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Some Acronyms in This Issue

- KNU-** Karen National Union Development Council,
NMSP- New Mon State Party
TPDC- Township Peace and Development Council
IDP- Internally displaced persons
MRTA- Myanmar Rice Trader Association
MRMA- Myanmar Rice Millers Association

News

Thai Immigration detaining migrant workers who survived gruesome auto accident

IMNA, Kanchanaburi Province, December 17, 2008

Thai Immigration authorities are holding eight Burmese migrant workers who survived a gruesome auto accident on December 15th, say sources in Kanchanaburi, Kanchanaburi Province, Thailand.

Six survivors were arrested at the scene of the accident, while two were taken to the nearby Sai Yok hospital. According to a nurse from the hospital, they were released to Sai Yok police soon after and then transported to Kanchanaburi.

"We will be sending these migrant workers back to Burma soon, but we do not know the exact day," said a staffer at the Kanchanaburi immigration office who spoke with IMNA by phone. The migrant workers are all ethnic Mon and Karen, between 18 and 40 years old.

Seven Burmese migrant workers and their Thai driver were killed when their truck careened out of control as the driver fled pursuing Thai immigration authorities. The crash, depicted in grisly detail by photos obtained from the New Mon State Party, included the decapitation of at least three workers. The fifteen workers mostly rode tightly packed in the back of the pick-up truck, making them tragically vulnerable during the accident.



Thai rescue workers retrieving bodies after auto accident involving Burmese migrant workers

Long sentences and transfers handed out to political prisoners part of preparations for 2010 Elections

During the last few months, political and social activists as well as Buddhist monks have been subject to unfair trials at the hands of Burma's military regime. Hundreds were given long sentences up to 65 years, and hundreds already imprisoned were sent to remote locations far from their families.

These actions are part of a systematic plan eliminate the opposition and their leaders before it officially holds elections in 2010. The regime does not want any opposition parties and individuals to participate in its plans for "disciplined democracy." Instead, it wants only regime sympathizers like parties formed from the Union Solidarity and Development Association to win in the election.

The regime learned from the 1990 elections, when the people overwhelmingly rejected its oppressive rule. In 2010, the regime will not allow any opposition political parties to even a hit of that past landslide victory for democracy.

By arresting and detaining political and social activists, the SPDC plans to prevent anything from disturbing its plans. It wants there to be no hope for demonstrators, no hope for a political movement. Current activities are eliminated, and future ones are intimidated.

The front of the vehicle remained mostly intact after the vehicle, although a canopy covering the rear was sheered off in the accident.

The brokers responsible for safely transporting the migrant workers to Bangkok remains in hiding, while other human traffickers in Three Pagoda Pass are remaining quiet about the case. "No broker from Three Pagodas will admit they were involved in trafficking the migrants. The brokers are still hiding," a broker told IMNA. Twenty other migrants trafficked by the same group who departed at the same time made it safely to Bangkok, the broker added.

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Mon political prisoner transferred from Insein to Tharawaddy Prison

IMNA, 16 December, 2008

At least one Mon political prisoner has been transferred to Tharawaddy Prison, in Pegu Division, says a source close to the family.

Nai Cheem Gakao, 42, who is serving out a life sentence, was transferred to Tharawaddy from Insein Prison in Rangoon Division on November 30th, said a source close to the family. His new location, about 100 kilometers north of Rangoon, will make it difficult for his family to visit him, the source added.

Prisoners in Burma are typically allowed visits from family only once every two months, but they are a crucial contact with the outside world and help lessen the hellacious living conditions inside the prison. "It is important to meet with family to exchange news and tell about daily life in prison,"

a former political prisoner told IMNA. "As a prisoner, you worry about your family, their life and their survival."

According to the Thailand-based Assistance Association for Political Prisoners – Burma (AAPP-B), Burma's military government has transferred at least 150 political prisoners, many to remote locations in far northern Burma, since November.

"The government is intentionally moving the political prisoners to avoid focus from the international community and contact with their families," AAPP-B Joint Secretary Bo Kyi told IMNA over the phone.

Nai Cheem Gakao was serving his sentence in Insein along with Nai Yekha, although whether Nai Yekha was also transferred could not be confirmed by IMNA. The two were accused of plotting to bomb the Martyr's Mausoleum in Rangoon on July 19th, 2003. According to a source close to the prisoners, the two were tortured until they signed affidavits confessing their guilt.

July 19th is a national holiday known as "Martyr's Day," which commemorates the day General Aung San, the godfather of Burma's independence, was assassinated along with his cabinet. Many military officers, as well as civilians, visit the Mausoleum on Martyr's Day to pay their respects.

Nai Cheem Gakao and Nai Yekha have been serving out a life sentence since 2003. They were initially sentenced to death, but they were able to reduce their sentence on appeal.

The two were arrested along with Nai Shwe Marn and Nai Than Tun. Nai Shwe Marn was also sentenced to death in 2003, but was able to win his release in April 2005 after the International Labor Organization pressured the junta on his behalf. Nai Than Tun was released three and a half months after his initial arrest.

DKBA executes couple accused of being witches

HURFOM, Kawkareik Township, December 10, 2008

A married couple in Myawaddy Township, Kawkareik District was accused of practicing black magic and executed by soldiers of the Democratic Karen Buddhist Army (DKBA) on November 20th, say local sources.

At 6:30 pm, a group of soldiers led by Saw Leh Aye second commander of Battalion No. 907 entered the village and called out to the victims to come outside their home. When the victims did not comply Saw Leh Aye and two soldiers entered the house and stabbed U Tee War, 52, in the chest and stomach with a bayonet. He died on the spot. Saw Leh Aye and the soldiers then dragged Daw Kin Mu, 50, from the house and stabbed her at least twice with the bayonet. Both bodies are buried at the site.

“They killed the victim because the DKBA commander believed that U Tee War and his spouse have evil magic power. He thought U Tee War and his wife Daw Kin Mu were witches. Everyone knows that U Tee war was just a traditional medic and his wife was a normal person. I don’t know how the DKBA commander thought this to kill them,” said a Karen man, 28, who resides in the village.

“I have lived in this village for many years, but I never heard of this couple having magic power. I just heard that after the couple was killed. They have lived in this village very peacefully,” said a Karen woman, 55, also from the same village.

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Former SPDC soldier arrested for rape of 10-year-old girl

IMNA, Ye Township, 19 December, 2008

A former corporal in the Burmese army who raped a ten-year-old girl has been re-captured after escaping, say sources in Ye Township. The victim was staying in his home to attend tutoring sessions with his wife.

About fifty children from the second through fifth standards in Han Gan village regularly came to the home to be tutored by the man’s wife. Students in Burma are frequently tutored by their teachers outside of school hours, and often sleep at their teacher’s homes.

On December 14th, the teacher left to visit her parents in Moulmein, said one of her students. Unsure of how long she would be gone, the students came to the home expecting to attend a lesson. That night, the victim, Mi Son, slept in the center a row of children, who slept in rows side by side.

Late in the night, Pyay Soe Han picked up the girl, who is in the fourth standard, and carried her to his room. She made no sound because she did not wake at first, her grandmother told a source who spoke with IMNA, and then he covered her mouth as he raped her. The girl lives with her grandfather and grandmother because her parents are both working in Bangkok, Thailand.

Pyay Soe Han left the army one year ago, and was formerly a corporal in Light Infantry Battalion No. 586, based in Kayen Kapo village in northern Ye Township. Originally from Rangoon, he lived in Han Gan because his wife, who is from Moulmein, is posted there as a government schoolteacher.

Initially, the girl told no one of the incident because she was afraid, the source told IMNA. The next evening, however, Pyay Soe Han came to her grandparents’ home. He spoke with the grandmother and told the girl to come to the nightly tutoring session, though he did not mention that his wife had yet to return.

After Pyay Soe Han left, Mi Son hid during the conversation and appeared to be afraid and acting out of the ordinary, the grandmother told the IMNA source. After repeated questioning by her grandmother, Mi Son eventually described the events of the previous night.

