

## DRUGS, GENERALS AND NEIGHBORS

by Aung Zaw/Mae Sai

*Drug production, once the domain of insurgents fighting against Rangoon, has become the cornerstone of the mainstream economy, and the bane of Burma's neighbors.*

In May, after a three-day drug meeting sponsored by the United Nations International Drug Control Program (UNDCP) to coordinate drug-suppression, Burmese officials managed to impress foreign governments and media with the seriousness of their efforts to stamp out the illicit drug trade.

Drugs with a street value of almost US \$1 billion in North America, consisting of opium, heroin and amphetamines, went up in smoke as diplomats, Asian officials and Burmese leaders watched.

However, Kyauk Ye, about 35 years of age, wasn't at all impressed, but rather amused. Sitting inside a small house on the Thai-Burma border, the Chinese man from Yunnan province smiled while smoking Burmese cheroots.

Then he growled: "You know the Burmese are very clever." I nodded and waited to hear more. "They don't just steal from other people; they also steal from themselves." Having ended his brief statement, he paused and went back to smoking his cheroot.

Kyauk Ye's brief comment explains everything about the recent drug-burning show in Rangoon. The destruction of seized drugs was stage to coincide with a regional meeting held to coordinate the anti-drug efforts of Cambodia, China, Laos, Burma, Thailand and Vietnam.

Drug-burning shows have become popular ceremonies in Burma, which is now a member of the Association of Southeast Asian Nations (Asean), and they have made public relations virtue out of the necessity to dispose of dangerous drugs. Burma has already held more than a dozen such events.

Perhaps the delegates from Asean countries and UNDCP officials were pleased to witness such an event. However, for Kyauk Ye, who recently came from northern Shan State, the drug burning show was merely a PR stunt staged by the ruling junta, now known as the State Peace and Development Council (SPDC).

Why? Kyauk Ye has an answer.

Last year he was seen in the Tangyan area of northern Shan State. This territory is now controlled by ethnic rebels who have reached cease-fire agreements with the ruling junta. They have been permitted to grow opium and maintain their drug factories. Kyauk Ye leased a four-acre field of opium in the area of Tangyang. He registered his name and address with a local Burmese battalion before growing the opium, and promised to pay opium tax after harvesting.

"Everything is open there," Kyauk Ye spoke in Burmese with his heavy Chinese accent.

He had four opium farmers, but some owners in that area hired 50 to 80 farmers to take care of their poppy fields, which are ten times larger than Kyauk Ye's.

Of course their location is better too. "Some owned 30 to 40 acres," Kyauk Ye said.

Before coming to Burma, Kyauk Ye learned Burmese in Ruili, a Chinese border town. His plan was to make a fortune in Burma. "All my business (in Burma) has been illegal since I arrived there."

He wasn't alone. His friends who are also Chinese from Yunnan Province came to northern Shan State. Entering Burma isn't so difficult. "If you have 30,000 kyat you can get an ID card." Kyauk Ye said that since he came into Burma 15 years ago he has held 30 different ID cards.

When he was 20, he joined local drug dealers and made friends with Shan rebel groups in northern Shan State. His adventurous business began in 1990; two years after the military regime staged a bloody coup in Rangoon.

Eighty Chinese and Shan carrying automatic assault rifles walked from northern Shan State to the India border to deliver heroin. Kyauk Ye was among them. "We had 40 mules carrying about 900kg of heroin with them." The journey took three months to reach the Indian border. They were tough jungle trips. Sometimes they encountered unknown armed groups who tried to seize the heroin.

"We were ready to sacrifice our lives for our goods. They could take our lives but not our heroin." On some occasions, his friends who were sick or wounded were left with guns in the jungle. In one case, he had to leave a friend with a bullet in his head. In any event, in the end, Kyauk Ye made a handsome amount of money: "I invested I .3 million kyat, and got back 3 million kyat."

But Kyauk Ye isn't as lucky as some of his friends from Yunnan.

Those who also ran drug businesses have now bought houses in Mandalay and Rangoon. He refused to reveal the names of these friends, who are now influential businessmen and close to regional commanders and army officials in Burma.

