# **MYANMAR**

#### HOW DID MYANMAR BECOME A MAJOR SUPPLIER OF ILLICIT OPIUM?

The Union of Myanmar (Union of Burma, prior to 1989<sup>a</sup>) was the second producer of illicit opiates in the world, after Afghanistan, during the 1990's, and is increasingly becoming a source of illicit amphetamine-type-stimulants since the mid-1990s. Relatively high levels of addiction and HIV-AIDS prevalence are some of the direct consequences of the illicit drug industry for Myanmar's population. Illicit drugs have also had a negative impact on Myanmar's internal political situation and external relations. To understand what lead the country to experience such a severe drug problem, a brief review of key historical factors is required.

The cultivation of opium poppy in the remote and rugged northeastern part<sup>b</sup> of today's Myanmar is believed to have been originally introduced by Chinese traders coming from the neighbouring province of Yunnan where opium poppy cultivation was regarded as common by Chinese historians in 1736<sup>[1]</sup>. While opium was used by hill tribes for its medicinal and recreational properties and had also spread to other groups of the Burmese society, it was still relatively uncommon by the beginning of the 19th century, mostly a habit of the lower classes, and was kept under control by the societal fabric and Buddhist morality. The increase in opium use and production to problematic levels in Burma is linked to the development of the international opium trade and the period of colonial rule in the 19th century (starting in 1824)[2].

Stimulated by the immediate proximity of expanding markets in China and Burma<sup>c</sup>, opium production then started to increase in Yunnan province and northern Burma. After 1858, when China had to legalize opium imports, Chinese provincial authorities stopped discouraging local cultivation. By 1880, China was officially importing about as much as 4,500 metric tons of opium<sup>[3]</sup> annually, supplemented with unknown quantities produced locally, or smuggled from northern Burma. China then quickly became the first opium producer in the world — thereby reducing its opium imports — and,

by 1906, when official figures became available, the Chinese provinces of Szechwan and Yunnan were reportedly producing more than 19,000 metric tons of opium annually, more than half of China's total opium production of 35,364 metric tons for that year, which itself represented 85% of the 41,264 metric tons of nonmedicinal opium produced in the world the same year<sup>[4]</sup>. The exact number of opium addicts in China at that time is unknown, but the national production alone would have been enough to supply more than 23 million daily opium users<sup>d</sup>. For comparison purposes, Myanmar's opium production in 2000 - also largely for the Chinese market — was estimated at 1,087 metric tons; the world illicit opium production at about 4,700 metric tons (one ninth of 1906's production); and the total number of opiate abusers in the world at 13.5 million.

By the time policy on opium use was reversed in Burma (1878) — "opium has become the scourge of this country", noted a British administrator<sup>[5]</sup>— the trend towards increasing use could no longer be easily curtailed and smuggling from Yunnan and northern Burma developed rapidly.

Opium poppy cultivation on the Burmese side further increased with the arrival in the Kokang and the Wa areas of Muslim Chinese opium growers migrating from the Yunnan province, following the end of their insurgency in 1873. By 1900, opium had become the dominant crop in the Kokang and the Wa regions and was spreading to adjacent areas<sup>[6]</sup>.

When British rule was extended to northern Burma (1887) — which included states ruled by Shan, Kachin, and other groups, and thus the main opium growing areas — a system of "indirect rule"<sup>e</sup> in contrast to the approach taken for the rest of the country, was granted to the traditional leaders of these areas, which were considered too remote to be effectively controlled, in exchange for a formal acceptance of central government authority and the payment of an annual tribute.

a) Both names are used in this country profile, depending on the period to which the text refers.

b) Corresponding to today's Kachin State and Shan States (which include the Wa, Kokang and Kengtung traditional opium growing areas).

c) The use of opium in Burma was then promoted through a government-controlled monopoly.

d) Based on a average annual consumption of 1.5 kg of opium per daily user.

e) The indirect rule system was also used by the British colonial administration in other regions such as South Asia and West Africa.



The autonomy thus guaranteed enabled local rulers to continue the opium trade and encouraged their sense of independence from the rest of the kingdom.

