

Hand in Glove

The Burma Army and the drug trade in Shan State

Dedicated to Janta Nanta, who died on 4 August 2005

Contents

Foreword	5
1. Military collusion in the drug trade	7
- Rain leaking from the roof	7
- Military expansion and "self reliance"	9
2. Opium trends	11
- Poppy upsurge since 2004	12
- Bumper 2005-2006 crop	13
- Selective slashing	21
- Opium output decreasing or increasing?	21
3. Churning out the pills	23
- Factories	23
- The precursors	28
- Brands	28
4. Shipping out	31
5. Militia on the rise	35
- New faces	39
6. Crackdown charades	49
7. Drug use in Shan State	55
- Rehabilitation efforts	58
8. Conclusion	60
Appendix	
Burma Army units reported to be involved in the drug trade	62

Foreword

There is no denying that snooping around the (drug) business can be a life-shortening venture.

Chao Tzang Yawngghwe (1939-2004),
Shan scholar leading
Journal of Contemporary Asia Vol 23 No 3 (1993)



In a way, this report starts off from where our last report *Show Business: Rangoon's War on Drugs in Shan State* (2003) left off.

It describes the unimaginable extent of corruption in Burma, and the live-off-the-land policy of Burmese military units that has forced local authorities to turn a blind eye to drug activities. It also exposes how cultivation of opium poppies has increased, and gives insight into the production and trade of methamphetamines, better known as *yaba* in Thailand and *yama* in Shan State.

The major difference is that whereas *Show Business* focused mostly on opium and its derivative heroin, *Hand in Glove* puts the spotlight more on *yaba*. It also highlights the growing role of pro-Rangoon militia in the drug trade, as the regime has begun openly favouring them over the ceasefire groups.

It has been a time-consuming study, hampered by S.H.A.N.'s standing obligation to provide the latest information to its readers on the daily political, military, human rights, environmental and general situation in Shan State.

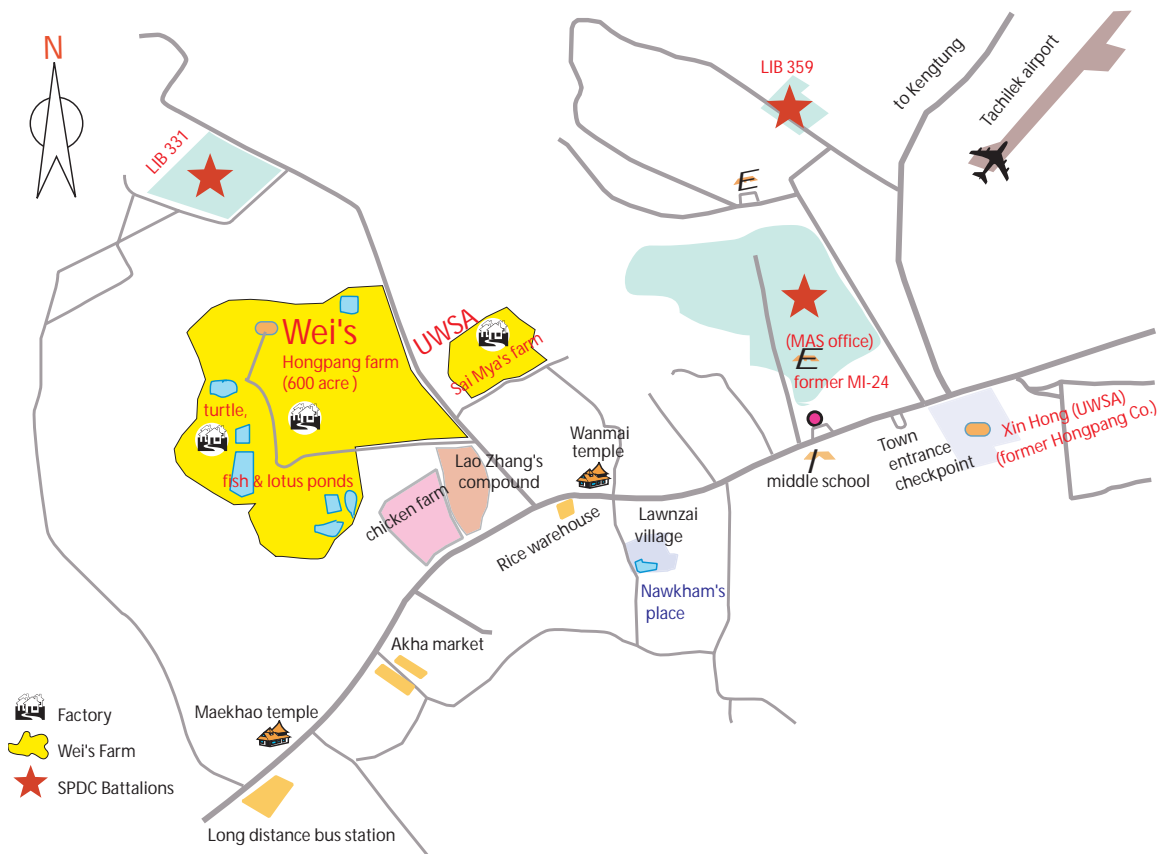
It must also be recognized that despite two years' research, S.H.A.N. has yet to receive answers to many questions regarding the drug issue in Burma. However, S.H.A.N. believes that the report will shed light on some key questions, namely whether or not the generals are party to the drug problem in Burma and whether a drug-free Asean can be achieved by 2015.

We take this opportunity to thank those who supported this project and urge all interested agencies to render assistance for similar efforts to establish the facts about this complex issue at the grassroots level. We sincerely believe that this is the only way to find a solution to the drug problem in Burma.

Shan Herald Agency for News (S.H.A.N.)

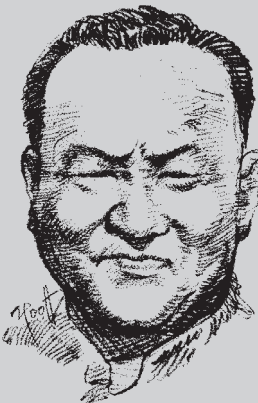
P.O. Box 15
Nonghoi P.O.
Chiangmai 50007
Thailand

Wei's yaba factories in eastern part of Tachilek (2002-2004)



CHAPTER ONE

Military collusion in the drug trade



Bao Yuri

I was in Mongton and Monghsat for two weeks. U Wei Hsuehkang and U Bao Yuri from the Wa groups there are real friends.

Maj-Gen Thein Sein, Commander of the Burma Army's Triangle Region Command, speaking to Mongla leaders, 9 May 2001. (Publicly the military has always denied Wei's presence in Burma.)



Maj-Gen Thein Sein

Rain leaking from the roof

(A Shan expression denoting high-level corruption)

In the northern part of Tachilek, opposite Thailand's Maesai, is a chicken farm owned by a Wa officer named Sai Mya. The farm, about 10 acres in size, is surrounded by a 12-foot high concrete wall. Until September

2005, it was an open secret in the neighborhood that the farm was a front for the production of *yaba* (methamphetamine), the drug consumed by millions of Thai addicts across the border. **(See map p. 6)**

(Sai Mya's workshop moved to the tortoise farm of Hongpang next door following a joint 3-nation operation that nabbed Ta Pan, a Wa commander, in September 2005)

The location of the factory, wedged between the command posts of SPDC Light Infantry Battalions 331 and 359, explained why the Wa officer had no reason to fear. The land, or rather the right to use it, was sold to Sai Mya by none other than Maj-Gen Thein Sein, then Commander of the Triangle Region Command, based in Kengtung, 160km away in the north. He had confiscated the land, formerly paddy fields, from local farmers. *"When it was taken from us, the regional commander told us he would build a tax-free market for the local people,"* said a resident of the neighborhood. *"The market was never built."*

In return for the land, Thein Sein received 45 assorted motor vehicles, both for himself and for use as gifts to his superiors in Rangoon. Thein Sein, who presided over eastern Shan State from 1996-2001, later became Secretary-1 of the ruling military council (replacing the disgraced General Khin Nyunt), Adjutant General of the Army and Chairman of the National Convention Convening Commission (NCCC).

The behaviour of Maj-Gen Thein Sein, who is now a lieutenant general, caused no stir among the local community. The pattern of corruption had already been well-established by his predecessor, Col Kyaw Win, who headed the eastern Shan State command in Kengtung from 1991-1995. Kyaw Win (now Lt-Gen Kyaw Win, currently overseeing three regional commands that make up Shan State and Kayah State), was well



Kengtung Palace

**Lt-Gen Myint Hlaing's
henchmen are all known
drug operators**

known for his close ties to the UWSA, with whom he cooperated in several business ventures, including trafficking Chinese migrants through Burma into Thailand. Local militia leaders still talk of collecting opium taxes for him. He was notorious for ordering the demolition of the historical Kengtung Palace in 1991.

Past and present regional commanders in other areas have similar reputations for involvement in the drug trade. A prominent example is Lt-Gen Myint Hlaing, former Commander of northern Shan State's Lashio-based Northeastern Region Command, and a protege of Vice Senior General Maung Aye. While it would be next to impossible to catch him red-handed with drugs, his henchmen are all known drug operators, including: Bo Mon, leader of the Manpang militia; Than Win who fronts as a teakwood merchant; Kyaw Myint, Panhsay militia leader, who owns key ferry crossings across the Mao-Shweli, the river between China and Burma; and So So-Pyay Pyay Sai Tun Aye, whose Yue Liangdao (Moon-



Col Kyaw Win

How can you solve the problem in Burma and other Asian countries which are plagued with corruption, lack of law enforcement, general inefficiency and long-borders?

Jean-Luc Lemahieu,
UNODC Burma
representative,
Irrawaddy, Bangkok Post,
27 November 2005



shine Island) on the Mao is still in operation despite the Chinese ban on cross-border gambling since December 2004. "It is not unlike Afghanistan where most government allies against rebels are found to be drug bosses," commented an informed local, during an interview last year.

"It is not unlike Afghanistan where most
government allies against rebels are found to be
drug bosses"

The corruption is not limited to the regional commands. A former Burma Army officer from the War Office who retired in 2003 to become a businessman told S.H.A.N. that he used to sign shipping orders in Rangoon, getting 50,000 kyat (\$50) - 300,000 kyat (\$300) each time. Curious, he took a look at the freight on a truck and found a pile of yaba. When he reported this to his boss, a former general, he was told: "This is the way of life from the top down through the whole country. How do you think our Senior General Than Shwe, with his monthly pay of 150,000 kyat (\$150), is able to maintain his lavish lifestyle?" (His current pay, since April 2006, is K 1.2 million or around \$ 1,000.)

Military expansion and "self-reliance"

Military involvement in the drug trade appears to have worsened since 1996, when the rapidly expanding Burma Army instituted a self-support system for each unit and its families, involving collective livestock farming and paddy fields, not unlike Israel's kibbutzism, where all members live and fight together and share all the work and income. The program has involved systematic confiscation of land from local communities. According to the border-based Nationalities Youth Forum, each battalion has had to confiscate 280 acres of land for buildings plus 2 acres for each army member with a family.

The Burma Army has expanded from 168 Infantry Battalions in 1988, when the regime was still fighting against Chinese-backed insurgencies, to 528 in May 2005, without taking into account more than 200 tank, armored and other support battalions, according to the documentation and research department of a dissident group. Shan State, the biggest

state in Burma, alone boasts more than 120 infantry battalions, a threefold increase from 1988. (In contrast, the British had only 15 infantry battalions in the whole of Burma, with 2 in Shan State.)

Curiously, the junta's expansion policy comes at a time when China has twice downsized its military by a total of 1.5 million since the mid 1980s, according to *China's National Defense in 2004*, a publication by the State Council Information Office, and has decided to scale back by a further 200,000 troops by the end of 2005 to maintain its size at 2.3 million. *"The current restructuring, while cutting down the numbers aims at optimal force structures, smoother internal relations and better quality,"* states the article. Burma's out-of-proportion military expansion, on the other hand, is having predictable results: poorly disciplined troops, more human rights abuses, and increased corruption.



In 1988, most soldiers carried G-3, G-4 automatic rifles. Soldiers aged under 18 were not frequently seen.



Soldiers in Monghsat, 2002, carrying Burma Army-made MA-1, MA-2 rifles. Some of the soldiers are clearly underage.

The fact that Burma's military units have been expected to rely on themselves (and unfortunate local populations) for their survival, has inevitably led them to become progressively more involved in the money-making enterprises of local influential groups, including drug production. This in turn has fostered the pattern of cover-ups and cooked-up reporting that has characterized drug suppression efforts in Burma. q

CHAPTER TWO

Opium trends

The central government can live by foreign investments and loans but the local military and police units can only survive by their wits.

