

Shan Drug Watch

Newsletter

OCTOBER 2010

ISSUE 3



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How Rangoon plays the drug game

"In response to the KMT (Kuomintang) incursion. Rangoon set up the Union Military Police (UMP) and encouraged UMP officers to deal drugs in competition with the KMT.

Later, Rangoon formed the KKY (Home Guard) to battle against the Communist party of Burma. The KKYs were given free rein over the drug business.

Then, in 1989, the ceasefire groups were created to aid in the fight against non-ceasefire opposition movements. They were allowed involvement in the drugs trade. The MIS (Military Intelligence Service) of course received big dividends.

But since the start of 2005, the (junta backed) militia forces have been afforded special favor within the drug business. It won't be long before they outpace the ceasefire groups."

(UWSA political leader Bo Laikham, Chairman, Wa Political Consultative Conference, speaking to SHAN in April 2010)

**Moderation is remedy
Excess is endangerment**

(Burmese Proverb)

Message from the Editor :

For the second consecutive year, opium output is down in Burma, particularly in its biggest state, Shan. Seizures of drugs have also been more frequently reported during the past year.

It might thus appear that Burma's ruling junta really means business against drugs. Indeed, during the past year most international media reports have highlighted the ethnic armies as the root cause of Burma's drug problem, particularly those that are refusing to become junta-run militias unless their calls for self rule are answered. "Rebels manufacturing massive quantities of drugs to sell for missiles and guns as they plan fight against junta" was the sub-heading of a recent British news article.

However, our findings in this newsletter tell a different story. During the past opium growing season (2009-2010) our researchers travelled to every township in Shan State, interviewing farmers, traders and officials about poppy cultivation and production and trade of opium and other illicit drugs.

We learned that poppy cultivation was continuing unchecked in 46 of the 55 Shan townships, mostly in areas under the control of the Burma Army and its militias. However, adverse weather conditions caused a massive drop in opium output during the last season.

In other words, there is no evidence of sustained effort by the Burmese regime to eradicate opium. On the contrary, opium farmers throughout the state are being taxed by Burma Army units.

The regime's War on Drugs is thus a charade, which is used to tar its political opponents when convenient. An example is an official document received last year by Shan Drug Watch: The "Assessment of the 2008 Third Four-Monthly Activities and Plan for the 2009 First Four-Monthly Activities" produced by the Lashio-based Northeastern Region Command on 24 February 2009.

The paper had praised the Kachin Defense Army (KDA), a ceasefire group notorious for its drug activities, as a group cooperating with junta authorities in the fight against drugs, while blaming the Kokang ceasefire group for heavy involvement in drugs. The reason for this became clear later in the year, when the KDA voluntarily agreed to become a pro-government militia, while the recalcitrant Kokang were invaded and occupied.



Ma Htu Naw, leader of former Kachin Defense Army (KDA)

Such cynical manipulation of the drug issue is nothing new for the regime. In the 1960's, it had supported home guards led by drug-lords Law Hsing Han and Khun Sa to fight against



Kokang leader Peng Jiasheng



Law Hsing Han, former "King of Opium"



Khun Sa, late Mong Tai Army leader

Photo : SHAN

resistance movements. But when Khun Sa made known his aim to free the Shan State from the Burma Army's occupation, the Kokang, Wa and other groups were supported to fight against him. However, now that the Kokang and Wa have declared their opposition to the junta-supervised Border Guard Force (BGF) program, the time has come for the regime to brand them as drug villains and pit its hand-picked militias against them.

Observers are thus advised not to view the drug problem in Burma too simplistically. As the years pass, it has become increasingly clear that unless Burma's political and human rights problems are solved, the resolution of its drug problem does not stand the remotest chance.

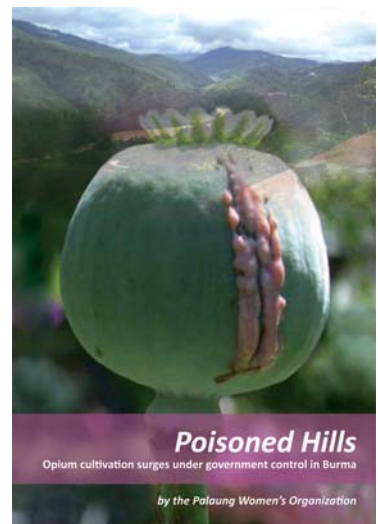
Our sincere appreciation goes to the brave Palaung Women's Organization (PWO) for exposing the Burma Army's involvement in the opium trade in two reports "Poisoned Flowers" (2008) and "Poisoned Hills" (2010). We are also indebted to member news agencies of Burma News International (BNI) that have kindly allowed us to make use of their findings.

And many thanks to friends who have helped us throughout the years and whose only wish, as the Thai saying goes, is "to do thankless jobs without taking credit" (*Pid Thong Lang Phra*).

Mysoong Kha! (*May you prosper!*)

Shan Drug Watch program

Shan Herald Agency for News 26 June 2010



Acreage up, output down

The 2009-2010 opium season should have yielded a bumper crop, with at least 46 out of the 55 townships in Shan State growing poppy. However, adverse weather conditions caused a severe drop in overall opium output.

Farmers increasingly plant two opium crops, one during the rainy season in July-August, and the main one at the start of the cool season in November. Many farmers complained of heavy rains that washed away their early crop. This was followed by an unusually dry winter, which caused poppy plants to wither and fail to produce sap.

The drought has been attributed to El Nino, a change in the weather which happens when the usual cool ocean current in the Pacific is replaced by a warm current. The lack of rain, and even dew, not only devastated most of the poppy fields but also fields growing other crops, such as paddy and corn. A previous El Nino during 1998-1999 had a similarly devastating effect on opium output.

Climate change may also have contributed to the swiftness with which many of the

plants died. Farmers in Mong Hsat pulling up withered poppy plants found an unusual fungus on the roots. It was speculated that warming temperatures may have led to the spread of such pests into the highlands.

The death of the poppy plants was so sudden that some farmers refused to believe the causes were natural. Some in Lawkzawk were convinced it was the work of soundless planes which had flown through the night to spray the crop. "The plants suddenly turned yellow and dry one morning," said a farmer who fled to Thailand afterwards. "Nobody was able to explain how it happened."

Another farmer who came from Kunhing had a different story. "My friends said the fields must have been destroyed by some sort of ray weapons from the American satellite," he told Drug Watch.

Farmers complained that they were harvesting only a fraction of the previous year's yield, which had already been low due to untimely frost in many areas.

"The difference with the last season (second crop) was that while we had frost at that time, now we have nothing to irrigate the fields, not even the usual morning dew (that comes during the cold season)," said a farmer from



Photo : SHAN

Opium field in Namkham Township (10 March 2010)

Kehsi. “When harvest time came, there was hardly any sap in the poppy pods.”

Only a few townships in southern Shan State appeared unaffected by the adverse weather conditions, namely Namzang, Hopong, Faikhun and Panglawng, with the latter two townships producing a bumper crop.

Almost everywhere else in Shan State, farmers talked of downpours destroying the early crop and dry weather for the late crop. “We grew more than the previous years, but got less,” was the typical answer to Drug Watch’s question.