After the revolution of 1912 in China, the new Chinese government prohibited opium production. Its subsequent efforts to eliminate opium poppy cultivation in the Yunnan province lead another wave of Chinese opium poppy growers to move to Burma, in the Kachin and the Shan areas, where opium production further increased. The year 1912 also saw the adoption of the Hague Opium Convention, and the beginning of international pressures to control opium production. However, the authorities of British Burma felt it would be difficult to achieve in the Shan States and declared:

> "It is undesirable because opium is the main source of livelihood in many parts of the Shan States. It is impossible unless the whole of the Shan States, including the Wa country, which is at present under no administration at all, were taken under direct administration similar to that in the plains of Burma. The cost of introducing administration of this nature would be enormous and unremunerative, and problems would arise entailing armed interference on a large scale and a reversal of the existing policy of administration of the Shan States — problems of such magnitude as to be entirely incommensurate with the object to be achieved."<sup>[7]</sup>

Nevertheless, the government decided to make some attempts to control the opium production in Burma. In 1923, the Shan States Opium Order made the non-medical use of opium illegal in most of what had, by then, become the Federated Shan states. The Order, however, did not apply to the Trans-Salween States (areas located east of the Salween river and bordering China and northern Siam), where the largest growing areas like Kokang and Kengtung were located. Similarly, the ban on opium which was extended to the Kachin States in 1937 did not apply to the major growing area of the Hukawng Valley. Opium poppy cultivation therefore remained legal in all the main producing areas of Burma, namely: in the Kachin States, in the Trans-Salween States of the Shan States, in the Wa State and in the Naga Hills on the Indian border<sup>f</sup>. The dichotomy between the legality of opium cultivation on the one hand, and the illegality of opium outside of the production areas, even on the Burmese market, on the other hand, resulted in active smuggling, notably to the Yunnan and, increasingly, to the Siam markets. It is worth noting that it was not until the mid-1970s that a total ban on opium use and production was to be effectively and durably adopted in Burma.

After the independence of Burma in 1948, the unification of the country under the rule of a central government could not easily be achieved and a revolt of the ethnic minorities<sup>g</sup> erupted in 1959. Hostilities and armed clashes have, with various degrees of intensity, continued to this day<sup>h</sup>. Isolated and without outside support, the Shan separatist rebels turned to the opium trade to buy arms. Over time, the opium-arms cycle produced internal struggles - masked by political rhetoric - for the control of opium-producing territory among rival commanders, for whom the drug profits increasingly became more important than the political objectives they were initially meant to support. Over a period of twenty years, the opiate trade which fueled the rebellion, ended up fragmenting and consuming the Shan nationalist movement, reducing the rebel groups to mere instruments in the opiate business. This evolution complies with the theoretical model of civil war<sup>i</sup> recently developed by World Bank experts<sup>[8]</sup> which predicts that, beyond political motives (grievance), control of primary commodities (greed) is the most powerful explanatory factor for the development and continuation of rebellion, especially if an element of ethnic domination is present<sup>i</sup>.

The grievance-greed dynamics apparently also played a significant role in the evolution of another major player in the opiate trade. In 1950, remnants of the defeated Chinese Nationalist (Kuomintang) army had started to regroup in the Burmese Shan states to prepare, with

f) John S. Calgue, a former Federated Shan States commissioner wrote in 1937: "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, so that it would pay for transport, 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." (Quoted in Ronald D. Renard, *The Burmese Connection: Illegal Drugs and the Making of the Golden Triangle*, Boulder, London: Lynne Riener, 1996, p. 38). This problematic is still valid in many opium growing areas and is at the origin of the crop substitution approach, later improved as the alternative development method, that have been used to break the socioeconomic dependency of rural communities on opium poppy cultivation.

g) About 135 different ethnic groups are found in Myanmar, but no detailed census on ethnic minorities has been conducted since 1931 in Myanmar. In 1931 the Bamar (Burman) group represented 65% of the population, followed by the Karen (9%), the Shan (7%), the Chin (2%), the Mon (2%), the Kachin (1%) and the Wa (1%) (The Economist Intelligence Unit, Myanmar Country Profile, 1999-2000, 1999, p. 14). The Encyclopedia Britannica (in Nations of the World: Statistics, 2000) provides the following figures for 1983: Burman (69%), Shan (8.5%), Karen (6.2%), Rakhine (4.5%), Mon (2.4%), Chin (2.2%), Kachin (1.4%), other (5.8%).

h) Tensions eased after 1989 with the signing of cease-fires between the central government and most (17) of the armed ethnic groups.

