

**DRUGS &
CONFLICT**

DEBATE PAPERS
DECEMBER 2003

no. **9**

**Drugs and Conflict in
Burma (Myanmar)**

Dilemmas for Policy Responses



Drugs and Democracy Programme



TRANSNATIONAL INSTITUTE

TNI BRIEFING SERIES
No 2003/7

EDITORS:

Martin Jelsma
Tom Kramer
Pietje Vervest

TEXT EDITING:

Imre Szucs

DESIGN:

Jan Abraham Vos
Zlatan Peric, MEDIO
Logo *Drugs & Conflict*:
Elisabeth Hoogland

PRINTING:

Drukkerij Raddraaier,
Amsterdam

FINANCIAL SUPPORT:

GTZ (Germany), Dutch Ministry
of Foreign Affairs

CONTACT:

Transnational Institute
Paulus Potterstraat 20
1071 DA Amsterdam
The Netherlands
Tel: -31-20-6626608
Fax: -31-20-6757176
drugs@tni.org
www.tni.org/drugs

T

N

I

Contents of this booklet may be quoted or reproduced, provided that the source of information is acknowledged. TNI would like to receive a copy of the document in which this booklet is used or quoted.

You may stay informed of TNI publications and activities by subscribing to TNI's bi-weekly e-mail newsletter. Send your request to tni@tni.org or register at www.tni.org

Amsterdam, December 2003

CONTENTS

● Editorial	3
● Drawing to a Close? <i>The Opium Economy and the Pending Ban</i>	4
◆ Box: Best Guesstimates	5
◆ Map: Shan State	6
◆ Box: The Ya Ba Market	8
◆ Major events in recent Burmese history	11
◆ Box: Burma in the Global Opiates Market	12
● Kingpins or Scapegoats? <i>Civil War and the Drugs Trade in Burma</i>	14
◆ Box: The KMT and the Opium trade	15
◆ Box: 'Kings of Opium'	16
◆ Box: Ya ba and the Wei brothers	19
◆ Map: Burma (Myanmar)	21
● A Politicised Debate <i>Sanctions, Humanitarian Aid and Drug Control</i>	23
◆ Box: Drugs & HIV/AIDS	29
● Abbreviations	30
● References and useful websites	21

DRUGS &

CONFLICT

Europe and Plan Colombia
Debate Paper No. 1, April 2001

Fumigation and Conflict in Colombia. In the Heat of the Debate - Debate Paper No. 2, September 2001

Afghanistan, Drugs and Terrorism. Merging Wars
Debate Paper No. 3, December 2001

Alternative Development and Eradication. A Failed Balance - Debate Paper No. 4, March 2002

Polarisation & Paralysis in UN Drug Control. Breaking the impasse - Debate Paper No. 5, July 2002

An Agenda for Vienna. Change of Course
Debate Paper No. 6, March 2003

Alternative Development and Conflict in Colombia. Cross Purposes - Debate Paper No. 7, June 2003

Forward Operating Locations in Latin America. Transcending Drug Control - Debate Paper No. 8, September 2003

All editions of the series are available online in English and Spanish at: www.tni.org/reports/drugs/debate.htm

A Sword of Damocles is hanging over the Shan State in Burma (Myanmar)¹, the area where by far the majority of the country's opium is produced. In the Kokang region, an opium ban was enforced last year, and by mid-2005 no more poppy growing will be allowed in the Wa region. The enforcement of these bans will directly threaten the livelihoods of some 250,000 families in the Shan State who depend on the opium economy. They add another chapter to the long and dramatic history of drugs, conflict and human suffering in the country.

In this issue of *Drugs & Conflict* we present the key findings from a TNI research mission to Thailand and Burma which aimed to assess the extent of the unfolding drama and talk openly to all sides involved.² Our conclusions and our doubts are based on the discussions we had, and on the expertise we have gathered over the years in the fields of drugs and conflict and the situation in Burma. The complex nature of the issues poses many dilemmas and requires carefully designed drug policy responses – both at the local level as well as internationally- to enable the country to move towards development, national reconciliation and democracy.

With this publication, we want to stimulate and bring nuance to the currently very polarised debate on international engagement with Burma. Between political pleas for strict sanctions aimed at pressuring for a democratic transition in Rangoon, and the efforts of the SPDC military government to hold onto power, little attention is being paid to developments at the local level in zones as remote as Kachin State and the Kokang and Wa regions, in Shan State.

Rural communities risk being sacrificed in an effort to comply with international pressures about drug-free deadlines and US drug control certification conditions, as well as drug-related security concerns from neighbouring countries. In response to such pressures, officials in Rangoon and local authorities are trying to curry favour with the international community by announcing harsh measures against illicit crop production. Community livelihoods face being crushed between the pincers of the opium ban and tightened sanctions.

In December 2003, we will convene an international conference in Amsterdam in cooperation with the Burma Centre Netherlands to discuss the dilemmas for drug policy responses in this context. We intend to improve the terms of the debate on peace and democratisation based on a better understanding of what is happening on the ground in the ceasefire regions and within the opium-growing communities.

A gradual and sustainable decrease of the illicit drugs economy could have positive impacts on the HIV/Aids crisis in Burma, which is largely related to intravenous drug use. It may also reduce the concerns related to drug trafficking in the region, such as the epidemic of *ya ba* (methamphetamines) in Thailand, serviced mainly from production facilities in Burma. It could diminish the levels of corruption and the distortion of power relations that result from the revenues earned by armed groups - those under ceasefire agreements and those still in armed opposition, or by the military government. History has shown that few of the parties to the conflict can claim innocence insofar as deriving income from the illicit economy goes. Demonising one specific player in the field, as often occurs, usually has stronger roots in politics than in evidence.

To achieve a sustainable decrease, alternative sources of income for basic subsistence farmers have to be secured. Enforcement of the current tight deadlines does not allow alternatives to be in place in time, in spite of genuine efforts undertaken by UNODC and other international agencies. A humanitarian crisis will occur, jeopardising the fragile social stability in the poppy growing areas.

Without adequate resources, the longer-term sustainability of 'quick solutions' is highly questionable. Since local authorities are eager to comply with promises made, law enforcement repression is likely to increase, with human rights abuses and more displacement a potential outcome. The only viable and humane option lies in a simultaneous easing of drug control deadline pressures and increasing international humanitarian aid efforts. Both require stronger international engagement of a different kind to that we have seen so far.



¹ In 1989, the military government changed the name of Burma to Myanmar. Using either 'Burma' or 'Myanmar' has since become a highly politicised issue. The UN system uses Myanmar, but for the sake of consistency we have chosen to use Burma, which is the way the country is referred to in the large majority of English language press and other publications.

² In September, TNI undertook a mission to the Thai/Burmese border, to Rangoon and into the Wa hills in Shan State. We visited groups in armed opposition; met with civil society organisations; had extensive discussions with ceasefire groups; talked to drug control officials of the military government in Rangoon; spoke with UNODC representatives in the capital and local staff of the Wa Alternative Development Project and visited villages dependent on poppy cultivation.

"The real point about opium in the Wa States and Kokang is that opium is the only thing produced which will pay for transport to a market where it can be sold. To suppress opium in Kokang and the Wa States without replacing it by a crop relatively valuable to its bulk, would be to reduce the people to the level of mere subsistence on what they could produce for food and wear themselves or to force them to migrate." [1937]¹

T
N
I
Long ago, in the mountains of Loi Mu lived a beautiful woman named Ya Lem, also known as Nang Hong Loi Mu (the Beauty of Loi Mu). Many eager young suitors came to seek her hand in marriage. However, she could only select one, which proved impossible, causing her great consternation. So she killed herself. From the breast of her corpse sprouted tobacco, and from her groin came poppy. And so, since that time, the Wa people have raised tobacco and poppy. [Wa legend]²

The Wa authorities have committed themselves to a region-wide ban on opium to be implemented in June 2005, after the spring harvest. In the Kokang area, a ban already went into effect last year. The Wa legend of Ya Lem is drawing to a close, and again the story will not see a happy ending.

The words of the Shan commissioner remain as valid today as they were in 1937. Around 250,000 households living at subsistence level which depend on the opium economy will be deprived of half their income or be forced to migrate. Stressing the seriousness of the 2005 deadline, Wa leader Bao Yu-xiang is even willing to follow in the footsteps of the Beauty of Loi Mu, vowing: "I'm ready to chop off my head if we don't make it".

The Opium Economy

After Afghanistan, Burma is the world's second largest producer of opium, the raw material from which heroin is produced. According to the latest opium survey of the United Nations Office on Drugs and Crime (UNODC) for Burma in 2003, "the potential opium production was estimated to range between 560 and 1,060 tons, with a mean value of 810 tons. This represented a decrease of 4% compared to last year."³ Measured in hectares cultivated, the survey claimed a decrease of 23%, from a mean estimate of 74,600 poppy hectares in 2002 to 57,200 this year. About 90% of the opium poppy is grown in the Shan State, with the Wa and Kokang Special Regions alone accounting for about 40-50 per cent.

The US State Department, using other methods and reaching different figures, confirmed the pattern that "opium production declined in Burma for the sixth straight year in 2002. The survey found that the maximum potential yield for opium in Burma in 2002 totalled 630 metric tons, down 235 metric tons (or approximately 26 per cent) from 2001. Over the past six years, opium production in Burma has declined by more than 75 per cent, from an estimated 2,560 metric tons in 1996 to 630 metric tons in 2002. The area under cultivation has dropped by more than half, from 163,100 hectares in 1996 to approximately 77,000 hectares in 2002."⁴ Figures from the US survey team for 2003 are revealing an even more significant reduction of 37% in terms of hectares compared to 2002.

The consistent decline in opium statistics for Burma over the past few years has led to optimistic statements at Vienna UNODC headquarters. "The vicious linkage between opium and poverty is being broken. Until recently the elimination of opium cultivation in the "Golden Triangle" would have been considered impossible. It is now within reach. However, countries need assistance to sustain legal activities and alternative crops. With the support of the international community, an

¹ John S. Calgue, former Federated Shan State commissioner, 1937; quoted in Ronald Renard, *The Burmese Connection: Illegal Drugs and the Making of the Golden Triangle*, Lynne Rienner, Boulder/London 1996, p. 38.

² Takano Hideyuki, *The Shore beyond Good and Evil, A report from inside Burma's Opium Kingdom*, Kotan Publishing 2002.

³ Myanmar Opium Poppy Survey 2003, UNODC 2003.

⁴ www.unodc.org/pdf/publications/myanmar_opium_survey_2003.pdf

⁵ International Narcotics Control Strategy Report 2002, US Department of State, Washington, March 2003.

Best Guesstimates

Measuring opium production figures is not an exact science. The UNODC International Crop Monitoring Programme (ICMP) now covers Afghanistan, Burma, Laos, Colombia, Peru and Bolivia. The methodology combines data from satellite remote sensing and ground surveys. In the case of Burma, the survey was conducted for the second year. The broad range used in the figures for 2003 (49,500-71,900 hectares; 560-1,060 tons) indicate that error margins are recognised to be substantial. Several factors contribute to the uncertainties. Firstly, the aerial and ground survey was only done for the Shan State and the final national figure was based on a random percentage for poppy cultivation taking place elsewhere in the country. *“Based on eradication reports, it was estimated that about 8% of the cultivation took place outside of the Shan State in 2002. To establish a national figure, the survey analysts assumed that the proportion remained the same in 2003.”*¹ Secondly, because the Shan State itself is already a huge area with limited accessibility, a sampling approach was chosen in which about 13% of all villages was surveyed and

the findings were then extrapolated to the entire State. Thirdly, since poppy fields in Shan State are small (83% of the fields measured in the 2003 survey were smaller than 0.15 hectare per household) and the resolution of most of the satellite pictures used quite low, clear distinctions between poppy fields and for example bean fields are almost impossible to make. Part of the extrapolations are for that reason based on estimated high or low ‘potential for poppy cultivation’ rather than ground-truthed actual poppy cultivation. Finally, calculations of yield of opium gum per hectare are still unreliable and can differ hugely from year to year and from township to township. For this year, differences in yield have been reported ranging as wide as from 4 to 37 kg/ha, with the average set at 13 kg/ha. Considering all these factors, several observers suspect that the UNODC production figures for the Northern Shan State may be too high, while expanding poppy growing in other areas of the country not covered in detail by the survey may be underestimated.