The increase in opium cultivation was evident in all areas of Shan State except for various territories along the Chinese border, mostly under the control of former or current ceasefire groups which had declared opium bans: the National Democratic Alliance Army (NDAA) in 1997, Kokang in 2003 and United Wa State Army (UWSA) in 2005.

In eastern Shan State, farmers interviewed by Drug Watch said they were able to grow poppies without fear outside areas controlled by the UWSA and the NDAA, more commonly known as the Mongla group.

In Monghsat and Mongton, opposite Thailand’s Chiangmai and Chiangrai, people were careful their fields did not overshoot into the UWSA’s 171st Military Region. “If it’s under the Burmese (army) and the Lahu (militia), we have nothing to worry about,” one farmer explained. “But the Wa would pull out the plants with their roots.”

In parts of Mongyang and Mongyawng not under the NDAA’s control, the situation was the same. “You could view the poppy fields from the motor-roads,” said a businessman who makes a living in Mongyang and the nearby Mongkhark.



Bo Mon

The pattern of pro-government militia encouraging opium cultivation was also evident in northern Shan State. The Loimaw area (east of Lashio), under the control of militia leader Bo Mon had declared itself

opium free in 2006. However, opium cultivation has resumed since the 2008-2009 season.

“Lern Hsi (The Fourth Lunar Month, corresponding to March) is the month we Shans usually celebrate,” reported a researcher. “But many in Hsenwi and Lashio were conspicuously absent. I found out later that many had gone to join the harvest in Bo Mon’s areas.”

Upon learning that Bo Mon had quietly lifted the opium ban, many families including rich investors who had left in 2006 wanted to return. But Bo Mon said, “No, I don’t like fair-weather friends like you,” reported the researcher.

In Namkham, on the Sino-Burma border, where the Burma Army has 17 militia forces, poppy fields were almost everywhere. “Because where there is a militia, the Burma Army does not bother to patrol” said a housewife from the area.

In Namphakka, Kutkhai township, also under militia control, one researcher even saw fields that used sprinklers to water the plants.

One good indicator of the extent of poppy cultivation in the far north is the amount of goats people in the north



A Shan addict preparing raw opium for smoking

drive into the neighboring Yunnan province to sell, said a trader on the border. “The more they bring in to sell, the more they are growing,” he said. “Because they use goat dung to fertilize the fields.”

As a result, the price of goat dung has been as much as K 20,000 (\$ 20) per zaw (about 500 liters).

In other parts of Shan State, the natural fertilizer is chicken droppings, which are preferred to cow dung. “With cow dung, the poppy plant is good but there is not enough sap,” one farmer in Pang-long, Loilem township, explained. “With chicken droppings, the plant grows tall and the sap is plentiful.”

The high price of chicken droppings during the recent opium season was

therefore another indication of increased cultivation. One truck driver said it was purchased at K 2,000 (\$ 2) per bucket from the lowlands but sold at K 4,000-6,000 (\$ 4-6) in Loilem.

However, the fertilizers were unable to counter the adverse effects of the severe

drought. Around Homong, Mawkmai township, on the Thai-Burma border, farmers said they harvested only about two-thirds of the previous season’s crop.

Farmers from both Pang-long and Mongkeung, in southern Shan State, said many counted lucky if they harvested one-third of the previous year. While in nearby Kunhing township, a farmer who came to find work in Thailand said that in the previous year his opium field yielded 10 viss (16kg) but this season (2009-2010) it yielded only 0.4 viss (0.25 kg) despite expanded acreage.

Interestingly, AFP also reported on 16 May 2010 that a mystery disease had significantly reduced Afghanistan's output this year. □

Worldwide, more opium is produced legally than illegally. It is lawfully produced for use in Pharmaceuticals in the following countries:

- Australia*
- Britain*
- France*
- Hungary*
- India*
- Spain*
- Turkey*

(Irrawaddy, October 2005)

Junta's drug elimination plan way behind schedule

The military regime's 15-year drug elimination master plan that began in 1999 had targeted 51 townships:

- 43 in Shan State
- 4 in Kachin State
- 2 in Kayah State
- 2 Chin State

However, after 11 years, according to S.H.A.N research, 41 out of the 51 targeted townships are still growing poppies - meaning a minimum of several villages in the township were found to be growing extensively (i.e. over half of the villagers had poppy fields).

It should be noted, however, that there are actually only 39 targeted townships in Shan State and not 43 townships as designated in the plan. Mongkoe and Panghsai are now in Muse township and the 6 UWSA-controlled townships have been reorganized into 4 (according to the SPDC's Home Ministry's 2004 township lists).

In Shan State only 10 of the targeted townships can claim to be free of opium cultivation. These are almost all ceasefire or former ceasefire territories which lie along the China border.

10 targeted townships which are opium-free

Panghsai	Burma Army controlled since 1987
Laokai/ Laogai	Kokang-controlled 1989-2009
Kunggyan	Kokang-controlled 1989-2009
Mongla	National Democratic Alliance Army-controlled
Pangwai	United Wa State Army-controlled
Manphang	United Wa State Army-controlled
Napharn	United Wa State Army-controlled
Mongmai	United Wa State Army-controlled
Pangyang	United Wa State Army-controlled
Wiangkao	United Wa State Army-controlled

Opium poppy growing areas in Shan State during 2009-2010 season



N.B. The green color in a township does not necessarily mean the whole township is growing poppies.

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Results of S.H.A.N.'s survey of opium cultivation during the 2009-2010 season

Phase One (1999-2004): 22 townships targeted by SPDC for opium elimination

SHAN STATE	TOWNSHIP	FREE	NOT FREE	REMARK
North (15)	Mongkoe		NF	
	Kunggyan	F		MNDAA(Kokang) territory
	Laokai	F		MNDAA(Kokang) territory
	Kunlong		NF	
	Hopang		NF	
	Mongyai		NF	
	Tangyan		NF	
	Lashio		NF	
	Namtu		NF	
	Mantong		NF	
	Hsenwi		NF	
	Kutkhai		NF	
	Namkham		NF	
	Muse		NF	
	Panghsai	F		Burma Army
East (1)	Mongla	F		NDAA-ESS terrirory
South (6)	Kunhing		NF	
	Mongpan		NF	
	Langkher		NF	
	Hsihseng		NF	
	Faikhun (Pekhon)		NF	
	Mong Keung		NF	
Total	22	4	18	

Phase Two (2004-2009): 20 townships targeted by SPDC for opium elimination

STATE	TOWNSHIP	FREE	NOT FREE	REMARK
Kachin	Karmaing		NF	
	Waingmaw		NF	
	Moemauk		NF	
	Moehnyin		NF	
Shan North	Pangwai	F		UWSA territory
	Manphang	F		UWSA territory
	Napharn	F		UWSA territory
	Mongmai	F		UWSA territory
	Pangyang	F		UWSA territory
	Wiangkao	F		UWSA territory