A militia member in Tachilek to S.H.A.N.,
20 February 2006

Pressured by its neighbors, especially China, Rangoon launched a much-publicized poppy eradication campaign in northern Shan State in the 2001-2002 poppy season. That year, and in the two subsequent seasons, fields were

destroyed, villagers found growing poppy were arrested en masse, and some of them killed.

While the drive resulted in a sharp upsurge in opium prices — from 300,000 kyat (\$300) per viss (1.6 kg) in 2003 to 1,000,000 kyat (\$1,000) by the end of 2004 — it was definitely not a thoroughgoing affair. Areas under the control of the pro-Rangoon militia groups were left strictly alone. Moreover, both southern and eastern Shan State were left almost untouched during the whole campaign.

Poppy upsurge since 2004

During the 2004-2005 season, poppy acreage increased sharply, especially in the Wa region bordering China, where Wa chairman Bao Youxiang had promised zero production beginning 26 June 2005. Sources witnessed poppies being grown on the largest scale ever. *“Chairman Bao told us this was our last date with opium,”* said one of the farmers interviewed by S.H.A.N. during late 2004. *“He said if there were any more poppy fields in the coming season, he was going to chop his head off and send it to Beijing.”*



Bao Youxiang

The season also coincided with the ouster of Gen Khin Nyunt, Burma's #3 man, from office in October 2004. Following this, the crackdown on drugs was for all practical purposes eclipsed by another crackdown on the deposed leader's followers and influence. As a result, *“every township I've been to in northern Shan State — Namkham, Muse, Kutkhai, Hsenwi and Tangyan — is blooming with*

The
crackdown
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influence

Think Piece

Only 24% of the world's pain relief needs are being met, while 77% of the world's morphine and codeine are consumed by just 7 developed nations. But such drugs are almost unavailable in Afghanistan, the world's biggest opium producer.

(The Economist, 8 October 2005)

Worldwide, more opium is produced legally than illegally for use in pharmaceuticals. It is produced in the following countries:

- q Australia
- q Britain
- q France
- q Hungary
- q India
- q Spain
- q Turkey

(Irrawaddy, October 2005)

poppy flowers again,” commented a businessman in Muse, opposite Ruili, in early 2005.

In the south, even an official police report on 18 July 2005 acknowledged that poppy cultivation in Hopong, Panglawng and



Ceasefire PNO leader Aung Kham Hti and Gen Khin Nyunt in 2001

Faikhun (Pekhon) under the control of the Pa-O National Organization, a ceasefire group, had increased during the season.

Across the Salween, along the Thai border, the Burma Army was praised by poppy growers for consideration shown by its troops during the 2004-2005 poppy season. *"The Burmese soldiers who come to gather vegetables for their pots are very understanding,"* recounted a female hired laborer from Nawng Aw, opposite Maehongson. *"They take care to avoid stepping on the poppy plants, unlike some Shan State Army soldiers who pass through the fields during their patrols."* Opium tax for the Army, according to her, was for the most part collected by the local pro-government militia force of Yang Erh, whose base is east of Nawng Aw.

Unfortunately for the farmers, thousands of acres of poppy fields in the lowlands were laid waste by an unexpected drought towards the end of 2004. Only fields at high altitudes, where the needed moisture comes from mountain dew, escaped the adverse weather. Various sources therefore reported

a drop in opium output during the season, which had nothing to do with the campaign by the State Peace and Development Council, the ruling body of the Burmese generals.



Lao Wu, 60, an ex-Mong Tai Army man, cutting a poppy pod in his field on the border in joint Burma Army-Wa controlled area in 2003-2004 season. (S.H.A.N.)

Bumper 2005-2006 crop

Farmers and traders alike agree that *"the gods have been kind to them,"* with regard to the 2005-2006 opium-growing season.



Out of season poppy fields in May. They thrive on mountain dew. (Courtesy: FBR) 28/5/2004

Up in the Wa areas in the northeast, poppy fields remain, although well out of sight *"to save Chairman Bao from losing his head,"* as a Wa officer put it. Some Wa farmers, however, did not want to take any chances, and moved into areas controlled by Burma Army units like Mawfa, Markmang township, southwest of Panghsang, to continue growing their poppies.

Up north on the western part of the Salween, fields continue to flourish:

- o In Namkham, where the pro-military Panhsay militia leader Kyaw Myint works closely with local Burmese commanders

Down south, farmers are engaging in double, some of them even triple, croppings.

- o In Kutkhai, where the ceasefire group Kachin Defense Army (KDA) is supreme (*"Almost a pro-regime militia, even if it is still officially a ceasefire group,"* says a Kutkhai local)
- o In Mantong and Namhsan, where another ceasefire group, the Palaung State Liberation Army had *"exchanged arms for peace,"* a euphemism for surrender, on 29 April, 2005, to the Burma Army.
- o In Tangyan, where the local military and police have destroyed some poppy fields, but not those of the Lahu farmers. A Shan trader

explains, *"The Lahu enjoy privileges above Shans and Palaungs, because unlike the latter who abhor the draft, the former are more willing to serve either in the military or militia services."*

(See map p. 15)

Down south, the Pa-O and Shan farmers in Hsihseng and Hopong townships are engaging in double, some of them even triple, croppings. Many are also reported to be growing poppies in their lowland paddy

fields following the annual rice harvest in October. *"The locals there, especially the Pa-Os, have also learned to reduce the bulk of the opium resin (by 90%) by cooking it into morphine, recounted a migrant laborer in Thailand who recently returned from the area. "It is easier for the owner either to store or transport the fruit of his toil in a reduced form."*

(See map p. 16)

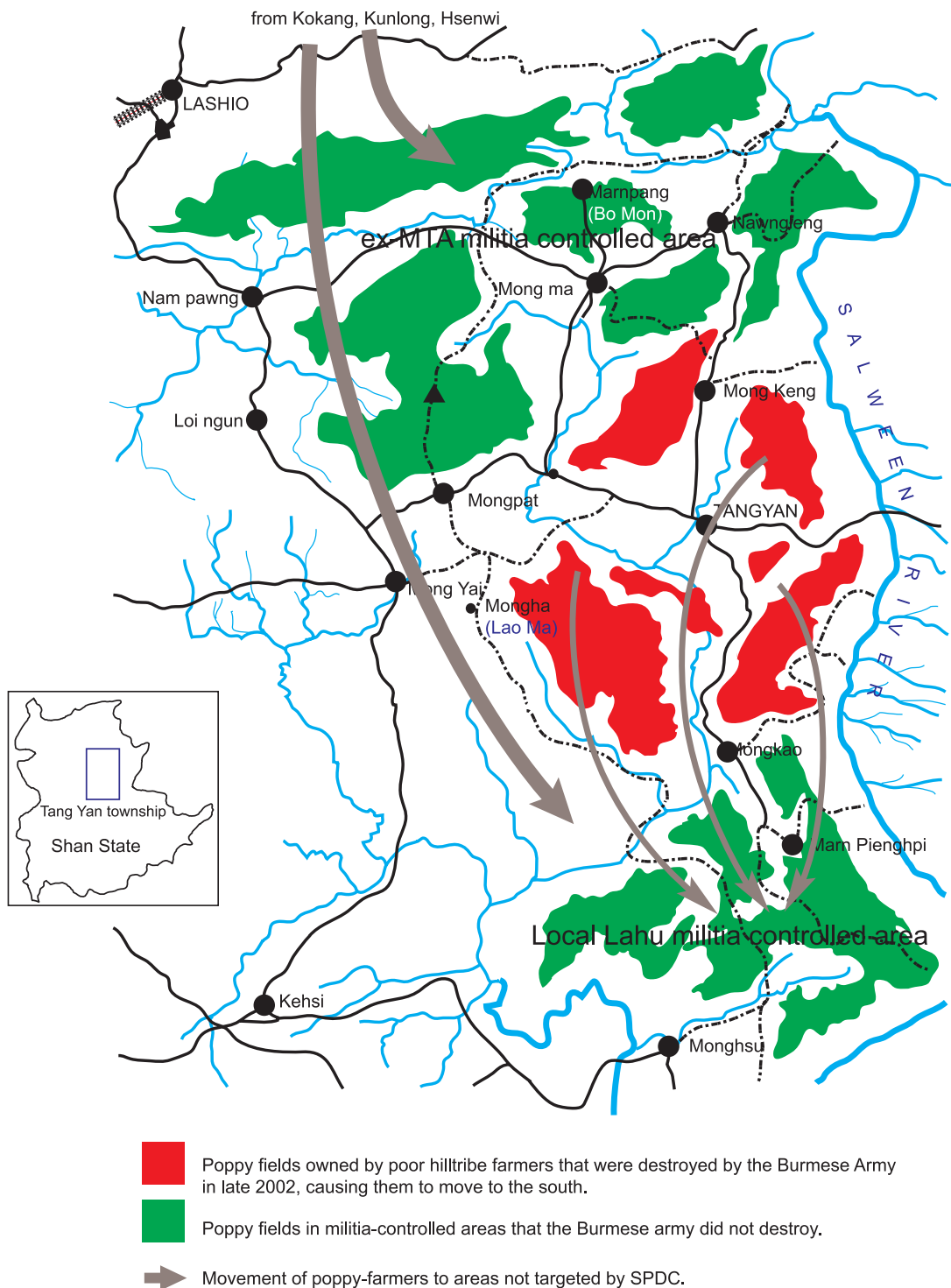


KDA Chairman Mahtunaw

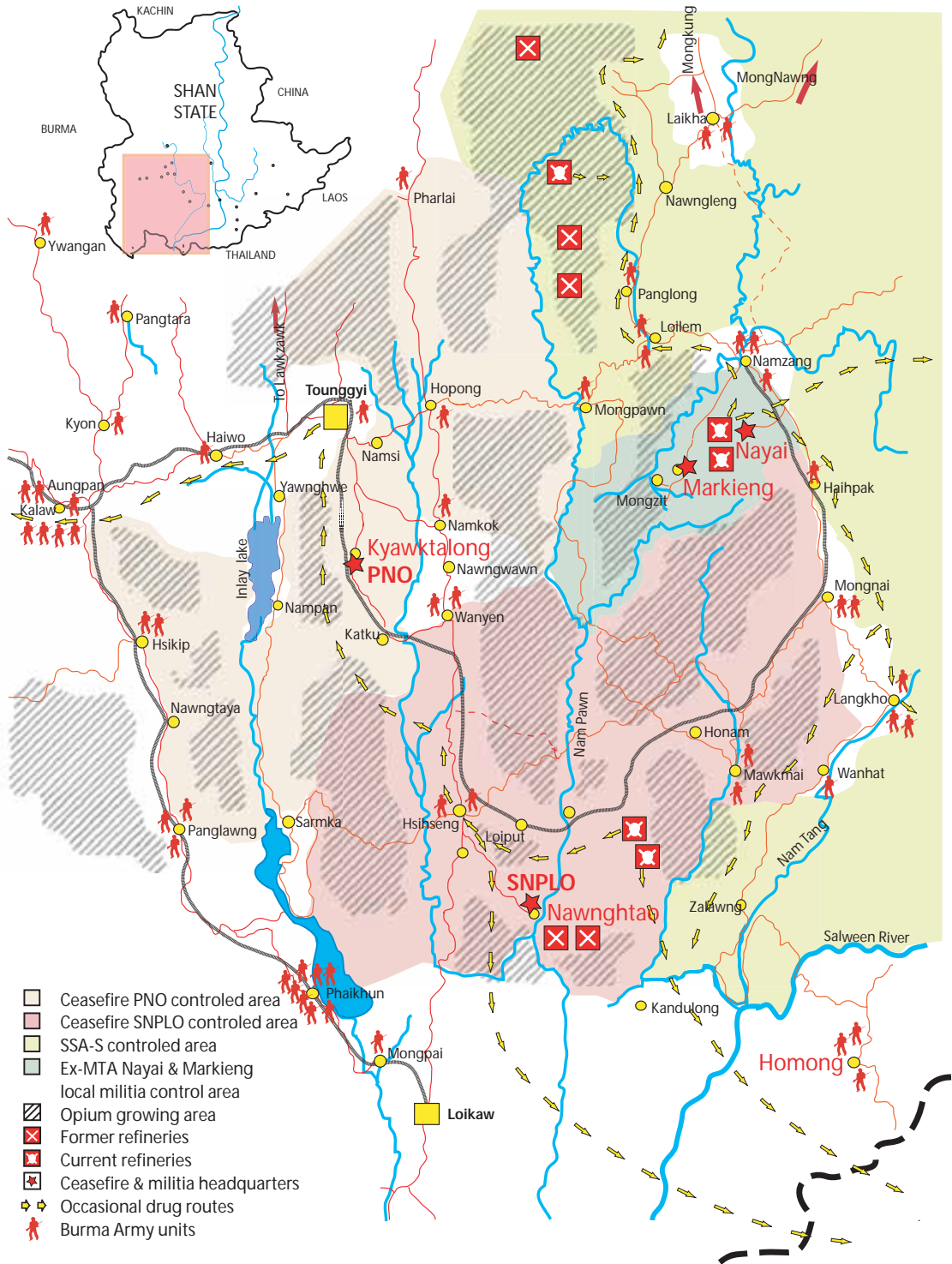
Flourishing fields have also been reported in other southern Shan townships like Mongpan, Monghsu, Mongnai, Namzang and Kunhing. Farmers in Kunhing's Wanlao village tract pay 10% tax for every viss (1.6 kg) to the local military units: LIB (Light Infantry Battalion) 246 and LIB 524. *"The military receives its tax in cash,"* said a local trader, in December 2005. *"The price of opium there is 500,000 kyat (\$420) per viss. But some villages are said to have paid them*

a lump sum, 1.5 million (\$1,250) kyat per village."

