

## **Land Grabbing As A Process Of State-Building In Kachin Areas, North Shan State, Myanmar**

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### **Military State-building**

Land issues in Myanmar are complex and driven by both formal and informal institutional practices of the interactions between the neoliberal agenda, state interventions, power relations and exploitation. Generally, Land grabbing can be perceived as a means for political and economic elite classes to benefit not only from exploitation, but also as a boost to their traditional social status and political power (Kyaw Thein 2012). However, land grabbing in ethnic areas is interconnect with militarization strategy and economic development because it have been used as a process of military state-building to control ethnic areas.

Since independence, every successive Myanmar government has been implemented state-building strategy to have unity and integrity of the nation and creating a modern developed nation. However, the strategies that Myanmar government used were different in different time. After the independence, cultural and religious assimilation into Buddhism was used as a strategy of state-building process to become a state under one religion. In Ne Win, national language policy had been used to eliminate the culture and language of other ethnic nationality and 'four cut' counterinsurgency strategy also had been used to eliminate ethnic armed groups who have been fighting for their basic rights since independence. In the time of previous military regimes and current so call democracy military led-government have been using 'development' to control economic and political power of ethnic conflict areas. Under this development trend, government can territories ethnic armed group area by implementing large scale resource extraction projects in conflict areas. As a result, discrimination and exploitation of natural resources by government is creating widespread poverty and committing systemic acts of violence against the people of Myanmar. In this paper, different strategy of state-building implemented by every successive Myanmar government will be described and the case study of land grabbing for biofuel plantation in North Shan State, Myanmar, will illustrate current government's state building process by using capital network of government military backed local militia and transnational company. In order to fully understand state-building process, it is essential to revisit the historical background giving birth to Myanmar (Burma) as a country.

As Chao-Tzang Yawngkhwe (2001) noted that in country after country, a single ethnic group has taken control over the state and used its powers to exercise control over others. The same process of ethnic dominance can be seen in multi ethnic nation of Myanmar as ethnic groups in Myanmar have been under influence of majority of ethnic Bamar, although the roles of ethnic group are cofounders of the Union of Burma (Myanmar), according to 1947 Panglong Agreement which was the basic foundation that gave birth to the Union of Myanmar as we know it today. The

Burmese nationalist movement, the Anti-Fascist People's Freedom League (AFPFL), founded in 1944 which was an umbrella organization to coordinate the resistance movement to the Japanese, and initially it included communists and non-communists, as well as Bamar, Karen, Shan, Kachin, Chin and Arakanese groups. However, the AFPFL remained a highly centralized body dominated by Bamar, in terms of its decision making structure. Later, it developed as an essentially Bamar ethnic-nationalist movement which articulated the goal of Burmese independence in the name of a defense of Bamar ethnic language and culture, and of the Buddhist religion.

In 1947, ethnic Shan, Kachin, Chin agreed to form a United Burma and attain independence together with Bamar majority as one nation with the principle of political equality, self-determination. So, according to General Aung san idea, the Panglong Agreement can be understood with the idea that the creation of new country should be a state building out of multi nations not a unitary nation state. However, under the Presidency of U Nu in 1950s, Bamar dominance in his administration increased and Buddhism was also identified as state religion which was the greatest violation of the Panglong Agreement in which General Aung San and the leaders of the non-Bamar nationalities agreed to form a Union based on the principle of equality. Moreover, it is noticeable that after independence the state controlled by Bamar was keen to adopt colonial-style sovereignty and military extend to control over bigger sovereign territory. Additionally, the Panglong Agreement excluded others groups such as the Karen, Mon, Arakanese, Wa, Naga and Karenni due to their political and geographic distance. Consequently, these were the major factors for other ethnic groups for taking up arms to defend the local sovereignty of non-state spaces against Burmanization and militarization of state. This made country to enter civil war and it was later used as an excuse for Ne Win seizes power in a military coup, in 1962 (Kevin Malseed 2008).

### **State Building Strategy under the General Ne Win's Military Government**

In 1962, General Ne Win seized power in a military coup and brought to an end the short era of multi-ethnic parliamentary democracy. Over the next few months, hundreds of political leaders and activists were imprisoned without trial, including U Nu and Burma's first president, Sao Shwe Thaik (Shan Saw Bwa), who died from ill-health in jail shortly afterwards. One of his sons was also killed by troops on the night of the coup. Both deaths have never been forgotten by the Shan and other ethnic peoples (Martin Smith 1994).