Now Kyauk Ye has found temporary sanctuary in Thailand-driven out of Burma

not by a rival drug gang, but by the Burmese army. The reason was that he could not pay the opium tax to the local Burmese army unit.

The Burmese army demanded that he pay 600,000 kyat from his poppy field, but bad weather destroyed his crop. On a good year, he said, his field could produce 60 viss (about 98 kg), valued at 300,000 kyat per viss.

Kyauk Ye said that cultivators who could not pay the opium tax were arrested. "Even if you don't make any profit, they will come and collect opium tax anyway," he said, adding that the Burmese army prefers opium to money.

Last year's bad weather ruined Kyauk Ye's opium crop, thus he failed to make any profit. Some drug enforcement officials have stated that opium production in Burma has dropped due to weather conditions and is nothing to do with suppression efforts. By all accounts, the opium business in Burma is still alive and kicking.

According to recent Deutsche Presse-Agentur press reports, "With the destruction of Afghanistan's poppy crop earlier this year, Burma has reclaimed its crown as the world's leading producer of opium and heroin, albeit by default." Previously, Afghanistan was the largest heroin producer in the world.

Mr. Sandro Calvani, regional representative of the UNDCP, who had previously praised Rangoon's efforts in the fight against drugs, also acknowledged Burma's preeminence as the new world leader in the production of some drugs: "In terms of opium production, Myanmar (Burma) is number one again."

US drug enforcement agencies estimate opium production in Burma last year to have been about 1,200 tons. Since 1989, a year after the ruling junta came into power, Burma has produced 2,000-2,600 tons of raw opium yearly. In the 1970s, production was between 200 to 400 tons annually.

It is estimated that the authorities intercept less than 1 percent of Burma's annual opium production-the rest is smuggled out through China or Thailand and on to the world market.

With Burma becoming the opium king of the world, Kyauk Ye is dying to go back to run another opium business. "I know dealers in Shan State are moving to some areas in Kachin State this year. We have found some places in Hpakan." Ironically, the Kachin Independence Army had previously declared Kachin State an opium free zone before it signed a ceasefire agreement with Rangoon.

Opium dealers are eyeing areas in Hpakan controlled by both the army and Kachin rebels who have reached a cease-fire agreement with Rangoon. "Some areas are well-protected and already have mines planted to protect the opium fields."

Back in Tang-yang, Kyauk Ye knew all the rebels groups Kokang, Wa, Kachin

and Shan-who have reached a cease-fire in the areas involved in the opium business. But, he says, "The Wa are the most powerful."

The United Wa State Arm (UWSA) has a strong arm with 20,000 foot soldiers. The Wa, who were former members of the Communist Party of Burma (CPB), mutinied in 1989 and reached a cease-fire agreement with Rangoon.

In 1997-1998, according to Kyauk Ye, the UWSA was granted permission by the government to grow opium for another five years. Thus, he said, many opium growers wanted to do their business before the deadline expired. However, according to Khin Maung Myint, a Wa liaison officer who recently invited several "unbiased" journalists to a Wa town near the Thai border, the Wa were involved in drug activities until 1996, but are not anymore.

"We decided to give up this business in 1996 at the insistence of the Myanmar government and international community and we introduced a poppy substitution project," he said.

Regional analysts believe that the UWSA is one of the most powerful drug armies in Southeast Asia, and poses a formidable threat to the region's stability. With a strong army and drug money, the Wa Empire grew rapidly within a few years. Like many other ethnic groups that have struck a deal with Rangoon, the UWSA enjoyed a special relationship with the Rangoon leaders. In addition to the drug trade, they also engage in legitimate businesses in Burma.

Since the cease-fire agreement, the Wa have been given permission to grow opium. The UWSA later started producing amphetamines, also known as yaa baa, or "crazy pills" in Thai.

The UWSA expanded its empire to include the southern part of Shan State, close to the Thai border. Thousands of Wa were moved into Mong Yawn, where they have spent millions of dollars building a modern town in their territory. Thai officials claim that this town is built by drug money.