In eastern Shan State, high yields have been reported especially in Mongton, Monghsat and Mongpiang townships, opposite Maehongson, Chiangmai and Chiangrai provinces. *"On the hills surrounding the (Thai-initiated) Yawngkha drug-free project, poppy fields can be seen from our side of the border,"* said a Thai military officer in late 2005. **(See map p. 17)**



Opium growing areas and drug refineries in South-western Shan State in late 2005



Poppy fields around Yawng Kha drug-free project (2004-2005)



Shan-Kayah (Karenni) border during the 2005-2006 poppy season (November 2005-March 2006)

Photo credit: Karenni Anti Drug Action Committee (KADAC)



Even PaO villages inside controlled areas of ceasefire groups are being forcibly relocated.



IDPs struggle to survive by growing poppies and harvesting them, a period of 3-4 months, before moving on.



Fields that used to grow rice are now planting poppies.



Even garlic that fetches money in a shorter time than rice is no match for opium poppies. New technology in the form of insecticide is applied in poppy cultivation.



Modern education as trumpeted by Rangoon in action.



Imagine the future of children brought up among poppy fields. Year in and year out their lives are wasted among the fields.





Selective slashing

Rangoon has reportedly authorized opium destruction campaigns since December 2005, but local commanders and officials have shown only lukewarm enthusiasm to eradicate opium, to say the least. *"When they are on a destruction mission, most consult with the local headmen about which fields they should choose to destroy,"* explained a shop-keeper in Mongton, opposite Chiangmai. *"Then what they do is to slash them down, take photo-graphs and submit a glossy report to their authorities."*

All sources claim that the reports of poppy fields destroyed given by Rangoon are *"absolutely unreliable."* *"In Mongkerng (southern Shan State), the farmers lost about 100 viss (160 kg) when their fields were slashed (in March 2006), but they could still harvest more than 1,000 viss,"* said a native of the township. *"But the police reported that all the fields had been wiped out."*

A source in Mongton concurred. *"On 21 January, 2006, the local police were ordered to destroy the poppy fields in Hopang (southeast of Mongton), but what they destroyed was a field of rather poor yield. They didn't touch any fields not suggested by the village headman."*

The typical Burma Army attitude towards drugs can be explained by a conversation which took place in March this year between a Light Infantry Battalion (LIB) 518 column commander and a village tract headman in Mongkerng township, which went something like this:

Commander: *So you want democracy, don't you?*

Headman: *Certainly, sir.*

Commander: *But I'd say you've already got it.*

Headman: *Could you elaborate, sir?*

Commander: *Sure. Just take a few examples. Which country except Burma allows you to drive unlicensed motorcycles? And which country except Burma allows you to grow poppies freely? That's democracy*

Opium in Shan State decreasing or increasing?

"When I was young, there were only a few acres of poppy fields in my village and few people were addicted to drugs. But later on, more families rapidly expanded their opium fields as they wanted to make more money."

"In growing opium, farmers aren't the group who get the most profits but they can make a little money in the same way as farmers who grow paddy and corn for their livelihood."

Gyung Mang, 28 year old Kachin from Lashio, Mizzima News, 2 December 2005

To the people at the ground level, i.e. the growers and the dealers, opium production is on the rise.

But to those at the satellite level, i.e. the drug experts, it is definitely on the decline.

The former tells the latter: You don't grow poppies, how could you know production is down?

The latter retorts: You don't see the whole picture like I do, how could you know production is up?

Regrettably, the only people who are qualified to arbitrate in this matter are big-time dealers, like Wei Hsuehkang, who cannot afford to lose by miscalculation. However, their assessments may matter very little to those in the United States and Thailand whose shared objective is to catch them and bring them to justice.

It is interesting to consider the estimates in 1988 of one of the big-time dealers, Khun Seng aka Chang Pingyun, uncle to Khun Sa, once dubbed Lord of the Golden Triangle. According to him, total annual opium production in Shan State was as follows:

1970's - 120-180 tons
1980's - 160-230 tons

This was at a time the UN was providing the following estimates:

1977 - 800 tons
1987 - 997 tons

However, in 1996, both Khun Sa and Khun Seng decided to make their peace with Rangoon and have since *"gone into retirement,"* thereby leaving S.H.A.N. in the lurch for further information on drugs. Unfortunately, S.H.A.N. has not been able to turn to the next *"druglord"* Wei Hsuehkang for advice, as he has little interest in sharing such information with news agencies. But Khun Seng's

original data is telling: opium figures between those upstairs and downstairs are worlds apart.

In recent years, while the UN has continued to claim significant decreases in opium cultivation in Burma, various factors appear to indicate the exact opposite. These factors are as follows:

- u Increased poverty has led many former rice farmers, tea planters and cheroot-leaf growers of Shan State to forsake their long-standing livelihoods in order to plant poppies;
- u Areas in Shan State where poppy-growing was formerly unheard of are now reported to be growing poppies, e.g. Wanheng-Napoy in Laikha township in the latest 2005-2006 season;
- u Military and police units are becoming increasingly dependent on local people for food and money;
- u There are increasing reports of poppy fields outside Shan State as each year goes by: first Kachin, then Kayah, Chin and Arakan states and Sagaing, Mandalay and Magwe divisions.



Khun Seng and Khun Sa

CHAPTER THREE

Churning out the pills

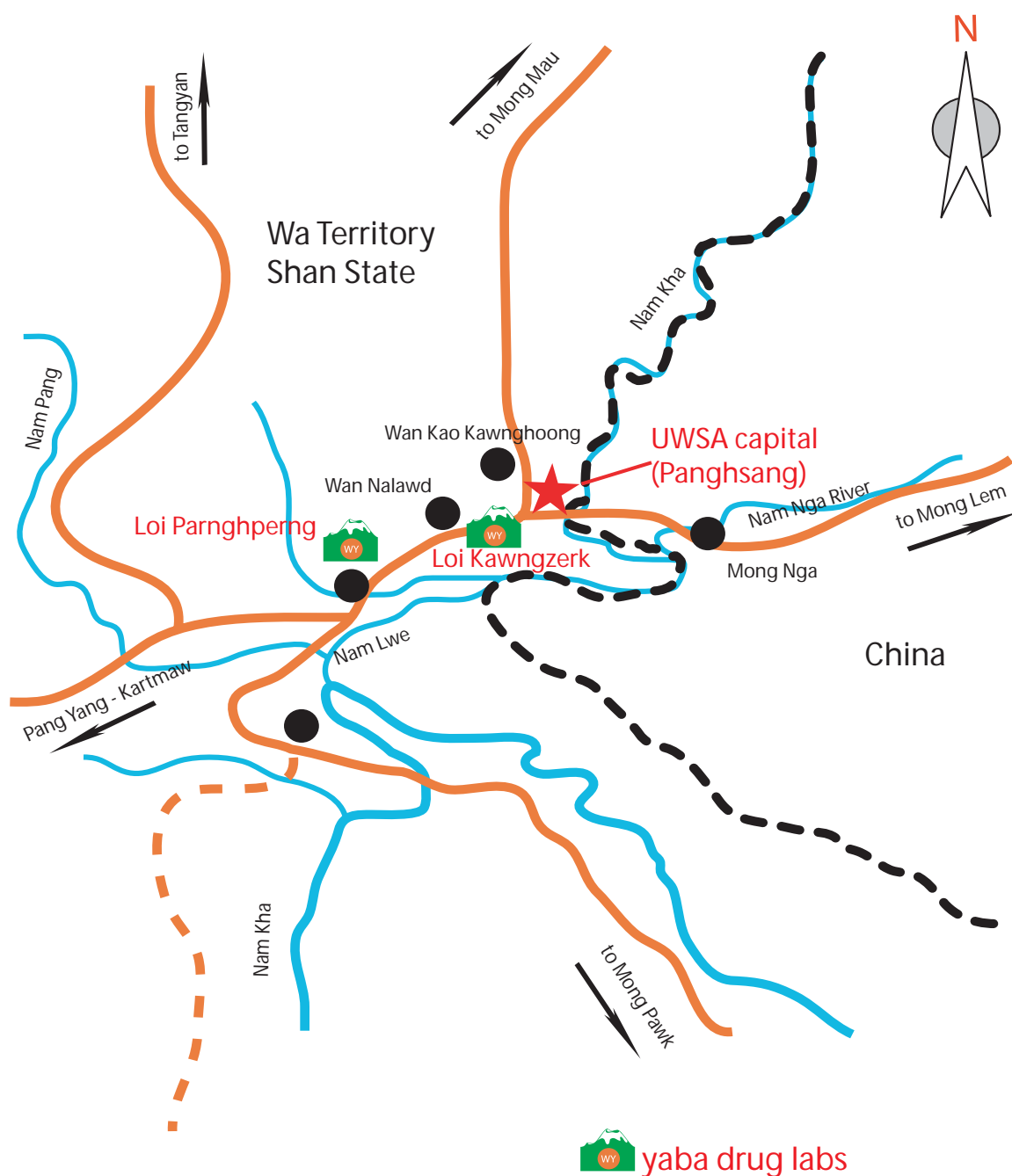
If you talk about ATS (Amphetamine Type Stimulants), you need five ingredients: chemical precursors, an undisturbed place to produce it, expertise, markets and transportation routes. (Burma) offers one of those, the undisturbed place.

Jean-Luc Lemahieu,
former head of UNODC Rangoon,
Bangkok Post, 27 November 2005

The factories

The smallest laboratory is about 8 x 8 square ft. The biggest, according to a Wa officer who deserted in 2004, was the Wa factory located at Loi Kawngzerk, a hill two miles west of the UWSA headquarters of Panghsang. Around the hill was a high concrete wall. Inside the wall, the hill had been dug out to make a 40 x 100 square meter cavern containing four machines, two of which were able to turn out 72 pills per minute each and up to 7-7.5 million per day. **(See map p. 24)**

Methamphetamine labs near Panghsang (2003-2004)



Home-made production and some portraits of consuming

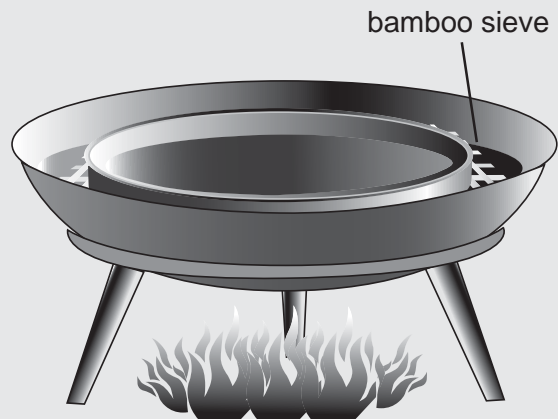
Making it easy

1. Stir the prepared mixture in a shallow tray, using heat from boiled water vapor.
2. The heat must be just enough for the water to bubble mildly (fuel can be gas, charcoal or wood).
3. Stir until the mixture melts; add color and scent
4. Normal length of time for the process; 40 minutes
5. Set the tray down from the fire
6. Start making it into pills

Steel basin



bamboo sieve



One type of “mortar” and “pestle” for compressing yaba



One tray can hold about 1 kg of yaba powder. 1 kg of yaba powder can be compressed into 5,000-20,000 pills. One would need, at that period, 1998-2000, about \$ 2,000-2,500 capital. Beginning 1998, the United Wa State Army began to manufacture different brands. WY, WY two brothers, WY 4 brothers, 999, M99, One Dragon, Two Dragons, in Hotao, Nawngphai and Monghpen, where Bao Youhua was supreme.

