control Program representative in Burma, Sandro Calvani, once said: "Coloring the (drug) issue with political bias is pure nonsense." The current representative of the UN Office on Drug Control and Crime Prevention in Burma, Mr. Jean Luc Lemahieu has recommended that regardless of the political deadlock, Rangoon deserves international assistance against drugs.

Yet an analysis of the major factors which have influenced drug production in Shan State reveals clearly the direct link between political developments and the drug trade. Even the Burmese regime itself, by repeatedly equating insurgency with drugs, is giving the lie to the UNDCP's claim that drugs are non-political.

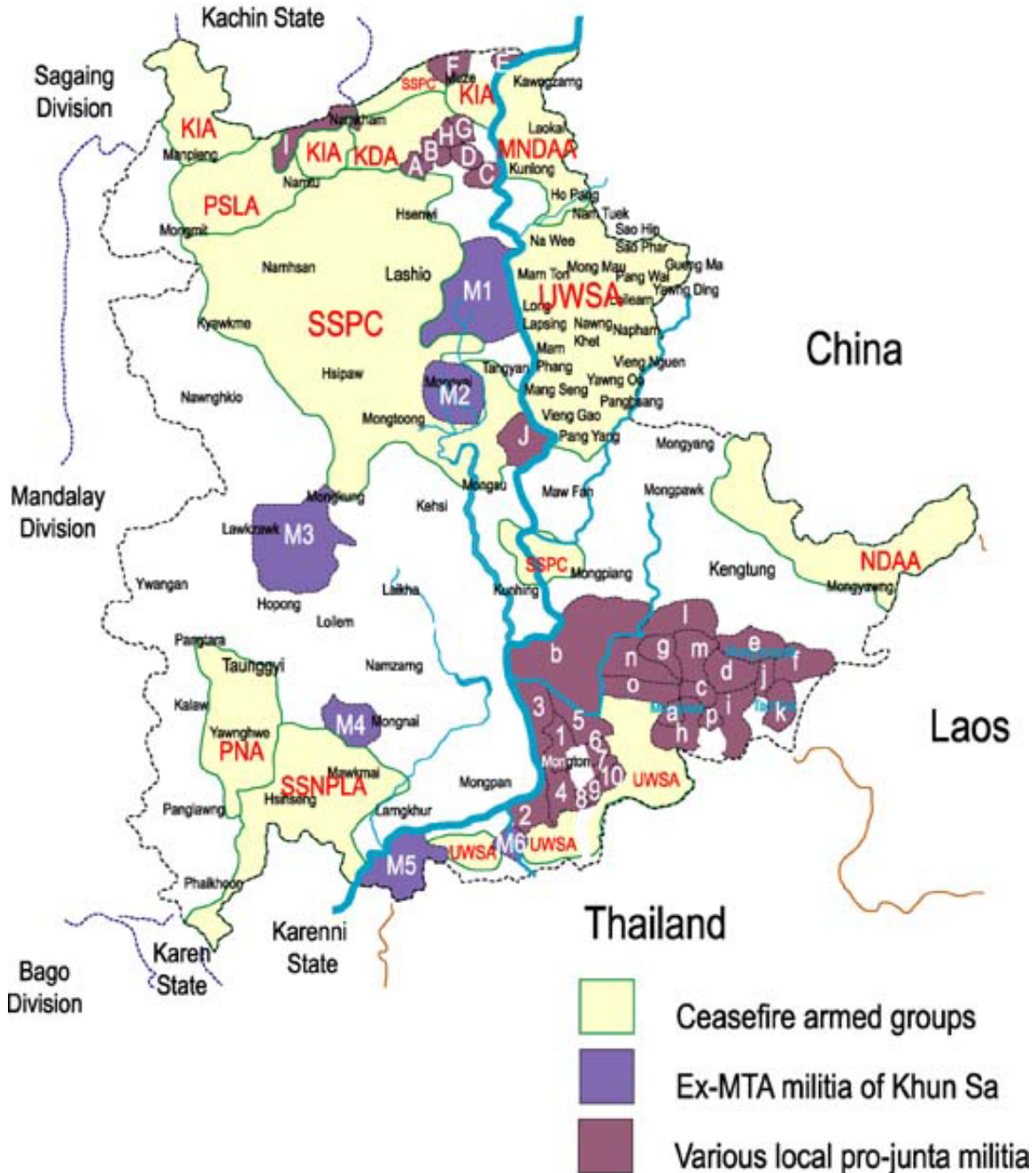
Factors influencing poppy cultivation

After the Britain annexed the Shan States in 1887, opium was produced legally under license in Kokang, Loimaw and in the Wa States. According to reports by the Government of Burma the annual opium harvest between 1920-1950 did not exceed 40 tons per year.

A massive increase in drug production took place after Kuomintang troops invaded the Shan State of the Union of Burma in 1950, following their defeat at the hands of the communists in China. The oft-quoted saying by Kuomintang 5th Army General Tuan Shi-Wen was:

"To fight (the communists) you must have an army and an army must have guns, and to buy guns you must have money. In these mountains the only money is opium."

Areas under the control of ceasefire groups and pro-junta militia groups



See Appendix II on page 71 for detailed list of ceasefire and militia groups

Further increases, however, can be directly attributed to the Burmese military, as the following factors show:

- 1960** The Burma Army introduced the home guard system called Ka Kwe Ye (KKY) in the Shan State, where local militia units were given the right to use government-controlled infrastructure to traffic in opium in exchange for fighting the Shan nationalists. Well-known drug lord Lo Hsing-Han had his start as a militia leader in Kokang. The drug king of the 80's, Khun Sa, also started as a militia leader in Loimaw. Militia units under his influence continue to operate in the Tangyan area to this day (*see map on page 18*), as do scores of other militia units throughout Shan State.
- 1962** Introduction of the Burmese Way to Socialism, which wiped out private businesses and created a black market economy that filled the vacuum. Increasing amounts of opium and heroin were traded into Thailand from Shan State in order to purchase Thai consumer goods to fulfil the growing black market demand.
- 1975** The "Four Cuts" campaigns launched by the Burma Army to deny Shan nationalists human and financial resources. These campaigns involved forcibly relocating villages and restricting villagers' movement, destroying crops, food stores and property, and torturing and killing villagers suspected of contacting the resistance. The campaigns undermined the traditional rice-based economy and forced farmers to resort to growing poppies for survival.
- 1989** The ceasefire pacts with several armed groups that were given practically identical privileges as the KKY in 1960, in exchange for not joining the democracy movement. Among the ceasefire groups which subsequently became notorious for drug production were the United Wa State Army and the Kokang Myanmar National Democratic Alliance Army. (*See map on page 14 for current ceasefire armies in Shan State and their areas of control*).
- 1990** The continued hard-line stance of the Burmese military against democratization caused the West to impose political sanctions, which affected the Burmese economy. This increased the Burmese military's dependency on the drug trade for survival.
- 1996** The introduction of a self-support policy for Burmese military units in the field to enable them to survive without relying on supplies and financial support from Rangoon. This effectively condoned involvement by military personnel in the drug trade since there were few other viable business opportunities.

By the end of 2002, the Burmese military regime, renamed the State Peace and Development Council (SPDC) in 1997, had quadrupled the size of its army up to more than 700 infantry battalions since 1988, and poppy cultivation had spread not only to all areas of Shan State (*see map on page 2*), but also to other parts of Burma where prior to 1962 poppy growing had been unheard of. This included Karenni (Kayah), Kachin and Chin States and even Mandalay, Sagaing and Magwe divisions in Burma Proper, as evidenced by the following article in the New Light of Myanmar on 14 February 2002.

Poppy plantation destroyed in Ngaphe Township

Yangon, 13 February - A combined team comprising Tatmadawmen (military), members of the local Intelligence Unit, Myanmar Police Force and departments, acting on information, destroyed 1.56 acres of poppy plantation about one mile south-west of Naung Village, Ngaphe Township, Magway Division, on 27 January.

Update

The Democratic Voice of Burma reported on 20 January 2004 that poppy fields protected by the Burma Army were found in Tenasserim Division's Kawthaung and Mergui Islands. Poppies there are grown for the use of their leaves, essential ingredients in manufacturing 'Asean', a mixture of Horlicks, milk and poppy leaf powder, which has become a popular beverage by the locals.

Narinjara News also reported on 17 March 2005 that there is poppy cultivation in Arakan State's Buthidaung township.

Poppy Cultivation in Shan State before the SPDC's 2001 campaign

By 2001, poppy cultivation had spread to most of Shan State's over 50 townships. While the Wa, Kokang and Loimaw regions in northern Shan State, controlled by ceasefire groups and militia allied to the regime, remained the areas where opium was most intensively cultivated, it was also being grown in innumerable locations in other parts of the state, including areas directly under SPDC control. The climate throughout Shan State is conducive to opium growing, except for a few warmer lowland areas in the southernmost townships of Larnghker and MawkaMai.

Not only were there no serious efforts by the Burmese military to curb opium growing before 2001, but reports by SHAN and other local news agencies over the years reveal a consistent pattern of Burmese army involvement in the drug trade.

News reports by SHAN between 1996 and 2001 (*see Appendix 1 on page 60*) reveal involvement of Burmese army personnel from at least 17 battalions in both opium and methamphetamine production. Involvement in opium production, usually authorized by battalion commanders, ranged from providing loans to farmers to grow opium, taxation of opium, providing security for refineries, to transportation and storage of heroin. These reports, relying on intermittent information from local sources, mostly close to the Thai border, clearly represent only the tip of the iceberg of Burmese army complicity in the narcotics business.

II. THE SPDC'S "WAR AGAINST DRUGS" IN SHAN STATE

i. The campaign against poppy growing and opium production

Towards the end of 2001, the Burmese military began its campaign against opium production in Shan State, vowing that after two years (by the 2003-2004 opium growing season) the output would be reduced by 50% from 865 tons to 413 tons.

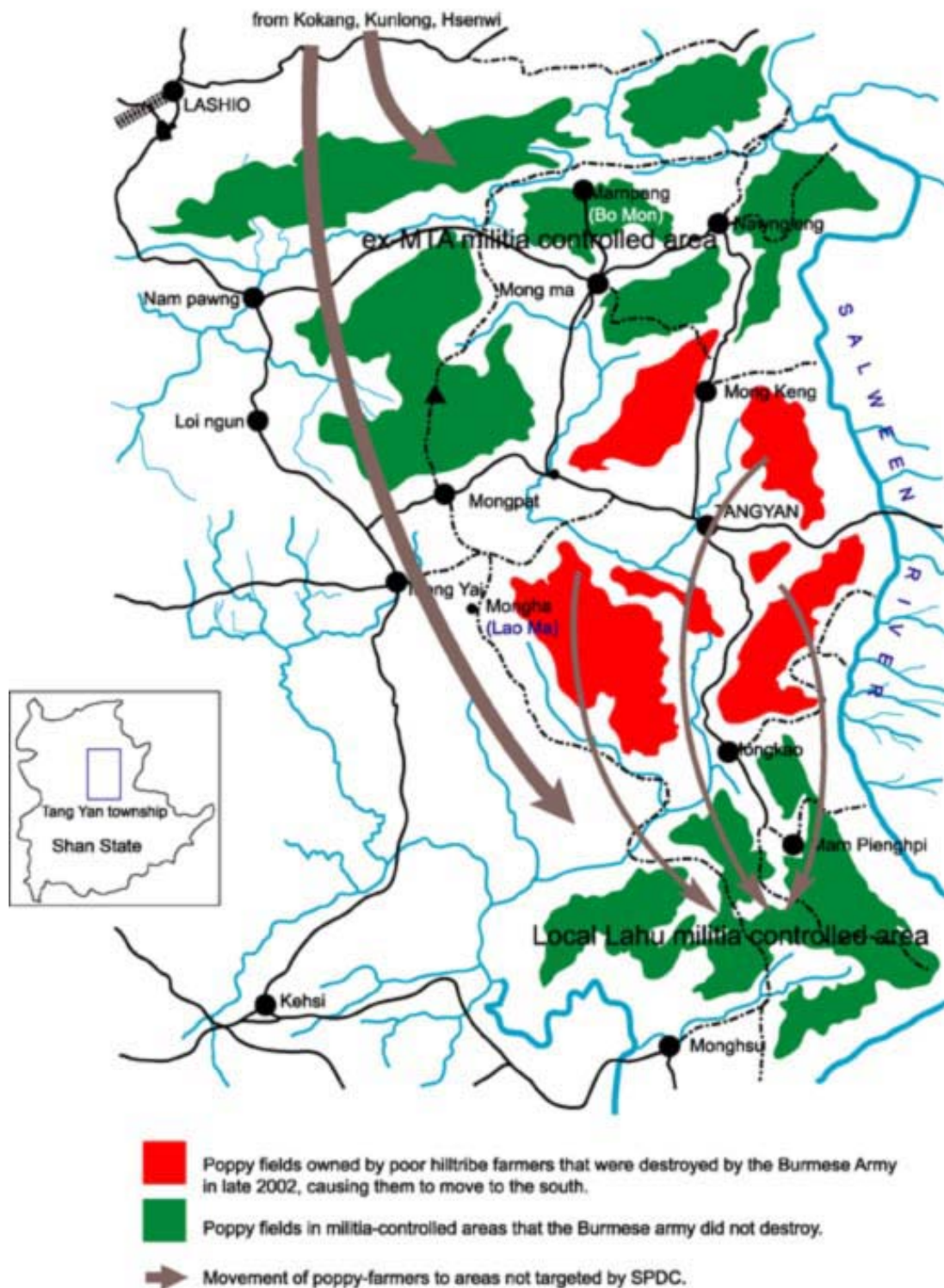
The fact that international pressure was the key factor prompting the campaign was confirmed on 26 June 2003. Apparently incensed by some western diplomats' failure to turn out for their annual drug-burning ceremony (in protest at the May 30 attack by junta supporters on Aung San Suu Kyi's motorcade), junta spokesman Colonel Hla Min, for the first time, publicly admitted: *"We are fighting the war [on drugs] for them. (..) This drug thing is not a big problem in this country."* (AFP news report)

The junta clearly hoped that by launching the campaign it could gain international legitimacy, as well as increased foreign aid to help subsidize its ailing economy.

Northern Shan State was chosen as the main area for the demonstration of Rangoon's seriousness. This appears to have been for the following main reasons:

- u The ability of its major allies there to survive without opium and its derivative, heroin, following the emergence of methamphetamines as an alternative export earning since the mid 90s;

Poppy growing areas targeted by the SPDC in Tangyan township (2002-2003)



- u The absence of armed resistance movements in the north after warlord Khun Sa surrendered in 1996 and after the Shan State Army "South" units' withdrawal to the south, which meant that active insurgency could not be used as an excuse for inaction against drug production;
- u The proximity of the area to the Chinese border: China had been putting pressure on Burma to stop the flow of drugs across the border
- u The fact that any decline of poppy production in the north could easily be offset by increased production in southern and eastern Shan State, most parts of which were off-limits to outsiders

Update

The UNODC reported a 54% drop for the year 2004 down to 370 tons. The closest figures, as S.H.A.N. found out, can be obtained only from people who cannot afford to lose by careless estimates: the drug entrepreneurs. For instance, ex-druglord Khun Sa's uncle, Khun Seng, only gave 180 tons for the year 1976, at a time when experts were saying 500 tons, according to *Politics of Heroin* by Alfred Mc Coy, Revised Edition, P.495.

a. Northern Shan State: the main showcase area

Despite the fact that Northern Shan State was to be the showcase area for the campaign, there has been no attempt to carry out the campaign uniformly in the different townships. It has been carried out only in selected locations, mainly targeting the most publicly visible poppy fields, and generally avoiding areas under the control of the SPDC's armed allies.

Those who have been most affected by the campaign have been poor opium farmers, mostly in areas not under the protection of ceasefire armies or pro-SPDC militia. The harsh reprisals against villagers caught planting poppies, including extrajudicial killing, and the lack of viable development alternatives, have rendered many farmers destitute. Meanwhile, there have been no arrests of any influential figures within the drug trade.



*Kokang leader Peng Jiasheng
with SPDC Gen. Khin Nyunt
(from MNDAA calendar)*

Selective targeting

Visibility appeared to be a key factor influencing targeting of poppy fields. Most of the poppy growing areas targeted in each of the northern townships were near to main roads. This was mostly irrespective of which armed groups were in control of the territories. For example, not only areas of Lashio, Kutkhai and Muse under SPDC control along the main Muse-Lashio highway were targeted, but also areas along the main north-south road through Kokang ceasefire territory.

Some remote areas, off main roads, were also targeted during the campaign, but only those not under the control of allied armed groups. For example, in Tangyan, only the exposed and “unprotected” areas were affected, not the areas under the control of the pro-SPDC militia groups. (*See map on page 18.*)

While the SPDC appears generally to have avoided targeting areas under its armed allies, it seems to have taken special care not to pressure its most powerful ally, the United Wa State Army, notorious for its involvement in drug production. None of the 6 UWSA northern townships (Hopang, Manhparng, Mongmau, Nahparn, Pangwai and Pangyang) were targeted at all under the campaign.

The ceasefire territory most affected by the campaign was the Kokang region. This was most likely due to the notoriety of the Kokang region for drug production, coupled with the fact that the Kokang ceasefire army had been seriously weakened over the years by internal rifts and posed no serious threat to the SPDC. Therefore, unlike with the UWSA, the SPDC was able to pressure the Kokang leadership to conform to some extent with its poppy eradication campaign. However, even in the Kokang area, no leading figures in the drug trade were arrested.

In compliance with the SPDC's campaign, the Kokang authorities issued printed notices in Chinese prohibiting opium cultivation, and even renting time on Chinese TV to broadcast their anti-narcotics message. Both SPDC and Kokang officials arrested poppy farmers (mainly near the main roads). Farmers interviewed in November 2002 reported that they had been told by the Kokang authorities that they were being forced to crack down by the SPDC. For example, in November 2002, officials of the Myanmar National Democratic Alliance Army (MNDAA), the ceasefire group controlling the Kokang region, arrested 30 opium farmers near Laokai and Pasingjor, and explained to them that if they did not arrest them, the SPDC would destroy their fields, fine them 2-300,000 kyats each and imprison them for months or even years.



Kokang capital Laokai

KOKANG

Kokang, an ethnic Chinese territory, was part of Hsenwi State of the Federated Shan States until 1947, when it became the 34th principality of the federation (The ruling Shan princes relinquished their powers to the Shan State Government in 1959.)

The people of Kokang are known for their opium cultivation and as fierce fighters. Under the princely Yang family, they fought for the Shan resistance against the Burmese military dictatorship in the early 1960's and others under Peng Jiasheng's leadership fought for the cause of the Communist Party of Burma in the 1970's. Since 1989, Kokang has been at peace with Rangoon.

In the Kokang area, labeled Shan State No.1 Special Region by the SPDC, the Kokang or Malipa as they call themselves make up 80% of the population, Shans make up 10% and Palaung, Wa and Lisu make up the remaining 10%.

The Kokang armed force now calls itself the Myanmar National Democratic Alliance Army and is 2,000 - 3,000 strong. In spite of a ceasefire agreement with the Burma Army, it has kept up its recruiting and military training. It is also believed to have its own arms and ammunitions factories.

The Burma Army has 12 battalions or approximately 2,400 men in the area.

Since the ceasefire in 1989, the growth of Kokang has been astounding. Five to seven storey buildings, have risen out of what once was a collection of hovels. All streets in the main towns such as Chinshwehaw are paved. Electricity is provided around the clock by China.

In Laokai, there is a high school where Chinese is taught. The situation is similar in the rest of the No.1 Special Region. All village tracts boast at least one primary school each, where the majority of children learn Chinese instead of Burmese.

Hospitals and dispensaries are also constructed and supported by the Kokang administration. *"We use not a kyat from the government,"* blustered an old Kokang resident. *"Had we been permitted to grow opium for another ten years, the progress would have been terrific."*

Update

A visit to Kokang in 2004 still found drugs available in Laukkai (Laokai). Even Peng himself acknowledged that there were places still engaged in the practice. "It is difficult to withdraw right away from something we have been with for untold generations," he told Salween News Network. Only a third of the region's population gets by without dependence on the culture, he estimated. Kokang is among the recipients of rice donated by World Food Program since 2003.

Areas controlled by other ceasefire allies, such as parts of Muse and Kutkhai under the Kachin Independence Army and the Kachin Democratic Army, appear to have been only superficially targeted.

"In September 2001", said a local source, "one Burma Army patrol went to investigate reports of the existence of a heroin refinery at Mount Tarklet, where the KIA's 9th Battalion is stationed. They turned back after entry was refused by the Kachins."

If crackdowns did occur in areas under the control of allies, it was ensured that they were not publicized. One heroin factory in Hohpyet, Kutkhai Township, was attacked by Infantry Battalion 242 on 25 May 2002, and 4 of the guards, attired in Kachin uniforms, were captured dead.

"It took 12 Tolaji (farm tractors) to haul away the goods there," said a local source from Kutkhai's Mongyu village. "The matter, however, was hushed up later."

Most areas under the numerous pro-SPDC militia forces also only experienced token crackdowns. Even where orders to stop growing opium were issued, villagers were assured that the ban would only be temporary, as in the case of the following village under a local militia in Kutkhai township:

"One day at the beginning of September 2001, 6 soldiers from SPDC Infantry Battalion.45 (Kutkhai) and 12 militiamen from the Longtang homeguards arrived in our village. They read to us the ban and told us that every one of us must quit growing. But they then advised us that we should save the seeds properly for future use."

Villager from Tarknai Tract, Kutkhai Township, January 2003

Villages under another local militia unit also in north-eastern Kutkhai were left unscrutinized:

"On 20 November 2002, a group of SPDC soldiers arrived at Lernshankuo and Hsiaohaw villages in Kutkhai Township, enquiring about local poppy growing. The local militia leader informed them that all the poppy fields under his responsibility had been hoed up. The soldiers were satisfied and spent the night feasting. Cartons of 555 cigarettes were presented to them and warm water was even prepared for them to wash their faces in the morning. They also took whatever they wanted. They then declared that the eradication campaign, with the cooperation of the people, was a complete victory and went back home happily. Needless to say, the villagers had to share in the expenses of the celebrations afterwards."

Local farmer, Kutkhai township, January 2003

Local villagers, naturally, noticed the selective targeting of the regime's campaign:

"On 22 November 2002, officials toured the hills in Mongwi tract (of Namkham) and arrested 7 people, both men and women, including a 65-year old grandmother (for tending poppy fields). But we did not hear of anybody under the protection of Panthay Kyaw Myint (a local militia leader operating east of Mongwi) being arrested (for growing poppy)."

Villager, Namkham Township, January 2003

Also excluded from the campaign, were poppy fields cultivated by members of SPDC police officers. For example, according to the Thai border-based Lahu National Development Organisation, the entire Lahu village of Nakaw, Tangyan township, comprising 44 households, 8 of which are families of police officers, is engaged in poppy cultivation. This village was left untouched by the campaign.

