Burma

I. Summary
The annual U.S. government estimate for Burma’s opium production showed that poppy cultivation increased 4 percent to 22,500 ha in 2008 from 21,700 ha in 2007. The U.S. survey found that potential opium production increased 26 percent to 340 metric tons, sufficient to produce 32 metric tons of pure heroin. Ninety-four percent of poppy was grown in Shan State, with limited cultivation observed in Kachin State. A significant downward trend in poppy cultivation observed in Burma since 1998 was reversed in 2007. Preliminary results from “off-season” UNODC surveys of poppy cultivation and production in Burma indicate growers are producing crops during periods not previously associated with poppy cultivation, perhaps to avoid government eradication efforts. The Government of Burma (GOB) made significant steps in poppy eradication efforts over the last decade, a period during which Burma sunk to a distant second after Afghanistan, in world poppy cultivation rankings, but it would seem the direction of cultivation and production have reversed in response to very high regional opium prices in Southeast Asia. Opium farmers are also reportedly taking advantage of efficiencies provided by improved inputs (fertilizer and irrigation systems) to increase yields. The GOB has not provided most opium farmers with access to alternative development opportunities, though UN and other international programs have had some impact. Production and export of synthetic drugs (amphetamine-type stimulants, crystal methamphetamine and Ketamine) from Burma continue unabated.

Despite Burma’s overall decline in poppy cultivation since 1998 a dramatic surge has taken place in the production and export of synthetic drugs. The Golden Triangle, where the borders of Burma, Thailand and Laos converge on the Mekong River, is now dotted with drug labs producing synthetic drugs for the Asian market and beyond. Burma is a significant player in the manufacture and regional trafficking of amphetamine-type stimulants (ATS). Drug gangs based in the Burma-China and Burma-Thailand border areas, many of whose members are ethnic Chinese criminals, produce several hundred million methamphetamine tablets annually for markets in Thailand, China, and India, as well as for onward distribution beyond the region. There are also indications that groups in Burma have increased the production and trafficking of crystal methamphetamine, known as “Ice.”

Through its Central Committee for Drug Abuse Control (CCDAC), the GOB cooperates regularly and shares information with the U.S. Drug Enforcement Administration (DEA) and Australian Federal Police (AFP) on narcotics investigations. In recent years, the GOB has also increased its law enforcement cooperation with Thai, Chinese, and Indian counternarcotics authorities, especially through renditions, deportations, and extraditions of suspected drug traffickers. Burmese authorities, working in cooperation with several foreign partners, made significant seizures in 2009 including: a sizeable maritime seizure in Burmese waters, a large seizure of ATS, and the largest heroin seizure in Southeast Asian history. During the 2009 drug certification process, the U.S. determined that Burma was one of three countries in the world that had “failed demonstrably” to meet its international counternarcotics obligations. Major concerns include: unsatisfactory efforts by Burma to deal with the burgeoning ATS production and trafficking problem; failure to take concerted action to bring members of the United Wa State Army (UWSA) to justice following the unsealing of a U.S. narcotics trafficking indictment against that group in January 2005; failure to investigate and prosecute military officials for drug-related corruption; and failure to expand demand-reduction, prevention, and drug-treatment programs to reduce drug-use and control the spread of HIV/AIDS. Burma is a party to several international narcotics control agreements, including the 1988 UN Convention.
II. Status of Country
Burma is the world’s second largest producer of illicit opium. Eradication efforts and implementation of poppy-free zones by hill tribe growers reduced cultivation levels dramatically between 1998 and 2006, especially in Wa territory. In 2007, a significant resurgence of cultivation occurred, particularly in eastern and southern Shan State and also in Kachin State. In 2008, the upward trend in cultivation and production continued.

According to the UNODC, opium prices in the Golden Triangle have increased in recent years. This trend continued in 2008. Burmese village-level opium prices or farm-gate prices increased from $153 per kilogram in 2004 to $187 in 2005, to $230 in 2006, to $261 in 2007, and to $301 per kilogram in 2008. Cumulatively, this represents an increase in the farm gate opium price of almost 97 percent. UNODC estimates that Burmese opium sales contribute less than half of the annual household cash income of farmers who cultivate opium, but many farmers use their opium income to pay for food between harvests. In the areas where opium contributes most to household income, Southern Shan State and Kayah State, 46 percent of the average yearly income of opium cultivating households was derived from opium sales in 2008. At the other end of the spectrum for the less important opium growing areas, poppy cultivation accounted for only 6 percent of household income for cultivators in Northern Shan State, according to UNODC.