STATE	TOWNSHIP	FREE	NOT FREE	REMARK
Shan East	Mongyang		NF	
	Kengtung		NF	
	Mongyawng		NF	
	Monghsat		NF	
	Mongton		NF	
	Mongpiang		NF	
	Mongkhark		NF	
Shan South	Hopong		NF	
	Mongnai		NF	
	Panglawng		NF	
Total	20	6	14	

Phase Three (2009-2014): 9 townships targeted by SPDC for opium elimination

STATE	TOWNSHIP	FREE	NOT FREE	REMARK
Shan State South	Kehsi		NF	
	Monghsu		NF	
	Namzang		NF	
	Yawnghwe		NF	
	Laikha		NF	
Kayah (Karenni)	Loikaw		NF	
	Dimawso		NF	
Chin	Tonzang		NF	
	Falam		NF	
Total	9	-	NF 9	
Grand Total	51	10	41	

Reports from both the Shan Herald Agency for News and other agencies also indicate that at least 25 townships not targeted in the 15-year plan are also growing poppies:

Northern Shan State	(6):	Mongmit, Namhsan, Kyaukme, Nawngkhio, Manwiang and Hsipaw
Southern Shan State	(5):	Loilem, Taunggyi, Kalaw, Lawksawk and Mawkmai
Eastern Shan State	(3):	Markmang (Metman), Tachilek and Mongphyak
Kachin State	(5):	Sumprabum, Tanai, Putao, Machangbaw and Hpakant
Kayah State	(1):	Shadaw
Chin State	(2):	Tiddim and Pletwa
Karen State	(1):	Myawaddy
Sagaing	(2):	Kalemyo and Tamu
Mandalay	:	Areas adjoining Shan State
Magwe	:	Areas adjoining Arakan State

Reports from western Burma also indicate that poppy cultivation has spread across the border into Bangladesh's Chittagong hill tracts.

Burma Army “draws pay from the hills”

Today’s Burma Army units are more involved in looking after themselves than fighting rebels, especially those deployed in the far-flung frontier areas. This is in accordance with the ‘live off the land’ policy established following the 1988 coup.

Units on patrol in the countryside therefore always have two basic tasks to fulfil: to get both rations and tax from the people.

The tax scales are fixed locally with the understanding that poppy fields will be left alone by the army and, in the event that they have to be cut down in order to satisfy Naypyitaw’s PR needs, the farmers will be informed in advance so they have time to select a suitable field (or fields) that is either poor or already harvested.

In Namkham, northern Shan State, each village is required to pay K 250,000-300,000 (\$ 250-300) to the military. “We also have to pay the police, officials from town forestry, agriculture, militias and even the narcotic police. So if you have only a small field, it doesn’t leave you much after the payments have been made.”

In Lashio, farmers say they paid K 600,000 (\$600) per village at harvest time. While further west in Mongngaw, Kyaukme township, authorities demanded tax in kind, 30% per viss (1.6 kg).

In Panglong, Loilem township, southern Shan State, it is K 150,000 (\$ 150) per village tract, while in the nearby Langkher-Mawkmai area, Infantry Battalion # 132 commanded by Lt-Col Zaw Naing Tun had asked for K 300,000 (\$ 300) after advising the villagers “to plant it on the nape (meaning in hidden valleys and hillsides) and not on the forehead (meaning where outsiders can see and report)”

In Lawkzawk’s Nawng Woe-Kyaukgu-Indaw area, where

Infantry Battalion 292 is supreme, people were ordered to have a field for the army. “Some soldiers joined in during harvest and took the sap for payment,” said a local farmer.

In eastern Shan State, one of the favorite sayings of the Burma Army when a unit has been assigned to patrol the countryside is, “It’s time to draw our pay from the hills.”

The message from the authorities is thus clear encouragement to grow opium.

A Burma Army major in Kehsi even frankly told villagers in a meeting: “Of course, you have to grow (opium). If you don’t, you’re crazy. You only need to give us a fair share so both of us can survive.” □



Ceasefire groups that refuse to conform to Naypyitaw’s BGF demand

Drug-free Burma by 2014?

2015 has been marked as a zero drug production year for the 10-member Association of Southeast Asian Nations (ASEAN). Burma's junta, as the ruler of the largest opium producing country in the region, has set its deadline one year ahead of Asean's.

One of the questions Shan Drug Watch had asked farmers, junta personnel and businesspeople therefore was: How realistic is the targeted year, barely 4 years from now?

The answers (of respondents outside Wa and Kokang areas) consistently reflected the same message: with the Burma Army on our backs, there is no way that drugs can be eliminated.

Before the Burma Army came, shattering peace and the traditional way of life, the rice-cultivating people of Shan State were self-sufficient. Not rich, but earning enough to feed themselves, pay tax and enjoy a simple life.

"If we were allowed to return to our old ways, putting an end to poppy cultivation wouldn't hurt us," said a poppy farmer, who was fortunate enough to receive a monastic education during

his younger days. "But our question is: can the Burmese army, the militias, the police and government officials live without taking from us?"

Both businesspeople and state personnel interviewed by Drug Watch also agreed. "A junior clerk is paid K 38,000 (\$ 38) a month and a senior clerk K 48,000 (\$ 48)," said an official in Lashio. "But a bag of rice is K 25,000 (\$ 25) per bag and cooking oil is K 6,000-7,000 (\$ 6-7). Moreover, our children going

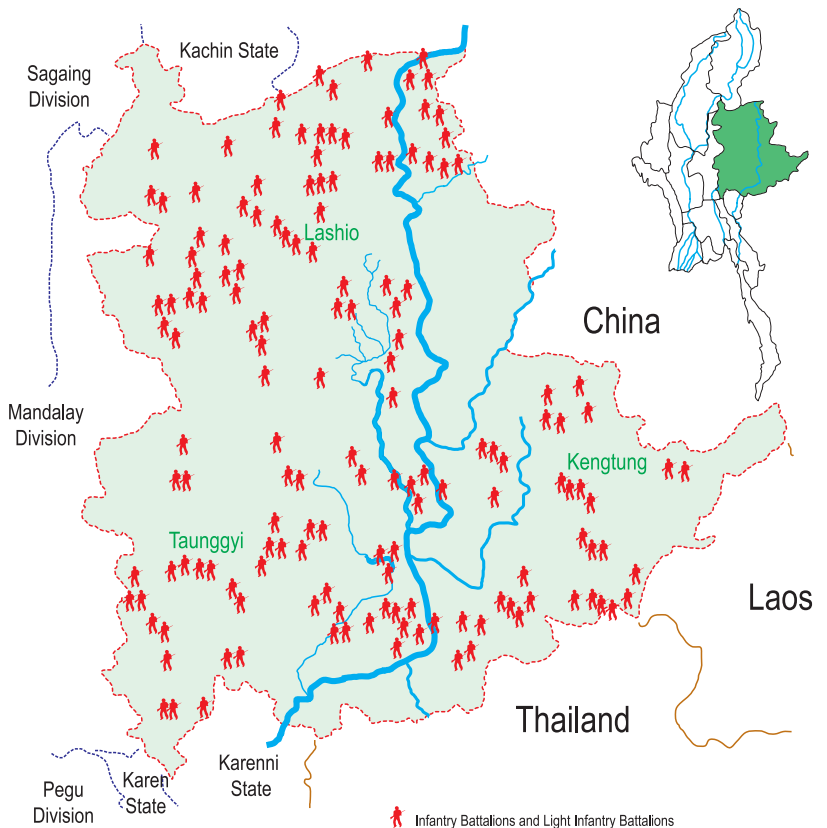
to school each weekday need their pocket money, at least K 500 (\$ 0.5) each."