¹ UNODC, *Myanmar Opium Poppy Survey 2003*

important and painful chapter of world drug history is coming to an end” Executive Director Antonio Maria Costa said at the launch of the latest opium surveys for Laos and Myanmar.⁵ *“If helped to sustain the current momentum, South-East Asia could well become a minor source of illicit opium by the year 2008. Such a tremendous achievement would close a 100-year chapter in the history of drug control.”*⁶

On a global scale, in 1998, the UN General Assembly Special Session (UNGASS) on drugs set a ten-year target: to eliminate or significantly reduce the cultivation of opium poppy by the year 2008.⁷ The South-East Asia region has jointly committed to making the area

drug-free by 2015, but in the case of opium cultivation, they adhere to the tight UN target, saying: *“The growing of illicit opium poppy should be eliminated in the region by year 2008 as referred to by UNGASS. Accordingly, 33% reduction of all illicit production will be achieved by 2003, and 66% by the year 2005.”*⁸

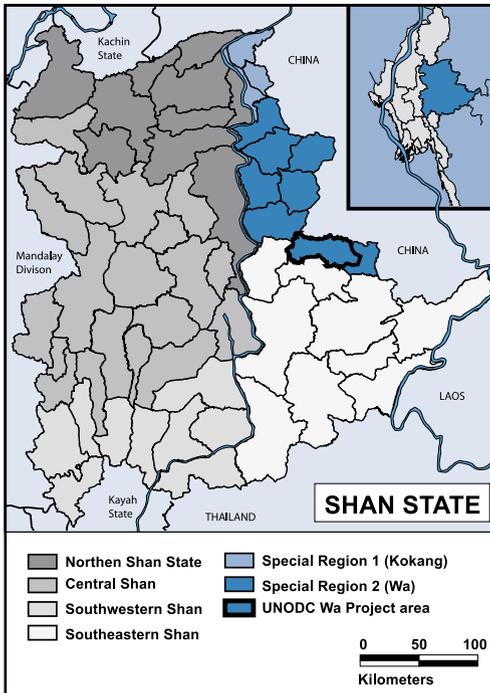
The anti-drugs strategy of the military government, the State Peace and Development Council (SPDC) in Rangoon follows the regional aim to achieve a drug-free country by 2014. In 1999, the *15-Year Plan for Elimination of Narcotic Drugs* was adopted, divided into three 5-year phases, covering production and consumption of all illicit drugs. Regarding

⁵ *Decline of Opium Cultivation in the “Golden Triangle”*, Press Release, United Nations Information Service, UNIS/NAR/801, 18 June 2003.

⁶ *Encouraging Progress towards still distant goals*, Progress Report by the Executive Director as a contribution to the Mid-term (2003) Review of UNGASS, UNODC/ED/2, 8 April 2003.

⁷ A/RES/S-20/2, *Political Declaration*, General Assembly 20th Special Session, 10 June 1998, Article 19.

⁸ ACCORD (ASEAN and China Cooperative Operations in Response to Dangerous Drugs) *Plan of Action “In pursuit of a drug-free ASEAN 2015”*. www.unodc.un.or.th/accord/plan.htm



T
N
I

poppy cultivation, the rollout-plan foresees Kachin State and the Northern and Eastern Shan State, fully opium-free by 2009, the Southern Shan State for two-thirds free, and the final 5-year phase dealing with remaining illicit crops in Southern Shan, Kayah and Chin States. The government stresses that if adequate international assistance is made available, “the drugs elimination plan could well be implemented in a shorter period than it has been originally planned.”⁹

The SPDC drug control strategy contains highly controversial repressive measures, such as obligatory registration and compulsory treatment for drug users and military forced eradication operations against farmers. Between 1985-1988 the United States supported the government in carrying out aerial chemical-spraying operations of opium fields using the herbicide 2,4-D (one of the ingredients also used in the Agent Orange mixture), similar to what the US was doing at

the time in Guatemala. The government has built a huge ‘Drug Elimination Museum’ in the capital where these and other anti-drug operations are heralded, such as the regular drugs destruction ceremonies where large quantities of confiscated opium and heroin are burned and thousands of bottles with synthetic drugs are crushed under a steamroller. In terms of ‘Alternative Development’, the government prefers big infrastructure projects such as dams, electricity plants, bridges and factories. Given the largely top-down authoritarian approach to society, the absence of government involvement in any serious community development involving poppy farmers is perhaps unsurprising, if unfortunate.

Too fast, too soon..

One major worry is that the pace of reduction and eradication is not matched by the capacity to create alternative livelihoods in a sustainable manner. According to the Ministry of Defence, in the poppy season from October 2001 to March 2002, 7,500 hectares were eradicated.¹⁰ “We hope to cut opium production by 50% in the current production year,” 2002-2003, said the Joint Secretary of Burma’s Central Committee for Drugs Abuse Control (CCDAC), police colonel Hkam Awng. In response, Rangoon representative of UNODC Jean-Luc Lemahieu warned: “A 50% reduction is revolutionary and we should be happy with that. But it’s too fast, too soon. I don’t see enough income coming in for the opium poppy farmers and I’m concerned that we’ll have a humanitarian crisis on our hands as a result.”¹¹

Both the Wa and the Kokang authorities have issued a ban prohibiting and severely penalising all drug-related activities: from cultivation and production, to trafficking and consumption. The Kokang ban was agreed to in mid-1997, with the original aim of declaring the region an opium-free zone by the 2000/2001 poppy season.¹² Forced eradication started

⁹ For a description of the *15-Year Plan for Elimination of Narcotic Drugs* and details about the breakdown into three phases, see: www.myanmar-narcotic.net/eradication/anti3.htm

¹⁰ UNODC, *Myanmar Opium Poppy Survey 2002*.

¹¹ *Fighting Burma’s drugs trade*, BBC News - Wednesday, 11 December, 2002.

¹² The opium poppy season in Burma is from September-March, with sowing mainly taking place in the months September/October and harvesting in February/March.

early in 1998, reducing the cultivated area by one-third. The elimination target date was then extended to the 2002/2003 season. The impact of last year's enforcement of the ban appears to be confirmed by comparing figures from the 2002 and 2003 opium surveys. The three townships largely falling under the Kokang Special Region, saw a 60% reduction in hectares under cultivation.¹³ Overall, for the whole Northern Shan State a 50% decrease was reported. According to UNODC the "reason for this decrease is attributed to farmers' compliance with the Government's request not to plant opium poppy."¹⁴ Non-Kokang townships in the Northern Shan State that showed steep reductions were the ones short-listed on the SPDC township priority targets for the first 5-year phase. The largest increases in poppy cultivation this year have been reported from the Northern Wa Special Region and Central Shan State, which suggests a displacement of crops because of the increased pressure in the upper Shan State.

For the Wa region, the law includes a provision that opium farmers will have their crops destroyed if they do not comply with the 2005 deadline.¹⁵ Imprisonment has been mentioned as an additional

The troubles witnessed in the Kokang region, while grave, will pale before those that are to come in the much higher populated Wa hills

sanction to ensure compliance with the ban.¹⁶ From the Kokang region several cases have been reported of farmers being detained, but no data are available to indicate how widespread this repression is. A recent UNODC humanitarian assessment confirmed signs of an unfolding drama in Shan State, according to Mr Lemahieu: "What is evident is the drastic cut in acreage in north-eastern Shan State, including Kokang areas. A joint humanitarian assessment

team visited the Kokang in early May and came back with the positive news of drastic opium reduction there, but an alarming humanitarian situation concerning the fate of the opium farmers and their families. Fast intervention is required."¹⁷

The assessment team reported from Kokang for example that after the opium ban, in some townships, up to 30% of the parents were taking their children out of school for want of money for tuition and school materials. Basic education is a privilege that has only slowly become available to most Kokang inhabitants since the 1989 ceasefire. Prior to the ban, 80% of the approximately 13,250 households (106,000 people) in the area grew opium, primarily to buy rice. The up-to-USD 500 earned annually per family from growing poppies was sufficient to secure rice year round, and pay for other basic needs like clothing, health care and education. The situation is growing critical; in the absence of revenue from opium

as the main cash crop, food shortages have started occurring. The World Food Programme has recently started bringing in emergency assistance for distribution of rice to former opium-farmers and their families, in partnership with several international NGOs.

The troubles witnessed in the Kokang region, while grave, will pale before those that are to come when the full implication of living without poppy becomes clear, warned the assessment team. Moreover, given the much higher populated Wa hills, the problems encountered in Kokang will repeat themselves many times over in the Wa region if the situation is not dealt with proactively.¹⁸

¹³ For the three townships Kunglong, Lawkai and Konkyan in 2002 together an amount of 12,672 hectares was reported, down to 5,081 in 2003. Though township boundaries do not exactly coincide with those of the Special Administrative Region, these figures do give a good indication of developments in the Kokang region.

¹⁴ UNODC, *Myanmar Opium Poppy Survey 2003*, op. cit.

¹⁵ *Wa Region to Become Drug-free by 2005: But What's Next?* ODCCP Eastern Horizons, No. 10, June 2002.

¹⁶ Interview with UWSA Central Committee members, Panghsang, 12 September 2003.

¹⁷ *Making Inroads, An Interview with Jean-Luc Lemahieu*, The Irrawaddy Online Vol. 11-No.4, May 2003.

¹⁸ *Replacing Opium in Kokang and Wa Special Regions, Shan State, Myanmar*, Joint Kokang-Wa Humanitarian Needs Assessment Team, Official Report, UNODC, May 2003.

The Ya Ba Market

Often the argument is heard that the Wa authorities and the SPDC military government are willing now to phase out opium/heroin production because they have shifted their illegal income sources to the more profitable methamphetamine production. In South-East Asia Amphetamine-type Stimulants (ATS) are the first drug of choice, before opiates. Especially Thailand is living through an exceptional epidemic of the local methamphetamine tablets called *ya ba* ('crazy medicine'), containing usually a high percentage (up to 70%) of caffeine. In East Asia the high-purity crystal methamphetamine (*ice* or *shabu*) is the more popular form available.

Worldwide, production and consumption of ATS is the fastest growing illicit market. UNODC estimates global ATS production –including ecstasy–very roughly around 500 tons a year, with more than 40 million people having used them in the past 12 months. *“Almost all of the ATS market value is profit. Equipment and, in most locations, labour are inexpensive. Less than one kilogram of drug, sold on the illicit market, typically pays easily for the initial investment of setting-up a small-scale clandestine laboratory.”*¹ The greatest running cost is that of the chemical precursors required in manufacturing. For methamphetamine the main precursors are ephedrine or pseudoephedrine, mainly produced in China and India, normally priced about 65-100 USD/kg but on the illicit market traded for prices up to 2,000-3,000 USD/kg.

Unlike cocaine and heroin, whose production is limited by geography and climate, synthetic drugs can be produced anywhere. In 2001, for example in the United States some 8,000 kitchen-style small methamphetamine laboratories were estimated to be in production. Labs have mushroomed in Burma, especially near the Thai border, to service the huge demand there. Up until 1996/97, large-scale manufacturing sites existed in central Thailand and the move to Burma seems in part a response to enhanced Thai law enforcement. *Ya ba* labs continue to exist in Thailand on a smaller scale, as evidenced by seizures of mixing and tableting machines with dies and punches for the typical 'wy' logo seen in South-East Asia, often erroneously described as being the brand name for Wa produced *ya ba*. Similarly, the *“development coincides with the crackdown on methamphetamine manufacture in China since 1998, when a number of high-capacity methamphetamine laboratories were seized in that country.”*² According to the authorities this also caused the sharp rise in methamphetamine production in The Philippines at the end of the nineties.

There is no doubt that several labs do function in Wa controlled territory and examples have been documented of Wa military and SPDC military involved in protection of labs and trans-shipments. About 700 million tablets are thought to be shipped from Burma nowadays across the border into Thailand, corresponding to about 20 tons of methamphetamine or 7.5% of global manufacture. Huge profits are earned in the process corrupting many local authorities, police, custom and military officers on both sides of the border. ATS production is a highly competitive and volatile market, the mainly ethnic Chinese trafficking networks easily move production elsewhere and new groups enter the market constantly. The dynamics of the trade are quite different compared to the opium economy. As UNODC country representative Jean-Luc Lemahieu stated *“Opium in essence is about poverty, whereas ya ba is about greed”*.³

¹ Ecstasy and Amphetamines: Global Survey 2003, UNODC September 2003.

² Ibidem.

³ Making Inroads. Interview with Jean-Luc Lemahieu, Aung Zaw, The Irrawaddy, Vol. 11 No. 4, Chiang Mai, May 2003.