#### WE ARE SERIOUS ABOUT FIGHTING DRUGS

Rangoon has had a drug eradication program for 15 years. The Burmese claim that they are serious about fighting drugs. Surprisingly, the UN agrees with this claim. At the recent regional conference in Rangoon, Lt-Gen Khin Nyunt, Secretary One of the SPDC, said that Burma had made "universally acknowledged" progress in eradicating opium production, but amphetamines posed a new and formidable threat.

Calvani recently spoke to BBC World Service: "They (the SPDC are very

transparent when it comes to monitoring the crops. In some cases, they have eradicated significantly and effectively, so where the crops have been eradicated there has not been any new plantation. Opium tax? This is very bad news. This has never been reported to me before. A double game? That the government of Burma is lying? They are committed, they are helping."

Burma has also cooperated with the UN in running successful programs to make villagers give up the cultivation of poppy.

Calvani said. He said the UN estimates it will need a \$10 million in investment by the international community to fight the drug problem in Burma, as well as providing alternative sources of income for villagers. But so far only \$1 million has been provided, mostly by the US and Japan.

Indeed. the international community isn't impressed. Burma is a pariah in the eyes of the world community. The country's poor human rights record and on-going political repression discourages the resumption of aid. "Instead of giving us aid, the international community has been accusing and pointing the finger at us. Our achievements are never recognized, Col Hkam Awng of the anti-narcotic department in Burma said recently.

Home Minister Tin Hlaing said that his government could not deny that fact that there were still active areas of drug production and trafficking in the remote areas near the Burma-China and Burma-Thai borders.

However, quite a different story is emerging from Shan State, where Htun Ye, an opium farmer from a small village in Kunlong, in northern Shan state, said the Burmese army would come and meet villagers and encourage them to grow opium. "When the opium is ripe, they make us pay opium tax," he added.

Many opium farmers earn quite a decent amount of money. "Daily wages are high," said Kyauk Ye. "I paid my farmers 1,500 kyat a day." A government clerk earns about 4,000 kyat per month in Burma.

What about border areas close to Thailand?

Last year, a regional magazine reported that Burmese soldiers have been ordered by Rangoon to "live off the land"-an order implying permission to get involved in the drug trade.

Kyauk Ye said that Burmese soldiers are active in fighting against some armed political groups who are fighting for freedom and autonomy. "But they won't bother attacking drug factories because they receive tax." Instead, Burmese soldiers protect drug refineries.

This totally contradicts the government's claim, which is endorsed by the

UNDCP.

But it doesn't come as a surprise to other observers. After all, Burma is a haven for drug lords. Lo Hsing Han, chairman of Asia World, is close to the generals. Asia World is Burma's biggest conglomerate, with investments in hotels, construction companies and supermarkets totaling US \$600 million dollars.

Lo, Burma's former drug kingpin, has his own poppy fields in the Tang-yang area. "He has about 30 acres in my area," said Kyauk Ye. His family members, including his grandchildren, used to go there to pose for pictures by the opium flowers. Lo acted as peace negotiator between the Wa and Kokang Chinese rebels and the government in the late 1980s.

Lo now lives in a lavish house in Rangoon, where he runs his business with his son, Steven Law, also known as Htun Myint Naing. They are both barred from entering the US because of drug-related activities.

Not surprisingly, over the past decade, Burma's drug trade has become more integrated into the Burmese economy. By allowing traffickers to buy legitimate businesses in the country, Rangoon has managed to stave off a collapse of the economy, strained by more than a decade of sanctions and mismanagement.

The US State Department's International Narcotics Control Strategy report identified money laundering in Burma and the reinvestment of narcotics profits laundered elsewhere as "significant factors in the Burmese economy overall. "

The report adds that country's underdeveloped banking system and lack of action against money laundering have created a "business and investment environment conducive to the use of drug-related proceeds in legitimate commerce."

Like Lo, Khun Sa, alias Zhang Qifu, the former drug warlord who surrendered to Burmese authorities in 1996, has been allowed to keep up his investments. Journalist Bertil Lintner wrote after Khun Sa's unexpected surrender: "Shortly after Khun Sa's surrender, ten new companies were registered at an obscure address in Rangoon, a virtually empty room in a townhouse with little more than a sign and a mailbox outside. The registered owner of the premises is a company called 'The Good Shan Brothers International Ltd', which is engaged in 'export, import, general trading and construction,' according to the 1995-1996 Myanmar Business Directory. Thai intelligence sources added that after Khun Sa's surrender, about US\$ 24 million were transferred to Rangoon from various financial institutions in Thailand."

