

Burma Alert No.7
(July 1990)

MAY 27 ELECTION RESULTS

As of June 13, Daw Aung San Suu Kyi's National League for Democracy (NLD) has won 315 of the 359 seats officially announced (485 seats were contested) [AFP900613]. Caught by surprise, General Saw Maung is trying desperately to delay transferring power. The elected National Assembly will not be convened until September to allow another 60 days for candidates to file complaints. According to the Far Eastern Economic Review, Saw Maung is trying to set the following pre-conditions [F900621]:

1. The Army must not be restructured or officers transferred.
2. All contracts signed with foreign investors to date must be honoured.
3. Daw Aung San Suu Kyi of NLD must be disqualified from playing an active role.
4. No peace talks may be held with the regime's opponents.

These pre-conditions answer the questions asked in "Burma Alert No.6" It shows that the Army wants to remain an independent entity above any elected government.

It also underlines the fundamental mistake foreign businesses have made in their greed to exploit Burma. Their investments are not secure. Even the Army recognises this weakness and is trying, belatedly, to protect their source of income.

The NLD won its overwhelming mandate to rule from the people because of the leadership of Daw Aung San Suu Kyi. Her leadership is not negotiable.

The last condition shows, beyond a shadow of a doubt, that the Army does not want peace. A civil war justifies maintaining a large Army. It also allows those in power to benefit economically from the chaos without having to be held accountable.

General Saw Maung is in no position to be negotiating pre-conditions. The Army must honour its promise to hand over power. It is for the elected National Assembly to decide what it wants to do with the Army and foreign investments. They will also decide whether to revert to the 1947 Constitution or call for peace talks.

THE OPIUM QUESTION

The U.S. is concerned about the size of Burma's opium harvest, estimated at 2,600 metric tons this year [U900309]. It is debating whether to restore aid to Myanmar to deal with the drug problem. Given the free and fair balloting on May 27, The U.S. Drug Enforcement Agency may yet prevail against the State Department and restore aid.

However, will U.S. aid actually decrease the opium supply? When the U.S. started its drug eradication program in Burma in 1974, Burmese opium production was about 600 tons. By 1988, US\$ 81 million in aid and 15 years later, Burmese opium production had doubled to about 1,200 metric tons [U900309]. What went wrong? Some facts:

1. The British have been blamed for introducing opium to Burma but between 1920-50, Burma's opium harvest did not exceed 40 tons/year [G510000]. After independence, the opium harvest increased ten-fold to about 400 tons by 1962 [Ny630917].
2. In 1950, remnants of the defeated Nationalist Chinese Kuomintang (KMT) army regrouped in the Shan States. With the help of the CIA, they monopolized and expanded the opium trade to finance their operations against China [Mc720000].