T

N

I

Alternative Development

Operating under the UNODC umbrella, the United Nations International Drug Control Programme (UNDCP) in 1998 started the Wa Alternative Development Project (WADP) with the objective of supporting the commitment of the Wa authorities to have their region opium-free by 2005.¹⁹ The project intends to improve food security, alternative livelihoods and the basic improvement of living conditions, health care and education for about 6,250 families in four townships (Ho Tao, Mong Phen, Mong Pawk and Mong Khar) in the Southern part of Special Region 2, controlled by the United Wa State Army since the 1989 ceasefire.

The Wa project, scheduled to continue until 2005, represents the biggest Alternative Development drug control effort in Burma to date, though pledged funds are still far under the estimated requirements. "Working in the Wa with leaders trained in the top-down culture of Communist China in the 1980s", conditions for the project have been extremely difficult from the very start. According to the evaluation report: "Obstacles facing this work are greater than that of any other UNODC project since the very first it (as UNFAC) organized in Thailand starting in 1971."²⁰ Once, in 2000, the project was temporarily halted, after the Wa Security Brigade took project staff hostage at a detoxification centre.

Initially, the Wa authorities were only interested in the infrastructure components of the project, like road construction. Tensions arose due to the project's intended 'participatory approach', which was seen as potentially undermining to their authority in the region. Community development activities got off the ground, after difficult negotiations, in only four of the villages. The absence of a serious participatory community-based approach was strongly criticised by the external evaluation in 2003. The pilot activities in this field, however, have been successful in terms of building confidence with the Wa authorities, which

are allowing the project to extend community development work to 15 villages next year.

The announced 2005 ban is hanging like a Sword of Damocles over the project. Originally UNDCP staff promoted the idea of a clear deadline, as it has done in many other countries. The public announcement of the 2005 ban came shortly after a meeting in June 1995 between Wa representatives, military government officials and UNDCP representatives, which also marked the start of drafting and negotiating the UNODC project. On the Wa side, there has been a clear link between expectations concerning international assistance, and their determination to enforce the ban. By now, however, current UNODC project co-ordinators clearly feel uneasy about the prospect of imposing a ban long before the Alternative Development process can generate the conditions to sustain its success.

The problematic relationship between the UNODC project and the 2005 ban makes it exceptional compared to many other Alternative Development projects. The project itself does not have to create the conditions that allow for a gradual decline in opium production. That decline is basically ensured by the Wa authorities through enforcement of the ban by repressive means, irrespective of what happens with the project. Poppy hectare reduction is not immediately related to success or failure of the project in developmental terms. The Wa project can thus hardly still be seen as falling under the definition of 'Alternative Development' in the sense of aiming to reduce drug production through the creation of alternative livelihood options for the rural population. The imminence of the ban has reduced its objectives to becoming merely the provision of humanitarian assistance to an economically opium-dependent population under severe pressure to abolish a crucial component of its survival strategy.

This involves quite a difficult shift for a development project based on a participatory



¹⁹ AD/RAS/96/C25, *Wa Alternative Development Project*, UNDCP.

²⁰ *Terminal Evaluation Report (AD/RAS/96/C25 and AD/RAS/02/G25)*, Report of the Evaluation Team, UNODC 5 May 2003.

approach with the involved communities. The most immediate threat for them comes from the implementation of the ban by the Wa authorities, supported by the SPDC in Rangoon, both trying to accommodate drug control pressures from the international community. The project's objective to assist rather than repress opium-dependent communities requires now to 'reduce the harm' that comes with enforcing US drug control certification conditions and following the prevailing international 'zero tolerance' and deadline-oriented drug control ideology.

Similar contradictions for the project result from the Wa authorities' policy of forced relocation. Justified by the reasoning that conditions in the Northern Wa region cannot sustain current population levels if opium is taken away from them, the Wa have, over the past few years, ordered the relocation of some 40,000-50,000 people southward towards the Thai border area and into the Wa project area. The UNODC project, although not supportive of these measures, feels incapable of preventing them, and has turned to softening the impact of these relocations, by providing humanitarian assistance to relocated settlements within the project area. The Wa authorities originally targeted 100,000 people in the North for relocation, but after the difficulties encountered halfway they decided to stop. No further mass relocations are planned according to the authorities.²¹

In the midst of all these limiting conditions and contradictions, the project is accomplishing parts of its basic mission: increasing rice production in the area and considerably improving health and education facilities. The scope is still limited, since only a small proportion

of the total region faced with the ban can benefit from them. Project activities are concentrated in only 28 out of the 328 villages in the project area. To put it into perspective, those 28 project villages only account for about 150 hectares of opium cultivation.²² Plans are therefore being developed to expand activities, including to the Kokang and Northern Wa regions, to address "the special humanitarian conditions imposed on the peoples of these Regions because of the immediate banning of opium in Kokang (2002) and Wa (2005). In these Regions few of the prerequisites for sustainable development have been satisfactorily provided and major food shortages are looming as soon as opium will be banned."²³

Looking towards 2005

Even the SPDC's Central Committee for Drugs Abuse Control (CCDAC) considers the Wa deadline for 2005 to be highly ambitious, and has expressed concern over the hardships it will cause the rural population, suggesting that prolonging the ban by a few years would still be in accordance with the national targets.²⁴

The Wa authorities are themselves fully aware of the difficulties the ban will cause for their population, acknowledging that they are about to 'turn over the rice bowls of the people'.²⁵ Nevertheless, they maintain it is the only way for the Wa to 'be welcomed by the international community'. They remain confident that the international community, through UNODC, will assist the population in getting through the dramatic period to follow. This might prove to be a grave miscalculation. The future of the UNODC project is still highly insecure beyond 2005, many donors feel hesitant step-

Few of the prerequisites for sustainable development have been provided and major food shortages are looming as soon as opium will be banned

²¹ Interview with UWSA Central Committee members, Panghsang, 12 September 2003.

²² Terminal Evaluation Report (AD/RAS/96/C25 and AD/RAS/02/G25), Report of the Evaluation Team, UNODC 5 May 2003.

²³ AD/RAS/96/C25, Wa Drug Control Project, Revised Project Document, UNODC June 2003.

²⁴ Interview with Police Colonels Hkam Awng and Sit Aye of the Central Committee for Drugs Abuse Control, Rangoon, 15 September 2003.

²⁵ Interview with UWSA Central Committee members, Panghsang, 12 September 2003.



ping into the difficult political circumstances surrounding it. The Wa authorities are not yet likely to gain the international recognition they expect in return for the steps they are taking.

There is no doubt that the ban will continue to be enforced as planned, and every village in the area seems keenly aware of the deadline. How effective the ban will be in meeting its objectives remains unclear. Obviously, the developmental conditions are most unfavourable for its sustainability. A Wa project assessment last year mentioned as one of the risk factors: *"The increase of credit offered by traffickers to poppy farmers could annihilate all project efforts, even activities such as the provision of alternative crops, improved livestock activities or even credit schemes. The increase of the opium price can make it impossible to eradicate without strong law enforcement interventions such as forced eradication."*²⁶ The effectiveness will largely depend of the level of repression exercised to enforce it, combined with the expectations and faith of communities that complying with the ban will bring developmental assistance to their villages.

The sad conclusion is that in fact no one is likely to gain anything from the ban. Supply for the international market (where this is supposed to be mainly about) will re-establish itself somehow. No relief should be expected in terms of reduced problems related to heroin consumption, at least not outside the country. Neither the Wa authorities nor the SPDC is likely to gain any political recognition over it, in fact both risk to sacrifice the welfare of their own people for image-improvement they are unlikely to be granted. Enforcement of the ban will only produce losers in a devastating humanitarian crisis. A deadlock situation has been created where the only sensible and humane option would be to extend the deadline while the ones who made the pledge know that doing so would mean risking losing the little credibility they still have left.

Major events in recent Burmese history

- 1948 Burma becomes independent. Communist Party of Burma launches armed struggle. Start of civil war.
- 1949 Karen National Union starts armed struggle. KMT invasion in Burma.
- 1962 General Ne Win takes power in military coup. Burma becomes one-party state under Burma Socialist Programme Party (BSPP).
- 1963 Ne Win introduced Ka Kwe Ye programme.
- 1968 CPB invasion from China into northern Shan State.
- 1973 Ka Kwe Ye's ordered to disband and turn in their weapons.
- 1976 Ethnic minority opposition armies form National Democratic Front (NDF).
- 1987 Burma applies for Least Developed Country (LDC) status at UN.
- 1988 Mass-demonstrations for democracy suppressed by the army. Thousands of civilian protesters killed, many others put in jail. Military government reasserts power and forms State Law and Order Restoration Council (SLORC).
- 1989 Aung San Suu Kyi put under house arrest. CPB collapses. Wa, Kokang and Shan forces sign ceasefire agreement. Burma renamed Myanmar by SLORC.
- 1990 Multi-party election. Opposition NLD led by Aung San Suu Kyi win landslide victory. SLORC ignores results.
- 1991 Aung San Suu Kyi awarded Nobel Peace Prize. Pao and Palaung group sign ceasefire.
- 1992 National Council of Union of Burma formed.
- 1993 National Convention starts.
- 1994 KIO signs ceasefire.
- 1995 Aung San Suu Kyi after 6 years released from house arrest. KNU headquarter falls. NMSF and KNPP signs ceasefire; the latter breaks down after 3 months.
- 1996 Khun Sa surrenders his MTA. Yawd Serk organises remnants into what is later called SSA South.
- 1997 SLORC changes name to State Peace and Development Council (SPDC). Burma becomes member of ASEAN. Cease-fire talks with KNU break down.
- 1998 NLD and ethnic minority political parties form Committee Representing People's Parliament (CRPP).
- 1999 UWSA orders relocation of Wa villagers to southern Wa area and Thai border. SSA South launches 'war on drugs'.
- 2000 Secret talks start between Aung San Suu Kyi and SPDC.
- 2002 Aung San Suu Kyi released after 19 months of house arrest. Kokang opium ban officially starts.
- 2003 Thai government launches 'War on Drugs'. Government organised mob attacks Aung San Suu Kyi and her convoy. Aung San Suu Kyi put under house arrest again. Talks between Aung San Suu Kyi and SPDC come to (temporary) end.
- 2005 Opium ban for UWSA controlled areas will become effective.



²⁶ Assessment on the Wa alternative development project, presented at the Feldaing conference on The Role of Alternative Development in Drug Control and Development Cooperation, January 2002. See: www.alternative-development.net

Burma in the Global Opiates Market

The global opium/heroin market has always been marked by huge changes. Geographical shifts in opium poppy cultivation have been the rule rather than the exception. The huge rise in China after 19th century colonial Opium Wars; the subsequent sharp decline under communist rule and the spill-over from Yunnan into Burma; shifts in production from Turkey to Iran and Pakistan in the 1970s, and later to Afghanistan; the booms in Mexico and Colombia; the virtual disappearance from Thailand, etcetera. In looking at the last decade, one feature stands out, the relatively stable combined world production figures, averaging around 4,500 metric tons of opium a year. Twice, in 1994 and 1999, bumper harvests in Afghanistan made the graph soar; and once, in 2001, the Taleban opium ban caused an precipitous drop. However, these were one-year deviations, with the market quickly re-finding its level.

The consistent decline in Burmese output since 1997 - after almost a decade of remarkably stable output of between 1600-1800 tons - cannot simply be attributed to policy interventions by local authorities, the military government, or UNODC. Apart from some years of unfavourable weather conditions, global market trends played an important role in facilitating the gradual decline. A key factor has been that heroin of Burmese origin has been almost completely pushed off the American and European markets. In the United States, the Drug Enforcement Administration's (DEA) heroin signature programme has been used to monitor this gradual replacement. Samples from seizures and undercover purchases tested to establish the source country, show that *"there has been a marked trend for the Nation as a whole to substitute South American heroin for South East Asian heroin"*.¹ The most striking trend was noted in the eastern part of the US, where several cities in 1993 were up to 90% supplied by Southeast Asian (SEA) heroin, while by the end of the decade this source provided no more than 10%.