The Monghpen product was the most popular. The product was mostly in pill-form but sometimes in capsule-form.

- u 200 pills make 1 bag
- u 5 bags make 1 roll
- u 2 rolls make 1 packet
- u 50 packets make 1 backpack

security is provided by the UWSA, external by the local Burmese troops.

The list below includes only the known factories in Shan State. It is estimated that more than twice this number exist.

"The counter dial gives an alarm every 200 pills," said an insider source at Hopang-Hoyawd in Mongton Township, opposite Chiangmai's Fang district. "You then pour them into a bag and add 1-2 absorbent pills."

The factory, one of two in the area, is run by Ta Roong, Commander of the UWSA's 214th Brigade. His chemist is Yang Chen aka Kyaw Myint, 54, who has a home in Tachilek's Sansai Quarter and gets a 10% cut from the proceeds. Internal



Maha Ja, leader of Homong militia force and owner of SSS Company

Thai authorities openly state their frustration at the existence of factories on the Burmese side of the border. In the Bangkok Post on January 8, 2006, Pol Lt-Gen Krisana Pol-anand, chief of Thailand's drug enforcement agency, was quoted as saying that three major production plants were still operating deep inside Burma and many others along Burma's northern border with China.

Known methamphetamine factories in Shan State

	Townships	#	Who
1.	Namkham	2	Panhsay Kyaw Myint/Yang Mouliang
2.	Kukhai	10	Kachin Defense Army
3.	Kunlong	1	U Haw Special Police, Holi Tract
4.	Tangyan	3	Manpang militia, Mongha militia, First Brigade of Shan State Army-North
5.	Monghsu	1	Yangju of Loi Hsophsur
6.	Namzang	2	SNPLO (Shan Nationalities People's Liberation Organization), Kao Shan – Chou Sang (Nayai)
7.	Homong	2	Mahaja
8.	Mongton	3	UWSA (United Wa State Army)/Kokang
9.	Monghsat	2	UWSA/Lahu militia
10.	Tachilek	3	UWSA/Lahu militia
11.	Mongpiang	1	UWSA
12.	Mongyawng	2	UWSA
13.	Panghsang	2	UWSA (ordered to move south in May 2005)
14.	Mawkmai	2	SNPLO
15.	Kokang	1	MNDAA (Myanmar National Democratic Alliance Army)

Mongyawn-based
Independent Regiment
2518, UWSA



Bao Youxiang 10 years ago
in Panghsang.

Some locals claimed inside
the high walled compound
was a drug factory.

Peng Jiafu,
vice chairman, MNDAA



The precursors

Until China and Thailand toughened up their borders a few years ago, most of the raw materials and production equipment came from these two countries:

- u Ephedrine (Ma Huang Hsu) from China
- u Caffeine from Thailand
- u Compressors from both

Today, the borders are tighter, but according to reports received late last year some precursors were still coming from China through the garbage trucks that unloaded their unwanted refuse on the Burmese side of the border and others through Laos, with which Burma shares a 235-km border.

The bulk of the precursor chemicals at present are coming from India, including *Jianfeng* (scent or color) and compressors (the number of slots varying from 1, 4, 6, 12, 28, 32, 39 to 72).

Shipping these items also does not seem to be much of a problem, with assistance from local army units. On 19 March 2004, two 39-slot compressors coming from Panghsang, the Wa capital, were relayed from Mongpiang to Mongton on the Thai border by a Captain Zaw Win from Mongpiang-based SPDC Infantry Battalion 43 to Yang Shaoching aka Chao Ching, a lieutenant of Wei Hsuehkang.

Despite such ill-hidden collusion with the Burmese military, Wa leaders have continued to deny outright their involvement in the yaba trade. *"We don't have the chemicals and the expertise,"* Wa leader Bao Youxiang said in the Bangkok Post, 27 December 2003.

Brands

There have been many brands of pills in Shan State, right from the beginning (Khun Sa's Homong alone had Star I , 99, 𑜋 and 𑜊 in 1994-95). The most well-known is WY. However, an outsider can make mistakes even with the WY brand not only because there are so many imitations but also because there are in fact two WYs:

All you need is to get the starting materials and then urban laboratories can be established anywhere in the world, small or big factories.

Akira Fujino,
head of Bangkok-based
UN Office on Drugs and
Crimes, Reuters, 12
September 2005



- u WY (notice a Y with a vertical stem) which is the more high-powered, (its ephedrine - caffeine ratio is 1:5)
- u Wy (the y with a tilting stem) which is milder, (ratio 1:4)

Apart from the WYs, there are numerous other brands, including 888, R2, OK, Gold, Tiger, Heart, Chicken World (of Kokang), Skull-Tomb-Hoe (Kachin Defense Army), Dragon, Horseshoe, Horsehead, Flower and Hare. As the WY is the most copied brand, its original producers have had to keep manufacturing new mixtures in order to stay ahead and keep their customers satisfied. New mixed brands have included:

- u Two Brothers
WY mixed with Wy (100 pills each per bag) from 1997-2000



- u Four Brothers
WY (long stem Y) and Wy (long stem y) mixed with WY (short stem Y) and Wy (short stem y) from 1999-2006
- u Tiger short tail-dimple (currently being sold)

The ephedrine-caffeine ratio is 1:4. The straight Y is short-stemmed (short tailed) with one side of the pill sunken (dimpled). The current price is 20 baht (\$0.5) wholesale (500,000 pills upwards) for export. It is not seen in the local market. It is said to be manufactured in Mongyawn, the main base of the UWSA's 2518th Independent Regiment.

- u Tiger long tail-R20 (also currently sold)
R20 pills come together with the original straight long tail WY, 20 pills per bag. They are reportedly produced at Nalawd near Panghsang for long-standing customers. Wholesale prices range between 2 Yuan - 2.5 Yuan per pill (\$0.25 - 0.30) at Panghsang and 14.5 - 15 baht (\$0.35 - 0.37) in Tachilek. The retail price is 25 baht (\$0.6).

Asked why they were called Tigers, one source claimed that the name had been coined by someone with a sense of humor. *"Those who deal in them are able to become owners of Toyota Tigers,"* he explained.



The new brand

This new brand, with the letter W on one side and 99 on the reverse side, is smaller than other brands, but twice as potent, according to the sources. It was first introduced at the drug market in Nakawngmu, Mongton township, opposite Chiangmai in May. The promotional price was 500 Kyat (\$ 0.5)

CHAPTER FOUR

Shipping out

Exporting drugs to Thailand is fine, but selling them here (in Burma) will get your throat cut.

Maj Gen Maung Bo,
Commander of Eastern Region Command (1997-2001),
Quoted by a ceasefire officer in 1999, S.H.A.N.

Drugs, both *yaba* and heroin, are reported to be leaving Burma along the following routes:

- u **China** (sharing a 2,192 km border with Burma)
Along the porous land border and across the Mekong
- u **India** (sharing a 1,331 km border with Burma)
Through Tamu and Homalin in Sagaing Division



Maj Gen Maung Bo

u **Bangladesh**

(sharing a 256 km border with Burma)

According to local news sources, the trade in WY *yaba* and consumption of the drug is increasing in Arakan state's Maungdaw

u **Thailand** (sharing a 2,496 km border with Burma)

It is well-known that direct border crossings are extremely dangerous (so dangerous that carriers are getting 3.5 baht per pill instead of the usual 1 baht per pill), although entering through the Thai province of Maehongson appears to be safer than through the provinces of Chiangmai and Chiangrai. Therefore, according to smugglers, only an estimated 20% of the product in eastern Shan State goes directly across the border by land or water. The bulk, about 50%, goes through Laos, with which Burma shares a 224 km border. The rest (about 30%) is consumed by locals.

However, the direct border crossing routes appeared to regain popularity during the January-April 2006 political crisis in Thailand, where police were assigned to focus their attention on more serious internal security matters. *"If I were a drug merchant, this would be the right time for smuggling,"* Pittaya Jinawat, head of Thailand's northern drug enforcement agency, stated in the Bangkok Post, 23 April 2006.

Further north, on the Sino-Burma border, the drug situation had deteriorated so significantly that China came close to calling a spade a spade in 2005, according to Chinese-Shans in Yunnan.

"In the past, drugs were always 'coming from the Golden Triangle,' never from 'Burma'," said a Shan businessman close to Chinese drug enforcement authorities. *"Now they are coming 'across the border'."*

Smugglers use various kinds of transportation:

- u **Motor vehicles** - these are the fastest but least preferred means, due to the high expense of paying off the frequent Burma Army checkpoints. However, recent reports from Tachilek indicate that many post-Khin Nyunt officials are such incompetent examiners that smugglers do not even have to bribe them.

A resident of Tachilek who used to be a UD Condor 6-wheel truck driver for the Wa's Hongpang company recounted how he and other fellow drivers were left at Wei Hsuehkang's Marco Polo Department store in Wan Hong, Monghsat township, one evening in 2002 while the trucks assigned to them were driven away by the company staff members to a warehouse 5 miles



Border Gateway # 2 Ziegao-White Elephant Market (Muse)

southeast. Later, the trucks returned, and they were told by the manager U Chong Tay, 48, *"Your job is to drive, not to be concerned with what's in the truck."* The convoy, led by an advance car, then drove all night and the next day to Panghsang with several stops at Burma Army checkpoints, but without a single mishap.

To reduce expenses, one favorite practice is to seek paid services of SPDC military officers. *"The NW and SW number plates (used by Wa) also help,"* one insider explained.

- u **Backpackers** - At least until 2004, this method was used by the UWSA to the east of the Salween River and other ceasefire groups to the west. Rucksacks, each containing 100,000-120,000 pills, were carried by hired hands and escorted by armed fighters who hiked across the hills to the Thai border.

One smuggler who had just trekked out from central Shan State in 2004 told S.H.A.N. that he had received 15 Kyat per pill, altogether about \$1,500 - \$1,800.

- u **Boats** - *"With trucks you have to pay the Army by the trip,"* an ex-Mong Tai Army militia member explained in early 2006. *"But with boats, you only need to pay them by the month."*

It is common Knowledge that boats plying the Mekong are being used to move drugs



To avoid detection, the sensitive cargo is sometimes suspended from the bilge of the boat if the water is deep enough.

There are also several ways of camouflaging the goods to get them across the border:

- u Commonly used methods, but still serviceable if you're lucky, include hiding them in one's stomach, private parts, shoes, coconuts, chocolate boxes

and fruit cans (*Wei Hsuehkang has a cannery in Monghsat, opposite Chiangmai's Mae Ai district*).



Hall of Opium museum in Chiangsaen, Chiangrai.

- u Other methods include hiding them in the insides of livestock such as pigs, chicken, tortoise, fish and cattle. One of the cattle drovers coming from Kayah state to Maehongson admitted that plastic bags of *yaba* were fed to selected cows or buffaloes before crossing the border and slaughtered to retrieve them afterwards.
- u Some other tactics revealed in the \$10 million Hall of Opium museum at the Golden Triangle in Chiangrai include:
 - q Amulets made of *yaba* instead of the usual clay
 - q Shirts soaked in heroin solution
 - q Plaster arm casts
 - q Trucks with false bottoms.

The dry months from November to the end of April are easiest for smugglers to travel. However, according to some smugglers, the rainy season also has advantages as security along the border is slacker.

CHAPTER FIVE

Militia on the rise

Everyone with a gun in hand is involved
A Palaung leader,

Bangkok Post, 30 Nov 2003

Among the Burma Army, none has been more notorious for involvement in the drug trade than Myint Aung, who rose to become the commander of the Southeastern Region Command until he was ordered by Rangoon to “retire” in 2001. As commander of Infantry Battalion 65 in Mongton, opposite Chiangmai in the late 80's and early 90's, and later as the area commander, his battalion oversaw all the drug activities in the area, where most of the drug factories were located at that time. He was succeeded by Lt-Cols Myint Sway and Hla Myint as commanders of IB 65. In S.H.A.N.'s report “*Show Business*”, Myint Sway and Hla Myint were reported as presiding over drug

meetings with the Wa, a precedent which had been set by Myint Aung.

A strikingly handsome man, he once told a businessman from Thailand that he had chosen a military career in the interests of the entertainment society. “Most of the male entertainers would have starved to death, had I become an actor,” he said jokingly.



Above, Myint Aung, as commander of Infantry Battalion 65 in Mongton, Shan State (1991)

Below, Myint Aung, as area operations commander in Mongton (1996) with Liu Weiming, who was captured in 1997 by Thai and American authorities

Thanks to his close links to UWSA druglord Wei Hsuehkang, Myint Aung became one of the richest Burmese generals. This cozy relationship evolved during the era of Gen Khin Nyunt, from 1989-2004, when ceasefire groups received significant privileges. Their vehicles were rarely stopped; if stopped, rarely searched; if searched, rarely taken into custody; and if taken into custody, soon released.