A Burmese private earns only K 22,000 (\$ 22) per month, whereas a Thai private is paid over ten times this amount, earning B 8,200 (\$ 250) a month.

During the British days, there were only 2 infantry battalions in the whole of Shan State. Today, the Burma Army has

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Present Burma Army units in Shan State



Lower opium prices despite poor harvest

In most parts of Shan State, apart from border areas, prices of opium were reported to have fallen from the previous year.

In northern Shan State, in Lashio the price fell from K 1,000,000 (\$ 1,000) to K 900,000 (\$ 900) per viss. Similar drops were reported in Mantong where the price fell to K 630,000 (\$ 630) per viss, and Loimaw K 770,000 (\$770) per viss.

Buyers in Loimaw, where cultivation was banned in 2006 but re-allowed since 2008, included ethnic Chinese coming from Wa-controlled areas, according to sources in Tangyan. The Manpang militia leader Bo Mon is the one of the most powerful figures in the area.

In southern Shan State, during harvest time in February of this year, the price in Namzang, where one viss of opium fetched some K 700,000 (\$ 700) last year, came down to K 500,000 (\$500). "It broke me," said a resident who left his home to find work in Thailand, "because after I'd paid all my debts and dues, including to the military, there was almost

nothing left for me and my family."

Sources have blamed the following reasons for the price drop:

- Political instability that started following the ruling military junta's pressure last year on the ceasefire armies to come under the control of the Burma Army. The instability works in favour of buyers, who urge farmers to sell quickly and cheaply while they can.

- The fall in the opium output due to the adverse weather conditions. "If the output is huge, the buyers don't have to spend so much time and expense looking for other sources," one informed businessman explained. "So they are willing to pay a higher price. But if the output is

small, expenses increase and the price has to go down."

It is only along the Chinese and Thai border areas that the price of opium appears to have increased to as high as. K 1 million (\$ 1,000) per viss in the former and up to B 32,000 (\$ 1,000) per viss in the latter from B 25,000 last year.

However, in the Homong area, opposite Thailand's Maehongson province, the price was down to B 20,000 (\$ 625) in April when its neighboring areas were then selling at B 25,000 (\$ 760). "It was because we were not allowed to sell to anyone except the Homong militia (led by Maha Ja)," a farmer who visited Maehongson explained. □

Think Piece

Only 24% if the world's pain relief needs are being met while 77% of the world's morphine and codeine are consumed by just 7 developed nations. Yet in Afghanistan, the world's biggest opium producer, such drugs are almost completely unavailable.

(The Economist, 8 October 2005)

Junta militias stepping into the Wa vacuum

Taking advantage of increasing tension between the Burma Army and ethnic ceasefire armies led by the Wa, due to the former's demand that the latter comes under its control, various Burma Army-backed militias have been setting up new drug refineries along the Thai-Burma border.

The Bangkok Post reported on 20 December 2009 that some 50 drug refineries were active along the Thai-Burma border. Many of these new "factories" that have sprung up are run by pro-government militias. Seizing the day, Thai entrepreneurs had lost no time in helping to set up the factories and furnishing them with necessary equipment and chemical precursors.

The best known militias that have been filling the vacuum left by the Wa are Punako and Kya Tey in Monghsat township and Nampung in Tachilek township, opposite Thailand's Chiangmai and Chiangrai provinces. Each of them is said to have one heroin factory in their respective areas assigned by the Burma Army.

"Anyone who wants to grow poppies has to get himself/herself registered with the local militia," said a businessman from Eastern Shan State. "And if any of them needs starting capital, they will furnish it on condition that the loan is repaid in kind. The crop is also not to be sold to outsiders except those authorized by the group concerned."

The "king of kings" among them appears to be Punako, led by Ai Long, his younger brother Kyaderh and their brother-in-law Kya Ngoi. The group first came to the attention of the Thai media when its drug market cum transit point at Maejok, opposite Hmong Kaolang, Mae Fa Luang district, Chiangrai province, was overrun by the Shan State Army "South" on 8 February 2002.

Aside from producing and trading in drugs, the group is also running a protection racket for drugs coming from outside its territory. "This is not unlike Naw Kham (who is running another racket in the Golden Triangle, between Burma, Laos and Thailand)," the businessman remarked.

"Also like Naw Kham, the group is also paying kick-backs to the junta commanders from the local up to the regional command."

One of the Punako trio, Kya Ngoi, is often seen playing golf with the Military Operations Command (MOC) #14 commander in Monghsat. "While the Burmese commander has only 4 armed bodyguards, he always comes to the golf course with around 10 bodyguards of his own," he said, "leading to a joke that he must be senior to the MOC commander."

The Wa, meanwhile, are not completely out of the game. However, as their movements are coming under rigorous scrutiny by the Burma Army, even they have become increasingly dependent on the militias for the transfer of their products.

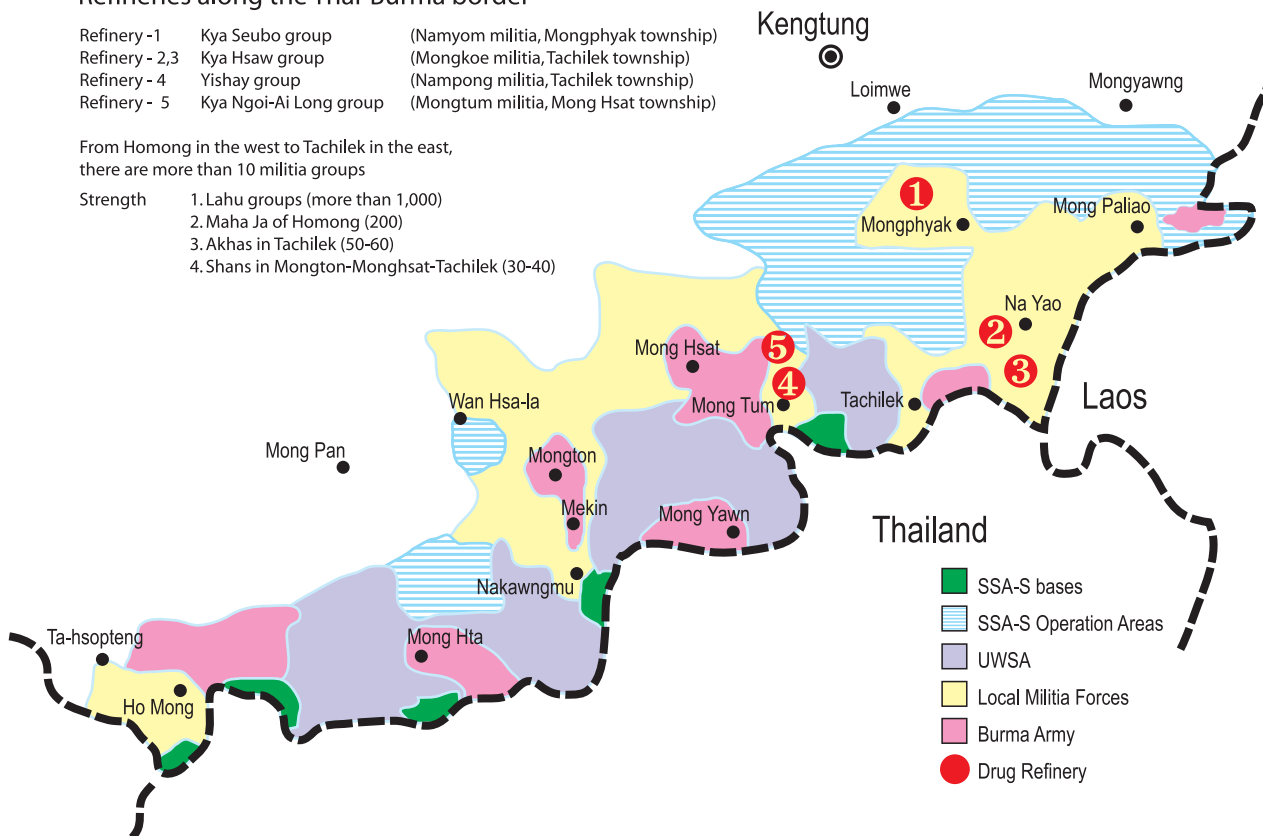
Apart from those mentioned above, the former ceasefire group the Kachin Defense Army (KDA) that agreed to become a pro-government militia last year in Shan State North's Kutkhai township and the Markkieng militia in Namzang, Shan State South,

