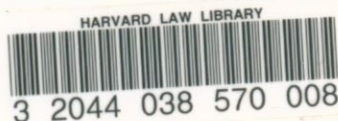


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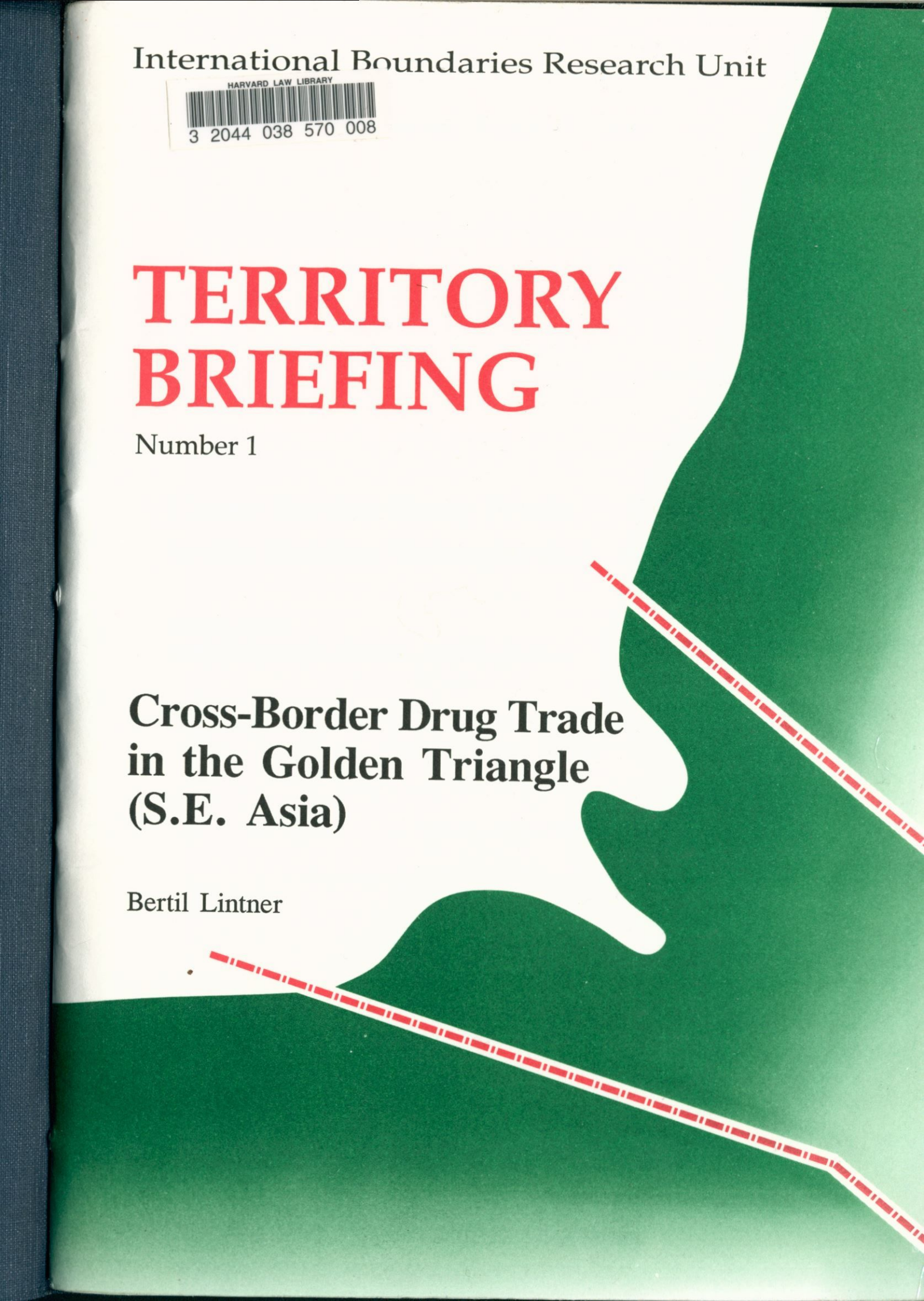


# TERRITORY BRIEFING

Number 1

## Cross-Border Drug Trade in the Golden Triangle (S.E. Asia)

Bertil Lintner



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**TERRITORY  
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in the Golden Triangle (S.E. Asia)**

**Bertil Lintner**  
(with photographs by Hseng NOUNG Lintner)

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# **Cross-Border Drug Trade in the Golden Triangle (S.E. Asia)**

**Bertil Lintner**  
**(with photographs by Hseng NOUNG Lintner)**

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# **Cross-Border Drug Trade in the Golden Triangle (S.E. Asia)**

**Bertil Lintner**

*Note: The views expressed in this Briefing represent those of the author, and not necessarily those of the  
International Boundaries Research Unit (IBRU)*

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## Abbreviations

CPB	Communist Party of Burma
KIA	Kachin Independence Army
KKY	Ka Kwe Ye (Burmese government home guard units)
KMT	Kuomintang
KNU	Karen National Union
MTA	Möng Tai Army
NDF	National Democratic Front
NMSP	New Mon State Party
SSA	Shan State Army
SUA	Shan United Army
SURA	Shan United Revolutionary Army
SLORC	State Law and Order Restoration Council
TRC	Tai Revolutionary Council
UWSA	United Wa State Army
WNA	Wa National Army



# Cross-Border Drug Trade in the Golden Triangle

Bertil Lintner

## 1. Introduction

The Golden Triangle, where the borders of Burma, Thailand, Laos and China intersect, for decades has been one of the world's most important supplier of illicit narcotics (Figures 1 & 2). The production is also increasing steadily; Western narcotics officials estimate that the output has doubled since the 1987-88 harvesting season when it reached 1,200 tonnes. In 1988-89, a bumper crop of 2,400 tonnes was harvested and the 1989-90 harvest was in the same order of magnitude with approximately 2,000 tonnes in Burma, 350 tonnes in Laos and 50 tonnes in Thailand (1).