i) The model is based on the analysis of data for 161 countries during the period 1960 to 1999.

j) According to the model, if the largest ethnic group represents between 45% and 90% of the population, the risk of internal conflict is doubled. In Myanmar, the main group represents more than 60% of the total population.

some outside support, an invasion of southern China (Yunnan). After three failed attempts, the Kuomintang turned westward and concentrated its efforts on the Shan States, which increasingly fell under its control, including the major opium producing areas of the Kokang, Wa and Kengtung states, and thereafter expanded opium production and trade in the area. During the same period, Yunnan's opium production was disappearing in the context of a vigorous anti-narcotics effort of the new Chinese government. Although the Kuomintang was finally pushed out of Burma by the Burmese army in 1961 and took refuge in northern Thailand, it continued to control a large share of the opiate trade in the region.

In 1962, when the Burmese army came to national power, the underground Burmese Communist Party joined forces with a number of ethnic minorities. Opposed to opium production at first, the communists eventually compromised. By the late 1970s, the Burmese Communist Party was the dominant rebel force in the Shan states and controlled an estimated 80% of all opium poppy fields.

When signing the United Nations Single Convention on Narcotics Drugs of 1961 — as authorized under articles 49 and 50 — Burma reserved the right to allow opium poppy cultivation to continue in the Kachin and the Shan States for a period of twenty years, which would presumably allow the implementation of a progressive elimination approach. However, around that same time, an important new drug market started to develop in southeast Asia with the presence of US troops sent to Vietnam. By some accounts, 10% to 15% of all GIs were using heroin in 1971. A committee established by the US government reported in 1973 that an estimated 34% of all the US troops in Vietnam had "commonly used" heroin<sup>[9]</sup>. Previously unknown in the region, refining of opium into heroin No. 4 developed on a large scale and, by the beginning of the 1970s, about thirty heroin laboratories were reportedly operating - mostly under the Kuomintang's control — near the border with Thailand.

While the Burmese Communist party was taking control of most of the production areas and the Kuomintang of heroin refining and trafficking routes, they were nevertheless confronted with the competing ambitions of autonomous local warlords. The most infamous was Khun Sa (also known as Chang Chi-Fu), a Chinese-Shan who, after learning the opium trade and guerilla techniques with the Kuomintang until 1961, then temporarily siding with the central government against the Communist party, created one of several Shan liberation groups and, in 1964, established an independent army in the Wa area, outside of the control of the Communist After a failed attempt to challenge the party. Kuomintang for the control of the opium trade in 1967, Khun Sa was captured by the Burmese military and jailed until 1974. When he returned to the opium business in 1976. the Kuomintang had lost most of its former power and Khun Sa became a dominant force in the opiate trade. His position was later further strengthened by the collapse of the Burmese Communist Party during the second half of the 1980s. After military defeats inflicted by the Tatmadaw (Myanmar Armed Forces), the fate of the communist insurgency was sealed when their Kokang and Wa allies turned against them in March and April 1989 and signed cease-fire agreements with the government. Khun Sa and his 15,000 armed men were then the unrivaled masters of the opiate business in the Golden Triangle, until they, too, were defeated and surrendered to the Tatmadaw in 1995-96. Although the opiate business vacated by the Communist party and then Khun Sa was again at their entire disposal, the fragmented insurgent ethnic groups were also already engaged in a pacification/cooperation process with the central government which included narcotics control among its objectives. Possibly, the time was finally ripe to put an end to a century and a half of opiate business in northeastern Myanmar.