Harsh reprisals

US law prohibits Washington from conducting official business with countries if their governments are found to have sanctioned extrajudicial killings. (*Far Eastern Economic Review*, 13 March 2004)

Beginning in September 2001, orders were issued to villagers in the targeted areas to stop growing poppies. For example, in Namkham, village and tract headmen were summoned to the local SPDC military bases and told that from then on they would have to strictly observe orders prohibiting them from growing poppies. Whoever was identified as a grower would be arrested and whoever was caught in a poppy field would be shot on sight, the officials said.

In Ta Moeng-ngen and Nam Hpaka, villages on one of the main roads in Kutkhai township, signs were put up in Burmese, bearing the following warning: "Those who come to grow opium have no road back."

By late September 2001, the authorities had started to put their threats into practice. In the village of Tima, Kutkhai township, six local Chinese traders were caught with 40 kg of heroin and 70 viss (112 kg) of opium. Their relatives managed to collect 100 million Kyat (\$ 100,000) and bribed the authorities, who accepted their money but took the suspects with them. The six were later found dead near the village of Tima. Two of them were women.

Extrajudicial killings such as this intimidated some of the local villagers into giving up poppy cultivation.

"Most of us at Tarknai and Tima have stopped (growing opium) since four were shot to death in Tarknai (in Kutkhai) and six in Tima in 2001 even though they had paid heavy bribes."

Local farmer, Tarknai, November 2002

However, whether out of necessity, or out of confusion over the inconsistent implementation of the authorities' campaign, many continued their age-old profession despite the threats. Only when the harsh reprisals continued into 2002, did it become clear that, in certain areas at least, the campaign was being conducted in earnest.

The extrajudicial killings were not limited to drug dealers. Villagers caught cultivating poppy were also killed.

"On 28 October 2002, six local Chinese were found working in a poppy field in Hsenwi. They refused to give themselves up and ran away, whereupon the soldiers fired at them. Only two of them got away."

Local farmer, Kutkhai township, November 2002

In several districts, villagers found growing poppy were arrested en masse, including women, children and the elderly, and sent to prisons in nearby towns.

"In September 2002, Infantry Battalion 123 together with the police and the militia, forced the villagers of Hopong Tract, at the border of Kutkhai and Namkham townships, to hoe up their poppy fields. The soldiers then arrested 67 villagers, including 36 women, children and the aged, and sent down to Lashio. They will be released after the poppy season, we were told."

Local farmer, Mongyu, Kutkhai township, November 2002

"On 12 November 2002, a patrol from LIB.326 (326th Light Infantry Battalion) arrested 15 villagers, including 9 women in Loizay Tract (for tending poppy fields), and sent them to Tangyan."

Local trader, Tangyan township November 2002

Showcase bonfires

To show that the regime's anti-drug campaign was being conducted in earnest, the drug-bonfires staged in 2002 were given extra publicity.

On June 10, 2002, foreign dignitaries were invited to a drug-burning ceremony in Lashio. Colonel Tin Hlaing, the SPDC Home Minister, claimed that the event was unique, because as well as torching opium, heroin and methamphetamines, *"this time local inhabitants cooperated and poppy seeds, dried poppy plants and bulbs were also burnt."*(AFP news report)

In fact, however, the climate of fear instilled by the regime's campaign against drugs that year meant that there was even less cooperation from local communities than in previous years.



Drug burning in Kokang area

Prior to the 10 June 2002 bonfires in Lashio, township officials in northern Shan State had sent out directives demanding that each locality contribute poppy seeds for the occasion. However, most of the populace, afraid that the contribution of poppy seed would be incriminating, refused to cooperate. An opium farmer from Namhpakka, Kutkhai Township, interviewed in November 2002 recounted:

"They announced through the public relations system for all those who owned seeds to present them to the local authorities. They said that if we refused to comply, they would ransack every household. Those who were caught in possession of the seeds would be arrested and punished. So nobody went to the local authorities. We hid the choice seeds and either buried the rest in the earth or threw them into the stream."

Faced with a shortage of seeds, officials had to resort to a variety of other methods to fill their quota. In Tangyan, people were offered fertilizer in exchange for their seeds.

Poppy seeds are also used widely in Burma especially in preparing one of the country's well-known delicacies, Bein Mon (pancake made of rice flour, palm sugar, coconut chips and peanuts, garnished with poppy seeds,) and traded openly. Officials were thus able to buy or confiscate some. For instance, in Lashio Township in March 2002, the police were able to buy 540 pails (1 pail = 20 liters) of poppy seeds and pods.

A resident of Tangyan told S.H.A.N. that Tuyao a.k.a Win Myint, 38, a local Chinese trader was stopped at Nawngkhio on his way to Mandalay and his truckload of poppy seeds (for consumption) was diverted to Lashio in March 2002. *"I'm sure Tuyao's goods were among those put to the torch for the occasion,"* he said.

Most of the seeds, predictably, came from the ceasefire groups. *"Here in Kokang, the ceasefire army ordered each village to share in the contribution of seeds, and raw opium for the June 2002 bonfire (in Lashio),"* said a trader from Muse, interviewed in November 2002. *"Understandably, it wasn't all pure opium. Gum and sap from various trees were also blended nicely together with the real thing. Nobody would have suspected it for anything else unless they really wanted to find out."*

Some sources reported that, in exchange for helping with the bonfire, the leaders of ceasefire and militia units were rewarded with permits to engage in certain businesses such as importing automobiles, gem and mineral extraction and bringing in contraband goods without fear of seizures

Apart from tree gum and resin, husk was also said to have been used in the mixture and many poppy pods were believed to be empty of seeds before they were burnt.

There is also doubt as to the total amount of drugs which were put to the torch. A source close to Military Intelligence officials in Lashio revealed that the figures for the June 2002 bonfire had been inflated.

A police source in Lashio, interviewed in November 2002, insisted that no more than 40% of the drugs on display went up in smoke. "The security officials doused the fire as soon as the foreign guests and reporters were gone," he said. "They kept the bulk of them for the next round of bonfires and sold some."

Vulnerable populations affected

Those most seriously affected by the regime's war against drugs have been the poorest villagers in the areas targeted under the campaign, in particular in the Kokang region. Whereas villagers in other townships targeted may



Opium farming family in Northern Shan State

have been able to grow other crops apart from opium, the poor soil conditions in the Kokang area make this extremely difficult.

As explained by a farmer from Kokang in November 2002: *"Here we don't have ricefields. The soil is not favorable to paddy cultivation,"* he said. *"The commodity prices are higher here and the main currency is Chinese.. When you have engaged in drugs, nothing else matches it. It will take time, patience, money and a lot of hard work to overcome not only the drug economy but also the drug psychology."*

Interviews conducted in Tangyan and Mong Hsu indicate that by late 2002, at least a hundred families had migrated from Kokang as a result of the campaign, in order to plant opium in these areas where the anti-drug orders were not being enforced (i.e. those areas under the control of militia allied to the regime).

"Many like us have moved out from Kokang. We can grow anywhere we like here, and especially at Pangsarn (in neighbouring Monghsu Township) where the militia leader is Lahu," explained a Kokang farmer newly arrived in Mongkao-Namlao, Tangyan township, interviewed in January 2003.

However, many hundreds of Kokang families too poor to migrate have been made destitute. Development projects aimed at providing alternative income have not reached the most needy (see later section *Japanese buckwheat*).

Poor villagers in other townships were also affected. Despite having other crops, extortion by SPDC troops had left them with no means of survival once they had been deprived of their opium crop, as explained by the following villager from Kutkhai, interviewed in November 2002:

"I have 4 children, the eldest is 14 and the youngest 2 and I am already 60 years old. My savings, 90,000 kyat, have been taken away by the Burmese soldiers. There's no rice and I'm afraid the corn I have won't last long. I'm at a loss as to what to do. Those who think that the people who leave their old homes are poor are mistaken. At least they have traveling expenses. It's we who don't have them that are facing all the difficulties."

Local Chinese opium farmer from Hsuitou Village in Kutkhai Township

Another poor opium farmer from Namkham, interviewed in November 2002, spoke vehemently against the authorities' campaign: *"There's nothing they've done to help our needs. It means they only want us to starve or die. It is simply impossible for this kind of approach to succeed."*

As a result of the campaign, beggars, unheard of in several townships, have begun to appear in the north.

"On each market day (every five days) in Namlao, Mongkao Tract, Tangyan Township, 20-30 people come down from the hills to ask for rice, clothes and money. No such thing has ever happened before."

A businessman from Kehsi, January 2003

The campaign has not only affected opium growers, but the local economy in general. Traders have complained that the buying power of the local populace has dropped significantly:

"Until half a year ago, market days were special events for the people. Now there are only lots of sellers with few buyers and visitors, down by 70-80%. Sometimes, the total sales don't even cover the transportation costs."

A trader from Tangyan, November 2002

While this indicates that opium growing has indeed decreased in the areas targeted under the campaign, the selectivity of the targeting, and the fact that some opium farmers migrated to grow opium in areas which were not being targeted, make it unclear to what extent the campaign has affected the overall opium output in Northern Shan State.

It is also significant that from the start of the campaign until today, none of the numerous well-known figures in the drug trade have been apprehended by the authorities.

Update

Following the ouster of Gen Khin Nyunt and subsequent crackdown on his followers in October 2004, the Army paid very little attention to what happened outside the town limits. As a result, more poppy fields were seen in the north during the 2004-2005 season.

b. Southern Shan State: untouched

Townships in the south appear to have been entirely excluded from the regime's campaign, probably due to the inaccessibility of most of the area to foreigners, based on the regime's claims of instability due to ongoing insurgency.

In fact, the regime's anti-insurgency campaign in southern Shan State, in particular the forced relocation in 1996-8 of over 300,000 rural villagers to strategic sites near towns and main roads (*see map on page 28*), shows the degree of control that the regime is able to exercise over the local population in so-called "conflict zones" when necessary.

Ironically, during the 2001-2002 poppy growing season, at the same time as the regime's anti-drug campaign was being conducted in the north, farmers in the areas of Laikha, Panglong, Kengtawng, Kunhing, Mong Pan, Larngkher, Namzarng and Mong Kerng in the south were being encouraged by local Burma Army commanders to grow as much opium as possible. These were all areas where most of the rural villagers had been relocated at gunpoint from their homes and farms since 1996. While some villagers had grown opium as a supplementary crop prior to relocation, after the relocation, when most farmers were prevented from cultivating their original rice fields, many had turned to poppy-growing as a main source of income. The priorities of the local Burmese military units were clear: contact with the Shan resistance remained punishable by death, but drug production could be carried out with impunity.

The urgings by SPDC military to villagers in these areas to grow opium were clearly a result of the self-support policy imposed by Rangoon on its field units. In Kengtawng sub-township of Mongnai, where four new SPDC battallions and a large military training centre had been set up since 2001, the

Forced Relocation in Shan State 1996-98



Burma Army area commander had urged village leaders at a public meeting in August 2002 to *"grow as much as you can and grow far (away from public view)."*

The local SPDC military units have been able to gain income from opium production in various ways. They impose a field tax on the villagers prior to the growing season according to the number and size of poppy fields. Then, after the harvest, they tax the farmers according to the amount of opium they were expected to produce, and also arrange for their contacts to buy this amount of opium from the villagers. Later, the substantial profits from refining and trafficking the drug are shared with the military.

For example, in the area of Laikha, in the tracts of Tartmawk, Nayawng, Panghsang and Nawngkaw, in August 2002, villagers were urged by SPDC Capt Thein Win, Commander of Company 1, IB 64 (based in Laikha), to grow opium in their old fields near the villages from which they had been relocated 5-6 years earlier. He told them he would sell them poppy seeds at the price of 500 kyat per *pyay* (3.3 liters), and also offered to lend them 2,000 kyat per acre to pay for labour or other costs during the planting season. However, the villagers had to pay 5,000 kyat per acre as the initial "field tax," and then after the harvest, the villagers had to produce at least 2 viss (1 viss = 1.6 kg) of opium per acre, and pay a tax of 5,000 kyat to the military for this. They also had to sell 2 viss of opium per acre to the military's agents.

While the offer of a guaranteed market was attractive to many of the impoverished farmers, problems arose for those whose opium crop failed, either owing to bad weather or inexperience. In Laikha, for example, farmers whose fields had not produced the required 2 viss of opium per acre, had to either buy opium from elsewhere to fill the quota, or else provide the amount of 240,000 kyat (\$240), which was the buying price for 2 viss of opium, to the officials' buying agents. Similar penalties were imposed in other townships. Most farmers had no access to such amounts of money, and, fearing severe penalties, many hundreds of farming families ended up fleeing to Thailand in the early months of 2001 and 2002, during the opium harvesting seasons.

In other southern townships outside the areas of forced relocation, even if not actively encouraged by local Burmese military units, opium growing appears to have been openly tolerated. For example, in Mongpaw in Loilem District, the hilltop camp of SPDC Light Infantry Battalion 517 was surrounded during early 2003 by poppy fields. Ironically, an anti-drug billboard could also be seen on the landscape.

Update:

Poppy fields on mountain ranges near Loilem were seen by travelers during the 2003-2004 season. People in the area are abandoning traditional cheroot-leaf plantations in favor of poppy cultivation. The running cost of a field is carried by ethnic Chinese financiers.

c. Eastern Shan State: token suppression

As in Southern Shan State, there has been no serious attempt by the SPDC over the past two years to implement the campaign against opium production in Eastern Shan State. There have only been token orders against poppy production, and occasional destruction of poppy fields in certain areas

under joint SPDC-militia control. As in northern Shan State, the SPDC has avoided targeting areas under the control of their ceasefire allies.

Some ceasefire armies have made their own efforts to stop overt poppy growing in parts of their territories over the past few years, in particular areas slated for international development aid. However, this appears to have been compensated for by increased growing in other areas.

Token poppy-growing bans

Beginning in late 2001, local SPDC units in various eastern Shan State townships issued stern warnings to villagers to stop growing opium, threatening that villagers who disobeyed would be killed. However, these orders were never enforced. The Lahu National Development Organisation reported that in August and September 2002, in several areas under joint SPDC-militia control in Kengtung, Mong Piang and Mong Hsat townships, orders were issued by SPDC military through local militia units to villagers in these areas to stop growing opium, under threat of severe penalty. However, not only did these threats not materialize, but the very same units who had issued the orders returned during the harvest season to collect their opium taxes. (*Aftershocks along Burma's Mekong*, LNDO, 2003)

Furthermore, in Mong Piang, in the same month that orders to stop growing poppy had been issued, villagers were even being forced by SPDC military units to grow opium. Villagers in the tract of

Wei Hsuehkang (Wei Xuegang)

Also known by his Thai name Prasit (Charnchai) Chiwinnitipanya, he has been called 'the remote control' of the United Wa State Army, with which he has been affiliated since 1989.

A native of Yunnan, born in 1946, he fled with his family to Burma's Shan State following communist victory in 1949. He joined Khun Sa in 1964, became his radio operator and later his banker. Falling out with Khun Sa in 1985, he together with his brothers, Hsuehlong and Hsuehying, fled and teamed up with Wa leader Ai Xiaohseu to form the Wa National Council, which together with its 525th Brigade, became part of the UWSA.

On 23 November 1988, he was arrested in Chiangmai after seizure of 680 kg heroin in southern Thailand and sentenced to death on 24 October 1990 in absentia as he had already made his extraordinary escape.

The United States has had a \$ 2 million offer for information leading to his arrest since 1998.



Mongpulong, were told on September 29, 2002, by SPDC Infantry Battalion 43, that anyone who refused to grow opium would be fined 5,000 kyat (\$5) each.

Although the poppy-growing bans have not been enforced, the reason why token attempts at opium suppression have been made in eastern Shan State, unlike in southern Shan State, appears to be the international notoriety for drug production of certain areas close to the Thai border.

Selective showcasing of ceasefire areas

Several of the leaders of ceasefire armies in Eastern Shan State have made claims that their areas were already opium-free, or would be free of opium within several years. Sai Leun, leader of the ceasefire National Democratic Alliance Army, based along the northeast Shan-Chinese border, claimed in 1997 that his region was "drug-free." The United Wa State Army made an official statement in December 1996 that they would aim for zero-drug production in their area by 2005.

To adhere to these claims, these ceasefire groups appear to have made efforts to "clean up" certain parts of their territories to serve as showcase opium eradication sites. These showcase areas enable the regime to stave off international criticism of their tolerance of narcotics production among their allies, and, in the case of the UWSA, are being used to attract international development aid.

u *Wa areas close to the Thai border*

One of the UWSA showcase "drug-free" areas is part of the territory under well-known drug trafficker Wei Hsueh-kang along the Thai-Shan border. Wei Hsueh-kang has prohibited the cultivation of opium poppies in areas under his control from Wanhong (just southeast of the town of Mong Hsat) to Loi Tawkham (near Tachilek), a distance of some 100 kilometre.

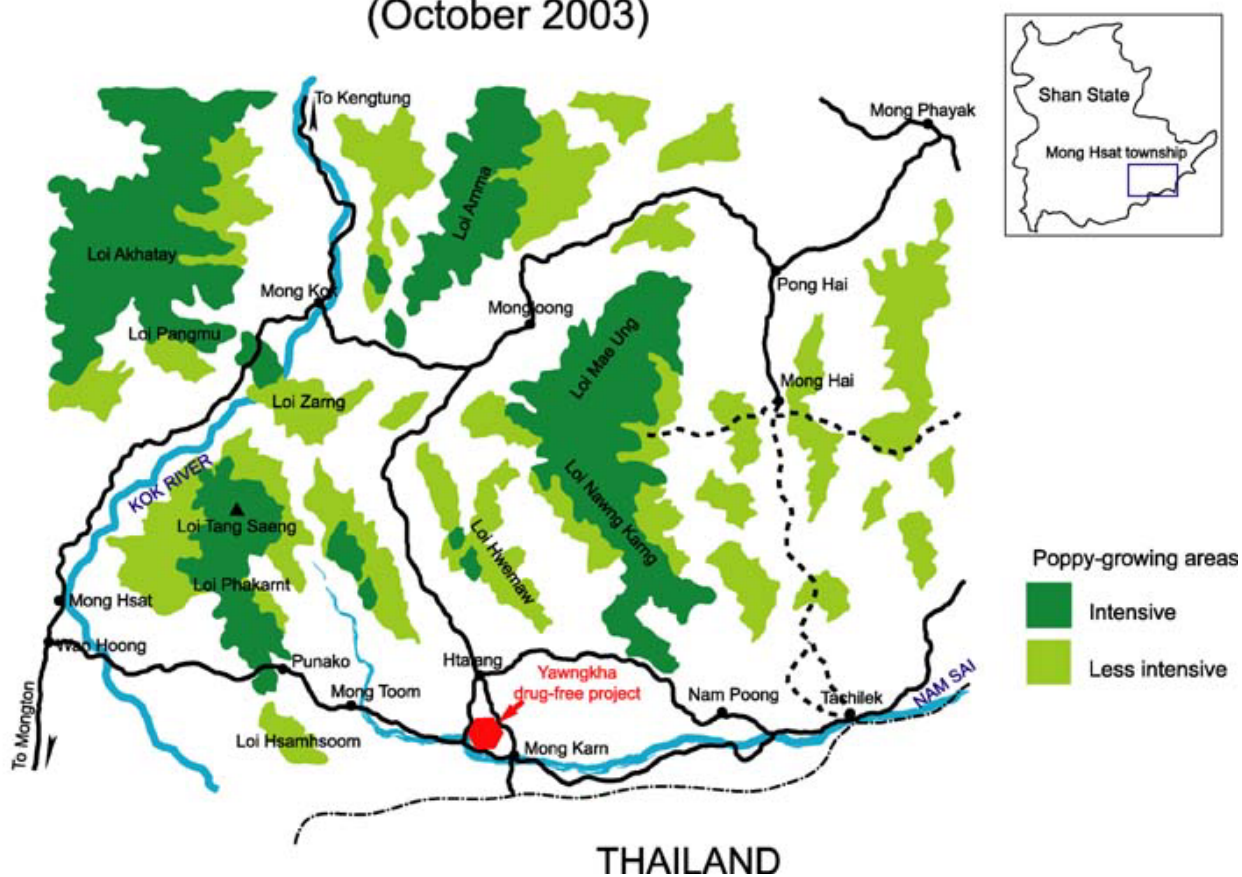
Thousands of acres of orange trees have been planted around Wanhong, known as "Wei Hsuehkang's town" since he moved into this area in 1997 from Mongyawn in the south. Wanhong appears to have been chosen as a model agricultural site for the Southern Wa area, to which foreign visitors are regularly invited.

About 30 kilometer further south, included in the area of the UWSA's "opium ban," is Mong Yawn, formerly notorious as a drug producing area, and now slated as a tourist destination by the SPDC and the Wa.

Also advertised as poppy-free is the former Shan village of Nayao, in the village tract of Mong Toom, about 30 kms west of Tachilek, close to the Thai border. This village has been renamed "Yawngkha" by the Wa since they resettled thousands of villagers from the northern Wa area into this valley during 1999-2001. Since 2001 it has been chosen as the site of a joint Burmese-Thai crop substitution project, with B.20 million (\$500,000) from Bangkok.

The existence of these well-publicized model development areas may have been the reason why on January 29, 2003, U Tin Winn, Burma's Labor Minister, boldly pronounced that the three townships of Monghsat district (Monghsat, Mongton and Mong Piang), had become free of poppy cultivation in the 2002-2003 season. (*New Light of Myanmar*, 30 January 2003)

Poppy-growing areas in North-east Mong Hsat township (October 2003)



Local people, however, reject his claim outright, insisting that not only is opium being grown freely in many other parts of Monghsat township itself, outside the Wa areas, such as in Mong Kok and Mong Loong tracts in the north east of the township, (*see map on page 32*) but that even the Wa "opium-free" areas are not in fact free of poppies. For example, residents of Mong Yawn visiting Thailand in September 2003, have testified that poppy is continuing to be grown in the hills all around the town of Mong Yawn, including by the UWSA themselves.

Furthermore, the fact that in other UWSA-controlled areas in neighbouring Mongton township poppy production is continuing without restriction, provides evidence of a lack of sincere commitment by the Wa ceasefire group to opium eradication.

Although Mongton township, like Mong Hsat and Tachilek, also adjoins Thailand (lying north of Chiang Mai province), it has poorer infrastructure, and much of the township is inaccessible and mountainous. It was also formerly not as notorious for drug production as parts of Mong Hsat such as Mong Yawn. These may be reasons why Wei Hsueh-kang has not felt the need to showcase any drug-eradication programs in his territories in Mongton.

Wei Hsueh-kang's UWSA 171st Military Region controls most of the western part of Mongton, while Ta Roong's UWSA 214th Brigade controls the southeastern part. Kokang ceasefire group members and various other pro-SPDC militia operate in the northern part of the township. According to a Lahu militia officer from Mongton, interviewed in February 2003, overall poppy cultivation in the township had increased by at least 30% during the 2002-2003 season, with large numbers of hired laborers from across the Salween river in the west and Thailand in the south, being employed. All 8 tracts in Mongton: the township seat, Nawng Payen, Wanna, Hpakhae, Maeken, Mongharn, Hwe Aw and Poongpakhem are involved in opium production.

