

## From Golden Triangle to Rubber Belt ?

### *The Future of Opium Bans in the Kokang and Wa Regions*

By Tom Kramer

In the Kokang and Wa regions in northern Burma<sup>1</sup> opium bans have ended over a century of poppy cultivation. The bans have had dramatic consequences for local communities. They depended on opium as a cash crop, to buy food, clothing, and medicines. The bans have driven poppy-growing communities into chronic poverty and have adversely affected their food security. Very few alternatives are being offered to households for their survival.

The Kokang and Wa cease-fire groups have implemented these bans following international pressure, especially from neighbouring China. In return, they hope to gain international political recognition and aid to develop their impoverished and war-torn regions. The Kokang and Wa authorities have been unable to provide alternative sources of income for ex-poppy farmers. Instead they have promoted Chinese investment in monoplantations, especially in rubber. These projects have created many undesired effects and do not significantly profit the population.

The Burmese military government, the State Peace and Development Council (SPDC), has also been unwilling and unable to provide assistance. The international community has provided emergency aid through international NGOs and UN agencies. However, current levels of support are insufficient, and need to be upgraded in order to provide sustainable alternatives for the population. The international community should not abandon former opium-growing communities in the Kokang and Wa regions at this critical time.

#### Conclusions & Recommendations

- The opium bans have driven communities into chronic poverty and have adversely affected their food security and access to health care and education.
- The Kokang and Wa authorities have promoted Chinese investment in monoplantations, especially in rubber. These projects are unsustainable and do not significantly profit the population.
- Ex-poppy farmers mainly rely on casual labour and collecting Non-Timber Forest Products as alternative source of income.
- Current interventions by international NGOs and UN agencies are still limited in scale and can best be described as “emergency responses”.
- If the many challenges to achieving viable legal livelihoods in the Kokang and Wa regions are not addressed, the reductions in opium cultivation are unlikely to be sustainable.

This paper is based upon interviews with 51 ex-poppy farmers in the Wa and Kokang regions in February and March 2009.<sup>2</sup>

#### BACKGROUND

Traditionally, the Kokang and Wa regions were the key opium-producing areas in Southeast Asia. Enforcement of opium bans since 2003 in the Kokang region and since

## Kokang leaders on opium ban <sup>3</sup>

“We decided to ban opium in 2002, because it is very dangerous for human beings, as it has a very bad effect on the body. There was a little bit of pressure from China, but the most important reason was to follow international policy against drugs.

“Before the ban more than 80 percent of the people in our region grew opium, which they depended on for their livelihood. After the ban, nobody grew opium anymore, and people could not meet their basic needs. The first three years

after the ban life was most difficult for the people. About 60 percent of the people in Kokang could only grow enough to feed their family for six months of the year. Most of them did not have enough to eat.

“Luckily WFP and other agencies gave support. In 2007 and 2008 the Chinese government started to supply food, 1,500 metric tons of rice each year. They also gave pesticide. They provided equivalent of 5 million Yuan (about 730,000 US dollars) per year.”

2005 in the Wa region has caused a major transformation of the economy of the region, depriving the population of its primary source of income. The bans are strictly enforced and the regions remain opium-free.<sup>4</sup>

Both areas are under control of armed opposition groups. This year is the twentieth anniversary of the cease-fire agreements between the y government and the Myanmar National Democratic Alliance Army (MNDAA) in the Kokang region and the United Wa State Party (UWSP) in the Wa region. While in the Wa region the military government has no presence except a few government representatives, there are several Burma army bases in the Kokang region. Relations between the military government and the cease-fire groups are often tense. The cease-fires are merely military agreements, and there is neither peace nor a lasting political solution.

What impact the upcoming general elections will have on the Kokang and Wa region is unclear. The military government has announced these will take place in 2010, but it has not set a date yet, nor has it made public the election law. The 2008 constitution does not address the main grievances of the cease-fires groups. The only official ‘no-vote’ in the country in the government-organised referendum on that new constitution came from the Wa region. Tensions between the military government and the Kokang and Wa authorities could potentially increase, limiting access for international organisations to these areas.<sup>5</sup>

## IMPACT OF THE BANS

The large majority of ex-poppy farmers have not been able to find alternative sources of income. It has been extremely difficult for them to cultivate more food, grow alternative cash crops or find casual labour to solve their food gap.