Horrified, her grandmother immediately contacted the village headman. Pyay Soe Han was arrested later that night, say other sources in the village, and his feet were placed in wooden stocks at the town’s Peace and Development Council (PDC) office. The next day, Mi Son was taken to the Ye Hospital, which confirmed that she had been raped.

“When she was telling me the story, she was crying the whole time,” the IMNA source said, describing his conversation with the grandmother. “She said, ‘I want to say so many things, but I do not know how express what I am feeling. I want to kill this man.’”

Pyay Soe Han escaped at some point during the night of December 15th, which villagers say he could only have done with outside help. The stocks are designed to detain a group of men, and he was secured outside arms reach of the lock. The stocks were not broken, the villagers said, and only the headman and officials of the village PDC have access to keys.

Villagers pressed the headman to re-capture the fugitive and he contacted the police in Ye Town, the township capital. Pyay Soe Han was apprehended at the Ye Railway Station, twenty kilometers away in Ye Town, later that day. He remains in the custody of the Ye Police. His wife has not returned from Moulmein.

“We were not satisfied that the man could get away after he was arrested,” said a woman from Han Gan village. “We hate the retired soldier. We do not accept what he did to this young girl.”

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Report

Protecting their rice pots: an economic profile of trade and corruption in Three Pagodas Pass

I. Introduction

Control of the Three Pagodas Pass border crossing, which connects present-day Burma's Karen State to Thailand's Kanchanaburi Province, has been actively contested for hundreds of years. Fighting was fierce and frequent through the 1990s, and disputes over the border's exact demarcations persist. In the last decade, frequent border closures driven by conflict and politics have wreaked havoc on legal business in and through the pass. Today, many residents find themselves in dire economic circumstances, made worse by the global economic crisis.

In spite of the border closures and economic troubles, the pass sees a consistent volume of cross-border trade in both directions. Much of this trade is illegal, both for its specific character and because the border remains officially closed, with most imports and exports prohibited. In nearly all cases, regime authorities, the military and armed ceasefire groups seek to profit from, and even participate in, border-based business activities. Everything is taxed, from the card games of truck drivers passing the time between loads to the hundreds of tons of illegally logged timber that enter the town every day. This should not be surprising, for government officials in Burma are among the most corrupt in the world. According to the latest ranking by the international corruption-monitoring group Transparency International, Burma's corruption levels are second only to Somalia, a failed state with a barely functioning government.

This report seeks to document the mostly illegal border trade through Three Pagodas Pass, who profits from allowing it to proceed, and by how much. The first section presents a short background on the area and some of the key actors, as well as a detailed description of common trade routes and their attendant checkpoints. The next section is an economic profile, which provides details on the largest sectors of the border trade including timber, minerals, agricultural products and livestock, drugs, migrant labor and goods from Thailand. The economic profile also includes details of gambling and prostitution in Three Pagodas Town because, though the activities remain local, they are inextricably linked to the border trade and corruption of area officials. Finally, the report concludes with analysis of the human rights impacts of the cross border trade and related official corruption.

The information in the report is based upon 82 targeted interviews conducted by HURFOM during December, as well as the invaluable knowledge of a number of field reporters each with close to ten years experience living and researching in the area. It should be stressed, however, that the illegal nature of most of the activities in this report means the prices for taxes and fees are rarely based upon a consistent or codified government policy. They are, subsequently, highly variable and subject to modification based upon factors including the security situation, the relationship between the payer and regime officials, and the relative economic appetites of particular officers and officials. In most cases, prices are presented as a range between the highest and lowest numbers documented by HURFOM. In cases where the amount quoted is related to either an estimate or a single incident or source, that source is referenced.

II. Background

A. Contested territory

The Thai-Burma border is over 2,000 kilometers long. Though the border is highly porous, it is mountainous and home to only four official border crossings, which also mark the easiest routes for trade between the countries. Three Pagodas Pass served as the crossing point for the armies of Mon and Burman kings for hundreds of years until British colonialism. During World War II, another invading army – this time Japanese – used it, and the area is still home to the defunct tracks of the infamous “death railway” linking the River Kwae in Kanchanaburi to Thanbyuzayat, near the Andaman Coast in Mon State. In modern history, armed ethnic insurgent groups, chiefly the Karen National Union (KNU) and the New Mon State Party (NMS), controlled the crossing through the 1980s. The pass was a lucrative asset for the groups, for basic goods were in short supply due the failed “Burmese Way to Socialism” and smuggling was a big business. For the most part, profits from the trade helped fund the anti-government insurgent efforts but they also created tensions between insurgent groups. In a tragically timed conflict in 1988, for 27 days in August the KNU and NMS fought for control of the border. Their timing coincided almost exactly with the “8-8-88 uprising,” and meant that two of Burma's largest armed opposition groups were training their rifles on each other at virtually the

same moment Burma's military trained its on hundreds of thousands of pro-democracy protesters. In February 1990, an offensive of 1,000 SPDC troops overran the pass.

Though Three Pagodas has remained under SPDC control since 1990 it is an area that, like much of the Thai-Burma border, is still under dispute. The Thai and Burmese militaries are reported to use maps with contradictory borders. As recently as March 2005, the threat of clashes between the Thai and Burmese militaries had soldiers digging trenches and residents on alert and under curfew. No fighting occurred, but saber rattling has continued up and down the border. In August, Major General Kyaw Phyo, the commander of Burma's Triangle Region Command, accused Thailand of "violating the territorial integrity" of northern Burma. "The time will come when we'll have to deal with the issue properly," said the general, who in the same breath ominously compared the issue to a border dispute between Thailand and Cambodia that has led to bloodshed and the deaths of at least 8 soldiers from both sides. The Three Pagodas Township Peace and Development Council (TPDC) currently administers the town. The town's status as a border town also means that police, people's militia forces (PMF) and army battalions are involved in extra day-to-day activities, chiefly the levying of taxes. As with many areas in Burma, the arm battalions posted to the town change frequently, on an approximately six-month rotation. Two ethnic Karen cease-fire groups loosely allied with the SPDC in its ongoing conflict with the KNU are also involved in the administration of the area, maintaining road checkpoints that reach into the very center of downtown. The two groups are the Democratic Karen Buddhist Army (DKBA), which split from the KNU in 1994, and Brigade No. 3 of the Karen Peace Front (KPF), which split from the KNU in 1997. The New Mon State Party, which signed a cease-fire with the SPDC in 1995, also maintains a liaison office in the town, though it is not as involved in daily affairs as the KPF and DKBA.

B. A wild west town, in decline

Three Pagodas Town straddles the border, with both sides bearing different translations of the same name. According to the Thai-Burma Border Commission, the much larger Burmese side, known as "Phayathonezu" in Burmese, is home to 50,000 people. Though the town has lost much of its "wild west" character since the subsidence of armed conflict, it retains the feeling of a frontier town nonetheless. Electricity is inconsistent, and the majority of residents live life hand-to-mouth, the poorest of whom subsist on just 70 baht a day (34 baht is \$1 USD). Of the town's residents, less than 800 are business people, with the rest working in small shops or as loggers, laborers and taxi drivers. A third of the population is without regular employment. Fifty of the largest business people in Three Pagodas are members of the Three Pagodas Pass Traders Association, which was formed in 2005 and chaired by U Nippon. Members of the Traders Association cooperate to keep prices standard, as well as use membership to network and maintain relationships with area authorities. The town is also home to hundreds of factories of various sizes, which employ at least 3,000 workers. The factories are chiefly involved in making furniture and wooden handicrafts, textiles, sandals and mosquito nets. The wood products trade is the largest manufacturing sector, with almost 300 production facilities of various sizes in the town.