For example, the village of Loinaw in Hpakhae Tract in western Mongton has 64 households. All without exception grow poppies: 10 households grow opium for themselves, 20 for the UWSA, 15 for the 225th Infantry Battalion and 19 for the Kokang Chinese.

They are taxed by the Burma Army's Infantry Battalions 65th and the 225th of the Triangle Military Region. *"You pay 5,000 kyat (\$5) per acre to the local military and nobody is going to bother you"*, said a farmer interviewed in January 2003.

Both the Burma Army and the UWSA also tax transactions. For each viss of opium sold, the military collects 500 baht (\$10) and the UWSA 200 (\$4) baht.

UWSA involvement in drug refining and trafficking is also clearly evident even in their "drug-free" zones.

A villager from the "Wei Hsueh-kang's town" of Wan Hong interviewed in March 2002 stated: *"Although we are not allowed to grow opium, the Wa said we could become their sales agents (for drugs) if we wanted to make money."*

Another villager from Mong Toom, close to the site of the Thai-Burmese crop substitution project, reported in March 2002 how a Wa officer had told villagers earlier in the year that there was to be no

more poppy cultivation in the area and that any fields in the vicinity would be destroyed. *"We want Mongtoom free of drugs for the royal project (from Thailand). But if anyone wants to sell drugs, they can contact us,"* the officer had said.

Despite the showcasing of this Thai-Burmese project, drug refineries are continuing to operate in Mong Toom, just west of the project site, and in Mong Karn, only a few kilometers east of the project.

Methamphetamines for tea

Just south-west of the Thai-Burmese crop substitution project, in the village of Mae Jok, just one kilometer north of Chiang Rai's border with Burma, local people report that "yaba" ("crazy drug" or methamphetamines) has replaced tea for serving guests.

It is also where one can leave one's "goods" for safe-keeping for a price until one finds a purchaser:

500 baht (\$10) for 1 viss of opium
2,000 baht (\$40) for 1 block of heroin, and
20,000 baht (\$400) for 100,000 speed pills

Update:

Survey by air sees opium growing has returned on a wider scale near the border, Lt-Gen Picharnmet Muangmanee told Thai News Service, 28 October 2004.

u Northern Wa area

The UWSA-controlled area of Mongpaw in eastern Shan State is the site of the UNODC's Wa Alternative Development Project (WADP), which began in 1998. Cultivation of rice and tea, live-stock breeding, health care services, water supply and road construction are the ongoing UN activities, according to UNODC field office Xavier Bouan.

Despite the fact that the project has been continuing for 5 years, local people remain sceptical of the UN's capacity to effectively implement opium eradication given the continuing climate of impunity for drug production and trafficking.

"Speed and white powder (heroin) are being sold quite openly here and the UN is helpless," said a villager from Mong Pawk. *"UN officials are not free to go anywhere without prior permission from the Wa authorities. The two Burmese officials working for the UN, just stay idle most of the time"*

Sources maintained that there were many refineries around the town of Mong Pawk, producing both methamphetamine and heroin. "I haven't heard of anybody being arrested for pushing drugs here," said a Lahu from the area in March 2002.

The lack of sincerity of the UWSA authorities in implementing drug eradication was exposed in a news report by the Thai-based Network Media Group. It revealed how on February 26, 2002, an argument had broken out between the local UWSA troops from Pao Youhua's 486th Brigade and the UNODC's field officer, Xavier Bouan, over the discovery that poppy fields destroyed by Wa security personnel had already been harvested beforehand. The local Wa commander had fired a gun into the air in anger, causing Bouan to temporarily close the WADP office in Mongphen.

Update:

As the 26 June 2005 deadline for total opium ban comes closer, poppy cultivation in the Wa areas has been given free rein, by all accounts. It will be interesting to keep track of the consequences of the ban and how all agencies concerned are coping with them.

u Special Region 4

Along the eastern Shan-Chinese border, Special Region No.4 of NDAA leader Sai Leun a.k.a Lin Mingxian, who signed a ceasefire pact with Rangoon in 1989, is supposed to have been free of opium since 1997. Sai Leun has even established an opium eradication museum in his headquarters at Mong La. Yet some NDAA commanders themselves admit that their area is not yet clean.

"Mongla (Sai Leun's headquarters) and our Brigade 369 area in Mongyang are absolutely free," claimed one Shan commander, *"but we cannot make the same claim for our Brigade 911 area (along the Namlwe that flows into the Mekhong)"*.

One visitor, however, was told in February 2003 by a resident. *"If you want to see poppy fields around Mongla, I can show you."*

Locals also report extensive poppy growing in the Brigade 369 area. For example in Taping tract near Mongyang, some 500 Palawng families have been growing poppies under the protection of the local Burma Army commander.

Meanwhile, the notoriety of Brigade 911 as an opium growing area was confirmed by many local people in Kengtung, Mongyawng and Tachilek, who revealed that people wanting to grow opium freely often headed to this area, north of the Namlwe river, where China, Laos and Burma's Shan State meet. The power there is Sai Htoon, commander of Brigade 911, and younger brother of Sai Leun, who had declared his territory drug-free in 1997.

Areas of Special Region 4 have been left completely untouched by the SPDC since the start of its 2001 opium suppression campaign.

ii. Crop substitution

There have been a number of development initiatives in Shan State in recent years aimed at providing alternative livelihoods to farmers instead of poppy growing. Some of these have been internationally funded.

An analysis of some of these initiatives reveals that they have achieved little success owing to various factors: poor planning, coercive implementation, and complete disregard for the welfare of local populations.

New Destiny: New Doom?

A recent crop substitution initiative by the SPDC authorities is the "New Destiny" project, launched in April 2002, which aimed to encourage farmers to exchange their poppy seeds for rice, wheat, maize and corn. Then SPDC Secretary 1 and Head of Military Intelligence, General Khin Nyunt, announced the New Destiny Project and ordered all townships in northern Shan State to plant two crops of rice each year.

Traditionally, farmers in Shan State plant only one rice crop a year during the rainy season. During the rest of the year, they plant other crops such as soy bean, onion, garlic and chilli, which form a vital part of their traditional diet and which they can also sell for income.

Under the New Destiny Project, many farmers lost not only their traditional dry season crops, but also their monsoon harvest. Some ended up losing their fields altogether.

Following Khin Nyunt's directive, the local authorities in each township ordered a fixed acreage of rice fields to be set apart for the planned double rice crop. In Muse, on 21 September 2002, Captain Ant Maw, Chairman of the township council issued an order to local farmers to set aside 200 acres of paddy for dry season cultivation of *Hsin Shweli* rice seed, DU-527, that according to New Light of Myanmar 7 October 2003, yields 163 baskets per acre) a new strain from China. General Khin Nyunt was due to visit the area on 26 November, and Captain Ant Maw wanted to show him that the crop substitution project in his township was a success.

The farmers whose fields were to be affected begged the Chairman to postpone the launching of the dry season project, as most of their monsoon paddy was only 2-3 weeks away from being harvested. The request was turned down by the council, and the farmers lost their rice crop.

The *Hsin Shweli* rice seeds for this project were purchased from SPDC by Yang Mouliang's Kokang ceasefire group at a price of 7,000 kyat per bag (\$7) and donated to the district. The farmers were forced to purchase chemical fertilizers and pay for the expenses of the planting ceremony. Altogether 1,554 farmers and 120 tractors were involved in the planting ceremony at a total cost of 2,372,500 kyat (roughly \$2,373).

All sources testify that the government contributed nothing towards the project.

"To compound the misery, Khin Nyunt didn't arrive on the appointed day," said a resident, interviewed in January 2003. "His wife turned up in his stead in early December but turned back without seeing anything, when she was suddenly recalled to Rangoon on 5 December. We learned later that (ex-dictator) Ne Win died on that day."

The last straw for the farmers was when the rice saplings dried up and died, causing them huge losses. *"We heard later that Hsin Shweli is planted in China only during the rainy season,"* said a Shan farmer from Muse interviewed in January 2003. *"The government only wants to do things for display. They never think about helping us and teaching us how to get things done."*

The situation was almost identical in other townships. In Hsenwi, farmers had to buy the seeds at Kyat 1,500 (\$1.50) for a kilo-bag. Out of 13,000 acres of paddy fields, 1,700 acres were allocated for the dry season planting in September 2003. And though some of the monsoon paddy was yet to be harvested, water was let into the fields.

"In addition, our village headman was beaten up by the second-in-command of Light Infantry Battalion 346 for not completing the planting in time," said a farmer from Pangwat village in January 2003.

Several farmers in the villages of Nakoon Kawk and Piang Karng, in Hsenwi, had their paddy fields confiscated in January 2003 by Military Operations Command No.16 for failure to finish the planting in time.

In Mongyai, in late 2002, every farmer had to buy 7 bags of Hsin Shweli rice seeds for each acre that he worked. Prior to this, the authorities had also demanded that all farmers surrender their poppy seeds. Villagers reported that Police Deputy Inspector Maung Kyaing on 25 May 2002 had told them that for each pyay (3.3 liters) of poppy seeds, they would give 1 bag of fertilizer in return.

At the same meeting, the police officer had also threatened: *"Anyone who refuses to comply with the order will face grave sentences up to punishment by death. Afghanistan used to be the No.1 opium producer. Now that they are no longer engaged in opium production, we have become No.1. If you don't stop growing poppies, the Americans will use it as a pretext to invade us."*

Despite the fact that the dry season Hsin Shweli rice crops failed in each of the townships, local authorities have subsequently increased the acreage set aside for Hsin Shweli rice during the 2003 monsoon season to 100,000 acres in the northern townships.

Indigenous Shan Rice

"In terms of international markets, Shan rice is probably the highest value rice that's moving across borders anywhere in the world."

Dr. Paul Marolte, Associate Director
International Agricultural Programs,
University of California-Davis,
Irrawaddy, March 2002

Japanese buckwheat

Another well-known crop substitution project in Burma is the Japanese buckwheat project. This project was initiated in 1998 in the Kokang area by the Japan International Cooperation Agency in cooperation with the SPDC and the UNDP. It was aimed to promote buckwheat cultivation, and to export the crop to Japan, where about 120,000 tons of buckwheat flour is consumed a year, mostly in the form of soba noodles.

The project was begun with much fanfare by local Burma Army officials who announced in 1998 that all the hills and valleys in the territory would be covered with buckwheat fields, and that every household would soon be growing the new crop.

The reality was very different. During the first year, there was some enthusiasm among the local Kokang population to try out the new crop. However, most of the seeds and equipment provided by the donor agencies did not reach the rural farmers. The Kokang leadership (the Myanmar Democratic Alliance Army of Peng Jiasheng) kept control of the trucks and agricultural machinery, and ended up selling most of the seeds to townspeople who had bought land out of town. These townspeople, mostly opium dealers, were keen to invest in a new business "front."

From the outset, the results of the new crop were disappointing. Xin Chao, an MNDAA administrator of Pasinjaw in Kokang revealed in November 2002, how he had personally lost 3,000 yuan of his own money, investing in the buying and planting of buckwheat. *"It took a lot of hard work, to look after the crop and protect it from insects, and then finally there was a very poor yield. It was all for nothing,"* he complained.

Not only was the yield of the crop poor, but, as reported in the Myanmar Times on 4 October 2002, it took four weeks to transport the buckwheat to Japan, causing it to spoil by the time it arrived.

While attempts to grow buckwheat are continuing in some areas, mostly at the behest of the Kokang leadership to show their cooperation with this internationally supported drug eradication project, it is clear that the initiative has no support among local farmers.

"The poor are plundered while the rich are given more cars to ride," one Kokang farmer complained in November 2002. *"All the good things they told us about, it's all breaking wind just to keep dogs happy."*

Or as a lawyer from Taunggyi explained in March 2003: *"Crop substitution projects are for the drug lords, not for the people".*

Update:

Finding the Japanese market limited, JICA wanted promotion of buckwheat consumption in Thailand and Burma, reported Myanmar Times on 16 February 2004. It reported again on 20 August, that the Mandalay-based Shwe Kyi Bakery was planning to use it in the production of biscuits. As a result of the marketing challenges, the buckwheat acreage that had climbed up to 4,000 plus acres in 2002 plunged to 2,400 in 2004. "The game is not worth the candle," Peng Jiasheng told the Salween News Network in June 2004.

Other development projects

Other development initiatives in northern Shan State, carried out in the name of crop substitution, have also ended up causing increased hardship for local populations.

In Namtu Township, people were forced by the SPDC in June 2002 to buy farm tractors from China for "development" purposes. For example, the people in the Mongmaw-Mongyen tracts, who make a living by growing rice and tending their orange orchards and have no need for a tractor, were required to take 2 tractors at the price of 600,000 kyat (\$600) each.

In 2001, in Tangyan's Mong Kao sub-township, the Burma Army ordered the people to buy sunflower seeds (at a cost of 100,000 kyat - US\$100 - per bag) and maize corn seeds (costing 800,000 kyat - US\$800 - per bag).

"Moreover we had to plant the corn seeds and work in the fields for them (the Burma Army), five acres per village," said a resident. "They also decided in advance that each acre would yield 25 pails (1 pail = 20 liters) which we had to sell at a fixed rate to them. Otherwise we had to buy 25 pails of corn from elsewhere to give to them. And they have the nerve to call it crop substitution."

iii. Drug rehabilitation

Our professors told us that the regime would rather have you become heroin addicts than speak against the regime.

Exiled student, quoted by David Bernstein, Pacific News Service, and Leslie Kean, Burma Project USA (undated).

Despite high rates of drug addiction in Shan State, state-run treatment centres are virtually non-existent. This has led communities to set up their own treatment centres. However, at least two treatment centres set up by a ceasefire group were shut down by the military authorities when they became too successful.

Levels of addiction

The increased amounts of opium produced in Shan State following the ceasefire agreements starting in 1989, have led to increased rates of opium and heroin addiction in local communities. Likewise, the increasing availability of methamphetamines throughout Shan State in recent years has led to increased numbers of methamphetamine users. During 2001-2002, the cost of methamphetamines was only about 1,000 kyat (about US\$1) for 10 pills. Following the Thai crackdown on drug imports from Burma in early 2003, the glut in methamphetamines caused the cost to fall to 1,000 kyat for 20 pills.



Methamphetamines are known as "ya kai" in Shan, meaning "hard-working pills" and in many rural communities, people use the drug openly if they want to stay up late to help at a local ceremony or temple festival, or if they want extra "energy" for a hard day's work in the fields. There have been no public campaigns about the dangers of the drug, and there is consequently no social stigma for those who

How methamphetamines are usually taken in Shan State

use it. In the past few years, it has become increasingly common for polite hosts in Shan State to offer methamphetamines to their visitors together with the traditional offering of tea. Around Kengtung, local sources estimate that about 50% of the farm workers are being paid directly in methamphetamine pills instead of money.

Methamphetamines are usually smoked. Pills are heated on foil over a flame, and the fumes are inhaled through water in containers (often plastic bottles or cartons) through plastic tubes or straws.

There have been increasing reports of violence resulting from psychosis caused by repeated methamphetamine use. In Kengtung alone in the past year, there have been several well-known cases of addicts who have killed or harmed themselves: one by slitting his throat, another by jumping off a 3-storey building and another by putting a musket in his mouth and pulling the trigger.

Namkham, located at the triangle between Kachin State, Shan State and Yunnan, China, appears to be one of the worst areas for drug abuse. Shan ceasefire groups in the area conducted a survey in early 2003, and found there were about 1,800 addicts in the town, including law enforcement officers and women, out of a total population of about 33,000.

"Police Lieutenant Ko Kyaw, who has just arrived in Namkham from Kutkhai's 105 Milestone in November (2002) is heavily hooked on both Yaba and Khakhu (a mixture of opium and minced banana leaves smoked through a pipe; a new type uses poppy pod shreds or Hpak Nawk Loi, an edible creeper to blend with opium)," said a resident. "How can we rely on him to look after us?"

Namti, a village in Namkham, used to produce 6 soccer teams until 1996. *"This year (2002) we barely managed a team to compete with other villages," reported a villager. "So many young men are addicted now."*

The situation is more or less identical with other border townships in the area: Muse, Panghsai and Kutkhai. The number of petty crimes is also on the rise.

Drug rehabilitation

Official statistics (quoted by Xinhua in January 2003) claim 40 "drug treatment centres" in Burma. However, townships such as Muse, Kutkhai, and Namkham, with high addiction rates, had no state treatment centres in late 2002.

As a result, various communities have set up their own local treatment centres. For example, the situation in Mongyu of Kutkhai Township, a village tract of 400 households was so bad - an estimated 75% of men between 20-50 using heroin, according to a local resident - that the elders were planning in November 2002 to set up a treatment center of their own.

Far from supporting such community initiatives, the regime has jealously cracked down where they have become too successful. At their Kawng Htolin camp between Muse and Namkham, the Shan State Army (North), which has had a ceasefire agreement with Rangoon since 1989, established two treatment centers in 1997. The effort lasted only a year. *"The Burmese military did not want us to do anything that is politically effective, so they closed the center,"* said an SSA (North) officer.

Taking a lesson from this, the SSA (N)'s ally, the Shan State National Army, wisely kept its name off a treatment centre it opened in July 2002 at Nalong village in Panghsai. The centre was still functioning in January 2003. Rice and funds - 5,000 kyat (\$5) - for each inmate have been provided by the village.

A state-run treatment centre exists in the Kokang town of Laokai, but it is poorly supplied, and ill-equipped to deal with the critical addiction problem in the area. The Kokang authorities appear to rely more on their own drug treatment centre in Laokai, where about 60-70 addicts at a time are housed.

Update

The UN has one treatment centre in Mongka and another in Hotao in the Wa Alternative Development Project area north of Kengtung. In Kokang, it had one in 2000, but it went out of business due to overwhelming number of drug users applying for treatment, reported the Salween News Network in 2004

III. THE DRUG TRADE IN SHAN STATE TODAY

Burma has no problem to find, beat and imprison political opponents, so claims ring hollow that drug traffickers are difficult to find. *Bangkok Post*, 15 July 2002

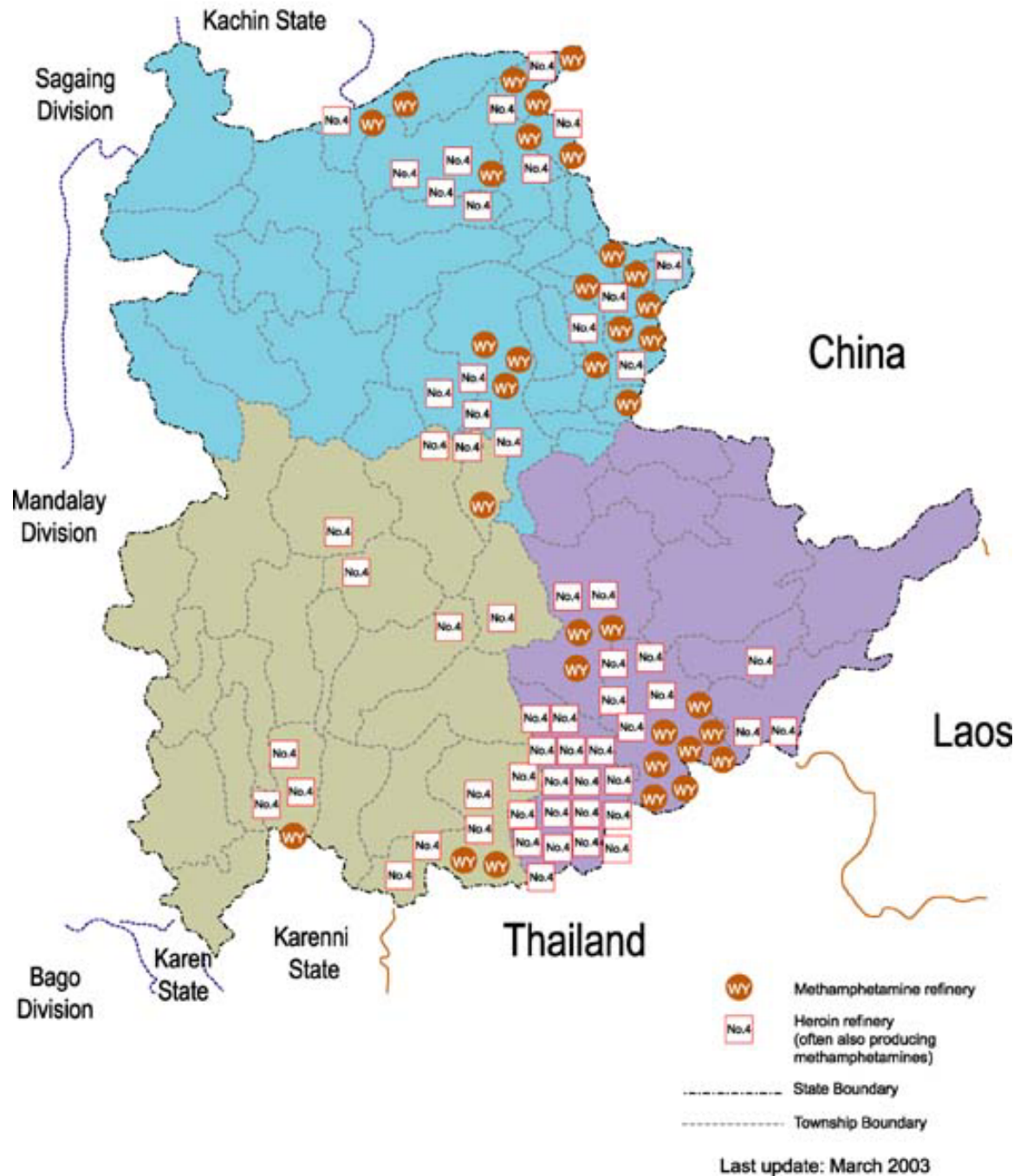
The continuing existence of numerous heroin and speed refineries throughout Shan State, all run by SPDC's armed allies, and sometimes even guarded by SPDC troops themselves, show clearly that the SPDC's "War on Drugs" is only a facade. In Mongton, where many of the known refineries are located, there remain almost the same number of refineries as at the start of the SPDC's anti-drug campaign. The only difference is that the ownership of the refineries has been consolidated into the hands of the SPDC and the UWSA.

i. Heroin and methamphetamine refineries

Numbers of refineries

In March 2003, S.H.A.N. documented the existence of 93 drug refineries operating in Shan State. (See map on page 44.)