In his 'Burmese Way to Socialism' of State-building, he abandoned Aung San's 'Unity in Diversity' and the federal structure of the 1947 constitution by adopting two-fold strategies: to run counterinsurgency campaign in the rural countryside while at the same time trying to establish a centralized, one-party system of government ruling out from Rangoon into the ethnic states. Ne Win's counter-insurgency strategy included two main elements. The first one was forming hundreds of militia organizations all over the country, known as Kar-Kwe-Ye (KKY) in Myanmar, and second was applying the 'four-cut' strategy against ethnic armed groups. The 'four-cut' strategy was "to cut food supply the insurgents; to cut protection money from villagers to the insurgents; to cut contacts (information and intelligence) between people and the insurgents; and to make the people cut off the insurgent's head, that means, involving the people in fighting, particularly the encirclement of insurgents" (Maung Aung Myoe 2009).

National language policy in socialist time is also one of the state-building processes. Lian H. Sakhong (2010) argued that one of the four-cut strategy, 'to cut contacts between people and the insurgents' is directly linked with the national language policy of campaigning against ethnic nationalities because this strategy is about to cut off people to people contact, information, and intelligence. Under this national language policy, successive military regimes in Burma have prohibited the publication of any information in ethnic languages. So, there is no independent newspaper, no independent radio station and no printing house for any ethnic language. This strategy systematically eliminated and even destroyed ethnic languages to protect and promote the dominant Myanmar language by using state mechanisms. The regime also forced the non-Bamar ethnic nationalities to speak the Myanmar language at all the government's official functions and forced them to learn the Myanmar language. Thus, it can be said that while the 'four-cut' campaign was designed as a short-term strategy against ethnic nationalities in the country, the 'national language policy' was adopted as a long-term strategy to build a 'homogenous' country through a so called state-building process.

During the time of socialist, the army and the party (Burma socialist program party – BSPP) were not only supporting mechanisms and institutions of the state but also part of the state because the state was meant to exist for the army and the party, and vice-versa. In this way, General Ne Win used the army and the party to build ethnically homogenous army state. In the process of his state-building, the fundamental rights of all citizens, political equality of ethnic nationalities, and internal self-determination for all member states of the Union are eliminated through the laws made by the BSPP in the name of the state. So, comparing the state-building process of U Nu and Ne Win, they had the same goal of creating a homogeneous people in the country although their approaches to ethnic and religious 'forced assimilation' were different. While U Nu opted for cultural and religious assimilation into Buddhism as a means of 'forced assimilation', Ne Win removed the rights of the country's religious and cultural minorities, especially minority's language right, as a means of creating a homogeneous unitary state by adopting the national language policy (Lian H. Sakhong 2012).

### **State Law and Order Restoration Council (SLORC)**

In 1985, and again in 1987, the BSPP government implemented hugely unpopular demonetizations, which wiped out the savings of families across the country. The following year there was a series of massive and unprecedented protests by students, monks and hundreds of thousands of ordinary citizens, in towns and cities across Burma. The 1998 democracy uprising started with street protest in downtown Rangoon organized by groups of student and demonstration began to attract of public which resulted in Ne Win stepping down from power. However, the student-led democracy uprising was crushed by military and more than a hundred students and others were killed or injured in this event. Then, the Burma Socialist Program Party (BSPP) was replaced by the new State Law and Order Restoration Council (SLORC) (Lintner 1990).

After seizing power, the military tried to reach its power the whole country because junta not only established itself as the State Law and Order Restoration Council but also Regional and local Law and Order Restoration Councils (LORCs) were established at the divisional, township, ward, and village level. The township councils would have a military officer as chairman, the deputy head of the

state and divisional general department, the deputy commander of the state and divisional people's police force, and the chairman's choice of secretary. As SLORC announced that interim government would proceed with Ne Win's earlier proposal of a multi-party political system, the election was conducted in May 1990 partly to mute international criticism of its brutal suppression of the democracy movement and partly to serving to flush out remaining centers of resistance for democracy in the whole country. However, SLORC manipulated the resulted and refused to hand over power to the National League for Democracy (NLD), led by Aung San Suu Kyi, and its allies by claiming that a constitution needed to be drafted first. Instead, SLORC imprisoned several hundred civilians, many of which represent ethnic nationalities (COHRE 2007).

The SLORC was also determined to change the way Burmese and foreigners referred to Burmese ethnic groups, cities, and rivers when writing in English. The Council had already begun to use 'Myanmar' in its own English correspondence and announcements, when it began to refer to the country as the 'Union of Myanmar'. On 26 May 1989, the Council made this official when it held a press conference explaining that the use of Burma in English apparently corresponded to 'Bamar' which could only refer to the main ethnic group. The SLORC argued that this usage was incorrect as the word Burma as used in Union of Burma, really referred to all national groups within the country, such as the Kachin, Karen, Mon, and so on. To correct this error, the Council would now require the use of 'Union of Myanmar' to refer to the country in English (Michael W. Charney 2009).