Though the proposed site of an official "border trade zone," Three Pagodas Town has seen its economic situation deteriorate steadily over the last few years. Unsustainable logging practices have led to a decline in timber resources that has hit the important wood products industry hard. More importantly, the border crossing has suffered a series of closures that have limited legal trade to only a trickle. The Burmese authorities have kept the gate officially closed since 2005, though official permission for the import and export of a few selected goods was granted in 2007. The Thai side of the crossing has remained consistently open, with the exception of short closures in response to, for instance, the kidnapping of two Thai border police by DKBA soldiers in 2005. Though the underground flow of goods continues, traders report that the increased taxes associated with the gates and checkpoints that have sprung up since the border closed are eating away at profits. And, most recently, business in the town has been affected by the global economic slowdown.

Though the number of factories in various sectors has actually increased in the last few years, they are receiving fewer orders. "My manager is getting fewer orders," said a woman employed at a textile factory on the Thai side. "We still sell T-shirts, but men's dress shirts are being order less this year. We used to export to France, Germany, all around. I heard from my boss that in one month last year, we had orders for 10,000 shirts. Right now, we only get orders for 3,000 shirts per month. Even sales of t-shirts have decreased." Elsewhere the drop-off has been even steeper: at the Rehmonya International Textile Factory, a joint venture between NMSP members and a Thai business man, orders have decreased from 20,000 to just 4,000 units per month.

The decline in orders has not, however, translated to layoffs; people are so desperate for work they are accepting fewer hours and less pay. The case of one of Three Pagodas' largest operations, a sandal factory owned by a Thai company, is illustrative in this respect. The factory, which makes higher-end sandals for export to Thailand and developing countries, has seen a steady decline in orders. "We have had orders for 100,000 pairs of sandals every month since 2005. To fill those orders, we need to produce 4,000 pairs a day," said source at the factory, who also added that the

factory is on land leased from U Nippon for 1.7 million baht a year. According to another source at the factory, which employs 700 people, orders are down to just 700 pairs per week. Salaries have subsequently been reduced to 70 or 80 baht a day, the source said, adding that the employees are also now unable to work extra for overtime pay. In the past, they earned between 120 and 150 baht a day, with the option of working overtime. The source said that the approximately 30 smaller sandal factories also in Three Pagodas are in a similar situation.

C. Trade routes and checkpoints

Local residents can easily cross the border around Three Pagodas Town, and some houses virtually straddle the border. A large area to the west is controlled by the NMSP – officially so since the 1995 ceasefire – and includes an entry road into Thailand at the village known as Japanese Well. A short distance from Three Pagodas Town, the road forks into what becomes a triangle linking Three Pagodas Town, Japanese Well village on the border and NMSP Brigade No. 333 to the northwest. A police checkpoint controls initial access to this road, and there is a KPF checkpoint at the fork. Though the roads are primitive, the checkpoints are lucrative because they serve as a useful, less controlled border crossing as well as a connection to two large internally displaced persons (IDP) camps to the southwest. Tax on this trade, especially illegal motorbikes trade and livestock, earns the KPF 100,000 baht per month. A number of NMSP checkpoints also control travel within the territory, which has been a political boon to the party as it aids the Thai government in its anti-drug trafficking efforts.

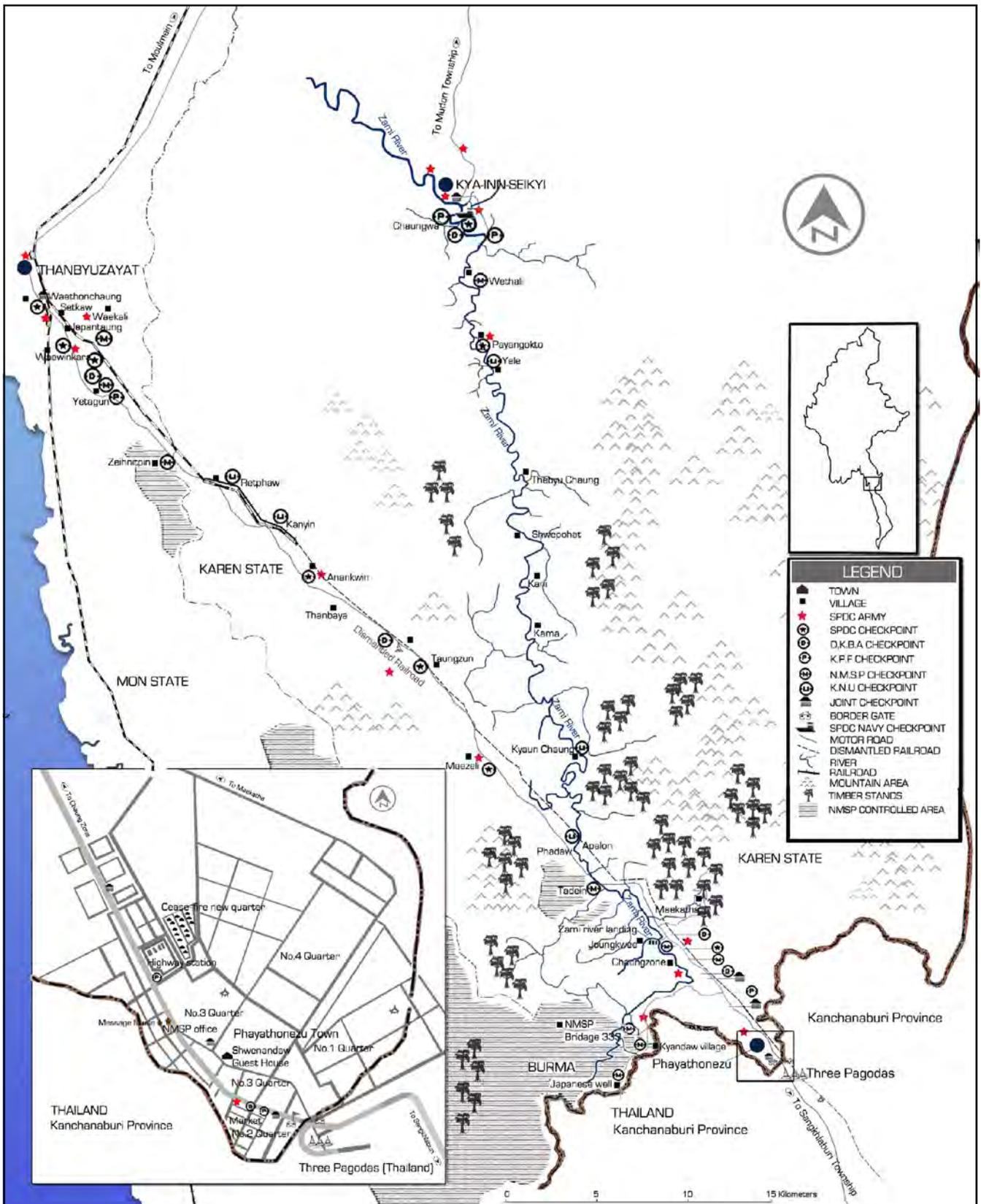
The Japanese Well road accesses Thailand directly, but it is passable for only four-wheel trucks and motorbikes. Consequently, traders do not use it or other un-official exit points to transport high volumes of materials like timber and furniture, mining products, rice or goods from Thailand. Instead, large ten-wheel trucks use the official gate, near the three small pagodas on the Thai side for which the town is named. Traffic wishing to use the official border crossing, which is closed, must pay at a series of checkpoints controlled by the army, DKBA, KPF and police before meeting a joint checkpoint administered by military intelligence, militia, TPDC, immigration and customs. Controlling this traffic is lucrative, and the joint checkpoint nets over 1 million baht per month. After this, traffic can pass through the final gate, controlled by a small border gate office.

Another joint checkpoint controls entry and exit at the other end of town, administered by representatives of the PMF, immigration, army and police. This checkpoint is particularly large, said a HURFOM reporter who spent a week observing it, with soldiers from just the PMF at any given time. This checkpoint is also a lucrative one. According to source who is close friends with a PMF soldier at the checkpoint, it earns a sizable chunk of the PMF's monthly revenue, enough so that each PMF soldier earns a salary of 30,000 baht each month.