Refineries along the Thai-Burma border

Refinery -1	Kya Seubo group	(Namyom militia, Mongphyak township)
Refinery - 2,3	Kya Hsaw group	(Mongkoe militia, Tachilek township)
Refinery - 4	Yishay group	(Nampong militia, Tachilek township)
Refinery - 5	Kya Ngoi-Ai Long group	(Mongtum militia, Mong Hsat township)

From Homong in the west to Tachilek in the east, there are more than 10 militia groups

Strength	1. Lahu groups (more than 1,000)
	2. Maha Ja of Homong (200)
	3. Akhas in Tachilek (50-60)
	4. Shans in Mongton-Monghsat-Tachilek (30-40)



have become the best known, especially the latter.

“The shoes (*“kep tin”*- Shan slang for heroin blocks made by Markkieng) are compact like bricks,” said an informed source in Shan State East. “Try dropping one on the ground, and it will not crack like those manufactured by other militias. Sometimes, they are even preferred to those of the Wa, which are also of high quality.”

38 viss (48 kg) of standard quality opium will produce 6 kg of heroin, while sub-standard opium of the same weight will produce 4-5 kg,

according to sources. 38 viss is the amount one uses for one large cooking pan.

The yaba, or methamphetamine, being produced by the militias is also of varying quality, depending on how many pills are produced from one kg of ephedra (*“ma-huangsu”* in Chinese) :

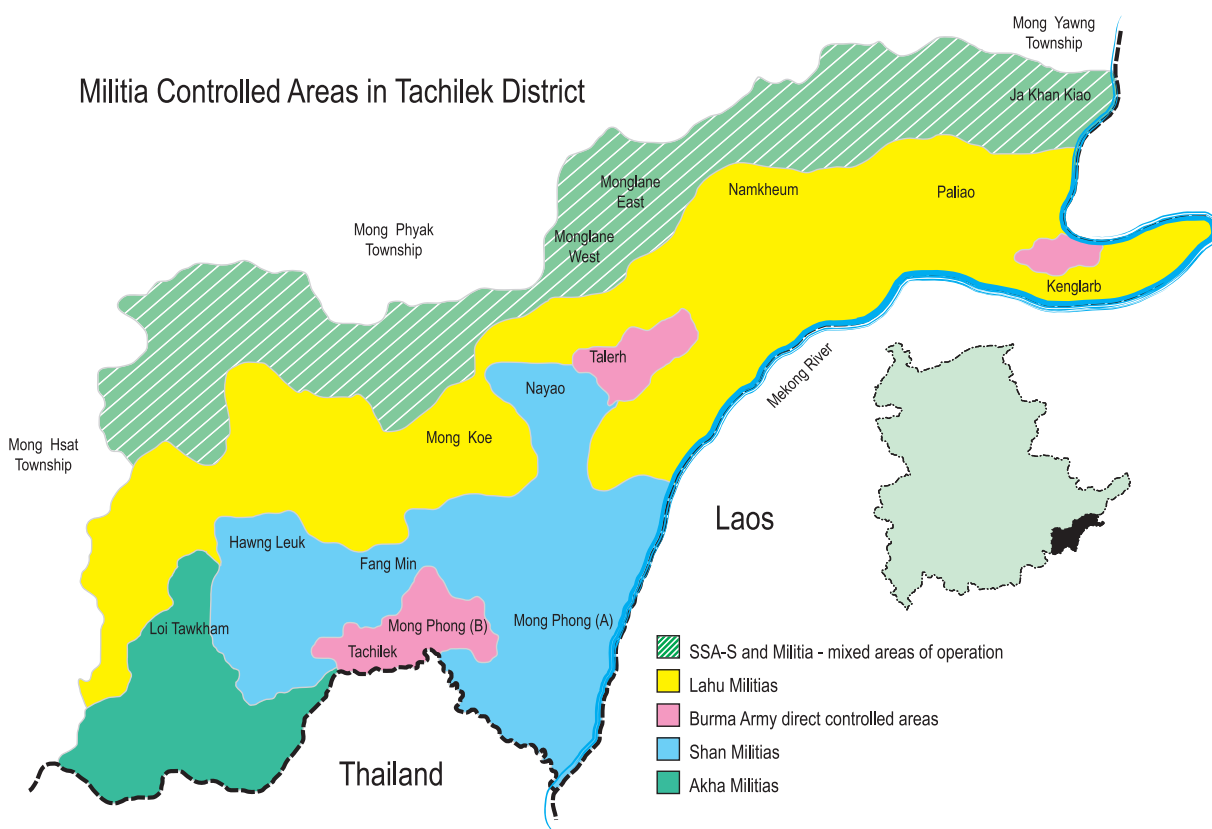
Best quality	30,000 pills (such as Tiger “Dimpled”/ concave-shaped)
Medium quality	40,000 pills
Low quality	50,000 pills

While the best precursors for

Militias in Shan State

Shan State is divided into three administrative regions: North, South and East. According to a top-secret document leaked in February 2009, in the North alone there are 396 militias with core strength numbering 8,365 and reserve strength of up to 16,320.

Militia Controlled Areas in Tachilek District



heroin come from India (acetyl anhydride - in liquid and crystal form) and Thailand (soda, alcohol, “wuxui”, ether and “longhua”), the mahuangsu for yaba comes from China. However, as natural ephedrine is hard to come by these days, yaba producers are relying more and more on pseudo ephedrine, widely used in cold and cough relief drugs. This

comes from China, India, Indonesia, Malaysia and Thailand.