Golden opportunity

Local people interpreted Khin Nyunt's waving of hands as a green light to drugs as long as he was in power.

Now under Deputy Senior General Maung Aye, Burma's #2 man, the rules appear to be changing, and the pro-Rangoon militias are now being favoured over the ceasefire groups.

"Militias have been formed under our supervision," Col Win Maung, SPDC area commander of Mongton, was quoted as telling Ja Pikoi, leader of the Hwe Aw militia, on 4 November 2005. "You have been loyal to us as our eyes and ears. Our superiors have therefore directed me to inform you that henceforth you no longer need to play second fiddle to the Wa and other ceasefire groups. Consider yourself superior to them and if there is any encroachment by the Wa in your assigned area without your permission you can shoot first and question them later. We will be ready to come to your rescue anytime you find yourself the worse for it."



General Maung Aye

This policy change, although only pronounced recently, had been put into practice much earlier, with various events during 2005 signaling increased pressure on the ceasefire groups.

- u In April-May 2005, 2 ceasefire groups (the Palaung State Liberation Army and the Shan Staten National Army) were forced to surrender in exchange for militia status plus business privileges.

- u In August 2005, Ta Way, a Wei Hsuehkang associate, was arrested in connection with the closure of the Myanmar Universal Bank, believed to be affiliated with the UWSA.
- u In September 2005, Ta Pan, Commander of the UWSA's 2518th Independent Regiment, was arrested for involvement in the haul of 496 kg of heroin in Mongpiang.
- u The UWSA company Hongpang was also forced to change its name to Xinghong and later several others.

“Ceasefire groups are merely enemies who have taken a break in the fighting against us.”

Some predicted that these events spelled

the beginning of the end of the UWSA. While this may be true, there are other indications that Rangoon is not in a hurry to see the demise of the Wa:

- u The arrests of Wa personnel on drugs charges in August and September 2005 were treated only as individual cases and not as connected to the UWSA.
- u Moreover, the Wa company Hongpang was not closed but instructed only to adopt a new name or separate names for its subsidiary firms, which it did.

The reason for Rangoon's leniency with the Wa, observers say, is two-fold:

- u Rangoon wants to be sure that Beijing, long considered the Wa's patron, backs every Burmese move against the Wa

- u The Wa have their uses against the Shan resistance forces. Together with the Burma army, they had already fought a month-long campaign against the anti-Rangoon Shan State Army 'South' in March-April 2005. As explained in October 2005 by a highly-placed source who had recently returned to eastern Shan State from Rangoon: *“The regime*

needs the Wa to bring the Shans into line. Its policy is to leave the Wa alone as long as Burma's neighbors let them be... But in

the meantime, that doesn't mean that individual members can consider themselves immune from prosecution.”

However, in the long run, it is a safer bet for anyone wishing to deal in drugs to work with the pro-Rangoon militia than with a ceasefire group. Because, as stated by many Burmese commanders, and reiterated by SPDC Col. Win Maung in November 2005: *“Ceasefire groups are merely enemies who have taken a break in the fighting against us.”*

From mid March to late April 2005, heavy fighting between SSA-S and Wei's Military Region 171 took place in Loi Taileng HQ resulting in heavy casualties, some 700 on the Wa side and 70 on the Shan side.



New faces

New drug gangs, new production bases, new trafficking routes and new kinds of drugs have entered the fray.

Chartichai Sudhiklom,
Deputy Secretary General,
Office of Narcotics Control Board,
Bangkok Post,
6 November 2005

During the past 3 years, big fish like Wei Hsuehkang, who has a price on his head (by the United States), seem to have taken a back seat. Others hitherto unknown, particularly leaders of pro-Rangoon militia, have instead been entering international drugbusters' reports. They include:



Sai Htun Aye



Brig-Gen Myint Hlaing

- u Sai Htun Aye So-so Pyay Pyay, (also spelt Sai Tun Aye) about 40, owner of the So-so Pyay Pyay Hotel (the reason for his sobriquet) in Mandalay and the Moonshine Island Casino (Yue Liangdao) on the Mao-Shweli river on the Sino-Burma border. He is a close associate of Lt-Gen Myint Hlaing, formerly commander of the Northeastern Region Command headquartered in Lashio, northern Shan State. He is reportedly on China's wanted list, but is still going free.

A small time dealer until 2000, his meteoric rise began soon after the Mongkoe incident (24 October - 24 November 2000), where he had reportedly provided the Burma Army force under Brig-Gen (rank at that time) Myint Hlaing with vital insider information, thereby enabling the Burmese commander to subdue both the warring factions of Mongkoe Defense Army (MDA) which until then had been enjoying a ceasefire status with Rangoon.

Apart from Yue Liangdao, he has rented another 3-acre island on the Mao-Shweli border from Sai Yi Nawngkham at 60,000 Yuan (\$7,500) a month to operate the Xingang casino. He also collects kickbacks from each gambling establishment every ten days for the local government agencies: police, Special Branch, Drug Suppression, township administration and district administration as well as the regional command.

Yue Liangdao Casino





Yan Daing Aung pagoda in Lashio



Photo: Myanma Alin

Birds of a feather

Myint Lwin, Kokang Chinese druglord from Tamoeng-ngen militia group in Kutkhaitownship, who attends the junta-organized National Convention as a national races delegate.

He is a partner to Ma Guowen, leader of Mongha militia group in Mongyai township and Zhou Sang and Li Kai, leaders of Nayai militia group in Namzang township. Both groups are originally from Khun Sa's defunct Mong Tai Army.

On 28 March 2005, the Chinese authorities barred gamblers from crossing over to his *Moonshine Island* casino. On 16 June, 2005, Chinese and Burmese authorities conducted a joint raid on the casino, seizing 3 assorted weapons and an unspecified amount of drugs on the premises. Sai Htun Aye, who was taken into custody, was released two days later on the orders of Myint Hlaing. *"He was privately advised later to move his drug operations to India, and leave China alone,"* says a close associate. However, he is reportedly still operating on the Shan-China border.

He donated 36 million Kyat (\$30,000) for the new Yan Daing Aung pagoda in Lashio consecrated by PM Soe Win on 21 March 2006, which was peanuts compared to the 600 million Kyat (\$600,000) he spent building a modern stadium in Muse, inaugurated by Prime Minister Khin Nyunt in 2004.

- u Sai Yi aka Sai Yi Nawngkham, 49, came to the attention of the media when the New Light of Myanmar reported that an *"U Sai Yi"* had led 119 Shan fighters *"to exchange arms for peace,"* a junta euphemism meaning surrender, on 24 July 2005. If Rangoon was aiming to obscure reports of how another Sai Yi, the famous leader of the Shan State National Army (SSNA), had returned to the armed struggle after his far-flung units were forced to



Passage to China

Many ferry crossings on the Mao-Ruili river that serves as a boundary between China and Burma are guarded by Kyaw Myint's Panhsay militia force, close to former regional commander Myint Hlaing, that taxes the wayfarers and traffics in drugs.

surrender in April and May 2005, it was not to be disappointed. Even some widely-read exiled media began to report that Col Sai Yi had broken up with the anti-Rangoon Shan State Army-South (which he had joined after refusing to surrender) and gone back to his junta masters.

The man who had caused the confusion is a Shan born in Chinese territory. He had worked with the ceasefire group Shan State Army “North” but later left it to become a business partner of Sai Tun Aye and Bo Mon, the Manpang militia leader.

At the time of his “surrender,” Sai Yi (*note: Sai Yi or Sai Yee is a common name in Shan, meaning Second Son.*) was on the run on charges of involvement in a murder plot, filed by a rival business group. The surrender in July cleared whatever legal actions he was facing.

- u Bo Mon aka U Sai Mon, about 60, former associate of Khun Sa and leader of the Manpang militia force in Tangyan. Reports of his refineries and involvement in the Burma-India cross-border drug trade have frequently been received by S.H.A.N. He has recently been appointed as chief representative of all the militia forces in northern Shan State. His group has also been participating in the National Convention.



Bo Mon aka U Sai Mon



Bo Mon's breast patch says:
“Manpang Local Poeples Militia Force.”

Although a militia force is supposed not to exceed 30 in strength, he has more than 2,000 men. His operational area extends to the Salween in the east, the Lashio-Mongyaw-Mongkyet road in the north, Nampawng in the west and the Mongyai-Tangyan-Mongkeng road in the south.

He is known to be beholden to his former boss Khun Sa, 72, who is living under protective custody in Rangoon. “*I have come this far due to his patronage,*” he told his friends in December 2005. Obtaining permission to call on the aging Khun Sa, who is reportedly in poor health, is not an easy task, but it has never been a problem for Bo Mon. On being promoted from his post as Northeastern Regional Commander, Lt-Gen Myint Hlaing reportedly entrusted Bo Mon with the care of his ward Sai Tun Aye So-so Pyay Pyay.

Bo Mon also appears to enjoy license to kill in his domain. On 14 November 2005, Hsang Pan, 55, a villager of Hpa Hpeung, Wan Mark Tract, Lashio township, was arrested by Bo Mon's men on an unfounded charge of having unauthorized weapons in possession. His home was ransacked but nothing was found. Hsang Pan was nevertheless shot to death on 9 January 2006.

In April 2006, the SPDC conferred upon Bo Mon the Outstanding Social Services Prize (First Class), following his “success” in banning poppy cultivation in his operational area during the 2005-2006 poppy season. *(The other Shan who had received the prize is Sai Leun aka Lin Mingxian of Mongla who declared his domain drug free in 1997. However, poppies are still being reported in his area.)*



Yishay

- u Yishay, about 55, aka Chaiwat Pornsakulpaisarn, who is wanted in Thailand and has gone underground since crackdowns in January 2006. He surrendered with Khun Sa in 1996 and then became the leader of the Nampong militia force in Tachilek township. A native of Kengtung, he was granted Thai citizenship after he joined the Shanland United Army (SUA) led by Khun Sa around 1980 *(Thai policy favors hilltribes over Shans)*.

In 2003, his homes in Chiangmai and Chiangrai were raided by Thai authorities and he has not been heard of entering the kingdom since.

In early 2006, he went underground after his long-time colleague and business partner Naw Kham's home in Tachilek was raided by Burmese authorities, believed to be under pressure by China, on 10 January. Both of them were reported to be close to Maj-Gen Ko Ko, Commander of the Pegu-based Southern Region Command, who had previously served in eastern Shan State. Yishay had known Ko Ko, then a colonel, since 1999, when he was overseeing battalions in Tachilek. Col Ko Ko reportedly received 30,000 baht monthly as well as other gifts from Yishay throughout his posting there, until 2001. Both Yishay and his colleague Naw Kham received all the help they needed when they expanded business to Pegu division, when Maj-Gen Ko Ko became commander there.

Maj-Gen Ko Ko



It is interesting to contrast Maj-Gen Ko Ko with his colleague Lt-Col Aye Zaw, who was commander of LIB 331 and Chairman of the Township Border Committee at Tachilek from 1995 to 2001. Lt-Col Aye Zaw was known to be a plain, fighting man who earned the respect of his soldiers and Thai counterparts, but was unable to present gifts to his superiors, and was bypassed by his juniors in promotions. He was so disheartened he became a monk in Toungoo.

Meanwhile, reliable reports say Yishay has been invited to return to Nampong and resume his militia duties, as he had always been favored by local Burma Army forces as an active participant in the junta's operations against the Shan State Army. However, at the time of this report, he has yet to accept Rangoon's offer. His Nampong militia is being run by one of his relatives in his absence.



Lt-Col Aye Zaw

- u Ta Roong, about 52, Commander of the UWSA's 214th Brigade, with headquarters at Hopang-Hoyawd, Mongton township, opposite Chiangmai. He has a home in Sansai Lue quarter of Tachilek. He has at least 3 refineries under his protection. His 214th Brigade has recently changed to 414th Brigade.
- u Ja Eu, 56, leader of the Yanshin militia force in Tachilek. He is said to be close to local Burmese commanders. One of his associates, Long Liew, 40, of Markka Hokham Quarter, Tachilek, was grabbed by Laotian authorities in 2004 on drug charges. He was reportedly bailed out by the Military Intelligence Service of Gen Khin Nyunt after paying a heavy 3 million baht (\$75,000) *"fine."* His factory was at Monghi village, Mongkoe tract, Tachilek, according to the latest report in January.
- u Naw Kham.
The raid by Burmese authorities on 10 January 2006 at his home in Tachilek netted 150 assorted weapons, 2 compressors and *"countless numbers"* of meth-amphetamines. *"The amount, if sold, could have bought up the whole town,"* according to local militia sources.