According to UWSP Agricultural Minister Zhao Wen Guang: “It is hard to ban opium, because it has been grown here a hundred years. The people stay in high mountains with low temperature. Apart from opium, in that kind of climate it is not possible to grow many other crops. It is only suitable to grow millet, corn, and some beans. It is not suitable for rice.”<sup>6</sup>

## Food security

Food security problems are most serious in the Wa region, especially in the north, and in the northern part of the Kokang region. The impact of the ban differed from region to region, from village to village, and household to household. This study found some very vulnerable households, including in some lowland areas, facing serious difficulties. The most vulnerable households were those without access to land, and who could no longer find employment in the absence of the labour-intensive poppy crop; or households in villages without access roads or in isolated areas, and consequently with a prior high reliance on opium cultivation for household income to secure food.

In the northern Wa region people have resorted to eating less (reduced quantity), and/or to less nutritious food (reduced quality). Various people said they were not able to eat meat or fish, and instead were mixing their rice with just vegetables, roots, or anything edible they could find in the forest to complement the dish.

A very small number of households reported that their life had improved after the poppy ban, because household members had been addicted to smoking opium, causing either loss of the whole opium crop or indebtedness. A small number of households in Kokang region, mainly in lowland areas, less reliant on poppy cultivation before the ban, reported little or no impact of the ban. Many households were clearly not food secure before the opium ban, and therefore some people reported they did not see a great difference in their situation after the ban; they still did not have enough to eat.

### **Access to health and education**

The lack of income has reduced the possibility for especially the poorest of the poor to send their children to school or seek medical assistance. People often said that if they fell ill

there was no way for them to get medical care because they had no money. Access to health care is also limited in the Kokang and Wa regions due to the lack of public services, although NGOs have initiated some large projects to address this. Otherwise, people are dependent on private Chinese clinics based in the districts towns, although most people cannot afford them. According to a Wa NGO staff member: “The villagers are very poor. They have no money after the ban. They cannot buy clothes, and if they get ill, they cannot afford to get medical assistance. They just stay at home and wait to die.”<sup>8</sup>

People are often unable to send some or all of their children to school, because they cannot afford the fees. The majority of the schools in the Kokang and Wa regions are community schools, and annual school fees (which pay the teacher’s salary) range from about 100 to 280 Yuan (15-40 US dollar) per school year, depending on the number of children in the school. Apart from low attendance rates, the quality and quantity of current education services is very low in both the Kokang and Wa regions. In some areas people have no school to send their children.

## **Wa leaders on opium ban <sup>7</sup>**

“We have encountered several problems since we implemented the opium ban in June 2005. In the first year some individuals tried to grow poppy again. When we detected this we arrested them and gave prison sentences.

“Another problem is the dramatic reduction of income of ex-poppy farmers. In the past opium was their only income, to buy essential items like salt and clothing. Without that their life is in great difficulty. We estimate the loss of income at about 45 percent. The average income was about 800 Yuan per person in 2004, now it is about 400-500 Yuan per capita.

“Another problem we experienced is that the food security is challenged. In 1989, the Wa people on average had six months of food shortage annually. In 2004, the last year before the ban, average food shortage was

four months. But in 2007 we estimated the situation relapsed, there are about five months that people have no food. The reason is that we had to promote alternative planting. The best land to promote rubber and sugarcane plantations [with investment of Chinese businessmen] is also the best land for food crops. Therefore we had to face this conflict between land for food and land for alternative crops. We had no other option to promote job opportunities for farmers.

“In short, we face a very difficult situation. On average only 10 percent of farmers have the ability to engage in alternative crops. Most families do not have the ability to do that. Rubber is only profitable after seven years. This interval time is the hardest period. We calculate it will take about seven to ten years to recover the previous crop income.”

## Varying opium prices

Collection of price data by TNI local researchers revealed opium prices which vary widely according to season and region, which is an indication of a fragmented market in disarray as a consequence of the opium bans. Over the past three years, prices far up north in Kachin State have doubled on average. By 2007, it was difficult to find raw opium for less than \$1,000/kg. Prices as high as \$1,400-1,600/kg for best quality dry opium were reported. In southern Shan State, where production has increased significantly in the past two years, inland farm gate prices for raw opium remained relatively stable around \$200-300/kg in 2007. By 2008 prices had further increased in almost all regions. These rising prices in the Northern parts of the country obviously increase the incentives for farmers to return to growing opium to meet their growing deficiencies.<sup>9</sup>

## Indebtedness

Many households in the Kokang and Wa regions are indebted, mostly to traders and shopkeepers in the district towns, and to opium traders. Most farmers had become indebted before the ban when they were still growing poppy, and some more recently, trying to pay for food and health care. In the past, opium was also used as currency and an exchange commodity. According to a Wa leader: "People used to exchange it for things in the market. It is the only cash they had. One viss (1.6 kilograms) for a family is almost enough for one year. So you can imagine how difficult it is for people after the opium ban."<sup>10</sup>

Debts vary from relatively small amounts of 500 Yuan (70 US dollar) to large sums up to 6,000 Yuan (900 US dollar). Most farmers would take credit on their opium crop before harvest. Some said they had gotten into debt because they had taken more credit than their harvest could pay for, because the yield was lower than expected. Almost all ex-poppy farmers said that after the ban it was almost impossible for them to get any credit.