Known drug refineries in Shan State



Number of refineries in Shan State: (that S.H.A.N. was able to trace)

Townships	Number of refineries		Dominant group(s) (apart from SPDC)
	Heroin (or both)	Meth.	
1. Namkham	1	2	Panthay Kyaw Myint militia force
2. Kutkhai	3	1	Kachin Democratic Army
3. Kokang	4	5	Myanmar Nat'l Democratic Alliance Army
4. Mongyai-Tangyan-Kesi	6	3	Militia forces: Wanparng, Mongha
5. Monghsu	-	1	United Wa State Army
6. Hsenwi	1	-	Shan State Peace Council
7. Wa region	4	8	United Wa State Army
8. Mongkerng-Laikha-Panglong	2	-	Mongyawn militia force
9. Kunhing	1	-	Shan State Peace Council
10. Namzarnng	1	-	Nayai militia force
11. Hsihseng	3	1	Pa-O National Army Shan State People's Nationalities Liberation Organisation
12. Homong	3	2	Mahaja militia force
13. Mongpan	1	-	ex-Mong Tai Army militia force
14. Mongton	18	-	UWSA/Kokang/local militia forces
15. Monghsat	6	8	UWSA/local militia forces
16. Tachilek	2	-	Nampoong/Nayao militia forces
17. Mongphyak	1	-	Nampan militia force
18. Mongpiang	2	3	UWSA/militia force
19. Mongla-Mongyang	n.a.	n.a.	National Democratic Alliance Army (Eastern Shan State)
Total	59	+ 34	= 93

All of the groups in this list are ceasefire organisations or militia groups allied to the SPDC, many of whom have now diversified into methamphetamine production.

Diversification into methamphetamines

A former drug operative revealed to S.H.A.N. that groups in Shan State were introduced to *yaba* ("crazy pills" in Thai), or methamphetamines, by some Thai drug producers.

"Faced with stiff law enforcement in Thailand, they approached Wei Hsueh-kang", he recalled. "Wei started the production in the early 90's, but the quality was so-so and its main market was northern Thailand. Then late in 1994, another Thai group approached Khun Sa. I remember Khun Sa speaking against it. 'Heroin is okay', he reasoned, 'our main customers are

across the ocean. But, with yaba, we only have Thais for customers. If we start producing it, we'll come face to face with Thailand. That'll make our position more difficult.' But he couldn't convince his uncle Khun Hseng (Chang Ping-yuan) who had already been won over by the Thai guests."

Yaba produced in Homong (Khun Sa's headquarters) was of better quality than that produced by Wei Hsueh Kang, he maintained. "We also tried to reduce the risk of being targeted by Thai drug control authorities by sending the product down to Bangkok instead. But barely a year after our operations started, Khun Sa surrendered and our chemists drifted to the Wa and others."

Today it appears that few drug producers in Shan State share the earlier misgivings about producing methamphetamines. Speaking on the sidelines of a public poppy seed burning on 25 October 2002, a high-level civil servant in Lashio remarked:

"It's not surprising that Wa and Kokang (ceasefire groups) can afford to quit heroin, because they are free to engage in yaba (methamphetamines). They don't have to worry about the weather. And they can churn it out anytime they want."

A ceasefire group leader residing in Lashio concurred: *"Opium might make a temporary disappearing act, but that's no consolation, because yaba is making headway filling up the vacuum and more."*

Today many of the heroin refineries throughout Shan State are also producing speed, a much simpler process than heroin production. The main ingredient, ephedrine, used to produce the methamphetamines comes from China. Thus, while refineries in northern Shan State produce the drug in both powder and pill form, the refineries in the south mostly compress the drug into pills, using powder brought down from the north.

Business as usual for SPDC allies

The fact that all of the refineries in Shan State are being operated under the control of ceasefire or militia groups allied to the junta, makes it clear that the regime is continuing with its policy of allowing its allies to engage in drug production.

Most of the refineries appear to have been unaffected by the SPDC's "War on Drugs," or at least only shut down temporarily during crackdown periods. However, some of the refineries in the northern areas, and in some UWSA areas close to the Thai border, have been relocated to "safer" areas.

Until a few years ago, drug refineries could be found right in Kokang towns. However, due mainly to pressure from China, they have been relocated to more remote parts of Kokang territory. Local Kokang sources also mentioned that as a result of SPDC's campaign against drugs, the opium cooking vessels, usually large in the past, had also been replaced by smaller ones to keep the drug factories mobile.

Another change reported by sources in the north was that, owing to SPDC's anti-poppy campaign, some drug operators are finding it more prudent to move their "raw materials" to Wa-controlled labs east of the Salween, where the campaign has not been implemented.

"The Wa fighters were there to pick us up and guide us to the factory", said a militia member from Kutkhai who participated in an opium caravan to a refinery on 8 July 2002.

In the south, due to pressure from Thailand, and also apparently due to the naming by the USA of UWSA as a terrorist organisation in March 2002, the UWSA also decided to move some of its refineries from the more notorious drug-producing area of Monghsat into neighbouring Mongton.

Same old faces

Many of the influential figures continuing to run the refineries have been notorious for their involvement in the drug trade for many years. Most of the refineries in the eastern Shan area remain under the control of Wei Hsueh-kang, a drug fugitive wanted by both Thailand and the United States. Until two years ago Wei lived quite openly in his "town" south of Monghsat. Since then, he has been spending more time up in the northern area of Tangyan in the lands given to him in 2001 by then SPDC Secretary-1 Khin Nyunt. His key associates now running the refineries in the Mong Ton and Monghsat areas are Chao Ching and Li Hsen, both Yunnanese Chinese.

Well-known drug lord Khun Sa also retains influence in his old areas of operation in Tangyan and Mongyai. His former lieutenants, Bo Mon of Wangparng, and Ma Kuo-wen of Mongha are patrons and shareholders of 5 refineries: 4 producing heroin and 1 methamphetamines.

"Bo Mon is still supporting Khun Sa (who is in Rangoon under SPDC military intelligence protection) with 4 million kyat (\$4,000) a month," said an inside source in Tangyan in January 03.

Another of Khun Sa's former associates, an ethnic Chinese called Kao Shan, is now running two refineries (one heroin and the other methamphetamine) in Nawng-htao, Hsiseng township, Southern Shan State, where the ceasefire group of Takalay, Chairman of the Shan State Nationalities People Liberation Organization is all-powerful.

Kao buys all the opium grown in the Loi Hon (Menay Taung in Burmese) range in Hopong and brings in precursors from as far as the Chinese border, no mean feat considering the distance (395 miles by motor road).

Kao reportedly pays monthly opium tax to two Burma Army battalions nearby, 1.5 million kyat (\$1,500) each.

His connections include the Democratic Karen Buddhist Army of U Thuzana, whose defection brought the downfall of the Karen National Union's Manerplaw stronghold in 1995.

Yang Mouliang, a Kokang ceasefire leader involved in the drug trade for years (whose brother Yang Mouxiang was executed by the Chinese authorities in 1994 for trafficking



Former Khun Sa associate Kao Shan (right) surrendering arms to the SPDC in 1998

heroin), was ousted from Kokang in 1995 but, thanks to his connections with the regime, still runs a lab in Wan Parngekawngmu, Nawng Kharng Tract, between Muse and Namkham.

The fact that these well-known figures are continuing to operate with impunity illustrates clearly the lack of sincerity on the part of the regime in cracking down on the drug trade.

Consolidation of monopolies

A look at the numbers of refineries in the township of Mongton before the SPDC's 2001 anti-drug campaign, and who controlled them, compared with today show how the main change has simply been the consolidation of control of the refineries into the hands of the SPDC and the UWSA.

List of refineries in Mongton Township (See map on page 49)

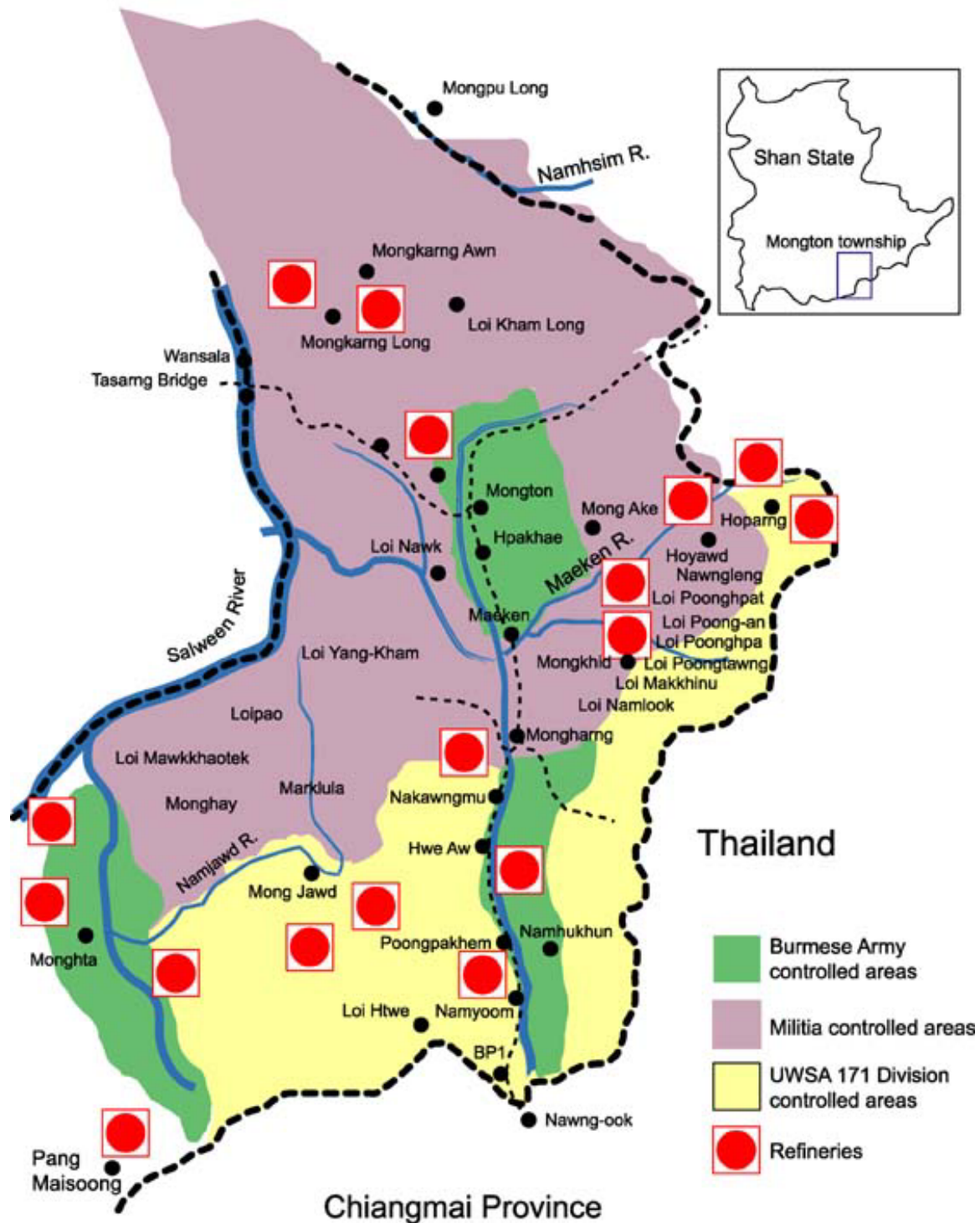
(mostly not only producing heroin but also compressing methamphetamines into pill form)

Site	February 2001		September 2003	
	<i>No. refineries</i>	<i>Armed groups in control</i>	<i>No. refineries</i>	<i>Armed groups in control</i>
Hopang-Hoyawd	1	UWSA-SPDC	2	UWSA-Lahu militia-SPDC IB 65
	1	UWSA-Chinese		
Mongkhid	1	UWSA	2	UWSA-Lahu militia-SPDC IB 65
Napakao	1	UWSA		
Namhu Naihseng	1	UWSA		
Nawng Htalang	1	UWSA		
Hwe Namyoom	1	UWSA	2	UWSA-Chinese
Loihtwe	1	UWSA	1	UWSA-SPDC*
	1	SPDC-Chinese		
Hwe Aw	1	UWSA		
Nawngyabsai	1	UWSA		
Namhukhun	1	Lahu militia	1	UWSA-Lahu militia-SPDC IB 65
Hwe Namyoom	1	Lahu militia		
Loinawk	1	SPDC-Chinese		
Hwekhailong	1	SPDC-Chinese	2	SPDC IB 65 - Chinese
Honam-naliao	1	Lahu militia-SPDC		
Hwe Hsalong	1	Lahu militia-SPDC		
Mongkamlong	2	Lahu militia-SPDC	2	SPDC IB225-Chinese-Lahu militia
Monghta			2	UWSA-Chinese
Pang Maihsoong			1	UWSA-SPDC*
Mong Jawd**			2	UWSA
Namarkti			1	Chinese
TOTAL	19	7 under joint SPDC control 10 under total or joint UWSA control	18	11 under joint SPDC control 13 under total or joint UWSA control

* S.H.A.N. was unable to identify which Burma Army unit is directly involved there.

** Mongjawd has, since April 2003, been reported to have become the new Southern Wa Headquarters.

Drug refineries in Mongton Township (2002-2003)



The raid by UWSA on a heroin refinery being run by a local Lahu militia in western Mongton on March 30, 2003, is a clear example of a small player being ousted out. The refinery in Mongjawd had been set up by Kya Nu, leader of a militia group numbering only about 30-40 men. After the raid, Kya Nu was arrested and jailed in Kengtung, and his militia disbanded. The raid was publicized by the SPDC in the state-run press, as an example of UWSA cooperation in drug eradication efforts. Yet the reality is that the UWSA has now simply monopolised the drug trade in Mongjawd, and has since set up new refineries in the same area.

SPDC security for refineries

Not only do SPDC military units turn a blind eye to the drug-producing activities of its armed allies, but SPDC military personnel are also actively involved in providing security to refineries, particularly those under the control of smaller militias. Between June and September 2003 S.H.A.N. issued news reports about 5 refineries in Mong Hsat and Tachilek township being protected by SPDC troops from Battalions 359, 316, 553 and 333 (See Appendix 1 on page 60).

For example, in the Mong Toom area of Monghsat, opposite Thailand's Chiang Rai province, the local Lahu militia of Ja-ngoi are operating 3 drug refineries (two making "dust" - heroin -, and one "pills" methamphetamine) in the Tanghseng valley, 5 miles north of Pu Nako (meaning Bat Cave in Lahu). The inner security for the refineries is provided by the Lahu and the outer security is provided by the Burma Army (of LIB 553, based at Mongtoom).

"No one except members of the militia authorized by Ja-Ngoi is allowed to enter the area," said a Pu Nako resident in December 2002.

The rewards for the local SPDC military officers are readily apparent. Lieutenant-Colonel Thant Zin Aung, Commander of LIB 553 has a Pajero jeep. His salary: 14,000 kyat (\$14). Not only him, but the 2 captains under him can also boast one Pajero each. They admit openly that the vehicles are gifts from Ja-ngoi's militia.

At another heroin and methamphetamine refinery operated by Wei Hsueh-kang's associate Li Hsen, at the deserted village of Hwekhailong, in the hills about 6 miles north of the town of Mongton, SPDC soldiers from the 65th Infantry Battalion, based in Mongton, guard the refinery itself, together with Lahu militia under local leader Kya Ba Noi.

SPDC Capt Han Sein, Commander of Company 1 of IB 65, is reported to assist in supplying precursor chemicals for this refinery, some which are collected from the SPDC's 43rd Infantry Battalion base in Mongpiang to the north.

Update

During 2004 many mobile laboratories, operated by Wa and Kokang, were moved to the Indian and Laotian borders.

ii. Drug trafficking

"We know who the big fish are. But we dare not touch them, because these people have access from the regional commanders up to Rangoon."

An anti-drug police officer in Muse, Northern Shan State, November 2002

The SPDC's War on Drugs appears to have had little effect on the well-established drug-trafficking networks in Shan State, which rely heavily on SPDC involvement. There have been no arrests of major drug-trafficking figures, only of small-scale retail dealers, who are often released after payment of bribes or with the help of their official connections.

The only differences are in trafficking patterns. More drugs appear to be crossing the border into China, to avoid the need for increased bribes when sending drugs down through Burma. Meanwhile, the Thai War on Drugs starting in 2003, has caused traffickers to avoid sending drugs across the well-guarded northern Thai border, but to use alternate routes to Thailand, and to sell only to trusted Thai contacts.

Catching the small fry

Local retail drug distribution has for years been a fairly mainstream occupation in Shan State. Ironically, it has been easier to deal in drugs than in some other commodities. As explained by a drug-dealer in Lashio in December 2002:

"Trading in rice, wood and gems is not permitted for the likes of us. From lemon and oranges up to onion and garlic, there are more than 30 commodity items that have been banned from importing and exporting. We are not free to do business in anything. Only a handful of Chinese pawliangs (Bosses) who can 'cushion' the authorities can deal in almost everything, including contraband. Rich drug lords are also rewarded with business permits. That's like pouring more water into barrels full of it."

Since the start of the SPDC's drug suppression campaign in 2001, it appears that the retail sellers have been the ones easiest for the authorities to target. A Shan villager from Wan Hong Loi, near Muser, interviewed in November 2002, said that the local authorities had been ordered to arrest at least 4-5 people per month on drug trafficking charges.

Some of those arrested were killed (see earlier section *Harsh reprisals*). However, several sources revealed that the arrests were often just for show, and that the suspects would be released after "understanding" had been established between suspects and the authorities.

"Lao Tung, 50, from Namzarng Kotawng Village, a retail dealer, is arrested almost every month, but he is still selling his pills," said a source from Namkham Township, Northern Shan State, in November 2002.

A Wa dealer called U Thet Naing has been similarly lucky. In late 2001, he and his 6 helpers were caught red-handed with drugs in Muse, opposite Ruili (Mongmao in Shan), but after a word from

Major-General Tin Aung Myint Oo, then SPDC Commander of the Northeastern Region, headquartered in Lashio, he was set free. (Tin Aung Myint Oo is now Lt-Gen and Quartermaster General, a powerful position in the Burma Army.)

As a Muse resident explained: *"Clearly, if one is caught and not released, there are only two explanations: one, he or she doesn't have the money to extricate himself or herself and two, there are more than two government branches involved."*

Until today, in the township of Mongton, most of the retail drug distribution is handled directly by the Burmese military through its retired officers and men.

A small Kokang drug boss - A lesson in impunity

Mi Hsiao-ang, not yet 40, is an officer in the Special Combat Police Force of Kunlong led by Haw Laosang. Until last year, Mi was stationed at Hawngleuk, Tachilek Township.

Early in 2002, he shot dead a Burmese lieutenant from the Border Disciplinary Company in Tachilek for attempting to search his car. A few days later he surrendered himself and went to jail for 4 months plus 3 days.

During his incarceration, his general well-being was taken care of by Shi Kuei-neng, a shareholder in the Wa's Hongpang Company.

His freedom was gained after Haw Laosang together with Peng Jiasheng obtained audiences with SPDC Chairman Senior General Than Shwe and SPDC Secretary-1 and Head of Military Intelligence General Khin Nyunt.

He is now back in Kunlong and pursuing his businesses "as usual", according to an inside source.

Major trafficking networks unaffected

Trafficking of drugs in bulk for export, where the high profits are made, relies on a complex network involving both the SPDC and its armed allies.

When transporting drugs from refineries to border exit points, security along jungle routes is usually provided by militia or ceasefire forces. However, along main roads, SPDC involvement is essential, whether to allow passage by vehicles belonging to their allied armed groups, or whether to transport the goods themselves using their own vehicles.

United Wa State Army vehicles carrying drug consignments continue to be given free passage by the SPDC. This has been the case since 1989-96, when the UWSA brought down troops and supplies in convoys from northern to southern Shan State to fight Khun Sa's Mong Tai Army; insider sources reported that their trucks would also contain ammunition cases filled with drugs. Similar shipments were made during the 1999 Resettlement Program for Wa people along the border areas adjoining Thailand, and the 2002 fighting against Colonel Yawdserk's Shan State Army - South.

The UWSA's agricultural project site at Moengzame, southeast of Kengtung, is described by several sources as a drug storage depot and transfer point. Drug consignments are forwarded to Hwe Aw in Mongton Township and the Golden Triangle, which serves as a jumping off point into Thailand and other Southeast Asian countries.

Not only the UWSA vehicles, but also those of the business companies they own, such as the Hong Pang Company, or the Green Light Company, are given free passage by SPDC.

SPDC military units themselves sometimes directly store and transport drug shipments. For example, the heart of the drug business in Mongton is the Burma Army's Infantry Battalion 65 command post, which serves as a main depot. However, when tensions with Thailand grew in 2001, the military officials involved took precautions to move the merchandise underground inside the compound. S.H.A.N. reported at the time that the new site was 20 meters south of the battalion commander's office and was covered with gasoline barrels. At that time, at least 100 blocks of heroin, 2,500 viss of raw opium and 2 million yaba pills were stored there.

Most of the wholesale drug sales in Mongton are managed to this day by Chao Ching, an ethnic Chinese subordinate of Wei Hsueh-kang. The Burma Army and the UWSA are reported to share 50:50 from all sales. Security on the motor road is handled by the Burmese military and off the motor road by Wei Hsueh-kang's UWSA.

There have been repeated reports over the past two years of helicopters landing at the 65th Infantry Battalion command post to receive "goods" from Mongton, which are reportedly flown to lower Burma.

A source from the Monghsu gemland in northern Shan State, also testified to direct involvement of Burmese military personnel in drug trafficking. *"It is not unusual to hire Burmese military officers to escort drugs to lower Burma and to the Thai border,"* said the source in January 2003.

An ethnic Chinese trader in Mong Kerng told S.H.A.N. he usually engages a Burma Army major to drive his truck to a prearranged point in either Pegu or Rangoon, where somebody, a total stranger, would pick up the 'freight' and pay him.

Not only army vehicles, but those of state-run enterprises are also used for drug shipments. State-owned trucks hauling coal from Namma Mawktawng, between Lashio and Mongyai, and quartz from Hsipaw are often 'contracted' by both militia and ceasefire forces to stow their merchandise along with their official consignments, according to a ceasefire officer.

"No checkpoint stops the ten-wheelers with 'Armed Forces Cement Factory - On Duty' stickers," the same Chinese trader confided in November 2002. *"Once they arrive at Patheingyi (near Mandalay) where the factory is, it's easy to send the drugs on to anywhere in Burma, whether it's Phakant jademines, Rangoon's shipping wharves or for the DKBA (Democratic Karen Buddhist Army that also enjoys truce with Rangoon) to transfer them to Myawaddy (opposite Thailand's Tak Province)."*

Increased drug flows to China

China is, in the opium-heroin equation, a blackhole.

Guilhem Fabre, University of Le Havre, at the Conference on Drugs and Conflict in Burma, Amsterdam, 14-15 December 2003, quoted by Shan scholar Chao Tzang Yawngghwe (1939-2004).

Recent news has indicated that one effect of the SPDC's War on Drugs has been the diversion of more drugs into China. Sources in Muse, interviewed in October 2003, mentioned that drug trafficking in the area was continuing as usual, with no noticeable decrease in amounts produced, but that it was now preferable to traffic drugs into China than down through Lashio and Mandalay to other destinations, owing to the need for increased bribes to get the drugs through checkpoints since the SPDC's crackdown.