# PRESENT SITUATION AND TRENDS IN MYANMAR'S ILLICIT DRUG MARKETS

#### **Opium Production**

The second largest country in southeast Asia after Indonesia, Myanmar has a relatively low population density of 69 inhabitants per square kilometer (Vietnam: 225, Thailand: 117) and almost half of the land area is covered with forests and rugged hilly terrain<sup>[10]</sup>. In 1983, the Shan state and the Kachin state had 11% (3.7 million) and 3% (0.9 million) of the country's population respectively, on an area as large as the United Kingdom, representing 23% and 13% of the country's total land area respectively (population density: 24 and 10 inhabitants per square kilometer respectively)[11]. Most of the opium poppy crop, grown and harvested during the September-March dry season, is found in the mountainous areas of the Shan plateau, which extends almost the entire length of the Shan state, from the Chinese border to the Thai border, and predominantly east of the Salween (Thanlwin) River, in the Kokang area, near the Chinese border; in the Wa region, south of Kokang and also bordering the Chinese border; and, further south, in the Kengtung area bordering China, Laos and Thailand. Together, it is estimated that the Wa and the Kokang areas now account for about 70% of Myanmar's opium production. Poppy fields are also found to a lesser extent in the Kachin, Chin and Kayah States and in the Saggaing Division. Opium poppy fields average half a hectare in size and are cultivated by small-scale farmers belonging to various hill-tribes. The government estimates that about 300,000 people depend on opium poppy cultivation as a cash-crop for their subsistence.



Note: Boundaries and names shown and designations used on this map do not imply official endorsement or acceptance by the United Nations.



Figure 1. Sources: National Narcotics Intelligence Consumers Committee. The NNIC Report 1985-1986; U.S. Department of State, 1999 International Narcotics Control Strategy Report, March 2000; Annual Report Questionnaire.



Figure 2. Sources: UNDCP for years 1986 to 2000; National Narcotics Intelligence Consumers Committee. The *NNIC Report 1985-1986* for prior years.

In 2000, the total area under opium poppy cultivation in Myanmar amounted to 108,700 hectares<sup>k</sup>. First in the world during the 1980s with an average quantity of about 700 metric tons of opium per year for the period 1981-1987, Myanmar's illicit opium production more than doubled to an annual average of 1,600 metric tons during the following ten years (1988-1997) (see Figure 1). Despite that increase, Afghanistan's production overtook Myanmar's in 1991, with an average production of about 2,100 metric tons per year during the period 1988-1997. From 1996 to 1999, opium poppy cultivation and opium production declined steadily in Myanmar, as a result of increased eradication and control efforts on the part of the government and local authorities, as well as unfavorable weather conditions. Even though the decline was halted in 2000, with an estimated 1,087 metric tons, Myanmar's 2000 opium output returned to levels recorded about a decade earlier (1988: 1,125 metric tons) and two decades earlier (1977: 800 metric tons). The sharp decrease recorded twenty years ago in 1979 and 1980 (125 and 160 metric tons respectively) was caused by a severe drought

k) According to the latest government data available, the area under opium poppy cultivation amounted to 61,200 hectares in 1998. However, government surveys have so far not covered all opium growing areas. UNDCP therefore relies on satellite-based data published by the US government, which reported 130,300 hectares under cultivation for the same year, and 108,700 ha for 2000 (U.S. Department of State, *International Narcotics Control Strategy Report*, March 2000 and March 2001).



Figure 3. Source: U.S. Drug Enforcement Administration, Heroin signature programme 2000.

which played a catalytic role in the demise of southeast Asian heroin on the US market to the benefit of southwest Asian heroin (see Figure 3). After a seven-year return to first rank (1988-1994), southeast Asian heroin was largely replaced on the US market by heroin from south America and represented only 14% of the heroin seized in the USA in 1998 — against 68% in 1993<sup>[12]</sup>. As Myanmar was, on average, the source of about 80% of the opium produced annually in southeast Asia during the 1980s, and of about 90% during the 1990s, trends in southeast Asian heroin production and trafficking can essentially be identified with Myanmar's (see Figure 2). Most of the opium which is not consumed locally is transformed into heroin in refineries operating deep in the forested areas under the protection of the armed groups that control the opium poppy cultivation areas. Precursor chemicals used in the transformation process — acetic anhydride is the main one — are smuggled mostly from China, India or Thailand. The general trend towards an increase in opiate production during the 1980s and 1990s was reflected in the evolution of interceptions by law enforcement agencies (see Figure 4). From 1987 to 1998, the volume of opiates seized annually in east and southeast Asia quadrupled, from 25 met-



Figure 4. Source: UNDCP; Annual Report Questionnaire.





Figure 5. Source: UNDCP; Annual Report Questionnaire.

ric tons to 99 metric tons of opium equivalent. The trend was reversed in 1999, when the decline of opium production in the region started to be reflected in the level of opiate seizures in east and southeast Asia.