In Kokang region some farmers were paying back their debt by performing free labour on their creditor's land. In the Wa regions farmers said they had no idea how to repay their debts. A minority of ex-poppy farmers said they could still borrow some money from friends or relatives to pay for urgent medical expenses or their children's education. Others had been able to borrow rice to fill their food gap.

Indebtedness had also occurred in relation to consumption of opium by household members in the period before the poppy ban. Most of those who smoked opium said they had started using it as a painkiller or medicine. Households with heavy opium consumption were relatively more food insecure. Since the poppy ban opium is very difficult to find in the Kokang and Wa regions, and prices of raw opium have increased significantly. Furthermore, the Wa authorities have introduced severe penalties for using opium, which are strictly implemented. This has reduced the number of opium users in the area.

## Migration to other areas

The Kokang authorities say as a result of the ban 20,000 to 30,000 people left their region. "We don't know where they went, some probably to China, and some to areas under control of the Myanmar government," remarked a Kokang leader. "They were all ex-poppy farmers."<sup>11</sup> Wa leaders say that about 700 households have fled the Wa region because of the opium ban. "This was less than we had estimated," says a Wa leader. "In all, there are over 70,000 households in the Wa. So this is only 1 percent of all households. We had expected it to be as high as 10 percent. But thanks to the international community, this number turned out much lower than expected. Since the opium ban in government-controlled areas will only become effective in 2014, these people fled to areas where growing opium is still possible."<sup>12</sup>

It is unclear how many people have left the Kokang and Wa regions as a consequence of the opium bans, nor what percentage was complete households or individual household

members. It is not known whether individual household members have been able to send remittances back home. Kokang and Wa authorities say these people left because they could not sustain their livelihoods anymore, and therefore moved to other places where they still could cultivate poppy.

Furthermore, in anticipation of the opium ban, in 1999 and 2000 the Wa authorities ordered the relocation of some 80,000 people from the Wa region to the UWSP Southern Command area along the Thai border.

According to a Wa leader: “The original plan was to move 100,000 people, but that was not

## Indebtedness

“Some people are still in debt. When the poppy ban was suddenly introduced, some families had already taken a loan, so these people have a problem. We never imagined in our life someone would ban poppy.”

*60-year-old Wa man from Naung Khit Township, Wein Kao District*

“I used to grow opium, and got about 1 to 1.5 viss per year. This I could sell for about two or three thousand Yuan. We experienced many hardships after the poppy ban. It was especially difficult to find enough food. Almost everyday I work as a daily labourer to get income. My father was an opium addict. He’s passed away, but because of this we still have a debt of about fifteen hundred Yuan. We got this debt after the opium ban. Before the ban there were many opium smokers, at least one per household. We also had to borrow money because my mother was ill.”

*28-year-old Akha man from Mong Phen Township, Mong Pawk District*

“In the past when we took a loan, we would pay it back in opium when the harvest came. If we borrowed money, and the market price for a viss was a thousand Yuan, we would have to pay back about fifteen or sixteen hundred Yuan. It depends on your relations, if you can borrow in towns from friends who live there. We have no direct connection with Chinese traders, but we deal with the Wa or Shan brokers. Now we miss the trust to get a loan. We have to survive by getting daily wages. Taking loans is like a cycle. We were always in debt, and we got deeper in debt. Some people here are still in debt from the time we grew opium, they could still not pay back, even after four or five years.”

*32-year-old Wa man from Man Man Sein Township, Wein Kao District*

“I grow corn and rice, but it is only enough to feed my family for 6 or 7 months a year. I also work as a casual labourer on a rubber plantation, where I earn 10 to 15 Yuan per day. But even that is not enough to buy salt, oil, and clothing for my children. I used to grow about 1 to 2 viss of opium per year, from which I could earn about 3,000 to 5,000 Yuan. I would try to sell it bit by bit, whenever we needed something. Now I have to work in other villages as a casual labourer. It is not easy to find work, but I can find work in other villages with rubber plantations. There are no more possibilities to get a loan; no opium, no loans! I am indebted to different people, about 2,000 Yuan. This happened after a bad opium harvest. One person in our village was responsible for borrowing money from people from China and the Kokang region. They came here to buy opium, and would lend money to about 5 people.”