Once through the joint checkpoint, trade to and from interior Burma connects to Three Pagodas Pass via two main seasonal routes. The Zemi River, which flows from Kya-inn-seiky Town in Karen State, serves as the chief transit route during the rainy season, when the mostly un-sealed roads approaching the town become virtually impassable. When the rains subside and the landscape dries, traffic shifts to a motor road originating in Thanbyuzayat Town. Both routes are dotted with checkpoints, as are other roads to places like the Maekatha forest or NMSP administered areas.

The number of checkpoints that road or river traffic must pass through, and their fees, fluctuates depending on the security situation and the relative opportunism of local commanders. Currently, the Zemi River route is home to at least thirteen checkpoints, including: three SPDC army, one SPDC navy, three NMSP, three KPF and three from the DKBA. Over half of the river trip – just over thirty kilometers as the crow flies – also passes through territory loosely controlled by the KNU. KNU checkpoints in this area come and go as their security allows, but there are three semi-permanent checkpoints at the Yele, Kyaun Chaung and Apalon villages.

Fees at these checkpoints vary wildly. HURFOM research indicates that army checkpoints typically charged 10,000 kyat per boat, no matter the number of passengers or size of the load. The navy collects based upon the passenger, but HURFOM could not confirm the price. DKBA and KPF checkpoints typically charge a between 4,000 and 5,000 kyat flat fee per boat, though this fee has also been reported to be as high as 10,000 kyat. DKBA and KPF checkpoints have also frequently been reported to charge by the passenger, at 1,000 to 1,500 kyat per person. HURFOM sources also report that the DKBA checkpoints are the worst. "The DKBA is difficult to negotiate the price with," said a passenger who recently made the trip. "They have a very strict rule for the price. And they hold their guns and menace them passengers with them." NMSP checkpoints are more negotiable say HURFOM sources. The Wethali checkpoint most often charges by the boat, with similar prices to the KPF and DKBA, while the Tadein checkpoint usually charges 1,000 kyat per person.



Trade route and checkpoints near Three Pagodas Pass

At KNU checkpoints, passengers must register for 1,000 kyat each, and boats of cargo must usually pay between 20,000 and 30,000 kyat depending on cargo. Travelers must also transfer boats at the Kyaun Chaung checkpoint, and a “safety” curfew means that boats are not allowed to continue in either direction after 4 pm. The restriction strands many travelers at houseboats and restaurants around the checkpoint, who complain that this restriction is designed to force them to spend money at overly priced shops and restaurants nearby. All told, making the full river trip usually takes two days, and costs a single traveler an average of 35,000 kyat.

The Zemi River ends short of Three Pagodas, and there is a landing 8 kilometers from the town at which passengers and cargo transfer from boats to trucks, or vis versa. Five checkpoints are located at this landing, including DKBA, KPF, NMSP, SPDC battalion and a joint checkpoint including soldiers from the PFM, SPDC army, KPF and DKBA. These typically charge 50 to 300 baht, depending on the traveler. From here, a road less than 100 yards long connects the landing to the Thanbyuzayat road. This short road is home to another joint checkpoint, initially opened by the KPF in 2005 and joined by the SPDC army and police in 2006. The small fees it collects amount to an average of 5,000 baht a day.

During the winter and hot seasons, traffic to and from Three Pagodas Pass shifts to the Thanbyuzayat Road. This road is home to even more checkpoints than the Zemi River, especially when one includes the small roads branching off towards mining operations and large timber stands like the Maekatha Forest. In years past, these numbered in the low thirties, including checkpoints of the DKBA, KPF, KNU, NMSP and SPDC army. The road is just beginning to be used at this point in December, say traders, and ten-wheel trucks are struggling to move beyond the Anankwin SPDC checkpoint, which sits just short of the route's midway point. The road is home to more checkpoints this year, says a rice trader who recently made the trip from Thanbyuzayat to scout prices. The trader also added that the checkpoint officers are less willing to negotiate checkpoint fees, which have gone up substantially. A traveler who recently spoke with IMNA said the increased number of checkpoints is making the trip more expensive, with the trip costing 40,000 kyat for one person, only 1,200 kyat of which goes to transportation. A motorcycle transporter agreed: "I think this year there will be more checkpoints on the Thanbyuzayat road. I just came back from helping on road repairs because I use the road a lot. I saw nearly forty checkpoints along the road. Some of the checkpoints are only 20 meters apart!"

III. An economic profile

A. Border trade

1. Logging

Burma's eastern border area is home to vast, if quickly dwindling, forest reserves, many in territories controlled by armed ethnic groups like the NMSP and KNU. The area around Three Pagodas Pass is no different. Timber stands in the Maekatha and Kyaun Chaung forests, nine and thirty kilometers from the Thai-Burma border respectively, remain significant. According to Captain Htat Nay, of KNU 6th Brigade, which controls the area, the KNU Forestry Department estimates the Maekatha Forest to be 50,000 acres and home to 150,000 tons of un-harvested hardwoods, including teak and ironwood. By the same estimates, Kyaun Chaung is thought to be 20,000 acres and contain 500 tons.

Calculating the average amount of timber exported to Thailand is exceedingly difficult, because the border closures and inconsistency of forest access for loggers means the trade is not constant. What is sure, however, is that the forests are being cut at a prodigious rate. Ko Mar, who has been driving a 10-wheel logging truck for a Thai logging company based in Kanchanaburi for four years, estimates that 50 truckloads, 600 metric tons, of timber cross the border every month. Ko Mar's employer alone obtained permission to remove 36 truckloads of small logs and semi-processed timber during just over a month from November 2nd until the first week of December. On average, this year Ko Mar said that his company has received permission for its logging trucks to cross the border twice a month. This is sufficient for the Kanchanaburi based company to employ loggers inside Burma cutting timber full-time, even if they can only export on certain days. The twice-monthly average is also a decrease in comparison to the previous year, Ko Mar said, when trucks from his company crossed the border at least once a week, sometimes every single day. The volume of exports from Three Pagodas' many furniture and other forest products factories is more consistent, and easier to calculate. Ko Mar estimates the trade to be 100 tons of furniture per month. Another source, Ko San, an agent who buys furniture for a Thai merchant, agrees.

Moving timber from harvest sites requires passing through a variety of checkpoints. Much of the timber is transported via the Zemi River, on which boats can carry loads of up to 3 tons. One such boatload is typically charged 1,500 baht at river checkpoints operated by the KPF, DKBA, NMSP and SPDC. Most loggers and boat operators are, however, area natives and often able to negotiate lower checkpoint fees. One load of logs is usually charged another 1,500 baht at the Zemi River landing joint-checkpoint, with another 300 to 600 baht going to NMSP, KPF and DKBA checkpoints also at the landing. Once the timber is on a truck, it has to pay the joint checkpoint at the entry to Three Pagodas Town 1,500 baht for 3 tons, or 800 baht for 1 ton.

Though the SPDC Forestry Department does not run its own checkpoints, Forestry officials often join checkpoints operated by the SPDC militia or local battalions. They do not levy taxes at these checkpoints, for it would risk conflict with other groups who are also levying taxes, but the Forestry officials monitor how many truckloads of timber enter Three Pagodas Town. Later, they collect 800 baht per ton from these trucks. According to a source in Three Pagodas close to the Forestry Department, such taxation earns the department 1 million baht per month. Based on this estimate, every month 1,250 tons of timber enter the town for export or as materials for manufacturing.

Exporting timber requires obtaining permission from local SPDC army battalions, as well as the SPDC Forestry Department and military intelligence. Logging rights must also be purchased from relevant ethnic ceasefire groups, including the NMSP and KNU. The cost of obtaining such permission varies depending on the time and the strength of the trader's connections to Three Pagodas authorities. For the export permission in November, Ko Mar said that his employer is paying 10,000 baht for each 10-ton truckload, with the understanding that a truck can actually haul 12 tons of timber. Once on the Thai side of the border, Ko Mar said the trucks must pay 5,000 baht to Thai Customs and Immigration and a joint Thai Police and Army Battalion No. 9 checkpoint.