3. The KMT opium from Burma was marketed by another CIA protégé, Thai Police General Phao Sriyanonda. In 1959, Field Marshal Sarit Thanarat took over [Mc72000].
4. In the 1950's, the Kokang State militia was allowed by the Burma Army to trade in opium in exchange for keeping the KMT out of Kokang, which borders China. The Commander in Chief of the Burma Army was General Ne Win. A key commander of the Kokang militia was Lo Hsing Han. Khun Sa was the commander of the Loi-maw Ka-Kwe-Ye (militia) that worked with the Burma Army during the same period [Tz870000].
5. In 1961, the KMT were driven out of Burma but retained their opium monopoly. They settled in Northern Thailand and became Thailand's first line of defence against Communist China [Mc720000]. Sarit died in 1963 and his legacy was inherited by Marshal Thanom Kitikhachorn and General Praphas Charusathien.
6. In 1965, the Burmese Military Intelligence Service (MIS) created Ka-Kwe-Ye (KKY) units to combat increased resistance to Ne Win's rule. In return for their service, the KKY were permitted to trade in opium. Two of the most prominent KKY commanders were Lo Hsing Han and Khun Sa [F900628] who became head of all KKY forces and began to challenge the KMT's opium monopoly [Tz870000]. Ne Win was the Defence Minister and Saw Maung was in charge of the North Eastern Command.
7. In 1967, the KMT armies in Thailand were granted official status as paramilitary forces under the direct command of the Internal Security Operations Command (ISOC) in Bangkok [Mc720000]. General Kriangsak Chommanand commanded the ISOC.
8. In 1969, Khun Sa made overtures to the resistance and was arrested by the Army. Lo Hsing Han then took over leadership of the KKY and the opium trade [Tz870000].
9. In 1973, the KKY were disbanded but Lo Hsing Han refused to disband and offered to co-operate with the Shan State Army (SSA). Seizing the opportunity to focus international attention on their plight, the SSA arranged for Lo to sell his opium to the U.S. government. Lo was invited to talk with friends and boarded a Thai Police helicopter. Instead, he was arrested, branded the 'Opium Warlord' who controlled 35% of the Burmese opium and extradited to Burma. He was sentenced to death in Rangoon for 'high treason' and 'rebellion against the state' for his SSA connection but he was not prosecuted for opium smuggling. However, he was not executed [F900628 & A761203].
10. In 1973, Khun Sa's men kidnapped 2 Russian doctors and demanded Khun Sa's freedom. General Kriangsak Chommanand intervened and the Russians were released.
11. In 1974, Khun Sa was released and returned to his drug trafficking business. It is estimated that Khun Sa now controls 60% of the Burmese opium trade [A900601].
12. In 1980, Lo Hsing Han was released and formed another militia along the same lines as the KKY - drug smuggling in return for fighting the resistance [F900628].
13. In 1989, Lo Hsing Han was used by Intelligence Chief Brig.Gen. Khin Nyunt to negotiate with ex-Communist Party of Burma (CPB) rebels. It was agreed that they could traffic in drugs in exchange for fighting the resistance [F900628].
14. Today, these ex-CPB groups in partnership with Lo Hsing Han are operating at least 17 heroin refineries. Their product is transported by the 99th Division of the Burma Army to Thailand and India [F900628 & KI900211].

5. An ex-CPB unit, now known as the United Wa States Army, led by Chao Ngi Lai has been attacking Khun Sa's strongholds on the Thai-Burma border [A900601].

It is not a coincidence that the opium harvest doubled after all foreign aid to Burma was stopped in 1988. It is part and parcel of the Army's policy to sell Burma's resources to raise cash in order to remain in power. Instead of restoring aid to combat the drug trade, a political solution to the civil war in Burma is needed.

PAKISTAN

In response to letters sent to Madame Benazir Bhutto, Prime Minister of Pakistan regarding Pakistani arms sales to Burma, Mr. Afrasiab, Third Secretary (Political) at the Pakistan Embassy at 2315 Massachusetts Ave., N.W., in Washington, D.C.2008, has stated that *"I have been directed to inform you that all Pakistani military sales to the Government of Burma have been suspended since June 1989"* (May 24, 1990).

SOURCES: [AFP900613] Agence France Press [F900621] F.E.E.Review, Hong Kong
[G510000] Burma Govt. Report [KI900211] K.I.O. Report
[Ny630917] New York Times [U900309] U.S.Government Report
[Mc720000] McCoy, Politics of Heroin in Southeast Asia, Harper Colophon'72
[Tz870000] Chao Tzang Yawngwe, The Shan of Burma, I.S.E.A.S., 1987

INDEX OF FOREIGN BUSINESSES IN BURMA (Jan-Jun '90)

Superscripts indicate issue of *Burma Alert* in which details appear.