The cumulative decline in poppy cultivation in Burma since 1996 has been accompanied by a sharp increase in the local production and export of synthetic drugs. Opium, heroin, and ATS are produced predominantly in the border regions of Shan State and in areas controlled by ethnic minority groups. Between 1989 and 1997, the Burmese government negotiated a series of ceasefire agreements with many armed ethnic minorities, offering them limited autonomy and continued tolerance of their narcotics production and trafficking activities in return for peace. In June 2005, the UWSA announced implementation in Wa territory of a long-delayed ban on opium production and trafficking. Although poppy cultivation in the Wa territory remains low, the U.S. government survey revealed that 380 ha of poppy were grown there in 2008, down from 480 ha in 2007. While the cultivation of opium poppies in Wa territory has decreased to almost nothing in 2008, there are indications from many sources that UWSA leaders replaced opium cultivation with the manufacture and trafficking of ATS pills and “Ice” in their territory. The leadership of the largest armed trafficking groups is ethnic Chinese criminals. Although the government has not succeeded in persuading/forcing the UWSA to stop its illicit drug production and trafficking, the GOB’s Anti-Narcotic Task Forces continued to pressure UWSA traffickers in 2009 and arrested low- to mid-level UWSA traffickers outside Wa controlled territory.

III. Country Actions Against Drugs in 2009
Policy Initiatives. Burma’s official 15-year counternarcotics plan, launched in 1999, calls for the eradication of all narcotics production and trafficking by the year 2014, one year ahead of an ASEANwide plan of action that calls for the entire region to be drug-free by 2015. To meet this goal, the GOB initiated its plan in stages, using eradication efforts combined with a few planned alternative development programs in individual townships, predominantly in Shan State. The government initiated its second fiveyear phase in 2004. Ground surveys by the Joint GOB-UNODC Illicit Crop Monitoring Program indicate a steady decline in poppy cultivation and opium production in areas receiving focused attention, due to the availability of some alternative livelihood measures (including crop substitution which is usually financed by external donors), the discovery and closure of clandestine refineries, stronger interdiction of illicit traffic, and annual poppy eradication programs. The UNODC estimates that the GOB eradicated 4,820 hectares of poppies during the 2008 cropping season compared to 3,598 hectares in 2007, a 34 percent increase. The most significant multilateral effort in support of Burma’s counternarcotics program is the UNODC presence in Shan State.
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Law Enforcement Efforts. Burmese law enforcement officials have achieved meaningful successes during 2009. Seizures are up, including a nearly thirteen-fold increase in the seizure of methamphetamine tablets and sharp upward spikes in the amounts of precursor chemicals seized. Most notably, there are increased signs of GOB cooperation with foreign law enforcement partners. The CCDAC, under the control of the Ministry of Home Affairs, leads all drug-enforcement efforts in Burma and comprises personnel from the national police, customs, military intelligence, and army. The CCDAC coordinates 26 counternarcotics task forces throughout Burma. Most are located in major cities and along key transit routes near Burma’s borders with China, India, and Thailand. As is the case with most Burmese government entities, the CCDAC suffers from a severe lack of funding, equipment, and training to support its law-enforcement mission. The Burmese Army and Customs Department support the police in drug enforcement. Burma is engaged in drug abuse cooperation with its neighbors China, India, and Thailand, with varying levels of interaction. Since 1997, Burma and Thailand have had more than 12 cross-border law enforcement cooperation meetings. According to the GOB, Thailand has contributed over $1.6 million to support an opium crop substitution and infrastructure project in southeastern Shan State. Beginning in 2007, the Thai Office of Narcotics Control Board (ONCB) posted an officer at the Thai embassy in Rangoon. Burma/China cross-border law enforcement cooperation has increased significantly, resulting in several successful operations and the handover of Chinese fugitives who had fled to Burma. While China has not formally funded alternative development programs, it has actively encouraged investment in many projects in the Wa area and other border regions. There are indications that China has conducted its own opium cultivation and production surveys in regions of Burma bordering the PRC, although Chinese officials have not shared data resulting from those surveys with other parties. After Burma and India signed an agreement on drug control cooperation in 1993, the two countries agreed to hold cross border law enforcement meetings on a bi-annual basis, though the last meeting took place on September 11, 2004, in Kolkata. On January 22, 2009, CCDAC seized 112 kilograms of heroin at a house in Rangoon, Burma, the largest seizure of heroin ever to occur in Rangoon. On January 25, 2009, CCDAC seized 26 kilograms of heroin hidden inside a container of lumber on the MV Kota Tegap bound for Singapore. This was the first ever seizure by Burmese authorities on an outbound container vessel. On February 19, 2009, the CCDAC arrested U Hla Aung in Rangoon. According to Burmese law enforcement, U Hla Aung was engaged in the underground remittance of narcotics proceeds between Special Region Number Two (UWSA-controlled) and Rangoon. CCDAC stated that the transactions were all conducted on behalf of the UWSA. CCDAC speculated that U Hla Aung may have conducted financial transactions on behalf of targets connected to the January heroin seizures in Rangoon. On February 24, 2009, CCDAC and the Burmese Army raided a camp utilized by the Naw Kham Militia in Pa Hsa Village, Tachilek, Burma. Naw Kham was a former Mong Tai Army officer who now taxes narcotics shipments along the Mekong River. During the raid, Burmese authorities seized 3,326,695 tablets of methamphetamine, 25 kilograms of ephedrine, 12.1 kilograms of heroin, as well as weapons, munitions, and currency. On July 10, 2009, the CCDAC Tachileck Anti-Narcotics Task Force (ANTF) seized approximately 762 kilograms of heroin and 340,000 tablets of methamphetamine, representing the largest heroin seizure ever recorded in Southeast Asia. On August 8, 2009, Burmese authorities raided a compound belonging to the ethnic Kokang (Han Chinese) Myanmar National Democratic Alliance Army (MNDAA) leader Peng Chia-sheng. The GOB claimed the site was used to manufacture weapons and store methamphetamine. The Burmese Police issued arrest warrants for Peng Chia-sheng and several relatives. According to the GOB, on August 27,
2009, MNDAA forces loyal to Peng Chia-sheng took 39 Burmese police officers hostage and detained them in a small detention facility in Laukai. On August 28, 2009, the Burmese Army assaulted the detention facility. At some point, either prior to or during the assault, MNDAA forces executed 14 of the police officers, according to GOB accounts. After brief combat with MNDAA forces, the Burmese Army gained control of Laukai and Special Region Number One. The raid and ensuing combat broke a ceasefire which had stood for 20 years and sparked a short-term exodus of refugees to China. Upon gaining control of Laukai, Burmese authorities claim they seized approximately 12 million tablets of methamphetamine, 8 million tablets of ephedrine, 246 kilograms of ephedrine, 6,814 liters of various acids, 3,076 liters of ether, 64,000 tablets of cold medicine, 7,056 liters of acetone, 2,161 liters of ethyl alcohol, 5,979 liters of chloroform, as well as lesser amounts of other chemicals. The GOB attributed this contraband to Peng Chia-sheng and his immediate family.