Notably, recent reports indicate that significant quantities of timber are being exported the other direction, deeper into Burma. According to a HURFOM source in Three Pagodas Pass, the KNU recently granted Htoo Trading Company permission to transport 2,000 tons of teak to Abhit village, in Mudon Township, northern Mon State. The ultimate destination of the timber is unknown, but Abhit is on the highway to Moulmein and Htoo Trading Company is one of Burma's largest businesses. Htoo Trading Company has the country's second largest export earnings and is one of only a few companies to possess an official timber export license. Trucks of Htoo timber began departing for Abhit on November 16th.

2. Minerals, gems, ivory and antiques

The chief mineral exported through Three Pagodas Pass to Thailand is antimony, from two mines located near each other about four hours from Three Pagodas Town on the road that runs through the Maekatha Forest. A Thai-owned company called Thabyut Mining operates the mines. Both mines are legally registered with the Ministry of Industry No. 1 (MOI No. 1), which controls mining in Burma and is headed by U Thaug. According to a HURFOM source who worked as a translator and English writer for the company, Thabyut Mining has a contract with the MOI No. 1 permitting it to export 200 tons of antimony every three months.

According to the HURFOM source, all raw mining materials must be sent to Naypyidaw, Burma's new capital, for inspection. Thabyut Mining does not do this, the source said, for transportation costs to and from Naypyidaw would be prohibitive. Instead, the company circumvents the rule by paying officials in the MOI No. 1 300,000 baht per month. The mining company must also pay monthly "security" fees to local SPDC battalions, and tea money of 300 or 400 baht to KPF and DKBA checkpoints along the road connecting the mines to Three Pagodas Town. Each truck must also pay 1,500 baht at the border gate exiting Burma into Thailand.

Like its mineral trade, Three Pagodas' trade in gems and other high-value items is miniscule in comparison to Burma's northern border areas. That said, Aung Naing, a source familiar with the business activities of three gem traders from Bangkok, said they spend no less than 300,000 baht every month, with big purchases often driving monthly trade volumes to as much as 3 million. The jade market is especially busy, the source said, with a 1/2 kilo of raw jade fetching between 3,000 and 600,000 baht, depending on quality. The most wellknown gem trader residing in Three Pagodas is U Soe Thein, 55, who is a member of the Traders Association and has been the main contact point for prospective buyers for over a decade. How much he and other gem traders have to pay local authorities is unknown, say HURFOM sources, but whether or not they pay is not in question. "He has to pay the TPDC," said Aung Naing. "This is not a guess. The TPDC would not ignore business of this large amount. Smaller business are taxed – we can be sure the PDC taxes this one too."

Three Pagodas is also home to a bustling trade in antiques like Buddhist relics, old coins and World War II era artifacts culled from inside Burma. World War II swords inscribed with the names of Japanese soldiers are particularly sought after, said an antique hunter who works for antique traders in Three Pagodas. The swords are sold to Thai traders or directly to Japanese buyers contacted over the Internet. Depending on condition and personal connection to the buyer, the swords typically sell for upwards of 50,000 baht.

Trade in ivory and elephant parts also occurs, and Three Pagodas was targeted as a research site for a 2006 study on the elephant trade conducted by the wildlife trade monitoring network TRAFFIC. According to the report, released in 2008, TRAFFIC's researcher was able to locate ivory with the eager help of an official from the Ministry of Agriculture. The antique hunter also told HURFOM that he hears rumors of a one pair of whole elephant tusks being sold every month, though he could only confirm with certainty the sale of three pairs during the last dry season. He said the tusks he saw weighed between 70 and 120 kilograms, and sold for 2,500 baht per kilo.

Exporting antiques and ivory from Burma is illegal. Transporting antiques and ivory consequently requires an escort, and the antique hunter said traders have to pay the DKBA a "security fee," which hires them a DKBA escort who can ensure their passage through checkpoints in the township. How much authorities in Three Pagodas Town tax the trade of items like antiques and ivory is unknown but, like the gem trade, whether or not such taxation occurs is not in doubt.

“There are a lot of ears around the border,” the antique hunter told HURFOM. “The authorities know about things, even the small secret trade. They can find the trade and collect many, many taxes from the various traders.”

3. Agricultural products and livestock

In 2003, the SPDC officially ended government procurement of rice at government prices and opened rice up to export, subject to control by the Myanmar Rice Trading Leading Committee. Few details about how the new policy would actually operate were released, however, and farmers continue to report procurement at government prices and rice traders continue to report restrictions. “The law says everybody can freely trade in the domestic market. But that doesn’t mean the trade is free. We still have to pay,” said a rice trader who exports over 150 tons of rice from Mon State to Thailand every year. Traders have to purchase permission from the Township Myanmar Rice Trader Association (MRTA) or the Myanmar Rice Millers Association (MRMA), said the trader. Permission from the either MRTA or the MRMA is sufficient, he said, and costs 30,000 to 50,000 kyat.

The 2003 announcement notwithstanding, restrictions on the inter- and intra- state and division rice trade have been frequent. Exports via Three Pagodas, meanwhile, continue to be outlawed as the border has been closed since 2005. On October 15th central government officials in Naypyidaw also prohibited traders in Mon State from selling rice to traders in Three Pagodas Pass. “We knew rice traders were sending the rice to the other country [Thailand] because more rice than necessary was being sent to the border pass. That is why Nayphidaw called and warned us that too much rice was sent to the border. So we had to close permission of trading rice to the border, police officer Than Htwe told us [last month],” said a rice trader quoting a TPDC official to IMNA in November.



Rice being stockpiled in Three Pagodas town

Even with permission papers from the MRTA or MRMA, traders must pay dearly for passage through the Zemi River or Thanbyuzayat road checkpoints. Rice traders who spoke with HURFOM in December also complained that the cost of transporting rice via the Thanbyuzayat road appeared to be poised to increase. The addition of new checkpoints, plus a general raise in fees, means that it will cost 600,000 kyat to get a single truck through the Thanbyuzayat road checkpoints. This is a substantial increase over last year, when a truck could make the trip for 400,000 kyat plus fuel and driver salary. The road’s poor quality means traders will not be able to increase their loads; a single ten-wheel truck can carry no more than 300 50 kilo sacks. Unable to find cost savings traders – including one of the largest in Three Pagodas – indicate that they will be forced shift their investment to goods like cooking oil from Thailand. “The checkpoints are being very strict. They will not negotiate the new fees,” said a rice trader who moves just under 150 tons of rice to Thailand every year. “Every checkpoint says ‘this is the new price for this year.’”

Though rice prices are declining because the harvest season has just drawn to a close, there is consistently a large difference between rice prices in Burma and Thailand. Burmese rice is currently 30% cheaper than Thai counterparts of comparable quality, say traders, while the difference has gone beyond 50% in recent months. This means that – grand pronouncements by traders aside – Three Pagodas will continue to be a popular route by which rice from Mon State is smuggled into Thailand. According to a veteran rice trader with more than fifteen years experience exporting rice to Thailand, in the last six months, 30 to 40 tons were exported every day. A source knowledgeable about information from the NMSP checkpoint near the Zemi River landing confirmed this, and said that every day during the rainy season 3 to 4 trucks with full 12-ton loads of rice departed the landing for Three Pagodas.

The rice trade will undoubtedly continue to be a lucrative source of income for SPDC authorities and ceasefire groups, whose rice-trade based revenue-sources extend beyond checkpoint fees to things like taxation of rice storage in Three Pagodas Town. Traders typically stockpile large quantities of rice in the town and lie in wait for prices to rise. The hoarding is illegal and nearly ever type of regime authority must be paid off, including municipal, TPDC, police and PMF. Such fees typically amount to thousands of baht a month, with one trader reporting that he must pay 10,000 to 15,000 baht a month just to maintain his ware-house – when it sits empty.

