

**DRUGS &  
CONFLICT**

DEBATE PAPERS

AUGUST 2008

*no* 16

# Withdrawal Symptoms

## Changes in the Southeast Asian drugs market

*Drugs and Democracy Programme*



**TRANSNATIONAL INSTITUTE**

**TNI Briefing Series**  
No 2008/1

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## Financial Contributions

GTZ on behalf of the  
Government of the Federal  
Republic of Germany  
Ministry of Foreign Affairs  
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Amsterdam, August 2008  
ISSN 1871-3408

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The Golden Triangle is closing a dramatic period of opium reduction”, wrote UNODC Executive Director Antonio Maria Costa in his preface to the 2007 survey on *Opium Poppy Cultivation in South East Asia*. “A decade long process of drug control is clearly paying off.” According to the survey, the region produced one-third of world opium production in 1998, now down to only about 5 percent. The once notorious region “can no longer be called Golden Triangle on the reason of opium production alone.”

There has clearly been a significant decline in opium production in Southeast Asia over the past decade in spite of a resurgence in Burma (Myanmar) in the last two years. In this study, we try to assess the causes and consequences, and come to the conclusion that the region is suffering a variety of ‘withdrawal symptoms’, leaving little reason for optimism.

The rapid decline has caused major suffering among former poppy growing communities in Burma and Laos, making it difficult to characterise developments as a ‘success story’. Meanwhile, the market of amphetamine-type stimulants (ATS) has increased rapidly and higher heroin prices are leading to shifts in consumer behaviour. While the total numbers of opium and heroin users may be going down, many have started to inject and others have shifted to a cocktail of pharmaceutical replacements, representing largely unknown health risks.

Confronted with harsh domestic repression and little support from the international community, both farmers and users in the region are struggling to find coping strategies to deal with the rapid changes. Drug control officials have presumed that reducing opium production would automatically lead to a reduction in drug consumption and drug-related problems. The reality in Southeast Asia proves them wrong. Had quality treatment services been in place, more drug users may have chosen that option. In the absence of adequate health care and within a highly repressive law enforcement environment, however, most are forced to find their own ‘solutions’. Harm reduction services are still

only accessible to a tiny proportion of those who need them in the region, even though most countries have now adopted the basic principles in their policy framework. China, especially, has started to significantly scale up needle exchange and methadone programmes to prevent a further spreading of blood-borne infections.

In 1998, the ASEAN Ministerial Meeting signed the declaration for a Drug-Free ASEAN by 2020 and two years later even decided to bring forward the target year to 2015. Countries elaborated national plans to comply with the deadline putting huge pressure on rural communities to abandon poppy cultivation and traditional opium use and on police to arrest as many users and traders as possible. This also led to the 2003 ‘war on drugs’ in Thailand in which thousands of drug users and small-scale traders were killed. The 2008 status report on progress achieved towards making ASEAN and China drug-free, “identifies an overall rising trend in the abuse of drugs”, however, and acknowledges that “a target of zero drugs for production, trafficking and consumption of illicit drugs in the region by 2015 is obviously unattainable”.

This TNI publication makes extensive use of the research carried out by our team of fifteen researchers working in Burma, Thailand, Laos and Yunnan province in China. Hundreds of interviews were conducted with farmers, users and traders. We cannot thank them enough for their motivation and courage. Most prefer to remain anonymous and continue their research to detect new trends and help fill gaps in knowledge that have become apparent while writing this first report. A more detailed publication incorporating their latest findings is due at the end of this year. We intend to discuss our outcomes with authorities, civil society and researchers in the region with a view to contributing to a better understanding of the changes taking place in the regional drugs market and to design more effective and humane drug policy responses for the future.



### The Making of the Golden Triangle

**T**he first references to opium use by humans date from the 5<sup>th</sup> century BC in images from ancient Greek fertility cults. Opium consumption was introduced to Southeast Asia by Arab traders from the Mediterranean, probably for medicinal use. The first references to opium use in the region date back to 1366 (Thailand) and 1519 (Burma).<sup>1</sup>

With the arrival in Asia of Western colonial powers the opium trade changed significantly. The Portuguese, and later Dutch, started the lucrative business of selling Indian opium to China in the 16<sup>th</sup> and 17<sup>th</sup> century. Opium consumption in China increased, especially following the introduction by the Dutch of smoking opium in tobacco pipes. After 1773, the British East India Company took control of the Indian opium trade, reformed the system and expanded its exports to China.

Opium cultivation in Southeast Asia itself was introduced from neighbouring Yunnan Province in China, from where it spread to northern Burma (Kachin State and Shan State) and Laos in the 18<sup>th</sup> century.

Following the failure of the Muslim revolt in Yunnan in 1873, some of the rebels settled in the remote Kokang and Wa regions. As a result, the opium trade and opium cultivation in these regions increased, and further spread south into other parts of Shan State. The Kokang and the Wa regions became an important centre for the opium trade between Burma and China. Opium even became the most used medium of exchange.<sup>2</sup>

Following a failed revolt by the Hmong ethnic minority group in China, caused by the increasing pressure from Han Chinese settlement in the 18<sup>th</sup> century, large part of the Hmong population moved into northern Laos. There, they continued to cultivate opium as a cash crop as they had done in China.<sup>3</sup>

Opium became a key source of revenue for all colonial powers in Southeast Asia, as well as for the Kingdom of Siam, the only country in the region to remain politically independent. All established opium monopolies, buying up all local production – which they stimulated – and/or importing opium and selling it to opium dens in their respective territories. Opium was, for instance, one of the main sources of income for the French colonial administration. They encouraged Hmong farmers in the mountains of northern Laos and Vietnam to cultivate it. Most of the opium sold through the French monopoly in Indo-China, however, originated from India and Burma.<sup>4</sup>

Opium cultivation and production in China only started seriously around 1820, and by 1860 local production was still only supplying a small portion of the domestic market, although it had increased significantly.<sup>5</sup> Attempts by the Chinese Emperor to clamp down on the opium trade led to the Opium Wars of 1839 and 1856, which resulted in British victories, forcing the Chinese to allow the opium trade to continue.<sup>6</sup>

China has often been portrayed as a passive victim of the economic interests of the colonial powers that forced the country to open itself up to the opium trade, resulting in millions of opium addicts.<sup>7</sup> The notion of a nation addicted to and poisoned by opium is not, however, supported by evidence. Instead, contemporary and recent studies show that most opium smokers used only moderate amounts and were able to regulate both the quality and quantity they used.

While, of course, opium use did produce addicts, and some were problematic users, it is striking that the majority of the opium consumers in China were non-problematic and

<sup>1</sup> Renard 1996:14.

<sup>2</sup> Ibid: 18-20.

<sup>3</sup> Evans, Grant, *A Short History of Laos, The Land in Between*, Silksworm Books, Chiangmai, 2002: 56.

<sup>4</sup> Ibid: 52-53.

<sup>5</sup> Trocki, Carl A., *Opium, Empire and the Global Political Economy, A Study of the Asian Opium Trade 1750-1950*, Routledge, 1999: 22.

<sup>6</sup> Ibid: 100.

<sup>7</sup> See for instance: McCoy 1991:4, and: UNODC 2008.

moderate users.<sup>8</sup> Traditionally, opium smoking in China has been a ritual, performed with social functions. Furthermore, many people used opium for medicinal purposes and/or as painkillers for mortal illnesses. Nowadays, they would have access to medical opiates.<sup>9</sup> TNI research in China found that this kind of non-problematic opium use continues today, for instance, among jade traders concluding a deal along the China-Burma border, or at weddings and funerals among the various ethnic minorities in Yunnan province.

After the communist victory over the nationalist Kuomintang (KMT) in 1949, Mao Zedong introduced a strict anti-opium policy, targeting not only consumers but also opium farmers. By the mid-1950s, opium cultivation had almost ceased to exist.<sup>10</sup> The sudden decline in production in China was one of the reasons for the increase in opium cultivation in Burma, Thailand and Laos during the Cold War. At the same time, once the Second World War (WWII) had ended, the US had also pressured its Western allies to end the opium monopolies in their colonies, thereby ending the official opium trade.<sup>11</sup>

While WW II was over, the region continued to be plagued by war. Following their defeat by Mao Zedong's People's Liberation Army, KMT remnants withdrew to northern Burma. After a series of CIA-sponsored invasions into Yunnan failed, they became an army of occupation in Northern Shan State. The KMT became heavily involved in opium trade, and were the first to organise the drug trade in the border regions of Burma, Thailand and Laos. As one of their generals famously stated: "To fight 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."<sup>12</sup> Since then, opium production and trade in the region

has been increasingly intertwined with ethnic conflict and civil war. Ethnic Chinese networks established by the KMT still dominate the regional drug trade.

Following the 1962 military coup in Burma, insurgencies spread to Shan State and Kachin State in the north, where ethnic minority groups took up arms to fight for ethnic rights and greater autonomy. In Laos, civil war broke out between the US-backed Lao government, and the communist Pathet Lao, supported by Vietnam. In Thailand, a communist insurgency took place, although the conflict there never reached the scale of that in Burma and Laos.

These conflicts all contributed to growing opium production in the region. Armed opposition groups in these areas could hardly afford an anti-opium policy in such circumstances. Many of the farmers in their areas depended on opium as a cash crop. A strong anti-opium policy would also bring them into conflict with potential allies against the government. Most of these groups relied on income from the opium trade, either by taxing farmers (mostly in kind), providing armed escorts to opium caravans, providing sanctuary to heroin laboratories, or by setting up tollgates along important trade routes to Thailand.

Clearly, government army and police units in all three countries were also involved in this lucrative trade. In Laos, for instance, the pro-government ethnic Hmong army of General Vang Pao was deeply involved in the opium trade, as were various high-ranking police and army officers in Thailand.<sup>13</sup> The pro-west and anti-communist stance of these armies in Burma and Laos during the Cold War also provided them with backing from the Thai and US governments.

The increase in opium production in Southeast Asia was also connected to the development of a new market: US soldiers based in Vietnam. According to estimates of the US government in 1973, some 34% of all US troops in the country had "commonly used" heroin.<sup>14</sup>

<sup>8</sup> Newman, R.K., *Opium Smoking in Late Imperial China: A Reconsideration*, *Modern Asian Studies*, Vol.29, No.4, October 1995: 794.

<sup>9</sup> Dikötter, Frank, Lars Laamann and Zhou Xun, *Narcotic Culture: A History of Drugs in China*, The University of Chicago Press, Chicago 2004: 65-68.

<sup>10</sup> Renard 2001:3.

<sup>11</sup> McCoy 1991:128.

<sup>12</sup> *Ibid*: 129.

<sup>13</sup> McCoy 1991:289-291 and 413-415.

<sup>14</sup> UNODC 2001:47



From a net importer, it was estimated that by the 1970s the area had become the world's largest producing area of illicit opium, and became known as the 'Golden Triangle' - a term accidentally coined by a US official in 1971.<sup>15</sup>

### High production figures during 1980s and 1990s – reality or myth?

According to UN and especially US government figures, opium production figures of the Golden Triangle from the end of the 1980s until about the mid-1990s increased dramatically. The peak figures for Laos are from 1986 until 1993, with an estimated output of almost 400 tons in 1989<sup>16</sup>. During this time (until 1990), however, Laos was still producing licit opium for export to Russia for medicinal use in exchange for imports, making good estimates difficult.

US statistics claim that opium production in Burma doubled from 1,280 metric tons in 1988 to 2,430 tons in 1989. The same figures show that opium production in Burma remained stable at this high level until 1997 – at over 2,000 tons. UNODC figures for the same period are lower, but still estimate that production rose from 1,125 tons in 1988 to 1,544 tons in 1989. UNODC figures for the 1990s range between 1,500 and 1,800 tons, and they also drop in 1997.<sup>17</sup>

There are a number of local dynamics that explain why opium production went up in Burma, the country that produced the bulk of opium for export during this time. First of all, since 1968, the Communist Party of Burma (CPB) had – with support from China – taken over the Wa and Kokang regions in Burma, which were the most productive opium poppy growing regions in the country. When China decided to stop all aid to its sister party, the CPB became heavily dependent on the opium trade. In 1982, the party decided to allow its cadres to tax opium farmers. "Our army more

and more became a drugs army", says a former CPB member.

In 1989, war weary Kokang and Wa troops revolted against the mainly Burman leadership of the Communist party. They formed a number of new armed groups, such as the Myanmar National Democratic Alliance Army (MNDA) in the Kokang region and the United Wa State Party (UWSP) in the Wa region, both in the northern Shan State, and the National Democratic Alliance Army (NDA) in Mongla region in Eastern Shan State. After decades of fighting, they all signed cease-fire agreements with the military government in Rangoon.

Following the cease-fire agreements in northern Shan State, opium production rose quickly. These groups were – at least initially – allowed to tax opium and refineries undisturbed. Furthermore, the end of fighting provided farmers in these regions an opportunity to grow poppy without getting shot at. These ex-CPB groups also used some of the income from opium to finance the development of their impoverished and war-torn regions.

The 1980s also saw the rise of Khun Sa's Mong Tai Army (MTA) in Southern Shan State. By the time of the CPB mutinies, the MTA controlled substantial territory between the Salween River and the Thai border. Until Khun Sa's surrender in 1996, when his army's unchallenged position came under threat from various sides, the MTA controlled a significant part of the opium trade in Shan State. Khun Sa admitted the MTA's involvement in the narcotics trade, and said they had been able to buy goods and services on the Thai market without any problem until the early 1990s.<sup>18</sup>

Although these developments explain why production went up, there remain serious doubts about the validity of the high opium production figures for the Golden Triangle for

<sup>15</sup> Renard 1996: xvi.

<sup>16</sup> U.S. Department of State, *International Narcotics Control Strategy Report 1996*.

<sup>17</sup> U.S. Department of State, *International Narcotics Control Strategy Report 1995*, and UNODC 2001.