The militia units along the Thai-Burma border are now producing twice as many yaba pills as the Wa at present, according to sources close to the militia.

On 27 March, almost 3 months ago, militia leaders

who were attending the 63rd anniversary of Burma’s Armed Forces Day ceremony were reportedly told by the Tachilek area commander Col Khin Maung Soe on the sidelines: “This is your great opportunity. You would do well not to let it slip by. My only advice is to sell as much as you can across the border (i.e. Thailand) but not on this side of the border.” □

“We are fighting this [war on drugs] for them [the west]. This drug thing is not a big problem in this country.”

(SPDC spokesman Col Hla Min, AFP, 26 June 2003)

“We’re opposed to drug trafficking, but certainly we don’t want the military to go in and attack people and create human rights violations as they had in the past.”

(Scott Marciel, Deputy Assistant Secretary of State for East Asia and Pacific Affairs and US Ambassador to ASEAN, reported by International Herald Tribune, 6 November 2009)

Poor addicts face jail, rich go free

The people in the Mao Valley on the Sino-Burma border say they never knew a drug addict could be cured locally. In the past, addicts were sent to Wethtikan in lower Burma near Rangoon, they said.

Then in 1995, two ceasefire groups the Shan State Army (SSA) "North" and Shan State National Army (SSNA) who were active in the area offered to set up treatment centers. They went well, but after a few years, the ruling junta told the two groups they were acting out of their jurisdiction and ordered the closure of the centers.

Afterwards, there were a few centers operating under the auspices of the junta-backed Union Solidarity and Development Association (USDA).

In 2007, a UNODC supported drug treatment center at Nam Oom, Muse township, was

completed. It was active for a few years, until for some unknown reason it also went out of operation.

"We don't see anything happening there anymore," said a Lashio resident. "Now some of our friends who have addicts in their families are sending them to a Christian church-run center at Nawngleng village."

Other users who don't have the money to bribe their way free if caught, are going to jail, according to other reports.

One example is Sai Long and his brother Sai Lek (not their real names) arrested last year after finding 3 yaba pills and 0.75 gm of heroin in their possession. "Had they got the money to pay the police and the judge, they would have got off easily," said a family friend. "But they made just enough money for their

daily use of drugs, but not enough to bribe, so they got 12 years each."

According to the authorities, had they been caught before the 4-nation (Burma, China, Laos and Thailand) cooperation agreement became active, they would have received a lighter sentence of 3-7 years. "You are really out of luck," one friendly police officer told them before they were taken to Lashio prison.

When they got there, they were asked K 20,000 (\$ 20) for bed and board. As they did not have the money, they were beaten and then located next to the lavatory. They were also required to clean it each day.

It was also found out later that prisoners have to pay K 500 (\$ 0.5) even to take a bath.

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"The senior general's mantra has always been: Narcotics harm no Burmese. Drugs harm only the US and Thailand. So let the Americans and Thais die!"

(Maj Aung Lyn Tut, Military intelligence officer who defected to the West, 15 November 2007)

"History has shown that security and stability are essential pre-requisites for the eradication of poppy cultivation."

(Leik Boonwat, Affirmative Development Specialist with UNODC, Mizzima News, 14 December 2009)

Wa still the whipping boy of the Triangle

Drug smuggling has continued unabated through the infamous Golden Triangle from Shan State into Thailand and Laos. According to Thai and international news reports, the United Wa State Army are the main source of these drugs.

On the Lao side of the Golden Triangle, the main market is for heroin. The price there was \$10,200 per block (700 kg) before August 2009, when the Kokang were attacked by the Burma Army, causing a drop to \$9,800. However, a report in early June says the price has returned to \$10,200. Most of the buyers in Laos come from Hong Kong, according to sources.

Drugs entering Thailand are mostly lesser amounts of

heroin but huge amounts of yaba (methamphetamine). Contact and purchase is usually made at Tachilek, but actual transfers are made west of the city where the border crossings are mostly unguarded or under the sway of the militias on the Burmese side.

Protection and transfer fees, according to a militia source, are as follows:

- One viss of opium
B 500 (\$15.5)
- One block (700 gm) of heroin
B 1,000-2,000 (\$31-62)
- One pill of yaba
B 1-5 (\$ 0.03-0.16)
- One kg of Ice (crystallized yaba)
B 5,000-10,000 (\$ 156-310)

“But the rates vary from one

group to another,” he admitted.

The increasing numbers of drug refineries in the militia-controlled areas close to the Thai border mean that drugs entering Thailand are increasingly coming from these areas and not the Wa territories. Some militia have even been producing fake “WY”-stamped yaba pills.

Despite this, most yaba coming across the border is still claimed to be of Wa origin, according to sources. Reasons for this include:

- Wa products are rarely bothered by other rival armed groups, who fear retaliation from the UWSA

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Looking at the reports from field researchers, the whole of Shan State minus the 10 townships already mentioned and 2 other townships - Pindaya and Ywa-ngan - was still producing opium during the last season. (There is even one report that the Danu-dominated Pindaya

and Ywa-ngan have resumed cultivation but further confirmation is still being sought - Editor).

Still, not all the townships are large-scale producers like Namkham in the north, Panglawng in the south and Monghsat in the east. The

following northern Shan State townships were reported to be small-scale producers:

- Mongkoe
- Muse
- Namtu
- Mongmit
- Namhsan
- Nawngkhio

Rise of the new “politically correct” drug bosses

These days, formerly notorious drug bosses like Wei Xuegang are perfectly content just to stay in the background while younger men are taking over the helm.

Wei, for one, who has always shunned the limelight, was reportedly disturbed by the media coverage of the construction of his Y 200 million (\$ 30 million) mansion just outside the Wa capital Panghsang and quietly transferred it to the Wa Central Authority upon completion on 8 August 2009.

The newcomers, in contrast, have no such inhibitions.

They include:

- ◆ **Kyaw Myint-Kyaw Htwe** Panhsay militia leaders, Namkham township
- ◆ **Than Win** (Chen Shan) Tangyan based top businessman
- ◆ **Hla Baw** T a n g y a n based top businessman
- ◆ **Bo Mon** Manpang militia leader, Tangyan township
- ◆ **Lieng Hsai** Markkieng militia leader, Namzang township
- ◆ **Naw Kham** Leader of the protection racket on the Golden Triangle

- ◆ **Yishay** Nampong militia leader, Tachilek township
- ◆ **Kya Law Bo** Loikhai militia leader, Mongpiang township
- ◆ **Kya Hay** Tanghseng militia leader, Monghsat township
- ◆ **Ai Long** and **Kya Derh** Punako militia leaders, Monghsat township
- ◆ **Kya Ngoi** Mae Jok militia leader, Monghsat township

As for Kyaw Myint, Kyaw Htwe, Bo Mon, Naw Kham and Yishay, Drug Watch has already introduced them to readers in our previous reports.* There is not much to add about them except for Naw Kham, who made the headlines again for the third consecutive year with the



Kyaw Myint

shoot-out on 20 February 2010 on the Mekong that left 13 policemen dead and 2 wounded.