*25-year-old Wa man from Lian Haw Township, Mong Mao District*

“Before the ban, my main crop was opium. In 2001, I harvested 1 viss of opium, which I sold for 5,000 Yuan. While growing poppy, food is secure, but we could not save money. We borrowed money in advance, but whenever the harvest came it was not enough to pay back the loan. We did not know the value of money. I still have debts, and have to pay back 2 viss of opium. Before the ban we could borrow money before the harvest. Then we could eat well, but we were indebted. Now we are not indebted, but we cannot eat well. We cannot grow paddy very well, because of the high elevation. Corn is the main crop. We use it for animal fodder, mix it with rice to eat; some we sell. We started growing walnuts, but there is no income yet.”

*53-year-old Kokang man from Tar Yo Shu Village*

## Coping Mechanisms

“After the poppy ban, money is very difficult to find. Before the ban I could buy basic food like rice, salt, chillies and cooking oil, and clothes. But now this is very difficult. I try to work at the rubber plantations, but it is not easy to find work. I also received some rice last year for developing my land.”

*Wa man from Mong Mao District.*

“In the first year after the opium ban we were really in trouble and did not know what to do, as we had no cash income. We looked to each other in order to survive. Now we can earn some money by working on the rubber plantation. We have also developed some land, and we have received rice for this from the UN.”

*32-year-old Wa man from Man Man Sein Township, Wein Kao District.*

“Our income is only from collecting roots from the forest. After we collect them we dry them, and can sell these for 5 Yuan for 2 kilograms. It takes us 4 days to collect this amount. This is the only possible cash income. Daily labour is very difficult to find. If there is work we can earn 20 Yuan per day, but this rarely happens. That is why most people collect roots. We manage with whatever we have. Our main curry is bamboo shoot, and we rarely see meat. These times are very difficult. Before the opium ban we could get enough income by working in the poppy field. Now we can only get some money from these roots. We need to go to the jungle to find food. We can skip eating chillies, but we need to buy salt.”

*45-year-old Wa woman from Naung Khit Township, Wein Kao District.*

“I used to grow opium on other people’s land, and got about half a viss per year, of which I

would have to share 50 percent with the owner of the land. Now I grow upland rice and corn. It is enough to feed us for 4 months, but for this year all the food is already finished. Now life is very difficult, I need to find daily labour. Last month I went to work in the sugarcane fields in Laukai, and I received 320 Yuan. I earn 7 to 15 Yuan per day. After I came back I bought food (rice, beans, oil and salt) and clothing for my children. When the school is closed the kids also have to work, but it is difficult to find a job. They are 12 and 15 years old. In the poppy-growing time, I could buy enough rice after the harvest. Now I eat less than before the opium ban, but my children receive rice through the WPF Food For Education programme.

*47-year-old Kokang woman, Chya Zi Shiu Village Tract, Laukai Township*

“Before the opium ban fifty households in this village grew poppy. The land is not very fertile here, and I got only about half a viss of opium. At that time I also grew mustard and cabbage. I sold both opium and some of the vegetables. Now I grow rice and corn, but it only provides enough to eat for my family for nine or ten months per year. The rest of the food I buy from daily wages, from work such as clearing fields and gathering firewood for other villagers, and sometimes harvesting sugarcane. With this I earn about ten to fifteen Yuan per day. With the money I earn we buy rice, salt, chillies, cigarettes, and cooking ingredients, such as oil. We cannot always find work, and the money I earn is not enough to buy what we need. Now our life is a little bit better because we receive international aid, mainly rice. Now we can eat meals regularly.”

*47-year-old Palaung man from Lan Pin Lin Village Tract*

achieved”. UWSP leaders say the objective is to move poppy farmers and impoverished villagers to areas where they can grow other crops.<sup>13</sup> This process has now stopped.

After the ban, the Wa authorities also moved people to areas nearby rubber plantations, to

ensure sufficient available labour. Wa leaders say that in Man Man Sein, Nar Kao and Pang Yan Townships of Wein Kao District one hundred percent of the families are involved in the rubber plantations. “The rubber is a positive thing,” says a Wa leader. “But it is difficult to expand because of the lack of

labour. Now we are moving people to rubber plantations. It is based on annual labour demand, and is a permanent resettlement. These people have to take care of the rubber plantation continuously.”<sup>14</sup>

## **COPING MECHANISMS**

### ***Increase food production***

The large majority of the population in the Wa and Kokang regions is made up of subsistence farmers. They cannot produce enough food to feed their households, and suffer food shortages from two to eight months a year. Most of the crops they grow are for domestic consumption. Farmers have tried to increase cultivation of rice and corn, but lack of access to land, irrigation, and agricultural techniques limit their possibilities. Efforts by NGOs through ‘Food For Work’ programmes to develop land and agricultural techniques have increased food production for those households involved.