Traditionally, about half of this is smoked locally by opium addicts in the hills or used as medicine in tribal villages. The other half is converted into heroin, 70% of which is consumed by hundreds of thousands of addicts in Southeast Asia, mainly in Thailand and Malaysia but also increasingly in Burma, southern China and northeastern India. An estimated 23-25% usually ends up in Europe, Australia and New Zealand and 5-7% in the US or Canada. (2) But recent reports indicate that a growing amount is now destined for the North American market: 40-50% of the heroin flowing into the US, and 80% of the heroin reaching New York, was of Southeast Asian origin in 1990. (3) As production sky-rockets, the traffickers are looking for new routes from the poppy fields and the heroin refineries in Burma's frontier areas - to the world market.

Most drugs are now smuggled from northeastern Burma through Yunnan in southern China to Hong Kong, rather than via Thailand as had until recently been the case. An increasing amount is also smuggled in a westerly direction to the northeastern Indian states of Manipur, Mizoram and Nagaland.

Almost 50% of the poppy fields in the Burmese sector of the Golden Triangle - where the lion's share of Southeast Asian narcotics originates - are located in areas along the Sino-Burmese frontier, which until last year were controlled by the insurgent Communist Party of Burma (CPB). In March-April 1989, however, the hill-tribe rank and file, who made up nearly all of the CPB's 10-15,000 strong army, rose in mutiny and drove the party's ageing, Burman Maoist leadership into exile in China.

The mutiny ended nearly 40 years of communist insurgency in Burma, but it was Burma's military government - not, as initially expected - the country's alliance of non-communist, ethnic-based resistance armies, the National Democratic Front (NDF) - that benefited from the CPB mutiny. Rangoon almost immediately made a



Figure 1: Location map showing the Golden Triangle Area.

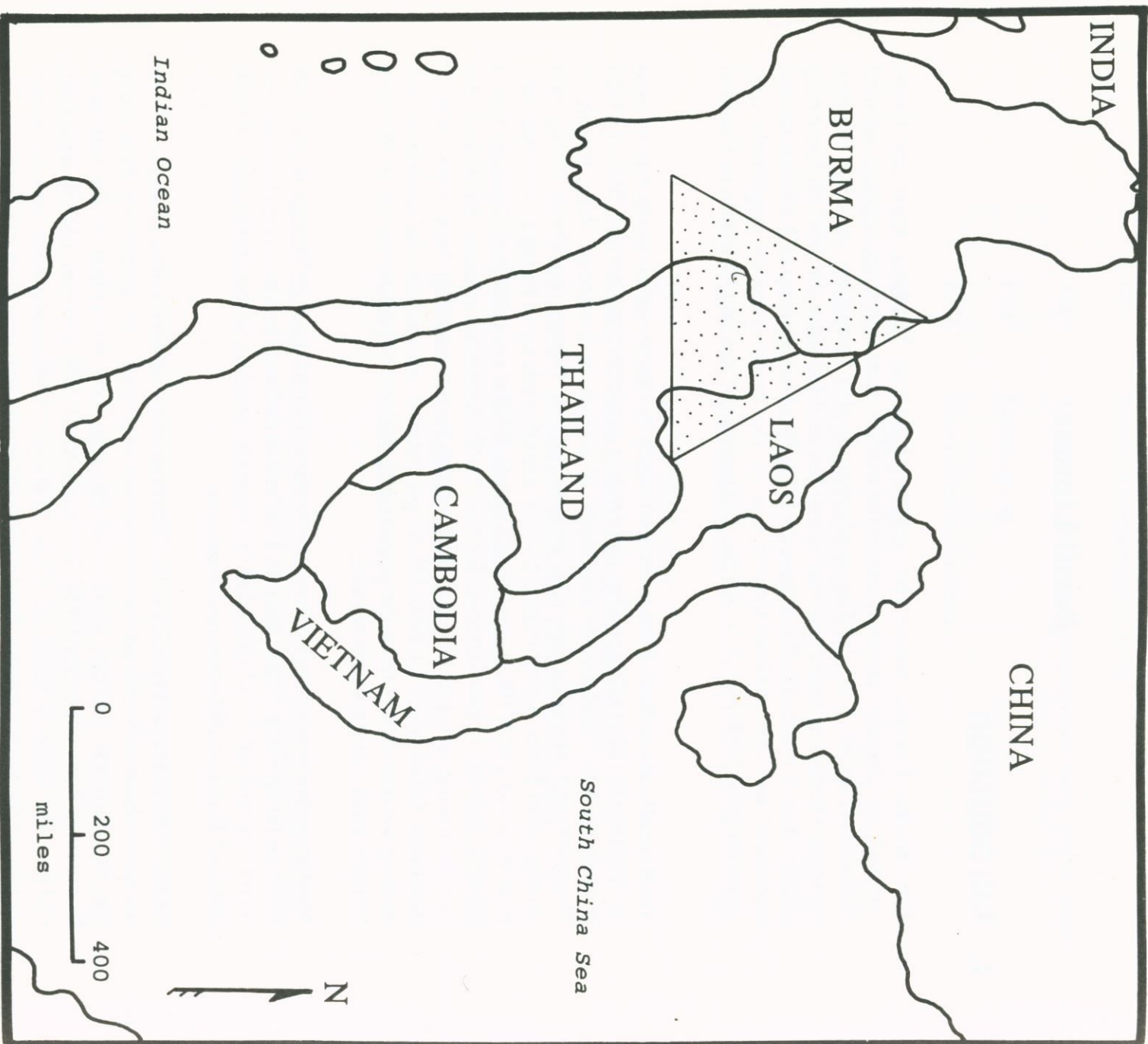
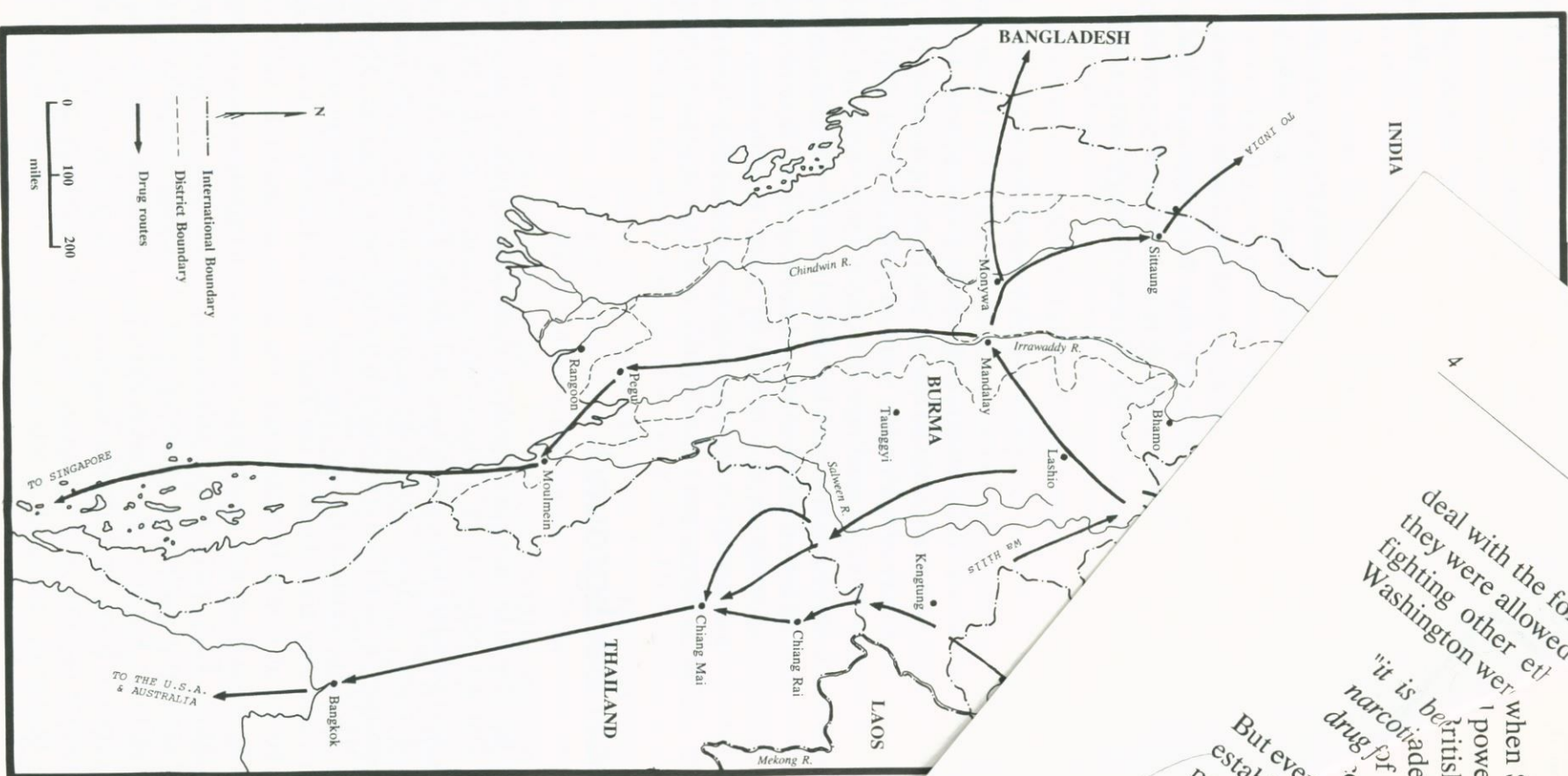