A “hot pursuit” was launched afterwards by the Burmese security forces but to date, Naw Kham, also known as the Godfather of the Golden Triangle, is still at large. He is reportedly close to both the Burma Army and its militias in the area and his influence is such that his house and land in Tachilek, confiscated by junta authorities since 2006, still have no buyers.

The rise of the new militia leaders as drug bosses is mainly thanks to the resistance of the ceasefire groups, once the regime's favorites, to the Border Guard Force (BGF) program, designed to place them under the direct control of the Burma Army. It is also a reward for the militias’ “political correctness,” that is, the groups’ continued allegiance to the regime’s political objectives.

As a result, territories assigned by the regime to these groups have been serving multi-functions in the drug trade: as markets, transit points, storages, staging ar-

eas and production centers.

Understandably, militia forces that have territories along the international borders are wealthier than the rest. However, the down side is that they are also better known to international drug enforcers.

Among the newest faces, the best known appears to be Col Lern Hsai aka Lieng Hsai aka Sai Lu, leader of the Mark Kieng militia, in Namzang township. A native of Mongpiang and a former officer in the Mong Tai Army



Photo: SHAN

Lieng Hsai aka Sai Lu

(MTA) that had surrendered in 1996, he has until lately been overshadowed by other former colleagues such as Zhouzang of Nayai, Bo Mon of Manpang, Maha Ja of Homong and Yishay of Nampong.

He came into prominence last year when authorities in

Tachilek stumbled upon a truck carrying more than 750 kg of heroin. Initially, the finger of suspicion was pointed at Wei Xuegang and Zhouzang, of the Nayai militia, (both of whom categorically denied involvement) and then at Chen Tafa, 46, a Kokang from Nakawngmu, Mongton township, opposite Chiangmai, who was later found to be a middleman. Further reports confirmed that Lern Hsai was one of the masterminds of the consignment.

(According to Gamani, an independent writer from Taunggyi, the Tachilek drug haul climaxed in the “suicide” of the wife of Lt Col Maung Maung Myint, Taunggyi-based Eastern Region command’s Staff Officer G-1 (Grade 1). “She was actually murdered to hush up the involvement by the regional commander, G1 and the Military Affairs Security officer Col Win Bo. According to an insider report, Saya Kyaung aka Aung Ko Win and Deputy Senior General Maung Aye, who are the two main share holders of Kambawza Bank, are also directly involved in the drug trade to make up for the plummeting in the bank profits. And according to a story coming from Taunggyi, the attack on Kokang (in August 2009) was a diversionary attack designed to divert

attention on the generals’ drug scandal from Peng Jiasheng and his people.”)

To no one’s surprise he was routinely questioned but later let off, being one of the “politically correct” persons.

It was not clear what happened to the drugs seized. But on 3 November 2009, the Democratic Voice of Burma reported that around 15 police officers in Shan State were arrested after allegedly substituting seized drugs for fake ones.

- * - *Finding Neverland: The story of Yawngkha (2005), P. 204*
- *Hand in Glove: The Burma Army and the Drug Trade in Shan State (2006), P. 42-48*
- *Shan Drug Watch (2007), P. 16*

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- ❑ Wa products are favored over others’ and fetch higher prices
- ❑ When caught, saying the consignment comes from the Wa prevents too many probing questions
- ❑ Seizure of products coming from the Wa rather than from others lesser known is a much needed booster to a drug buster’s reputation

Yaba flooding Shan State

A native of Pongpakhem, Shan State, 10 miles north of the Chiangmai border, recently told Drug Watch: Ten years ago, it was really hard to find a yaba-user here. Now it is very different. It's hard to find people who don't use it.

In 2003, Thailand launched an all out war on drugs causing a flowback of millions of meth pills stranded on the border. "At first, users said it was good for a person after a hard day in the fields," he said. "Now even the policemen and the soldiers are using them day and night."

Yaba is all the rage among young people, particularly students. The slang for yaba is "baw long" (Burmese for football), no doubt as much for its round shape as for the "kick" from using it.

Suppliers include officials, especially those responsible for law enforcement.

❑ In Lashio, Police Sgt Khin Zaw Moe of # 2 Police Station is a known drug user and supplier. His retailers include U Aung Tin and Daw Nang Mya of 12th Quarter, who receive K 100,000 (\$ 100) monthly payment from him.

❑ In Kengtung, Maung Win, a durwan (watchman) of

Nawng Pha primary school, Quarter # 5 is selling yaba to students for a drug police officer. The neighborhood has even informed the local police, but no action has been taken against Maung Win and his wife.

Everywhere in Shan State, the story is the same: Yaba is no more a novelty but a new culture. You only need money and money will take care of everything.

Prices however are not the same. They vary from place to place, from quality to quality and from brand to brand: K 900 (\$ 0.9) to K 5,000 (\$ 5) per pill.

WY is of course the most popular brand. That's why it has a lot of forgeries. But at the same time, it is not hard to differentiate the fake from the original. The original WY:

- ❑ has a pleasant smell
- ❑ produces less smoke
- ❑ tastes better
- ❑ soothes one's throat
- ❑ has a swift effect on the user

But last year, even Tiger

"Dimpled", regarded as the best WY and manufactured in the Wa-controlled areas, became a casualty of Burma's volatile politics.

The cause was the invasion of the Kokang area by the Burma Army in August 2009. The effect was a rush to move stockpiles and cut losses by the investors. As a result, prices took a sudden plunge:



Ice	B 1 million / kg to B 700,000
Heroin	\$ 10,200 /block to \$ 95,000
Tiger	B 51 /pill to B 45

But since then, prices have been steadily on the rise. Quality Ice is getting B 1 million (\$31,250) again and Tiger "Dimpled" costs B 47 (\$1.5) per pill, but this is still 4 baht down from last year's price, as it is facing stiff competition from the newcomers.

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Crop substitution for whom?

In 2004, a Chinese firm signed a contract with one of the ceasefire groups on the border, Mongla-based National Democratic Alliance Army - Eastern Shan State (NDAA-ESS), to set up a sugar factory in Mongyang as an opium crop substitution project. The company would not only grow its own sugarcane but buy it from the local people.

Accordingly, the order went out from the NDAA's 369th Brigade for each household to start planting sugarcane. At present, there are about 100,000 "mou" (17,000 acres) of sugarcane fields in the areas under the control of the 369th: some 60% of them are being worked by some 1,000 households of Chinese farmers and the rest by local farmers.

At harvest, the company pays Y 180 (\$ 25) per ton to the Chinese farmers but Y 150 (\$ 23) to the Shan farmers. The rationale is that the Chinese farmers are required to pay rent to the NDAA for the use of land.

The Shan farmers are not happy about this. "Each year we work very hard," said a villager from Hsaleu. "But after the expenses, the net

profit is only a little over Y 1,000 (\$ 138). That's not fair."

This year, a new project was announced by Mongla authorities: coffee. The seeds would be distributed to each

rest of the year it's corn, potatoes or sweet potatoes, for those who are lucky."