However, there are still many factors inhibiting communities from achieving sufficient food production. Many farmers do not have enough land, or sometimes no land at all. In the Wa region this was often due to confiscation of land for rubber plantations. Farmers were subsequently ordered to work on these plantations, often for wages too low to sustain themselves. Fertility of land is poor, resulting in low yields. Apart from the very few valleys in the region, there is little irrigation. In large parts of the Wa region and in some parts of the Kokang region, fields are on steep hillsides, making impossible any kind of cultivation or terracing. Excessive rainfall last year did much damage to the crops in both the Kokang and Wa regions, reducing the yield.

Some families without sufficient household members to cultivate their own land opted to work as daily labourers. In the Wa region people were also forced to work on rubber plantations by local authorities. Forced labour on construction and maintenance of infrastructure, especially roads, further diminished available hands for family plots.

### ***Grow alternative cash crops***

Some farmers have attempted to grow small plots of tea, sugarcane and walnut as alternative cash crops, either with assistance from Chinese companies and the local authorities or from international organisations, mainly in the form of seedlings and know-how. But these crops require some investment, and can only produce any yield after several years. Very few farmers have been able to establish their own production, as they have neither the capital nor time.

Most alternative cash crops have therefore been initiated by the local Kokang and Wa authorities, in cooperation with Chinese companies. The Chinese company usually provides the seedlings, fertiliser and expertise, and the Wa authorities the land and labour. The Chinese businessmen take 65 percent of the revenue and the villagers 35 percent. The Wa authorities levy a tax on the products exported to China. The Chinese businessmen also pay the villagers wages to establish and maintain the plantations.<sup>15</sup>

In both the Kokang and Wa regions the local authorities have supported mono-cropping as a way out of poverty and opium cultivation. In the Wa region the authorities have aggressively promoted huge rubber plantations, entire mountain ranges are sometimes covered by rubber trees. Tea plantations are being promoted, mainly in areas of higher elevation, such as Mong Mao in northern Wa region and in northern Kokang region. Sugarcane is only grown in lowlands, such as Mong Pawk District. In the Kokang region this is mainly sugarcane and tea.

Wa leaders say they have provided income opportunities for former poppy growers by promoting about 33,000 hectares for rubber, 13,000 for tea and 6,600 for sugarcane.<sup>16</sup> However, as is the case with rubber, the authorities and farmers are completely reliant on buyers from China because of restrictions to market access in Burma by the military government.

## Rubber, Sugarcane and Tea Plantations

“All villagers here used to grow opium, about one or two kilograms per year. Some poor people grew it for others. We could earn 20 to 30 Yuan a day. During a good opium harvest we could earn 4,000-5,000 Yuan. We could sell at the Man Man Sein market, or traders would come here. We always got cash. The first year after the ban we were really upset, we had no income and didn't know what to do. Now with rubber we also get some income. If there was no rubber the situation would be worse. The plantation is a day's walk, and sometimes we go for a month, three times per year. First we have to clean the site, dig the holes, make the terracing, and finally put the seedlings in the ground. Each family has to take care of [2 hectares]. They are forced to go. This takes about 10 working days each month; we work for ourselves the other 20 days. When we deduct everything our income is 150 Yuan per month for taking care of the rubber trees. The agreement says we partially own the plantation. We will get 60 percent of the profit, and 40 percent will go to the businessmen. We started one year ago, and expect to harvest in five years.”

*32-year-old Wa man, Man Man Sein Township, Wein Kao District, Wa region*

“It is simple: we have less money after the opium ban because we do not have any source of income. The impact of the ban is that we cannot buy meat, clothes, and big families have problems feeding their children. The only thing people can do is try to find work at rubber and tea plantations. But unlike the period before the opium ban, jobs are not available all the time. People also have to work for the Wa authorities, building roads, clearing bushes, and digging canals. But this is forced, and people do not receive any payment.”