However, Lian H. Sakhong, a native Burmese (Chin) scholar, strongly argued that "the term 'Myanmar', indeed, refers exclusively to one particular ethnic group in the country, while the 'Burma' refers to a post-colonial multi-ethnic, multi-religious, and multi-culture plural nation-state of the Union of Burma. Ever since the first Myanmar kingdom of Pagan dynasty was founded by King Annawrattha in 1044, the term 'Myanmar' has been used to denote the ethnicity of Myanmar, which is in turn inseparably intertwined with Buddhism, as the saying goes: Buddabata Myanmar Lu-myo (broadly, the implication is that to be 'Myanmar' is to be Buddhist). The Myanmar Kingdom from the beginning of Pagan Dynasty in 1044 to the end of Kungbaung Dynasty in 1885 was nothing to do with other ethnic groups, who joined together in a union, the Union of Burma, in 1947 on the principle of equality. The term Myanmar, therefore, does not include the Chin, Kachin, Shan and other nationalities who became the members of the Union only after signing the Panglong Agreement." Thus, it can be interpreted as the change of the country name from 'Burma' to 'Myanmar' indeed was the enforcing ethnic forced-assimilation through the state-building process with the unitary version of 'one religion, one language, and one ethnicity' (Lian H. Sakhong 2012).

### **Border area development and cease-fire capitalism**

From 1990s, Myanmar military government used different state-building strategy. This time 'development' was the main political agenda. Since the early 1960s, the government had implemented a number of counter-insurgency to defeat non-state armed group. Later, the central government also attempted to implement cultural and religious harmonization programs in order to impose Bamar value on ethnic population. This generated a deep and lasting resentment against the central government in ethnic areas. Until 1989, the military had been fighting two inter-connected civil war: one against the ethnic nationalist insurgents, the other against the Communist Party of Burma (CPB). Late 1980s, China shifted its foreign policy to do business rather than support foreign

communist struggles. After losing support from China, the CPB collapse in 1989, then various armed units in the CPB had mutinied against the Party leadership and transformed themselves into ethnic armies (Ashley South 2009). As Increasing interest of some ethnic armed groups in northern Shan State in participating in the new business opportunities available in the border area and willing to consider cooling down the civil war, the Burmese government took advantage that situation by creating ceasefire arrangements that permitted the insurgents to keep their weapons, and to control (and exploit economically) areas under their influence, political negotiation process being put aside until a new constitution had been written. As military government has been using divide-and-rule strategy, government offered ceasefire to some ethnic groups on the same term with military attacks in order to pressure these groups into acceptance<sup>1</sup>.

Although, some group agreed to truces with military government, some groups were still at war with the government. Then a new counter-insurgency strategy was implemented to isolate ethnic insurgents from their base of support, by forcibly relocating ethnic nationalities civilians to new camps located near Burmese Army camps. Thus, having lost control over their once-extensive liberated zones in the 1980s and 1990s, the remaining insurgent groups were no longer able to offer even minimal protection to the ethnic communities in whose name the conflict was being fought (Michael W. Charney 2009). The border Areas Development program initiated in 1989 and renamed in 1992 as the Ministry for the Progress of Border Areas and National Races. Under the border area development program, the government has built many roads, bridges, and dams. In general, these projects were designed to link Government-controlled towns and road networks to areas on the periphery of ethnic armed group-controlled territory (Ashley South 2009). So the major beneficiary of the new infrastructure developments was the government military, which used the improved road and bridge network to move troops around more easily. Meanwhile, local people were often forced to work unpaid on these projects and many of village lands had also been confiscated for the projects.

Even though Burmese military government promised to provide development assistance and economic opportunities to ethnic armed groups in ceasefire negotiation, it have consequently been denied to access this opportunities. As the central government was unwilling to provide the necessary resources to marginalized groups, and continued to monopolize access to legal trade and business, ceasefire groups have sought other ways to finance themselves, in part relying on illegal economic activities. The armed groups and other non-political actors got benefit from the ceasefire economic activities. These included local militias as well as foreign actors, such as Chinese and Thai logging companies and drug traders. Furthermore, the weakness of the Burmese state encouraged serious corruption by army and government authorities at all levels as well as by local commanders of ceasefire groups. As a result, natural resource have been extracted and exported across the border to Thailand and China at low prices without any value added, with large profits for foreign companies and local authorities, but with very little invested back into the local communities (Kramer, T. and Woods, K. 2012).

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<sup>1</sup> Interview with former Kachin politician, Bang Shau village, Mai Yaw Township, 25 March 2015

During the ceasefire in 1990s, uneven access to resources resulted in quick and massive economic benefits for elements of the ethnic elites, militia groups, some Bamar and Chinese businessmen. So this ceasefire capitalism enabled wealth accumulation through centralization and land securitization by entities controlled by the Myanmar government and armed groups that have signed ceasefire (Woods 2011). More importantly, for the military government this ceasefire period enabled the deployment of more troops to secure the ethnic areas where they have less control and it is ensure better preparedness incase of future conflict. Although many ethnic armed groups made ceasefire agreement with the military government, it didn't bring peace to local community, in some areas, as people had to continuously cope with post-conflict issues, for example, reports of landmines being laid by private companies exploiting natural resources, militarization with increased presence of government army battalions, and taxation by various armed groups (Carine Jaquet 2015).