In the course of the 1990s, the US market came to be dominated by heroin of predominantly Colombian origin. According to the DEA, this trend was con-

firmed nation-wide. *"Sixty percent of the heroin analyzed under the HSP [heroin signature programme] in 1999 was from South America. Not only did South American heroin have the highest average purity of all source areas, but this was the fifth consecutive year in which it accounted for the majority of the heroin analyzed under the program. Previously, SEA [Southeast Asian] heroin was the most predominant; it reached its zenith in 1993 when it accounted for 68 percent of the heroin analyzed that year. By 1997, SEA heroin declined to a low of 5 percent. In 1999, SEA heroin accounted for only 10 percent of the analyzed heroin."*² The following year it went down further to 8%, and data of the *"heroin samples analyzed in 2001 [showed] most were South American (56%), followed by Mexican (30%), Southwest Asian (7%), and Southeast Asian (7%)"*.³ Other US sources have mentioned source figures for Southeast Asia as low as 1-3% since then. It is likely that nowadays, no more than 300-1,000 kgs of Burmese heroin makes it to the US market, representing from 0.5% to at most 2% of Burmese production.⁴

The European market, meanwhile, became saturated with heroin originating from the Afghan opium economy, rapidly expanding from below 2000 tons in 1990 to 3,400 tons in 2002 and 3,600 tons in 2003, after production recovered from the Taleban ban.⁵ The gradual decline in Burmese opium production can thus partly be explained by market adaptation, going from the position of accommodating international demand to only that of the region. Virtually all Burmese opium and derived heroin is nowadays consumed in Southeast Asia, China, India, Australia and Japan.

Market impacts of the ban

To a smaller extent, and only quite recently, the decline can be attributed to policy interventions, especially to the opium bans in Special Regions 4 (Eastern Shan State) and 1 (Kokang) and some townships in Special Region 2 (Wa) where the ban has been enforced ahead of the announced deadline. As the full impact of the Kokang ban becomes apparent this year, and especially after the enforcement of the Wa ban in 2005, the

¹ *Estimation of Heroin Availability 1996-2000*, Office of National Drug Control Policy, Prepared by Abt Associates Inc., Washington DC, NCJ 192336 March 2002.

² DEA, *Heroin Signature Program: 1999*, Drug Intelligence Brief, August 2001.

³ *National Drug Threat Assessment 2003*, U.S. Department of Justice, National Drug Intelligence Center, Washington DC, January 2003.

⁴ The amount of raw opium required to produce 1 kg of pure heroin is estimated to range between 10 - 17 kgs.

⁵ UNODC, *Afghanistan Opium Poppy Survey 2003*, October 2003.

decline is expected to continue even more dramatically. Even if it is as effective as anticipated, the bans will not have any significant impact on the market outside of the region.

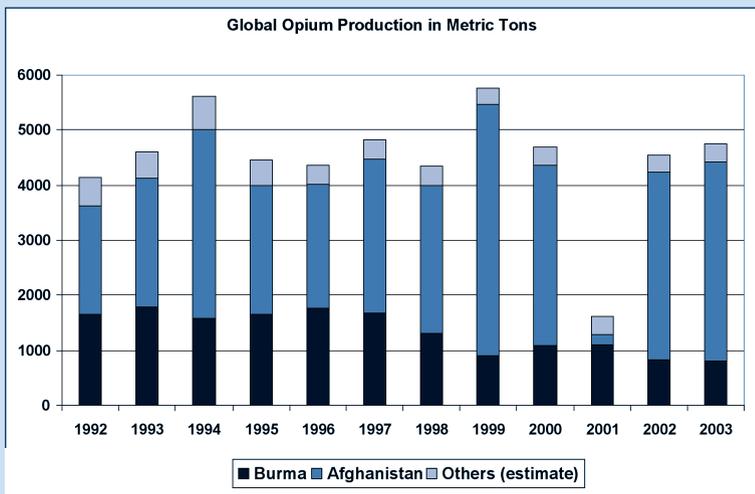
The big question is how the regional market will adjust to a potential shortage. Since the bulk of the Shan State production appears to be consumed in China, there will almost certainly be pressure towards a resumption of poppy cultivation inside China to service the domestic market. Several sources indicate this is already happening, but no reliable figures are available to indicate the potential extent to which this trend may counter-balance the impact of the Burmese decline. In addition, there is potential inside Burma itself for the displacement of crops to other areas.

Displacement to re-establish the balance between production and demand within the region may take some time. Meanwhile, cross-regional trafficking connections are likely to be able to ensure heroin availability, at least as long as there is no shortage on the global market, which depends largely on developments in Afghanistan. Until now, according to the DEA, the *“lack of fluctuation in the street price of heroin in the United States suggests that the supply of heroin on the world market far exceeds demand.”*⁶

The Taleban opium ban, in fact, represents the only moment to date of profound impact on the global market. In the United Kingdom, the Forensic Science Service, monitoring heroin-purity trends in the country registered this impact. Average purity figures showed a remarkable decline, from 55% in the first quarter of 2001, down to 34% in the second quarter of 2002.⁷ Some other European countries reported minor price increases during this period.

The Burmese decline has been pointed to as a possible explanation for the acute heroin shortage in Australia in 2001. Others claimed it to rather be the success of law enforcement operations in Australia. Neither explanation has been convincingly argued. Another reason might be an indirect effect of the Afghan opium crash. By the end of 2000, the full effect on traffickers of the Taleban ban was already clear, months before the actual record-low harvest in April 2001. The panic this caused may well have prompted international traffickers to outbid competitors on shipments from Southeast Asia otherwise destined for Australia to supply their European customers. Now, after two years, the Australian ‘heroin drought’ has largely been ‘resolved’ and the market has stabilised.⁸

T
N
I



Based on figures from UNODC Opium Poppy surveys and Global Illicit Drug Trends

⁶ DEA, , Drug Intelligence Brief, February 2001.

⁷ UNODC, *Global Illicit Drug Trends 2003*, p 56.

⁸ *Australian Illicit Drug Report 2001 – 2002*, Australian Crime Commission (ACC), www.crimecommission.gov.au

*“Necessity knows no law. That is why we deal with opium. We have to continue to fight the evil of communism, and 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.”*¹

KMT GENERAL TUAN SHI-WEN, 1967

The civil war in Burma has been going on for over 50 years, and the country has some of the longest running insurgencies in the world. Since 1962, Burma has lived under military rule.

Decades of civil war and government mismanagement have led to great loss of life and property, and have caused great suffering for the peoples of Burma. The economy is in a shambles, and Burma, once the rice-bowl of Southeast Asia, had to apply for Least Developed Country (LDC) status at the United Nations in 1987. The health and education system have all but collapsed, while the country is facing an HIV/AIDS epidemic. There are between 600,000 and one million Internally Displaced Persons (IDPs) in the country, with another 400,000 refugees living in neighbouring countries.² Burma is the world's second largest producer of illicit opium, most of which is grown in the mountainous regions of Shan State. The country also has very important biodiversity hotspots, but natural resource extraction by companies from China and Thailand threaten the remaining forest and wildlife.³

Burma is a very ethnically diverse country, with ethnic minorities making up some 30-40% of its estimated 52 million population. The State Peace and Development Council (SPDC), the current military government, officially recognises 135 'national races'.⁴ However, reliable population figures are not available, and all data should be treated with great caution. Administratively, Burma is divided into 7 divisions, and 7 ethnic minority states. The latter make up about 55%

of the land area. The main ethnic minority groups include the Mon, Karen, Kayah, Shan, Kachin, Chin, and Rakhine. While the majority Burman population mainly inhabit the plains and valleys of central Burma, most ethnic minorities live in the surrounding hills and mountains. It is in these ethnic minority regions where most of the fighting has taken place, and these areas have suffered most from years of government neglect and the destruction associated with the civil war.

Origins of civil war

During the negotiations for independence from the British, Burman nationalists advocated independence as soon as possible. For ethnic minority leaders, the key issues were self-determination and autonomy, to safeguard their position in a future Union of Burma. In 1947, the Panglong Agreement was signed between Burman politicians and ethnic minority representatives from some of the hill areas, which aimed to form the basis for the new Union of Burma. However, this agreement was inconsistent about the rights of different ethnic minority groups, not all of which were represented at the Panglong meeting. As a result, many issues were deferred for resolution at some future time. These conditions made the country ripe for civil war, which started shortly after independence in January 1948. Within a year, the whole country was in turmoil, with the Communist Party of Burma (CPB) going underground to fight the central government, and mutinies in the army. Several newly formed ethnic minority organisations also took up arms to press their demands for more autonomy and equal rights in the Union. Initially these rebellions were very successful, and at one point, the U Nu government was on the verge of collapse when Karen forces from the Karen National Union (KNU) laid siege to Insein, only a few miles outside the capital Rangoon. Since then, however, the armed opposition groups have largely been on the defensive militarily.

¹ KMT General Tuan Shi-wen, quoted in: *The politics of Heroin; CIA Complicity in the Global Drugs Trade*, Alfred W. McCoy, Lawrence Hill Books, New York, 1991, p.352.

² UN Commission on Human Rights 2002.

³ See: *A Conflict of Interest, The uncertain future of Burma's forests*, Global Witness, London, October 2003.

⁴ *Political situation of Myanmar and its role in the region*, Lt-Col Hla Min, Office of Strategic Studies, Ministry of Defence, Union of Myanmar, Yangon 2001.

The KMT and the Opium trade

Elements of Chiang Kai-shek's Chinese Nationalist Army, the Kuomintang (KMT), were responsible for first organising the opium trade in the border regions of Burma, Thailand and Laos. Defeated by Mao Tse-tung's communist forces in 1949, the KMT withdrew to northern Burma from where it launched a number of CIA-supported invasions into China's Yunnan Province. When these attempts failed to gain a foothold on Chinese soil, the KMT changed its strategy, and started to occupy large areas of the Shan State. After facing a joint offensive by the Chinese People's Liberation Army and the Burmese Army, the KMT was forced to withdraw from its bases near the Chinese border, and settled in the Thai-Burma border region. From there the KMT set up a successful trading network to the opium fields in northern Shan State. Although the KMT as an armed force has since disappeared, the local and international trade routes and networks that were established during that time still exist, and many of the players in the drugs trade originate from or had close links with the KMT, including, notably, Wei Shueh-kang. Ethnic Chinese networks in Burma, Thailand, China, and Hong Kong still dominate the international drugs trade from Burma.

In 1962, General Ne Win took power from the U Nu government in a military coup, and created a one-party state led by the Burma Socialist Programme Party (BSPP). The constitution was abrogated, all opposition put behind bars, and people's attempts to organise themselves were severely repressed. All large industries and business enterprises were nationalised under the 'Burmese Way to Socialism', the BSPP's official doctrine. Burma was to become self-sufficient, and the generals isolated the country from the outside world.

By this time, the civil war had already spread to Kachin and Shan State, where the Kachin Inde-

pendence Organisation (KIO) and the Shan State Army (SSA) had started armed uprisings. Both of them were able to expand quickly, fuelled by the growing dissatisfaction among the Kachin and Shan population over the unequal position of ethnic minorities in the Union of Burma.

CBP and the NDF Alliances

By the 1970s the Burmese army had managed to push the KNU and the CPB out of their base areas in the Irrawaddy Delta and the Pegu Yomas, using the infamous 'Four Cuts' strategy. This policy was aimed at cutting of the links between the insurgents and the civilian population (food, finance, recruits and intelligence). These military campaigns directly targeted the civilian population, and have resulted in the forced relocation of hundreds of thousands of people. The campaigns have, until today, been accompanied by gross human rights abuses, including extra-judicial and summary executions, torture, rape, and the confiscation of land and property.⁵ While the CPB forces in central Burma never recovered from this blow, Karen forces joined the KNU's eastern command in the high country along the Thai border.

The CPB's headquarter was shifted to the party's newly formed Northeast Command. In 1968, thousands of CPB troops launched a successful invasion of northern Shan State from neighbouring China. The CPB made alliances with a number of local ethnic Kokang, Wa and Shan leaders, and was able to overrun Burma Army outposts to take control of vast areas along the China border. With full support from China, the CPB soon became the most powerful military opponent of the *tatmadaw*, the Burmese army.⁶ The CPB also tried to make alliances with ethnic minority insurgents, offering Chinese arms and ammunition in return for political leadership.

In 1976 the Karen National Union, New Mon State party (NMSP) and the Karenni National

⁵ See for instance: 'Myanmar: Lack of Security in Counter-Insurgency Areas', Amnesty International, London, July 2002; and: 'Interim report of the Special Rapporteur of the Commission on Human Rights on the Situation of Human Rights in Myanmar', United Nations General Assembly, 5 August 2003.

⁶ Bertil Lintner, 'The Rise and Fall of the Communist Party of Burma (CPB)', SEAP, Cornell University, New York 1990.