*70-year-old Wa man from Naung Khit Township, Wein Kao District*

Some of these plantations have provided households with much-needed alternative sources of income. The complete dependency on China as a market for these products presents the biggest challenge to the prospects for alternative cash crop production. The recent price decrease of rubber and tea,

“I am planting sugarcane in my field, and received 10 metric tons of seedlings from the Chinese company. We have to sell all the produce to the company. We also have to pay for the road construction to the field. We have to give back 10 metric tons of seedlings. The Chinese company will pay us 180 Yuan for a metric ton of sugarcane. But I have not harvested yet, and do not know how much I will earn. Some people say I could get 20 metric tons from my field. If that is the case and seedlings are 10 metric tons according to the contract, I can sell 10 metric ton to them. But if you do not have enough yield you could even lose money. I wanted to try this, but we were also told to grow this sugarcane by this Chinese company. If we do not grow it within five years, the land will be used by other persons to grow sugarcane. This year I already used 28 fertiliser bags at 120 Yuan per bag, and 2 bottles of pesticide at 18 Yuan per bottle. Normally people use 2 bags per mu [15 mu = 1 hectare], but I have no experience and used more. You can grow sugarcane for 3 years, and then you need seedlings again. I think the next two years I can make 6,000 Yuan per year. Not this year, because I have to repay the seedlings.”

*42-year-old Lahu man from Mong Phen Township, Mong Paw District*

“Maybe some people in our village will profit from the tea, but for some the tea did not grow well. It could take twenty to thirty working days to make the tea plantation. It is a hard job. The Chinese businessman gives the seedling. I do not know the sharing arrangement. The Wa leaders ordered us to grow it, they have not yet told us how it would be shared. We have to wait five years for the tea. In the meantime we receive no salary.”

*70-year-old Wa man from Naung Khit Township, Wein Kao District, Wa region.*

and the reduced Chinese demand for sugarcane following the global financial crisis present huge obstacles for these large-scale projects.

Many farmers say they were forced to work on plantations, or forced to grow these crops on their land, without clear agreements on

payment. Nobody had seen a contract. China gives Chinese companies soft loans through a national alternative development programme for investment in agriculture in these regions. China does not want instability or a resumption of armed conflict caused by economic disparity along its border. At the same time it wants to protect its own economy: by imposing import restrictions or duties; and promoting private business expansion into neighbouring countries.

The huge expansion of the rubber plantations in the Wa region has further limited access to land, in some places leaving no space for the traditional shifting cultivation apart from watershed areas and the last remaining forests - to cultivate food crops and graze animals. In the Wa region villagers were sometimes forced to work on or move to locations near a rubber plantation. In some cases rubber plantations were established on farmland taken from communities, the families then relocated and forced to work on these plantations. The forced labour on infrastructure construction and maintenance has further limited available manpower and hence the communities' capacity to grow alternative crops.

After the prices of tea and sugarcane dropped, in Mong Pawk District some Chinese buyers who had invested in the cultivation of sugarcane failed to show up to buy the crop. Tea plantations in Kokang have faced similar problems. The rise in tea prices in China in the last two years led to an increase in production, but it later resulted in a subsequent decrease in demand and price. Similarly the sugarcane market seems to be suffering from overproduction. In some cases Chinese buyers who had promised to buy the crop reneged and cane fields remained unharvested.

In the case of rubber plantations the Chinese companies provide the seedlings, fertiliser, expertise, and payment for labour, while the Wa authorities provide the land and the manpower. Farmers are paid small fees to clear the land, dig holes, plant the seedlings, and maintain the plantation. Only during the first two or three years are they able to do any

intercropping. After that period the need for daily labour on the rubber plantation decreases, and is limited to tending the rubber plants until they are about seven years old and start to produce rubber.

### **Casual labour**

The large majority of ex-poppy farmers in both the Kokang and Wa regions depend on casual labour for income. Most of this is spent on food, mainly rice, followed by salt, chillies, cooking oil, and clothing. Any money left is usually spent on education or urgent health problems.

Before the opium ban, daily wages were relatively higher, and casual labour was easier to find. Today, wages in Kokang and Wa regions are around 15 Yuan per day, usually including lunch. People often have to walk long distances to find casual labour, and would stay at the worksite until the work was finished. Some households send their children to do casual work as they have no other option.

In the Kokang region people can find work at sugarcane plantations, on farms, or by collecting firewood. Some find odd jobs in larger towns. In the Wa region there were many casually employed, especially on the numerous rubber plantations. Work on the plantations is readily available for those located nearby. Others cover long distances to find work there.

Many interviewees said the availability of daily labour had decreased after the opium ban, and most work is on rubber and sugarcane plantations. Hence opportunity for employment is greatly dependent on Chinese demand for rubber, sugarcane and tea. Other casual labour opportunities, such as working on other people's fields and collecting firewood, will probably remain stable. However, these are not the main sources of income for daily labour. Forced labour demands on the population, be it on plantations or infrastructure projects, decrease opportunities for communities to find casual labour.