<sup>18</sup> According to the US State Department, the agreement with Khun Sa stipulated that "if Chang Qifu [Khun Sa] ended his insurgency and retired from the drug trade, the GOB [Government of Burma] would provide him with security in Rangoon, and allow him to conduct legitimate business". US Department of State, Bureau for International Narcotics and Law Enforcement Affairs, March 2001. Khun passed away in Rangoon in October 2007.



this period. According to Sao Seng Suk, a senior Shan opposition leader in exile: "The DEA is exaggerating opium output figures, they just want to get more money."<sup>19</sup>

Similarly, Khun Seng, in charge of trade in the MTA and uncle of Khun Sa, estimated opium production in the Shan State at some 120 to 180 tons during the 1970s, and between 160 and 230 tons in the 1980s. These figures are significantly lower than the estimates of 800 tons in 1977 and 1,000 tons in 1987.<sup>20</sup>

Shan opposition leader and academic Chao Tzang Yawngnhe also believes that opium pro-

duction figures for this period are 'overblown'. According to him, a survey by the Shan opposition army in the early 1970s estimated production at a maximum of 200 tons. "A few months later, the figure of two hundred tons appeared in the reports of various drug conferences. A year or so later, the figure given in various reports was four hundred tons. In the early 1980s, Khun Sa, dubbed the "heroin kingpin" by the media, produced a new figure of two thousand tons. This figure was used by the media and trotted out at many international conferences on drugs. A few years later, the figure bandied about by experts was around 2,500 tons."<sup>21</sup>

19 Interview with Sao Seng Suk, 24 March 1997.

20 S.H.A.N. 2005a:22.

21 Yawngnhe 2005: 25-26.

### UNODC crop monitoring – Best Guesstimates

All figures on opium production should be treated with great caution. Figures on opium cultivation (measured in hectares) and opium production (measured in metric tons) are provided in annual surveys by the UNODC International Crop Monitoring Programme (ICMP). Since 2006, UNODC has produced a joint report on Burma, Laos and Thailand – the Golden Triangle Survey. The methodology is a combination of satellite remote sensing and ground surveys.

Several factors hinder reliable and exact data gathering. Opium cultivation takes place in a huge geographical area, and some conflict areas are not accessible for security reasons. In 2007, UNODC was unable to ground survey 22 percent of the sampled villages in South Shan and some in East Shan. Findings are thus based on randomly selected areas where access is possible, from which the national cultivation figures are extrapolated. Poppy fields are often rather small and therefore not always easy to distinguish from other crops. Recent multi-cropping in Southern Shan State, and the trend among farmers to grow opium in smaller and more remote fields also makes it more difficult to produce good figures.

In Burma, the estimated cultivated area is partly based on interpretation of satellite images (in Southern and Eastern Shan State), and on estimates based on the village sample surveys (the rest of the area). Methods to calculate yield of opium per hectare are still unreliable and differ from year to year and from area to area.

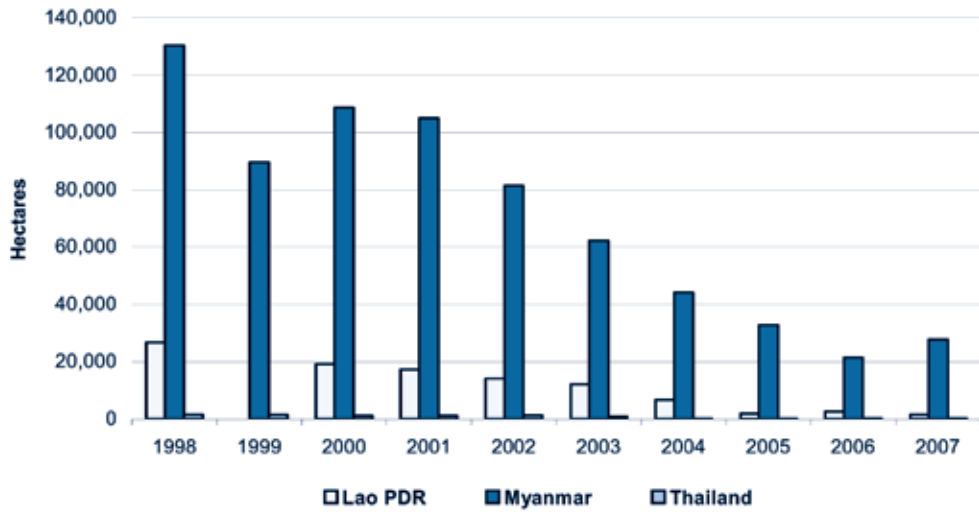
In areas where no yield surveys take place, the national average is used to calculate potential opium production. Yields differ from year to year and from area to area. Furthermore, according to the 2007 UNODC survey, the area under cultivation for Burma ranged from 22,500 ha to 32,600 ha, with an *estimated* area of 27,700 ha. *Potential production* is estimated at 460 metric tons. The broad ranges used in the figures indicate that error margins are recognised to be substantial.<sup>22</sup>

Recently, the Chinese authorities have started making satellite surveys of opium fields in Burma. In January 2008, for instance, the Northern Command HQ in Myitkyina informed the KIO and NDA-K in writing that two Chinese teams would enter Burma at Kampaiti and Laiza to make preparations for satellite photos of opium fields.

22 UNODC 2007.



Figure 1: Opium poppy cultivation in South East Asia (hectares), 1998 – 2007



UNODC 2007

**Why did production decrease from 1997?**

In both northern Laos and the Wa region, once the main opium producing regions in Southeast Asia, opium cultivation declined due to a policy decision by local authorities. According to UNODC: “Motivated by a desire for modernisation and poverty alleviation, the governments of the Lao PDR and Myanmar, and the Wa authorities, made the decision to end poppy cultivation by the middle of this decade.”<sup>23</sup>

The Lao government’s policy to eradicate poverty by 2020 has two priorities: to end shifting cultivation and to eliminate opium production. For the Lao government, these problems are very much connected. The blame for both is put squarely on small-scale farmers. To this effect, the government issued Order No. 14 from the Prime Minister’s Office and Law No. 135, calling for the growing, trading and consumption of opium in Laos to be eliminated. In 2001, the government announced its commitment to making the country opium-free by 2005.<sup>24</sup>

According to some international observers in Vientiane, the main driver for the policy is the Lao government’s desire to be seen as a respected and credible member of the international community. Laos was admitted as a member of ASEAN in 1997, for example. There is also some pressure from Vietnam to stop opium cultivation.

The Lao government denies it has used force to stop opium cultivation, but evidence shows otherwise. “First they go to a village and tell people they should not grow opium”, says an international aid worker. “The next time they confiscate the seeds, and later they destroyed the fields.” According to one report, government officials visited opium-growing villages in late 2002 and early 2003, and told villagers to destroy their poppy fields. The farmers who refused were fined.<sup>25</sup> This picture is confirmed by another western aid worker. “There was a lot of eradication in 2003-2004, they just went in and destroyed it. They encouraged the villagers to destroy the crop themselves, but they came with soldiers, who are around the villagers when they go to the field to destroy the crops.”

<sup>23</sup> UNODC 2006:2.

<sup>24</sup> UNODC 2007:29 and Study Report Drug Free Villages: 6.

<sup>25</sup> Lyttleton 2004: 92.



Laos was declared opium-free by the Lao government in February 2006.<sup>26</sup> There is, however, still some small-scale opium cultivation, mainly in small, hidden plots in remote mountainous areas. Opium production in Laos varied between 100 and 200 metric tons during 1990-2003, according to UNODC data. The same source estimates that since 2004 opium production has declined to less than 10 metric tons in 2007, and that opium cultivation had dropped from 27,000 ha in 1998 to 1,500 ha in 2007.<sup>27</sup> Although these figures may be debatable, it is clear that opium cultivation in Laos has dropped significantly.

Government efforts to reduce opium production in Thailand took place in different phases. During the 1970s and beginning of the 1980s, the focus was on finding alternative crops and integrated development projects for the cultivators in the hills. This approach was largely designed by international donors, with little participation by the Thai government or local communities. In the second phase, the Thai government was more involved in the project, including law enforcement. In 1984, the Thai government started eradication of opium poppies as well as alternative development projects. It was only in the third phase, roughly during the 1990s, that local communities were able to participate.

By 1986, cultivation levels were lower than demand for local consumption. Thailand's opium cultivation was estimated to have dropped from 1,500 ha in 1998 to 300 ha in 2007. The Thai model of reducing opium cultivation is often presented as an example to be replicated in other countries. Some of the principles of the Thai approach certainly do hold important lessons, such as the need to involve local communities in the design and implementation of the project, and the sequencing of measures – no eradication before alternative livelihoods are available for local communities.<sup>28</sup>

There are a number of reasons, though, why it may not be easy to replicate the Thai approach

elsewhere. Situations are always complex and differ from country to country. Local socio-economic and political dynamics need to be taken into account for any project to be successful. It is significant to note, for example, that the Thai project was most successful during its economic boom in the 1980s and 1990s. Furthermore, opium cultivation levels in Thailand were always relatively low, and never reached the levels of Burma or even Laos. Some analysts argue that the effect of Thai success was to push opium cultivation across the border into Burma, and to a lesser extent into Laos.

According to UNODC figures, the decline in opium production in Burma started in 1997, coinciding with the surrender of Khun Sa's MTA, which had controlled a large part of the opium trade from the Shan State to the Thai border. As the MTA fell apart, and various remnants and other armed groups took over the vacuum, the opium trade in the area also fragmented to some extent.

Opium cultivation in Burma also partly dropped as a result of a number of opium bans declared by cease-fire groups in northern Shan State. These are the NDAA in the Mongla region (1997), the MNDA in the Kokang region (2003) and the UWSP in the Wa region (2005) – all previously key opium cultivating areas. After decades of war and isolation, these cease-fire groups hoped to gain international political recognition and support for the development of their impoverished regions.

These opium bans are strictly enforced, and these regions remain virtually opium free. The UWSP, for instance, has suppressed attempts to grow opium and arrested and fined those who fail to comply. Perpetrators face fines of 500 Yuan per Mu (6 Mu equals 1 acre) poppy field and a prison sentence of six months.<sup>29</sup>

Other cease-fire groups have also eradicated opium poppy, such as the KIO and NDA-K in Kachin State. There have been several joint eradication campaigns by the government, KIO and NDA-K in Kachin State, especially in the



<sup>26</sup> UNODC 2007:29.

<sup>27</sup> UNODC 2007.

<sup>28</sup> Renard 2001:169-171.

<sup>29</sup> Kramer 2007:41.

Sedun area. Both the NDA-K and KIO are under pressure from the Chinese government to carry out opium poppy eradication [AT 29-12-07]. The Chinese authorities, which have offered substitution programmes for the opium growers, warned NDA-K that they would check results against satellite photos taken in different seasons. The PaO National Organisation (PNO) in Southern Shan State has announced that its region will be opium free by 2007. The UWSA also carried out some eradication in Southern Shan State in 2007.

The Burmese military government announced a 15-year opium cultivation elimination plan in 1999, which consisted of three phases in different geographical areas. Phase 1 lasted from 1999-2004, and applied mainly in northern Shan State and Mongla region. Phase 2 is planned from 2004-2009, and includes large parts of eastern Shan State, the Wa Region, and Danai and Sedun areas in Kachin State. Phase 3 covers 2009-2014 in Kayah State, parts of southern Shan State, and northern Chin State. The government reported that it had eradicated 3,600 ha of opium fields during the 2006-2007 poppy season.<sup>30</sup> Various sources have questioned these data.<sup>31</sup>

The Burmese timeline coincides with the ASEAN-wide target agreed in 2000 to make the region drug-free by 2015. This target is unrealistic and has led to overly repressive approaches to poppy farmers and drug users. The 2008 status report on the ACCORD Action Plan recommends that “in 2009, the average family income of farmers who were persuaded to cease illicit crop production and to engage in alternative crop cultivation should be equal to the family income in the years that illicit crops were cultivated”. Since it is highly unlikely that the goal of “full eradication of illicit crops in 2015” will be achieved, this deadline should not be enforced if even greater hardship for rural communities is to be avoided.<sup>32</sup>

<sup>30</sup> UNODC 2007:88 and 91.

<sup>31</sup> See for instance S.H.A.N. 2005a and 2005b.

<sup>32</sup> UNODC Regional Centre for East Asia and the Pacific 2008.

### Is there a real decrease?

In Laos, opium cultivation has decreased significantly, and the country is producing only for the local market. There remain serious questions, however, about the sustainability of the ban. According to a 2005 socio-economic impact study, about half of all ex-opium producing villages were likely to go back to cultivating opium due to a lack of alternative sources of income.<sup>33</sup>

In Burma, opium cultivation has shifted from traditional growing areas in Wa and Kokang regions to Southern Shan State, which saw the biggest increase in cultivation in 2007, as well as to Eastern and Northern Shan State. “Before, opium cultivation was concentrated in one area [Wa and Kokang], but now it is spread all over the place”, said a Lahu researcher. “Is there, in fact, a reduction?” In Southern Shan State, farmers have also started growing opium outside of the traditional season, partly to avoid eradication, and have grown multiple crops per year.

The continuing conflict in Burma clearly contributes to opium cultivation. According to a former member of a cease-fire group in Northern Shan State: “It is very difficult to get rid of the drugs problem in Shan State. It is probably the area with the most armed groups in the country. The majority of these armed groups need money to support their armed struggle, and drugs is probably the source of income for most of these groups to acquire arms, ammunition, uniforms and food.”

TNI research confirms that opium cultivation takes place in conflict areas, no matter which party has control – whether Burma army units, cease-fire groups, groups still fighting the government or various other militias. All tax opium farmers. According to a Lahu farmer in Mong Ton Township in Southern Shan State, “Sometimes, we have to pay to the UWSA, the SSA-South, Wa militia, SPDC militia, or Burma army. Sometimes, we have to pay to two or three of these groups because they are wandering into our areas all the time and they are

<sup>33</sup> UNODC 2007:38.

armed. So if our farm is too small, there is no money left for us.”

Investment from Thailand and China also stimulates opium cultivation. ONCB sources in Thailand confirm that the trend is towards a decrease in opium production in Laos and Myanmar. “But at the beginning of 2007, we found a 15% increase in Myanmar, Laos and Thailand too. I think it is because of demand and supply. If the supply is less, the price goes up, and some people will push the farmer with money”.<sup>34</sup>

“Behind the farmers, the people who invest in the poppy cultivation are Chinese from China”, says a Chinese source familiar with the area. “In Kachin State, Chinese investors hire Chinese farmers to grow opium in Kachin State. Kachin people do not like farming, they grow some vegetables and go hunting. These Chinese are better farmers, they have better skills and work harder. This has been a tradition for decades. The local leaders, village leaders, lease their land to the Chinese.” There are also strong connections between businessmen associated with the armed groups and foreign businessmen. “The local businessmen involved in the drug trade can only manage to expand their business because of money from outside sources, from China”, says a former member of a cease-fire group who now lives in Northern Shan State. “It is difficult to get rid of the drug trade because of the strong financial support from these drug traders.”