On August 24, 2009, the CCDAC Tachilek ANTF seized 2,926,000 tablets of methamphetamine, 36.4 kilograms of heroin, and 10 kilograms of methamphetamine (in “Ice” form).

On September 11, 2009, the Tachilek CCDAC Anti Narcotics Task Force (ANTF), acting on detailed information provided by DEA Rangoon, raided a residence in Tachilek, Burma. The raid resulted in the seizure of approximately 2.6 million methamphetamine tablets and the arrest of four suspects.

Burmese law enforcement officials coordinate closely with DEA and share information to conduct joint investigations. Some of the most notable seizures recorded this year, such as the one in Tachilek, were the product of collaboration between DEA and the CCDAC.

The GOB has not taken direct action against the seven living UWSA leaders indicted by a U.S. court in 2005, although authorities have taken action against other, lower-ranking members of the UWSA syndicate.

Summary statistics provided by Burmese drug officials indicate that from January 2008 through December 2008, Burmese police, army, and the Customs Service together seized 1,464 kilograms of raw opium, 2,452 kilograms of low quality opium, 80 kilograms of opium oil, 88 kilograms of heroin, 206 kilograms of morphine base (#3 heroin), 1,102,199 methamphetamine tablets, 15 kilograms of crystal methamphetamine (“Ice”), 724 kilograms of ephedrine, 9,335 liters of other precursor chemicals, 1,922 kilograms of precursor chemical powder, and 1,378 kilograms of caffeine. For the period of January 2009 through September 2009, Burmese authorities indicate they seized 632 kilograms of raw opium, 456 kilograms of low quality opium, 19 kilograms of opium oil, 1,045 kilograms of heroin, 324 kilograms of morphine base (#3 heroin), 13,105,418 tablets of methamphetamine, 330 kilograms of powdered methamphetamine, 124 kilograms of crystal methamphetamine (“Ice”), 1,639 kilograms of ephedrine, 19,836 liters of other precursor chemicals, 1,388 kilograms of precursor chemical powder, and 1,078 kilograms of caffeine.

