Smuggled goods from Burma being unloaded at Teknaf.

BURMA'S MUSLIM BORDERLAND

Sold down the river

Arakan State, in western Burma, was the scene in 1978 of a mass exodus of some 200,000 Muslims into Bangladesh. Though most of the refugees were subsequently allowed back, Muslims in Arakan still suffer harassment from the authorities. **Martin Smith** examines recent developments in Arakan, and the plethora of groups there opposing the central government.

THE SUN COMES UP over Burma's Arakan border and a small ferry boat slips out of Maungdaw harbour, along the Naaf River bound for Teknaf in Bangladesh. On board are local villagers and officials grasping one-day passes allowing them to do business in the bustling Teknaf bazaar.

But these official visitors are not the only travellers crossing the 256-kilometre Arakan border. Night and day, smugglers' launches ply the Naaf River or move out into the open sea where they trade with larger ships anchored off shore. And over rugged hills to the east, traders drive cattle or drag timber for sale over the border. Nor are these the only clandestine cross-border travellers. Eight years after the giant migration when over 200,000 Rohingya Muslim refugees fled into Bangladesh, a steady stream of Muslims filters out little noticed by the outside world.

The Arakan (Rakhine) State, guided by the unique 'Burmese way to socialism' of Burma's long-time military ruler, General Ne Win, is in many ways present-day Burma in microcosm—a largely rural rice-growing population, a stagnant economy, a thriving black market, ethnic discontent and insurgents in the mountains.

Markets along the border abound with goods smuggled across Burma—sarongs and electrical goods from Malaysia and Thailand which first have passed through customs gates belonging to the rebel Karen National Union in the south, and crockery from China channelled through territory controlled by the Kachin Independence Army or the Communist Party of Burma. Even heroin, unheard of a few years ago, is now available, though largely from offshore sources. In this impoverished backwater, however, most local traders deal in basic goods—rice, fish, timber and cigars from Burma, and medicine and kerosene from Bangladesh.

Black market: a way of life

For local villagers black market trading has become almost a way of life. Under its curious blend of marxist and Buddhist principles the 'Burmese way to socialism' requires farmers to sell their harvest to the government at fixed prices—at present, rice sells at 9 kyat (about £1) a basket. But selling to Bangladesh on the black market for as high as 50 kyat a basket enables many families to buy a variety of goods available only on the black market. Likewise, a box of prawns going for 50 kyat in Burma will sell for six times that amount across the border. According to Gyaw Hla of the Arakan Liberation Organization: 'if you need to earn money in Arakan today there are only two ways—to become a soldier or a smuggler.'

The scale of Burma's black market, though impossible to calculate, is undoubtedly vast. One 1983 estimate put the total volume at some US$200 million a year—the equivalent to one quarter of Burma's official imports that year. As one intelligence officer with long-time experience of the cross-border trading explained, 'many people, when they hear figures quoted in millions, are very sceptical. They look at the vegetables, cheroots and cattle, which are all most people see trickling across the border, and think the trade can't be very large. What they forget is the high value of goods like jade, teak, rubies and opium which pass through largely unnoticed.'

Indeed, some observers have speculated that in many areas of Burma today there is probably more money circulating in illegal transactions than in legal ones—a remarkable claim given some credence by the extraordinary 'demonetization' of the Burmese currency on 3 November last year. Overnight all the larger notes in circulation—of 20, 50 and 100 kyat—were declared valueless, and Burmese citizens were required to deposit their cash holdings for exchange. But there was a catch. Only a maximum 5,000 kyat (£500) per family—the price of a pair of oxen—would be returned, until investigations ensured that the rest of the money had been legally earned. In practice, 5,000 kyat appears to have become the legal amount any family can hold and anything above this limit has apparently been 'nationalized'.

Although there are reports of individual black marketeers losing personal fortunes, most of Burma's numerous rebel organizations that depend on taxes from black market trade claim contingency plans have minimized their losses. Indeed, a spokesman for the Karen National Union said the measures showed that serious financial difficulties exist in Rangoon with Burma's foreign debt having almost doubled over the past five years—one recent estimate suggesting a figure of US$2.8 billion.