Furthermore, for many armed groups in the Shan State the drug trade is the only source of income for buying arms, ammunition, uniforms and food. “It is very difficult for all these various armed groups to be involved in other legal trading, because it is all in the hands of the Burmese government”, says the same source.

<sup>34</sup> Interview with representative of the ONCB, 31 August 2007.

“That is why they rely on black market trading like in drugs. The government is, in a way, stimulating all the armed groups to be involved in the drugs trade, because they leave them no other way.”

There are also reports that Burma army units involved in eradicating opium fields are sometimes bribed to turn a blind eye. “Because of this kind of bribery, the field commanders usually report made-up figures to their superior. That is why, in real implementation, the plan does not work effectively.” Burma army field units have been made responsible for raising their own funds since 1996/97. This has contributed to an increase in human rights abuses, including extortion and the confiscation of property from the civilian population, and has also stimulated corruption. Reports have

*The ASEAN target  
to make the region  
drug-free by 2015 is  
unrealistic*

also documented the involvement of Burma army units and commanders in the drugs trade.<sup>35</sup> In 2007, the US stated that Burma had “failed demonstrably” to meet international counter-narcotic obligations, amongst others for failing to “investigate

and prosecute senior military officials for drug-related corruption”.<sup>36</sup>

In Kachin State, cease-fire groups such as the Kachin Independence Organisation (KIO) have tried to stop opium poppy cultivation, but say the problem is that they cannot substitute the opium poppy with something else. “We have eradicated the poppy fields for two years, but the people complained that we have destroyed their poppy fields, while providing them with no alternatives for their livelihood”. According to the KIO, the farmers started growing opium

<sup>35</sup> See for instance: S.H.A.N. 2005a.

<sup>36</sup> Other reasons included: unsatisfactory efforts by Burma to deal with the burgeoning ATS production and trafficking problem; failure to take action to bring members of the United Wa State Army (UWSA) to justice following the unsealing of a U.S. indictment against them in January 2005, and failure to expand demand-reduction, prevention and drug-treatment programs to reduce drug-use and control the spread of HIV/AIDS. U.S. Department of State, International Narcotics Control Strategy Report 2007.

again. "They moved to the more remote areas, where we cannot go to destroy it. We are allowed to destroy the opium fields of people who grow opium very near to SPDC army posts. But they did not allow us to assist the people there."<sup>37</sup>

There are also specific local factors that have encouraged farmers to grow opium. In the PaO region in Southern Shan State, opium cultivation has steadily increased in the last ten years. "The PaO have been growing opium since 1999. They used to grow cheroot leaves, and they could make a good living. But then cheroot prices went down, and all commodity prices rose, so they had to change."<sup>38</sup>

### Southeast Asian opium and heroin in the global market

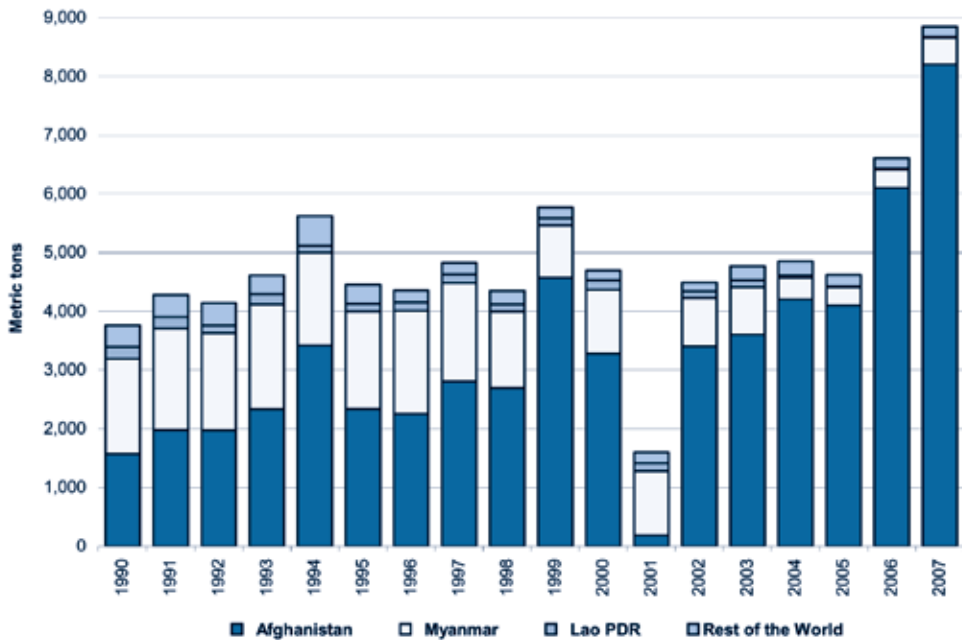
The decline in opium cultivation in the Golden Triangle cannot be explained only by local conditions. Currently, Thailand and Laos are net importers of opium, the little remaining domestically cultivated opium is all for local use, but not sufficient to meet domestic demand. Burma remains an exporter of opium as well as heroin. The decrease in Burma's opium production is, in large part, also due to shifting patterns in the international heroin market.

This is not a new phenomenon, to the contrary. History has seen numerous significant shifts in the international opium and heroin market. These include, for instance, the shift in cultivation from Turkey to Iran and Pakistan in the 1970s, and later to Afghanistan, and new cultivation in areas in Mexico and Colombia.

<sup>37</sup> Interview with KIO official, 18 August 2007.

<sup>38</sup> Interview with Khuensai Jaiyen, 13 August 2007

Figure 2: Global opium production (metric tons), 1990 - 2007\*



\* Data for 2007 for Rest of the World are based on preliminary estimates.

UNODC 2007

For many years (1990-2005), annual global opium production ranged between 4,000 and 5,000 metric tons. There were only two exceptions: the bumper harvests in Afghanistan in 1994 and 1999 due to good weather conditions, and the plunge in production in 2001 as a result of the Taliban's opium ban.

By 2007, UNODC estimated opium production in the Golden Triangle at some 470 tons, or 5 percent of global production. By contrast, opium production in Afghanistan was estimated to have risen to 8,200 tons, representing 93 percent of global production.

The decline of opium production in the Golden Triangle since 1997 – mostly in Burma – is not simply the result of policy interventions by local authorities and the UNODC in Burma and Laos. Global market trends have clearly played a major role in the shift of production from the Golden Triangle to Afghanistan.

An important yet under-reported factor is that heroin of Burmese origin has been almost completely pushed out of the European and North American markets by heroin originating from Afghanistan (in Europe and the US)

and Latin America (in the US). By the 1990s, Colombian heroin dominated the US market. Virtually all heroin originating from Burma is currently consumed in Southeast Asia, China, India, Australia and Japan.<sup>39</sup>

There are indications that groups producing heroin have also shifted to producing Amphetamine-type stimulants (ATS). The first to produce methamphetamines in Burma was

Wei Shueh-kang (an ethnic Chinese man who came to Burma with the KMT and later joined the MTA) after being approached by ethnic Chinese and Thai businessmen. Following the surrender of Khun Sa's MTA, the group disintegrated and some ATS producers moved

to the Wa and Kokang regions, while others remained on their own. Wei Shueh-kang moved to the Wa Region and was given nominal control over UWSP area around the town of Mong Yawn region near the Thai border. Various sources claim that cease-fire groups that have implemented bans on opium cultivation and heroin production, such as in the Kokang and Wa regions, have simply shifted to producing ATS.<sup>40</sup>

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<sup>39</sup> TNI 2003:12-13.

<sup>40</sup> S.H.A.N. 2005b:45-46.

## Impact opium decline on farmers in Burma and Laos

*“Opium in Laos is not the big problem anymore in the sense of drug production; it is a problem because farmers can’t grow it anymore.”<sup>41</sup>*

In the past decade, international drug control has emphasised eradication of illicit crops without first putting alternative livelihoods in place. Hundreds of thousands of peasants have been further impoverished and robbed of a life in dignity. In several key-producing countries in Latin America and South and Southeast Asia, crop eradication and strictly implemented bans on cultivation have aggravated violent conflict rather than contributing to conflict resolution.

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The biggest burden of the opium decline in the Golden Triangle has, without any doubt, fallen on the poppy farmers. Opium poppy has been cultivated in the mountains and hills of Northern Burma, Laos and Thailand for over a hundred years. It is mostly grown in remote areas on steep slopes or in small valleys, usually without the use of irrigation or fertilizer. Yields are relatively low, especially compared to Afghanistan, for instance. The fact that most opium poppy is cultivated in remote mountainous areas with undeveloped infrastructure and transportation systems has made opium poppy a crop with which it is difficult to compete. It is easy to cultivate in difficult terrain and has a relatively high value.

Opium poppy cultivation is strongly linked to poverty. Both Burma and Laos score worst on the human development index in the region, and the traditional poppy growing regions in these countries are the worst off. Most of the cultivators are poor villagers from different ethnic minority groups, practising upland cultivation. These include the Wa, Akha, Lahu, Palaung, Pao, Shan, Kayah, Kayan, and Kachin in Burma; the Yao, Hmong, and Akha in Laos; and Hmong, Lahu and Akha in Thailand.

Traditionally, they use opium as a medicine against malaria, respiratory diseases, diarrhoea,

and as a painkiller. Opium is also used at traditional festivals and ceremonies, including weddings and funerals. Furthermore, opium seeds are used to produce cooking oil, and opium is also connected to Nat (spirit) worship, and sometimes used instead of money to pay for things or as savings.

Most importantly, opium poppy is the key cash crop for these communities. Most can produce only enough rice to feed their families for four to six months a year, and according to a TNI researcher, “Opium cultivation pays for the households needs, including their children’s education, healthcare, food and household use materials... People think that cultivation of opium poppy can help overcome the problems they face in their lives.”

In Burma, especially the Wa region, households are more dependent on opium to buy food than in Laos. Some 82 percent of farmers in the Wa region cultivated opium poppy to buy food, and sales of opium produced 73 percent of household income. In Laos, opium often constituted only 10 percent of household income. In Laos, opium addiction levels are much higher than in Burma. According to UNODC, about half of production in Laos is for local consumption, compared to only 12 percent of households in the Wa region of Burma.<sup>42</sup>

The opium bans in the Wa and Kokang regions in northern Burma, and the opium bans and eradication in Northern Laos, have had devastating impact on the livelihoods of farmers in these regions. Many farmers here were already facing financial difficulties before the ban. According to UNODC, “For all farmers in difficulty, their access to food, health services, education and other primary needs are very restricted. This had led to high levels of stress and health problems, especially during times of food shortage. Furthermore, poor nutrition means that parents have less energy to work and improve their family’s situation, the children’s growth is hampered and they are less likely to attend school regularly. Thus, the family enters into a cycle of poverty, which is

<sup>41</sup> Interview with Western aid worker; 30 August 2007.

<sup>42</sup> UNODC 2006:6.





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very hard to break.”<sup>43</sup>

According to a Chinese NGO working in the Wa region, “Because of this policy [the Wa opium ban] family income has been reduced by 50 to 60 percent. For local communities, it is very difficult to make a living. There are NGOs that work in the area, and the World Food Programme gives some rice to the farmers, but it is not enough.”<sup>44</sup>

TNI researchers in Kayah State say that forcing people to stop planting poppies would cause severe problems: “If poppy planting was banned, these people would have no jobs, less income and increased suffering. Moreover, the ban would cause deforestation and increase the number of refugees. The only income these people are able to generate comes from planting poppies. We have noticed that they do not earn money from other crops because they do not have paddy fields, enough farmland or access to water. There are often problems with communications and transportation of goods in these areas. There would also be problems for their education and health systems if poppy planting was banned.”

In Laos, the establishment by the government of ‘Drug Free Villages’ has created serious problems for the population. “The concept of ‘Drug Free Villages is more problematic than beneficial to the villagers.” Combined with the ban on slash-and-burn cultivation, the ban on opium cultivation has forced many villagers to move from their homes in the mountains to search for land in lower areas. “Every day, villagers come to the district office asking for food, medicine for curing sickness or detoxification or new regions for them to settle”, observed a study on the drug free villages in 2003. “In Sing District, all development activities for mountainous people have stopped for the moment ... pending the resolution of the situation”.<sup>45</sup>

The same report also concluded that the district authorities lacked funds to support

villagers who had migrated out of the mountains. The report concluded that rice was the major need of the villagers. By 2007, two years after the country was declared ‘opium free’, villagers were still struggling to make a living. “Many rural households ... lack the ability and/or opportunity to access agricultural extension services, inputs and markets, and lack the means to commercialise their agricultural production and generate alternatives to subsistence lifestyles.”<sup>46</sup>

Studies by UNODC on the impact of the opium ban in Burma’s Wa region reveal that, “many households are reduced to struggling from day-to-day for food, living from hand to mouth.” People are forced to ration food, eat less nutritious food, borrow food, buy food with loans, and forage in the forest. Households have less cash to spend in the local markets, causing shops to close due to a lack of customers. In the Northern Wa Region, half or more of the households were found to be highly indebted, either in rice or in cash.<sup>47</sup>

While there are some positive outcomes as a result of the opium bans, these are mainly restricted to the rehabilitation of problematic opium consumers. They do not contribute to household labour, and their habit is a drain on households’ much needed cash income. The end of poppy cultivation – which is labour intensive – has also reduced workloads to some extent, especially for women. Women have more time to work on less risky ways to earn cash, including raising small livestock, making handicrafts and growing other crops.<sup>48</sup>

Generally speaking, however, the large majority of the farmers have not been able to find sufficient alternative sources of food and income. People have been forced, therefore, to adapt their diet, become indebted, sell household assets, remove children from school, and opt to take no medical treatment.

<sup>43</sup> UNODC 2007:17.

<sup>44</sup> Interview with Chinese aid worker, 24 August 2007.

<sup>45</sup> Lao-German Program 2003:4.

<sup>46</sup> UNODC proposal Laos 2007.

<sup>47</sup> UNODC 2006:4-5, and: UNODC/ISARA Lyon 2007:37-38.

<sup>48</sup> UNODC 2006:2-4.

## Coping Strategies

The ban on opium cultivation in Burma's Wa and Kokang regions and in Northern Laos has forced farmers to adopt different mechanisms for coping with the loss of cash income. While strategies differ from place to place, they include migration to other areas; growing more crops (especially rice) to improve food security and cultivating other cash crops; selling live-stock; collecting non-timber forest products; and trying to find daily wage labour.

Factors limiting the capacity of ex-poppy farmers to grow alternative crops include the dearth of available arable lands, poor soil conditions, no initial investment capital and low levels of skills and knowledge of techniques. Other options such as raising livestock for sale on the market are restricted by a lack of initial investment capital, little knowledge of animal husbandry and the problems of containing animal diseases.