Naw Kham 46, a former supply officer during Khun Sa's Mong Tai Army days, surrendered in 1996 and had been living in Tachilek as Hawngleuk militia leader until the January crackdown. Rangoon's information minister, on

26 April, said Naw Kham had been an aide to Col Yawdserk of the Shan State Army - South but was left behind after Yawdserk returned to the armed struggle. However, local sources say Naw Kham had been serving under Col Hsulai, who had commanded the Mong Tai Army forces in eastern Shan State before their surrender.

To date, he is still on the run. According to unconfirmed reports, he could be in the Southern Region Command area of Burma, where he has already acquired a new identity and a new ID card, arranged by his long-time friend Maj-Gen Ko Ko, the Southern Region Commander.

- u Panhsay Kyaw Myint, about 50, leader of the Panhsay militia force in Namkham township. He is close to local SPDC commanders including Lt-Gen Myint Hlaing. He finances poppy cultivators in his area and owns a refinery. He is often included in other news agencies' reports. Also known by his Chinese name Li Yongqiang, he and his younger brother Kyaw Htwe aka Li Yongpin, 34, who also doubles as his chief lieutenant, live in Khamhpawng Quarter, Namkham. His business fronts include:
 - q A cigarette company under a Chinese franchise at Naloi, west of Namkham
 - q A licensed pork and beef business supplying Muse and Namkham townships
 - q A gas station in Muse's Zawnzaw Quarter
 - q Yongyang Casino on the Mao-Shweli River near Muse



Entrance to Yongyang Casino

In addition, His 300-strong Panhsay militia force and subsidiary units control most of the river crossings on the Mao. His direct contact at the regional command is SPDC northeastern region deputy commander Brig-Gen Hla Myint.

Last March, when an informant reportedly told a local SPDC drug enforcement official, "Arrest Kyaw Myint and Kyaw Htwe, and



Lt-Col Khun Kyaw

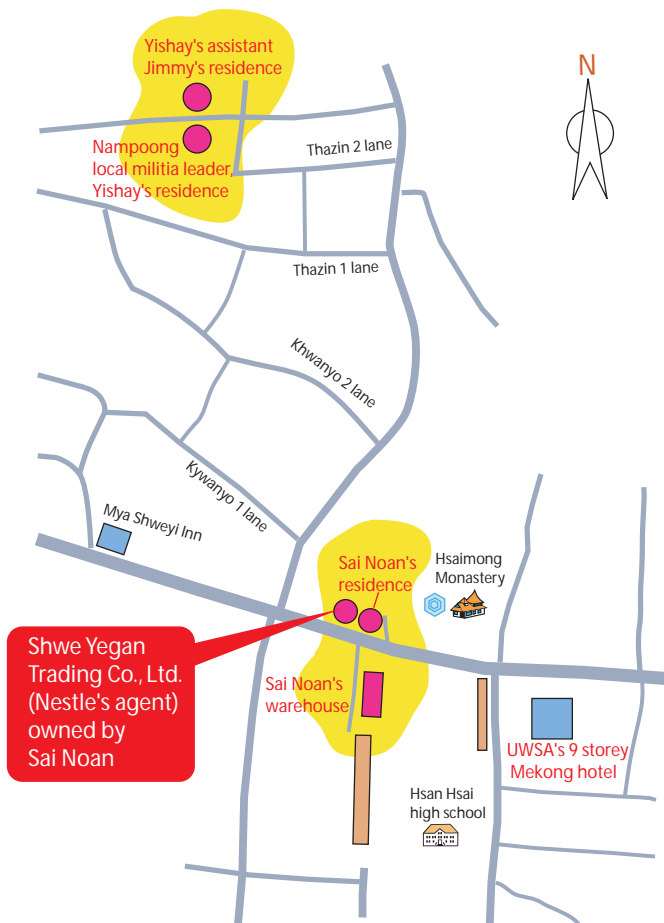
most if not all drug activities in the north will be under control,” the official was quoted as replying, “You think we don’t know? The fact is that national security says we need them and their services.”

Local sources say that his services were indeed invaluable at the start of this year during the Burma Army’s pursuit and final capture on New Years’ Day of Lt-Col Khun Kyaw, an SSA commander who was trying to establish a base on the Sino-Burma border.

The group is also represented at the National Convention, in the National Races category.

- u Panhsay Maung Win, 40, Kyaw Myint’s associate, is the owner of the Two Golden Horses dry cell company in

Hsan Hsailue quarter (eastern of Tachilek)



Lashio, where he has a home at Quarter #3. He had donated 6 million kyat (\$6,000) for the military-supervised construction of Yan Daing Aung Pagoda in Lashio.

- u Ja Seu-bo, 52, leader of the Nampan militia force in Monghpyak township, eastern Shan State, and a native of Mongyang near the Chinese border. He has his refineries near Kainao and Ngaher in Nampan tract, Monghpyak. He has for years been the chief representative of pro-junta militia forces.
- u Sai Noan, 37, who lives in Tachilek, has been a Nestle agent for years. He reportedly transports *ice* and *yaba*, stuffing them inside Nestle cans.

He owns the Shwe Yegan (Golden Lake) Hotel in Tachilek's Markkahokham quarter plus the Shwe Yegan (Golden Lake) Import-Export Trading Co.Ltd next door to his house on the Main Road in Hsanh sai Lue Quarter, of Tachilek.

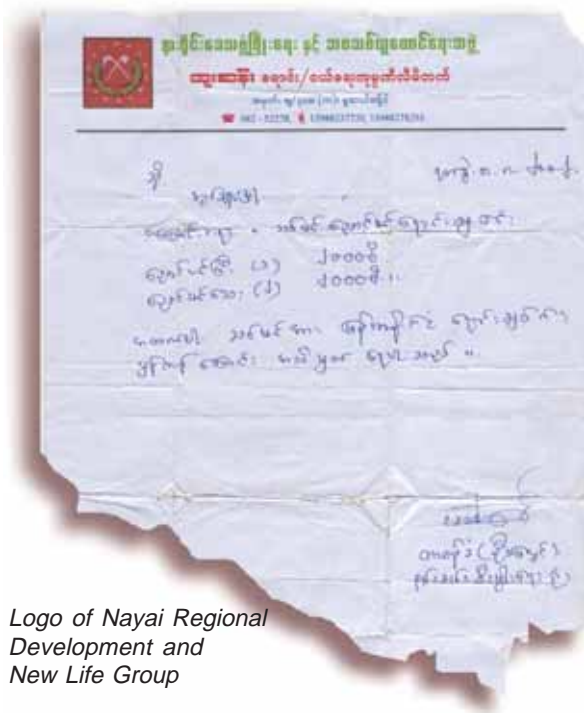
- u He Zengtien, better known as Hsiao Haw, 45, is the son-in-law of Bao Youxiang. A native of Longlin in Yunnan province's Dehong prefecture, he moved to Ta Moengngen in Kutkhai township, north of Lashio, during his adolescence. He is the principal shareholder in Mong Mau Co., one of some 30 subsidiaries of the now defunct Hongpang Co. He is said to be handling money-laundering operations both for Bao and Wei, and working closely with the Jadeland Co. of the Kachins.
- u Than Win, 45, an ethnic Chinese native of Tangyan, together with Bo Mon, is one of the moneymakers for former SPDC Northeastern Regional Commander Lt-General Myint Hlaing and SPDC Col Khin Maung Myint, commander of the Tangyan area. While engaging in the logging business has earned even Gen Hso Ten, a Shan ceasefire leader, a long jail sentence, logging trucks owned by Than Win and his partners have never been stopped at Burma's numerous checkpoints. He came to S.H.A.N.'s attention after he gave a brand new \$80,000 Land Cruiser as a wedding present to Lt Col Myint Hlaing's daughter in January 2006.
- u Li Zichang, a native of Mongkoe, Muse district, used to be the headmaster of a Chinese language school at Hwe Monglong near Mongkoe. A former business associate of Li Nimin and Li Zenqi, who were executed by the Burma Army during the Mongkoe mutiny (24

October - 24 November 2000), he has a grand mansion in Lashio, which he has rented to Save the Children and UNDP. He himself lives in Mandalay most of the time. His new business associate is Ma Guowen, leader of the Mongha militia force in Tangyang township.

- u Khin Maung Yin aka Lao Zhong, a former six-wheel trucker, rose to become one of Lt-Gen Myint Hlaing's bankers. He is said to be richer than another of Lt Gen Myint Hlaing's favorites, Sai Htun Aye So-so Pyay Pyay. He is owner of a hotel and the Bei Shide discotheque in Ruili, and is currently building a housing estate there.

Police inspector Win Naing, an ethnic Fujien Chinese, who has recently been transferred to Tachilek, is his brother-in-law.

- u Myint Swe, over 50, is an ethnic Chinese native of Nam Hpakka, Kutkhai township. He has homes in several places: Nam Hpakka, Muse, Kutkhai, Panghsai and Mandalay. He joined the Kachin Defense Army, formerly the Kachin Independence Army's 4th Brigade, after its ceasefire pact with Rangoon, and now enjoys the rank of lieutenant colonel there. He is known as another bankroller for Lt Gen Myint Hlaing.
- u Zhou Sang, a former member of Khun Sa's Mong Tai Army, is the boss of the Nayai "*New Life Development Project*" and Htoo Hsan Purchase and Sales Co. Ltd. in Mongnai in southern Shan State with a branch in Muse. He is associated with Taklay, leader of the ceasefire group Shan Nationalities People's Liberation Organization (SNPLO), through his long-time partner Kao



Shang's marriage to the latter's daughter Naw Nyunt May. Sources maintain he has at least two refineries under his protection near his base.

u Ja Ngoi, 45, and his sidekick Ai Long, both militia leaders of Punako village, Mongtoom tract, Monghsat township, came to the attention of narcotics officials across the border when Maejok, a village used as a staging post by drug smugglers before slipping into Thailand, was raided by a Shan State Army unit in February 2002. The whole shootout was recorded by Thailand's Channel 7 and the coverage earned it an award.

Focus was on him again when his militia force was ambushed by the SSA on 21 April 2006, while reportedly attempting to transfer 200 kg of heroin coming from its refinery at Ah Mae, near Punako.

Ja Ngoi has for years been said to be operating 3 factories (*two heroin and one yaba*) in his domain right under the nose of 2 SPDC Light Infantry Battalions, the 553rd and 554th, in the area.

He is said to be richer than Yishay, militia leader of the neighboring village of Nampong, who is still at large following a major drug crackdown in January 2006 which also bagged other militia leaders like Marku and Sai Pan Mawng. However, the much publicized campaign never touched him.



CHAPTER SIX

Crackdown charades

Political offenses like listening to the BBC are ten times more serious than a drug offense.

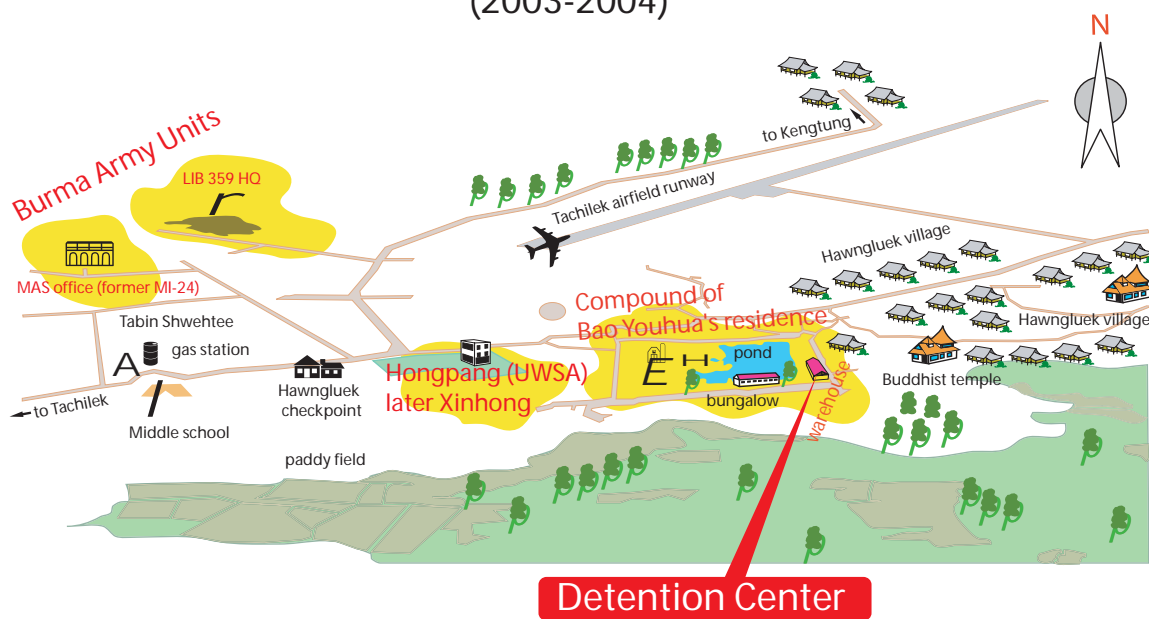
A military intelligence officer,
addressing village headmen in Monghpyak,
June 2003

On 13 November 2003, Bao Youhua, youngest brother of Wa supremo Bao Youxiang, arrived in Tachilek, opposite Maesai, and put up at his place at Hawngleuk, which he had purchased from a local druglord shot down by rivals in 1997. The establishment, known by its neighbors as “Fish Pond”, includes a 400 x 500 meter fish pond, 2 casino halls, 1 karaoke parlor and a motel. The compound is 800 meters wide and 1,200 meters long with a 2.5 meter-high concrete wall. **(See map p. 50)**

Until 18 February 2004, when he went back to Panghsang, Bao Youhua reportedly used this location to detain 113 *yaba* dealers (87 male and 26 female) who had failed to pay their debts. Survivors revealed that some of them had been snatched by members of Military Intelligence #24, its office a little over one kilometer down the road, and handed over to Bao.