'Kings of Opium'

In response to the renewed rebellion in Shan State, one year after the coup Ne Win introduced the Ka Kwe Ye programme. This initiative allowed for the creation of local militias to fight the insurgents, in return for which help they were allowed to rule their areas relatively undisturbed. Instead of 'counter-insurgency', most of these militia's became heavily involved in the opium trade, and in effect, the general lawlessness and chaos in the Shan State only further increased. The most well known of these Ka Kwe Ye were led by Lo Hsing-han in the Kokang region, and by Khun Sa, based at Loi Maw in northern Shan State.

When Ne Win abandoned the Ka Kwe Ye programme in 1973 and asked participants to turn in their guns, Lo Hsing-han went underground to join forces with his former enemies, the Shan State Army (SSA). Together with Khun Sa's Shan United Army (SUA), which had gone underground after Khun Sa's arrest in 1969, the three forces later emerged together at the Thai border with what they claimed was the bulk of the annual opium harvest, which they offered for sale at farm-gate value to the international community - to be destroyed - in return for assistance. After some deliberation, the US refused the offer. Branded 'King of Opium' by the US, Lo Hsing-han was later arrested near the border by the Thai

authorities and extradited to Rangoon. After serving some years in jail, he resurfaced in 1989 as a go-between in the government's cease-fire negotiations with the CPB breakaway groups.

After Lo Hsing-han's arrest, Khun Sa, who had been released from jail in 1973 in exchange for two Russian doctors kidnapped by his SUA, became the new 'King of Opium'. By the mid-1980s, Khun Sa's SUA had emerged as one of the strongest armies along the Thai border by forging, and in some cases forcing, alliances with other Shan armed groups and former KMT forces. Khun Sa's headquarter was even based on Thai soil, until 1982 when Thai Border Patrol Police attacked it because of international embarrassment. In the 1990s Khun Sa's army, renamed the Mong Tai Army (MTA), was firmly in control of vast areas of land along the Thai border. In January 1996, after the MTA had come under increased pressure, Khun Sa invited the Burmese army into his headquarters Homong, and surrendered.

Both Lo Hsing-han and Khun Sa have, in turn, been branded as 'Kings of Opium', but both of them now live in Rangoon. This provides just one example of the many complicated and surprising twists and turns in Shan insurgent politics.

Progressive party (KNPP), which all controlled significant territory along the Thai border, together with the SSA and the KIO and a number of other smaller groups, set up the National Democratic Front (NDF), the first successful alliance consisting solely of ethnic minority organisations. The NDF and CPB alliances rivalled each other in strength, but attempts to form a united front between the CPB and the anti-communist and pro-western NDF alliance failed.

War economy

Following the disastrous economic policies of Ne Win and his 'Burmese Way to Socialism', the KNU eastern command set up a number of toll-gates along the Thai border where they levied

5-10% taxes on an increasing amount of consumer goods that were smuggled into Burma through their territories. The KNU, which was earning huge amounts of money from this trade, had an anti-narcotics policy that officially prohibited the use and trade in narcotics.

Armed groups in the Shan and Kachin State could hardly afford such a policy. Many of the farmers in the areas under their control depended on opium as a cash crop. A strong anti-opium policy would also bring them into conflict with potential allies against the government. In Shan State most armies 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 at important trade routes to Thailand.

Over the years, some of the armed groups became more committed to the opium trade than to their original political objectives. For armed groups with a strong political agenda, the situation in Shan State was thus always more complicated, as the narcotics trade and insurgency politics became increasingly intertwined. It remains difficult for any armed group based in Shan State to survive without some kind of involvement in the drugs trade.

The CPB initially tried to root out opium production in the areas under its control, and it introduced a crop substitution project. However, these areas, including the Kokang and Wa hills, consist mainly of steep mountains where most farmers rely on opium cultivation as the only viable cash crop in these impoverished regions. The CPB's policy came under strong pressure after a plague of rats destroyed the crops in the Wa hills in 1976, and after China's support to the party started to decrease in the early 1980s. This forced the CPB to relax its policy, and as a result, opium production in its areas immediately increased. At the same time, local CPB leaders became involved in the opium trade.⁷ Opium was transported down to the Thai border where it was sold to, among others, Khun Sa's SUA and, ironically, to KMT remnants.

While China gave the CPB its full backing, Thailand had also given tacit support to various armed groups from Burma. Until the 1980s almost the whole Thai-Burma border area was under control of a wide range of insurgent armies, including Mon, Karen, Karenni, and Shan forces, and also Khun Sa's SUA, and the KMT. KNU President Bo Mya once compared his organisation as a kind of 'Foreign Legion' for Thailand, guarding its borders and protecting it against the communist threat during the height of the Cold War, effectively preventing links between the CPB and the Communist Party of Thailand.⁸

"It remains difficult for any armed group based in Shan State to survive without some kind of involvement in the drugs trade"

At the end of the Cold War, national security priorities changed dramatically. Both China and Thailand tried to normalise formal relations with Burma, and sought to increase trade and economic cooperation. At the same time support for insurgent groups diminished.

1988 demonstrations, 1990 elections

Meanwhile in central Burma the deteriorating economic situation and the repressive political climate culminated in mass uprising in 1988. Hundreds of thousands of protesters took to the streets calling for the military government to step down and hold multi-party elections. After months of unrest, during which thousands of protesters were killed, the military government, now called the State Law and Order Restoration Council (SLORC), crushed the movement.

In the 1990 elections, the opposition National League for Democracy (NLD), led by Aung San Suu Kyi, the daughter of independence hero Aung San, won a landslide victory. However, the SLORC refused to hand over power, and instead started a National Convention

to draft a new constitution. In 1991 Aung San Suu Kyi was awarded the Noble Peace Prize. The National Convention first convened in 1993, with its members handpicked by the army, and did not reflect the election results. In 1995, the NLD withdrew from the National Convention in protest at the political restrictions.

Cease-fire agreements

While central Burma was in turmoil, another major development took place in the hills of northern Burma, which was to have a deep impact upon ethnic minority communities. In 1989 the once powerful Communist Party of Burma (CPB) collapsed, following mutinies by

⁷ Interview with former CPB officials, 2000 and 2001.

⁸ 'Burma; Insurgency and the politics of Ethnicity', Martin Smith, Zed Books, London and New Jersey, 1991, p.297.

war-weary Kokang and Wa troops. China's reluctance to continue to support the CPB, combined with the party's tougher policy on the opium trade adopted at the CPB's Third Congress in 1985, also greatly contributed to the mutinies and the subsequent fall of the CPB.⁹

While the ageing Burmese CPB leadership was pushed across the border to China, the SLORC responded quickly by offering cease-fire agreements to the breakaway groups. This new strategy was developed by Military Intelligence chief Lt-Gen Khin Nyunt. In return, SLORC promised aid to develop their war-torn areas. The mutineers formed a number of new armies, such as the Myanmar National Democratic Army (MNDA) in the Kokang region, the United Wa State Army (UWSA) in the Wa hills and the National Democratic Alliance Army (NDAA) in eastern Shan State. Overnight, the Burmese army had neutralised its biggest military opponent.

These truces in northern Shan State had huge consequences for other armed groups in the region, such as the Palaung, Shan, and Pao armed groups, which now came under increased military pressure from the Burmese army. Many of them had also relied on CPB support for arms and ammunition. Within a few years, most of them also signed cease-fire agreements.

Some armed opposition groups wanted to use the political momentum to make a renewed effort to find a peaceful solution to the conflict at the negotiation table. Isolated and devastated after decades of civil war, these ethnic minority groups wanted to try a different path to political development. They do not want to wait for political change to come from Rangoon, but are taking their own initiatives to rebuild their war-torn country and promote change.

The KIO tried to convince the other NDF members to start joint cease-fire negotiations. When this strategy failed, the KIO signed a separate agreement in early 1994. It was subsequently ejected from the NDF. The KIO hopes that in the end social, humanitarian and economic development will lead to political development and reconciliation. In contrast, most other NDF

members want to first reach a political settlement before signing a cease-fire agreement.

The cease-fires are merely military accords, which allow the armed groups to control their own territory and retain their arms. The cease-fires have brought an end to the bloodshed and curtailed the most serious human rights abuses. The agreements have also facilitated easier travel and communication among communities in war affected areas, and have led to some improvements in health and education services. Furthermore, the physical reconstruction of the war devastated areas has started.

The main shortcoming of the cease-fire agreements is the lack of political development and the absence of a peace process as a follow-up to the agreements. The SLORC, which since the end of 1997 calls itself the State Peace and Development Council (SPDC), maintains that as a military government it doesn't have the legitimacy to make any political agreements, until the National Convention has drawn up a new constitution.

The uncertainty of the situation also provides space for many illegal activities, including drug trafficking, logging, other black market trading, gambling, and human trafficking. Opium production rose significantly in the early years after 1989, as the end of hostilities provided farmers with an opportunity to tend to their fields without fearing being shot at. In such areas some of the ceasefire groups were, at least initially, allowed to grow and transport opium largely unhindered by the military government.

The war along the Thai border

With the formation of SLORC, thousands of students and political activists fled to the liberated areas of the NDF, where new organisations, such as the All Burma Students' Democratic Front (ABSDF), were formed, as part of a new alliance, the Democratic Alliance of Burma (DAB). After the 1990 elections, a number of politicians, most of them from the NLD, fled to the border areas to escape arrest. In 1992 the National Council of the Union of Burma

⁹ Interview with former CPB officials, 2000 and 2001.

(NCUB), was set up at the KNU's headquarter in Manerplaw, which apart from most DAB members, now also included exile politicians, including MPs-elect.

In early 1995, following a split in the KNU that led to the formation of the Democratic Karen Buddhist Army (DKBA) which aligned itself with the SLORC, the KNU's headquarters at Manerplaw fell. In the same year, the NMSP and the KNPP also signed a cease-fire with the SLORC, although the latter broke down after three months. After talks with the KNU during 1996-97 failed to produce results, the Burmese army launched a heavy offensive, capturing most of the remaining KNU territory. It now operates as a guerrilla army from small bases along the Thai border. Among the larger groups still fighting the military government today are the KNU, SSA South and the KNPP.

Fighting also took place in southern Shan State. By the early 1990s, the Mong Tai Army (MTA) had grown into a 10,000-strong army, entrenched between the Salween River and the Thai border. Khun Sa's MTA, which admitted its involvement in the opium trade, was able to buy goods and services on the Thai market without any problems until the early 1990s.

The unchallenged position of the MTA first came under threat when thousands of UWSA troops moved south to the Thai border. In return for attacking MTA positions, the SLORC promised the UWSA control over any territory it managed to occupy. The position of the MTA was further weakened by an unusual offensive of the Burmese army, a stricter Thai border policy, and subsequent mutinies by some of the MTA troops. In January 1996, Khun Sa took everybody by surprise when he invited the Burmese army to his headquarters in Homong near the Thai border, and surrendered his army. According to a report by 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".¹⁰

Ya ba and the Wei brothers

In the late 1980s, among the first to produce methamphetamines, or ya ba ('crazy medicine') as it is called in Thailand, was Wei Shueh-kang, an ethnic Chinese who came to Burma with the KMT. This followed an approach by ethnic Chinese and Thai businessmen. Khun Sa's MTA involvement in ya ba dates back to 1995, one year before he surrendered. After the surrender of the MTA, the group disintegrated and some ya ba producers moved to the Wa region, some to Kokang area, while others remained on their own. Wei Shueh-kang moved to the Wa area in 1995, after he and his brothers came into conflict with Khun Sa's aides. Wei Shueh-kang was given control over the UWSA area around the town of Mong Yawn, near the Thai border, a year later. He has been indicted by a US court on heroin-trafficking charges. The UWSA is not one homogenic group, and the UWSA headquarter in Panghsang has had some difficulty in controlling Wei Sheuh-kang's Brigade near the Thai border, as well as the UWSA Security Brigade based in Mong Phen.



MTA remnants that refused to surrender were later reorganised by Yawd Serk into what is now called the Shan State Army South (SSA South). This army controls a number of small bases along the Thai border, and is waging a guerrilla war in the centre of southern Shan State. In its counter-insurgency campaign against the SSA South, the Burmese army has forcibly relocated over 300,000 civilians.

The SSA South has launched its own war on drugs, attacking various amphetamine factories and transport routes near the Thai border, and has asked for international support. Fighting between the SSA South and the Burmese army, and sometimes with the UWSA, led to a number of border clashes between the Burmese and Thai army in 2001 and 2002. The SPDC accuse the Thai authorities of supporting the SSA South. The Thai, from their side, claim the SPDC is condoning the UWSA smuggling of narcotics into Thailand.

¹⁰ U.S. Department of State, Bureau for International Narcotics and Law Enforcement Affairs, March 1, 2001.