Corruption. There are no Burmese laws specifically related to corruption. While no public reports have emerged from the secretive Burmese regime to indicate that senior officials in the Burmese Government are directly involved in the drug trade, there are credible indications that mid- and lower level military leaders and government officials, particularly those posted in border and drug-producing areas, are involved in facilitating the drug trade. A few lower-ranking officials have been prosecuted, but Burma has failed to indict any military official above the rank of colonel for drug-related corruption. Given the extent of drug manufacture and trafficking in Burma, most observers believe it is likely that other individuals with high-level positions in the Burmese regime, and their relatives, are involved in narcotics trafficking or misuse their positions to protect narcotics traffickers. The government of Burma does not as a matter of government policy encourage or facilitate the illicit production or distribution of drugs, or the laundering of proceeds from illegal drug transactions.
The Burmese regime monitors travel, communications, and activities of its citizens to maintain tight control of the population. GOB officials are likely aware of the cultivation, production, and trafficking of illegal narcotics in areas they control.

**Agreements and Treaties.** Burma is a party to the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. Burma is a party to the UN Convention Against Transnational Organized Crime and its protocols on migrant smuggling and trafficking in persons, and has signed but has not ratified the UN Corruption Convention.

**Cultivation and Production.** According to the UNODC opium survey, in 2008 the total land area under poppy cultivation was 28,500 hectares, a 3 percent increase from 2007. However, UNODC estimated that yield per hectare dropped by 12.7 percent, resulting in a 10.9 percent decrease in potential dry opium production, from 460 metric tons in 2007 to 410 metric tons in 2008. The decrease in potential opium production in 2008 may reflect unfavorable growing weather in major opium poppy growing areas. While the UNODC undertakes annual estimates of poppy cultivation and production, the U.S. has not conducted a joint crop survey with Burma since 2004. The United States continues to seek GOB cooperation to perform a new joint crop survey, working under the assumption that the results of such a survey would be useful for policy officials in both governments.

A U.S.-only opium survey of Burma found different results from the UNODC survey. The annual U.S. government estimate for Burma’s opium production showed that poppy cultivation increased 4 percent to 22,500 ha in 2008 from 21,700 ha in 2007. The U.S. survey found that potential opium production increased 26 percent to 340 metric tons, sufficient to produce 32 metric tons of pure heroin. Ninety-four percent of poppy was grown in Shan State, with limited cultivation observed in Kachin State. Most ATS and heroin in Burma is produced in small, mobile labs located near Burma’s borders with China and Thailand, primarily in territories controlled by active or former insurgent groups. A growing amount of methamphetamine is reportedly produced in labs co-located with heroin refineries in areas controlled by the UWSA, the Shan State Army-South (SSA-S), and groups inside the Kokang autonomous region.

**Drug Flow/Transit.** Ethnic Chinese criminal gangs dominate the drug syndicates operating in Wa, Shan, and Kokang areas. Heroin and methamphetamine produced by these groups is trafficked overland and via the Mekong River, primarily through China, Thailand, India, Laos and, to a lesser extent, via Bangladesh, and within Burma. There are credible indications that drug traffickers are increasingly using maritime routes from ports in southern Burma to reach transshipment points and markets in southern Thailand, Malaysia, Indonesia, and beyond.

**Domestic Programs/Demand Reduction.** Although opium addiction remains high in places of historic or current opium production, usage of more expensive opiate derivates (e.g. heroin) and ATS has historically been lower in these regions. Traditionally, some farmers used opium as a painkiller and an antidepressant, often because they lack access to other medicine or adequate healthcare. There has been a shift in Burma away from opium smoking toward injecting heroin, a habit that creates more addicts and poses greater public health risks. Extremely difficult economic conditions will likely continue to stifle substantial growth in overall drug consumption, but the trend toward injecting narcotics is of significant concern.