On 24 September 2004, Tin Tun Aung of Wan Kungjawng, Quarter#1 in Kengtung

Bao Youhua's "Fish Pond" detention center, east of Tachilek (2003-2004)



was arrested after he and his friend had stabbed a Shan named Sai Zoe to death, after taking *yaba*. Both were bailed out by police officer Myo Myint, brother-in-law to Tin Tun Aung, the next morning. All sources swore the *yaba* in Tin Tun Aung's possession were given to him by Myo Myint for sale.

The vicious circle
of selling,
being arrested,
bribing,
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going back to
selling has only
become worse
not better

At Namzang village, 12 miles from Muse and 7 miles from Namkham along the Sino-Burma border, a number of ethnic Chinese residents are reportedly making a living by selling drugs, both heroin and *yaba*. *"Many of them get arrested after being informed on by us, only to be released after paying hefty fines. They go straight back to selling drugs,"* said a frustrated villager. *"The drugs seized by the police are then turned over to friendly dealers for sale."*

The vicious circle of selling, being arrested, bribing, being released and going back to selling has only become worse not better, stated

another source on the China-Burma in April 2006.

In Muse, opposite Ruili, there are two categories of drug busts: overt and covert, say sources. *"When it is overt, you can safely bet at least one-quarter of the loot will not be reported,"* said a businessman. *"But if it is covert, the higher authorities can count themselves lucky if they ever receive a report."*

Enforcers from other units are sometimes employed to make seizures. *"The trick is not to let the local officials learn about the operation in advance,"* said a source who claimed he no longer dealt in drugs. *"Otherwise, raids almost invariably end up just with token hauls, as most of the drugs have already disappeared, together with the suspects."*

With such lax law enforcement, Muse's Homon, Tawyawd and Zietawng quarters are thriving retail markets for all kinds of drugs. Local law-enforcers only appear occasionally, to collect fees. To respond to the growing drug problem. NGOs like Care



Tawyawd Quarter in Muse, another free retail market for drugs

Myanmar and Marla have come to carry out harm reduction programs.

Not suprisingly, almost all cases handled by local lawyers concern drugs. Two lawyers from Muse gave the following estimates of defendants in such cases:

- u Bosses (mostly ethnic Chinese) 5%
- u Carriers and middlemen (mostly Kachins) 25%
- u Retailers and users (mostly Shans and Burmans) 70%

Freedom in most cases depends on money, good connections and well-connected lawyers.

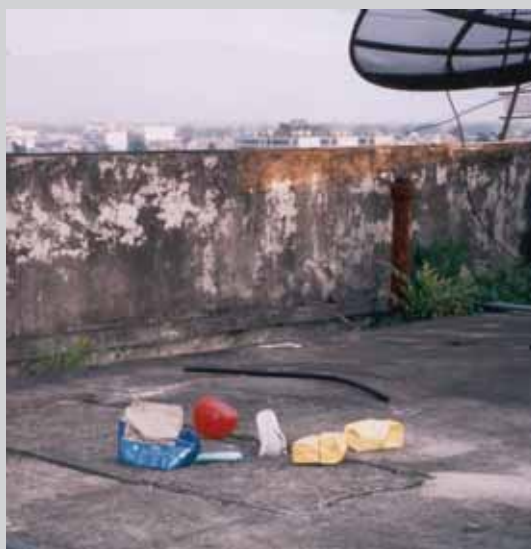
In 2003, Yang Shao-ching aka Chao ching, a lieutenant of Wei Hsuehkang, summed up the situation this way: *"The government's policy is to crack down on all small fish in order to boost their credibility. But they will continue to protect the big fish so they can keep supporting the military."*

Cross-border cooperation

There are 4 known Burmese distributors (3 women and 1 man) living in Ziegang, Ruili, who enjoy close relations with the local Chinese police through their legal brokers, who are also Burmese but speak fluent Chinese. The job of these brokers is three-fold:

- Timely information to distributors about official surprise crackdowns, and information about rival drug operators for the local officials to deal with;
- To help those facing drug charges: in the local parlance, "easing their load when it is heavy, and relieving them of the load when it is light;"
- To collect kickbacks for the police from the distributors.

On the Burmese side, the said people are also reported to be working closely with police officers like Ms May Ni Oo, human trafficking affairs; and Inspector Hla Kyi, anti-narcotics. "We don't know how well the call for Tripartite Dialogue (by the Opposition) is faring with generals," quipped a local businessman. "But it appears to be working admirably between drug operators, Burmese cops and Chinese cops."



Empty plastic pots and packages used to contain heroin are familiar sights in the Chinese border town of Ruili.



the principal assignments of the police force have become uppression of the opposition rather than preventing and solving crimes.

The rare occasions on which “*big fish*” are netted appear to be only at the behest of neighbouring countries. This includes the sensational seizure on 10 September 2005 by the Burmese authorities of 496 kg of heroin in Mongpiang from a UWSA commander Ta Pan, 40, who was also a nephew of Bao Youxiang. According to a highly placed source who had returned from Rangoon, the operation had been launched only due to pressure from China.

Similarly, recent crackdowns in Tachilek between December 2005 and February 2006, which netted an unprecedented 12 million speed pills, were explained as the result of double pressure from China and Thailand.

Meanwhile, even “*small fish*” may now find it easier to get away with drug dealing. According to a Burmese police report on 3 March 2006, the principal assignments of the police force have become riot control and security, i.e. suppression of the opposition rather than preventing and solving crimes.

CHAPTER SEVEN

Drug use in Shan State

In the past, human beings rode horses. But nowadays, horses are riding human beings.

A respected elder in Muse, interviewed by S.H.A.N. in 2002

Yaba (“crazy pill”) is known in Shan State as *Yama* (“horse pill”), which was its original name in Thailand before being changed to *yaba* in 1996. The name *Yama* is also easier for Shans, who don’t have the *y* consonant, unlike their cousins in Thailand.

The quote about “*horses riding human beings*” by an elder in Muse, opposite Yunnan’s Ruili, appears to sum up the current situation in Shan State which was “invaded” by *yaba* in force in 1996, following the surrender of the Mong Tai Army of Khun Sa, whose out-of-work chemists were then snapped up by other drug entrepreneurs.



“This opium we’re smoking is not produced in Kokang. It is smuggled in from outside,” said the owner of an opium den in Laokai, the capital of Kokang in late June 2004.

In Muse, where income is higher than in the hinterland, the use of heroin, *khakhu* (a mixture of opium and minced poppy pod shreds or *hpak nawk loi*, an edible creeper, or *jiqijin*, a kind of herb) and *yaba* appear to be almost on a par. Only people with lower incomes (an estimated 40% of drug users) tend to take *yaba*, while those with higher incomes (about 30%) in

heroin and the wealthiest (30%) in *khakhu*, which is smoked through a pipe.

In the gemland of Monghsu, where most of the people have a low income, the use of *yaba* among

drug takers is estimated by sources at 80%, *khakhu* 10% and

heroin 10%. Of the *yaba* users, at least 10% are said to be state service personnel. Drugs on sale include those seized elsewhere by officials, according to a dealer from Monghsu, who revealed that such drugs were cheaper and safer to buy.

Back in Muse, it is not unusual to see students wearing green longyis, the standard school uniforms, stopping to buy 1-2 pills before continuing on their way to school. Increased lawlessness after Khin Nyunt's ouster has apparently increased the availability of drugs. *"Life is easier for both peddlers and users now that Khin Nyunt's gone,"* said a shopkeeper.

Drugs can also be conveniently purchased at gambling dens (sponsored by local authorities) and at the offices of the ceasefire and militia groups. *"The price outside is 700 kyat (\$0.7),"* said a source who took a S.H.A.N. reporter to one such office in Muse last year. *"Here it is 1,000 kyat (\$1), but it is*

less risky. Nobody's going to bother us."

The use of *yaba* by Burma Army soldiers has been reported by the London Telegraph as recently as March 5, 2006. One of the

earliest reports by S.H.A.N. on this subject was on 29 April 2001 at

the height of the Battle of Pakhee, fought between troops of the Burma Army and the Shan State Army opposite Chiangmai's Fang district.

Civilian porters who fled into Fang told S.H.A.N. that they witnessed soldiers from Light Infantry Battalion 519 taking turns to drink what they were told was holy water from barrels just before they set off to attack Pakhee. *"We saw some soldiers still on a shooting spree after their return from attacks,"* said one Shan porter. *"They seemed to be acting uncontrollably."*

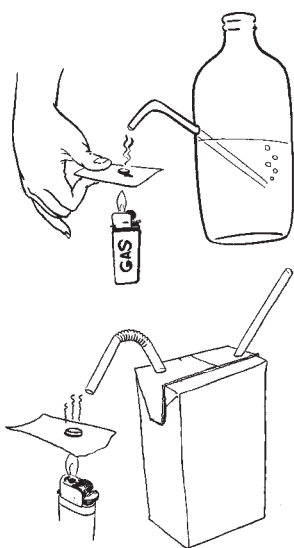
An SSA commander interviewed recently by S.H.A.N. confirmed this trend. *"We are finding more and more dead soldiers with yaba in their possession,"* he said.

As in neighbouring Thailand, drugs are also available in prisons. *"The only thing needed is money,"* revealed a former inmate in Lashio who was released last year.



Ancient style raw opium smoking for poor people in rural areas.

New style khakhu (Mixture of opium smoked with bamboo water pot) for middle class people such as traders, truck drivers, gamblers, including local authorities.



How methamphetamines are usually taken in Shan State

Rehabilitation efforts

The regime's ongoing political repression has limited international support of all kinds, including support for Burma's law enforcement efforts.

International Narcotics Control Strategy report 2006

The first major state-sponsored treatment center for drug addicts in Muse township, northern Shan State, which was due to be completed by the end of 2004, is still less than half finished. At Nam Oom, 15 miles south of Muse, there is a signboard, growing increasingly unintelligible as time passes, directing travelers to the rehabilitation center 5 miles off the road. It is a 50-acre affair comprising 18 buildings contracted out to Mandalay-based AK Construction Co.



Self-help treatment program in Kunhai village, Namkham township, closed by Burmese authorities in early 2005

The reason for the delay in completion is two-fold:

- u The original allocation agreed for each building was K 9 million (\$9,000) but only K 7.2 million (\$7,200) turned up.
- u The company has disbursed only part of the expenditure. *"The rest is still upstairs, we don't know where,"* complained a local police source.

The United Nations Office on Drugs and Crimes (UNODC), according to an official source, had long since transferred the funds to the Home Ministry.

Beginning in 1997, villages in Namkham and Muse townships initiated a self-reliance rehabilitation program for addicted local youth with assistance from the Shan State

Peace Council, a joint set-up of the two ceasefire groups SSA-North and SSNA. All of the rehabilitation sites have been ordered closed except for a few, which were taken over by the local Union Solidarity and Development Association, a pro-military quasi-political organization established by Rangoon in 1993. The USDA has only maintained the rehabilitation center for show occasionally summoning addicts when high-ranking officials come to visit.