Since 1999, the UWSA has ordered the relocation of tens of thousands of Wa villagers from their mountainous homelands into the fertile valley of southern Shan State, in some cases forcing its original Shan, Lahu and Akha habitants out. The UWSA leadership say the objective is to move poppy growers and impoverished villages to areas where they can grow other crops.¹¹ It also strengthens the UWSA's control over this strategic border area that contains important drugs-trafficking routes into Thailand.

Stagnation

Efforts by the NLD, and also by several ethnic minority political parties that won seats in the 1990 election, to pursue their political agenda have been met with repression and mass arrests. In 1998 they jointly formed the Committee Representing People's Parliament (CRPP) in an attempt to break the deadlock, but this resulted in a new wave of arrests.

The political stagnation continues. At the end of 2000, talks between opposition leader Aung San Suu Kyi and the SPDC raised hopes at home and abroad of the possibility for a peaceful political transition. This so-called dialogue process has however not gone beyond the stage of confidence building. In May 2002, Aung San Suu Kyi was released from 19 months of house arrest, and the pressure on the NLD decreased. She was able to visit several States and Divisions, drawing increasingly large crowds. On May 30, 2003 her convoy was attacked by a government-organised mob. An unknown number of people were killed, and Aung San Suu Kyi was again put under house arrest.

By 2003 the military government, led by Senior General Than Shwe, is still firmly in control. At the time of writing, the dialogue has stopped, and it remains unclear whether it can be revived. In August 2003 the head of the Military Intelligence General Khin Nyunt announced that

democracy would be restored, but did not give any timetable. Repression against the NLD has intensified, and 1300 political prisoners, among them many NLD members and student activists, remain in jail. Human rights violations by the Burmese army against the civilian population in ethnic minority areas continue unabated.

Who is to blame?

After the surrender of Khun Sa and his MTA, the UWSA has been demonised by the US and international media as the biggest drugs army in the world. The UWSA has been accused of large-scale involvement in the opium and methamphetamine trade.

"[The UWSA is] a formidable force of tribal soldiers dubbed by the US State Department as the world's 'most heavily armed narco-traffickers'..." "How did a once isolated hill tribe grow so powerful, so quickly, transforming itself into an international crime syndicate to rival Colombia's drugs cartel?" read an article in Time Asia magazine.¹²

Although the Wa are certainly not innocent, the politics of the drugs trade are extremely complicated, and many actors in Burma are involved in one way or another. The Wa do not control the trade; that is the preserve of ethnic Chinese networks that were first established by the KMT. It is there that the main profits are being made.¹³

*"Frankly speaking, we do admit that up to 1998 we had some heroin refinery and amphetamine factory in our Wa region. Our Wa Central Authority got some tax from those businesses involved in that. But after that we announced that all heroin and ATS refineries are banned in the whole Wa area. Now we do feel unfairly treated by the international media that our Wa organisation is still involved. We have a large border area, and other groups can also make it and bring it to neighbouring countries. It is a big image problem for us, but our commitment for the 2005 ban is strong."*¹⁴

¹¹ Interview with UWSA Central Committee member Shao Min Liang, Panghsang, 12-09-03.

¹² 'Soldiers of Fortune', Andrew Marshall and Anthony Davis, Time Asia, 16-12-02.

¹³ For a detailed study on Chinese syndicates and their involvement in the drugs trade see: 'Blood Brothers; Crime, Business and Politics in Asia', Bertil Lintner, Silkworm Books, Chiangmai, 2002.

¹⁴ Interview with UWSA Central Committee member Shao Min Liang, Panghsang, 12-09-03.



T
N
I

Even Yawd Serk, whose SSA South has fought several battles with the UWSA, agrees that the Wa are not the main culprit:

*"It is not fair to blame the Wa [for the drugs trade], you should blame individuals. The Wa are just honest hill people, they have no capability to get the drugs and send it to Bangkok and the United States. They are just scapegoats. The benefits go to the Chinese businessmen and the SPDC. How can the Wa send drugs to Bangkok?"*¹⁵

According to Col. Hkam Awng of the SPDC Central Committee for Drugs Abuse Control (CCDAC):

*"In the Thai media the UWSA are accused of being the main drugs producing group. But along the Thai border there are lots of other groups. Some of them are peace groups, some are still fighting. Others are not even armed groups, just Chinese [organisations]... The majority of the Amphetamine Type Stimulants (ATS) producers are ethnic Chinese, and most syndicates are Chinese. Many of them are involved in drugs producing and trafficking. They have good connection and financing from abroad. It is difficult for us to penetrate in their circles. They sent their representatives to Myanmar to do their business, and they are very strong."*¹⁶

The view that Chinese gangs are behind the drug trade, especially the *ya ba*, now also seems to be shared by the Thai authorities.¹⁷

Although the SPDC officially aims to eradicate narcotics, there have been many claims about its own involvement in the opium business. In its most recent report, the US State Departments says that there is no evidence that senior Burmese Government officials are directly

involved in the drugs trade. However, the report states, "Lower ranking officials, particularly corrupt army personnel posted in outlying areas, have been prosecuted for drug abuse and/or narcotics-related corruption".¹⁸ The report continues, "no Burma Army officer over the rank of full Colonel has ever been prosecuted for drug offences in Burma. This fact, the prominent role in Burma of the family of notorious narcotics traffickers (e.g., Lo Hsing-han Clan), and the continuance of large-scale narcotics trafficking over years of intrusive military rule have given rise to speculation that some senior military leaders protect or are otherwise involved with narcotics traffickers."¹⁹

The investment of drugs money into the formal Burmese economy has also increased significantly since the 1990s. In the same 1998 report, the US State Department warns, "There is reason to believe that money laundering in Burma and the return of narcotics profits laundered elsewhere are significant factors in the overall Burmese economy".

It is easier to blame 'kingpins' and 'bandits' rather than seriously investigate a trade that comes dangerously close to upper echelons of power

In the complexities of Burma's ethnic conflict and decades-old civil war, it is has been convenient to put all the blame on 'Kings of Opium' or 'narco-armies', ignoring the realities of the narcotics trade in Burma. As Martin Smith wrote more than a decade ago:

"In the absence of any real anti-narcotics programmes in the hills, it is easier for the US Drugs Enforcement Agency, the UN and the governments of Thailand to blame 'kingpins' and 'bandits' rather than seriously investigate a trade that comes dangerously close to upper echelons of power".²⁰

¹⁵ Interview with SSA South Commander Col. Yawd Serk, 03-09-03.

¹⁶ Interview with Col. Hkam Awng, SPDC Central Committee for Drug Abuse Control (CCDAC), Yangon 15-09-03.

¹⁷ 'Mixed Progress for Yangon's drug war', Larry Jagan, Asia Times, 09-05-03.

¹⁸ *International Narcotics Control Strategy Report 2002*, U.S. Department of State, Washington, March 2003.

¹⁹ *Ibid.*

²⁰ 'Burma; Insurgency and the politics of Ethnicity', Martin Smith, Zed Books, London and New Jersey, 1991, p.315.

*"[While] the humanitarian aspects of the drugs problem are recognised, its political dimensions are often ignored. A common line of argument holds that the drugs control problem should only be addressed after significant political reforms have taken place, for fear of delaying or hindering political development in the country. Indeed, action against drug producing, trafficking and consumption should not supersede the need for reform in Myanmar. Yet there is no contradiction here. In discussing drug policy in Myanmar it is important to recognise that the current drug situation actually hinders the transition process."*¹

The response of the international community to bring about political change and national reconciliation in Burma has followed different approaches, and has been divided over goals and strategy. While the US, EU and other western countries have generally advocated a policy of isolation and sanctions, ASEAN member states, China and Japan have argued for engagement to bring about change in Burma. The failure of the international community to formulate and implement a coordinated and common policy also has repercussions for drugs control in Burma.

United States

The United States (US) has put a tough sanctions regime in place, which is clearly linked to the failure of the military government to make progress in the areas of democratisation, human rights, and drugs eradication. In 1997 the Clinton Administration issued a ban on new US investment in Burma, due to the lack of democratic reform, continuing human rights abuses, and the lack of cooperation from the regime to combat the growing drug

problem. In 2003 President Bush declared that Burma, together with Haiti and Guatemala, "failed demonstratively to adhere to their obligations under international counter-narcotics agreements and to take the measures set forth in US anti-drug law".

Since 1988 the US government has suspended all direct counter-narcotics assistance. The US now engages the military government in Rangoon on a very limited level on drugs control issues. The US has since 1988 also not certified the Burmese government as cooperating in narcotics eradication, meaning complying with UN treaty conventions and in accord with the US government's priorities in the War on Drugs. In late 2002 prospects for a certification loomed, for the first time in 15 years. Both the US State Department and the US Embassy in Rangoon showed signs that Washington moved towards certifying. However, lobbying from the US Senate and House of Representatives, highlighting human rights abuses committed by the SPDC and the political impasse in the country, was a key factor in the final decision to deny certification once again.

After the attack on Aung San Suu Kyi and other NLD members on May 30, 2003 the US President signed into legislation the banning of imports from Burma, the banning of financial transactions with Burma and the banning of representatives of the regime from entering the US. This new law closely links sanctions to democratic developments and the extradition of 'Opium King' Khun Sa to the US.² In 2003 the US placed the United Wa State Army (UWSA) on the drug kingpin list.

European Union

The European Union (EU) has formulated its policy on Burma in its Common Foreign and Security Position (CFSP), mostly referred to as the Common Position. Since 1996 the Common Position has been strengthened on several occasions. Measures currently included



¹ Strategic Programme Framework UN Drug Control activities in Myanmar, October 2002.

² U.S. Department of State, Bureau for International Narcotics and Law Enforcement Affairs, March 1, 2001.

are mainly an arms embargo, a visa ban for representatives of the regime and people with big business interests, and the freezing of their assets in Europe. Within the Common Position there has always been space for humanitarian aid, for programmes in support of poverty alleviation and the provision of basic needs for the poorest sections of the population.

Despite pressure from the West, Burma was accepted into ASEAN in 1997. As a result EU-ASEAN meetings were cancelled until 1999. The EU sent a number of official delegations to Burma, the so-called Troika Missions, to try to establish 'a meaningful political dialogue with the SPDC' to promote political reconciliation and explain the aims of the EU's policy towards Burma. The EU has also looked into the possibility of increasing humanitarian aid to Burma, particularly for HIV/AIDS, without relaxing its sanction regime.³

After the May 30 attack on Aung San Suu Kyi and her convoy, the EU further strengthened its Common Position by extending the visa ban to now also include families of SPDC ministers, deputy ministers, ex-ministers, and senior military officers. Their assets were also frozen.⁴

ASEAN, China, India and Japan

The Association of Southeast Asian Nations (ASEAN) member states have advocated a less confrontational approach. They have followed a policy of 'constructive engagement' and of non-interference in internal affairs, which in some cases has been criticised as an excuse to do business as usual.

In 1997 ASEAN opened up their organization and allowed Burma to become a member. Most ASEAN nations, in particular Thailand, Singapore and Malaysia, have been eager to invest in Burma. However, there have been some rifts in ASEAN's alliance with Burma

over the years, the sharpest differences being around ASEAN's condemnation of Burma after the May 30 events.

Economically and politically, China is the most strategic ally of the SPDC, and its main supplier of arms. The increasing Chinese influence in Burma is a matter of great concern for India. In recent years the Indian government has sought to improve relationships with Burma. A number of insurgent groups are active on the Indian side of the border; some of them also have bases in Burma. Japan is Burma's largest aid donor, but after the attack on Aung San Suu Kyi on May 30 all programmes were suspended.

Impact of drugs trade in region

Burma's internal problems have become more and more worrisome for the region. The HIV/AIDS epidemic in Burma does not confine itself to Burma's borders, and while Burma's drugs used to find their way outside the region, more and more of them are being consumed within the region itself, causing severe social problems.

While China, Thailand and India originally functioned as drug transporting routes, lasting recent years they have developed into a huge drug-consuming market. All three countries have witnessed an alarming growth in their drug addicted population. The flow of opium and heroin, but especially of millions of methamphetamines pills, called ya ba in Thailand ('crazy medicine'), across the border from Burma has become the main Thai national security concern. Since 1996 the usage of methamphetamines in Thailand has grown tremendously. The Thai market is estimated at 700 million pills in 2002 – that is 10 pills for every man, woman and child.⁵

The relationship between Thailand and Burma is very tense when it comes to the drug

³ 'Burma/Myanmar; Ethnic Conflict and Military Rule', Tom Kramer, in: Searching for Peace in Northeast Asia, Southeast Asia and the Pacific', European Centre for Conflict Prevention, Utrecht, to be published in early 2004.