Other agricultural products also travel to Three Pagodas Town, though they are typically for local consumption and not for export to Thailand. Livestock, especially oxen, are exported to Thailand, typically via the road near NMSP Brigade 333. According to a source who lives along this road, a minimum of 7 or 8 oxen pass his home bound for Thailand every day, with herds of 70 to 80 beasts passing not infrequently. Notably, according to the same TRAFFIC report cited earlier, Three Pagodas Pass is Burma's largest exit point for the live elephant trade. TRAFFIC based this conclusion on numbers taken from the logbook of a "border official" who accepts bribes to allow the animals through. According to this logbook, 240 live elephants were trafficked into Thailand during 18 months in 2005 and 2006. Whether this trade continues could not be confirmed by HURFOM.

4. Drugs

Three Pagodas is one of Thailand's busiest entry points for amphetamines from Burma. According to a former intelligence officer who retired during the Khin Nyunt purge in 2004, 50,000 pills are trafficked each week. In August, exile media group Kaowao News, based just twenty kilometers away in the Thai town of Sangkhlaburi, estimated the daily trade to be 100,000 pills. The first number is likely too conservative, and the second is undoubtedly too high, but there is no disputing that the amphetamines trade is large and, according to an NMSP source involved in the party's anti-drug efforts, increasing every year. "It is difficult to calculate exactly how many pills are trafficked every month because the pills come from many ways. Not just from Three Pagodas, but also the camps," said a resident of an IDP camp near Three Pagodas. "We have many ways. You can get amphetamines 24 hours in Halockhane [IDP camp]."



Amphetamine pills seized by NMSP near Japanese Well

On the Burmese side of Three Pagodas Pass, a packet of 200 pills sells for 7,000 baht. Doubling the investment is a quick trip; just a few hundred meters on the other side of the border, the going price for a single pill is 80 baht. According to the retired intelligence officer, in Bangkok a single pill sells for 500 baht. The economic motivations to participate in the drug are, consequently, strong. Traffickers are typically men ages 20 to 40, often motorcycle taxi drivers who turn to the illicit income as the town's struggling economy encourages people to cut back on discretionary spending. But people of all ages and walks of life are involved in the trade. In an ironic example from August, for instance, Daw Khin Myo Yi, a member of the Maternal and Child Welfare Association, a nation-wide regime-back women's group, was arrested smuggling 10,000 pills into Thailand. She had initially been charged with investigating the drug trade; a statement from the Burmese army charged that she had become greedy and aimed to get rich quickly. In a sadder story, during October 2007 the Thai army seized 10,000 pills from a student only 12 years of age. Though there is a perception among the nearby Thai community in Sangkhlaburi that the amphetamine traffickers are uniformly Burmese, HURFOM sources wished to stress that this is not the case. Indeed, a trafficker who hastily fled an NMSP checkpoint in the third week of December left behind his jacket, the pockets of which contained 1,500 pills, a mobile phone and two Thai identification cards. One of the cards indicated that that man is a Thai police officer.

The group most heavily involved in the amphetamines trade is the DKBA, say HURFOM sources, including a leader in the NMSP with three years experience working for the party's anti-drug efforts. The trade centers around the residential compounds of DKBA Commander Bo Man Thein and captain U Myo Chit, says a nearby resident in quarter No. 1. During the day, the properties are full of motorbikes and DKBA soldiers, Burmese and Thai men can be heard discussing and negotiating drug prices. A new quarter near the Three Pagodas highway station was also built for DKBA and KPF soldiers in 2005. According to a HURFOM field reporter as well as a truck driver who spends his off time at the highway compound nearby, 70% of the houses in the quarter are involved in the trade, each selling no fewer than 200 pills at a time.

The KPF is also involved with the drug trade. In the second week of December, an agent for KPF Colonel Bo Lay Wa offered to sell a HURFOM reporter large quantities of raw opium. The agent professed to possess nearly an entire oil drum full of raw opium, and offered the reporter a sample as a prelude to purchase. Persistent rumors of DKBA poppy fields in the triangular area between Kya-inn-seiky, Kyaing Taung and Three Pagodas Pass, though unconfirmed, have also bounced around Three Pagodas since 2005.

No HURFOM source had ever heard of the drug trade by DKBA or KPF, or any one else, being taxed. HURFOM sources also said that SPDC authorities deliberately turn a blind eye to the trade, and there is no conceivable way they could be ignorant of such large-scale and poorly disguised narcotics operations. Four main reasons were given to explain the SPDC inaction: politics, greed, lack of a large holding prison in Three Pagodas and a broad anti-Thai conspiracy. “The Burmese Army often fails to arrest drug smugglers,” Kaowao News quoted an NMSP source in August. “There are two main reasons for this. Firstly, if they arrest drug smugglers the result hits them in the rice pot, as they indirectly benefit from drug smuggling, and may find they can no longer afford food. The second reason is that there is no Burmese prison at Three Pagodas Pass so they are faced with the problem, and cost, of prisoner transportation of suspected smugglers to Moulmein prison.”

Other sources focused on the Burmese authorities interest in maintaining open relations with the DKBA and KPF. “From my point of view, the DKBA is the puppet of the government,” said a businessman with extensive logging and gambling business ties to the DKBA. “Let the DKBA fight with the KNU, that’s a good idea for the government because they don’t have to use their troops. Let them do things like drug trafficking so there are no internal conflicts in the DKBA and they have no reason to oppose the government.” “The drug trade benefits the DKBA,” agreed the former intelligence officer. “Letting them trade keeps the DKBA happy.”

Interestingly, a number of HURFOM sources explain the failure to prosecute drug traffickers as a deliberate covert attack on Thailand. “The Burmese authorities are allowing DKBA troops to trade the drugs including amphetamines into Thailand freely. The authorities are using the DKBA to systematically destroy the Thai community because these drugs go deep into Thai soil,” said an NMSP source. The former intelligence officer agreed and made a comparison to the Anglo-Chinese War, in which British traders exported vast quantities of opium to China, creating a country of addicts that was easily brought under colonial control. “It’s like the Anglo-Chinese war. My superiors in Three Pagoda used to explain things like that about five years ago. They are targeting the Thais because historically Burmese and Thai are not good friends. They are always in competition with each other. [SPDC officials] don’t want their name to be bad, so they use the DKBA as the go-between, to do the trade and target Thai youths.”

5. Migrant labor trafficking

At any given time, Thailand is home to an estimated 2 million migrant workers from Burma. Many of them enter the country through the Three Pagoda Pass area, which connects to Bangkok via the Dan Dadee Sam Ong highway through Kanchanaburi Province. At least 50,000 migrant workers cross at Three Pagodas every year, according to independent estimates by a KNU captain who mans a Zemi River checkpoint, a current NMSP checkpoint staffer and an experienced HURFOM field reporter who resides in the area. And if the number of migrants who entered during the recent June to October rainy period is any indicator, 2008-2009 should see even higher numbers. Fewer workers typically enter Thailand during the rainy season, both because the heavy rainfall creates ample agricultural opportunities and travel difficulties. Nonetheless, the number of migrants entering Thailand in the past rainy season more than doubled. During 2006 and 2007, the rainy season saw an average of thirty to fifty people traveling to Three Pagodas Pass via the Zemi River, which is the main rainy-season route. In the period from June 2008 until October, however, agents responsible for transporting migrants as well as NMSP sources responsible for monitoring the checkpoint reported that one hundred and fifty to two hundred people crossed daily.

Most workers do not speak Thai and are not familiar with cross-border travel, and must purchase assistance from a broker to be transported to Thailand. This is a lucrative business. According to one broker in Mudon Township, 600,000 kyat is a typical fee for taking a worker to Bangkok, Thailand. As always, the business does not go un-taxed. The Three Pagodas Pass Immigration Bureau, lead by U Htay Myint Aung, is easily able to distinguish between local people and out-of-towners passing through on their way to Bangkok. Getting one migrant worker through all the checkpoints between the Zemi River landing costs the brokers 500 baht. The return journey is equally expensive, and workers entering Burma from Thailand must typically pay another 500 baht, although a group of arrested workers deported by the Thai authorities recently had to pay 700 baht. Indian and Muslim migrant workers, as well as ethnic Chins who are most often bound for the large Chin community in Malaysia, are discriminated against and have to pay 500 baht to the Three Pagodas Town immigration bureau.