The SPDC even admitted that the government has awarded an official contract to Khun Sa, who is also wanted by the US, to run buses between major cities in Burma.

Khun Sa, who is now protected by the military intelligence service in Rangoon, has also opened a casino in Myawaddy, a border town with Thailand.

Kyauk Ye said that over the last five to seven years, more than 50 percent of all business in Burma has been run by drug money.

Now the UWSA has taken control of Yangon Airways and the Mayflower Bank, one of the biggest banks in Burma. Moreover, it seems they have plans to start a telecom business in Burma.

Aik Htein, a little known ethnic Chinese businessman who barely speaks Burmese, is the managing director of Myanmar Sky-Link Company, which was awarded the contract to install the GSM system in Burma.

Aik Htein is an influential shareholder in Myanmar's May Flower bank, while Yangon Holdings and Yangon Airways also have connections to the Wa. Aik Htein's staff refused when asked for information about their boss's background. "I cannot tell you," they said, and then hung up the phone.

#### THAILAND'S WAR ON DRUGS

As drug lords roam freely in Burma and their business grow overnight, the country's neighbors, particularly, Thailand, have repeatedly expressed their concern.

Over the last two years, Thailand has shown its frustration toward its western neighbor, and as a result, a war of words has erupted between Thailand and Burma.

Thailand accuses Burma of turning a blind eye to illicit trade. Thai officials say Burma is the main source of amphetamines being smuggled into Thailand, which is estimated to have a drug-using population of over two million. Thai drug enforcement expects that about 700 million speed pills will come to from Burma this year.

Thai leaders, both army and civilian, talk about decisive actions against drug activities along the border, yet they also complain about the lack of cooperation from Burma.

Thai drug suppression officers believe that the UWSA runs an estimated 55 illegal laboratories along the northern border, which are capable of producing 600 million pills a year. The Thai Third Army, which is responsible for the volatile part of the border with Burma, has been taking a tough stance. Gen Wattanachai Chaimuenwong, commander of the Third Army, openly criticized Burmese high-ranking army officers' involvement in the drug business and accused Burma of waging a drug war against Thailand.

Thailand and Burma went into conflict early this year. Fighting broke out

between Thai and Burmese troops near the Mae Sai-Tachilek border crossing in the Golden Triangle area. Then in May, the Thai used two F-16 jet fighters to push back Burmese and Wa troops who occupied Hua Lon hill inside Thailand. Both sides took a tough stance and were unwilling to back down. The Burmese pledged to fight alongside the Wa, which prompted Thai army leaders to alert their troops.

Getting the two sides to cooperate is not easy. "What is going on between Thailand and Myanmar is not helping what we are trying to achieve," said Mr. Jean Luc Lemahieu, UNDCP country representative.

The Burmese also hit back at Thai officials by accusing them of being involved in drug trafficking and smuggling chemicals used for yaa baa production into Burma.

Banleng Inthakhan, 42, a former police sergeant-major, was recently arrested in Chiang Rai, northern Thailand, allegedly possessing 1.1 million speed pills and 40 kg of ephedrine, a chemical precursor used in methamphetamine production.

The Thai officer had 24 motor vehicles, including two luxury sedans—a Mercedes-Benz and a BMW. In addition to that, officials were astonished to find that he had 30 bank accounts and more than 100 pieces of jewelry worth more than 10 million baht (US \$220,000).

Banleng Inthakhan is now facing charges. But the question is how many other Banlengs in Thailand have been doing this business? Most importantly, who is behind them?

At any event, Thai officials' focus is how to man their border. There have been reports about Thailand unofficially re-arming Shan and Karen rebels along the volatile border with Burma.

Some analysts suggest that Thailand is returning to a bufferzone policy.

"We have to consider it," said Padoe Mahn Sha, secretary general of the Karen National Union (KNU), referring to the possibility of cooperation with the Thais in their anti-drug efforts. "We also have a policy to crackdown on drugs," he added.