Elsewhere, state-sponsored rehabilitation programs also appear to be show cases, particularly in the area between China and the Mao River known as "19 villages" where pro-junta toughs led by the tract headman Chit Ngwe, 50, roam. His priority, villagers say, is not rehabilitation of addicts but squeezing them and small pushers for



Sai Chit Ngwe, a local boss who lives off the 19 villages on the Sino-Shan State border

Union Solidary and Development Association (USDA)



money. He and his friends are assisted and protected in this daily chore by Burmese police officer Han Moe Oo.

Treatment centers that also survived include those in areas under the control of ceasefire groups that are reputedly *“tough on drug abuse but soft on the drug trade,”* as a businesswoman in Muse put it. However, when the Shan State National Army’s 11th Brigade in Zay Oo, Hsenwi township, was forced to surrender in April, 2006, its rehab center was also ordered to close shop. As a result, drug use once again resumed as before. *“The Burma Army could have allowed us to carry on,”* a bitter villager said. *“Now, the addicts think they have nothing to fear and they are right, because we can’t do anything about them.”*

Unable to rely on junta officials to address the growing drug scourge, the local people have turned to less risky therapy: forming football teams.

In Muse, there are more than ten soccer teams with names like: *Htoong Mao Hang Li* (Beautiful Mao Valley), *Mawk Kawn Kham* (Golden Cherry), *Kiap Kham* (Gold Bran), *Hsai Nam Sawng Ke* (Two Rivers), *Fang Mao Khieo* (Green Shores of Mao), *Ngwe Zinyaw* (Green Gulls) and *Arun Oo* (Dawn). They have about the same number of teams in nearby Namkham. Football matches are organized on a weekly basis, with the local *“World Cup”* taking place during the rainy season.

“We know it won’t solve the problem,” says a local. *“But at least it will draw some of our children away from drugs. Anything’s better than nothing.”*

Conclusion

As seen in previous pages, there is strong evidence not only implicating high-level Burma Army officers in Burma's drug trade, but also showing that the continuing drug problem in the country is the direct result of their policies. These can be summed up as follows.

- u **The regime's principal focus is controlling the Opposition, not the welfare of the people, and therefore definitely not drugs.**

Thus, the regime has deliberately turned a blind eye to drug production activities of the ceasefire groups, in exchange for these groups' submission to the status quo.

"They could have resolved their differences with both the democratic and ethnic opposition at the same time, and there wouldn't have been any reason to give a free hand to the ceasefire groups to produce drugs to support themselves," reasoned a veteran politician in southern Shan State. *"But since they were determined to hang on to power at all costs, even at the expense of the people, it became necessary for them to make concessions to the armed groups."*

- u **Pro-regime individuals and movements are granted immunity.**

Yishay, the militia leader in Tachilek suspected of treason, was in January put on the run. But Ja-ngoi of Napuko, Monghsat township, another militia leader reportedly richer than Yishay, and just as involved in the drug trade, has gone unscathed due to his continuing loyalty to the Burma Army.

- u **Non-stop expansion of the Army and the policy of self-reliance for military units are fostering involvement in drugs**

While the Burma Army has more than tripled the number of its battalions nationwide since 1988, the enforcement of self-reliance policies among Burma's military units during the past decade has meant that the survival of each unit has taken precedence over law enforcement.

On 8 September 2003, a captain from Kunhing-based Infantry Battalion 246 told the people. *"We have been forced to support ourselves and our own families. But if all of you grow poppies, we will be able to tax you for our own upkeep. At the same time, your own life will be easier."*

- u **Rampant corruption**

According to Berlin-based Transparency International, Burma is second worst in its world corruption list.

This is not surprising, according to Narinjara, a news agency working clandestinely in western Burma. Quoting military sources, it reported on 13 April 2006 *"It is not military or organizational skills which will bring an officer promotion, but his ability to bring in funds. Many senior officers are therefore concentrating on making money rather than attending to their military duties."*

Scores of reports received by S.H.A.N. throughout the years show Burma Army units giving protection to drug refineries and transportation for precursor chemicals and drugs.

All in all, the hound appears to be running with the hare. *"Nothing has changed (with regard to drug production)," said an informed source, "except the prices."*

In other words Rangoon or, if we may, *"Naypyidaw"* (the new capital) should not be shifting responsibility for the drug trade onto others. *"There's a Shan saying: water rises, ships high,"* said an informed Shan trader on the northern Shan border in May 2005. *"The Burmese generals are like the water while the drug traders are like ships."*

The ordinary people of Shan State should therefore not be blamed for doubting whether the year 2015 will indeed bring a Drug Free

Asean, if things continue the same way they have since 1962.

Solutions to the drug problem formulated and tried thus far smack of putting out the smoke instead of the fire, according to the late Shan scholar Chao Tzang Yawngnaw.

Like him, S.H.A.N. will not attempt to present a solution to the issue. However, it is hoped that the facts presented in this report will lead to a better understanding of the current state of affairs, and will contribute to a rethinking of the problem and its attendant ills, which are literally destroying Shan State and the rest of Burma.

Appendix

Burma Army units reported to be involved in the drug trade

There are 128 IBs (Infantry Battalions) and LIBs (Light Infantry Battalions) in Shan State, according to an inventory compiled by an exiled research group, roughly a quarter of the total of infantry battalions in Burma. The majority of them, if not all, are reportedly, involved in all forms of the drug trade, from growing and transportation to taxing and sales. For example, IB 130, based in Namtu is responsible for the policing of Panhsay, Mantong, Mongyen and Mongwi where an increasing number of fields were reported during the last season.

Northeastern Region Command, Northern Shan State Infantry Battalions (IB)

22	(Kyaukme)
33	(Tangyan)
41	(Lashio)
45	(Mongyu)
68	(Mongyaw)
69	(Loitao-Mongpa)
123	(Hohpied-Tamongnge)
125	Kongjen (Kawng Zarng in Shan)
127	Kunlong
128	Pasingjaw
129	Chinshwehaw
130	Namtu
136	Mongpat-Tangyan
143	Hopang
145	Hopang
239	Laokai
240	Mongyaw-Mongkiet
241	Tarknai-Kutkhai
242	Mongzi-Monghawm
290	Mongzi-Kutkhai

Light Infantry Battalions (LIB)

312	Kunlong
322	Laokai
323	Hsenwi
326	Tangyan
507	Panghoong-Lashio
523	Tangyan
567	Namzalarb
568	Namzalarb

28 Battalions

Eastern Region Command, Southern Shan State Infantry Battalions (IB)

9	Loilem
12	Loilem
64	Laikha
66	Namzang
99	Langkher
102	Pekon
246	Kunhing
247	Mongnawng
248	Mongnawng
249	Panglawng
286	Mongnawng
287	Wanzing
294	Mongpan
295	Mongpan
296	Takaw

Light Infantry Bat (LIB)

332	Mongpan
336	Pekon
421	Pekon
422	Pekon
423	Hsihseng
424	Hsihseng
425	Banyen
426	Banyen
511	Panglawng
512	Panglawng
513	Panglong
514	Mongkerng
515	Laikha

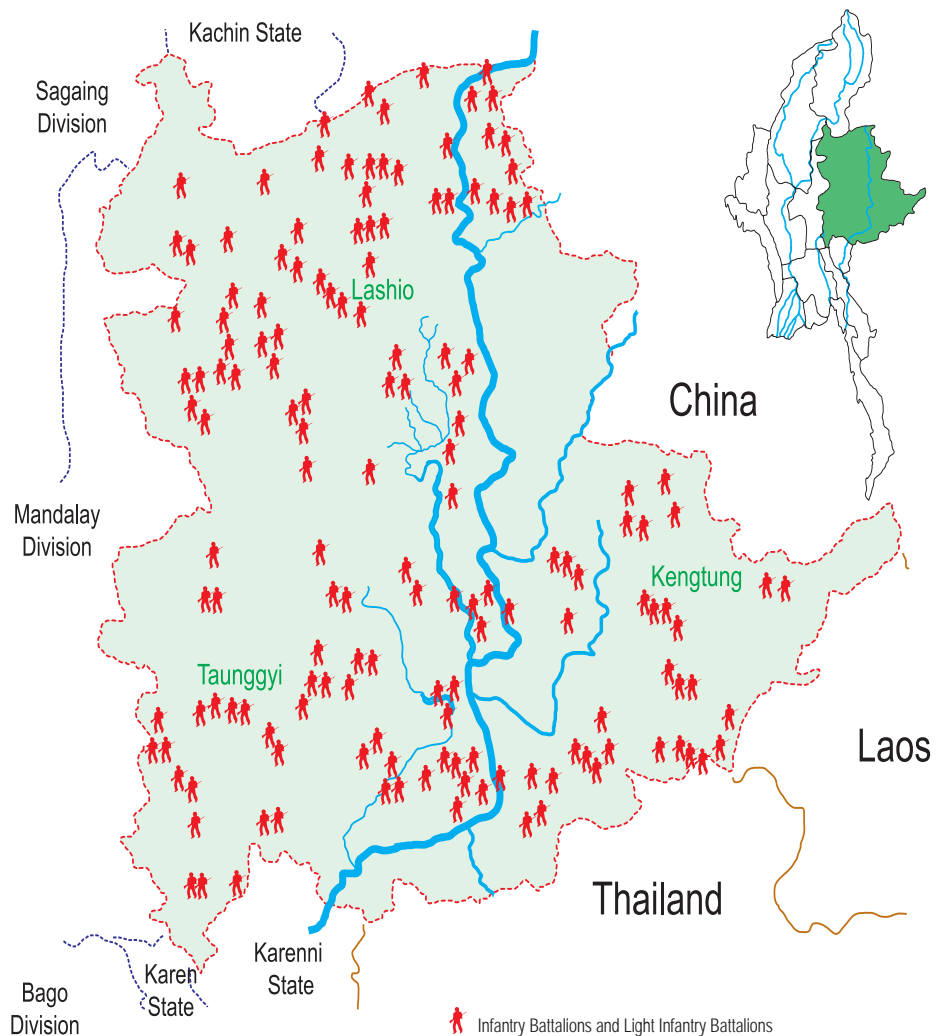
516 Namzang
 517 Mongpaw
 518 Mongnai
 520 Mongpan
 524 Kunhing
 569 Kengtawng
 574 Kengtawng
 575 Mongpan
 576 Kengtawng
 577 Mongpan
 578 Langkher
 598 Mongpan

Triangle Region Command, Eastern Shan State Infantry Battalions

43 Mongpiang
 49 Monghsat
 65 Mongton
 221 Monghpyak
 225 Mongton
 227 Mongkhark
 277 Mongton
 278 Monghsat

41 Battalions

Present Burma Army units in Shan State



Light Infantry Battalions (LIB)

316	Talerh	519	Mongton
329	Monghpyak	526	Tachilek
330	Monghpyak	527	Monghsat
331	Monghsat	528	Mongpiang
334	Mongyawng	529	Tachilek
335	Monghpyak	553	Mongtoom
359	Tachilek	554	Mongtoom
360	Mongpiang	24 battalions	

Apart from infantry battalions, involvement support units like the Artillery, Engineers, Supply and Transport is also reported from time to time. For example, the 902nd Field Engineering Battalion and the 626th Supply and Transport Unit in Lashio. Sources were still unable to confirm the involvement of other Shan State-based units, as this report went into print.

Grand total **93** battalions

Do not enter reports so far **35** battalions

Opium growing and trading

- permission to villagers to grow opium
- provide poppy seeds to farmers
- provide loans to opium farmers
- collection of tax from opium farmers
- order militia to collect opium tax for battalion
- authorize militia as official drug buying agents
- ensure opium is sold to drug dealers authorized by local battalion
- threaten fine if farmers do not sell to authorized buyers

Production of drugs

- transport methamphetamine powder to refinery
- storage of precursor chemicals at battalion command post
- force villagers to build barracks for soldiers where drug factory will be set up
- force villagers to provide thatch for refinery
- provide security for drug refineries
- collect tax from refineries
- authorize drug producers to move drug plants
- release drug producers after receiving pay-offs

Storage, trafficking and sales of drugs

- arrange meetings of drug dealers at battalion command post
- permission to drug operators to deal in drugs
- permission to militia drug agents to travel without checks
- force civilian trucks to transport heroin to command post warehouse
- storage of heroin at battalion warehouse
- storage of methamphetamine pills at army outpost, also at battalion command post
- provide security for shipments of drugs, in exchange for shares in income from sales
- transport methamphetamine pills to Thai dealers at Thai-Burma border
- sell methamphetamine pills to dealers from Thailand
- transport Thai drug agents to Thai-Burma border
- permission to Burma Army veterans to sell methamphetamine pills for income
- cover up news of drug bust (to protect drug smugglers)