### **Resource extraction concession as a form of Military state-building**

Myanmar government strategy in ethnic-populated areas has long consisted of a muscular version of national integration. The main idea in this strategy has been the promise of development for armed conflict-affected areas. In the early years 1990s, military government adopted pro-market reforms to open Myanmar to foreign investment, liberalizing agriculture, timber extraction and fisheries, and encouraging a shift to the private sector under the name of national development. However, this capitalism was to be implemented by Burmese businessmen with close relation with top military leaders which created a layer of 'crony capitalists'. After ceasefire, Logging was one of the big resource concession permitted by government to Bamar elites who have strong network with military general and local militias. Later, it had increased dramatically when the government granted to Thailand and China through cross-border trade scheme. Thai and Chinese companies cut high-valued timber, including in government and indigenous forest preserves in Thailand and China border. The situation was compounded by a dramatic increase in demand for natural resources from Thailand and China as they have instead domestic forest protection laws. In order to finance themselves, seeing the profit to be made from logging, the ethnic armed groups like Karen National Union (KNU), and Kachin Independence Organization (KIO) soon began to offer their own concessions to local timber merchants (TNI 2012).

Mining was another resource extraction project and it was also another important source of revenue for military government. In 2004, the Ministry of Mines reported the existence of 43 large-scale and 165 smaller-scale mines in the country. It is important to distinguish between household-level small-scale and large-scale industrial mining activities because small-scale may have minimal impact on the environment and large-scale can have devastating results for the well-being of local communities. For the large-scale mining in Kachin state, the usual pattern was that large companies (often Chinese owned, and sometimes with local militia and government military) buy licenses or mining concession form the government department in Yangon. But for the small scale in northern Shan state, Chinese investors gained informal concessions from local military commanders and militia leaders and sometime they operated mining as joint project. Although Chinese companies dominated the mining sector, other countries also invest in Myanmar's mines. For example, Myanmar Pongpipat Ltd., is a Thai company engaged in a joint venture with the Ministry of Mines operating the Heinda tin mine, located near Dawei, Tanintharyi Region. In the early of 2000s, military

government's mining concession had increased because government gained economic benefit and more territory control in ethnic areas from this concession (TNI 2013). According to Kachin Development Networking Group (2012) report, in early 1994, there were only 13 gold mines in Hugawng Valley, which is known as the world's largest tiger reserve. In 2006, there are 31 main mines and over 100 mid-sized hydraulic and pit mines ravaging the valley, using mechanized pumps and dredges and dumping mercury-contaminated tailings. On the other hand, there were many environmental impact of the mining such as forests were depleted, the waters were poisoned, and the course of rivers completely changed. Used oil, mercury, and cyanide that were dumped anywhere now threaten the health of wildlife and local people.

Another large-scale resource concession is hydro power. Large-scale hydro power project initiated by military regime focused on rapid economic growth with little regard for environment or social impacts. The 1990 ceasefire were especially instrument in opening up ethnic regions to mass resource extraction project. This led to an increased military presence and further mistreatment of locals by authorities that often were not only forced to relocate but used as forced labor in the construction of projects and infrastructure. Large-scale development projects have also caused destruction to the environment and cultural heritage sites, perhaps the most sensitive case being the Myintstone Dam which suspended in Thein Sein government, expected to flood one of Kachin state's most sacred sites. Seven major dams were planned for the N'Mai and Mali Rivers in Kachin State. Additionally, there are several Chinese-financed dams in northern Shan State. Both dams in Kachin and northern Shan State are to generate electricity for China (Myanmar Peace Monitor 2013). The construction of so many dams on the Salween and Ayeyarwaddy River can have adverse affects on the livelihood of people living downstream. In particular, hundreds of thousands of people in the downstream regions will be vulnerable to the depletion of fish stocks and salt-water intrusion. The people in the dams' area had been forced migration on a significant scale. It also caused armed conflict between government military and ethnic armed group as most of the dam construction were in and close to the territory controlled by ethnic armed groups. Along with this dam projects, military battalion has been increased double and territorised ethnic areas. The resuming war between Kachin Independence Army (KIA) and government military started from government military attacking KIO near the Tha Tang hydro project managed by Chinese company (Carine Jaquet 2015).