"The buyers, most of whom are Panghsays (Chinese Muslims) take care of the border crossings," said a businessman from Muse.

Apparently in response to this, China has since July 2003 placed five regiments of its regular army, instead of the paramilitary police, along the northern Shan-China border in an attempt to stem the cross border trafficking.

However, earlier reports indicate that endemic corruption among local law enforcement officers in Chinese border towns has been part of the problem, in particular in Zegao and Ruili, opposite Muse.

"In Muse, if you are a stranger, no one is going to offer to sell you the dust or pills," said a resident of Muse in November 2002, *"but not so in Zegao and Mongmao (Shan name of Ruili). It doesn't matter whether or not you're a stranger. If you go near them, they are going to ask you if you need it. The local police too are very friendly to the pushers. If you are caught, you go free again once they are paid."*

Effects of Thailand's War on Drugs

While the SPDC's War on Drugs does not appear to have significantly affected the trafficking networks in Shan State, Thailand's War on Drugs in early 2003 has had some repercussions.

One result has been that it has been less easy to traffic drugs directly across the Shan-Thai border into Thailand, as this area has been strictly controlled by Thai military and police. However, frequent news reports of drug seizures in other border areas of Thailand show that traffickers have simply used other routes to bring drugs to Thailand, including across the Mekong River through Laos, or down through Karen State across Thailand's western borders.

Another result of Thailand's crackdown is that drug operatives in Shan State are less willing to trust new Thai customers. They will only do business with trusted contacts.

Dr Nafis Sadiks, UN special envoy, said drug suppression in Thailand only increased the drug price and pushed drug use further underground. (*Bangkok Post*, 15 October 2004)

The North Korean connection?

While it is beyond the scope of this report to investigate drug trafficking connections outside Burma, the seizure in April 2003 of 125 kg of Burmese heroin on a North Korean ship off the Australian coast is worth noting.

Burma has ostensibly cut its ties with North Korea since 1983, when N. Korean assassins killed 17 members of a visiting South Korean delegation in Rangoon. However, reports in recent years have revealed that Burma has resumed links with and been buying weapons from North Korea.

iii. Laundering dirty money

On 17 June 2002, a new anti-money laundering law -- the Law to Control Money and Property Obtained by Illegal Means -- was promulgated by the SPDC. However, no influential figures have yet been prosecuted under this law.

The home minister, Col. Tin Hlaing, (head of Burma's Central Committee for Drug Abuse Control) also took great pains to reassure Burma's leading financiers (and drug lords) that the law was not retroactive. According to a previous banking law, any deposit could be accepted without question as long as a 40% tax was paid to the government.

It thus appears that money laundering is still a continuing fact of life in Burma today. According to interviews with people still involved in the drug trade, there are various common methods employed by money launderers in Burma:

1. Purchasing first prize lottery tickets

The state-run lottery in Burma holds a draw each month. After the first prize, 30 million kyat (\$30,000), is announced, a middleman notifies the Laopan (drug boss), who is willing to pay up to 60-80 million (\$60-80,000) to buy the lucky ticket. The Laopan then receives the legal prize in a ceremony from the Finance and Revenue Ministry (in Rangoon). Apart from the cash payment, the winner is also presented with a sedan, a shoulder cape and a gold-bar.

In 2000, the eldest son of Colonel San Pwint, one of the most feared Military Intelligence officers in Burma, was one of the lucky persons to win the first prize. *"Colonel San Pwint was showered with so many 'gifts' from both the ceasefire and militia groups that he needed the bank to keep the money for him,"* explained a militia commander from northern Shan State.



News article from Myanmar Times,
24-30 September 2001

2. Buying mines

The Mogok and Monghsu ruby lands, Hpakant jade land and several gold mines are scattered across northern Burma. The drug bosses either purchase a block or take shares in the mines:

"It doesn't matter whether the mine is still producing or has petered out," explained a businessman from Monghsu in November 2002. "The important thing is you obtain a front for washing your money. To improve your image further, you may buy a high-quality gem and then sell it off at the emporium held each year in Rangoon. You do this once or twice and the rest will take care of itself."

The UWSA-owned Hong Pang company owns gem mines in Mogok and Mong Hsu, and a copper mine in Mongywa, in Upper Burma.



*UWSA leader Bao Youxiang with
SPDC Gen. Khin Nyunt at
Wa trade exhibition,
New Light of Myanmar,
November 2000*

3. Buying real estate

In several of Burma's major towns and cities, luxurious housing estates have sprung up in the past five years, in which numerous houses are either for rent or sale. By purchasing land (usually at inflated prices) and building such estates, drug lords can have a visible source of income. For example, in Htundon, a new town in Mandalay, there are several beautiful brick houses belonging to various SPDC generals, all being offered for rent. These, according to a Shan gem trader from Mandalay, came from a Kokang "drug boss" who bought the land at outrageous prices and built a housing estate. *"He then wisely presented some of the homes to the generals,"* he explained. *"The rest have either been sold or let."*

4. Buying business permits

In Burma, there are expensive middlemen who specialize in approaching ministers and generals for business permits, for example to engage in road-building, logging, or to run transport services. Incentives for the eminent office-holders include money, land and apartments. With a business permit, *"Your money then becomes clean money,"* said an informed source from Lashio.

For example, militia leader and well-known drug-trafficker Maha Ja from Ho Mong opposite Thailand's Mae Hong Son province, has set up the Shan State South Company, which is involved in logging.

Other well-known drug figures who also have legitimate businesses are Khun Sa, Wei Hsueh-kang, Bao Youxiang and Law Hsinghan. However, there are also many other less well-known "bosses" who have prospered in the same way. For example, just in the town of Muse alone, it was common knowledge that the following local businesspeople had all made their money from drugs:

1. Wang Kuei-an 55, casino owner
2. Yang Zechang, 48, from Ta Moeng-ngen
3. Yang Len, 47, from Hsiaohaw
4. Zhang Zhou-an, 52, from Long-htang (working with the Wa)
5. Li Zeyong, 45, from Kokang
6. Huang Laohsi, 53, from Mongkoe
7. Ma Kawdang, 46, from Tarknai
8. Sai Yawdsy, 48, hotel owner

Update:

The US annual report (2004) said that despite legislation on money laundering in Burma, Rangoon had as yet undertaken no prosecutions.

IV. FACTS BEHIND THE FIGURES

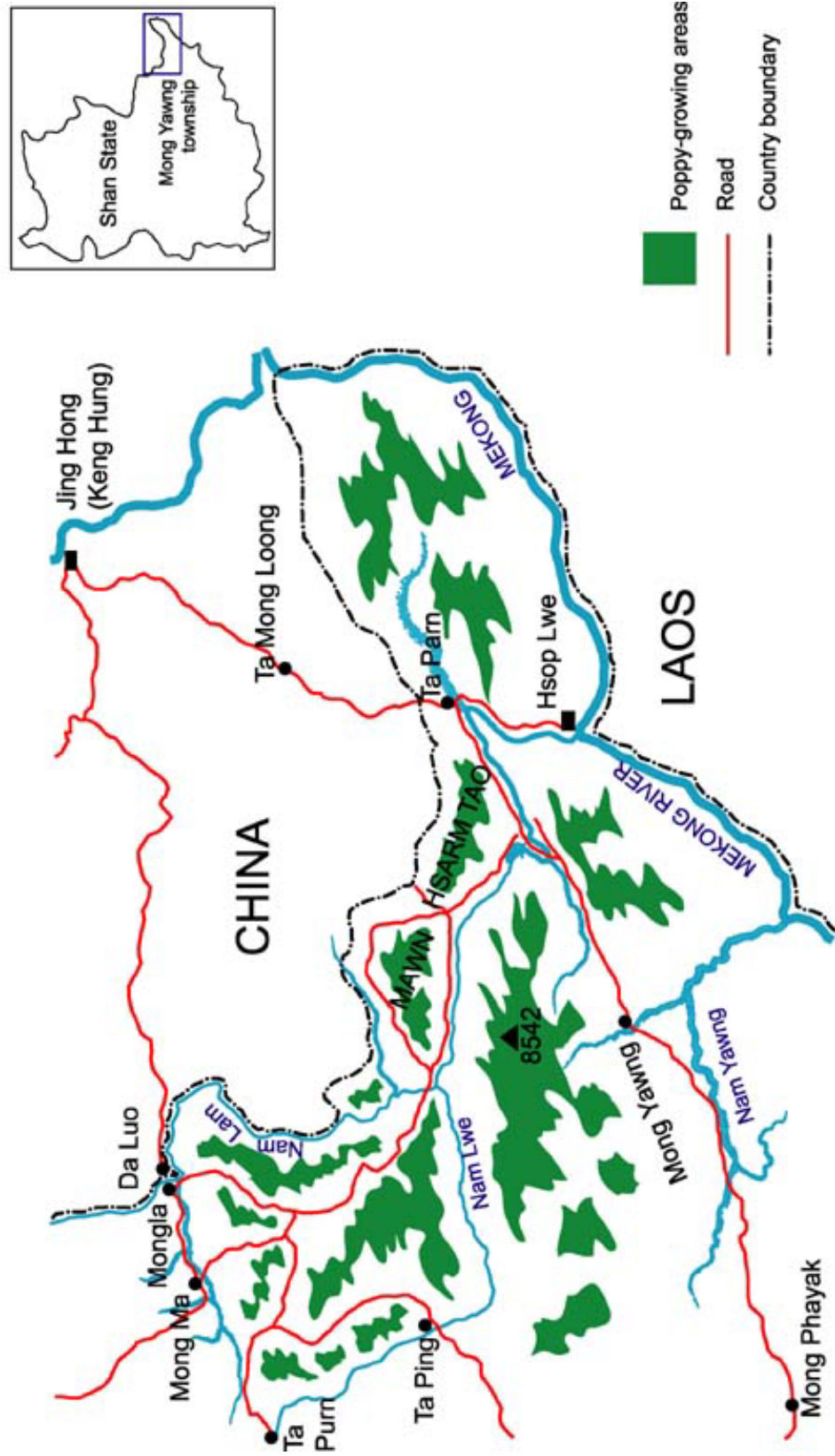
In June 2003, the UNODC released its *"Myanmar Opium Survey 2003."* The report, based on satellite imagery and field surveys, claims "an encouraging decline" of 24% of illicit opium poppy cultivation since the previous year, and a decline of more than 62% since 1996. The UNODC figures have been quoted not only by the Burmese military regime, but also by the international media as proof of progress in the "war against drugs" in Burma.

Regrettably, there has been no public debate about the means by which the UNODC obtained their figures. A close look at the survey reveals that it was carried out in conjunction with the regime's own Central Committee for Drug Abuse Control, and that the "extensive fieldwork" for the survey (necessary to corroborate the satellite imagery) was conducted by teams of Burmese government officials, headed by policemen. This raises serious questions about the validity of the survey, given official involvement in the trade, levels of corruption, and the climate of fear instilled in Shan State by the random harsh penalties inflicted under the regime's "war on drugs."

An investigation carried out by SHAN in October 2003 in Mong Yawng township in the "Upper Triangle" region of easternmost Shan State revealed that the figures given by the UNODC for that township were grossly underestimated. (*See map on page 60*)

The UNODC 2003 survey reported that Mong Yawng township had undergone a strong decline (51% to 100%) in opium cultivation since the previous year, falling to under 100 hectares of land under cultivation. Field surveys had been conducted in three village tracts in the township to reach this figure.

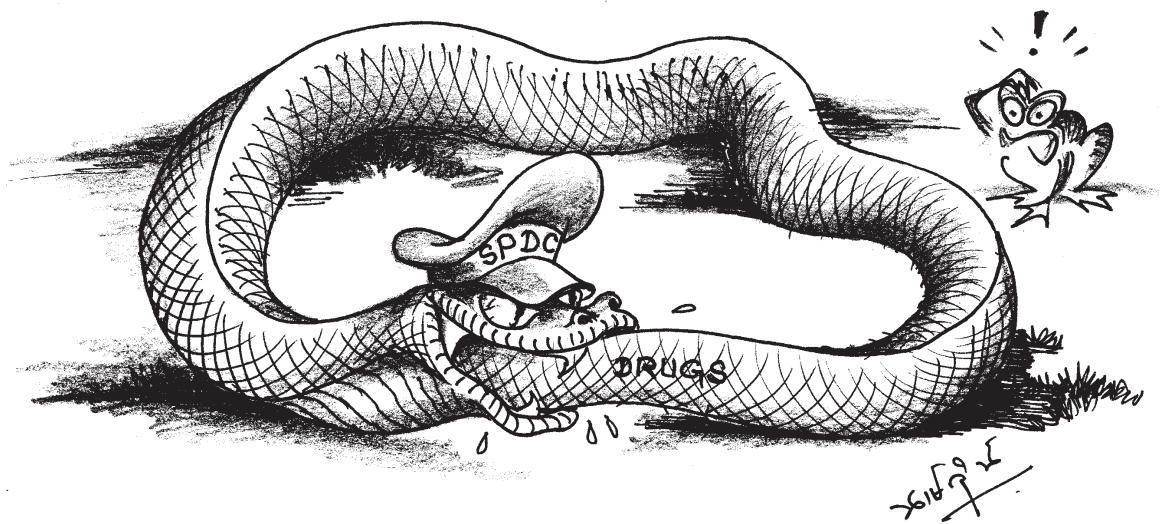
Poppy-growing areas in Mong Yawng township (2002-2003)



Local farmers and ceasefire officials interviewed by SHAN insist that the real figure was likely to be at least four times higher. *"The people from the UN (Office for Drug Control and Crime Prevention) only came to interview the farmers along the motor roads,"* said a lieutenant from Sai Leun's National Democratic Alliance Army - Eastern Shan State. *"They did not take time enough to look beyond the immediate vicinity."*

Farmers were unanimous that little real information was volunteered to the UNODC fact-finders. *"How do we know we can trust them?"* questioned one. *"Tell them the truth today and, who knows, the Burmese army men will be swarming over the hills and valleys to destroy our fields tomorrow."*

A village leader elder from Mawn Hsarmtao tract, comprising 30 villages, mostly of Loila and Palaung ethnicity, testified that every one of the 1,800 households in the tract was continuing to grow opium, as they had done in previous years. *"All of us are growing poppies, at least half an acre each, 70% of us doing two crops each season. It means people in our tract alone cultivate something like a thousand acres with each acre producing about 5 viss (1 viss = 1.6 kg)."*



V. CONCLUSION

Burma is conducive to drug production and trafficking owing to the following factors:

- Complicity of the government
- Corrupt system at all levels
- Weak economy
- Lack of or weak infrastructure in policy and judicial systems
- Existence of civil unrest

Burma Issues, January 2004

The information in this report reveals several clear patterns regarding the nature of the drug trade in Shan State.

Firstly, in order to maintain control of Shan State in the absence of a political settlement with the ethnic peoples, the regime is continuing to rely on its policy of allowing local militia and ceasefire organisations to produce drugs in exchange for cooperation with the state.

Secondly, SPDC military personnel at all levels are heavily involved in all aspects of the drug trade. It is clear that the regime is condoning such involvement as a means of subsidizing its army costs at the field level, as well as providing personal financial incentives.

These patterns show that the drug trade plays an integral role in the regime's political strategy to pacify and control Shan State. It is therefore meaningless for the international community to give support to the regime to end the drug problem in Burma. The regime's "War on Drugs" has been simply a charade, staged to gain legitimacy and financial aid from the international community.

As reiterated by Shan analysts for decades, it is clear that the only solution to the drug problem can lie in the restoration of genuine peace, democracy and the rule of law in Burma. In 1973, Shan resistance groups made a proposal to the United States for pre-emptive buying of the Shan opium output. The proposal, which was rejected, emphasised that pre-emptive buying of the opium crop was only a short-term solution to the problem. The only long-term solution, they stated, was: "Persuade the government of Burma to return to the legal constitution of Burma, because the drug trade can only flourish in a state of anarchy."

Thirty years later, the state of anarchy, and the drug trade, continue to flourish in Burma.

Appendix I

Summary of data from S.H.A.N. news reports on Burma Army personnel involvement in drugs (1996-Sept 2003)

Burma Army Battalions reported to be involved in the drug trade

Light Infantry Battalions (LIB)

LIB 226	LIB 359
LIB 242	LIB 360
LIB 246	LIB 513
LIB 316	LIB 514
LIB 323	LIB 515
LIB 330	LIB 519
LIB 332	LIB 528
LIB 333	LIB 553

Infantry Battalions (IB)

IB 23	IB 99
IB 43	IB 123
IB 49	IB 225
IB 65	IB 277

Names and ranks of Burma Army personnel reported to be involved in the drug trade

Lt.-Col. Myint Sway - Commander of IB 65
Lt.-Col. Hla Myint - Commander of IB 65 (successor to Lt.-Col. Myint Sway)
Lt.-Col. Win Kyi - Tactical Command - 2, Mongton
Lt.-Col. Chit Hla - Commander of IB 225
Lt.-Col. Tin Yu - Commander, LIB 242
Lt.-Col. Tin Maung - Commander, LIB 513
Maj. Soe Naing - Deputy Commander, IB 65
Maj. Nyein Aye - Commander, Company 1, LIB 323
Maj. Khin Maung Htwe - Second in Command, IB 65
Maj. Nyan Myint - IB 225
Capt. Han Sein - Commander, Company 1, IB 65
Capt. Than Aye - Commander, Company 4, IB 65
Capt. Hla Maung - Commander, Company 3, IB 49
Capt. Kyaw Sein - Commander, Company (unidentified), IB 65
Capt. Aung Myint - Commander, Company 3, IB 225
Capt. Htun Myint - IB 65
Capt. Zaw Aye - LIB 519
Sgt.-Maj. Maung Mae - IB 123
Sgt.-Maj. Kyaw Nyein - IB 123
Sgt. Maung Kyaw - IB 65

officer (rank unknown) Than Nyunt - IB 65

Summary of forms of involvement of Burma Army personnel in the drug trade

Opium growing and trading

- permission to villagers to grow opium
- provide poppy seeds to farmers
- provide loans to opium farmers
- collection of tax from opium farmers
- order militia to collect opium tax for battalion
- authorize militia as official drug buying agents
- ensure opium is sold to drug dealers authorized by local battalion
- threaten fine if farmers do not sell to authorized buyers

Production of drugs

- transport methamphetamine powder to refinery
- storage of precursor chemicals at battalion command post
- force villagers to build barracks for soldiers where drug factory will be set up
- force villagers to provide thatch for refinery
- provide security for drug refineries
- collect tax from refineries
- authorize drug producers to move drug plants
- release drug producers after receiving pay-offs

Storage, trafficking and sales of drugs

- arrange meetings of drug dealers at battalion command post
- permission to drug operators to deal in drugs
- permission to militia drug agents to travel without checks
- force civilian trucks to transport heroin to command post warehouse
- storage of heroin at battalion warehouse
- storage of methamphetamine pills at army outpost, also at battalion command post
- provide security for shipments of drugs, in exchange for shares in income from sales
- transport methamphetamine pills to Thai dealers at Thai-Burma border
- sell methamphetamine pills to dealers from Thailand
- transport Thai drug agents to Thai-Burma border
- permission to Burma Army veterans to sell methamphetamine pills for income
- cover up news of drug bust (to protect drug smugglers)

**Data from S.H.A.N. news reports on Burma Army personnel involvement in drugs
(1996 - Sept 2003)**

No.	When	Who	Where	How	Details
1.	Feb 96	LIB 246 LIB 514	Villages in Namzarng Township, Southern Shan State	Force villagers to pay opium tax	Order people in Hpa-ngarb, Tard Lai, Loi Ai, Namlin in Kholam Tract to pay opium tax: 0.05 viss (0.08 kg) per poppy plot. Poppy fields of those who fail to pay are threatened to be destroyed. (<i>Independence</i> , May 96)
2.	10 Oct 96	IB 65, Lt-Col Myint Sway	Battalion Command Post, Mongton, Eastern Shan State	Ensure opium is all sold to Chinese dealer	Kokang Chinese Lao Shing gives loans, 3,000 kyat each for 85 households to grow opium in front of Myint Sway, who acted as a middleman. The military is to see to it that all the opium harvested is sold to Lao Shing only. Any amount sold elsewhere must be compensated by three times the amount. (<i>Independence</i> , Jan 97)
3.	1 Mar, 97	Lt-Col Myint Sway, Commander, IB 65	Mongton, Eastern Shan State	- Provide security for methamphetamine refinery; - collect tax from refinery	Lao Zhao, an ex Khun Sa follower, sets up a speed factory with 5 compressors brought from Taunggyi. Commander Myint Sway taxes him for the battalion's central fund. Security is provided by Captain Han Sein. (<i>Independence</i> , April-May 97)
4.	4 Feb, 97	IB 65, IB 225, LIB 519 troops	Mongton, Eastern Shan State	Security for heroin and methamphetamine refinery	Lao Yang, a Khun Sa follower, begins producing heroin and methamphetamines under the troops' protection. (<i>Independence</i> , June-July 97)
5.	20 May 97	IB 65 officers, Than Nyunt and Myint Sway	Mongton, Eastern Shan State	Sell methamphetamine pills to Chinese dealer in Thailand	Sells 500,000 methamphetamine pills to Ai Ti, an ethnic Chinese from Nawng Ook, Chiangdao District, Chiangmai province, at the price of 15 baht each. (<i>Independence</i> , June-July 97)
6.	Mar 99	1. Lt-Col Win Kyi, Tactical Command-2 2. Lt-Col Chit Hla Commander, IB 225 3. Maj Nyan Myint, IB 225	Mong Kyawt (Mongjawd), Mongton Township, Eastern Shan State	Collect tax from drug laboratories	Three laboratories in the vicinity owned by Liu Zipeng, Hla Aung, Yang Erh and Loong Pi pay 150,000 baht per month for each laboratory to the commanders. (<i>Independence</i> , May 99)