The overall trend masks however an important change in regional trafficking patterns. In 1994-95, the increased military pressure put on the Mong Tai Army in Myanmar, resulted in the surrender of its leader Khun Sa in December 1995-January 1996. As Khun Sa and his troops controlled most of Myanmar's heroin production, the southeast Asian heroin trade was temporarily disorganized and trafficking lines cut. This was reflected in heroin seizures data which show a large drop in 1995 in east and southeast Asia (see Figures 4 and 5). This fall was also reflected in the heroin seizures in the USA: southeast Asian heroin represented 68% of the heroin seized in the USA in 1993; 58% in 1994 and only 17% in 1995 (see Figure 3). Khun Sa was linked with Hong Kong-based trafficking rings which used Thailand as a transit country. With the dismantling of Khun Sa's organization, trafficking was increasingly reoriented through China and taken over by smaller and less organized Chinese groups. Heroin seizures in China reflect this new trend with an increase of more than 300% from 1995 to 1998 (see Figure 5). Meanwhile, the level of heroin seizures in Thailand did not recover from the 1995 fall: in 1993, Thailand represented 33% of all heroin seizures in east and southeast Asia, but only 6% five years later in 1998. During the same period, China's share grew from 58% to 83%!

Opiate seizures In China started to increase after the adoption of a commercial trade agreement between Burma and China in 1986, and the subsequent increase in volume of trade and movement of persons across the China-Myanmar border. China's share in east and southeast Asian opiate seizures represented only 3% in 1987 (against 56% for Thailand).

Data for 1999 indicate a significant decline in seizures of heroin and heroin precursors in Yunnan province. The declining opium production in Myanmar is likely to have been a contributing factor, as well as changes in trafficking patterns (smaller consignments, rerouting of trafficking through less controlled areas and alternative routes in southern and western Myanmar, ... etc). The fact that law enforcement interventions have now been partly refocused on the growing trafficking of methamphetamine, and that more effective concealing methods seem to be used by traffickers, might also be contributing to the decline in the quantities of heroin seized on the Chinese side of the Myanmar-China border.

At the end of the 1990s, the main destinations for Myanmar's illicit opiates were neighbouring countries — China, in particular, now probably represents the largest outlet for Myanmar's illicit opiates<sup>m</sup> —, as well as countries from the Pacific Rim such as Australia — three to four tons of heroin (equivalent to 30 to 40 metric tons of opium) are estimated to enter Australia every year, with more than 80% coming from southeast Asia<sup>[13]</sup>.

The positive outlook on the evolution of opium production in Myanmar is unfortunately offset by the emergence, in recent years, of large-scale production of amphetamine-type-stimulants (mostly methamphetamine) in the same areas that produce opium and hero-Methamphetamine production seems to primarily occur in or near settlements that have a reliable supply of electricity. Precursor chemicals, ephedrine in particular, are imported from China and, more recently, also from India. In 1999, 75% of world stimulant seizures were made in east and southeast Asia. 48% in China and about 14% in Thailand. Thailand is one of the most buoyant markets for those substances and abuse of amphetamine-type stimulants, with a prevalence of 1.1 % among the population aged 15 and above, is now considered by Thai authorities a more serious problem than heroin use (0.6 % of the same age group).

## DRUG ABUSE

Heroin use started to become a problem in Burma at the end of the 1960's, notably as a consequence of what drug control experts refer to as the "spill-over effect". Of the increasing quantities of heroin produced for the US troops in Vietnam, some started to find its way to the cities of Mandalay and Rangoon (Yangon, since 1988). Subsequently, the departure of the US troops in the early 1970s created surpluses which were increasingly sold on the Burmese market. Heroin use predominantly affected the younger generation, while opium was still preferred by older groups. Data on present drug use in Myanmar is limited due to a lack of comprehensive epidemiological surveys. In 1999, 86,000 drug addicts were officially registered by Given far higher prevalence rates the authorities. reported from neighbouring states and very high levels of opiate abuse reported from some of the hill-tribes (allegedly reaching 10% and more of the population) in the opium producing areas, the overall level of opiate abusers in Myanmar is probably significantly higher than reflected in drug registry data (possibly as many as 300,000 users, about 0.9% of the population age 15 and above). Although reported cases in the drug registry are rising, authorities consider that the overall number of opiate abusers in Myanmar ---in contrast to trends in neighbouring countries— is actually falling, a conseguence of the decline in opium production.