The biggest source of revenue from foreign investment in Myanmar is the oil and gas sector. However, lack of transparency makes it unclear how much of this revenue reaches government agencies. It is also one of the main causes of conflict between government military and ethnic armed group as increasing presence of military along the project in the territory of ethnic armed groups like the other government's resource extraction projects during the ceasefire period. According to report, the export of natural gas currently accounts for 13 percent of Myanmar's GDP and it make this sector the most lucrative industry in the country. The two large projects – Yadana and Yetagun – were implemented in 1998 and 2000 respectively. The Yadana project was a joint venture between Burma's state-owned energy company, the Myanmar Oil and Gas Enterprise (MOGE), with Total Oil (France), Unocal (now a subsidiary of Chevron, US), and PTT Exploration and Production (PTTE Thailand). The Yetagun project was initially developed in a partnership with MOGE, Premier Oil (UK) and Nippon Oil (Japan). Thailand purchased gas from both fields. The government military took

responsibility for the security for these projects, which resulted in greater militarization in the areas along the pipeline. Another big project was Shwe gas at off the coast of Rakhine State and it was expected to get double revenue than the other projects from natural gas. It was predicted that the government will receive at least \$1 billion per year for the next 30 years. This project was developed as a MOGE joint venture with Daewoo International (South Korea), Oil and Natural Gas Corporation (India), Korean Gas Corporation (South Korea), and Gas Authority of India Limited (India). The China National Petroleum Company (CNPC) has exclusive purchasing rights. The pipeline passes from the Rakhine coast through central Myanmar and northern Shan State to Yunan, China and it was being condemned by local communities along pipeline in Myanmar (TNI 2013). According to the report of Ta'ang Youth Organization report (TYO), Construction of the pipelines has already begun and negative impacts are already being felt by communities along the pipeline route, including the Ta'ang area of Northern Shan State. In Namtu and Mantong Townships, Ta'ang communities have already been forced to relocate and had their lands confiscated for the Shwe pipeline projects. In addition, the increased military presence due to the construction of the pipeline has also negatively impacted local communities, none of whom have received any information about the projects, and they do not know if they will receive any compensation for their land and property. The local civil society groups in North Shan State complained that the natural gas and oil transported along these pipelines by CNPC will feed industry and consumers in China, and produce multi-billion dollar revenues for the Burmese regime, but have little benefit to local communities (TSYO 2011).

Thus, it can be said that the natural resources concession projects through mining, logging, dam, and oil and gas projects is strategic military state-building process implemented by military regime to control ethnic areas as most of the concession located in or near conflict zones where government less control before 1990 and it increased tension in conflict areas. It also caused severe impacts on local communities because, due to the lack of rule of law in Burma, the companies that invest in these projects can act without any accountability to affected communities. The projects are therefore causing large scale loss of livelihoods and abuses, directly contributing to refugee flows and the migration of hundreds of thousands of young people across Burma's border to neighboring countries. This is making more and more people vulnerable to human trafficking in the region.

### **Land grabbing as a process of military state-building in ethnic areas**

Like the other resource concessions, land grabbing for large scale agriculture and military purpose in ethnic areas is a military state-building strategy of Myanmar military led-government. Since 1990s, in Myanmar, a military-run dictatorship has adopted its own version of market economy. While maintaining ownership of all land, the state allocated large land concession to companies, which have strong network with generals or government officials, for logging, mining, and agribusiness purpose. Initially, investments in natural resource extraction favored local headmen and ceasefire leaders who mediated the deals and taxed commodities crossing their borders into Thailand and China.

However, from the early 2000s, as the military has more tightly secured controlled of larger territorial areas in northern Shan state and Kachin state, the state began re-routing Chinese trade and investment through military-state channels by signing strategic deals with foreign investors, banning trade through certain border towns and redirecting it through Yangon. This increased state



funds and cut off ethnic political resistance groups access to resource rents. Then, resource extraction trading networks became connected to the regime's wider patron-client relations, with power shifting from local headmen to "regional and national military officials, local militia groups, Chinese businesspeople and national entrepreneurs". Similarly, emerging large-scale agribusiness is dominated by joint ventures between regional army commanders, "national entrepreneurs" and Chinese investors (Woods 2011). In 1991, the SLORC formed the Central Committee for the Management of Cultivable Land, Fallow Land and Waste Land under a new policy of promoting private investment in agriculture production. The Committee was empowered to scrutinize and grant native companies and private citizens the right to use waste land for agricultural business (FSWG 2012). According to L. Jones (2014), the retention of monopolies, trade and investment licenses and arbitrary regulation was not simply mismanagement, but a deliberate means to regulate businesses' access to resource. But, by manipulating access to permits or selectively enforcing the law, the regime could exercise political control.

With the centralized economic and political power with supporting law, the large scale land concessions have been increasingly allocated for the industrial production of agricultural commodities such as Rubber and biofuel as a low-carbon energy source (Bailis and Baka 2011). The Myanmar military government has long pushed for biofuel production quotas through forced smallholder schemes and by way of large scale agribusiness resulting in land grabs. Of these practices, land grabs have expanded considerably during military regime and the current democratic transition period, which specifically aimed to privatize the agribusiness sector (Woods 2015).