6. Imports from Thailand

A variety of goods are imported into Burma from Thailand through Three Pagodas Pass. They are chiefly processed agricultural products, electronics or machines that Burma is not equipped to produce in comparable quality. Goods imported in volume include cooking oil, soap, MSG, stereos, VCD players, AC to DC voltage converters, motorcycles, vehicle and machine parts, lubricants and engine oil. Taxes on Thai goods are typically high because of their value. One four-wheel truck of Thai goods is taxed 3 to 4,000 baht by the joint checkpoint at the Three Pagodas exit gate.

For expensive products like electronics or machines, this is increased to 5 or 6,000 baht. According to a trader who imports Thai products into Burma, once a truck arrives at the Zemi River landing all the checkpoints collect a total of 50,000 kyat. The 13 checkpoints along the river route collect total another 400,000 kyat. The cost of taking a boat of goods down the river towards Thailand is similar, with the addition of a 40,000 to 50,000 kyat registration fee at a joint checkpoint in Kya-inn-seiki. The dry season route is also expensive; last year, transporting goods on the Thanbyuzayat road 5,000 to 6,000 baht depending on the load

A particularly lucrative trade, both for businesspeople and the authorities, is the illegal importation of motorcycles. Motorcycles, as well as other vehicles, are legally imported only through Rangoon, where a heavy duty is imposed. Few vehicles, especially in periphery areas like Mon State, arrive on this path. Instead, they are imported from Thailand, although their innate portability means they enter up and down the border. According to Nai Chan, a veteran businessman in Three Pagodas who has been importing Thai goods for 12 years, 5,000 to 7,000 bikes from Thailand are imported through Three Pagodas per year.

These bikes chiefly make the trip deeper inside Burma via the Three Pagodas to Thanbyuzayat road, although some traders use the Zemi River when the road becomes difficult during the rainy season. The motorcycles are taken by hired drivers, who typically receive 5,000 to 5,400 baht for the trip and can keep as profit whatever remains after fuel and checkpoint fees. Like many checkpoint fees, the prices are negotiable and area natives, especially veteran drivers, report that they can sometimes successfully negotiate the price down. Drivers who spoke with HURFOM reported that they typically earn a profit of only 1,000 baht for the two or three day trip. Subtracting fuel costs of just a few hundred baht, this means at least 3,000 baht per motorcycle is divided among the many checkpoints along the road.

“Last year I transported at least 35 bikes, but I am young and when I communicate with the groups I don’t have as much confidence so I have to talk a lot to reduce the taxes,” said Min Thein, a University student who is putting his education on hold to help his mother. “I am very interested in the job as a trader, not just a transporter. I think it would be good for me to invest in bikes and I could earn 4 or 5 times my profit. But I hate to communicate with all the checkpoints.” Kaw Thet, who has driven imported bikes for two years, agreed: “Sometimes I don’t want to talk with the different groups. I just want to pay one time, and let them share which each other. But the problem is that there are many different groups and I have to use all my breath talking to them.”

B. Illegal activities occurring in Three Pagodas:

1. Gambling

Gambling is exceedingly popular in Three Pagodas; slot machines dot the landscape, while daily cockfights are popular and informal and formal venues for cards and games of chance are common. Taxation of gambling operations is chiefly the purview of the Commander Bo Myo Chit and the KPF, which maintains an office manned by four plain-clothes KPF staff at which games of any size must register and pay taxes. According to a game organizer, this office earns a minimum of 2,000 baht through registrations alone per day. The KPF also controls taxation of organized gambling throughout Three Pagodas Township, which nets it another 7,000 baht per week.

Slot machines are over-whelmingly the most popular form of gambling in Three Pagodas and nearly 400 machines are installed in teashops and restaurants as well as near the market, school and anywhere else people gather. According to Ku Sim, an operator close to one of the slot machines’ principal owners and a well-known gambling organizer, most players are young people – teenagers, students, taxi drivers and even monks. Based upon estimates by Ku Sim, as well as interviews conducted with gamblers by IMNA in November, at least 50% of the population in Three Pagodas Town regularly bets money on slot machines.



Young people gambling on slot machines in Three Pagodas town

The majority of these slot machines have been under the control of two Thai owners since 2005, says Ku Sim, who estimates that their approximately 350 machines earn 100,000 baht a day. A quarter of this is paid out to the KPF, Town PDC, municipal and Saya Pha Military Intelligence Officers, the rest is profit. Owning a single machine is only an initial 8,000 baht investment, plus the cost of drawing electricity from the Thai side, A few other machines are

owned by individual investors, who also have to pay taxes to the Township PDC for “fundraising.” Every cluster of three machines is taxed 1,500 baht per month. The KPF also controls a few machines, which it rents from the Thai owners. After 500 baht per day is paid to the owners of the machines, the KPF earns all profit; no taxes must be paid to PDC officials.

Three Pagodas Town is home to a large number of formal and informal gambling venues, although the number of establishments that might rate the label “casino” has decreased since a crackdown in 2006. The crackdown, which was triggered by a DKBA soldier detonating a grenade in a dispute over a boxing match, limited hours of operation to daytime and took the town from twenty-four to only one real casino. The remaining casino, known as the Shwenandaw “Golden Palace” guesthouse, is taxed by KPF, Township PDC, Saya Pha Military Intelligence and municipal. Now, large betting events are by appointment, when gamblers join together to play cards and other games of chance. Three to four other informal betting venues are located in apartments near the highway station, and participants must organize payment of fees to the KPF as well as a nearby militia checkpoint. Another thirty houses throughout the town, especially in quarters No. 1 and 4, organize regular games. Profits from these houses must pay a 7 to 10% tax to the KPF. Private card games are also ubiquitous during festival times. Card games can be had at virtually any time, then, given the frequency of celebrations associated with the town’s proudly ethnic Karen and Mon residents, holidays of the town’s Buddhists, Christians and Muslims and common weddings, funerals and SPDC holidays. Cockfights involving two or three pairs of roosters also occur daily, with the DKBA collecting 20% of every wager. According to a HURFOM reporter who attended a recent even, betting on a single bout typically reaches towards 100,000 baht.

2. Prostitution

Three Pagodas is home to at least 300 sex workers located mostly in quarter No. 3. The sex trade centers around three main brothels that openly offer prostitution and four massage parlors where prostitution is less open, but also universally known to be available. The sex trade in Three Pagodas underwent serious changes during 2006, when a particularly pious commander was posted to the area and cracked down on prostitution. Until 2005, sex services were officially taxed and each brothel had to pay a monthly fee of 15,000 baht directly to the PDC office, municipal and respective quarter police station. This changed at the start of 2006, when Colonel Aye Kyu was transferred to Three Pagodas as the head of the Military Operations Management Command. Colonel Aye Kyu tried to cut the sex trade in half, as well as taxes collected from the business. “No one was allowed to work in brothel houses legally at that time. The two brothel houses were forced to close for about five months in 2006,” said a 45-year-old former sex broker who employed 25 sex workers during 2005 and 2006.

Colonel Aye Kyu’s crackdown did not actually decrease the sex trade, the broker said. The prostitution only moved, and the authorities who taxed the trade kept pace. “The small prostitution services in many wards increased at that time. The local police know very well where the prostitution services were situated, and they had great opportunities to extort illegal money from the individual sex workers,” said the broker. “Normally they came and collected twice a month. Each time it cost the broker from 500 to 800 baht. Most of them were police with plain clothes and sometimes members from the PDC and Municipal office. They could earn a lot of money through the many hidden brothel houses. The situation changed again later when Colonel Aye Kyu transferred from Three Pagodas at the end of 2006.”