In Wa, it is the same. "Growing rubber is only better than going hungry," an ex-poppy

Rubber plantation along Nam Kha river near Pang Hsang, the Wa capital

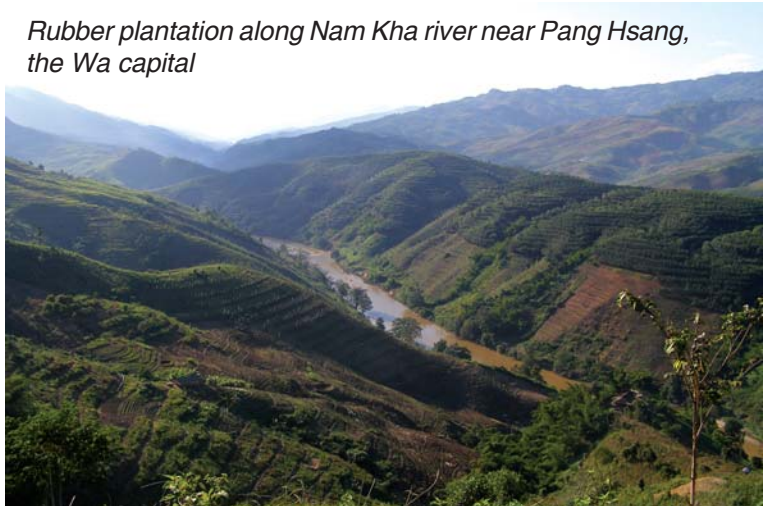


Photo: SHAN

household that was required to grow at least 1 "mou".

"First, sugarcane, now coffee," complained a villager. "And nobody has told us how much I can expect from 1 mou of coffee,"

In Kokang, the rubber project has yet to bear satisfactory fruit. The buckwheat project introduced by Japan is a failure. "Most of the ex-poppy farmers are eating rice only for 3 months a year," a Shan businessman, who speaks Chinese, reported. "For the

farmer said. "But my family is breaking up, because as soon as they reach puberty, my children are leaving us. My only consolation is the knowledge that I'm not alone in this."

This is a sample of what's happening with crop substitution programs in the ceasefire areas, whose existence depends, to a considerable extent, on the goodwill of China.

Outside the ceasefire areas, the situation is no better. In-

deed, in many places it is worse. For one thing, people's lands are confiscated for so-called crop substitution schemes. For another, they have to become hired hands or free laborers on the projects or leave what used to be their homeland.

In Mantong, 2,000 acres of land were confiscated in 2002 to be sold to Mandalay-based Inwa Development Co. for its sugarcane project. The former owners of the land faced the choice of either becoming monthly wage earners on the site, at K 36,000 (\$ 36) a month, or leaving.

While in Namkham, pro-junta militia leader Panhsay Kyaw Myint, known for the extensive poppy fields under his protection, has started a pomelo orchard on the Nampaw river and a rubber project between Wiangkang and Kawngkard, both supposedly crop substitution projects. The problem is that the former owners planted tea and poppy fields had never been seen.

"I really don't know what the authorities are up to," one farmer from the Namkham area told Drug Watch. "But whatever it is, it has nothing to do with our (the people's) welfare." □

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Another drug, Khakhu or Yapantawng, a mixture of opium and dried banana leaves or pennywort (*hydrocotyle asiatic*), is also a hit among wealthier people. Mild and soothing, smoking it relieves the rousing effects of yaba and can put one to sleep, claim sources.

"Even police and military officers, returning from patrols, are asking for it," reported a source from Mongton, opposite Thailand's Chiangmai.

Ketamine and Ecstasy, however, have been heard spoken of but not seen used by any of the sources. "Ya-K (Ketamine) and Ya-E (Ecstasy) have yet to become trendy in Shan State," wrote one of the Drug Watch data collectors.

Other reports indicated however that as yaba is quite expensive, some people are turning to cheaper drugs, such as opium, heroin and even glue. □

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more than 150 infantry battalions in the same area, not counting supporting units.

"There are only two choices for us if we have to continue supporting the Burmese army and their officials," said a farmer from Namkham. "We either go to China or Thailand to find work and send back money, or we grow poppies."

The income from opium is several times that from other crops, according to the farmers from different parts of Shan State:

◆ Namkham,
Shan State North 5:1

◆ Homong,
Shan State South 3:1

◆ Mongpiang,
Shan State East 4:1

"If the government really acted like a government to us, like a parent caring for the welfare of his/her children," a farmer in Lashio told Drug Watch, "the problem should be easily resolved."

But with no end in sight to the regime's military expansion in Shan State, the problem will inevitably persist. A farmer from Mongpan, southern Shan State, put it succinctly: "An opium ban won't last long if the soldiers still need us to feed them." □

Drug smugglers using ever new tricks

Caught by relentless law enforcers time and again, drug smugglers have to keep inventing new tricks to stay ahead of the game, according to informed sources on the Sino-Burma border.

The most well-known is to encase heroin - it is almost always heroin - inside the logs crossing the border from Burma into China. "But successful smugglers never employ the same tricks more than twice," says a 60-year old Shan businessman who speaks Chinese and is well versed in the Chinese way of life.

According to him and others, drugs have been carried in:

2001-2002	water melons
2003	pickled bamboo shoots
2004	scrap iron

2005-2006	coal and charcoal
2007	dry tea leaves

"In 2008, some smugglers began buying newborn infants from poor families, saying they were childless and wished to adopt them," said the Chinese-speaking Shan. "They usually paid Yuan 5,000-6,000 (US\$ 780-930) per child."

The infant was then disemboweled and filled up with drugs, administered disinfectants and perfumes to hide the stench, and carried across the border. "Like other methods, it was quite popular for a while," he said. "But the police later got wise to it, and it had to be abandoned."

The latest technique employed last year was to insert the drugs inside the bowels

using oiled condoms made in Thailand "because they are the slickest," according to a source from Mongla. "One can carry half a kilo to one kilo in this way."

In February, officials from Mongla-based National Democratic Alliance Army (NDAA), caught 35 women transporters before crossing the border into Xixuangbanna Dai Autonomous Prefecture. The women told the officials their destination was Simao, north of Jinghong (Kenghung in Shan).

"Since then, we haven't caught anyone carrying drugs this way," said an official. "But it doesn't mean that the smugglers have run out of tricks. Right now they must already be using newer methods." □

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There are 3 types of cells: common, special and isolated. The two brothers have no idea how much the inmates occupying special cells have to give the prison authorities. But they heard these people could even continue to indulge in drugs there.

The two brothers' plight was

eased when prison authorities later discovered that they were educated. One became a tutor for the children of the prison officials and the other a computer typist. Their wages were of course expropriated by the prison personnel, but their treatment improved. Besides them, there were also gardeners, tailors and sculptors in prison whose

talents were similarly used to supplement their warders' meager income.

Meanwhile those who were caught with drugs for sale were able to stay out of jail by paying K 70-100 million (\$ 70,000-100,000), said one report. □

Previous SHAN publications on the drug trade in Shan State available at www.shanland.org