Figure 2: Burma:



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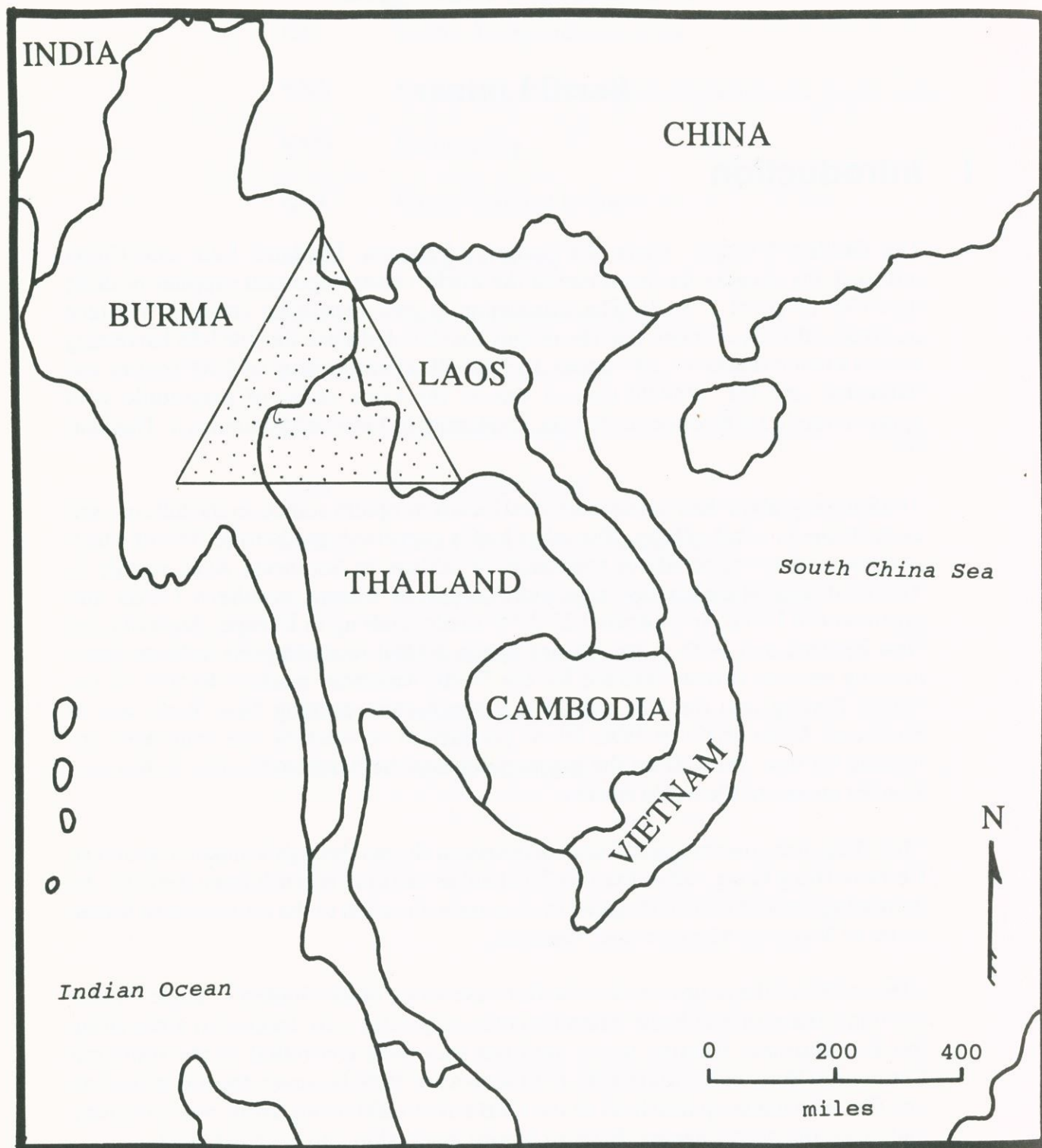
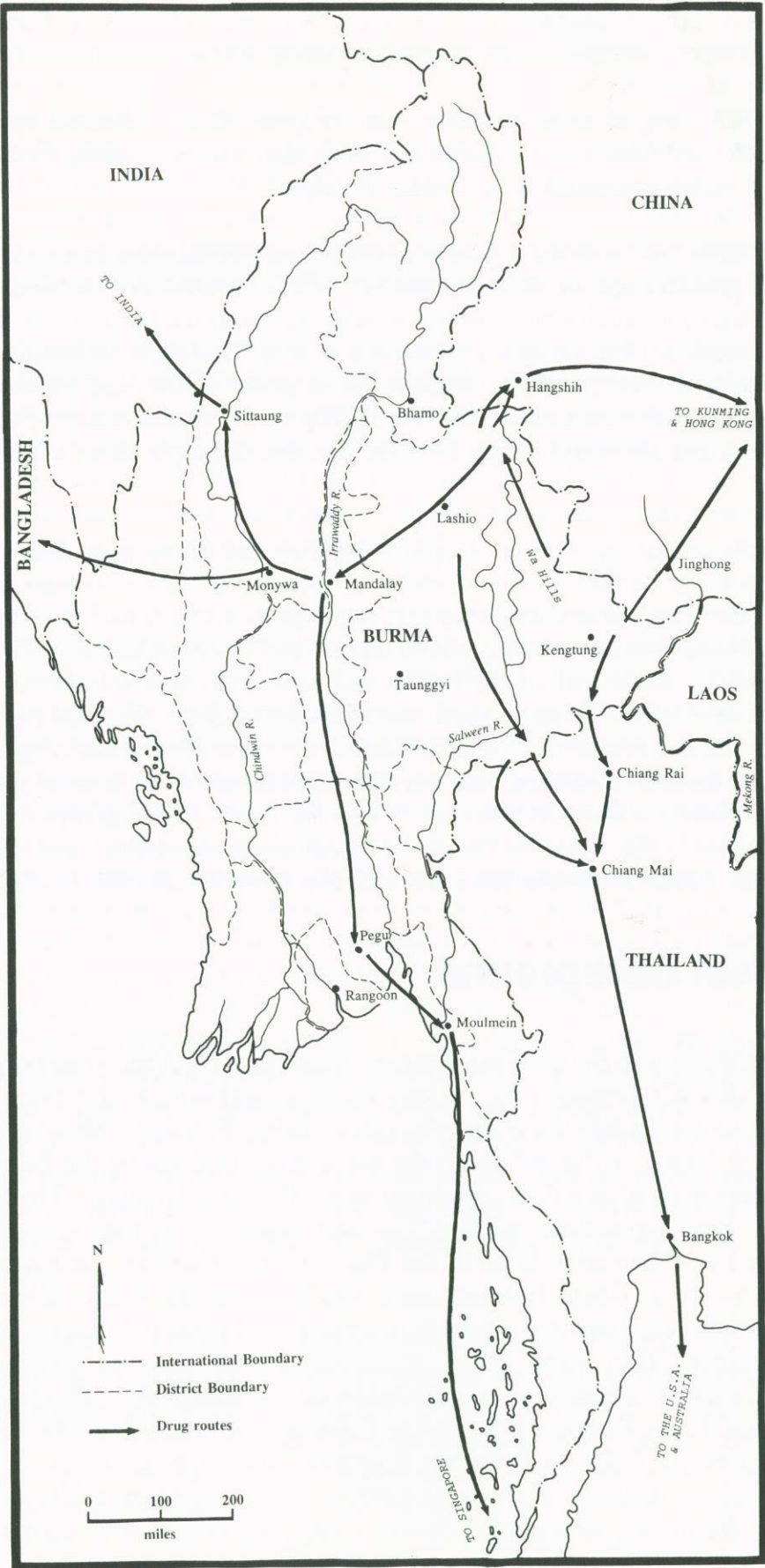




Figure 2: Burma: main locations and drug routes.