The GOB maintains there are fewer than 100,000 registered addicts in Burma. Surveys conducted by international organizations and NGOs suggest the addict population could be many times larger. According to the most recent UNODC figures on ATS use from 2005, Burma’s ATS use prevalence was 0.2 percent among the population age 16-64. The most recent UNODC opiate use estimates from 2008 indicate a prevalence of 0.6 percent, second highest in the East and South East Asia region. The UNODC
estimated in 2004 that there were at least 15,000 regular ATS users in Burma; there are likely many more now, although official figures are unavailable.

Intravenous drug use is, to an extent, driving the spread of HIV/AIDS in Burma. According to Burma’s National AIDS Program in 2008, one third of officially reported HIV/AIDS cases are attributable to intravenous drug use, one of the highest rates in the world. Infection rates are highest in Burma’s ethnic regions, and specifically among mining communities in those areas where opium, heroin, and ATS are most readily available.

Burmese demand reduction programs are in part coercive and in part voluntary. Addicts are required to register with the GOB and can be prosecuted if they fail to register and accept treatment. Demand reduction programs and facilities are limited, however. There are six major drug treatment centers under the Ministry of Health, 49 other smaller detoxification centers, and eight rehabilitation centers. The Ministry of Health in 2006 began to treat heroin addicts with Methadone Maintenance Therapy (MMT) in four drug treatment centers.

In 2009, UNODC opened five new drop-in drug treatment centers to complement the 12 centers already established. UNODC-sponsored drop-in centers and outreach workers treated approximately 6,800 persons for drug abuse through November 2009. The GOB conducts narcotics awareness programs through the public school system. In addition, the government has established several demand reduction programs in cooperation with NGOs. These include programs coordinated with CARE Myanmar, World Concern, and Population Services International (PSI), focused on addressing injected drug use as a key factor in halting the spread of HIV/AIDS.

IV. U.S. Policy Initiatives and Programs

Policy and Programs. As a result of the 1988 suspension of direct USG counternarcotics assistance to Burma, the USG has limited engagement with the Burmese government in regard to narcotics control. U.S. DEA, through the U.S. Embassy in Rangoon, shares drug-related intelligence with the GOB and conducts joint drug-enforcement investigations with Burmese counternarcotics authorities. In 2008 and 2009, these joint investigations led to several significant seizures, arrests, and convictions of drug traffickers and producers. The U.S. conducted opium yield surveys in the mountainous regions of Shan State from 1993 until 2004, with assistance provided by Burmese counterparts. These surveys gave both governments a more accurate understanding of the scope, magnitude, and changing geographic distribution of Burma’s opium crop. In 2005-2009, the GOB and USG did not conduct joint opium yield surveys, although the U.S. did conduct a unilateral study in late 2009. Bilateral counternarcotics projects are limited to one small U.S.-supported crop substitution project in Shan State, which received its final grant of U.S. funds during FY 2009. No U.S. counternarcotics funding directly benefits or passes through the GOB. In September 2009, the USG identified Burma as having “failed demonstrably” to meet its international counternarcotics obligations, one of three countries in the world that failed to meet this standard.

The Road Ahead. The GOB has made meaningful gains over the past decade in reducing opium poppy cultivation and opium production. Increased domestic efforts, as well as expanded cooperation with UNODC and regional partners, particularly China and Thailand will help maintain those gains. In order to be sustainable, a true opium replacement strategy must combine an extensive range of counternarcotics actions, including crop eradication and effective law enforcement, alternative development options, support for former poppy farmers, and openness to outside assistance. To reach its goals of eradicating all narcotics production and trafficking by 2014, the GOB must seek to cooperate closely with the ethnic groups currently involved in drug production and trafficking, especially the Wa, to reduce production and must refuse to condone continued involvement by ceasefire groups in the narcotics trade.; Corruption always plays a role in narcotics trafficking. To become opium-free by 2014, the GOB
will have to confront corruption effectively; and must enforce its counternarcotics laws consistently. The GOB must further take action against high-level drug traffickers and their organizations, strictly enforce its money-laundering legislation, and expand prevention and drug treatment programs to reduce drug use and control the rapid spread of HIV/AIDS.

The GOB needs to consider effective new steps to address the explosion of ATS production and trafficking from Burmese territory by gaining closer cooperation from ethnic groups, especially the Wa, to counter the manufacture and distribution of ATS. Finally, the GOB will want to consider the troubling growth of domestic demand for heroin and ATS, and find some response.

Increased international aid—including development assistance and law-enforcement aid—could complement the GOB’s own required efforts in reducing drug production and trafficking in Burma. However, the direct provision of assistance to the Burmese government by many donors, including the U.S. has been contingent on meaningful political change.