AIRCRAFT

CZECHOSLOVAKIA³

MALAYSIA

(training on C130 aircraft)³

ARMS

BELGIUM¹

BRITAIN¹

CHINA

North Industries Corp. (NORINCO)³

GERMANY

Fritz Werner Industries¹

HOLLAND¹

ISRAEL¹

ITALY¹

PAKISTAN

Pakistani Ordnance Factory^{1,7*}

SINGAPORE

Allied Ordnance¹

Chartered Industries¹

Hurper Company¹

Shengli Holdings¹

SWEDEN

Forvarets Fabriksverken (FFV)¹

Nobel Industries¹

THAILAND

Suco Engineering Co.³

YUGOSLAVIA¹

AUTOMOBILES

FRANCE

Renault⁶

KOREA

Hyundai¹

SINGAPORE

Century Motors (S) Pte.Ltd.⁶

Myanmar Motor Limited⁶

THAILAND

Pholasith Tuk-Tuk Group⁵

Pholasith Tuk-Tuk Industry Co.⁵

BANKING/FINANCE/AID

JAPAN

Japan Burma Cooperation Association⁵

Official Development Assistance⁵

THAILAND

Siam Commercial Bank⁵

Thai Military Bank⁵

UNITED NATIONS

E.S.C.A.P. (highway bridge)²

CONSUMER GOODS

FRANCE

Essilor Co.⁶

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CONSUMER GOODS (continued from page 3)

SINGAPORE

Motiwalla Enterprise Pte. Ltd.⁶
Myanmar Singapore International¹
SKS Marketing Pte Ltd.¹

SWITZERLAND

Nestle¹

THAILAND

Bangkok Optical Distribution⁶
Optical Association (Thailand)⁶

U.S.A.

Coca-Cola Corp^{1,2}
Pepsico International⁵

DEPARTMENT STORES

CHINA

Yunnan Province¹

KOREA

Daewoo Group¹

MALAYSIA

Burmah Holdings Sdn. Bhd.^{1,3}
Myanmar-Malaysia Int'l Ltd.^{1,3}

ELECTRONICS

FRANCE

Fedⁿ of Elec. & Electronics Ind.⁶

KOREA

Samsung¹
Daewoo Electronics Myanmar⁵

SINGAPORE

S'pore Technologies Industrial Corp.³
Singapore Computer Systems³

U.S.A.

Arvin International⁶
Digital Equipment Corp⁶

FISHERIES

HONG KONG¹

JAPAN¹

KOREA¹

MALAYSIA

Burmah Holdings Sdn. Bhd.^{1,3}
Myanmar-Malaysia Intn'l Ltd.^{1,3}

SINGAPORE¹

THAILAND

Atlantis Co.^{1,3}
Golden Fishery Co.³
Mars & Co.¹
Narong Canning Co.³
Siam Andaman Fishery Co.³
Suphachoke Fishing Co.^{3,5}
Thai-Burmese Fishery Joint Venture Co.³

Thai-Myanmar Fisheries (1990) Co.⁵
Thip Tharn Thong Co.³

HOTEL & TOURISM

AUSTRIA

IAEG Austria (hotel)^{1,6*}

CHINA

Yunnan Province¹

KOREA

Daewoo Group (hotel)⁵

THAILAND

Dusit Thani Corp (hotel)²
Golden Triangle Paradise Resort^{2,5}
Mandalay Myanmar Tours Co.³
P.P. Group (hotel)^{2,5}
Skyline Travel Service Co.³
Thip Tharn Thong Co. (hotel)³
Tourism Authority of Thailand (TAT)⁵
Union Par Co. (hotel)³
Vitavas International Co. (hotel)⁵

MACHINERY

THAILAND

Myanmar Rice Engineering Supply^{1,5}
Rice Engineering Supply¹

MINING

CHINA

Yunnan Province¹

KOREA

Daewoo Group (Copper)¹
Korean Mine Promotion Corp (copper)¹

MALAYSIA

Malaysian Mining Corporation³

THAILAND

AGD Gold Dealers Co.⁵
Aokham/Tung Ka Harbour Mining Group⁵
Boon Sung Tin Dredging⁵
Deebuk (Tin) Apdaman Group⁵
Fairmont State⁵
Mining & General Management Co.⁵
Padaeng Industry⁵
Sea Exploration & Mining Co.^{3,5}
Seatrans Mining⁵
Thai Gem and Jewelry Traders' Assoc.⁵
Thai Mining Industry Council (MIC)⁵
Thai Wattana Mining⁵
Thip Tharn Thong (Gems)^{1,2}

OIL & GAS

AUSTRALIA

BHP Petroleum¹

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OIL & GAS (continued from page 4)

BRITAIN

Croft Explorations¹
Kirkland Resources³

CANADA

Petro-Canada Resources^{1,5,6}

FRANCE

Elf¹

HOLLAND

Shell Exploration¹

JAPAN

Idemitsu Oil Development^{1,5,6}
Japan National Oil Corporation⁵

KOREA

Yukong Co. (Sunkyoung Group)¹

THAILAND

Petroleum Auth. of Thailand (PTT)⁵
PTT Exploration & Production⁵

U.S.A.