### **Collecting non-timber forest products**

The second most important coping mechanism for ex-poppy farmers in the Wa region is collecting non-timber forest products (NTFP). People collect roots and tree bark from the forests to sell in the market to Chinese traders. “Now the women go to the jungle to collect roots, and they stay there the whole day,” says the headman of a village in the northern Wa region. “They sell it to Chinese traders to get some income. Sometimes the traders come to collect it here, but some people go and sell in the market. If they buy it here, they pay less. So I suggest to people to go and sell it in the market.”<sup>17</sup>

Trucks full of bags with such products can be seen on the roads to China. The heavy reliance on collecting NTFPs has severe negative impact on the environment. Some of

these NTFPs have already become scarce because so many people are gathering them. Clearly this is not a sustainable solution.

### **EMERGENCY RESPONSES**

UN agencies and international NGOs have tried to address the immediate food shortages to create alternative livelihoods in the Kokang and Wa regions. UNODC has been in the Wa region since 1998 when it started the Wa Alternative Development Project (WADP). Initially, UNODC projects were restricted to the southern part of the region. In 2003, UNODC facilitated the entry of 18 UN agencies and international NGOs into the Wa and Kokang regions in a new partnership called the Kokang and Wa Initiative (KOWI). The project aims to help ex-poppy farmers and their families to meet their daily needs.<sup>18</sup>

However, currently KOWI is not functioning well. UNODC has closed its offices in the Wa region and all projects have terminated. The agency has never had a formal presence in the Kokang region. UNODC requested the government’s permission to initiate a new project in Mong Mao District in the northern Wa region, and one in Southern Shan State (outside the Wa and Kokang regions), where opium cultivation has increased in recent years. The status of these projects is unclear at the time of this writing, due to lack of funds and government approval. In the immediate future, at least, UNODC will most probably not be able to continue coordinating international humanitarian intervention in Kokang and Wa regions.

The World Food Programme (WFP) has provided emergency food assistance to ex-poppy farmers in Shan State since 2003. It began by assisting 50,000 ex-poppy farmers in the Kokang region. During 2004 and 2005, WFP extended its aid to parts of the Wa region.<sup>19</sup> This is important both in terms of giving short-term relief and creating long-term sustainable alternatives. WFP has worked with international NGOs in Wa and in Kokang regions, including Welt Hunger Hilfe, World Vision, Association of Medical Doctors of Asia (AMDA), Adventist Development and Relief Agency International (ADRA), MSF-

Holland and the Asia Harm Reduction Network (AHRN). Some of the NGOs implement WFP programmes directly, others complement WFP-supported activities with their own programmes. Many of them are now including food assistance in their long-term programmes. International organisations have assisted farmers to improve agricultural methods, often through land development and introduction of higher yielding species. WFP is at present the only UN agency on the ground in the Wa and Kokang regions.

China has donated rice for ex-poppy growing communities directly to the Kokang and Wa authorities. Wa leaders say they received 10,000 metric tons of rice, but do not specify how much has reached the most needy households.<sup>20</sup> China has provided soft loans to Chinese companies investing in poppy- and former poppy-growing regions but these companies generally invest in infrastructure and large-scale agricultural projects. These projects hardly benefit ex-poppy farmers, apart from some opportunity to earn income as casual labourers. Current levels of Chinese assistance to communities in the Wa and Kokang regions are insufficient and the methods inappropriate.<sup>21</sup>

WFP and international NGOs activity should be expanded to ensure greater coverage by bringing in additional organisations and/or expanding current projects. Access to the Kokang and Wa regions for international staff requires travel authorisation from the military government. The transportation of goods, including food items, to the Kokang and Wa regions also requires authorisation. This can be a time-consuming process. Sometimes permission is denied, for reasons that are not always clear.

Furthermore, although the Kokang region is a smaller area with a smaller population, there are relatively more aid agencies implementing programmes there than in the Wa region. Access for international NGOs and UN agencies in the Wa region is complicated by the need to obtain travel authorisations from the Wa authorities. In the Kokang region this is not the case. The Wa authorities are also more suspicious of

international organisations, and especially any Burmese staff working for them.

The general attitude of the Wa authorities and, to a lesser extent, the Kokang authorities toward their own population is repressive and exploitive. International NGOs say it is not difficult to convince the communities to engage in a project, but local authorities object to international organisations forming community groups, fearing that NGOs are organising the people against them. Local communities do not have any rights, as witnessed by the forced-labour and relocation policies.