Source: Bertil Lintner



deal with the former CPB forces which were turned into government militia forces; they were allowed to retain their arms, and trade freely in narcotics, in exchange for fighting other ethnic insurgents in the area. Narcotics officials in Bangkok and Washington were soon also receiving reports indicating that

*"it is becoming increasingly clear that, in spite of their rhetoric against narcotics, the hard-pressed Burmese leaders may now be profiting from the drug fortunes generated in the Golden Triangle."* (4)

But even without such a direct alliance between drug trafficking organisations and an established government, no serious observer of the opium trade believes that it is possible to transport such vast amounts of narcotics from the fields in the hills down to the main outlets - the airports and the seaports of Thailand and Burma - without officials turning a blind eye to the traffic in exchange for traditional "tea money". The blatant nature of this new alliance has only highlighted the most controversial, but so far also the most neglected, aspect of the Golden Triangle drug traffic: official complicity.

However, the actual cultivation of opium poppies can thrive only under anarchic social and political conditions. For decades, northeastern Burma's border areas have been a motley mosaic of self-made military commanders, mercenaries, communist as well as nationalist insurgents, contraband traders and assorted outlaws. The problem goes far back in the history of the region and any permanent solution to the drug problem in the Golden Triangle must take this into account. Analysts argue that as long as the political, economic and social situation in these remote and long-neglected border areas remains unsettled, there is little likelihood of the flow of opium from the Golden Triangle showing any sign of slowing down. Equally important, a free political climate in the countries involved is considered imperative - and that is sadly lacking today mainly in Burma and Laos and, to a much lesser extent, in Thailand.

## 2. Historical Background

The present anarchy in Burma's northeastern Shan State is a direct result of centuries of mutual distrust between its various national minorities and their Burman neighbours, who populate the country's central plains. The word "Shan" is actually a corruption of "Siam" or "Syam" and is the name given to them by the Burmans; the letter "m" becomes "n" as a final consonant in the Burmese language. The Shans call themselves "Dtai" (sometimes spelled "Tai" and, across the border in southwestern China, "Dai") and they are related to the Thais and the Laotians - in contrast to the Burmans who are of Tibeto-Burman stock. The Shans settled in the valleys on both sides of the Salween River and established a number of principalities, varying in size and importance. They were never effectively united and the mountains that surrounded each principality were inhabited by an abundance of smaller hill peoples: Lahus, Akhas, Lisus, Kachins, Was, Pa-Os, Palaungs and ethnic Chinese. But despite increasing pressure from the Burmese Kingdoms in the plains as well as Burmese military presence in some of the principalities, their hereditary chiefs, or *saohpas* (*sawbwa* in Burmese), managed to retain a large amount of sovereignty. Neither



Burma, nor China, was ever able to achieve effective conquest of the fiercely independent Shan princes and their states.<sup>(5)</sup>

The situation underwent drastic changes in the 19th century when Southeast Asia became an arena of competition between the two main colonial powers at that time: the French and the British. Burma was conquered by the British in the three Anglo-Burmese wars of 1824-26, 1852 and 1884-85, and was made a province of British India. Meanwhile, the French had extended their sphere of influence over Laos in the east. In between lay the wild and rugged Shan hill country with an abundance of principalities and local rulers. Sir Charles Crosthwaite, British Chief Commissioner of Burma in 1887-90, described the situation in this manner:

*"Looking at the character of the country lying between the Salween and the Mekong, it was certain to be the refuge for all the discontent and outlawry of Burma. Unless it was ruled by a government not only loyal and friendly to us, but thoroughly strong and efficient, this region would become a base for the operations of every brigand leader or pretender where they might muster their followers and hatch their plots... To those responsible for the peace of Burma, such a prospect was not pleasant."* <sup>(6)</sup>

To avoid the emergence of an uncontrollable buffer state between the two colonial powers of the time, the British extended their Burmese conquest to the Shan states, which were "pacified" over the years 1885-90. Another main reason that the British decided to precede the French and keep them at bay on the other side of the Mekong was that the trans-Burma trade routes to China passed through the northeastern border areas of the Shan territory. Several envoys sent by the East India Company to Burma during the period 1700-1824 had reported on the China trade from upper Burma and the Shan states. John Crawford, for instance, stated in 1826 that 14,000,000 pounds of cotton worth ú228,000 were exported to China by these routes, supplemented by exports of jade from the Kachin Hills further to the north, amber, rubies, sapphires, edible birds' nests and so on. The trade was balanced by Chinese exports of copper, ironware, brass, tin, lead, gold leaf, medicines and Chinese luxuries in food and dress.<sup>(7)</sup> The two main trade routes to China were the "Ambassador's Road" from Bhamo (now in southern Kachin State) and the legendary "Burma Road" from Lashio in the northern Shan states to Yunnanfu (now Kunming) in China. The present boundaries of northeastern Burma are, in other words, a direct outcome of 19th century rivalry between the French and the British and the struggle for control of the lucrative China trade. The Shan people, and the numerous hill tribes who inhabit the mountains surrounding their valleys, are today found on all sides of the borders in this region - in Burma, Thailand, Laos, China, and even in northwestern Vietnam.

Having obtained Chinese recognition of the conquest of Burma as early as in 1887, the British began a series of boundary settlements with China which continued until 1937. According to the Beijing Convention of 24 July 1886, it was agreed to facilitate overland trade with China and to provide for a joint commission to delimit the border. Little progress was made, however, and the first Convention was followed by another on 1 March 1894 which, in turn, was revised on 20 June 1895. A portion of Kengtung was ceded to France (Möng Sing in northwestern Laos) and Kokang, a district



dominated by ethnic Chinese, was subsequently returned to the suzerainty of the Shan state of Hsenwi. The Namwan Assigned Tract, a triangular, 85 square mile piece of territory on the border between the Shan states and Bhamo District in the Kachin hills, was leased by China to Britain in 1897 and it was also decided to appoint a joint commission to demarcate the entire frontier between China and Burma. This agreement is regarded as the most important document in Sino-British relations along China's southern frontier.<sup>(8)</sup> (see Appendix 1)

During the dry seasons of 1897-99 some progress was made by the survey party on a general alignment of the border with China in the eastern sector, north of Kengtung, where boundary pillars were erected. Problems arose, however, in the Wa Hills, the home of headhunters and local warlords. The border there was left undemarcated; the disputed area between the boundaries contended for by Britain and China was treated as no-man's land and ruled by Wa chieftains in collusion with Chinese bandit groups. British and Indian troops were dispatched to drive out what they considered the invaders and a few battles were fought.