Amoco¹
Unocal (Union Oil)^{1,5}

RICE

SINGAPORE¹

MALAYSIA

National Padi and Rice Authority³

SHIPPING/TRANSPORTATION

MALAYSIA

Burmal Holdings Sdn. Bhd.^{1,3}
Myanmar-Malaysia Int'l Ltd.^{1,3}

SINGAPORE

Ace Pressureweld Intn'l (Pte.) Ltd.⁶
Myanmar-ACE Metal Industries Co.³ Ltd.⁶
Skyline Shipping Services Group³

SWITZERLAND

Inter Maritime Group¹

TEXTILE

HONG KONG

Value Industries Limited⁶
Yangon Garment Manufacturing Co. Ltd.⁶

KOREA

Daewoo Group^{1,3,5}
Myanmar Daewoo International⁵

TIMBER

INDIA¹

JAPAN¹

KOREA¹

MALAYSIA³

SINGAPORE

Woodwork and Construction Pte. Ltd.¹
Broken Hill Proprietary Co. Ltd.⁵

THAILAND

B & F^{1,2}

Bangkok Metro. Transit Auth.³

Benjasiriwan Sawmills⁶

Chaitana Karn Ltd. Part.⁶

Chao Phya & Irrawady²

Chokepanya Co. Ltd.⁶

Choon Sin Intn'l Co. Ltd.⁶

Khon Thong Co.⁵

Khun Thong Sawmills⁶

Mae Moei Forestry²

Mae Sod Forestry²

Muang Pana²

N & M Co. Ltd.⁶

P.M.T. Co. Ltd.⁶

Pathum Thani Sawmills²

Patumthani Tangkakarn Co.²

Santi Forestry^{1,2}

Silar International²

Silom Complex Co.²

Sirin Technology^{1,2}

Tab Sakae Business Co.⁵

Thai Forest Industry Orgn.⁵

Thai Plywood Co.⁵

Thai Pong^{1,2}

Thai Sawad^{1,2}

Thai Teakwood²

Thip Tharn Thong³

Udomnan Co.⁵

Union Par Co.²

TRADE

AUSTRALIA

BHP Countertrade Pte. Ltd.⁵

CHINA

Yunnan Province¹

HONG KONG

Myanmar Chan (H.K.) Limited⁶

Tsin Yuen Enterprises Ltd.⁶

JAPAN

Housho Trading Inc.⁵

Sanwa Trading Co. Ltd.⁵

MALAYSIA

Burmal Holdings Sdn. Bhd.^{1,3}

Myanmar-Malaysia Int'l Ltd.^{1,3}

THAILAND

Development of Northeast Thailand⁵

Joint-Commission on Bilateral Trade⁵

Thai Chamber of Commerce⁵

Thai-Burmese Trade Relations C'tee⁵

Thailand Board of Trade⁵

(List continued on page 6)

MISCELLANEOUS

HOLLAND

G. Van Den Brink B.V.⁵

JAPAN

Dai Ichi⁵

Kaiko Suisan Co. Ltd.⁵

M.C.G. Corporation⁵

Mitsui & Co.⁵

Mitsubishi Corp.⁵

Nikkei Co.Ltd.⁵

Ookawa Construction Planning Co.Ltd⁵

Note: 6*, 7* deal reported ended.

ADDRESSES TO WRITE TO:

Broken Hill Proprietary, Sir Arvi Parbo, Chairman; Brian Loton, Deputy Chairman,

Managing Director and C.E.O.; B.H.P. Petroleum, P.J. Wilcox, Director and C.E.O.;

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END

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