Data from 1998 indicated that 91% of registered addicts abused opiates -- 60% opium and 31% heroin. While no specific indications on the prevalence of use by drug types are available, heroin is known to be easily accessible at low cost in most areas of the country. A 1997 survey of treatment centres in Yangon indicated that 97% of the patients from the sample were heroin users. Like other Asian countries, Myanmar thus faces a general trend away from the traditional use of opium towards heroin abuse. Increasing seizures of amphetamine-type-stimulants confirms indications that the use of methamphetamine may also be becoming a serious problem. The same "spill-over effect" that triggered heroin use has likely been at work, generating a local consumption of amphetamine-type-stimulants produced in Myanmar. Other drugs used are morphine, pethidine. cough mixtures containing codein, marijuana, ephedrine and tranquilizers.

As far as the geographical distribution of drug abuse within the country is concerned, a rapid assessment survey conducted in 1995 identified five main areas with high prevalence of drug use: Yangon, Mandalay, the Sagaing Divisions and the Shan and Kachin States (the main urban centres, the mining areas and the northeastern border areas). Young males in the urban areas, seasonal workers in the mining sector and youth in the northeastern producing areas constitute the majority of the drug using population. Differences between regions also exist in terms of drug use patterns. Injecting use, as opposed to smoking or inhaling, is reported predominantly in urban, mining and border areas, where "shooting galleries" can be found. For a fee, addicts are administered heroin by a professional injector who uses the same injecting paraphernalia without sterilization for a large number of customers, increasing the risk of spreading HIV and other blood-borne infections.

m) In 1998 (with 7.5 tons) and in 1999 (with 5.4 tons) China seized the second largest quantity of heroin/morphine in the world, after Iran. Trafficking and consumption are mostly concentrated in Yunnan province, where 70% of all drug seizures made in China in 1998 took place (INTERPOL, Heroin World Report 1999, p.18).

## DRUG USE AND HIV/AIDS

The first HIV/AIDS case in Myanmar was recorded in 1988 and an emerging epidemic was identified among injecting drug users. Largely as a direct consequence of drug use, Myanmar now has one of Asia's most severe epidemics of HIV infection<sup>n</sup>. The total number of people living with HIV/AIDS in Myanmar was estimated at 530,000 at the end of 1999, with a prevalence rate among adults of 1.99%<sup>[14]</sup>. In March 1999, 51% of the injecting drug users surveyed in the framework of the biyearly HIV sentinel surveillance conducted by the National AIDS programme were found to be HIV positive. The September 1999 site-specific survey reported the following regional differences for HIV infection among injecting drug users: Yangon, 39%; Mandalay, 88%; Taunggy (southern Shan States), 13%; Lashio (northern Shan State), 74%; Muse (northern Shan State), 92%; and Myitkyina (Kachin State), 77%. Overall, the Kachin and the Shan States are the areas most affected by HIV.

Myanmar's drug problem has contributed to the spread of HIV in the region. A study carried out in 1996-97 showed the role of heroin trafficking routes originating in Myanmar in the diffusion of HIV. Four different outbreaks of HIV-1 among injecting drug users in the region were linked to four different trafficking routes. Along those routes, molecular epidemiology enabled experts to clearly trace the diffusion of different HIV-1 subtypes. The first route went from Myanmar's eastern border to China's Yunnan Province; the second route from eastern Myanmar to Yunnan, going north and west, to Xinjiang Province; the third route from Myanmar and Laos, through northern Vietnam, to China Guangxi Province; and the fourth route from western Myanmar, across the Myanmar-India border to Manipur. The authors of the report concluded: "Single country narcotics and HIV programs are unlikely to succeed unless the regional narcotic-based economy is addressed."[15]

#### OUTLOOK

Since 1948, the history of Myanmar's opium producing areas has been characterized by war and violence. Insurgent groups with ideological and/or ethnic goals were de facto in control of these remote regions, maintaining a symbiotic relationship between drugs and rebellion: the proceeds of drug trafficking fuelled insurgence while the gun power of the insurgents protected drug production and trafficking, making it difficult to draw the line between politically motivated insurgence and illicit drug activity. The ethnic armies now present in drug producing areas are notably the United Wa State Army (UWSA, also now referred to as the Myanmar National Solidarity Party, MNSP)° and the Myanmar National Democratic Alliance army (MNDA-Kokang Chinese). Since 1989, the cease-fire agreements negotiated between seventeen of those groups<sup>p</sup> and the central government, which exchanged an end of insurgency for various degrees of political autonomy and development assistance, has considerably eased the situation in northeastern Myanmar and created a potential for the implementation of control measures in opium producing areas. A Progress of Border Areas and National Races Department created by the government after the ceasefire agreements was entrusted with the responsibility of economic and social development in the pacified areas.