The situation has made the communities less self-sufficient and more dependent on wage labour.<sup>49</sup>

## Migration

Several forms of migration have taken place as a result of the opium bans and eradication in Burma and Laos. Some farmers left their homes in the mountains simply because they could no longer make a living without opium poppy cultivation. Following the eradication campaign in Laos during 2002/03, for example, a study reported that "Life in the highlands was not longer sustainable in the face of the lack of opium to use as a trading item. Immediate rice shortages were forecast for the majority of the Akha still living in the hills."<sup>50</sup> Many ethnic minority villagers requested land in lowland areas from the government.

Many others were forced by local authorities to move to areas at lower altitudes, often under the pretext that the local authorities can better assist them there. "In the past, we stayed

in the mountains but then we had to move close to the town because of the Lao Government policy", says an Akha village headman in Mong Sing District in Northern Laos.

For ethnic Lao government officials from the plains, minority groups' traditions of slash-and-burn and opium cultivation are blamed for environmental degradation. The solution is seen to lie in resettlement of minority groups from their homes in the mountains to lower altitudes and along roads. This also brings these minority groups under closer control by local authorities.<sup>51</sup>

Those communities that migrated to the Laos lowlands suffer high mortality rates (especially from malaria), loss of assets, accumulation of debts, rice deficits, a dearth of available land with good soil quality, and a lack of government resources to provide them with the necessary assistance.

In northern Burma, the local authorities of the UWSP have followed a similar strategy. They have forced thousands of villagers from their homes in the northern Wa Region, some of them to lower altitudes in the Wa region but mostly to UWSP controlled territories along the Thai border. Many people are also forced to migrate in Burma due to the conflict, especially the human rights violations associated with the army's counter-insurgency campaigns. This includes forced relocations of entire villages to prevent insurgents from getting support (funds, recruits, food and intelligence) from these communities.

## Commercial plantations

Chinese economic influence in northern Burma and Laos is significant. Chinese nationals run many of the shops in these areas, selling consumer goods and household utensils. Some also run restaurants and private health clinics. In the last decade, there has been significant investment from China in commercial plantations in northern Laos and Burma, especially in rubber, but also tea, sugarcane, corn, bananas and watermelon.

<sup>49</sup> Lyttleton 2004:58-59.

<sup>50</sup> Ibid. 96.

<sup>51</sup> Martin Stuart-Fox, Political Reform in Lao PDR. P35.

Local authorities in Laos and the Wa region of Burma promote rubber as cash crop to replace opium poppy, and have dedicated huge tracts of land to planting rubber trees. The area, including the southern part of China's Yunnan Province, has been turned into a 'rubber belt'. "Rubber currently fetches about 400 to 500 US\$ per ha compared to 200 US\$ per ha for opium", says a representative of an international agency in Laos. "So rubber sounds like a dream crop, and it has probably convinced several governors that this is the silver bullet to take people out of poverty."<sup>52</sup> As rubber is a long-term investment, there are concerns, however, about the future of the market for rubber and the stability of rubber prices.

According to the UNODC, farmers could potentially make a good profit from their own tea or rubber plantations, but they lack the initial investment capital and cannot wait until it becomes profitable and can be harvested. In the case of rubber, for example, the trees produce rubber only after about seven years and require significant investment, which ordinary farmers in these regions cannot afford. The commercial plantations also increase competition for labour during the peak agricultural season.<sup>53</sup>

Large-scale investment in commercial plantations by Chinese companies and the transformation of available arable land for commercial purposes has exacerbated the land availability problem, impacting particularly hard on poor minority villagers. They end up getting access only to the poorest quality land. "When the government comes to village, the villagers give in", said a Western aid worker. "There is an example where the government came into village with Chinese investors, and they wanted land for rubber, and village said okay, without getting anything. When we asked why, they looked at us like we'd asked a stupid question. 'Because it is the government', they said. Villagers have no power to resist."<sup>54</sup>

Much of the Chinese investment in both Laos

and Burma has been carried out through contract farming. The Chinese companies provide the seedlings and know-how, while the villagers provide labour. These contracts usually stipulate the yields to be grown by each village and a commitment to buy these from the Chinese company. Sanctions for breach of agreement are also specified. Villagers who do not produce the agreed yields are liable for fines, while many villagers complain that the companies breach the contract by either paying insufficiently or late<sup>55</sup>. The villagers are powerless to apply sanctions to the companies.

In Laos, some villagers own land and have a profit sharing arrangement with the Chinese companies. In Burma's Wa region, villagers work only as day labourers on rubber plantations owned by Chinese companies and/or Wa authorities (UWSP). According to UNODC, the daily wages on the rubber and tea plantations are relatively low and therefore not popular with villagers.

Other than working on plantations, an increasing number of people in Burma's Wa Region are sending their children to work in China. They work in restaurants, washing dishes, especially girls. Boys usually work on construction sites or they work on plantations and farms. Sources working in the area say that although this has happened in the past to some extent, it is now happening on a much larger scale. Labour opportunities in the Wa region itself decreased after the opium ban, as demand for labour dropped.<sup>56</sup>

### *Environmental concerns*

International NGOs in Burma and Laos are worried by the potentially negative consequences of these large-scale rubber plantations. "Our concern is that they introduced a lot of fertiliser and pesticides", says a local aid worker in Laos. "Farmers are not used to it, and they are using it a lot, like China, and the soil fertility may be affected."<sup>57</sup>

<sup>52</sup> Interview with representative of international agency, 30 August 2007.

<sup>53</sup> UNODC 2007:23-24.

<sup>54</sup> Interview with Western aid worker; 26 August 2007.

<sup>55</sup> Lyttleton: 41.

<sup>56</sup> UNODC 2007:22.

<sup>57</sup> Interview with Lao aid worker; 30 August 2007.

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The rubber plantations have also had a negative impact on land planning by NGOs whereby village land is divided into a protected forest, user forest, and agricultural land. "We had a contract about this, with a map", said the aid worker, "but when the rubber came nobody remembered these." The increase in Chinese-funded commercial plantations has also led to greater deforestation in Northern Laos. "A lot of fires took place, and people say it is shifting cultivation, but people plant rice first and then rubber. There has been a lot of deforestation for rubber. There is a lot of illegal logging going on, and high-ranking people are involved".<sup>58</sup>

There is great demand from China for a wide range of non-timber forest products (NTFPs) from Burma and Laos. Many villagers in the Wa region, as well in Kachin State, have resorted to collecting medicinal roots, orchids, bamboo shoots, rattan, starchy tubers, leaves, bark and fuel wood to sell to Chinese traders who come to buy these products in Burma. In Laos, the trade in NTFPs also includes higher value products such as sapanwood and sticklac, which are grown to provide alternative incomes for ex-poppy farmers and to prevent environmental degradation.<sup>59</sup>

As more and more poor households in northern Laos and Burma have become dependent on the collection of NTFPs, however, greater pressure is exerted on the environment, already suffering degradation from unsustainable logging by Chinese companies in these areas.<sup>60</sup>

### Humanitarian Crisis

The various cease-fire groups in Burma that implemented opium bans in the major poppy growing regions hoped to gain international aid and political recognition in return, which has not materialised. The cease-fire agreements with the military government are themselves precarious as no political solution has yet been reached. The regime has recently organised a

referendum that approved a new controversial constitution - which does not reflect the main political grievances and aspirations of the cease-fire groups - and has announced elections for 2010. It is yet unknown how cease-fire groups will respond to this, but it is very unlikely they will lay down their arms unless their basic demands are met.

In both Laos and Burma, the population in these areas is unhappy with the ban. "Everything is getting worse", said a 60 year old former poppy farmer. "People are desperate for food and clothes. They want to know why there was an opium ban in the Wa area when there was no ban in other places."<sup>61</sup>

Following the eradication campaign in northern Laos in 2002/2003, international NGOs immediately had to provide emergency aid through food-for-work programmes to deal with rice shortages. In Northern Laos, WFP started to provide food assistance to communities that been affected by the eradication of opium cultivation and which had not been able to find sufficient livelihoods alternatives. These communities were also been affected by the government policy to resettle people to lower areas.<sup>62</sup> In early 2003, GTZ estimated that "about 15 villages with about 2,000 people moved to lowland areas because their poppy fields were cleared."<sup>63</sup>

In Northern Burma, WFP has provided emergency food assistance to ex-poppy farmers in Shan State since 2003. At the end of 2003, WFP began by assisting 50,000 ex-poppy farmers in the Kokang region, where an opium ban had been imposed that year. During 2004-2005, WFP extended its aid to parts of the Wa region and several areas in northern Shan State under control of other cease-fire groups.<sup>64</sup>

China has also provided emergency food aid for poppy farmers. At the end of 2006, it provided

<sup>58</sup> Interview with Western aid worker, 26 August 2007.

<sup>59</sup> UNODC 2007:23 and UNODC 2006: 11-12.

<sup>60</sup> See: Global Witness, *A Conflict of Interests, The Uncertain Future of Burma's Forests*, October 2003.

<sup>61</sup> The Nation, *Opium-free Wa: A Costly Sacrifice*, 4 July 2007.

<sup>62</sup> WFP Assistance to Food Insecure Households Affected by Multiple Livelihood Shocks.

<sup>63</sup> Lytleton 2004:96.

<sup>64</sup> WFP Protracted Relief 22 September 2006, and WFP Myanmar: Addressing Enhanced Programme Quality:23.



10,000 tons of rice to the Wa Region.<sup>65</sup> It also donated rice to other cease-fire regions along its borders, including NDA-K, KIO, MNDAA and NDAA.

The activities of international agencies in northern Burma and Laos can thus better be classified as 'emergency responses'. This raises serious questions about the sustainability of the opium bans and the opium decline in the region. "In Laos, [the farmers] also have

some problems but not as serious as those in Burma", says a source at ONCB. "We need to do something for them, otherwise the opium reduction will not be sustainable." WFP concludes that it "will be many years before ex-poppy growing communities are able to support their needs through alternative crops and other livelihoods."<sup>66</sup>

#### **Alternative Development: reality or myth?**

The main problem with the current approach to implementing opium bans in northern Burma and Laos is that the policy interventions are wrongly sequenced. In Thailand, for example, substantial time and resources were invested to create alternative livelihoods for poppy farmers before the authorities introduced law enforcement measures and the eradication of opium. Furthermore, no deadlines were set for the elimination of opium poppy cultivation. In Burma and Laos, however, this has not been the case.

"We are concerned that in Myanmar and Laos, especially in Myanmar, they force the farmer to stop growing opium", says a representative of the ONCB in Thailand, "but they need it for money, to buy rice, this is the problem they face. They ordered the people to stop without preparation, they have no alternative."

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Projects by international NGOs in both northern Laos and Burma include introducing better fallow systems and terracing for rice production to increase output, as well as livestock projects. These projects are still in an early stage, however, and do not provide sufficient alternative sources of food and income for former poppy farmers. The Lao government has attempted to introduce alternative cash crops in the north, including coffee, cardamom and sesame but Chinese

investment has undermined these efforts by aggressively promoting the introduction of other crops such as sugar and rubber.

UNODC has had a presence in Burma's Wa region since 1998, when it started the Wa Alternative Development Project (WADP). Initially, UNODC projects were restricted to the southern part of the region. In 2003, UNODC facilitated the entry of 18 UN agencies and international NGOs into the Wa and Kokang region, in a new partnership called the Kokang and Wa Initiative (KOWI). The project aims to help poppy farmers and their families to meet their basic human needs without the income derived from opium.

KOWI has a fifteen-year programme of projects in different sectors in three five-year cycles. The Pre- and Post-Emergency Cycle (2004-2008), the Enhancement Cycle (2009-2013), and the Sustainability Cycle (2014-2018).<sup>67</sup>

The current levels of assistance to offset the impact of the opium ban on ex-poppy farmers in Burma and Laos are woefully insufficient. According to UNODC: "[The] needs of the Wa people are so great, that the assistance provided is insufficient in meeting the needs of all vulnerable farmers. Therefore emergency aid and sustainable development are urgently needed to avoid an out-migration of the people,

<sup>65</sup> The Nation, *Opium-free Wa: A Costly Sacrifice*, 4 July 2007.

<sup>66</sup> Ibid: 24.

<sup>67</sup> UNODC Myanmar Country Office, KOWI – Kokang and Wa Initiative, [http://www.unodc.org/myanmar/projects\\_kowi.html](http://www.unodc.org/myanmar/projects_kowi.html).



## Alternative Development: Principles and Lessons Learned

Over the last decade, there has been considerable progress in developing a greater understanding of the impact and lessons learned in undertaking rural development in opium poppy and coca growing areas, usually referred to as 'Alternative Development'. Experience has shown that Alternative Development can address the needs of targeted rural communities, thereby contributing to a reduction in the cultivation levels of these crops in such areas.

Among the important lessons learned is the need for an integrated approach. All actors involved in rural development including government, development agencies and civil society organisations should take account of the causes of coca and opium cultivation in their development strategies and plans. It is important that Alternative Development is not limited to a project approach, but guides national and local development programme design and implementation.

The cultivation of opium poppy and coca often takes place in areas plagued by conflict, insecurity and vulnerability. Development interventions should fully comply with the overall aims of human rights protection, conflict resolution, poverty alleviation, peace-building and human security. They should also have a participatory approach, and respect traditional culture and values.

Interventions should be properly sequenced. In particular, there should be no eradication or strict implementation of opium or coca bans unless viable and sustainable livelihoods are in place. Development aid should not be made conditional on reductions in opium or coca cultivation.

and to avoid their resuming of opium cultivation.”<sup>68</sup>

In Laos, UNODC estimates that some 1,100 villages (50 percent of the poorest former poppy farmers) had received development assistance since being forced to stop opium poppy cultivation. UNODC estimates that the other half is at risk of growing opium again due to a lack of alternative livelihood options.<sup>69</sup> “We still need to follow-up with them”, says a Lao aid worker. “We still have a risk, people may start growing opium again if we leave. We need at least five more years.”<sup>70</sup>

There are thus serious questions about the sustainability of opium bans in Burma and Laos. Early warning signs are already apparent in Burma, where opium cultivation has spread to other areas in Shan State, and there has been

a marked increase in production over the past two years, as confirmed by UNODC figures, which may not even capture the complete extent of the increase.