As the agri-business model was promoted by the government, this led to patterns of land conflicts that we have today. Moreover, upland communities who operate under customary law have been losing their lands to agri-businesses on the ground that their fallow lands could be categorized as such under the Waste Land and Fallow Land Instruction. As an example case, there was a large scale agriculture concession to Yuzana Company, owned by the prominent Burmese businessmen Htay Myint. Yuzana was granted a 200,000 acre in Hugawng Valley, Kachin state, 2006. Yuzana was cultivating mostly cassava, and to a lesser degree sugarcane, for China's domestic biofuel market. It was reported, Yuzana had only cultivated 20,000 acre of their entire concession. As impact of the concession, the agriculture land and forest of local people were destroyed and even local people were forced to relocate to a Yuzana model village with poor farming land and without fishing grounds (KDNG 2010). With only ten percent usage of the whole concession, it can be said that it was not only economic purpose. However, this large scale agribusiness concession also imply that government's territorialisation strategy to control ethnic areas as counterinsurgency, especially near the ethnic armed group area, by using capital under the name of development as it was uncommon for a Yangon-based Burmese company to be granted such a large lease in northern Burma.

The strategic military territorialization of Myanmar military government by allocating large scale agribusiness can also be seen in Khan Ya Concession granted to Kachin and Chinese business elites in Kachin state right up against KIO's headquarter at Laiza. As of 2010, 4,600 hectares of rubber, banana, teak, and rosewood have been planted. This concession was located in the Thein Daw protected forest where the KIA had a presence as it provided protection and logging revenue for them. Jadeland (Kachin company) received permission to log the forests on both sides of the

road, the rest being bulldozed to make way for the agricultural plantation. Soon after, the concession was awarded a new Burmese military battalion was established within the concession zone to push up against KIO's stronghold at Laiza (Woods 2011). Therefore, the main purpose of this large scale agribusiness concession was to set up new military battalions in this area to give pressure on KIO as it is near enough to act as a launching attack Laiza. According to report, In November, 2014, Government troops attacked with artillery into the military academy of KIO and twenty two military academic trainees died and fifteen were injured due to artillery shelling by the government military base at Hkara hill where government granted land concession in 2006 (The Irrawady 2014). Very recently in June 2015, according to NGO report, a motor shell fired by Burmese Army from Hka Ya Bum mountain range landed near Alen Bum IDP Boarding School, where 986 students are studying, landed so close that pieces of blast falling on the roofs of buildings. Previous shells landed a bit far from the school, but later shells landed gradually closer and closer (The Irrawady 2015). With these evidences, it is obvious that the Myanmar military led government had been used resource concession as military state-building strategy in the ethnic nationality areas.

### **Case study: Land grab for bio-fuel in North Shan State**

Likewise military government's state-building process through resource concession in other region across the country, Myanmar government also have been implemented military state-building in North Shan state since 1990s as most of the areas are overlapping between state armed groups like government military battalions and government backed militia groups, and non-state armed groups. There are many militia groups in northern Shan state who do not have political agenda but focus on business opportunities and the government uses the militias to counter-balance ethnic armed opposition groups. Some of militias were engaged in various illegal activities, including the drug trade. Moreover, since 1990s, almost all of business opportunities were granted to militia groups and the companies which had strongly network with military. Only after 2010, a few private companies can have business opportunities, especially in resource extraction, in North Shan state (Interview with former Kachin militia leader). Agriculture concessions are predominately along major roads, reducing household farming to small plots. The agriculture ministry's 2010 data on agribusiness investment lists nine different Burmese companies holding nearly 40772 acres of agriculture concessions in northern Shan state, growing mainly rubber and agriculture crops (TNI 2012). But according to Lashio district land department data, Agriculture concession only in Lashio district in 2015 is 20482 acres, growing rubber and other agriculture crops. These concessions were granted to government army battalions, Union Solidarity and Development Party (USDP) – the current ruling party, companies and individuals under the vacant land area shown in the map of government land department. Some companies and individual got agriculture concession are backed by militia groups because militia groups create company and leader of militias used their name when they were applying agriculture business opportunities<sup>2</sup>. It is reported that most of the rubber plantation around Lashio grabbed land from the local community who have been used their

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<sup>2</sup> Interview with government officer from Lashio Land Department office, Lashio, 23 March 2015

agriculture land with traditional land ownership system, so it affect the local people to look for new swidden lands further from roads and make their life more difficult<sup>3</sup>.