⁴ Ibid.

⁵ Prof. Prasuk Phongpaichit. Paper presented at the Lisbon International Symposium on global drug policy, The Senlis Council, 23-25 October 2003.

issue. Thailand blames Burma for failing to control the production and flow of narcotics into Thailand. The SPDC says Thailand is supporting the SSA South. This has led to several border conflicts in 2001 and 2002. More recently, however, relations have improved.

The Thai 'war on drugs'

On the 1st of February 2003 the Thai government launched a new phase in the war on drugs, which according to Prime Minister Thaksin Shinawatra has been a great success and the first step towards a drug-free country by the end of this year. Human rights groups have strongly criticised the campaign, accusing authorities of orchestrating a wave of extra-judicial killings that reached a death toll of 2,300 suspected drugs dealers in the first three months of the campaign. According to the Thai authorities these are mainly the settlement of internal disputes in the drug gangs. Information about what has really been happening is difficult to come by. This campaign is sufficiently intimidating to deter journalists, or anyone else, from engaging in in-depth investigations. As a Thai academic recently stated:

*"Many of those arrested or killed seem to have been small users or dealers. Probably they were the very bottom level of the sales pyramid. A leading forensic expert stated publicly that the authorities in specific areas seemed to be able to turn the killings on or off like a switch. This could be explained by the fact that there is a very, very fine line dividing the police from unofficial means of enforcement. Thailand has a lot of professional gunman organised into units controlled by powerful figures. Some policemen moonlight as members of these units."*⁶

After being heavily criticised, the government decided to back off and the daily reporting of killings stopped. Since then, the original 3-month deadline was extended to the end of the year.

China's crackdown

There has been an alarming increase in heroin trafficking in China. It appears that a trans-China route has replaced the transit through Thailand as the main channel of shipment for Burmese heroin to the rest of the world. Large amounts end up for sale inside China, leading to an increase of HIV/AIDS epidemics among intravenous drug users in China, while the rest is re-exported through China's Northwest Xingjian's region, Hong Kong or even Beijing and Shanghai. A growing affluence of Chinese society and market size provides a very attractive demand for drug producers. The number of drug seizures in Yunnan province more than doubled between 1995 and 2002.

After its 1949 revolution China succeeded in ridding the country of opiates, except for some isolated areas in Yunnan, through harsh laws combined with revolutionary ideas. The spread of HIV/AIDS in Yunnan, following the reopening of trade between China and Burma, has caused considerable concern in China.

Overall, China has been very tough with drug traffickers, who face the death penalty if apprehended. In fact, one of the drug traffickers executed in 1994 was Yang Mouxian, younger brother to Yang Mouliang, a Kokang ceasefire leader. China has often expressed disappointment with what they feel are Rangoon's half-hearted anti-drug efforts. The current presence of People's Liberation Army troops in place of the usual paramilitary police along the Shan State-Yunnan border could be seen as an indication of Beijing's tougher stance.⁷ China is a co-signatory to the Wa Alternative Development Project. This enabled the project to make use of the Chinese banking and telephone system, and allowing for travelling and transportation of goods through Chinese territory. China has hosted several regional meetings on drug control since, which indicates China's support for regional anti-narcotics efforts.



⁶ Ibid.

⁷ Interview with representative of S.H.A.N., November 9, 2003

Regional drugs control initiatives

Several drugs-control initiatives have been taken in the region. This includes the six-nation UNODC Sub-Regional Action Plan, signed by Burma, Vietnam, Thailand, Laos, China, and Cambodia, which aims to control chemical trafficking and narcotics production in the region.

Another regional initiative is the ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD). ACCORD rests on four pillars: advocating civil awareness on the dangers of drugs and social responses to drug-related problems; building consensus and sharing best practices on demand reduction; and strengthening the rule of law by an enhanced network of control measures and eliminating the supply of illicit drugs by boosting alternative development programmes and community participation in the eradication of illicit crops.⁸ In 1998, Burma was a co-signatory with other ASEAN countries of the Joint Declaration on a Drug Free Zone in ASEAN by the year 2015.

“The nature and magnitude of the humanitarian situation does not permit delaying until the political situation evolves”

of all political prisoners, for the release of Aung San Suu Kyi from house arrest, and for the dialogue to resume.

Burma has also been prominent on the agenda of other international organizations. Amongst others, this includes the International Labour Organisation (ILO). After an investigation into the use of forced labour in Burma, they concluded this constituted a ‘crime against humanity’. In 2000, the ILO took the unprecedented step of recommending to its members, as well as to UN agencies and multilateral organisations, a review of their relations with Burma to ensure that they did not contribute to forced labour in Burma.

The Financial Action Task Force on Money Laundering (FATF) recently downgraded Burma to ‘least cooperative country’, calling for measures against Burma because its failure to establish a

framework to engage in effective international cooperation in the fight against money laundering.

The Aid debate

Burma is in a deep socio-economic crisis, but the question of whether, and how, the international community should channel international assistance to Burma is very politicised and has been subject to lengthy and heated debate. Critics say humanitarian aid is only supporting and legitimising the military government, and claim it is not possible to reach the target population. They also feel it is impossible to carry out adequate monitoring. In contrast, international NGOs working in the country, supported by an increasing number of newly formed local community-based organisations, argue that it is possible to directly reach those in need with humanitarian aid, and that their presence on the ground actually increases the space for others to

United Nations

It was the UN Special Envoy to Burma, Razali Ismael, who is credited of brokering talks between the SPDC and opposition leader Aung San Suu Kyi. The contents of these talks, which started in the end of 2000, have not been made public. Razali has visited the country several times since, to try and move them beyond the confidence-building stage. However, after the attack on Aung San Suu Kyi and her convoy by a government-organised mob on May 30, 2003, the talks may have come to an end. UN Special Rapporteur on the Situation of Human Rights in Myanmar has also paid several visits to Burma, most recently in November 2003. He has called for the release

⁸ Strategic Programme Framework UN Drug Control activities in Myanmar, October 2002.

work in. There is also a strong feeling that it is not right to punish the poor for the failures of the government, by denying them aid at a time the country is in the grip of an enormous humanitarian crisis.⁹

In 1998 Aung San Suu Kyi said in an interview that it was not the right time for international NGOs to come into Burma, and advised them to go and assist the refugees on the Thai border.¹⁰ But the position of the NLD on humanitarian aid has remained ambiguous. After her release from house arrest in May 2002 Aung San Suu Kyi said that:

*“We have never said no to humanitarian aid as such. We have always said humanitarian aid must be given to the right people in the right way, which of course calls for accountability and transparency. And of course we always say that the minimum necessary requirement is independent monitoring, and this has been our stand throughout. If people thought that we simply said no to humanitarian aid it was a misunderstanding of our position, because we have never said that.”*¹¹

Since the mid-1990s, Burma has received USD 50 million per year in official development assistance. This amounts to just USD 1 per capita, much less than any comparable country in the region. Specifically in the area of HIV/AIDS, the combined budget of all national and international organisations in 2000 was around USD 3 million, or only 2.5 per cent of the budget in Thailand, which had a similar epidemic.¹²

In June 2001 the heads of eight UN Agencies operating in Burma wrote an open letter to their head offices overseas and described the situation as being “on the brink of a humanitarian crisis” and called for “a dramatic overhaul of budget allocations to Myanmar”. “Under these circumstances”, they argued, “humanitarian assistance is a moral and ethical necessity...the nature and magnitude of the humanitarian situation does not permit delaying until the political situation evolves”.¹³

It appears that on the international level, a shift in attitude is underway, although the May 30 events followed by the renewed house-arrest of Aung San Suu Kyi has led to a (temporary) halt of aid again from some donor countries. Over recent years, a number of governments and international organisations have paid visits to Burma to explore ways to give assistance. The EU in 2001 modified its Common Position, making space for EU and bilateral funding for HIV/AIDS programs. The British government is currently reassessing its bilateral program.

Call by ethnic minority groups

After the first ceasefire agreements were signed, many of these armed groups prioritised the social development of their areas, which have suffered from years of civil war and government neglect. They have asked the international community for assistance, and have welcomed community development programmes by the UN, international NGOs and some new local community-based initiatives. Among the ceasefire groups, especially those with strong political agendas, there is a growing sense of frustration about the lack of international support and understanding of the impact of the truces. As a Kachin development worker wrote:

“Many ethnic minority groups feel extremely disappointed that in general foreign governments are not responding to the progress of these ceasefires or indeed even understand their significance or context. Rather it seems that certain sectors of the international community have the fixed idea that none of the country’s deep problems, including ethnic minority issues, can be addressed until there is an overarching political solution based upon developments in Yangon. In contrast, the ceasefire groups believe (and now there are over fifteen of them) that simply concentrating on the political stalemate in Yangon and waiting for political settlements to come about – however long



⁹ *Burma/Myanmar; Ethnic Conflict and Military Rule*, Tom Kramer, op.cit.

¹⁰ Marc Purcell, *Axe-Handles or Willing Minions?: International NGOs in Burma*, in: *Strengthening Civil Society*, p 82.

¹¹ An interview with Aung San Suu Kyi, Tony Broadmore, Irrawaddy, April 2002.

¹² UNAIDS, *The United Nations Joint Action Plan on HIV/AIDS 2001-2002*, p. 9, quoted in *Myanmar: The Politics of Humanitarian Aid*, International Crisis Group (ICG) Asia Report No 32, April 2002, p 7.

¹³ *Ibid* p 7

this takes – is simply not sufficient to bring about the scale of changes that are needed. It ignores realities in areas long affected by war on the ground.”¹⁴

A change of thinking is also taking place among some representatives of the Burmese community in exile. As Harn Yawngwe, director of the Euro Burma Office in Brussels, recently stated:

“Many Burmese within the exiled communities will say that what is needed now, immediately, is not assistance but strong and determined action to ensure that the political situation will change. They will say that without change, we would only be dealing with the symptoms and not with the root cause of the problem. However, at the same time, we cannot ignore the humanitarian need in Burma and assume that everything will work itself out once political change occurs. The list of what is wrong is endless. (...) The crisis must be tackled now if it is to be contained and if it is not to destabilise the region.”¹⁵

Support to drug programmes

The UN has carried out projects to suppress narcotics in Burma since the early 1970s through the United Nations Fund for Drug Abuse Control (UNFDAC) and later the UN Drug Control Programme (UNDCP), currently operating under the United Nations Office on Drugs and Crime (UNODC). Projects ranged from crop replacement, development programs, opium surveys and education. The UNODC is limited by its mandate to drug demand issues and decreasing opium cultivation through developmental means, and does not have the power to intervene in the wider law enforcement context. The agency has been criticised for not paying equal attention to the amphetamine type stimulants (ATS) production in Burma.

Some smaller initiatives also exist. These include a small-scale UNDCP project in the Kokang region that ran until 2002. “a small, US-financed project in Northern Shan State (‘Project Old Soldier’), and a Japanese effort to establish buckwheat as a cash crop in the Kokang and Mong Ko regions in North-eastern Shan State. In addition, the Thai government agreed in 2001 to extend its own alternative development projects across the border into the Wa-controlled Southern Military Region of Shan State”.¹⁶ Thailand committed USD 440,000 to this cross-border effort.

Leading sponsors of the current UNODC programme in Burma are Japan and the US, followed by Australia. Germany and Italy are new donors to the programme, having contributed since 2002. All together, in 2002, the UNODC in Burma received USD 2.3 million. UNODC estimates that the programme needs USD 26 million for the next five years, mainly to cover humanitarian intervention. Of this amount, about USD 5 million has been allocated, leaving a huge shortfall in funding.¹⁷

Beyond a stand off in drugs policy

The standoff continues between those who want to withhold aid from the SPDC until there is substantial political and economic reform, and those who want to give aid now because of Burma’s great humanitarian crisis, and heavily influences the drugs-policy debate. The UNODC and its donors believe that it is important to carry out drugs-control programmes in Burma for humanitarian as well as political reasons:

“Myanmar’s drug control situation is of major international, regional and national concern. At the humanitarian level, food insecurity and the rapid spread of HIV/AIDS are significant factors. For instance, of the officially reported HIV cases, 30% are attributed to injecting drug use. At the politi-

¹⁴ Seng Raw, ‘Views from Myanmar: An Ethnic Minority Perspective’, in Robert H. Taylor, ‘Burma: Political Economy under Military Rule’, Hurst & Company, London, 2001, p. 161.