The lessons that can be drawn from the developments outlined above are numerous and point the way to the need for a longer-term vision and commitment, accompanied by more humane and holistic development-oriented policies and programmes, which actively involve those targeted from the outset to guarantee sustainability.

<sup>68</sup> UNODC 2007:24.

<sup>69</sup> UNODC 2007:38-39.

<sup>70</sup> Interview with Lao aid worker; 27 August 2007.

## Opium: kicking the tradition

*“Opium symbolized many things to the people of Laos. It could represent wealth or poverty, pleasure or degradation, corruption or independence, waste or security – all depending on the context, the individual, the purpose. Like sex, money, life itself, opium both attracted and repelled, created and destroyed.”<sup>1</sup>*

Throughout the Southeast Asia region, opium has been used traditionally for a variety of purposes. Medicinally it is used to cure diarrhoea, against stomach aches, to lessen the effects of malaria, to control blood pressure or reduce heartbeats, as a painkiller and tranquilliser. Livestock opium is used regularly to cure animal diseases; elephants are tamed and trained using opium. Poppy seeds are used for culinary purposes or made into oil. There is a wide variety of ways opium is used, and the dividing lines between medicinal, recreational and addictive consumption are blurred. Eating little pieces of raw opium or drinking tea made from the pods are the simplest and lightest forms of consumption mainly for medication or mild relaxation. Opium can also be mixed with tobacco, rolled into leaves and smoked. The more advanced recreational use is smoking opium in pipes and each region has developed its own methods for purifying the opium and mixing it with the fibres (‘pan lap’) from banana leaves or other plants, a mixture called ‘khatpong’ or ‘kha khu’. The residues from a khatpong pipe are sometimes re-used for medicinal uses or to dilute the purer mixture into a cheaper variant. For a long time, smoking opium was a socially accepted practice, not dissimilar to alcohol use in other regions of the world, and was similarly always accompanied by addiction problems for a part of its consumers.<sup>2</sup>

Increased drug control pressure started to change social values around opium. In China already decades ago, in Thailand, and more recently also in Laos and Burma, traditional opium use is increasingly seen as a social evil that needs to be banned. Especially since the

bans on opium cultivation, the pressure on local users to quit their habit has become huge. Detoxification programmes began to reach even the smaller villages. The combination of changing values, the availability of treatment services (of varying quality), the prohibition of poppy cultivation even for personal consumption and the steep price increases has clearly reduced the number of people using opium, including in the traditional user areas.

Most visibly in Laos, where opium use rates in rural areas have been the highest in the region, the success of many villagers has led to concern about the minority who is unable to give up their traditional use. “Those that relapsed became seen as failures that hold the village back from the fruits of modernization that development agencies and government officials are promising to the ‘model’ villages that are relatively successful in removing opium addiction. ... This sense adds to the sense of shame and hopelessness that many opium smokers feel and only increases their dependence on opium. ... Regardless of the fact that the pervasive presence of opium and its practical and symbolic value in specific medical or social contexts makes abstinence a difficult and at times impossible task, addicts are increasingly marginalized because of their imputed personal responsibility for their addiction and its implications for the village’s material development. This kind of punitive atmosphere began creating a sub-population of ‘degenerate addicts’”.<sup>3</sup>

The current trend is that opium use is on the decline, including medicinal and traditional uses. The majority of users seem able to cope and it definitely brings benefits to their communities. Meanwhile, however, a minority is being marginalized and criminalized to an unprecedented extent. Combined with the higher opium prices, this pushes them towards the most cost-effective means of administration – through injection of the more concentrated substance (heroin), which is easier to use and trade without detection. The total number of opiate users

<sup>1</sup> Westermeyer 1982: 282.

<sup>2</sup> TNI 2008.

<sup>3</sup> Lyttleton 2004.

is thus decreasing, but an expanding group is becoming involved in the most problematic form of opiate consumption.

A parallel can be drawn here with the negative side effects of the ban on opium cultivation for farmers described in earlier chapters. The transition is pushed through far too quickly. A more gradual reduction accompanied by a development process creating alternative livelihoods could have prevented many of the disasters now unfolding in parts of northern Burma and Laos. The same holds true for the consumption side. While for communities the decline in opium use definitely has positive impacts, for a minority of people serious negative effects include greater social exclusion, mounting debts, involvement in illegal activities (dealing drugs, for example) to sustain their habit, and shifts to more problematic and risky

patterns of drug use. Rising opium prices are causing serious problems for poor households with family members who continue to use. The position of this minority, of course, poses new problems for the community as a whole. A more gradual transition, where communities are allowed to continue to grow poppy for personal consumption so they do not have to buy it at the high prices on the illicit market, where the elderly are not put under such pressure to quit, where some of the medicinal and less problematic recreational uses can continue, and where the quality of health services and access to other medicines are improved, would have avoided such negative side effects for those unable to keep pace with the rapid changes.

Initially, a more considerate approach was taken in Northern Laos where community-based



### Problematic opium use in Kachin State

*Woman, 39 yrs, 4 children.*

My husband and father-in-law both use opium. My father-in-law started using it as a medicine for pain relief after he was beaten up by a Burmese soldier forty seven years ago. In the past, he had a paddy farm and land to grow crops. He has two sons and four daughters. The older son had joined the KIO army (Kachin Independence Organisation) but came back to the village because his father needed him to help on the farm. In the village community many used opium, so this son also started to use along with his father and friends. In the past, the opium price was not high and the family did not have big problems. When they had free time, they went to fish and look for forest products to get income to buy the opium. When I married him, I could manage the family income and live happily with them. But when my brother-in-law and sister-in-law became adult and we got children ourselves, I could no longer manage the family income. The school fees are high and there are so many things we need money for.

Now I face many problems and I have to fight them most of the time. I am so sad. The price of opium has been increasing over the past eight years and my husband and father-in-law spend a lot of money on that. Now I have four children and it is difficult to support them. I didn't want to have any more children, so I have injected medicine not to get pregnant. Four months ago I nearly died because I had an abortion. I didn't have enough money, so I had to borrow to pay the hospital. I still don't feel well, it is hard to recover because there is not enough food in the family. I want to divorce him, but that is very hard within the Kachin culture. I begged him to stop using opium, but he cannot. Even if he would stop, he will use it again soon because there are so many people who use it in this community. My son and daughter wanted to go to school but I could not afford the tuition fee of 5,000 Kyat per month. I have cried so many times. I spend 1,500 Kyat per day on food, but my husband and father-in-law spend 3,500 Kyat on opium every day. With one day of what they spend on opium, I could buy clothes for my children, but my children have to wear very old clothes every day and when they ask for new ones I cannot afford to buy them. I have to wipe their tears. How can I continue such a life....

### Recreational opium use in Kachin State

Woman, 50 yrs, 7 children. Mai Ja Yang.

My husband is in the jade business and the family income is good. I am happy and healthy. He doesn't smoke opium even in secret, but I started to smoke opium as a medicine, maybe twenty-five years ago. When we were young, before the KIO stopped fighting with the SPDC, we could find opium everywhere in Eastern Kachin State. After the ceasefire, the KIO banned opium and told the farmers to grow other crops. But in this area people don't want to change because growing opium is easier and they did not get any help to shift to other crops. The opium price therefore has increased since the KIO government banned it. The quality has also dropped – some of the sellers mix it with other materials. I can tell because I know about real quality opium as I am familiar with it for a long time. I use to smoke opium at least twice a month, it is good for your health. You young people should also use it for medicine, but you should not use it always. Sometimes I let my daughter smoke some opium too, it is fun and she can relax.

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programmes of opium reduction, combining alternative development and demand reduction schemes, have been supported by the German aid agency GTZ and Norwegian Church Aid. These projects have shown that, when handled carefully, "automatic replacement of opium by other forms of drug abuse can be avoided to some extent, and to date there have been only very few and isolated examples of incoming heroin and needle use."<sup>4</sup> Governmental policy guidelines were supportive, at the time, of more gradual and community-based transitions, exempting elderly opium users from obligatory detoxification and allowing them to cultivate a 10x10 meter plot to cultivate poppy for personal consumption. With the enforcement of the opium ban in 2005, unfortunately, these exemptions were cancelled.

Another parallel can be drawn with alternative development agencies pulling out of areas where opium production is declining just as such interventions are urgently required to address the dramatic loss in livelihoods and to make reductions sustainable. Similarly, health agencies tend to lower their priorities for areas where opiate consumption is decreasing, just as a particular group of problematic users has additional needs for assistance and new patterns of drug use are emerging.

### The opium and heroin trade

One clear consequence of declining poppy cultivation in the upper parts of Burma and Laos has been an increase in the price of opium and heroin. In both Laos and Thailand, opium priced from US\$1,000 per kilogram as reported by UNODC, up to highs such as \$1,600 near Luang Prabang in Laos or the retail price of \$2,100 in Thailand where poppy cultivation has almost disappeared by 2004 (though there was a small rise again in 2006). According to UNODC, farm gate prices for dry opium inside Burma in 2007 averaged \$265 per kilogram, ranging between \$200-400/kg, though our research for the northern parts of the country did not confirm these figures.

Collection of price data by our local researchers revealed widely varying prices according to season and region, an indication of a fragmented market in disarray (see text box).<sup>5</sup> Over the past three years, prices in Kachin State have doubled on average. By now, raw opium is difficult to find for less than US\$1,000/kg and for best quality dry opium prices as high as \$1,400-1,600/kg were reported. In Southern Shan State where production has increased significantly past two years, inland raw opium farm gate prices have

<sup>4</sup> Lyttleton 2003: 83–91.

<sup>5</sup> The local weight measure for opium is a 'viss', equalling 1.6 kg. For ease of comparison prices have been converted to kilogram and local currencies to US dollar. For currency conversion we have used the average exchange rate of 1US\$=1,150 Kyat for Burma, 1US\$=7 Yuan for China and 1US\$=34 Baht for Thailand.

## Opium prices in Burma

Along the Shan-Karenni border in September 2007, a middle trader bought dry opium for about \$350/kg and could sell it to a heroin lab for \$435/kg. In this region, where several villages grow opium twice a year, raw opium grown in the rainy season (June-September) is cheaper as it contains more moisture at \$205-215/kg, compared to \$300/kg for raw opium grown in the cold season (October-February). These prices, low compared to most other regions in Burma, are still high relative to previous years. In 2001, opium prices in this area were around \$54/kg (100,000 kyat/viss) and in 2005 around \$162/kg (100,000 kyat/viss).

Closer to the Thai border, where the trade is mostly done in Thai baht, prices fluctuated in September 2007 between \$370 to \$550/kg (20,000 to 30,000 baht per viss), while at the Tachilek border the highest price for southern Shan State was found to be \$650/kg (35,000 baht/viss) by the end of the year. Lower prices were found around inland spots where opium production had considerably increased in 2006/7, and raw opium could be bought at the farm gate for \$180-220/kg.

In Northern Shan State, near the Chinese border, prices also seemed to be rising, from \$380 early 2007 to \$545/kg by the end of the year. Still further north in Kachin State, much higher prices were found, comparable only to the high prices inside Thailand and Laos. For example, in and around Hpakant, the main trade centre for jade, raw opium was worth almost \$1,000/kg and good quality dry opium \$1,360-1,630/kg (2.5 to 3 million kyat/viss) in July 2007. From Danai region in June 2007, where several villages still cultivate poppy, a farm gate price of \$1,200/kg was reported.

remained relatively stable around \$200-300/kg, while the price could go up at the Thai border to \$650.

Two sources close to laboratories mentioned conversion rates for opium to heroin, giving similar estimates. In a lab near the Thai border, they made on average 20 kg No. 4 heroin from 100 viss opium, which translates into a 8:1 ratio. In a lab in Northern Shan State, they used 24 viss to make 12 to 18 compressed blocks of No. 4 (depending on the quality of the opium) of 350 grams each, which comes to a rate of 6 to 9 kg opium for 1 kg heroin.

Prices of heroin have been rising steadily these past years. One compressed block of 350 grams at the end of 2007 was valued at 26,000 Yuan in Muse on the Burmese side on the Kachin-Chinese border, and 28,000 Yuan across the border in Ruili which converts to US\$10,500 and \$11,500 per full kilogramme. Further into China, prices go up very steeply. For example for Guangdong, a border province with Hong Kong, a price of \$40,000/kg was reported. Prices in southern Shan State around the same period were lower per kilo

at 6 million kyat (\$5,200) for No. 3 un-purified heroin and 8 million kyat (almost \$7,000) for No.4.

Smaller uncompressed quantities of 'white mass' (No. 4 heroin powder) are traded on the northern Burma-China border region in soap boxes, containing 21 to 22 grams (another source estimated 15 to 18 grams). The price for a soap box was around \$300 end 2007 and had more than doubled over a decade. A new development is the use of sticks to smuggle the drugs across the border; women put as much as 30 to 40 grams inside their vagina at once. The sticks are specially designed for carriers and are compressed like the heroin bricks.

There are different methods of dividing a soap box up into street dealing quantities, using caps of penicillin injection bottles (to measure and then wrap in paper) or small aluminium containers, normally used for traditional herbal medicines. One such container is enough for two to four injections, depending on how high the dose is, and its price fluctuated in Rangoon in early 2008 between \$25-35.

### Dealing heroin in Ruili, China

*Woman, 31 yrs, 1 child of 7 years, former sex worker, Ruili.*

I started using No. 4 about thirteen years ago. At that time, I was a sex worker and everyday I worried about my future. My owners exploited me and would give me only 50 Yuan [7 Yuan = 1 US\$] for every 150 I made, but nothing if I earned less than 150 a day, and that happened often. One customer would give 90 to 95 Yuan. I am from Lashio, Burma but started using heroin here in China. After one year, I found myself in deep and increasing debt and could not return to Lashio. The situation was very frustrating, especially since many of my colleagues also started using drugs and it became difficult to foresee a way out of this.

Since 1995, I have smoked heroin in cigarettes. I use it everyday but I have never injected. We buy the heroin in penicillin bottles and one and a half bottles equals about one gram. In 1995, one bottle was 55 Yuan but today it costs on average 90 Yuan, sometimes up to 130 Yuan. Sometimes, when the Chinese police are arresting many traders, the price can suddenly rise to 500 Yuan a bottle. I smoke three or four times a day, usually at eight in the morning, then at eleven, three and in the evening. When I wake up in the morning, I want to use it. It's an unbearable feeling. I do not take much pleasure in using heroin. I simply need it every day. I tried to stop for two or three days but I get immense pain in my whole body, cannot sleep, suffer nose bleeds and have absolutely no energy. I want to stop using, but I just cannot.