In 1935 the Council of the League of Nations in Geneva appointed a Swiss, Colonel Frederick Iseline, Chairman of a League Commission to examine the border between Burma and China. Iselin was well known for his role in settling the Mosul boundary dispute between Turkey and Iraq.

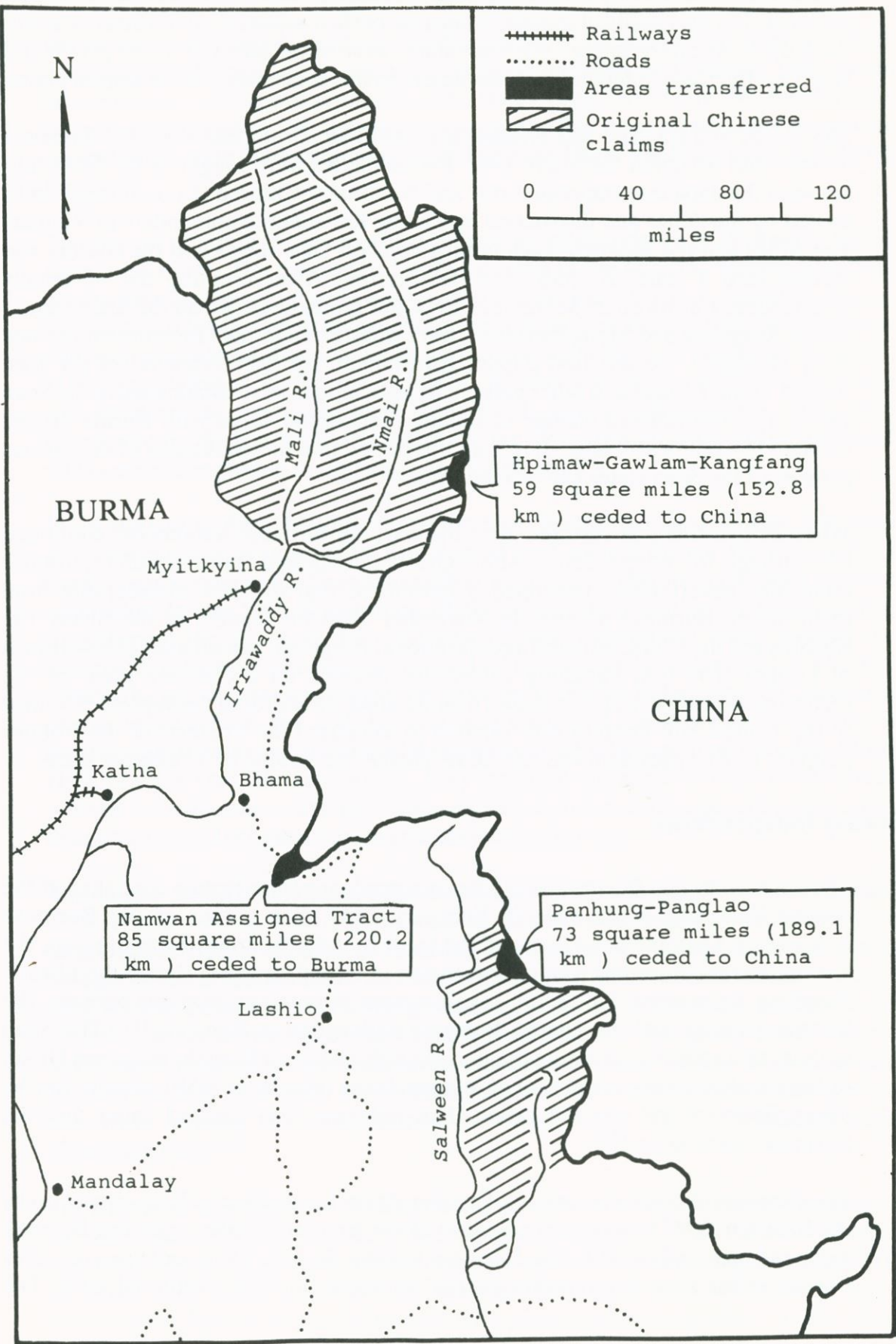
A military escort subdued the more rebellious of the Wa chiefs and the work done by the Iselin Commission in 1935-37 resulted in the settlement of most of the disputed area between the Wa Hills and China. In accordance with an exchange of notes in June 1941, China and Britain agreed on a final settlement of the international frontier in this area although a big section of the boundary in the northern Kachin hills remained undemarcated throughout the colonial era. In principle, the watershed between the Irrawaddy and the stretch of the Salween that flows through Chinese territory was regarded as the frontier, but contemporary Chinese maps often claimed territory as far south as Myitkyina.<sup>(9)</sup> (see Figure 3)

The British reorganised the civil service in Burma so that a separate administrative system was created to deal exclusively with the frontier areas. While Burma proper became a British colony, the Shan states were declared to be protectorates. The British recognised the authority of the Shan *saohpas* who were responsible for administration and law enforcement in their respective states. They had their own armed police forces, administrative officers, magistrates and judges. In 1922 the British created the Federated Shan States and for the first time the Shan area achieved a governing body common to all the principalities. This was called the Federated Shan States' Council and comprised all the ruling princes - about thirty of them - and the British Governor in Rangoon. The Council dealt with such common concerns as education, health, public works and construction. The Shan *saohpas* were more or less left alone in political matters and the British presence was confined to a Chief Commissioner in the Shan states capital of Taunggyi and a few political officers in the more important states.

On the other hand, however, very little was done to exploit the rich natural resources of the Shan states and to uplift the area economically. The major preoccupation of



Figure 3: Burma-China border area showing lands originally under dispute and those actually transferred according to the 1960 Sino-Burmese agreement.