Regarding the pattern of land concession for agribusiness, businessmen from China obtain concessions in government-controlled territory through the regional Burmese Army military commanders. This is also the case for plantations in areas where various government-backed militias operate. These militias are able to operate because of their patronage to the regional military commanders and leaders in Nay Pyi Taw. Moreover, the resource extraction opportunities in northern Shan have invited new Chinese immigrants largely from across the border in Yunna, but also from farther province in China, which has opened up new business connections to China.

In North Shan state, local and Kokang Chinese businessmen play an important intermediary role between Burmese military government officials and mainland Chinese investors in obtaining agricultural concessions. The Kokang Chinese and local Chinese are different as the Chinese from Tar Moe Nye area don't refer themselves as the same group with Kokang Chinese, they regard themselves as local Chinese migrated to Tar Moe Nye area from China over century ago<sup>4</sup>. Tar Moe Nye militia is one of the large government-back militia groups which only focus on business in North Shan state. It is led by Myint Lwin (Burmese name), also known as Wang Guo Da (Chinese name), an important Chinese businessman based in Tar Moe Nye village, adjacent to Kokang territory. His company is named Tar Moe Nye Chan Tar Company, with an office in Yangon. Myint Lwin had a close personal relationship with former SPDC Chairman Senior General Than Shwe (now officially retired). It is believed that he introduced Than Shwe to Chinese businessman interested in resource extraction projects in the 1970s when Than Shwe was based in Tar Moe Nye. Myint Lwin has been involved in resource extraction in northern Shan state since that time, and has facilitated several contracts with Chinese businessmen, because of his good relations with the regional and national level Burmese army military officers. Myint Lwin contested in the 2010 elections on a USDP ticket and is now a representative in the Shan State parliament (TNI 2012).

In 2012, Myanmar military led government granted 600,000 acres land in Muse and Lashio districts, North Shan state, to Tar Moe Nye Chan Tar Company and Sunshine Kaidi New Energy Company from China for biofuel plantation for 30 years. Sunshine Kaidi New Energy Group Co., Ltd is a high-tech company with China Hearing Asset Management Corporation. Tar Moe Nye took responsibility for applying permission for land concession and Sunshine Aide would take the role to implement the project. As the first phase Plan of the project, 600,000 acres or more or woodland were requested in seven townships of North Shan state from 2012 to 2016 from the Ministry of Agriculture and Irrigation (MoAI). Then, the project team did land survey in seven townships of northern Shan state: Lashio, Tang yang, Tar Moe Nye, Theinni, Muse, Mai Yeh, and Kutkai with the permission of MoAI. To be able to implement the project, the project team went to Tar Moe Nye area to discuss about project with local community by persuading to increase income and promote

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<sup>3</sup> Interview with Kachin Lawyer, Lashio, 27 March 2015

<sup>4</sup> Interview with a member of Tar Moe Nye Chan Tar Company, Lashio, 24 March 2015

job opportunity for local people. They also mentioned the objectives of the project and the benefits for Myanmar government and local farmers as follow<sup>5</sup> ;

1. To adjust the industrial structure, to improve the development of local green biomass energy industry, to promote the development of forestry, agriculture industry and other industries.

2. Biomass fuels can replace fossil fuels; alleviate imbalance between energy supply and demand; increase export income.

3. To increase local government tax revenues; to drive development of the local economy.

4. Since the development and operation of the woodland require a lot of workers, a lot of employment opportunities will be accordingly offered to local farmers; in addition, Kaidi needs to purchase a lot of firewood, sawdust and other waste materials from local farmers for being used in the biomass to liquid fuel plants and thus the farmers' income could be increased.

5. Supporting infrastructure for the project will be constructed and thus the living and production conditions in the rural areas will be improved.

6. Through the development and construction of the project, many local management and technical talents will be well-trained.

7. The project is a green environment-friendly project and can contribute a lot to the sustainable.

However, local community resisted to that project during the meeting with the representative of Company. One of the local church leader said, "even though they promise to create job opportunity for us, we cannot allow them to do the project in our area because we will lose our land, and we will become wage worker in their factory when they implement the project. Then our life will totally depend on them and that make us become slave for the factory. Although we are poor now, we are self reliance as our land is still in our hand"<sup>6</sup>. One of the members of Kutkai environmental protection group said that this land concession was not aligned with government's law for large scale agriculture business. It is said that any company who request land for agribusiness from government can only get 50,000 acres maximum in the first phase of the project. Then upon the achievement of the company, more acres can be requested in coming years. However in this case government granted 600,000 acres for the first phase of the project. The local people and even Shan State government got that concession information after the company (Tar Moe Nye) signing agreement with agriculture department in Nay Pi Daw<sup>7</sup>. According to Kachin woman church leader,

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<sup>5</sup> Interview with Kachin Woman Church leader from Kutkai, Kutkai, 23 Feb 2015

<sup>6</sup> Interview with local church leader from Tar Moe Nye Township, Tar Moe Nye, 19 Feb 2015