In 2001, I started buying and selling heroin. In the free trade zone on the border the price is the same as in Muse on the Burma side; 60 Yuan there and 90 here. People smuggle uncompressed heroin in soap boxes from Burma across the border. One soap box may contain 15 to 18 gram, normally enough to fill up 28 penicillin bottles, sometimes, with cheating, up to 35 bottles. The price has more than doubled since 1998 when a soapbox here was valued at 800 Yuan. Nowadays, the price is 2,200 per soapbox here, and 1,800 to 1,900 on the Burmese side. From 1998 to 2000 the drugs were of good quality, but it has deteriorated since then. In 2001 and 2002 I used one bottle a day, but today I need one and a half. Everyday I buy five to eight bottles of heroin by the roadside, use some myself and sell the rest on making a profit.

I have been arrested more than ten times, and now the Chinese police arrest me and demand bribes even if I am not carrying any drugs. The first time I was arrested I was caught with two bottles and the police wanted 3,000 Yuan from me. I didn't have that kind of money and bargained it down to 1,500 while they beat me badly. I don't buy blocks or soapboxes but only bottles so it is mostly smaller amounts they demand, the most I paid was 2,000 Yuan. My husband was arrested by the Chinese police and had to pay 3,000 Yuan. We couldn't pay it and this is why he is in the rehabilitation camp for one year now. When we got married he didn't use drugs but rather tried to make me quit. We married when my baby was four months old, but I couldn't stop and eventually he also started using. He was not trading in heroin like I am, but was only using.

No. 4 is difficult to get and so the prices are higher. By now, I deal in all kinds of drugs, I also sell yama pills. My customers are mostly Chinese, ethnic Shan and Kachin, most of them male and between 20 and 30 years old. Many of the sex workers also use heroin or yama. One tablet costs between 8 and 15 Yuan depending on the quality. Some years ago, the price was as low as 2 Yuan. A bag of 200 pills can be bought for between 1,300 Yuan for lower quality and 1,800 Yuan for the best.

We used to trade on the roadside but the police have arrested many people there lately so now we often operate by mobile phone. The camps are full of people like me, also mothers with children who have been arrested on the roadside for selling drugs. Around here, there are two camps, one with 1,000 people and the other with some 500 people, both users and sellers. In Burma, it is even more risky to buy and sell drugs than here on the Chinese side.

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### Heroin epidemic in Myitkyina (Kachin State, Burma)

[quotes from different interviews with drug users in Kachin State, 2<sup>nd</sup> half of 2007]

- The current price of heroin can reach 2000 to 2500 kyats (around \$2) for one lid-full of a penicillin vial. Heroin smoking isn't as effective as injecting, so I became an injector when I did not earn enough money.
- Most of the students are using heroin and they prefer it to any other drugs because it is easy to use. Most of the older people like to use raw opium or black opium because the effects can last longer than other drugs, although it takes longer to prepare.
- Many opium addicts become users of heroin because it is more effective, quicker to become intoxicated and easier to find. I started injecting it when the drug became more expensive.
- Whenever I have satisfied my desire, I want to live without drug dependency, by quitting it, but when I become less intoxicated, I start thinking about getting the drug once again.
- When using raw opium, the only weak point is it takes a lot of time to prepare while heroin is much easier to buy, to prepare and to use and that's why most people are addicted to it. Nowadays, there are many families torn apart because of heroin addiction.
- My addiction to heroin just started this year at the campus when we tried to have a new experience by smoking it. My only money for spending on the drug comes from my parents and so I can use it only when I get the money from them. When I have the money, I buy it and until now I have had no problem with this habit. I am willing to be free from the drug but I haven't tried to quit yet. The price of the drug is rising at the moment. Even though I have the desire to quit, it is very hard for me to do so because there are a lot of people using it.
- My addiction doesn't bring any problems to my family or to myself at the moment. I am willing to quit this bad habit but am worried that my parents would come to know of my addiction. I know very well how to protect myself from getting HIV.
- The main problem with an addiction is that it can make a person be idle which leads him towards poverty and finally makes him a liar and a thief and die young.
- The condition of the country is a far cry from the old days. There are many addicts in every town and city. Poverty, theft and contractions of incurable diseases are spreading everywhere.

Many sources confirmed rising prices and reduced quality. For example, in Loiye and Mai Ja Yang on the Kachin-China border: "For people who use heroin, 5 Yuan would be enough per day in the past, but now that the price has gone up, they spend at least 15 Yuan per day. If they work on a farm as a day labourer, they can earn 15 Yuan per day. If they work really hard, they can earn 20 Yuan. So it is really hard to make a living and maintain the habit."

An alarming consequence is that more people have started to inject. As a heroin user from the same area explained: "Then I started to inject because I had no money and injecting is cheaper, more cost-effective. Someone who smokes heroin uses one cap of penicillin per session and that costs 5 Yuan, but if it is injected a person would only need an amount equal to

2 Yuan. The kind of heroin that is smoked or injected is the same. People who inject are the poor, those who have no money."

The same trend is found among the rapidly growing heroin using population in China. "Many begin heroin use by smoking, but quickly realise the cost-effectiveness of injecting, where they can achieve a stronger effect from a smaller amount."<sup>6</sup> Apart from the ongoing trend throughout the region of a shift from opium to heroin and from smoking to injecting, the other main effect of rising prices is that users opt for less favoured but cheaper substitutes, especially methamphetamines and pharmaceuticals as described further on.

<sup>6</sup> Sullivan 2007.

## ATS boom: parallel or linked market?

For several consecutive years now, the opium market has been shrinking in the Golden Triangle overall, though production is increasing in some areas and the overall downward trend may well have hit the bottom and be starting to bounce back. At the same time, the region has seen a fast growing market in amphetamine-type stimulants (ATS), such that the US State Department has coined a new name – the ‘Ice Triangle’. An as yet unresolved question is how exactly these two phenomena interrelate. The overall trend in the regional market is a shift from opium/heroin to ATS as the primary drug on the market. This initially took the predominant form of methamphetamines in pills (yaba/yama), but increasingly recently it is taking a crystal form (ice/shabu).

Thailand was the first country in Southeast Asia to experience a significant ATS epidemic. 1997 is often mentioned as the start but that is likely more due criminal sanctions and official registration of yaba users being introduced that year. Treatment centres in the country had already noted a spectacular rise in ATS use during the years of the Thai economic boom from 1988 to 1995.<sup>7</sup> Production then took place largely in labs in Thailand itself but these were pushed over the border into Burma after the Thai government cracked down in 1997. Significant other changes in 1996/7 contributed to a further fuelling of the upward trend. The surrender of Khun Sa and his Mong Tai Army (MTA) in 1996, then the largest player in the Burmese opium market, disrupted the regional heroin trade and caused price instability. MTA split-offs (partly joining the United Wa State Army) became heavily involved in ATS production, rapidly reaching several hundreds of million tablets produced annually and flooding the Thai market at rock bottom prices. Moreover, a severe economic crisis hit the Asian continent in 1997 making heroin even less affordable to many Thai users. Combined, these factors led to an epidemic that has only recently stabilised.

The trend soon started to show in other countries of the region. China’s ATS market

has been characterised by a very steep increase since 1997.<sup>8</sup> By 2007, all Southeast Asian countries reported that opium use was decreasing and that the trend in use of methamphetamine was on the increase. China stated that consumption in pill and crystal form was still increasing, and Thailand reported that use of crystal methamphetamine had increased, but use of yaba was now on the decline. Laos and Thailand ranked yaba as their primary drug of concern with only Laos reporting an increase in heroin too. Burma and China still listed heroin first, both reporting a decrease in its use, however.<sup>9</sup>

Burma, Thailand, and China together seized a total of almost 40 million methamphetamine pills in 2006, half in Myanmar alone. In crystal form, six tons were seized, almost all in China. The fact that practically no crystal meth was found inside Burma and that only a few hundred kilograms, reportedly of Burmese origin, were seized in Thailand between 2002 and 2006 seems to confirm that the ‘ice’ on the regional market – in contrast to yaba – does not primarily come from Burmese labs, but is mainly produced in China itself. Chinese authorities reported that thirty-seven illicit drug laboratories producing ATS were seized in 2005 with thirty being seized in Guangdong province. Fifty-one ATS laboratories were raided in the first half of 2006.<sup>10</sup> In the wider Southeast Asia region, major crystal meth production facilities and consumption markets exist in the Philippines, Indonesia, Malaysia and Australia.

ATS production and trafficking is a highly profitable business. Near the Thai border in Burma, a source close to a yaba lab reported that in 2007 an investment of 1.4 million baht (including the precursors, equipment and the tax of 2 baht/pill to the local militia that controlled the area) was required for 100,000 yaba pills, and that selling them would fetch 3.5 million baht, a profit of 2.1 million baht, more than US\$ 60,000, at the wholesale level.

<sup>7</sup> Bezziccheri 2003.

<sup>8</sup> UNODC, *World Drug Report 2004*, New York: United Nations, 2004.

<sup>9</sup> UNODC Regional Centre for East Asia and the Pacific 2007.

<sup>10</sup> Ibid.

Smuggling and retail distribution involves many additional profit margins for multiple traffickers and dealers further downstream.

There appear to exist three distinct but overlapping ATS markets in the Southeast Asia region at the moment:

- ‘Yaba’ pills (‘crazy medicine’ in Thai, usually called ‘yama’ in Burma and Yunnan in China) with Thailand as the main market peaking in 2001/2, considerable use in Burma, and with Yunnan, Laos and Cambodia emerging as sizeable consumer markets. Basic characteristics are that these are small-sized pills (90 to 100 milligrams) with typically a 20 to 30 percent methamphetamine content, and almost always combined with caffeine. Some three hundred different types of *yaba* pills have been detected with different qualities, brands (WY, SY, 99) and colours (red, blue). Principal production facilities are in Burma. Pills are swallowed but also often ‘smoked’ (vaporised and inhaled) in ways similar to ‘chasing the dragon’ with heroin.
- ‘Ice’ or ‘shabu’, a crystal methamphetamine hydrochloride that can be ‘smoked’ but also injected. Main markets have been in the Philippines, Malaysia, Japan and Australia, but increasingly it has taken over part of the *yaba* market in Thailand. Widespread and increasing use is reported from China, though not much in Yunnan. Principal production facilities are not in Burma but in The Philippines, Indonesia, China and several other countries where mega labs have been found, such as Malaysia and Fiji.
- ‘Ecstasy’ (‘ya-E’) or rather pills sold under that name that represent a wide variety of mixtures, sometimes including MDMA (the real ecstasy) but often a mix of methamphetamine and ketamine, a pharmaceutical anesthetic used in human and veterinary medicine. Principal production facilities are also not in Burma but most likely in China and several other countries.

Several countries reported to UNODC that: “Forensic analysis of ATS pills seizures in Australia, China and Thailand suggests that pills marketed as ecstasy may contain methamphetamine and/or other synthetic drugs, particularly ketamine.” Analyses of ATS seizures in Hong Kong also found that, “significant proportions contained either methamphetamine alone, or methamphetamine in combination with ketamine”. In China over one third (37 percent) of all ATS pills contained some ketamine. In Victoria, Australia, tests showed that of the pills that contained methamphetamine as the primary drug, 46 percent did not contain any other active drug constituent, and 29 percent also contained ketamine. This trend seems to have started around 2000. “The abuse of ketamine appears to be an ongoing feature of the drug situation in the region, and given the presence of ketamine in ATS pills, which are prolific across most of the region, it is likely that ketamine will become a more salient feature of the drug situation in the future.”<sup>11</sup>

A medical doctor in Ruili in Yunnan, was puzzled by the changed characteristics of *yama* on the local market: “We want to know exactly what substance is in there, we cannot classify the chemicals and there are some strange occurrences here more recently. *Yama* users told us that some *yama* pills give a similar feeling to heroin, which is very strange. So we wonder what is inside because more and more people are using *yama*. Urine test of *yama* users have even given similar results as for heroin.” It is not clear whether the increasingly popular mix of methamphetamines with ketamine could be the explanation or whether reports are true that some Chinese laboratory operators have indeed started to mix small amounts of heroin in ATS pills.”<sup>12</sup>

<sup>11</sup> UNODC Regional Centre for East Asia and the Pacific, *Patterns and Trends in Amphetamine-Type Stimulants in East Asia and the Pacific*, Findings from the 2004 Regional ATS Questionnaire, Final Report, June 2005.

<sup>12</sup> US Drug Enforcement Administration, *China Country Brief 2003*, DEA Office of Strategic Intelligence, Arlington: February 2004.

### Coping strategies: pharmaceuticals & syrups

The ATS market has been expanding rapidly alongside the decline in opium production, and ATS has clearly become the drug of choice for many of the newer generation. Indeed, some have made a shift from opiates to ATS, but many heroin users seek replacements with greatest similarity to their original drug of choice. Pharmaceuticals are, for many, the preferred second choice. When confronted with scarcity, lower quality and higher prices for opium and heroin, consumers have a wide variety of coping strategies apart from trying to access the scarcely available substitution treatment services offered by health authorities or NGOs. During our research, we found a wide variety of coping strategies involving pharmaceutical drugs in the form of pills, syrups and injection ampoules, and consumed in many different mixes.<sup>13</sup>

Of our samples, four types of tablets (Neo-Rotuss, Rodilar, Dextromine, Arphari) and two cough syrups (Komix, Dantusil) were found to contain **dextromethorphan**, a cough suppressant sold over the counter in most countries. It is an analogue of the opiate family, but is thought to have no psychoactive or addictive effects when used as prescribed.<sup>14</sup> When used as a recreational drug with doses higher than recommended, however, it has an effect similar to ketamine.<sup>15</sup> Recreational use is also widespread in the US, where it is mostly referred to as 'DXM'. Especially in Burma, cocktails of dextromethorphan and cough syrups are popular among students under the name of 'formular'. Three or four pills, sometimes more, are ground and dissolved in a bottle of cough syrup. They drink one bottle of the mix in the course of a day. "It cost at least 9,000 kyat per day. For our situation, this is a lot of money. If they cannot get formular,

they take 10 of these pills at once as emergency use. This formular began with medical students from Mandalay around 1998. People make their own recipes. The first formular was opium mixed with Pepsi Cola." The Komix cough syrup is especially popular among women in Kachin State, who cut a cloth drenched in opium (the way it is locally harvested and sold), chew on it and then add Komix orally.