¹⁵ Harn Yawngwe, from his speech ‘Possibilities and dilemma’s of humanitarian assistance to Burma’ delivered at the Burma Day 2003: Political and humanitarian options for the international community, October 8 2003 Brussels/Belgium.

¹⁶ *International Narcotics Control Strategy Report 2002*, US Department of State, Washington, March 2003.

¹⁷ The Irrawaddy, May 2003

Drugs & HIV/AIDS

Burma has one of the most severe HIV epidemics in Asia due to the high prevalence of injecting drug use and HIV among drug users. There are approximately 150,000 to 250,000 injecting heroin users in the country. HIV prevalence among them had risen in 2000 to 63%, in some areas up to 96%, among the highest rates in the world. At the end of 1999, it was estimated 530,000 adults and children are infected with HIV. The annual number of adult AIDS cases has been calculated by UNAIDS to be 46,000 in 2000 and is projected to reach 55,000 in 2005. High risk behaviours are still widespread in the drug injecting tea shops or 'shooting galleries' where for a fee, a drug user is administered with heroin. Sterilisation of the various injecting paraphernalia is rarely a consideration. One study showed that 61% of injecting heroin users shared their needles and syringes.

In 2001 the government recognized that HIV was of national concern but scant resources and the legal constraints of narcotic laws pose major obstacles. Drug treatment is orientated completely towards total abstinence and substitution therapy has only recently been considered on

a pilot basis. The penalties for drug use in Myanmar are strict as the government has criminalized addiction. An addict must register with the authorities and undertake inpatient drug treatment. Failure to register, or being unsuccessful in treatment, can result in a three to five year prison sentence. It is estimated that drug offenders make up 70% of the prison population where transmission of HIV contributes significantly to the epidemic.

Current anti-drug law prohibits the making, selling, possessing or use of a hypodermic needle without a licence, punishable with a fine and/or six months in prison. This contributed directly to the practice of needle sharing and therefore, in April 2001, the Myanmar Police Force commander issued instructions to no longer enforce these stipulations, but it is not yet clear how this new instruction will be followed.

Revisiting 'The Hidden Epidemic', A Situation Assessment of Drug Use in Asia in the context of HIV/AIDS, The Centre for Harm Reduction, The Burnet Institute, Australia, January 2002, www.chr.asn.au



cal level, drugs are causing regional instability and hinder a sound domestic political transition.”¹⁸

Critics believe that the military government is itself caught up in the drug business, benefiting at an individual and possibly also institutional level, and that it is not genuine in its efforts to eradicate drugs. They argue that the activities of the military government to promote drugs eradication are largely window-dressing that divert attention from the main players and real dynamics of the trade. They also feel that the military government should itself first increase its own allocations of resources before foreign assistance is increased.

But the debate is not that simple and until now there are some voices that have not been heard. While focussing heavily on Shan State, the international community has completely

ignored drugs eradication efforts by ceasefire groups in other areas, such as the KIO and the New Democratic Army – Kachin (NDK-A) in Kachin State. These groups have implemented their own eradication policies without any form of assistance from the international community. Nor did the international community listen to calls by armed opposition groups for assistance in their own drugs-control efforts. These appeals, the most recent one made by the opposition Shan State Army South (SSA South), have largely been ignored.

“We have found that unless we get rid of drugs, the future of our youth is doomed. We do as much as possible with our few resources. We try to do our best in cooperation with the Thais to get rid of drugs. But the Thai government has recently changed its policy, and now they are friendlier with the Burmese generals. With our few resources we cannot go further, our war has come to a near

¹⁸ Ibid.

stop, because we have no one to back us. Without that we have to face the drugs traders, who are more powerful, and who have more money than us.”¹⁹

Perhaps much more worrying is that nowhere in the debate on international assistance to drug eradication policies in Burma have the interests of the opium farmers been represented. Local communities in drug growing areas, or their representatives, have not been able to participate in any of the decision-making processes of anti-narcotics strategies that have tremendous impact on their livelihoods.

In contrast to some of the other war affected areas, the Wa region does not have any local organisations carrying out community-based initiatives. The Wa governing structure is very hierarchical, and so far there has been a lack of space for independent organising outside the existing political structure.

However, an increasing number of international development agencies have developed programmes, and found spaces, that enable them to work directly with local communities in Burma, without the overt interference of the military government. Some of them have already been in Burma for more than 10 years, with experience of bottom-up grassroots development, needed to build local organisational capacity. There are also many newly formed community-based organisations that have started grassroots-level development programmes in many former war areas.

The prospects for a humanitarian disaster caused by the 2005 opium ban is forcing the international community to rethink its strategies. It should develop a policy that supports opium farmers, who have not only been the victim of repressive anti-drugs policies implemented by way of opium bans and international pressure, but also of the Rangoon-focussed political agenda and the demonising of the ceasefire groups by the international community.

¹⁹ Interview with SSA South Commander Col. Yawd Serk, 03-09-03.

ABBREVIATIONS

ATS	Amphetamine Type Stimulants
ABSDF	All Burma Students' Democratic Front
ASEAN	Association of Southeast Asian Nations
BSPP	Burma Socialist Programme Party
CCDAC	Central Committee for Drugs Abuse Control
CIA	Central Intelligence Agency
CPB	Communist Party of Burma
DAB	Democratic Alliance of Burma
DEA	Drugs Enforcement Administration
DKBA	Democratic Karen Buddhist Army
EU	European Union
IDP	Internally Displaced Person
ILO	International Labour Organisation
KIO	Kachin Independence Organisation
KMT	Kuomintang
KNPP	Karenni National Progressive Party
KNU	Karen National Union
MNDA	Myanmar National Democratic Army
MTA	Mong Tai Army
NCUB	National Council of the Union of Burma
NDAA	National Democratic Alliance Army
NDA-K	National Democratic Army – Kachin
NDF	National Democratic Front
NGO	Non Governmental Organisation
NLD	National League for Democracy
NMSP	New Mon State Party
SLORC	State Law and Order Restoration Council
SPDC	State Peace and Development Council
SSA	Shan State Army
SUA	Shan United Army
UN	United Nations
UNDCP	United Nations International Drugs Control Programme
UNODC	United Nations Office on Drugs and Crime
US	United States
USD	United States Dollar
UWSA	United Wa State Army

USEFUL PUBLICATIONS

- BCN/TNI, *Strengthening Civil Society in Burma; Possibilities and Dilemmas for International NGOs*, Silkworm Books, Chiangmai, 1997.
- Burnet Institute, *Revisiting 'The Hidden Epidemic', A Situation Assessment of Drug Use in Asia in the context of HIV/AIDS*, Centre for Harm Reduction, Australia, January 2002, www.chr.asn.au
- Global Witness, *A Conflict of Interest, The Uncertain Future of Burma's Forests*, London, October 2003, www.globalwitness.org
- GTZ, *Drugs and Conflict - Discussion Paper by the GTZ Drugs and Development Programme*, Gesellschaft für Technische Zusammenarbeit (GTZ), Eschborn, September 2003.
- ICG, *Myanmar: The Politics of Humanitarian Aid*, Asia Report No. 2, Bangkok/Brussels, International Crisis Group, 2 April 2002.
- ICG, *Myanmar Background: Ethnic Minority Politics*, Asia Report No.52, Bangkok/Brussels, International Crisis Group, 7 May 2003.
- Kramer, T., *Burma/Myanmar; Ethnic Conflict and Military Rule*, in: 'Searching for Peace in Northeast Asia, Southeast Asia and the Pacific', European Centre for Conflict Prevention (ECCP), Utrecht, forthcoming in early 2004, www.euconflict.org
- Lintner, B., *Burma in Revolt; Opium and Insurgency since 1948*, Silkworm, Chiangmai, 2nd edition, 1999.
- Lintner, B., *The Golden Triangle Opium Trade: An Overview*, Chiang Mai, March 2000, www.asiapacifics.com/papers
- McCoy, A.W., *The Politics of Heroin; CIA Complicity in the Global Drugs Trade*, Lawrence Hill Books, New York, 1991
- Renard, R., *The Burmese Connection: Illegal Drugs and the Making of the Golden Triangle*, Lynne Rienner, Boulder/London, 1996.
- Smith, M., *Burma; Insurgency and the Politics of Ethnicity*, Zed Books, London and New Jersey, 2nd edition, 1999.
- Smith, M., *Burma/Myanmar: Time for Change*, Minority Rights Group International (MRG), 17 July 2002, London, www.minorityrights.org
- Taylor, R.H., *Burma; Political Economy under Military Rule*, Hurst & Company, London, 2001.
- Deng Zhenglai, *Drug Trafficking and Consumption in China*, in: 'Globalisation, Drugs and Criminalisation', Final Research Report from Brazil, China, India and Mexico, UNESCO/MOST, 2002, Part 2, pp. 117-151, www.unesco.org/most/drugs.htm
- UNODC, *Myanmar Opium Poppy Survey 2003 and 2002*.

- UNODC, *How did Myanmar become a major supplier of illicit opium?*, in: 'Global Illicit Drug Trends 2001', pp 44-55.
- UNODC, *Ecstasy and Amphetamines - Global Survey 2003*.
- U.S. Department of State, *International Narcotics Control Strategy Report 2002*, Washington, March 2003, www.state.gov/g/inl

USEFUL WEBSITES

www.tni.org/drugs

Drugs & Democracy Programme, Transnational Institute (TNI).

www.unodc.org/myanmar

Myanmar country office, UN Office on Drugs and Crime (UNODC).

www.myanmar-narcotic.net

Central Committee for Drugs Abuse Control (CCDAC), Myanmar government.

www.gtz.de/drogen

Drugs and Development Programme, Gesellschaft für Technische Zusammenarbeit (GTZ).

www.alternative-development.net

International Conference on The Role of Alternative Development in Drug Control and Development Cooperation, BMZ/GTZ/UNDCP, Feldafing, January 2002.

www.crisisweb.org

International Crisis Group (ICG).

www.burmaproject.org

Burma Project, Open Society Institute/Soros Foundation.

www.shanland.org

Shan Herald Agency for News (S.H.A.N.), Shan monthly newsletter and electronic news service.

www.irrawaddy.org

The Irrawaddy, Burmese monthly news magazine and online news service.

www.geopium.org

Information in French about geopolitics of drugs in Asia.

www.mizzima.com

Mizzima, Burma-related news from India.



Burma is on the brink of yet another humanitarian crisis. In the Kokang region, an opium ban was enforced last year, and by mid-2005 no more poppy growing will be allowed in the Wa region. Banning opium from these regions in Shan State adds another chapter to the long and dramatic history of drugs, conflict and human suffering in the country.

With this issue of *Drugs & Conflict* TNI tries to bring nuance to the polarised debate on the Rangoon-focussed political agenda, the demonising of the ceasefire groups and repressive drug policy approaches. Hundreds of thousands of people who depend on the opium economy risk being sacrificed in an effort to comply with international pressures about drug-free deadlines. Community livelihoods face being crushed between the pincers of the opium ban and tightened sanctions.

The unfolding drama caused by the opium bans is forcing the international community to rethink its strategies. Enforcement of tight deadlines will result in major food shortages and may jeopardise the fragile social stability in the areas. To sustain the gradual decline in opium production, alternative sources of income for basic subsistence farmers have to be secured. Without adequate resources, the longer-term sustainability of 'quick solutions' is highly questionable. Since military authorities are eager to comply with promises made, law enforcement repression is likely to increase, with human rights abuses and more displacement a potential outcome.

The only viable and humane option lies in a simultaneous easing of drug control deadline pressures and increasing international humanitarian aid efforts. Both require stronger international engagement of a different kind to that we have seen so far.

Founded in 1974, TNI is an international network of activist-scholars committed to critical analyses of the global problems of today and tomorrow. It aims to provide intellectual support to those movements concerned to steer the world in a democratic, equitable and environmentally sustainable direction.

Since 1996, the TNI Drugs & Democracy programme has been analysing trends in the illegal drugs economy and in drug policies globally, their causes and their effects on economy, peace and democracy.

The Drugs & Democracy programme conducts field investigations, engages policy debates, briefs journalists and officials, coordinates international campaigns and conferences, produces articles, publications and briefing documents, and maintains a daily electronic news service on drugs-related issues.

The aim of the project and of the *Drugs and Conflict* series is to stimulate a re-assessment of conventional prohibitive and repressive policy approaches and to argue for policies based on principles consistent with a commitment to harm reduction, fair trade, development, democracy, human rights, environmental and health protection, and conflict prevention.