KNU troops recently attacked a Burmese army outpost near Myawaddy opposite Mae Sot, and they said that yaa baa is smuggled into Thailand from this outpost. Mahn Sha also said that UWSA officials and Chinese merchants are active in Karen State. Some are collaborating with pro-Rangoon Karen groups. Drugs from Shan

State. Mahn Sha said, pass through Karen State in order to reach Thai and Asian markets.

Similarly, news regularly appears in Thai papers and on TV news that Col Yord Serk of Shan State Army in Southern Shan State is now active in attacking drug traffickers and handing over the seized drugs to Thai officials. Yord Serk, who was

accused by Rangoon of involvement in the drug trade, claims that his army is fighting against the illicit trade.

As' this new golden triangle conflict grows, a major player is re-appearing on the scene: the US. Adm. Dennis Blair, the chief of the US Pacific Command, recently told *The Bangkok Post*, "As a military man, I support Thailand." He added: "The support that we have for Thailand in patrolling its border is an important part of our policy." He was in Thailand to open the 20th Cobra Gold military exercises, joined by Thai, US and Singaporean forces, and to discuss anti-drugs co-operation with Thai authorities.

Over 5,000 US troops took part in the exercise, held near the Thai-Burma border. The Cobra Gold exercise is part of a joint combined exercise called Team Challenge 01 , which also features the Philippines and exercises with Australia.

Nevertheless, it is not known where US anti-drug policy is leading. Since US President Richard Nixon made his famous "War on Drugs" speech in the summer of 1971, the US has been active in attacking drug barons, but there has been little evaluation of the success or failure of anti-narcotics efforts.

The US is now giving training to Thai Task Force 399 to fight drugs. US Special Forces are now stationed in northern Thailand. The task force is made up of elements of the Third Army and the Border Patrol Police. The US also supplied two Black Hawk helicopters to the army as part of its modernization program.

Rangoon alleges that the US unit was intended for intervention in Burma, although Thai and US officials played down the location, saying it was a matter of rotation. Burma hit back at Thailand, attacking the country's revered Royal Family. At the same time, Rangoon called up thousands of war veterans and urged them to prepare for a contingency plan in the event of an attack on its territory by its "hostile" neighbor.

While the two nations are pointing fingers at each other, drug traffickers in Burma are finding new routes to transport their drugs to the world market. According to Thai intelligence sources, traffickers in Burma have found a new route to transport drugs from southern Burma.

In January this year, Thai officials seized five million yaa baa pills and 100 kg of heroin in the Andaman Sea. The drugs came from Burma. Thai authorities said that the seizure confirmed a new theory that traffickers had changed their transportation route from land to sea. Usually, heroin and speed pills are transported to Thailand, Laos, China or India by land and are then sent on to the world market. A few years ago, Kyauk Ye himself sent 200 viss of raw opium to Kachin State by a car owned by a cease-fire group, which he refused to name.

But some cease-fire groups active in northern Shan State, he said, would have sent as many as 4,000 viss of opium to the Chinese border by truck without interference. Kyauk Ye is still nostalgic about his three-month long trip to the India border. He refused to reveal the name of the Shan captain who led the opium convoy there, as he is still alive and still involved in this business. Kyauk Ye is proud of his loyalty, but he sniffed at the Burmese. "Even in the opium business, the Burmese government is most unfaithful."

Why ?

"They seize heroin and opium, as has been shown on TV and in newspapers. They later re-sell them in the domestic market, and then they re-seize the drugs and re-sell them again. That's how they make such a profit."

As things stand at the moment, Rangoon's efforts to shake off its nefarious reputation are not winning many friends. But that's fine with Kyauk Ye, who says the regime's pariah status, is well deserved. The opium business in Burma is going to last for decades, says Kyauk Ye, who is preparing to return to grow opium in Kachin State. He says he doesn't care about Calvani or Adm. Blair or Gen Wattanachai. But he admires Lo, Aik Htein and a few other rich businessmen in Burma.

Who knows? One day he might even find himself working out of a posh office and rubbing elbows with the generals in Rangoon. Good luck, Kyauk Ye.