Three samples of cough syrup (Benadryl, Dantusil, Benalix) used in these formular mixes were found to contain significant proportions of **diphenhydramine**, an over the counter antihistamine, sedative and hypnotic agent, often found in cold remedies and sleeping aids, but also in prescription drugs for the treatment of allergy-related symptoms, some cold and flu symptoms, insomnia, motion sickness and Parkinson's disease. Higher doses can cause hallucinations and dissociation. Used in combination with alcohol or certain other pharmaceuticals, it can induce adverse reactions, even death.<sup>16</sup> Diphenhydramine can be used as a potentiator of opioids, particularly in combination with heroin. A new phenomenon that has been observed in the US since 2006 is called 'cheese' or 'chiva' – a mix of black tar Mexican heroin and ground diphenhydramine.<sup>17</sup> 'Cheese' gives a much cheaper high than other forms of heroin consumption, and some say that diphenhydramine 'packs a psychoactive punch' in combination with heroin and gives a 'boost' to its effect.<sup>18</sup>

Two samples of tablets (Anadol, Neptunus) and one sample of an injection ampoule (Trosic) contained **tramadol**, a synthetic analogue of codeine, regularly taken by heroin users in Burma as well as Yunnan. Clinical studies have experimented with tramadol as an alternative to clonidine as an acute heroin withdrawal remedy, and found it to be a possibly better

<sup>13</sup> Our local research team collected dozens of samples and recipes and we thank Simone Tholens for helping to identify and describe them.

<sup>14</sup> Wolfe, Timothy R and E. Martin Caravatti (1995) *Massive Dextromethorphan Ingestion and Abuse*. Utah: Saunders Company

<sup>15</sup> US Department of Justice, National Drug Intelligence Center, Intelligence Bulletin (2004 L0424-029) *DMX (Dextromethorphan)*

<sup>16</sup> Erowid.org: *Diphenhydramine* (accessed 5 March 2008).

<sup>17</sup> Erowid.org: *Cheese Heroin* (accessed 5 March 2008).

<sup>18</sup> Slate.com: *Newsweek's Cheese Drug Story* (accessed 5 March 2008)

## ATS plant precursors

Amphetamine-type stimulants (ATS) are often called 'synthetic drugs', man-made in contrast to plant-based drugs such as heroin, cocaine and cannabis. This distinction denies however the essential role played by plant-based precursors in the production process of both methamphetamines and ecstasy. Ephedrine and pseudoephedrine, alkaloids extracted from the *ephedra* plant are the key precursors for methamphetamine production. Safrole-rich oil, mainly extracted from the roots and bark of the *camphor* tree, is the most-used precursor for MDMA (ecstasy). China is the largest producer of ephedrine as well as safrole-rich oil, also known as sassafras oil. *Ephedra sinica* is cultivated large-scale in China ('Ma Huang') for pharmaceutical purposes and grows wild in several parts of the country. Most of the ephedrine used in yaba labs in Burma comes from China and increasingly from India.

*Cinnamomum camphora*, a large evergreen tree that can grow up to 45 metres tall with a trunk up to 4.5 metre in diameter, occurs throughout much of Southeast Asia. Commercial plantations exist in China, including in Yunnan, but significant quantities of safrole-rich oils also originate from Cambodia, Indonesia, Laos and Burma, to a large extent based on the destructive harvesting of wild forest trees causing severe environmental damage. Safrole has traditionally been used for medicinal purposes, as a fragrance and as a flavoring agent. In Cambodia production of safrole-rich oils has been declared illegal and harvesting, extraction and trade has gone underground. All countries in the region have some form of regulation of the production, export and import of safrole-rich oils.

alternative.<sup>19</sup> Although initially this opioid was presumed not to have much 'abuse potential', numerous cases of abuse have been reported in the US in recent years.<sup>20</sup> In Yunnan, some users grind these pills together with methamphetamine and diazepam tablets and smoke the mix.

**Pentazocine** was present in one set of pills and one injection ampoule, both produced in Pakistan under the brand name Sosegon. It is a pain-killing, synthetic opioid derived from coal tar and often used in place of morphine because it is less addictive.<sup>21</sup> Also in this case, non-medical use has a longer history in the US where, back in the 1980s, recreational users discovered that combining pentazocine with the antihistamine tripelemamine (under the slang name *Ts and blues*) produced a euphoric

sensation much like that of heroin, the reason heroin-dependent users often used this combination when heroin was unavailable to them.

A mix of **pentazocine** (Sosegon) and **diazepam** (Sedil tablet, Fanin ampule) was much used among drug users in Rangoon. It is sold legally at medical clinics for 5,000 kyat plus a 2,500 consultation fee. They are difficult to obtain illegally but are usually then cheaper – 3,500 kyat at the time of the interview. The price had recently been inflated due to law enforcement crackdowns. Four months earlier, at the end of 2007, a strip of sosegon pills cost only 2,000 kyat. While the most common and desired mix is diazepam and **buprenorphine** (Buepron), sosegon might substitute buprenorphine in a diazepam-sosegon mix, if buprenorphine is not available.

In Thailand during times of shortage, heroin users often use **midazolam** (Dormicum), a sleeping pill available at the pharmacy. Dormicum can be used separately to lessen the effects of heroin withdrawal, but can also be mixed with heroin or pharmaceutical

<sup>19</sup> Sobey et al, *The use of tramadol for acute heroin withdrawal: a comparison to clonidine*, Journal of Addictive Diseases, 2003; 22(4):13-25.

<sup>20</sup> US Department of Justice, Drug Enforcement Department, Office of Diversion Control (2007) *Drugs and Chemicals of Concerns - Tramadol*.

<sup>21</sup> Yourdictionary.com: Pentazocine, (accessed 19 March 2008).

opioids before injection. Benzodiazepines, like diazepam, also became much more used during the heroin-drought in Australia in 2001-2003.

In Yunnan, heroin users regularly defer to **diphenoxylate**, an opioid normally used for treatment of diarrhoea. Although chemically-related, it does not have pain-relieving (analgesic) effects at normal dosage like most other narcotics. In higher doses, however, diphenoxylate can cause euphoria and according to users helps to ameliorate heroin withdrawal symptoms.

In the south of Thailand, where many Muslim youngsters cannot drink alcohol, the use of cough syrup has been an alternative for a long time, especially 'phensydil' initially, which contains codeine. After stricter controls were introduced by the Ministry of Public Health, they shifted to less potent cough syrups, starting to mix it with ground anti-mosquito coil to enhance the effects. Another increasingly popular practice is to mix cough syrup with the leaves of the 'kratom' tree, the common name for *Mitragyna speciosa*. Kratom is a tall tree and grows wild in the forests in Thailand, Burma, Indonesia and Malaysia. Few people grow it on their land specially and the planting of the tree has been prohibited in Thailand already since 1943. Kratom leaves are scheduled as a controlled substance in Thailand (since 1979), Burma, Malaysia, Cambodia, Vietnam and most recently in Australia (since 2005), though sanctions are mostly less severe relative to other illegal drugs. Similar to the coca leaf practice in the Andes, chewing the kratom leaves has been a tradition for centuries among farmers in Thailand. When they go to work in the fields, it makes them feel they can work better in hot weather. Traditionally, kratom has often been used medicinally as well as recreationally as a substitute when opium was

unavailable or unaffordable and has been used as a herbal medicine in treatment for opium addiction.

Throughout the region, the picture that emerges is one of a very affluent market with users shifting back and forth between a variety of substances. The distinctions between the licit and illicit drugs markets are virtually non-existent when users are confronted with the scarcity of their drug of choice. The

historical situation of a region characterised by high opium use for a century has now evolved into a complex and dynamic market of opiates, ATS and pharmaceuticals. This profoundly challenges the assumption that reducing opium production would lead to less drug use. An assessment of drug-related health risks and the definition of sensible policy responses requires a

much better understanding of the choices consumers are making within such a rapidly changing market. Some of those choices may, in fact, reduce drug-related harms, but others may have severe unintended side effects. Some may represent wise self-determined choices by drug users based on experience of what works best for them – self-administered substitution schemes in the absence of adequate health services. Other dilemmas they face as a result of changes in prices and availability may, however, prompt them to adopt more harmful patterns of drug use.

*The picture that emerges is one of a very affluent market with users shifting back and forth between a variety of substances and where licit and illicit drugs are virtually nonexistent*

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## HIV/AIDS & harm reduction

One of the most worrying consequences of increased intravenous drug use is the transmission of HIV and other blood borne infections through the sharing of syringes. Globally, over three million intravenous drug users are estimated to be HIV positive. Southeast Asia is one of the regions with the highest HIV prevalence rate among drug users, in particular places in Kachin State in Burma, Yunnan and Xinjiang provinces in China, where up to 90 percent prevalence has been reached. In such areas the critical mass of infection is so great that the epidemic becomes self-sustaining among the general population.<sup>22</sup>

The only effective way to reverse the HIV/AIDS epidemic is a comprehensive package of harm reduction measures to reduce the sharing of contaminated needles among drug users, to counsel on safer consumption patterns and safe sex practices, and to offer them treatment to reduce or end their drug use. Low threshold drop-in centres, alternative (non-prison) sentences and decriminalisation of drug users are essential components of a package aimed at reaching high-risk groups. Ensuring wide availability of condoms and sterile needles and syringes, and offering substitution treatment with orally administered methadone or buprenorphine are the first logical and necessary steps. *“There is overwhelming, high quality evidence of very effective, safe and cost effective harm reduction strategies to reduce the negative health and social consequences of drug injection. [...] Experience of numerous programs and projects in all regions of the world indicate that HIV/AIDS epidemics among injecting drug users can be prevented, stabilized and even reversed by timely and vigorous harm reduction strategies.”*<sup>23</sup>

A detoxification centre in Ruili on the Burmese border was the first place in China where an outbreak of HIV/AIDS infections was discovered among drug users in 1989. “The disease has spread rapidly through the

injecting drug user (IDU) population and by 2002 had reached IDUs in all 31 provinces. By the end of 2005, HIV was estimated to have infected 288,000 drug users, accounting for 44.3% of China’s 650,000 HIV infections.”<sup>24</sup> An early projection was that there would be 10 million HIV/AIDS cases in China by 2010 if effective control measures were not in place. Alarmed by that prospect, the Chinese authorities started implementing harm reduction services among drug users. Their targets were aimed at preventing 85 percent of the projected potential new HIV/AIDS cases and keeping the total number below 1.5 million by 2010.<sup>25</sup> By the end of 2006, more than three hundred methadone treatment programmes and almost a hundred needle exchange programmes had been established. By the end of 2007, around 500 methadone sites with an estimated 95,000 customers and 775 needle services were operational. The aim is to extend these to over 1,000 programmes by the end of 2008, serving 300,000 heroin users.

According to Chinese government sources, Ruili city today has 3,000 drug users and a government health clinic now runs a methadone service for registered patients. Three mobile teams visit several sites in and around town daily. According to the local doctor, “out of our 600 patients, 115 are HIV positive, 70 percent are heroin users, of whom 40 percent are IDUs and 60 percent smoke heroin. Patients come here to use methadone for 2 Yuan per day, but only about 10 percent succeed in staying clear of drugs after an average three month of methadone treatment. If a person relapses three times, we no longer accept that person. If the police tell us a person has already been in their rehabilitation centre, we also cannot accept that person anymore.” Here, as for the whole region, methadone programmes are short detoxification programmes meant to help the heroin user make the transition to full abstinence in 45 to 90 days, which explains the high relapse rates. There are no longer-term

<sup>22</sup> TNI 2006.

<sup>23</sup> *Leadership Statement on Injecting drug use and HIV/AIDS*, XV International AIDS Conference in Bangkok, 11-16 July 2004.

<sup>24</sup> Sullivan 2007.

<sup>25</sup> Yiming Shao, *AIDS epidemic at age 25 and control efforts in China*, *Retrovirology*, 2006; 3: 87.

methadone 'maintenance' services provided, as are available in many European countries.

Heroin injection epidemics are worst in upper Burma, Vietnam and the Chinese provinces bordering Southeast Asia. The problem is declining in Thailand and is still relatively low, though increasing, in Laos and Cambodia. Across the region, the increasing trend towards methamphetamines injection is a highly worrying emerging risk. Information campaigns have already reached quite a number of problem user groups, as an IDU from Kachin State confirmed. "According to my estimate, there may be 10 percent of all the heroin addicts here who are sharing syringes among themselves. Most of the addicts have been informed about the danger of contracting the HIV virus so they seldom share, only when they do not have enough money to buy a new syringe or when the situation is particularly compulsive."

Only one country, China, has demonstrated a significant effort to scale up substitution treatment and needle exchange. In all other countries in the region coverage is still dramatically low. In Vietnam, where 300,000 people are believed to be living with HIV (double the number in 2000), the first two methadone clinics opened in April 2008 in the northern port city of Haiphong, a heroin and HIV/AIDS hotspot, where 700 users will be treated in a pilot scheme. A second pilot for 750 users was established shortly afterwards in Ho Chi Minh City. In Thailand, methadone treatment started much earlier. In both Thailand and Vietnam, needle exchange services can only operate underground, unregistered or quasi-legal as laws prohibit their functioning. In Laos and Burma, too, the law formally prohibits the provision of needles and syringes. In practice, though, needle exchange is permitted in Burma where twenty-four sites currently operate.<sup>26</sup> In Burma, a methadone treatment pilot started in 2006, but thus far just six sites are operative for a few hundred clients. The modest target is to serve one thousand customers by the end of 2008.

According to the latest estimates of UNAIDS, in Southeast Asia as a whole only a tiny 3 percent proportion of injecting drug users in need of harm reduction programmes actually have access to these services. UNAIDS also emphasises the need to review and revise laws that criminalize drug use, since "current legislation and policies hamper implementation. There is an urgent need to harmonize drug policies with HIV policies. Criminalization of drug users hampers access to treatment and prevention services."<sup>27</sup>

### Drug law enforcement & prisons

Most countries in the region maintain registration systems for drug users, supported by legislation and enforced by sanction, though there is now unofficial acknowledgement that the real numbers are much higher. China has witnessed a fifteen-fold increase in the number of registered drug users between 1990 and 2003 – from 70,000 to 1,050,000. There is now official acknowledgement of estimates in the range of 6 million to 12 million drug users.<sup>28</sup>

Criminalisation and law enforcement is still the prevailing policy to attempt to control the drugs market. In Southeast Asia, some of the world's most repressive policies against drug users and traders are in place. The region has seen rapidly escalating prison populations and annual increases in arrests. Thailand is, perhaps, the unexpected exception to this escalation. Following its brutal 'war on drugs' in 2003, the country witnessed a sudden decline in drug-related arrests from an average of 220,000 people per annum from the late 1990s to 2002, to about 100,000 in 2003.<sup>29</sup> Thailand, however, still tops the list of drug-related arrests as reported by national law enforcement agencies in 2006: 69,000 in Thailand, 17,000 in Vietnam, almost 6,000 in Myanmar, slightly more than 600 in Cambodia and less than 500 in Laos. Between 2002 and 2004 about half a million people have been arrested for drug-related offences in

<sup>27</sup> Speech by the Director of the UNAIDS Asia Pacific Regional Support Team, Dr JVR Prasada Rao, at the opening plenary of the First Asian Consultation on Prevention of HIV related to drug use in Goa, India, 28 January 2008.