At first, however, the autonomy granted under the agreements appeared to have stimulated production in the opium poppy growing areas (see Figure 1). Eventually, however, the strategy adopted by the government (the "State Peace and Development Council") apparently began to bear fruit as the 49% reduction in the area under opium poppy cultivation from 1996 to 1999 would suggest.

A drug-free zone was proclaimed in the Shan State East Special Region 4 (Mong Ma / Mongla) in 1997. An opium-free zone was also established in the Kachin

HIV/AIDS prevalence among adult popultion in Myanmar and neighbouring countries, end 1999							
India	Bangladesh	Thailand	Myanmar	China	Lao PDR	average SE- SW Asia	average W Europe
0.70%	0.02%	2.15%	1.99%	0.07%	0.50%	0.54%	0.23%

Source: UNAIDS, Report on the global HIV/AIDS epidemic, June 2000

n) Although it is not only spread by drug users, the start of the HIV epidemic in Myanmar is attributed to drug addicts using unsterilized needles.

o) The UWSA was created in 1989, after the collapse of the Communist Party of Burma which counted many Wa among its adherents.

p) With the Kokang armed group (MNDA) in Mar. 1989 (2,700 men), creation of northern Shan State special region 1; Wa (MNSP) Apr. 1989 (10,000 men) eastern Shan State special region 2; Shan/Akha/Lahu in Jun. 89 (3,300 men) eastern Shan State special region 4; Shan State Army in Sept. 89 (2,100 men) Shan special region 3; Kachin Defense Army in Jan. 91 (2,000 men) Northern Shan State special region 5; Pa-O National Organization Feb. 91 (1,400 men) Southern Shan State Special Region 6; Palaung State Liberation Army Apr. 91 (1,400 men) Northern Shan State Special Region 7: Kayan National Guard Feb. 92 (80 men); Kachin Independence Organization 92 (6,000 men) Kachin State Special Region 2; Kayinni National Development Party (now KNPP) Jan. 94 (7,800 men); Kayinni National People's Liberation Front May 94 (1,600 men) Kayah State Special Region 2; Kayan New Land Party Jul. 94 (1,500 men) Kayah State Special Region No 3; Shan State Nationalities People's Liberation Organization Oct. 94 (2,500 men); New Mon State Party Jun. 95 (7,800 men); Mong Tai Army (Khun Sa's private army) surrender in Jan. 96 (14,000 men); Burma Communist Party (Rakhine State) Apr. 97 (298 men). The pacification process continues to be pursued by the Tatmadaw. For instance, from January to September 2000, twenty-two groups (ranging from a few men to several hundreds, some remnants of, or seceding from, larger groups) have "returned to the legal fold". Source: Myanmar government, *Exchanging Arms for Peace*, 2000.



State and the government has announced plans to establish similar drug-free zones in the north of the Shan State, by the year 2000 in Special Region 1 (Kokang)<sup>q</sup>, and by the year 2005 in Special Region 2 (Wa). In 1995, the Wa central Committee prepared a plan to eradicate opium poppy cultivation through a phased programme combining eradication and alternative development in the areas under their control. In 1999, the government decided to totally eliminate poppy cultivation in the country within a period of 15 years. The plan is scheduled to be implemented in the Shan State, the Kachin State, the Kayah State and the Chin State, through a succession of 5-year plans<sup>[16]</sup>.

As part of their efforts to curb illicit opium poppy cultivation, the Myanmar government and the Wa authorities have also agreed and started to relocate large numbers of ethnic Wa, Akha, Lahu and Chinese from the hilly areas along the Sino-Myanmar border to flatter land in a southern area of the Shan states, along the Thai border area near Chiang Mai and Chang Rai.

However, ranked 125 out of 174 countries on the Human Development Index scale by UNDP<sup>[17]</sup>, Myanmar faces serious financial constraints in the

implementation of its socio-economic development and drug elimination strategies. Some limited bilateral assistance has been provided by countries such as China and Japan in the field of alternative development. UNDCP has also been providing alternative development assistance, through a five-year project in the Wa area, as well as through two smaller projects in the northern Wa area (Nam Tit) and the Kokang area (Laukkai).