No.	When	Who	Where	How	Details
7.	28 Jul, 99	Lt-Col Tin Yu, Commander, LIB 242	Kutkhai township, Northern Shan State	Release drug producers after receiving pay-offs	A patrol from the battalion raids a refinery owned by Zang Shi from Mongkoe Defense Army, a ceasefire group. He and his followers are released later after paying 1.1 million kyat. (S.H.A.N., 8 Aug 99)
8.	5 Oct 99	Capt. Hla Maung, Commander, Company 3, IB 49	Mongpiang and Mongton Eastern Shan State	Transport of methamphetamine powder to refinery	Capt Hla Maung with 50 soldiers in 8 four-wheelers receive, 20 bags of methamphetamine in powder form each weighing 50-kg in Mongpiang from Maj Ohn Myint and escort them to Mongton, where he hands the shipment over to Lt-Col Myint Sway. They are transported on mule to Hwe Khailong three days later, where they are compressed into pills. (S.H.A.N., 19 Oct 99)
9.	7-11 Oct 99	1. Capt Htun Myint, IB 65 2. Capt Zaw Aye, LIB 519	Mongton township, Eastern Shan State	Taxation of opium farmers	The joint patrol tours hilltribe villages such as Namhookhun, Hopang, Hoyawd, Loikhamlong, Mongkangnoi, Mongkanglong, Loinaw, Yangkham and Mongjawd, to inform the farmers of the tax rates: 5,000 kyat for 1-2 acres and 10,000 kyat for 3-4 acres. (S.H.A.N., 19 Oct 99)
10.	Jul 99	Maj Nyan Myint, IB 225	Mongtaw, Mongton township, Eastern Shan State	Permission to drug operators to deal in drugs	Drugs operators in the area are told they can engage in drugs until 2005, when the area is to be declared drug free. He offers to render assistance to anyone who asks for it in the matter. Mongtaw boasts 3 factories. (S.H.A.N., 24 Oct 99)
11.	Nov 99	IB 23	Namkham township, Northern Shan State	Permission to villagers to grow opium	The battalion allows villages north of Milestone 12 to grow poppies. They are <ul style="list-style-type: none"> □ Loilawm 110 acres □ Sangyay 60 acres □ Microwave Hill 350 acres □ Pangwo 95 acres □ Pangkha 25 acres □ Namhsai 50 acres Totaling 690 acres It is not known how much tax is collected. (S.H.A.N., 5 Nov 99)
12.	4-6 Nov 99	Lt-Col Myint Sway, Commander, IB 65	Mongton township, Eastern Shan State	Permission to Burma Army veterans to sell methamphetamine pills for income	An army veterans' meeting is held where Lt-Col Myint Sway tells 48 participants from villages Poongpakhem, Nakawngmu, Wanyen and Wanna, that veterans with little or no income-generating jobs will be permitted to sell 500 methamphetamine tablets per month each at the price of 10 baht. (S.H.A.N., 10 Nov 99)

No.	When	Who	Where	How	Details
13.	22 Nov 99	Capt Han Sein, Commander, Company 1, IB 65	Mongkyawt, Mongton township, Eastern Shan State	- Permission to villagers to grow opium, but must pay tax; - provide loans to opium farmers; - ensure opium is sold only to traders authorized by local battalion	A meeting at the village temple is called where Capt Han Sein tells villagers they are free to grow opium for half a viss (0.8 kg) per field as tax. For those who are short of capital a loan of 10,000-30,000 kyat to each farmer is promised. The produce, however, must be sold at market price only to the traders who hold letters of authorization from either him or Lt-Col Myint Sway, the battalion commander. Any sale without the battalion's knowledge is liable to punishment. (S.H.A.N., 2 Dec 99)
14.	Nov 99	IB 43, LIB 332, LIB 360, LIB 528	Mongpiang township, Eastern Shan State	Collection of tax from opium farmers	Farmers are paying 4,000 kyat per field to each battalion. The current price is 130,000 - 150,000 kyat per viss (1.6 kg). The 43rd's tax collector is Sai Korn Seng. (S.H.A.N., 10 Dec 99)
15.	Feb 00	Maj Soe Naing, Deputy Commander, IB 65	Mongtaw - Sankamg area, Mongton township, Eastern Shan State	Collection of tax from opium farmers	He is taxing half a viss (0.8 kg) per field. The major has become successor to outgoing Maj Nyan Myint in the area. (S.H.A.N., 3 Feb 00)
16.	19 Feb 00	Maj Nyein Aye, Commander, Company 1, LIB 323	Mongkiet, Hsenwi township, Northern Shan State	Collection of tax from opium farmers	The major tells a meeting of village and tract headmen he will be completing his tour soon and would like the headmen to collect opium tax for him. The list is as follows: 1. Napoong 20,000 kyat 2. Wanlong 10,000 kyat 3. Hokhai 7,000 kyat 4. Wankarb 10,000 kyat 5. Pianghsai 7,000 kyat 6. Wankaolong 40,000 kyat 7. Kunkieng 30,000 kyat 8. Nayay 40,000 kyat 9. Namlinkham 5,000 kyat 10. Kunzong 40,000 kyat 11. Piangkarn 80,000 kyat 12. Holiantai 70,000 kyat 13. Longhsim 4,000 kyat 14. Napoong2 50,000 kyat 15. Hweheng 20,000 kyat 16. Nawng Aw 10,000 kyat Totalling 443,000 kyat (S.H.A.N., 9 Mar 00)
17.	4 Mar 00	Capt Kyaw Sein, Commander,	Mongton township, Eastern Shan State	Transport and sell methamphetamine pills to dealer	Capt. Kyaw Sein, with 40 men in 3 off-rovers, go to BP-2, opposite Chiangmai's Fang district. He meets Jala,

No.	When	Who	Where	How	Details
		Company (unidentified) IB 65		from Thailand	a Lahu from Nawnghpai, Mawnpin tract, Fang district, and delivers 500,000 speed pills at 12 baht apiece. Jala had already paid 1.5 million baht in advance to Lt-Col Myint Sway, the battalion commander earlier. (S.H.A.N., 16 Mar 00)
18.	Apr 00	IB 123, including Sgt.-Maj. Maung Mae, Sgt.-Maj. Kyaw Nyein	Mongkoe, Northern Shan State	Collection of opium tax	For every viss (1.6 kg) that is sold, a 5,000 kyat tax is imposed by the military. Even junior officers from the battalion, Sgt-Maj Maung Mae in Nawngkham and Sgt-Maj Kyaw Nyein in Monghawm from the battalion are "living like princes." (S.H.A.N., 30 Apr 00)
19.	26 Apr 00	IB 65, LIB 330	Mongton township, Eastern Shan State	Transport and sale of methamphetamine pills to buyer in Thailand	Two truckloads of soldiers from the two battalions escort 500,000 speed pills to Nawng Talang, near the border with Chiagnmai. The buyer from Thailand, known by his Burmese name as Aye Thaug, had already paid for 300,000 pills. (S.H.A.N., 30 Apr 00)
20.	18 May 00	IB 65 personnel	Mongton township, Eastern Shan State	- Arrange meeting of drug dealers at battalion command post; - Provide security for shipments of drugs	A meeting is convened at the battalion command post, presided over by Captain Kyaw Myint, the battalion commander's representative. It is attended by 9 other representatives: 1. Lao Wu, 47, Banmai Nawngbua, Chai-prakarn district, Chiangmai province 2. Lao Yung, 49, San Makawkwan, Fang district, Chiangmai province 3. Lao Koi, 51, Wawi, Mae Suay district, Chiangrai province 4. Janu, 47, Nawnghpai village, Mawnpin tract, Fang district, Chiangmai province 5. Jala, 41, Nawnghpai village, Mawnpin tract, Fang district, Chiangmai province 6. Jawu, 44, n.a. 7. Jashay, 47, n.a. 8. Li Hsien, 50, Hwe Khailong, Mongton township 9. Johnny, 40, Wa representative Li Hsien and Johnny are appointed as authorized sales agents, both of whom will set identical prices. Security from the place of purchase to the border will be handled by the army. (S.H.A.N., 18 Jun 00)
21.	June 00	Capt Aung Myint, Commander,	Mongkyawt, Mongton township	- Permission to farmers to grow opium but must	Capt. Aung Myint tells his junior officers to inform the populace that poppies will be allowed to be grown at the tax rate of

No.	When	Who	Where	How	Details
		Company 3, IB 225		pay tax	0.30 viss (0.48 kg) per acre. People from Taunggyi and Loilem have arrived by the hundreds to prepare new poppy fields from Mongkyawt and Monghay in the east to Sankang and Khailong in the west.(S.H.A.N., 18 Jun 00)
22.	15 Nov 00	IB 65	Mongton township Eastern Shan State	- Storage of methamphetamine pills at battalion command post - Transport of drug agents and drugs to Thai border	Two ethnic Chinese from Thailand with family names, Luo and Zhou, meet Hsaw Hsing a.k.a Chao Ching, who had fled from Thailand on drug charges. Chao drives them to IB 65 command post where methamphetamines are stored. The two agree to buy 400,000 pills at the price of 10 baht each. 1.5 million is paid as advance. Two days later, the two with their goods are escorted by Capt Htoon Shwe, Company Commander, IB 65, with 35-men to a crossing point east of BP-1 (Boundary Post One) in 4 trucks. (S.H.A.N., 20 Nov 00)
23.	7 Oct 00	Lt-Col Tin Maung, Commander, LIB 513	Panglong Southern Shan State	- Permission to forcibly relocated farmers to grow opium but must sell to authorized buyers - Threat of fine if farmers do not sell to authorized buyers	The commander calls a meeting of village headmen at his command post, says he sympathizes with the people who had been forced to relocate to Panglong in 1997. As he knows most of them are living from hand to mouth, he would like to help by allowing them to grow poppies. Those who do not have capital will be granted 5,000 kyat per acre. The only condition is that they will have to sell their harvest to authorized buyers at prevailing market price. Selling opium to unauthorized buyers will be severely punished, a fine of 1 viss (1.6 kg) of opium for every 100 kyat that the farmers make. (S.H.A.N., 13 Dec 00)
24.	10 Jan 01	Maj Khin Maung Htwe, Second in Command, IB 65	Mongton township, Eastern Shan State	Sale and shipment of methamphetamine pills to dealer from Thailand	Chung, an ethnic Chinese from Chiangmai's Nawng Ook village, goes across the border to meet Maj Khin Maung Htwe. An agreement is made to buy 650,000 pills at 10 baht each for which he paid 800,000 baht in advance and would pay the rest within 9 days. The ordered shipment is transported by Burmese troops to Nawng Talang near the Chiangmai border where it is delivered to Chung. (S.H.A.N., 23 Jan 01)
25.	7 Jan 01	Sgt Maung Kyaw, IB 65	Mongton township, Eastern Shan State	Force villagers to build barracks for soldiers where	The sergeant summons villagers of Monghang to build barracks for 2 squads of soldiers on a hill south of the village.

No.	When	Who	Where	How	Details
				drug factory will be set up	He says 3 methamphetamine compressors are to be set up there. "Rangoon had ordered each battalion to establish its own common welfare fund and to raise funds in its own way," he reportedly says. (S.H.A.N., 23 Jan 01)
26.	16 Apr 01	Capt Than Aye, Commander, Company 4, IB 65	Mongton township, Eastern Shan State	Force civilian trucks to transport heroin to command post warehouse	The captain rounds up 10 civilian trucks in Mongton, drives to Hwe Khailong in the north and Hopang in the east to pick up 150 blocks of heroin from each place. The trucks are released only after the goods are unloaded at the command post warehouse. (S.H.A.N., 20 Apr 01)
27.	4 Jun 01	Lt-Col Myint Sway, Commander, IB 65	Mongton township, Eastern Shan State	Provide security for drug shipments on main roads, in exchange for shares in income from drug sales	At the meeting presided over by Lt-Col Myint Sway and attended by Chao Ching and Wei Hsuehying, younger brother of Wei Hsuehkang, it is agreed that proceeds from sales of drugs will be shared alike by Wa and Burmese. Chao Ching will be responsible for finding buyers, Burmese troops for safe transport along the motor-road and Wa troops for safe transport outside the motor-road. (S.H.A.N., 12 Jul 01)
28.	25 Jul 01	LIB 359	Monghpong, Tachilek district, Eastern Shan State	Cover up news of drug bust (to protect drug smugglers)	4 Burmese soldiers from the battalion are killed as they try to intercept a group of Wa smugglers with a shipment of drugs bound for Laos. Authorities later issue orders to the villages in the vicinity to say nothing of the mishap to outsiders. (S.H.A.N., 1 Aug 01)
29.	19 Sep 01	Lt-Col Hla Myint, Commander IB 65	Mongton township, Eastern Shan State	- Hold meeting of drug dealers at command post - Receive shares from drug sales	A meeting takes place at the command post, presided over by Lt-Col Hla Myint, who succeeds Lt-Col Myint Swe. It is attended by other battalion commanders, Wei Hsuehying, Jala Bo, Ta Marn, Ta Htawn, Ta Hperng and Chao Ching. It is agreed that Chao Ching remains principal sales agent, proceeds from sales to be divided equally between the Wa and Burmese and re-adopting previous resolutions reached on 4 June 2001. (S.H.A.N., 29 Sep 01)
30.	14 Sep 01	Lt-Col Hla Myint, Commander, IB 65	Mongton township, Eastern Shan State	Force villagers to provide thatch for refinery	Lt-Col Hla Myint goes to inspect a new refinery, 14 miles east of Mongton near the Maeken river and 4 miles north of the village of Mong Aek. Four days later, he issues an order for the villagers to

No.	When	Who	Where	How	Details
					contribute 4,000 slats of woven thatch, each 4 cubits in length, by 15 October. (S.H.A.N., 29 Sep 01)
31.	Nov 01	IB 65, IB 225, IB 277, LIB 519	Mongton township, Eastern Shan State	Collect opium tax from farmers	Farmers pay 400 baht for every viss (1.6 kg) that they produce. The prices are 12,000 baht per viss for new opium and 17,000 for old opium. (S.H.A.N., 7 Nov 01)
32.	10 Nov 01	Unidentified officer, Eastern Region Command, Taunggyi	Kengtawng, Mongnai township, Southern Shan State	Provide poppy seeds to villagers	The officer, who arrives in a 25-truck convoy, tells village headmen at a meeting that would like to help them increase their income. He instructs them to draw poppy seeds from Company 3, IB 246, currently on tour in Kengtawng. A wealthy Chinese will then arrive during harvest time to buy the output. As a result, poppy cultivation has increased at least two-fold. (S.H.A.N., 16 Dec 01)
33.	10 Apr 02	IB 65	Mongton township, Eastern Shan State	Transport of methamphetamine pills to the Thai border	15 soldiers from IB 65 and 20 Wa fighters load 20 packs of methamphetamines, each pack containing 100,000 pills, in the trucks in Mongton at four in the evening and drive to the border. (S.H.A.N., 12 Apr 02)
34.	8 Feb 02	IB 244	Mae Jok, Monghsat township, Eastern Shan State	Methamphetamine pills stored at army outpost	Shan State Army raids the Burmese outpost and nets 50,000 speed pills. The event is covered by Thai TV-7. (S.H.A.N., 16 May 02)
35.	Aug 02	LIB 332	Mongpan township, Southern Shan State	Protection to drug factories	2 methamphetamine factories and 2 heroin factories in Loinei tract, operated by an ethnic Chinese boss, are under its protection. (S.H.A.N., 20 Aug 02)
36.	Aug 02	LIB 515	Laikha township	Protection of drug factories	1 methamphetamine and 2 heroin factories operated by an ethnic Chinese gang, believed to be Kokang, are protected by the battalion and local Lahu militia. (S.H.A.N., 20 Aug 02)
37.	Aug 02	IB 43	Mongpiang township, Eastern Shan State	Protection of drug factories	2 methamphetamine factories in Mongpulong tract exist under the custody of the battalion. (S.H.A.N., 20 Aug 02)
38.	28 Aug 02	IB 65	Mongton township, Eastern Shan State	Transport and storage of heroin at battalion compound	Captain Han Sein of IB 65 picks up 300 blocks of heroin from Hwe Khailong, northwest of Mongton and unloads them at the warehouse in the 65th's compound. Every time he goes out and returns with

No.	When	Who	Where	How	Details
					a consignment of drugs, a small aircraft soon lands to pick up, say sources. (S.H.A.N., 9 Sep 02)
39.	Nov 02	IB 43	Mongpiang township, Eastern Shan State	Collect opium tax from farmers	In Mongpulong tract, where there are 320 families living, each of them pay 5,000 kyat to the local commander and "nobody touches us". (S.H.A.N., 12 Nov 02)
40.	23 Nov 02	IB 65	Mongton township, Eastern Shan State	- Order militia to collect opium tax for battalion - Authorize militia as official drug buying agents	Captain Han Sein of IB 65 meets three Lahu militia leaders at Hwe Nawngsak, about 40 miles from the border. The three are ordered to collect a minimum of 65 joy of opium for IB 65 (1 joy = 1.6 kg) between them. In addition, they are appointed official buying agents and are told to draw cash from Chao Ching, the official treasurer trusted by both Wa and Burmese alike. (S.H.A.N., 13 Dec 02)
41.	7 Nov 02	Commander, name unidentified, IB 65	Mongton township, Eastern Shan State	Authorize drug producers to move drug plants	The commander meets Wa representatives. Result: The Wa agree to move their drug plants from near Hwe Aw to Mongjawd 30 miles west of the Mongton BP-1 highway. Among the Wa participants are Wei Hsuehying, Jalaw Bo, Yi Lin (treasurer) Chao Ching (sales), Li Shin (Sampler) and Chu Hong, management of production. (S.H.A.N., 20 Jan 03)
42.	Feb 03	IB 226	Mongton township, Eastern Shan Stat	Collection of opium tax from villagers	In the area west of Mongton where 14 villages are engaged in poppy cultivation, two crops per season, the battalion and the local militia roams. Each household produces at last 6 viss (1 viss = 1.6 kg) but some as much as 20 viss. On 18 February, a patrol from IB 226 that arrives in Kiukaw village is paid 18,000 baht and 4.5 viss of opium as tax. Two days later, they receive another 20,000 baht and 4 viss of opium. Elsewhere, Yang Erh, the militia leader, takes care of the tax collection for the army. (S.H.A.N., 15 Apr 03)
43.	Jun 03	LIB 359	Tachilek township, Eastern Shan State	Provide security for methamphetamine refinery	The refinery at Nampoong, west of Tachilek, is owned by Yishay, militia leader. Security is provided by LIB 359. It is said to have 3 compressors and has been in existence for 4 years. (S.H.A.N., 25 Jun 03)

No.	When	Who	Where	How	Details
44.	Jun 03	LIB 316	Tachilek township, Eastern Shan State	Provide security for refinery	Refinery located at Jaka village along the Mekong and north of Tachilek, is owned by Ai Tu, a Wa. Security is provided by Htun Hla, 40, son of Javi, militia leader of Nayao and LIB 316 stationed at Talerh. (S.H.A.N., 25 Jun 03)
45.	1 Jul 03	IB 99	Langkher township, Southern Shan State	- Storage of precursor chemicals at battalion command post - Permission to militia drug agents to travel without checks	Chemicals together with the "cooking equipment" are hauled out of IB 99 command post by a militia group from Pangtawi, south of Langkher, to set up a refinery. Gandama, the militia leader, has a number of opium purchasing agents. They are not searched. If they are at times, a display of a document provided by their leader is sufficient. (S.H.A.N., 25 Jul 03)
46.	Sep 03	LIB 553	Monghsat Township, Eastern Shan State	Provide protection for refinery	A refinery is located at Hwe Hpakant, northwest of Mongtoom, near Punako village. The militia leader and his son own two methamphetamine compressors. Their factory is under the protection of the battalion. (S.H.A.N., 9 Sep 03)
47.	Sep 03	LIB 333	Monghsat township, Eastern Shan State	Protection for refineries	Two refineries, located in Loi Khamlong, northwest of Monghsat, one owned by a Wa and another by a Lahu militia, are under the protection of the battalion. (S.H.A.N., 9 Sep 03)

Appendix II:

List of ceasefire groups in Shan State

Name of group	Special Region# As given by SPDC	Leader	Approximate Armed Strength	Headquarter
Myanmar Nationalities Democrat Alliance Army (MNDAA)	1	Peng Jiasheng	2,000	Laokai
United Wa State Army (UWSA)	2	Boa Youxiang (Ta Parn)	15,000	Panghsang
Shan State Peace Council {SSPC (SSA + SSNA)}	3	Hso Thent, Loimao, Gun Yawd	10,000	Saengkieo, Mong Yai, Khai hsim, Hsipaw
National Democratic Alliance Army (NDAA)	4	Sai Leun (Lin Ming Xian)	2,500	Mongla, Mongyang
Kachin Defense Army (KDA)	5	Mathoo Naw	1,000	Kawngkha, Kutkhai
Palaung State Liberation Army (PSLA)	6	Ai Mong	800	Marntong, Namtu
Pa-O National Army (PNA)	7	Awng Kham Hti	1,500	Kyawktalong, Taunggyi
Shan State Nationalities People Liberation Army (SNPLA)	-	Takaele	1,200	Nawngtao, Hsihseng
Kachin Independent Army (KIA)	-	Lamong Dujai	400	Tarknai, Muze, (Shan State HQ)

EX-MTA groups that became Thakasapha (anti-insurgency militia)

No.	Name of group	Name of Leader	Armed Strength	Township
M1	Marnpang Thakasapha	Bo Mon	500	Tangyan township
M2	Mongha Thakasapha	Lao Ma (Ma Guowen)	150	Mongyai township
M3	Mongyawn Thakasapha	Ekka - Ai Ya	150	Mongkerng township
M4	Nayai Local Defense (KKY) Force	Zhou Shang	80	Namzarng township
M5	Homong Local Defense (KKY) Force (SSS Co.ltd)	Mahaja	200	Mongpan township
M6	Mongtaw Local Defense (KKY) Force	Sarng Mon	50	Mongton twonship