Source: George McT. Kahin, ed., *Government and Politics of Southeast Asia*, 2nd ed., Cornell University Press, 1964, p.165



the British in Burma was to develop the Burmese lowlands on the Irrawaddy plain into a granary and rice exporter for India. For the Shan states the colonial epoch meant peace and stability for the first time in centuries. But it was a period of not only economic but also political standstill; because of their separate administrative status - and the ethnic differences - the Shan states were never affected by the pre-World War Two Burmese independence movement to the same extent as the central plains.

This sleepy and stagnant *pax Britannica* came to an abrupt end when the Japanese overran and occupied Burma in 1942. Fierce battles were fought in the Shan hills between the Japanese Imperial Army and Nationalist Chinese (Kuomintang) units, invited by the Allies and dispatched by Chiang Kai-shek's commanders in Yunnan. The Allies and the Japanese each in turn bombed Shan towns and the country was thrown into a state of chaos and destruction. After creating the nominally independent Burma on 25 September 1943, the Japanese ceded all the Shan states - except Kengtung and Mong Pan which were transferred to the Government of Siam (now Thailand) - to this new puppet government. By 1944, branches of the East Asiatic Youth League and other nationalist associations were established in the Shan states. The institutional change of linking the frontier areas with Burma proper resulted in a political change. It is from this period that the awakening of the various peoples of the Shan states can be measured.<sup>(10)</sup>

When British rule was restored after the war, the Burmese nationalists continued their struggle for independence. Although more politicised than ever before, frontier minorities nevertheless developed a movement that differed considerably from main-stream Burmese politics. In November 1946 the leaders of the Shans, the Kachins and the Chins, initiated a conference at Panglong, a small market town north of Loilem. The first Panglong conference decided on a common plan for the reconstruction of the war-devastated frontier areas. In addition, the Supreme Council of the United Hill Peoples was founded to safeguard the interests of the frontier peoples. Its first president was Sao Shwe Thaik, the *saohpa* of Yawngghwe state.

### Uneasy independence

The decision to join Burma and ask for independence from Britain was taken at the second Panglong conference in February 1947. The leader of the Burmese nationalists, General Aung San, and the leaders of the frontier peoples (except the Karens and the Karennis who later resorted to armed struggle) signed the historic Panglong Agreement. This is the key document in post-war relations between the frontier peoples and the central Burmese authorities in Rangoon.<sup>(11)</sup> The Shan *saohpas* also asked for, and were granted, the right to secede from the proposed Union of Burma after a ten-year period of independence (that is, in 1958), should they be dissatisfied with the new federation. This right was also ensured under the first Burmese constitution.<sup>(12)</sup>

The Panglong Agreement, and the Frontier Areas Committee of Enquiry, set up by the British in 1947 to ascertain the views of the frontier peoples regarding Burma's independence, indicated to the Burmese leaders that the Shan *saohpas* and other frontier chiefs expected to retain internal autonomy in their traditional areas. The



day when the Panglong Agreement was signed, 12 February, has since then been celebrated officially in Burma as Union Day, a national holiday.

On paper, everything was ready for the declaration of Burma's independence - which was going to take place at an auspicious hour on the night on 4 January 1948 - when an event occurred that was as unexpected as it was tragic. On 19 July 1947 the Burmese nation was shocked by the message that Aung San had been assassinated along with several other state leaders, among them Sao Sam Htun, the Shan *saohpa* of Möng Pawn.

The state of affairs in Burma when it achieved its independence in 1948 could hardly have been worse. The country had suffered some of the severest air-strikes in Asia during the war; the countryside was ravaged and the infrastructure almost destroyed. The inner circle of competent leaders had been murdered even before independence had been proclaimed. The new leader and independent Burma's first Prime Minister, U Nu, was a talented, intellectual politician, but was criticised for not being the strong statesman Burma needed during its first difficult years of independence. Army units rose in mutiny, the Karens, the Karennis and the Mons took up arms, and the powerful CPB went underground to organise guerrilla forces.

In an attempt to forge national unity, the Shan leader Sao Shwe Thaik had been given the ceremonial post of first President of the Union of Burma. But events along the Chinese border in the Shan states thwarted further attempts to placate a possible opposition. In late 1949, Kuomintang (KMT) forces from southern Yunnan, unable to withstand the attack of the victorious Chinese Communist army, crossed the international frontier into Shan territory. Led by wartime hero, General Li Mi, they invaded Kengtung state and sought refuge in the Shan hills. In January 1950, remnants of the 93rd Division, the 26th Division and General Li Mi's 8th Army arrived in southern Shan states and ensconced themselves in the hilly region surrounding Möng Hsat, near the Thai-Burmese border. They recruited soldiers from these border areas - mostly hill-tribesmen - and gave them military training, and began collecting arms, ammunition, and provisions from sources outside Burma.

The number of KMT soldiers swelled from about 1,700 in early 1950 to 4,000 by April 1951. The tiny Möng Hsat airstrip, built during the war, was reconstructed into a formidable air base, capable of receiving C-46 and C-47 transport planes, which brought in arms, ammunition, and medical supplies. This dramatic build-up was a joint venture between the Taiwan government and the US security authorities to encircle and try to reconquer the Chinese mainland. The Kengtung-based "*Secret KMT Army*" tried on no less than seven occasions between 1950 to 1952 to invade Yunnan but was repeatedly driven back into the Shan states; it never managed to penetrate beyond the small border town of Meng Hai in Xishuangbanna (Sipsongpanna).<sup>(13)</sup>

The Burma Army was sent to the Shan states to rid the country of its uninvited guests, but was unsuccessful. U Nu then raised the question in the United Nations General Assembly which, on 22 April 1953, adopted a resolution demanding that the KMT lay down their arms and leave the country. Thousands of KMT soldiers were evacuated to Taiwan by special aircraft with pomp and circumstance - at the same



time as reinforcements were flown in to Möng Hsat by nightly flights. The number of KMT soldiers in the Shan states increased to 12,000 by the end of 1953. The Burma Army failed to defeat the KMT, but managed to contain their units in the mountainous country between the Salween River and the Chinese frontier - Kokang and the Wa Hills - traditionally the best opium growing areas in Southeast Asia. (see Figure 5 and Table 1)