With sanctions and criticism of its human right record since 1988, Myanmar can no longer receive loans and grants from international financial institutions. Bilateral as well as multilateral development assistance have also been almost entirely stopped. Joining the ASEAN in July 1997 has not yet had a significant economic impact on Myanmar and the financial crisis in Asia did not create a climate conducive to foreign investment during the end of the 1990s. Pockets of prosperous trading activities have however developed in recent years in the border areas, notably along the border with China<sup>[18]</sup>, and the profits from drug smuggling (as well as from gems and timber) reinvested by some of the ethnic minority leaderships in infrastructure development appear to have become a significant complement

q) The target year for the Kokang area has now been changed to 2002.

to the limited financial allocations which the central government can provide for the development of the Shan States. Paradoxically, a form of money laundering might thus be one of the enabling factors of a diminishing reliance on opium-related income and of the progressive reduction in opium production recorded during the last few years.

However, it is doubtful whether the dependance of the eastern Shan State on drug production can be definitively broken as planned by the government without a quantitative jump in financial investments. As stated in the *International Narcotics Control Strategy Report* of the US government released in March 2001 : "... ultimately large-scale and long-term international aid, including development assistance and law-enforcement aid, will be needed to curb fundamentally and irre-

versibly drug production and trafficking in Burma".[19] The sudden drop in the Afghan opium production in 2001 is likely to severely impact the world's opiate markets by creating supply shortages and price surges, particularly if it persists for more than a growing season. One of the main outlets for Afghanistan's heroin outside of southwest Asia has been the European market, but the history of drug control during the last thirty years provides evidence that opiate markets can rapidly shift from one source of illicit opiates to another. Myanmar is at present the only country where traffickers could find a potential to rapidly fill part of the heroin supply gap created by the evolution of the situation in Afghanistan. The resulting strong incentive to resume higher levels of opium production in the Shan states might create additional obstacles on the road to the elimination objective of the Myanmar Government.

#### **ENDNOTES**

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- 6. Ibid. p. 29.
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- 11. The Economist Intelligence Unit, *Myanmar Country Profile*, 1999-2000, 1999, p. 14.
- 12. US Drug Enforcement Administration, Heroin Signature Programme 2000.

- 13. INTERPOL, Heroin World Report 1999, p. 10.
- 14. UNAIDS, *Report on the global HIV/AIDS epidemic* June 2000. http://www.unaids.org/ epidemic\_update/report/index.html
- 15. Beyrer et al. Overland heroin trafficking routes and HIV-1 spread in south and south-east Asia, AIDS 2000, 14:75-83.
- 16. The plans are presented as follows by Myanmar's main daily newspaper: "In the first 5-year period, priority areas will be designated as 15 townships in northern Shan State, one township in eastern Shan State, and six townships in southern Shan State. In the second 5-year period, priority areas will be designated as 4 townships in Kachin State, 7 townships in northern Shan State, 7 townships in eastern Shan State, and three townships in southern Shan State. In the third 5-year period, priority areas will be designated as 4 townships in eastern Shan State, and three townships in southern Shan State. In the third 5-year period, priority areas will be designated as 5 townships in southern Shan State, 2 townships in Kayah State, and 2 townships in Chin State. The whole project covers 51 townships with total area of 55102.454 square miles inhabited by 3,817,199 people in 1,469 village-tracts. Eradication of poppy cultivation, control of narcotic drugs abuse, participation of local populace and cooperation with international organizations will be given priority.

Now, the Government is implementing the first 5-year project of the 15-year opium eradication plan which commenced in 1999-2000. Based on the 51 townships, production eradication, abuse elimination, law enforcement, people's participation and international relations will be targeted. The estimated costs of the plan are 33,588.14 million kyats and 150 million US dollars.

While the Government is taking measures for wiping out the drug menace, the Tatmadaw [the Army], Police Force, Customs Department and other organizations are taking action against the drug trafficking." (*The New Light of Myanmar*. Sunday, 9 July 2000).

- 17. United Nations Development Programme, *Human Development Report 2000*, New York, 2000.
- 18. The Economist Intelligence Unit, op cit, p. 29.
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