Local militia Thakasapha (anti-insurgency militia) in Northern Shan State

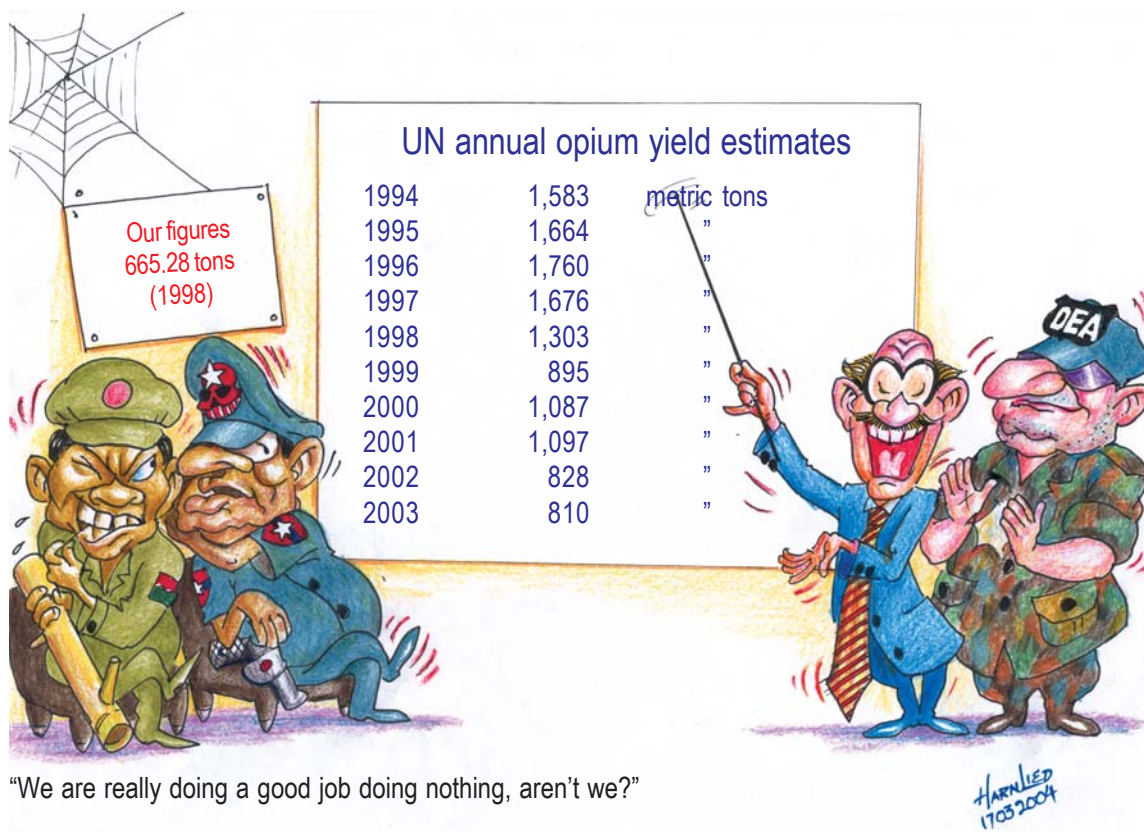
No.	Name of Group	Name of Leader	Approximate Armed Strength	Remark
A	Kutkhai mobile militia	Khun Myat (age 55)	150	Kachin (Kutkhai township)
B	Tamongnge mobile militia	Myint Lwin (age 58)	120	Chinese (Kutkhai township)
C	Mongpaw Thakasapha (A.I.M)	Gengmai (age 45)	50	Kachin (Muze Township) form in 2000
D	Mongzee Thakasapha (A.I.M)	Aizai (age 50)	30	Shan (Kutkhai township) form in 2000
E	Mongkoe Thakasapha (A.I.M)	Duwa Sookbao (age 60)	100	Kachin (Muze township)
F	Phawngseng Thakasapha (A.I.M)	Duwa Khawnggae (age 56)	100	Kachin + Shan (Muze township)
G	Xiao He Thakasapha (A.I.M)	Guo Jiayan (age 70)	80	Chinese (Muze township)
H	Longtang Thakasapha (A.I.M)	Yang Dezhong (age 70)	50	Chinese (Muze township)
I	Kholong Lishaw Thakasapha (A.I.M.)	Kyaw Myint (age 52) Mongwee	200	Lisu + Chinese (Namkham township)
J	Loilarn militia police	Jasawbo (age 70)	80	Lahu (between Tangyan & Monghsu township)

Local Lahu militia groups in Eastern Shan State

No.	Name of militia group	Name of Leader	Approximate Armed strength	Township
a	Tarngsaeng militia	Ja U Phaya	60	Monghsat
b	Mongpulong militia	Kyaw Win	80	Mongpiang
c	Panghai militia	Ja Ha	80	Mong Phayak
d	Monghai militia	Yaw Na	30	Mong Phayak
e	Nampan Nam Yoom militia	Jasuebo	300	Mong Phayak
f	Talur militia	Wilson + Jaha	120	Talur
g	Mongsaen Mong Inn militia	Jalaw	30	Mong Phayak
h	Bunako militia	Ailong - Ja Ngwe	150	Mong Hsat
i	Nam Pung militia	Yee Say - Pedru	300	Tachilek
j	Paneng militia	Maku	40	Tachilek
k	Yanshin militia	Ja U	50	Tachilek
l	Nam Wok - Mongkhawn militia	Solomon	200	Kengtung
m	Nam Ung militia	Ja Nay	30	Mong Phayak
n	Pangmu militia	Ja Wo	50	Mong Hsat
o	Pung Zoi militia	Ja Saw - Mulu	30	MongHsat
p	Pung Dark militia	Ja Haedu	40	Mong Hsat

Local militia groups in Mongton township, Southeastern Shan State

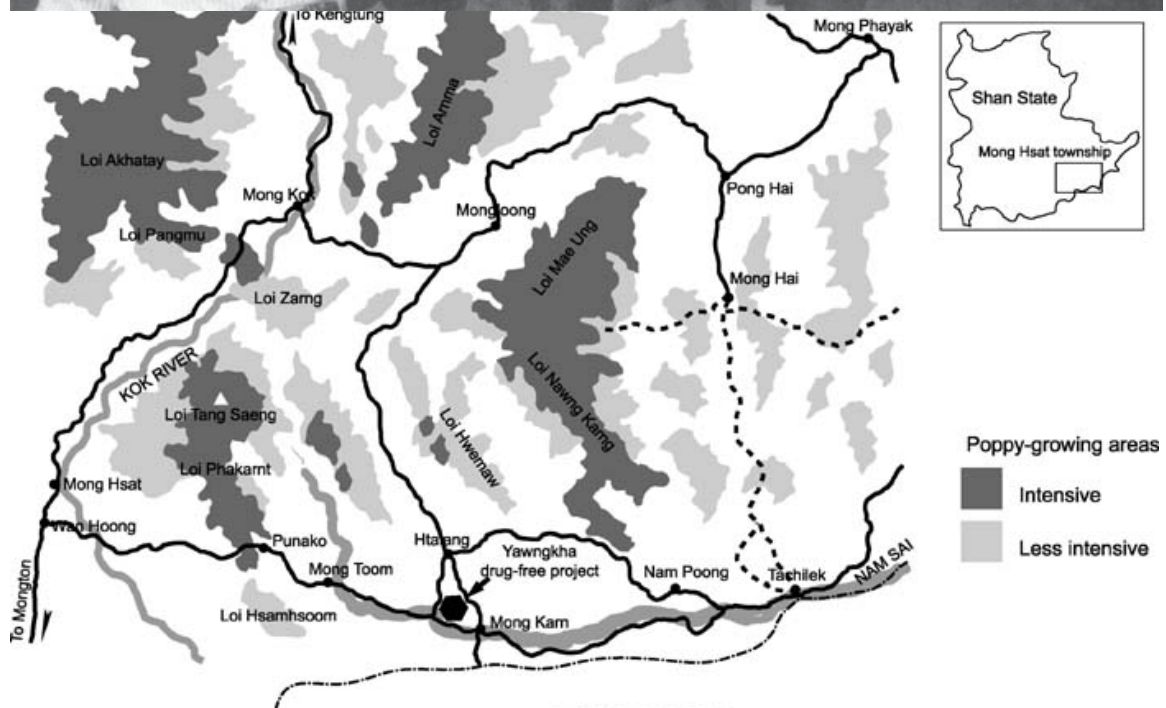
No.	Name of militia group	Name of Leader	Approximate Armed Strength
1.	Mongkarng militia	Tin Win	60
2.	Huay Aw militia	Jabeegwe	40
3.	Hopang-Phapai militia	U Khin Mg Thein	20
4.	Hopang - Nawngyasai militia	U Shayla	15
5.	Loi Khamlong militia	Jamaw	15
6.	Mongton militia	Sai Win Myint	15
7.	Maekaen militia	U Than Hlaing	15
8.	Mongharng militia	Ai Jaw	15
9.	Nakawngmu militia	U Hla Mawng	25
10.	Nawkuma Lahu militia	Ja Noo	20



"We are really doing a good job doing nothing, aren't we?"

N.B. According to Rangoon's Base Line Data project, the total output in 1998 was estimated at 665.28 tons, which is almost half of UN figure 1,303 tons. The military later stopped refuting UN/US figures.

The Story of Yawngkha



Shan Herald Agency for News

April 2005

CONTENTS

INTRODUCTION	83
EXECUTIVE SUMMARY	84
PROFILE	87
A FORMER SHANGRI-LA	89
- No poppies	90
PROGRESSIVE DISPLACEMENT DURING DECADES OF CIVIL WAR	91
- Eviction by the Wa	92
THE YAWNGKHA DRUG-FREE PROJECT	95
- Thailand's role	95
- Concerns with implementation	97
- See no evil	97
- Benefiting the Wa elite	98
- End of the project?	99
CONCLUSION	100
APPENDIX	101
• List of villages before 1954	101
• List of losses sustained	102
• List of refineries	104

INTRODUCTION

In 2001, following border tensions between Thailand and Burma, which the former blamed on the drug flow from the latter's proxy, the Wa, Bangkok initiated a cross-border drug-eradication program to prevent the Wa villagers from growing poppies by introducing them to a crop substitution program. This program was later known as the *Yawngkha** Model Village Project or Doi Tung II.

This report, a result of 8 months' research, examines the situation in the area before the project implemented by the Doi Tung Project in Thailand's Chiangrai province came into being and seeks to analyze the validity of the project.

For eight months S.H.A.N. talked to 67 people (53 men and 14 women), out of a total of 557 who were displaced by the Rangoon-Wa program that had resettled 60,000 Wa villagers from the Chinese border, according to Wa official figures (126,000 according to Lahu NGO figures). The eldest interviewee was 77, and the youngest 27. The interviews took place on the Shan-Thai border, where the displaced villagers were trying to start a new life under the watchful eyes of Thai and Shan forces that have set up bases along the series of crests that divide the two countries from each other.

S.H.A.N. wishes to express its sincere thanks to the refugees at the Loi Suan Niang Internally Displaced Persons Camp across from Chiangrai's Mae Fa Luang district, whose patient replies to S.H.A.N.'s tiring questions have made the report possible.

S.H.A.N. is an independent Shan media group. It is not affiliated to any political or armed organization.

News related to Shan & Burma, including other interested news items are collected and posted from time to time for your information.

* The Wa name of this section of Monghsat township, eastern Shan State, opposite Chiangrai province's Mae Fa Luang district, has been spelled variously as Yongkha, Yao Kha, Yangkha, Yerngkha and Yawngkha. The last spelling, the common Shan rendering of the Wa name which means 'village of thatch', has been used for this report.

EXECUTIVE SUMMARY

The Yawngkha “drug-free” project, launched by Thailand in 2001, with a starting fund of B 20 million (\$ 0.5 million) is located in Monghsat district of Shan State, opposite Thailand’s Chiangrai project. The surrounding valley area, some 120 square kilometers, known to the local people as Mongkarn, was formerly inhabited by Shans, Akha, Palaung, Lahu, Lisu, Loila and Hmong.

Until Burma’s independence, the area was peaceful, but since then it has undergone 9 full-scale military campaigns by Rangoon, that reduced the original number of communities from 73 villages in 1948 to almost zero by the year 2002. The last eviction of the indigenous people there followed the declaration by Bangkok that it would assist the Wa people in the area, and they quickly filled the void created by the removal of the native dwellers.

The project has been highly controversial for a number of reasons:

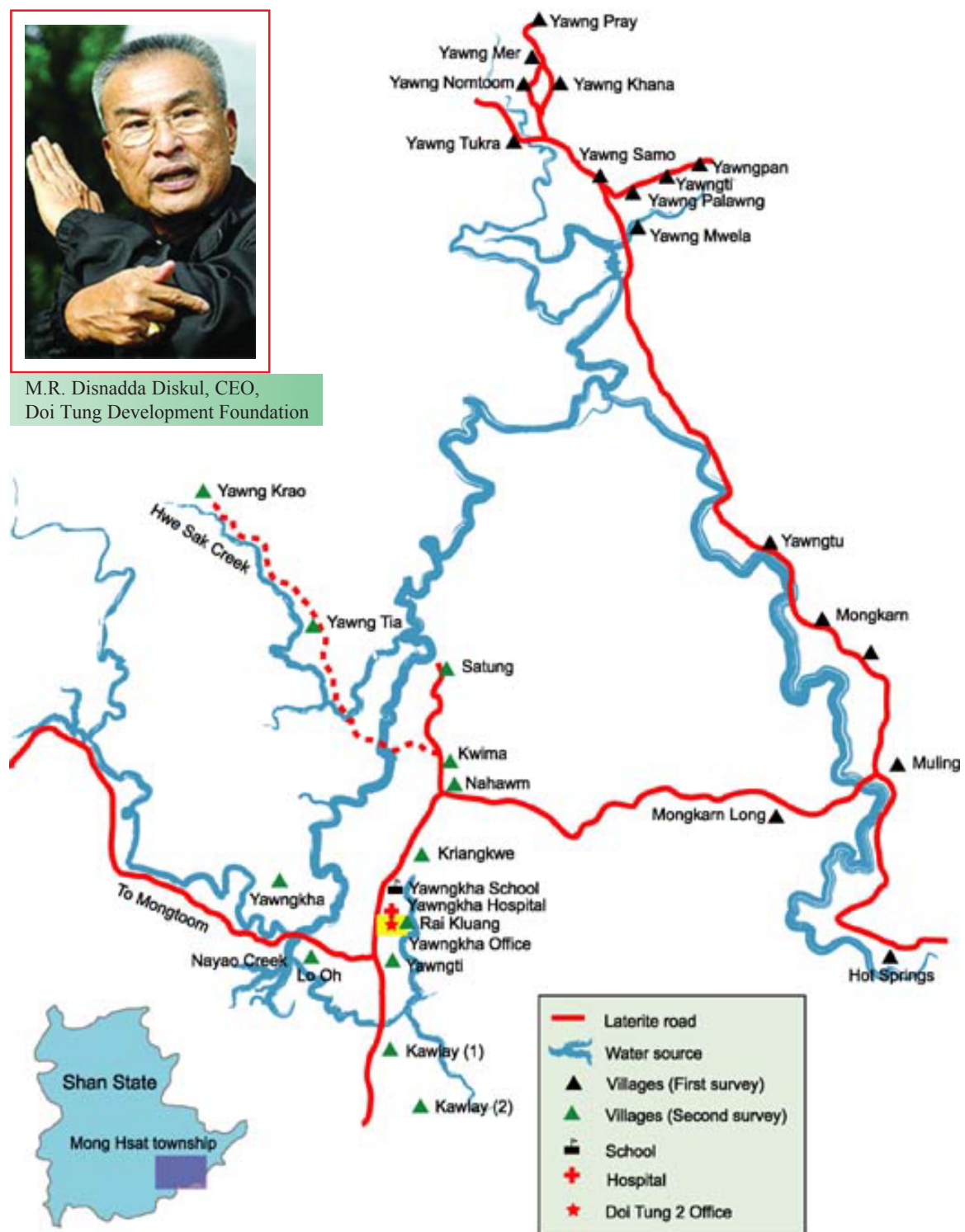
- The area, well-known for its fertility, was not traditionally a poppy producing area.
- The project has assisted Wa newcomers who were forcibly resettled from northern Shan State into an area where the original inhabitants had been evicted.
- The area is known to be contested by various warring factions, as proved by the 2001 Thai-Burma hostilities which took place there.
- The project appears to be mainly benefiting the Wa leadership, and is not advocating for the protection of the rights of the Wa villagers in the project area, about 2/3 of whom have fled back to their homes in the north.
- The site is known to be within the sphere of influence of Wei Hsuehkang, a drug fugitive wanted by Thailand.

On 12 April 2005, Lt-Gen Picharnmet Muangmanee, Commander of Thailand’s northern gatekeeper the Third Regional Army, announced that assistance for various projects for the Wa had been scrapped as the group had failed to stop producing drugs. However, a week later, the kingdom’s Office of Narcotics Control Board reacted by saying Thailand still wanted to further the project and had a further 70 million baht (\$ 1.7 million) for it.

Yawngkha Today



M.R. Disnadda Diskul, CEO,
Doi Tung Development Foundation



53 km from Tachilek
Courtesy: Doi Tung Project

Before Yawngkha



PROFILE

Location: Yawngkha, formerly known as Nayao (Long Paddy) is in Monghsat township, Monghsat district, eastern Shan State.

It is roughly 7 miles (11 km) from the Thai Burma border across from Mae Fah Luang district, Chiangrai province.

Access: The shortest possible access route at present is through Tachilek. The bumpy 53-km journey by truck to the project site, takes two and a half hours. A more direct route between Mae Fah Luang and Yawngkha is still out of the question as military bases of warring Shan, Burmese, Wa and Thai are dotted along the boundary line.

Geographical features

Mongkarn valley, where Yawngkha is located, is 550-ft above sea level and bordered by 4 mountain ranges:

- Hpaktumong in the north
- Loilam-Pazarng in the east
- Maemaw-Ahker in the south
- Ahkawng-Pangnoon in the west

That main river there is the Maesai with its sub-tributaries: Maekham, Htalang and others. The Maesai and Htalang together have roughly formed the valley into a distinct Y-shape.

An evergreen forest covers the non-agricultural sections of the area.

Economy Agriculture

The soil is so fertile locals claim a bin (20 liters) of seeds will bring forth at least 100 bins of paddy.

Transport and communications

Until 1999, only mules and bullock tracks. The motor road was contracted by the Wa beginning that year.

Chronology

- | | |
|------|-----------------------------------------------------------------------------------------------------------|
| 1954 | Anti-KMT military operation in the area |
| 1973 | Anti-Lahu resistance campaign in the area |
| 1985 | 6 Anti Shanland United Army campaigns in the area |
| 1999 | 3-year Wa resettlement program begins |
| 2000 | Senior General Than Shwe, accompanied by Gen Khin Nyunt, visits Thailand. The itinerary includes Doi Tung |

- 2001 Thaksin Shinawatra elected prime minister.
- Native dwellers in Nayao, later renamed Yawngkha, told by Wa authorities to leave.
Thai-Burma border confrontation.
Bangkok, Rangoon and Panghsang (Wa) agree to launch crop substitution program.
Yawngkha is chosen.
- 2002 Thai delegation visits Yawngkha.
Another confrontation in May-June.
Project launched. 6 weirs constructed for water supply.
- 2003 Construction of 500-student school and 16-bed hospital. Hospital opened jointly by Thai and Burma regional army commanders after Thaksin Shinawatra cancelled a planned visit.
- 2004 Sacking of Prime Minister Khin Nyunt places future of project in doubt.

CHAPTER ONE

A FORMER SHANGRI-LA

The first important fact to note about Yawngkha is that this wasn't the name by which the place was known until towards the end of the year 2001, when native inhabitants were crowded out by the incoming Wa, who were being resettled there by Rangoon.

With paddy fields located alongside the Maesai and its tributaries, the area had been aptly named *Nayao* (Extensive Paddy Fields).

At the time of Independence (1948) it was one of 73 flourishing villages of the Mongkarn valley that was divided into 3 village tracts:

Mongkarn	30	villages
Htalang	33	villages
Monghawm	10	villages (of which Nayao was one)

According to elderly interviewees, the valley was supporting some 3,000 households with an estimated population of 27,000, under the rule of the Prince of Kengtung, Sao Sailong Mangrai (1927-97)



Sao Sailong Mangrai the last prince of Kengtung, and the Kengtung Palace that was demolished by Rangoon on 9 November 1991

They were collectively known as Mongkarn (Mong = country, karn = pole), which was said to have been shortened from Mongkarn Zarng (Zarng = elephant), as it had been assigned by Kengtung to “bear the pole”, in other words, take care of the royal elephants. A herd of them, led by a white male elephant, is even believed to be roaming the valley to this day.

Until 2001, the main ethnic groups in the area were Shan (50%), Akha (25%), Palaung (10%), Lahu (7%), Loila who are related to Wa (3%), Lisu (3%) and Hmong (2%).

No poppies

Most of the opium consumed by the locals was imported from the surrounding areas, not locally grown, claimed everyone interviewed by S.H.A.N. Except for a few families from the hills who used its sap for its medicinal properties, the growing of opium poppies in the area was not considered a worthwhile pursuit. The valley itself is quite low, and thus not ideal for poppy cultivation.

Fed by the Maesai River and its sub-tributaries which, in conjunction with the Maehok (Ruak) further downstream, drains into the Mekong, the soil is so rich that locals claimed a pail (20 liters) of paddy seeds would bring forth at least 100 pails or more.

Even during the short-lived period between 1996-2001, in the wake of the surrender of Khun Sa, part of whose “Free Territory of Shan State” was Mongkarn, the villagers appeared to be doing well, compared to other areas. Based on interviews with displaced people from this area, each household, (averaging 9.6 members) owned on average the following:

Lowland paddy	6.2	acres
Upland farm/Orchard	6.7	”
Horse/mules	0.8	”
Cows	2.1	”
Buffaloes	2.8	”
Pigs	2.9	”
Chicken	29.5	”
Ducks	2.2	”

There were 3 rice mills, one for every 64 households.

All of the above possessions were lost when the villagers were ordered by the Wa to move out in 2001.

CHAPTER TWO

PROGRESSIVE DISPLACEMENT DURING DECADES OF CIVIL WAR

The valley had already experienced 8 displacements even before the arrival of the Wa.

In 1954, the Burma Army launched an operation against the Kuomintang forces that, following their defeat in Mainland China in 1949, had established bases in eastern Shan State with the aim of launching attacks across the border. In the course of the campaign, Rangoon had employed saturation bombings of the area to dislodge KMT units that were entrenched there.

Then later in 1973, the Lahu, under the leadership of Pu Jawng Long, rose up against the Burma Army and temporarily occupied Mongton and Monghsat. The ensuing conflict spread to Mongkarn leaving the populace displaced and homeless.

In 1980, the Shanland United Army (later renamed Mong Tai Army) of Khun Sa set up a base in the area which grew to 26 villages with 893 households in 1985.

But during the year the Burma Army began the first of its 6 “Four Cuts” campaigns (cutting food, funds, intelligence and recruits) against the MTA and destroyed more than 20 villages. By 1996, when Khun Sa made peace with Rangoon, the whole area had been reduced to 5 villages with 193 households.

Then came the Wa, who were contracted in 1998 to build a motor road to this isolated area, where until then the principal means of access had been by foot, horseback or bullock carts. The Wa in turn procured the services of a Thai company, Lampoon Dam, through “Kamnan Daeng” Saengsanit Chaisri, a Maesai local supremo, who was killed during the 2001 Thai-Burma border confrontation.

The road reached Mongtoom, northwest of Mongkarn, in the same year. (Mongtoom was already connected to Monghsat. Before 1998, the route via Monghpyak was the only connection between Monghsat and Tachilek.)

Wa troops with civilians from northeastern Shan State were then brought in by the Burma Army in 2000. At first, there was no trouble, because unused fields and deserted villages were abundant. Then things began to change.

Eviction by the Wa

Between 10-12 January 2001, public meetings were held in each village. One member of each household was forced to be present. They were told by Ta Mong, 60, Political Commissar of the Wa, that they should consider moving out, as the border areas starting from Tachilek in the east to the Karenni (Kayah) state border had been “sold out” to them by Lt-Gen Khin Nyunt, then Secretary-1 of the ruling State Peace and Development Council and Chief of the Military Intelligence.

“The main reason is we don’t trust you,” he informed the villagers bluntly. “Some of you are former members of the MTA. Others have sons and nephews with the SSA (Shan State Army) of Yawdserk. There are even some of you who frequently go across the border. If you are not informing the Thais and the SSA of our movements and activities, why should you go there?”

The villagers were also told it was Rangoon’s policy to evict all villagers of Shan origin south of the Monghsat Tachilek road, opposite Chiangmai and Chiangrai province of Thailand.

Accordingly he advised them that they had no choice but to leave. “I have warned you,” he concluded.