<sup>28</sup> Devaney 2006.

<sup>29</sup> Ibid.

<sup>26</sup> Cook 2008.

the wider ASEAN region, including significant numbers from Malaysia and Indonesia.<sup>30</sup> In China, 56,000 arrests were reported in 2006, though there were also nearly 300,000 admissions to compulsory ‘rehabilitation’ centres and an additional 70,000 drug users ‘treated’ at ‘re-education through labour’ centres.<sup>31</sup> Many of these camps offer little or no treatment or health care services and people who are brought to such facilities experience it as a prison sentence rather than as treatment.

Drug laws across the region are extremely harsh and penalties are disproportionately high, including for minor offences. In Thailand, the possession of less than six yaba tablets will force users into a rehab centre for six months, in practice mostly around 4 months. For six or more pills, and for heroin, the penalty begins at 10 years and can mean the death penalty. In government-controlled areas in Burma, punishments are even harsher: for one pharmaceutical tablet – if no medical prescription can be provided – drug users can be sentenced to five years imprisonment. If caught with more than five yaba pills, the sentence can go up to twenty years; more than 0.2 grams of heroin means fifteen years and more than 5 grams of cannabis can mean up to twenty years. In areas controlled by ethnic ceasefire groups in Kachin or Shan State, these extreme sentencing norms are not usually applied. Still, people there are arrested for drug use or for possession of small amounts of drugs for personal consumption, imprisoned and then usually released on suffering cold turkey in custody for a few months.

The dark episode of the ‘war on drugs’ in Thailand, launched by the Thaksin government in February 2003, led to the extra-judicial killing of an estimated 2,300 drug users and small traders within the span of three months. It caused an outcry among human rights groups all over the world and was documented by Human Rights Watch in a report entitled ‘Not enough graves.’<sup>32</sup>

Formally in the region, the death penalty for trafficking offences is still practiced in China and Vietnam. Several other countries still have legislation that includes death penalties, but no longer carry out executions.

In this highly repressive drug law environment, it is no surprise that extensive corruption schemes have developed. Family members will do everything they can to prevent execution or the life of a beloved one being destroyed by a long prison sentence. We encountered many examples of corruption involving police, lawyers, judges and doctors (to provide negative drug tests), especially in Burma and China. In Yunnan, if people are sentenced to death, the current price to ‘save the head’ lies between 200,000 and 300,000 Yuan (US\$ 30,000 to 40,000), and to reduce the subsequent fifteen-year sentence to three years, another 200,000 Yuan is required. Such exorbitant amounts are necessary also at street level to bribe local police for not making arrests for minor possession. 3,000 Yuan (US\$ 430) is usually enough but it is an amount few people have readily available. In Burma, bribes of around US\$ 2,500 can reduce sentences for minor use or possession offences from seven or eight years to four years. The problem is not so much that such corrupt schemes undermine the rule of law – which in these cases, given the disproportional punishments meted out, is quite justifiable – but that many simply cannot afford to pay and families incur life-long financial debts. The effect is that those with good connections to wealthy traders are bought free and the poorest are executed or serve the longest prison sentences.

Given the extremely repressive context, it is also most worrying that the *Drug-Free ASEAN 2015: Status and Recommendations* report of 2008, lists as one of its aims “a 10% increase in total arrests annually beginning in 2009”. Although the emphasis is on increasing trafficking arrests, while reducing the relative number of arrests for possession, the proposed 10 percent total increase in arrests sends the wrong signal. What is urgently needed, instead, is a review of drug laws in the region to ‘humanise’ them, placing basic principles of human rights and proportionality of sentences high on regional and national policy agendas.



<sup>30</sup> UNODC Regional Centre for East Asia and the Pacific 2008.

<sup>31</sup> UNODC Regional Centre for East Asia and the Pacific 2007.

<sup>32</sup> Human Rights Watch, *Not Enough Graves, The War on Drugs, HIV/AIDS, and Violations of Human Rights*, June 2004, Vol. 16, No. 8 (C).

## *The opium decline*

A significant decrease in opium production in Southeast Asia occurred in the past decade. First in Thailand and then Vietnam production practically stopped, and subsequently Laos and Burma saw substantial reductions in poppy cultivation. The exact size of the decline, however, is still debatable as there are questions about the accuracy of the high Burmese production figures at the end of the 1980s and in the early 1990s. Additionally, there has been a shift in cultivation patterns to new areas inside Burma, including producing twice a year instead of once. And the last two years have once again seen increases in opium production, as confirmed by the UNODC surveys, although the size of the increase may not be accurately registered in the survey figures.

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## *Reasons for the opium decline*

Several factors have contributed to the decline. Local drug control efforts, under political pressure from global and regional deadlines, have definitely played a role, most recently the opium bans by cease-fire groups in Burma's main cultivation areas, and the enforcement of the opium ban in Northern Laos. Significant other reasons have to do with market developments. Firstly, at the global level, heroin of Southeast Asian origin has been pushed off the market in Europe and the US, being replaced by heroin of Afghan and Latin American origin respectively. Secondly, at the regional level, the rapid expansion of the ATS market reveals shifts in consumption patterns away from opiates, especially among the new generation.

## *Market impact*

The opium decline in the Golden Triangle has not reduced the supply of opium and heroin on the global market. On the contrary, global opium production has increased sharply recently, due to record cultivation levels in Afghanistan. Initially, the reduction also had no major impact on the regional market as production remained sufficient to satisfy regional demand and merely resulted in a

reduction in exports to other regions of the world. More recently, as indicated by rising opium and heroin prices, the first signs of a shortage are beginning to appear. This is likely to have a stimulant effect again on regional production. Though not yet significantly present on the market in this sub-region, the gap in other parts of China may increasingly be filled by heroin from Afghanistan.

## *Sustainability of the decline*

In both Laos and Burma, opium bans have been implemented without alternative livelihoods being in place for farmers in opium growing areas. Cease-fire groups in Burma hoped that in return for implementing opium bans in the major poppy growing regions they would gain international aid and political recognition, but this has not materialised nor has any political solution in Burma, which puts the cease-fire agreements themselves in jeopardy. As in Laos, the already impoverished people in these areas are still unable to cope with the loss of household income, while development assistance seems to be declining just as it is needed most, putting the sustainability of the ban at risk.

## *Drug-Free ASEAN 2015*

The target for achieving a drug-free ASEAN by 2015 is unrealistic and has led to overly repressive approaches towards poppy farmers and drug users. The 2008 status report on the ACCORD Action Plan continues to press for "full eradication of illicit crops in 2015", unfortunately, while recommending that "in 2009, the average family income of farmers who were persuaded to cease illicit crop production and to engage in alternative crop cultivation should be equal to the family income in the years that illicit crops were cultivated". The latter will clearly not be achieved. To prevent exacerbating the hardships already being suffered by rural communities, and undermining the sustainability of achievements to date, it would be wise not to force matters by the deadline but rather take a longer term perspective and concentrate on putting alternative livelihoods in place.

### **Mainstreaming and sequencing**

Drug control objectives need to be mainstreamed into all development interventions in the region. Conversely, all drug control programmes should have a development-oriented approach. A key guiding principle is to ensure the right sequencing: eradication of opium poppy fields or implementing opium bans should not occur unless farmers have viable and sustainable livelihoods in place. Development assistance should not be made conditional on a reduction in opium cultivation figures. Furthermore, drug control policies and practices should not violate human rights and should take traditional values and customs of local communities into account.

### **Long-term solution**

The international community should not to abandon (former) opium growing communities and drugs users in the Golden Triangle. National and local governments in the region, as well as all conflict actors, need to realise that these are complicated problems and that there are no quick fixes and one-size-fits all solutions for drug-related problems. What is needed are long-term vision and sustainable approaches. Furthermore, a regional approach is required as experience shows that reductions in one area often simply push production elsewhere. Account has to be taken of trends in the global market.

### **HIV/AIDS epidemic**

The banning of opium in the region has induced a progressive pattern from smoking opium to smoking heroin to injecting heroin. As many drug users share needles, this trend became one of the main drivers of the HIV/AIDS epidemic in the region. Most visibly in the Burmese-Chinese border areas this has led to a human tragedy, which needs to be urgently addressed at a regional level by all actors, including national and de facto local authorities. For any response to be successful cross-border cooperation and coordination is vital.

### **Pharmaceutical replacements**

The decline in opium cultivation is starting to lead to a shortage of heroin on the regional market, resulting in a reduction in quality and an increase in price. More drug users have started therefore to experiment with pharmaceutical replacements, principally opioids and benzodiazepines. The assumption that reducing opium production would lead to less drug use has proven wrong thus far. An assessment of drug-related health risks and the definition of sensible policy responses require a much better understanding of the choices consumers are making within a changing.

### **Harm reduction and HIV/AIDS**

There is an urgent need to harmonize drug policies with HIV policies. Only a small proportion of injecting drug users in need of harm reduction programmes actually have access to services. Continuing and long-term support for harm reduction drug treatment programmes for drug users, and anti-retroviral treatment for drug users with HIV/AIDS should be prioritised. Current levels of international assistance are insufficient. Governments and local authorities in the region, especially in Burma and Laos, also need to change their policies and laws on drug use, to become more treatment oriented, provide more user-friendly services, and follow harm reduction approaches. Repressive legislation that criminalizes drug users only hampers access to treatment and prevention services.

### **Involvement of civil society**

Active involvement of communities – including opium farmers, drug users and the organisations that represent them – in policy development and programme planning is a fundamental prerequisite for success.

### **Democracy and governance**

Burma has been embroiled in a civil war since 1948 and has suffered a military dictatorship since 1962. Decades of conflict and government mismanagement have brought great suffering to the population. Although the



situation in Laos and China, which are both ruled by authoritarian communist regimes, is a little more open, there is very little space in all three countries for debate or dissent, and drug control policies reflect this. The military still plays an important role in Thai politics (the last coup took place in 2007), but the country has a democratic political system, and there is much more space in Thailand for civil society to influence drug policies. Still, one of the most brutal episodes recently occurred in Thailand during its 'war on drugs' in 2003 and every effort is required to prevent another similar campaign. It is clear that without good governance no sustainable solution for drug-related problems is possible. This includes full respect for human rights, adherence to democratic principles, and provision of the space for local organisations to represent their interests meaningfully.

*What is urgently needed is a review of drug laws placing the issues of human rights and proportionality of sentences high on the policy agenda*

#### Engagement

Drug-related problems in the region are severe and urgent. They cannot wait for democracies to be established. Meanwhile, there are several local and international organisations active in the region, which have found the space to operate and reach the most needy populations despite the difficult circumstances. These organisations deserve to be supported in their efforts. Furthermore, all national and local authorities – including cease-fire groups in Burma – need to be engaged in the process of introducing more sustainable and humane drug policies.

#### Repressive environment

National and local governments in the region have emphasised law enforcement rather than a health and development approach. The main victims of these repressive drug control policies are those at the bottom of the trade:

the opium farmers and drug users. Current policies of criminalising opium farmers and drug users are not only counter-productive, they violate human rights and stigmatise the poorest and weakest links in the drug trade.

#### Drug law reform

Drug laws across the region are excessively harsh and penalties, including for minor offences, are disproportionately high. Given the repressive context, it is worrying that the *Drug-Free ASEAN 2015: Status and Recommendations*

report of 2008, lists as one of the aims "a 10% increase in total arrests annually beginning in 2009". Though the text qualifies this by recommending that arrests for possession offences should be reduced relative to those for trafficking, the blanket 10% target sends the wrong signal. What is urgently needed instead is a comprehensive review

of drug laws in the region with a view to 'humanising' them. The issues of human rights and proportionality of sentences relative to the offence should be high on the regional and national policy agendas.

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Opium production in Southeast Asia has decreased significantly in the past decade. There is little reason for optimism, however. The decline has not reduced the supply of opium and heroin on the global market and there are serious questions about its sustainability. The abrupt decline has caused untold misery for opium farmers in the region, who do not yet have sufficient alternative livelihoods in place. The situation is further complicated by acute land shortages exacerbated by Chinese investment in plantations in the region. Meanwhile, current levels of development assistance for Burma and Laos remain low.

The decline has led users to shift from smoking opium to injecting heroin, significantly contributing to the HIV/AIDS epidemic in the region. Now signs are that the quality of heroin is declining while the price is increasing causing drug users to experiment with pharmaceutical cocktails. The new health risks are not yet known.

There is an urgent need to harmonize drug policies with HIV policies. Long-term support for harm reduction and health care programmes for drug users must be prioritised. Only a small proportion of intravenous drug users in need of harm reduction programmes have access to services. Sentences for minor drug offences are disproportionately high and need to be reviewed. Repressive legislation that criminalizes drug users further hampers access to treatment and prevention services.

The international community should not abandon (former) opium growing communities and drugs users at this critical stage of market changes in the Golden Triangle. National and local authorities in the region need to realise that these are complicated issues and there can be no quick fixes and one-size-fits-all solutions for drug-related problems.

This TNI briefing aims at contributing to a better understanding of current market dynamics in Southeast Asia, essential for designing more effective and sustainable policy responses consistent with human rights and harm reduction principles.

Founded in 1974, TNI is an international network of activists and researchers committed to critically analysing current and future global problems. Its goal is to provide intellectual support to grassroots movements concerned about creating a more democratic, equitable and sustainable world.

Since 1996, TNI's Drugs and Democracy Programme has been analysing trends in the illegal drug economy and global drug policy, causes and effects on the economy, peace and democracy.

The programme does field research, fosters political debate, provides information to officials and journalists, coordinates international campaigns and conferences, produces analytical articles and documents, and maintains an electronic information service on the topic.

The goal of the programme and the Drugs and Conflict series is to encourage a re-evaluation of current policies and advocate policies based on the principles of harm reduction, fair trade, development, democracy, human rights, protection of health and the environment, and conflict prevention.

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