<sup>7</sup> Interview with a member of Kutkai environmental protection group, Kutkai, 22 Feb 2015

there might be a political agenda against ethnic armed group beyond this land grabbing as this area is overlapping with Kachin Independent Army (KIA) currently fighting with government military. The fighting between KIA and government military resumed since 2011. So military led-government strategically granted this land concession in war zone area to make local people lost their land. As a consequence, ethnic armed group will lose support from their own community and the contact between local community and ethnic armed group can be cut as counterinsurgency strategy that Myanmar government used since Ne win time. As the same counterinsurgency strategy applied in other ethnic groups' areas, Myanmar government used militia group to dominate economy by granting resource concession in this case. If they can control economic power in this area they also can control political power as economic and political power is two sides of the same coin. So this project can be seen government's territorialization strategy in ethnic conflict area<sup>8</sup>.

## Conclusion

Resource conflict is interrelated with ethnic conflict as successive Myanmar government have been tried to build with integrated unitary state not union since independence. By the 1960s, Myanmar was wracked by insurgencies as ethnic nationality groups resisted incorporation into a unitary state dominated by the Bamar ethnic majority, instead seeking autonomy or independence. Throughout the Cold War, virtually all of Myanmar's lengthy borders with China and Thailand were controlled by armed insurgents, backed by neighboring states, who financed their campaigns through smuggling and opium-trafficking. Since then, Myanmar government has been implement counterinsurgency strategy to wipe out ethnic armed group who have been fighting for equal rights. Development became a very popular word in 1990s as government negotiated ceasefire with ethnic armed groups by promising development in ethnic areas. Actually, it provided economic benefit for the military generals and military backed companies and provided a chance the government to control over the ethnic areas where they had less control in the past as well.

Development projects initiated by the previous SLORC/SPDC regime focused on rapid economic growth with little regard for environmental or social impacts. The 1990 ceasefire were especially instrumental in opening up ethnic regions to mass extraction projects under the name of development. This led to an increased military presence and further mistreatment of locals by authorities that often were not only forced to relocate but used as forced labour in the construction of projects and infrastructure. Large scale development projects like resource extraction project have also caused destruction to the environment and cultural heritage sites. However, local people didn't get any benefit from that only business and political elites and transnational companies got profits from the development projects. Control over natural resources is a major cause of conflict in ethnic areas in Myanmar because there has been increased militarization and widespread of displacement where there are large scale resource extraction project plans such as, logging, dam, oil and gas, and agribusiness. The majority of Myanmar's remaining valuable natural resources are located in areas where ethnic ceasefire and non-ceasefire groups operate. Recently, the construction of Shwe oil and gas pipelines, construction of many dams on Salween River, and large scale land

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<sup>8</sup> Interview with Kachin Woman Church leader from Kutkai, Kutkai, 23 Feb 2015

concession for agribusiness in the contested territories of northern Shan state is set to traverse areas occupied by the Kachin Independence Army's (KIA) 4<sup>th</sup> Brigade, the Shan State Army-North (SSA-N) 1<sup>st</sup> Brigade and Ta'ang National Liberation Army (TNLA). There are already reports of fighting between government military and ethnic armed group in the surrounding area of the government's development projects.

Controlling economic and political power by military regimes can't lead the country to development. According to Amartya Sen (2001), 'human development is the freedom to be able to live as we would like'. Freedoms are not only the primary ends of development but they are the principal means of development. Political freedoms help to promote economic security. Economic freedoms in the form of opportunities for participation in trade and production help to generate personal abundance as well as public resources for the common good. In Myanmar, successive military led-government prevents people from pursuing their lives in peace. Restrictions are imposed on individual and group freedoms denying citizens opportunity life of their country. While vast amounts of natural resources are being exploited from the ethnic nationality areas and development projects implemented, the lives of the local people have not improved but have worsened. Despite the development projects during the 1990 ceasefire time, the people have not developed, but in reality they are losing their human rights day by day. In facts, the Myanmar military-state is not just interested in profit, but also conquering and controlling ethnic population and their indigenous land.

Therefore, the large scale agriculture development projects in ethnic upland areas can be seen as military led-government's strategic state-building process in conflict areas as these were often accompanied by grater militarization in the area around the investments, and permitting the government to gain greater control over the area. According to Peluso and Vandergeest's (2011), local people in the areas occupied by insurgents are encouraged to become more tied to central states through incorporation into agricultural development schemes or programs and other development programs. In the case of land grabbing in Tar Moe Nye area, the purpose of Myanmar government for directing capital flows into resource-rich, ethnic armed conflict area, is an attempt of creating effective national state and military authority, sovereignty and territory in practice. In this way of military state-build, a military led-government appropriates national or transnational capital networks to form military-private partnerships to control territory in the ethnic areas.

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