Some of the more educated leaders have a relatively better understanding of development issues and are more positive about international organisations in their region. However, in many cases the Wa army command is more powerful than the political leaders and the officers often have the final say. Local Wa authorities also act with some independence and may be less open to presence of international organisations than is the central leadership.

## **PROSPECTS FOR THE FUTURE**

Current interventions by international NGO and UN agencies are still limited in scale and inadequate to provide alternative sustainable livelihoods for ex-poppy farmers in these regions. The international reaction to the post-opium-ban crisis in northern Burma can best be described as “emergency responses”. Many vulnerable households have not sufficiently benefited or not benefited at all from efforts to increase and diversify crops.

Apart from rice donations, Chinese assistance has served private Chinese investors seeking profit. The huge mono-plantations, especially rubber in the Wa region, raise serious environmental concerns. Vast deforestation, even in important watershed areas, has been carried out to establish the plantations. This has also led to soil erosion and decreased water resources. The reliance of communities on collecting NTFPs in the Wa region has further damaged the environment. Logging activities by Chinese companies have also contributed to significant deforestation,

especially in the Wa region. According to one NGO representative, “they know where the timber is, and the logging will go on until the last tree.” This also presents a grave challenge to sustainability of agriculture in the region.

The global economic recession is likely to further reduce demand from China for rubber, sugarcane and tea. Prices will most probably remain at the present low levels or drop further. This may result in a temporary or permanent halt in the expansion of rubber plantations in the Wa region, preventing or at least reducing an increase of environmental damage as well as forced labour, forced cropping, confiscation of land and unfair practices of contract farming. However, it will negatively impact on communities regarding employment opportunity, or earning income from their own alternative crops. The economic downturn may increase reliance on Chinese companies for the very profitable extraction of natural resources, mostly timber and NTFPs.

If the many challenges to achieving viable legal livelihoods in the Kokang and Wa regions are not addressed, the reductions in opium cultivation are unlikely to be sustainable.

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## NOTES

1. In 1989 the military government changed the official name of the country from Burma to Myanmar. Using either has since become a highly politicised issue. The UN uses the latter, but it is not commonly used elsewhere in material written in English about the country. Therefore Burma will be used throughout this publication. This is not meant to be a political statement.

2. Research for this study was carried out during a period of nine days in the Wa region (Wein Kao, Pangkham, Mong Pawk, and Mong Mao Districts) and six days in the Kokang region (Laukai and Konkyan Townships). During this period 51 people were interviewed: 27 in the Wa region and 24 in the Kokang region. Also interviewed were members of the Wa and Kokang authorities, and representatives of international NGOs working in the Kokang and Wa regions.

3. Interview with MNDAA Vice-Chairman Phueng Da-shon, 26 February 2009.

4. For more information see: "Withdrawal Symptoms in the Golden Triangle, A Drugs Market in Disarray",

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By Tom Kramer, Martin Jelsma & Tom Blickman, Transnational Institute, January 2009, <http://www.tni.org/reports/drugs/withdrawal.pdf>.

5. See: Tom Kramer, Neither War nor Peace, The Future of the Cease-fire Agreements in Burma, TNI July 2009.

6. Interview with UWSP Agricultural Minister Zhao Wen Guang, 21 February 2009.

7. Interview with UWSP Vice-Chairman Xiao Min Liang, 23 February 2009.

8. Interview with Wa NGO worker, 24 February 2009.

9. "Withdrawal Symptoms in the Golden Triangle", op. cit.

10. Interview with UWSP Agricultural Minister Zhao Wen Guang, 21 February 2009.

11. Interview with MNDAA Vice-Chairman Phueng Da-shon, 26 February 2009.

12. Interview with UWSP Vice-Chairman Xiao Min Liang, 23 February 2009.

13. Interview with UWSP Vice-Chairman Xiao Min Liang, 23 February 2009.

14. Interview with UWSP Naung Khit District Vice-Chairman Nyi Pan, 20 February 2009.

15. Interview with UWSP Naung Khit District Vice-Chairman Nyi Pan, 20 February 2009.

16. Interview with UWSP Vice-Chairman Xiao Min Liang, 23 February 2009.

17. Interview with 60-year-old headman of Wa Village, Naung Khit Township, Win Kao District, 20 February 2009.

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

19. WFP, 2006, Protracted Relief and Recovery Operation Myanmar.

20. Interview with UWSP Vice-Chairman Xiao Min Liang, 23 February 2009.

21. "Withdrawal Symptoms in the Golden Triangle", op. cit.



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