Since then, the Burma Army and the UWSA began “to make life for us so unbearable, we were forced to leave in the end.”

According to the refugees a variety of methods were employed:

- Land and fields that were being used by the natives were taken at will.
- The newcomer’s fields were not fenced and when their buffaloes strayed into them, they were fined 500 baht each time for each buffalo. Sometimes they just shot the buffalo and held a feast.
- Whoever objected to the unruly ways of the newcomers was beaten, some shot and others imprisoned by the Burmese authorities as “agents for the Shan rebels and the Thai Army.”

Villagers who were imprisoned in this way included:

1. Panti, Karnkarng village, 7 January 2000
2. Yinoi, Karnkarng village, 5 February 2000
3. Yikeow, Karnkarng village, 4 September 2000
4. Nanta, Wanpong, 10 October 2000
5. Kutli, Wanpong, 13 December 2000
6. Inn Pan, Wanpong, 5 February 2002
7. Nang Wa, Karnkarng, 10 December 2002
8. Loong Hseng, Karnkarng, 10 December 2002

On 4 June 2002, nearly 5 months after the Yawngkha Project was implemented, a Wa truck was wrecked by a booby trap. Inn Keow, headman of Karnlong and his assistant Tayya of Karnkarng, were accused of collaborating with the SSA, beaten and summarily executed.

- Natives were told they could no longer roam the nearby woods and forests like they used to, as they were heavily mined to prevent Shan rebels from approaching their positions
- At harvest time in 2001, the Wa began to purchase paddy. According to the displaced villagers, they were paid only 600 baht per *zaw* (10 baskets, about 540 liters) while the newcomers were paid 1,200 baht. “They forced us to sell our total harvests and, for our own consumption, we were forced to buy from a local shop at 150 baht per bin (20 liters) when it cost only 48 baht per bin at the rice mill,” said a refugee who arrived at the Loi Suan Niang Displaced Persons village on the border on 31 January 2002.
- Introduction to drug use. Young men who went to work for the Wa in their fields were paid with methamphetamine pills. “They sometimes even paid us with *yaba* pills when they bought something from us,” said a new arrival. “When we refused to accept them, they just laughed and took what they wanted for free.”



Some of the refugees interviewed by S.H.A.N. at Loi Suan Niang IDP village.



Pressure on the local inhabitants became more intense following the designation of Nayao, now renamed Yawngkha, as a drug-free project zone in December 2001 by a Burmese-Wa delegation and an official Thai delegation.

Soon after the Thai survey team left on 28 January 2002, the Wa began erecting stakes attached with red cloth to mark the boundary of the project site. The original inhabitants were then told to sell their places and leave as they would not be allowed to stay there anymore.

“With nobody to speak for us anymore, what else could we do?” explained Zian Hseng, 43, of Nayao, on 10 May 2004.

Altogether 557 people, 294 of them female, had arrived at the Loi Suan Niang IDP camp by 2004. “This is no more than 15% of the original inhabitants,” claimed a former headman interviewed in 2004. “More than half of the population have entered Thailand since 1985 and the rest have moved to other neighboring areas.”

Where are they now? (Since 1985)
(estimates provided by IDPs Loi Suan Niang village)

• Therdthai-Hintaek, Mae Fah Luang District, Chiangrai Province	35%
• Hua Maekham, Mae Fah Luang District, Chiangrai Province	20%
• Loi Suan Niang IDP village, Mae Fah Luang District, Chiangrai Province	15%
• Mongtoom village, Monghsat township	10%
• Tachilek	10%
• Monghsat	5%
• Banmai Mawkjarm, Mae Ai District, Chiangmai Province	5%

CHAPTER THREE

THE YAWNGKHA “DRUG-FREE” PROJECT

Thailand’s role

According to MR Disnadda Diskul, CEO of the Doi Tung Development Foundation, who had been assigned to help out the Wa settlers by the Thaksin government, Yawngkha was the outcome of a meeting on 8 March 2000 between him and Gen Khin Nyunt, who was on a visit in Thailand with Senior Gen Than Shwe at the invitation of the then Prime Minister Chuan Leekpai. “On this occasion, Gen Khin Nyunt took MR Disnadda’s hand and asked him to extend the Doi Tung Development Project into Burma,” reported Bangkok Post, 18 May 2003.



MR. Disnadda Diskul, Bao Youri, Kitti Limchaikij (former Secretary General Office of Narcotics Control Board) and Col San Pwint

Then, following border intrusions by the Burma Army in January 2001 that nearly erupted into a full scale international war between the two countries, Gen Khin Nyunt, who was on a reconciliatory visit to Bangkok, was offered by the new Prime Minister Thaksin Shinawatra to develop Mongyawn, the Wa stronghold 24-km across from Chiangmai's Mae Ai district. However, at later meetings, Rangoon proposed changing the site to Mongtoom, northeast of Mongyawn, and then to Nayao, 15 km southeast of Mongtoom and 10 km north of the anti-Rangoon Shan State Army's Loi Kawwan base.

This earned vehement reactions from the policy's critics:

- "Rewarding the Wa for drugging Thailand"
- "A plot to remove the SSA"
- "Putting the cart before the horse," i.e. carrying out development before peace is achieved
- "Non-inclusion of the original inhabitants"
- "Doing drug eradication in a druglord's beat" (*The area is under the control of wanted drug fugitive Wei Hsuehkang.*)

Khun Chai Dit, as MR Disnadda is known, was unmoved:

- "Democracy? Human Rights? Who cares when it's their survival we are talking about," he told Bangkok Post, 18 May 2003.
- "The SSA has only 3 options: go home, move inland to fight or make a home in Thailand" (*S.H.A.N., 4 April 2003*)

He however disagreed that he had ignored the Shans. "It would be a gross misconception to think I favored the Wa and the Burmese over the Shans," he said and took pains to explain he had ventured a proposal to bring some Shan families to the project site. "Paw Htao Hsarm (the Wa representative) voiced he was in favor of the idea. However, to my surprise, Col San Pwint (Gen Khin Nyunt's assistant) turned it down without explaining why."

Following the orientation trip by the Thai delegation that included former Secretary General of the Office of the Narcotics Control Board (ONCB) Kitti Limchaikij on 19 January 2002, a work team was sent on 24 January to survey the soil and water conditions. "The real work didn't start until the end of 2002 because of the 6-month border conflict at that time," Mrs Pimpan Diskul, Personal Assistant to Khun Chai Dit, reports in a written address given to visitors on 23 January 2004.

During the course of two years, Doi Tung II, as the Yawngkha Project was dubbed by Khun Chai Dit himself, has been implementing health and education programs and providing agricultural support with the funds (20 million baht) provided by the Thai government.

The project time frame was 12 years, targeting a total of 100,000 people to generate an income of 5,000 baht (\$125) per person per annum.

The project's proponents also argued they were adhering to the guiding principles of the HRH Princess Mother, the late Mother of HM Bhumibol Adulyadej. "In brief, they are that our actions must help disadvantaged people, regardless of race, gender, religion and nationality," said Mrs Diskul.



MC (Mom Chao) Bhisatej Rajani

MC (Mom Chao) Bhisatej Rajani another member of the royalty and Director of the Royal Project in Doi Ang-khang, Fang district, Chiangmai province, that won the Colombo Plan's prestigious Drug Advisory Programme Award early last year, was not so sure.

"Was the area (Yawngkha) a poppy cultivation area (before the crop substitution project was started)? It was not," he pointed out. He also told Bangkok Post, 19 February 2004, those who benefit most from the royal project he works with in Thailand are the people who have lived in the area for decades and had once earned a living from growing poppies. "Those in (Yawngkha) now are all newcomers after the local people were forced out," he said.

Concerns with project implementation

Apart from concerns about the rationale of supporting a project where the indigenous people have been forced out and replaced by another forcibly relocated population, local sources have also raised concerns about implementation of the project on the ground. Not surprisingly, these concerns do not appear in any of the public relations material produced by the proponents of the project.

See no evil

Thai project staff who periodically crossed into Burma were specifically ordered by their superiors not to ask probing questions about the local population in the project area, such as where they were from or how long they had been there. There thus appear to have been a conscious attempt by the project coordinators to avoid confronting the issue of forced resettlement in the area. This may have been aimed to prevent any negative information from leaking out and adversely affecting the image of the project.

Thus, one significant fact which has been omitted in presentations by the project's proponents is that a large proportion of the target population in the project area has, for various reasons, fled the project area to return to their homes in the north of Shan State.

According to a former Wa officer who fled from the Yawngkha area in January 2004 about 2/3 of the villagers who were forced to resettle from northern to southern Shan State since 1999 have fled back to their homes in the north.

"Every month, people flee back home," he said. "They usually sneak away at night. Some are caught on the way. If they are caught, they don't get sent back to the place they have fled from. They are usually sent to another (Wa-controlled) area in the south. For example, if they are caught fleeing from Mong Karn, they are sent to Mong Yawn. If they are caught running away again, they are imprisoned for 6 months. In the village which I had control of (North of the former Ho Nam village), there were 40 Wa households who had been forced to resettle in February 1999. Now there are only 13."

This Wa officer had himself fled back to his home in the north, in order to try and see his wife and children, whom he had not seen for 4 years, after being forced to relocate to the south. Other villagers had fled to try and reclaim some of the land and property they had been forced to relinquish when they had been forced south. Some were afraid of the epidemics of diseases such as malaria which were endemic in the warmer southern Shan area, and which had claimed the lives of thousands of their fellow villagers.

The Wa officer related how the villagers were forced to grow crops on the orders of their superiors, including opium. Each family was ordered to plant one “khan” (160 gm) of opium a year or they were fined 800 baht.

The UWSA is also continuing to forcibly conscript children into their army, taking girls as well as boys from as young as eight years old from their parents to be trained at their cadet training schools.

Wa refugees arriving at the northern Thai border from southern Shan State in early March 2005 related the following: “We had to flee because we didn’t want our eldest daughters (8 and 10 years old) to be recruited into the Wa army. If we didn’t want them to be taken, we had to pay 50,000 baht each, and we couldn’t afford it.”

Evidently, instead of using the project as an opportunity to educate the Wa leaders about the need to respect human rights and to empower the Wa villagers, the project proponents appear to have preferred to be complicit in ongoing violations simply to enable their project to continue.

Benefiting the Wa elite

Another concern about the project is that it is being carried out without any consultation with the grassroots villagers in the area, but simply at the behest of the Wa leadership.

The project boasts that it has built a 16-bed hospital, has provided medicines and medical supplies, and has been bringing in a Thai mobile medical unit to the area every two weeks to treat the local villagers. However, according to local sources, few villagers have benefited from this support. The hospital, which is staffed by 1 Burman doctor and 4 nurses, is charging for treatment, and villagers cannot afford to pay these charges. It is mostly the Wa officers who go to the hospital because they have money to pay for treatment.

Most villagers are therefore continuing to rely on their traditional village “medics”, who are sometimes willing to accept payment for their services on credit, allowing villagers to pay them back with their crops at harvest time.

However, as explained by a Shan villager who fled from Mongkarn area in 2003, local medics could not always be relied on to treat patients on credit: “Many were ill as never before, and several died. Medical treatment was for people who could pay and not for those who could not. My 4-year-old granddaughter was treated and cured the first time through a promise to pay the Chinese medic with corn at harvest, but the second time she fell ill again, the doctor said he could not afford to treat on credit anymore, so my granddaughter died after two days.”

The project aims to promote short-term, medium-term and long-term crops in the area. It states that it has built 6 weirs in the areas, for agriculture and water consumption, and claims that a total of 800 acres is now irrigated, enabling farmers to grow crops all year round.

According to local sources, corn seeds and orange and sweet bamboo seedlings have been provided by the project. However, they complain that most of the plantations are owned by the Wa officers, who have tractors to plough the land. Thus, the primary beneficiaries are the Wa leadership, and not the villagers.

Some of the remaining original inhabitants found themselves forced by the Wa to grow the new crops, after their own rice fields and fruit plantations had been either seized or destroyed by the new Wa arrivals.

According to a villager who fled from Mong Karn in June 2003, “We were forced to grow corn for the Wa where we had formerly grown rice. This corn was sold to the Hong Pang company to make whiskey. My fields have all been taken by the Wa. Last year, I still had enough land to plant one tin of rice, but this year, they took the rest of my land away.”

Furthermore, the 500-student school built by the project, while supposed to be teaching the Burmese curriculum, is reported to be giving precedence to Chinese, the language of the Wa leadership. None of the indigenous languages of the local villagers, such as Wa, are being taught.

End of the project?

Whatever the arguments and counter-arguments for the project, they ended when the project’s Burmese patron Gen Khin Nyunt, who became Prime Minister in August 2003, was sacked on 18 October 2004.

In November, the Thai Army’s Pha Muang Force was notified that the new administration in Rangoon entertained no wish to maintain any project that could be connected to the disgraced and deposed former strongman. “Yawngkha is no longer on Rangoon’s radar screen,” Khun Chai Dit was overheard mourning.

After nearly six months of uncertainty came the crunch. *Post Today* reported Lt-Gen Picharnmeth Muangmanee, Commander of the Third Army, responsible for northern Thailand’s security, as saying personnel at the Yawngkha Project had been withdrawn since February. He cited the reason being that “the Wa are still continuing to produce drugs” despite international assistance.

However, eight days later, the Office of Narcotics Control Board, Thailand’s anti-drug agency, retorted by saying PM Thaksin had yet to give up the project and was ready to beef it up with a further 70 million baht. (Bangkok Post, 20 April 2005)

The plan is at present waiting for approval from the new leadership in Rangoon.

CONCLUSION

No fitting place for development

Along the Thai-Burma (Shan State) border, there are worthier places to be chosen than Yawngkha, say the project's Thai and Shan critics.

Most obvious is Mongyawn (now said to be renamed as Yongpang), in Monghsat township, opposite Chiangmai's Mae Ai district:

- It had been a poppy growing area, and still is, in remote locations.
- It is a non-conflict zone, where only the Burma Army and the UWSA roam
- It is easily accessible from Thailand

In contrast, Yawngkha has a number of Burma Army and UWSA units actively engaged in a war with the Shan State Army (Shan United Revolutionary Army to Rangoon). The Burmese-Wa alliance attack on the SSA had in 2001 brought the two countries to the brink of war. The fact that the road from Tachilek through Yawngkha to Monghsat was named a strategic road by the Burma Army is self-explanatory.

Yawngkha, as Nayao, has never been known as an opium producer of significance. Raw material for refineries in the area are imported from the surrounding hills and mountain ranges.

It is accessible from Thailand only through Tachilek and the reluctance of the SSA to offend Thailand, without whose tolerance, its armed struggle would be in jeopardy.

The fact that it was non-producing area was confirmed even by MC Bhisatej Rajani of the Royal Project Foundation, who had made the poppy-growing Doi Angkhang Mountain in Chiangmai's Fang district a poppy-free zone.

There is a clear difference between drug problems in Thailand and Burma. In Thailand, drug production is a result of poverty and can be solved by introducing high-value replacement crops. But in Burma the problem stems from political conflicts between the central government and ethnic minority groups. Consequently, the 20-million baht Na Yao project (or "Yong Kha" in Burmese), modeled after Thailand's Doi Tung project, to turn the Wa population to alternative crops is not going to solve the problem.

By negotiating a truce, Thailand -ignorant of the root of the drug problems- will end up as a supporter for the dictatorship state.

War against drugs: Half truth told

Siam Rath Weekly, 14-20 February 2003

The Shan State has lots of places that await assistance from rich and friendly neighbors, but Yawngkha is certainly not one of them, prompting one Shan IDP to describe the project as, **"Not scratching where it is itching, Not rubbing where it is prickling"**.

APPENDIX

List of villages before 1954

I. Mongkarn village tract: (30 villages)

1. Halang
2. Hsiao Khai
3. Pangkwai Neua
4. Pangkwai Tai
5. Pukieng
6. Koongmong
7. Kawng Kay
8. Koonpoong
9. Markmong Kemkhawng
10. Wanpong
11. Karnlong (Wankard)
12. Wankoon
13. Tinhtard
14. Karnkarng (Hona)
15. Khurhlerd
16. Karnnoi
17. Ah Kawng
18. Sankarng
19. Pongpahtang
20. Ah Ma
21. Nammaw Karngloi
22. Pazarnng Tai
23. Pazarnng Karng
24. Pazarnng Neua
25. Markkieng
26. Taw Hsaw
27. Pong Hsarng
28. Pong Pankieng
29. Kaw hsailieng
30. Namon Tai

II. Htalang village tract: (33) villages

1. Na Markla
2. Wanmong
3. Nawngmawng
4. Namlin
5. Na Kaikhay
6. Piangmerd

7. Hwe Maw
8. Hopong
9. Pawkhu
10. Ponglin
11. Kay Harn Neua
12. Hwe Hay
13. Pang Kieng
14. Phya Keow
15. Pong Yane
16. Nawng Yahsai Neua
17. Nawng Yahsai Tai
18. Ok Lai
19. Za Khan Kham
20. Koonghsa
21. Ah Zawa
22. Hpak Hi
23. Hopong
24. Paw Ae
25. Shimay
26. Phya Keow Tai
27. Zarnghkam Noi
28. Marklang
29. Kawng Mon
30. Hpaktu Mong
31. Hpaleng Neua
32. Hpaleng Tai
33. Aj Za Hpawng

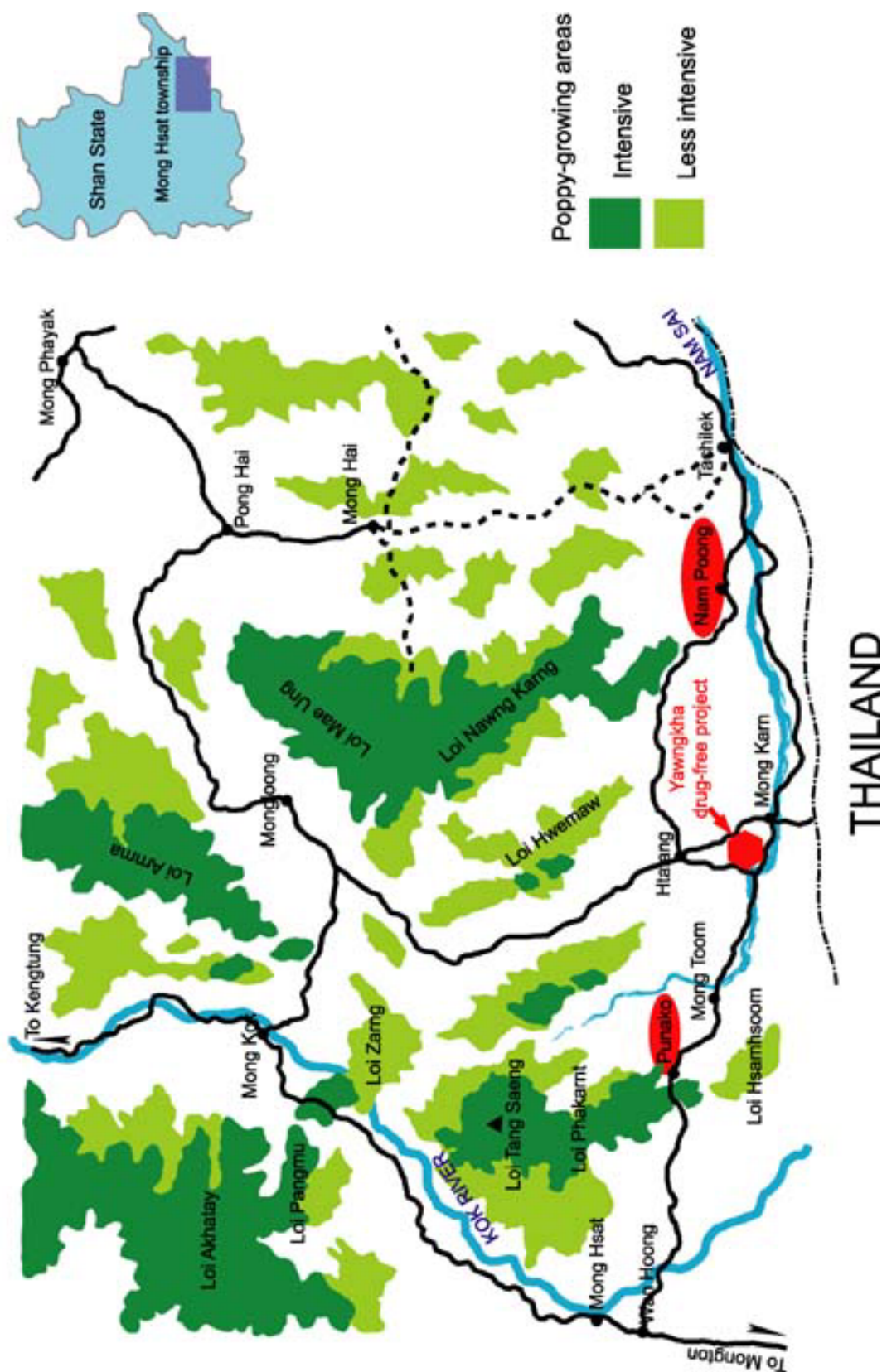
III. Monghawm village tract: (10) villages

1. Monghawm
2. Nayao
3. Satung
4. Wanwiang
5. Hwe Taolai
6. Kawng Markka
7. Marklang
8. Hwe Tard
9. Namon Neua
10. Ah Zappawng Tai

List of losses sustained (by former inhabitants of Yawngkha)

Serial	Tract	Village	Number of Households	land (acres)		Domestic animals						property	Number of victims		
1.	Mongkarn	Kamlong	45	215.5	121	25	21	55	75	529	-	1 rice mill (12hp) 1 motorcycle	1	1	341
3.	Mongkarn	Kamkarng	23	85	95	20	25	54	69	418	-	1 rice mill	1	4	280
5.	Mongkarn	Htalang	37	199	237	27	30	67	62	642	-	-	-	-	330
Total			193	1,192	1,307	157	406	538	564	4,696	433	3 rice mills, 1 motorcycle	2	8	1,895

The Yawngkha Project



List of refineries

Serial	Township	Tract	Village	Leader(s)*	Heroin	Methamphetamine**
1.	Monghsat	Mongtoom	Punako	Ai Long Ja-ngoi	2	1
2.	Tachilek	Loi Tawkham	Nampoong	Yishay Petru	1	1
Total					3	2

* They are pro-Rangoon militia leaders.

** Most “factories” in the south do not manufacture methamphetamine, that is brought from the north in powder form to the Thai border in the south, where it is pressed into pills.

*Col Yishay (Chaiwat Pornsakulpaisarn)
Home in Chiangmai's Sansai raided
28 December 2003*



*Yishay's daughter
(Nongnuch Pornsakulpaisarn)*



The Shan Herald Agency for News is an independent media group formed in 1991. S.H.A.N. provides regular online reporting in English and Thai on current events in Shan State, the ethnic question and especially the drug issue. Its periodicals include the monthly *Independence*, and *Freedom Way*, an annual publication. For further information see <http://www.shanland.org>