After the transfer of Colonel Aye Kyu, the sex trade in Three Pagodas resumed business-as-usual. The town is now home to three main brothels, known as the Daw Win, U Than Yu and Ma Ma houses, after their operators. Each employs 30 to 40 sex workers, mostly from middle Burma. Each brothel pays taxes to Three Pagodas authorities, who unofficially recognize the businesses and let them operate unmolested. Each business has to pay 12,000 to 15,000 baht per month to the police stations in their quarters as well as the TPDC. A variety of small taxes are also levied by other departments like municipal, which controls taxes on shops that sell things, the PMF, which levies a security tax and other inconsistent taxes by authorities as they see fit. “I have learned that my employer has to pay 15,000 baht per month to the local police stations. There are also some small taxes from different departments of Three Pagodas authorities like municipal, township militia forces and other TPDC members,” said a teenage boy who is a waiter at one of the brothels. “Those small taxes usually cost 2,000 to 4,000 baht every month. So the total check sum would put at least 19,000 to 20,000 a month in the different pockets of Three Pagodas authorities.”

There are also four official massage parlors that provide sex services, three of which are owned by KPF members. Dawar, owned by KPF Colonel Bo Lay Wa, employs 15 to 20 women. Lo Taya, owned by KPF chairman Ko Tin Way. Alain Yaung, owned by Ko Thaug Aye, employs 8 to 12 girls from the Irrawaddy delta area. In quarter No. 4, Daw Kalama runs a massage parlor that employs 15 sex workers. Daw Kalama is well known for employing young teenagers. Notably, 7 of 9 girls at the Daw Kalama massage parlor were positive for HIV according to tests administered by World Vision in February 2007. After these sobering results, the rest of the sex workers at the shop refused to be tested.

As the larger brothels have flourished since the end of 2006, hundreds more sex workers also continue to be employed by brokers, massage parlors and bars that do not have official recognition but offer sex services nonetheless. “We can estimate the numbers in those three brothels. They are about 90 totally. But the numbers of hidden sex workers in the four quarters is approximately 270 to 300 persons. This estimate is my minimum guess,” said a resident of quarter No. 3.

Though these businesses lack the unofficial recognition, police and other authorities seeking extra income prey on them heavily. “You know, I can work in the massage parlor. But if I work in the massage parlor, I could only earn 2,500 to 3,000 baht a month. If I work here [in the hidden place] I can earn more than the income from the shop. But the challenge is paying the taxes, which causes me many troubles. I have to pay 2,500 to local police men and other staff from township authorities,” said a 28 year old sex worker in Quarter No. 3. “The authorities, especially the police, are targeting the hidden sex services in the quarters because they can collect money from those hidden services without reporting to the upper levels,” agreed the resident of quarter No. 3 “I have a police friend and normally he can earn around 20,000 baht per month from the sex shops. His superior, officer Than Htwe earns a huge income, approximately 50,000 baht from prostitution around town.”

IV. Conclusion

Large amounts of money are being made in Three Pagodas Pass every day. Routine local taxes on residents and small legal businesses net local authorities over 2 million baht per month, collected by local TPDC administrative staff and municipal authorities. This money is pooled and controlled by TPDC chairman U Myo Kyi, who divides it among departments in the town. Interestingly, regime-backed civilian groups like the Union Solidarity and Development Association are not involved in levying taxes in Three Pagodas Town. Elsewhere, they are often the vanguard for TPDC tax collection. They are included in the TPDC’s monthly income dispersal by U Myo Kyi, but their only obligation is to organize people for the government.

The 2 million baht per month officially shared by the TPDC is, however, a small fraction of the money earned by taxing the cross-border trade. Accurately calculating the total sum of economic activity in the Three Pagodas Area is virtually impossible, given the nature of the activities and the security risks involved with querying powerful junta and business interests in the town. Based on independent estimates by a highly ranked source in the KNU, an NMSP major in the NMSP Business Affairs Section, an eight-year resident with close connections to the local militia and a fifteen-year resident, total income from taxation of border trade exceeds 100 million baht every month. These activities include cross-border trade in timber, minerals, agricultural products and livestock, migrant workers, gems, ivory and antiques as well as processed food, electronics, motorcycles and auto parts from Thailand. It also includes local taxes on gambling and prostitution, but does not include profits from the burgeoning drug trade.

Monthly revenues of 100 million baht per month are significant in a place where some people live on just 70 baht a day and the nicest house in town is valued at 5 million baht. The human rights implications of this are direct. Naypyidaw directs the Burmese army to support itself through “self reliance,” and the battalions that rotate through Three Pagodas undoubtedly view it as a lucrative posting, before they return to the violence of the countryside. This holds true – perhaps more so – for the SPDC allied KPF and DKBA, who in some circles are understood as little more than revolutionary fronts for business activities. The DKBA in particular has been documented committing human rights atrocities, with the DKBA routinely summarily executing villagers, burning crops and devastating whole villages.

Lastly, the profits earned by allowing the business activities documented in this report to continue mean that SPDC and cease-fire group officials are unwilling to stop the more destructive activities and even undermine the efforts of others. The drug trade is perhaps the best example of this: not only do SPDC officials allow the DKBA and other drug traffickers to operate with virtual impunity, but they directly undermine the efforts of groups like the NMSP and even the Thai government when they attempt to stop the trade. In October 2007, for instance, a drug trafficker captured by Thai police with almost 8,000 amphetamine pills was freed by Major Hla Oo from Burmese Infantry Battalion No. 308. It should be noted that the activities of SPDC officials in Three Pagodas are not a coordinated conspiracy, but rather the sum total of many different, and often competing, attempts to seek personal profit. In the example from 2007, the trafficker was captured in a joint effort by the NMSP, Thai and Burmese police.

If the drug trade is part of a conscious plan by SPDC officials to destroy the youth of Thailand, as some HURFOM sources speculate, the plan is at least successful in one respect: it is destroying youth, but much closer to home. In the estimate of one twenty-year resident of Three Pagodas who lost a brother to amphetamine addiction, 30% of young people in the town regularly use the drug. The following story of Somchai is typical example, if perhaps a more cinematic narrative arc because his family’s wealth was able to purchase him an unusual chance at redemption. An addict who began using as a young teenager, he was eventually imprisoned in Thailand. His family was able to secure his freedom in March 2007 after paying over 1 million baht in bribes. For a time, his life appeared to be developing

positively: his wife had a child nine months after he was released. In 2008, he was killed in a motorcycle accident while speeding down the road between Three Pagodas Pass and Sangkhlaburi. His mother, who spoke with HURFOM in December, is inconsolable. “We lost our elder son,” she said. “We lost our money. We lost our family. All because of amphetamines.”



Three Pagodas border gate seen from the Thai side

The sex trade and unregulated gambling are also taking their toll. Said one woman who lives in quarter No. 3, “I have daughters and sons. I do not want my children to see this kind of action. The surrounding is not good for children to live, and I really want to move.”

Gambling is an even more pervasive problem than drug use, with proprietors estimating that at least 50% of the population, including young students, regularly playing slot machines. “Look at the example of our township medical doctor, Dr. Soe Win,” said one Three Pagodas Town resident, who lost a close friend to gambling addiction, as he explained the impacts of gambling in the town. “He only played slot machines. But because of this game, he lost his house, his clinic, his small farm. This is the danger of playing slots, even if you think you will only play with a small amount of money, you can still destroy your life.”

Though activities like gambling and the sex trade will perhaps always exist in frontier border towns, the extent to which they dominate life in Three Pagodas stretches beyond the ordinary. Stagnant economic conditions and official permissiveness means that unregulated gambling, rampant drug use and the exploitative sex trade have combined to create conditions that are altering the fabric of the community. And the problems are increasing, say long time residents. “Society has changed. I have lived here for eight years, in the last few years I have heard of too many small crimes,” said Nai Myo as he described how details common to daily life in Burma, like hanging washing to dry outside a home, have changed. The clothes are now often stolen. Violent crime has increased as well, and Nai Myo said he had heard of 40 violent knifepoint robberies in 2008. “People have to sell their homes and farms and businesses,” he said. “People put their parents’ homes up as collateral to get loans and then lose everything.”

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