**Table 1: Distribution of Poppy Fields inside Burma's Shan State:**

Kokang and Hsenwi states	40%
The Wa Hills near the Chinese border	15%
Kengtung state	10%
Mong Yai state	15%
Mong Pan, Mong Hsu, Mong Nawng, Mong Nai and Hsi-Hseng in south and central Shan State	20%

(Smaller amounts of opium are also produced in Kachin State, Kayah [Karen] State, Chin State, and in the Naga Hills of northern Sagaing Division)

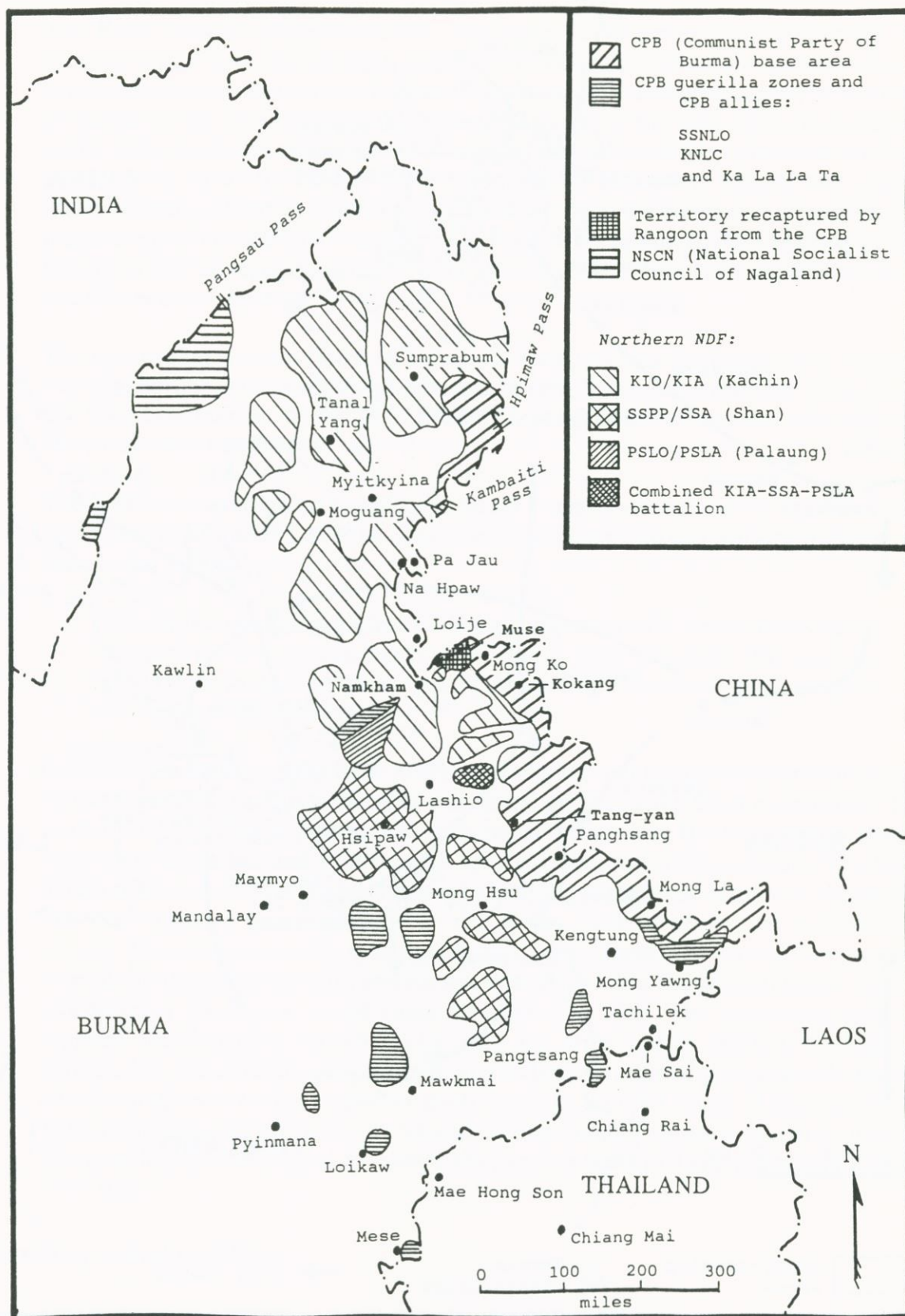
The KMT had become involved in the Shan opium trade earlier on, but they were now able to trade more directly. They enlisted the support of Olive Yang, the leader of the ethnic Chinese district of Kokang and the commander of one of the first private armies in the Shan states. Encouraging this kind of border activity gave the KMT trading partners and armed support, and, by adding to the general instability of the frontier areas, kept the Burma Army occupied and split up on several different fronts. The KMT involvement in the Shan opium trade was explained explicitly by one of its generals, Tuan Shi-wen:

*"We have to continue to fight the evil of communism and to fight you must have an army, and an army must have guns, and to buy guns you must have money. In these mountains the only money is opium."* (14)

Before World War Two, opium was legal but restricted to the wild and mountainous border areas east of the Salween (that is, mainly in Kokang and the Wa Hills). Taxes on opium gave some income to the *saohpas*, but it was tightly controlled by local and British authorities under the 1910 Opium Act and the 1938 Opium Rules.<sup>(15)</sup> Opium was a state monopoly and licenses were allotted by the colonial authorities to selected vendors at a fixed fee.

At each shop, a Resident Excise Officer was stationed to supervise sales and see to the disposal of surplus opium every evening. But even so, an early British government report stated that opium revenues *"are growing steadily but do not yet cover expenditure."* (16) Significantly, the main pre-war anthropological study of the Shans has only one reference to opium:

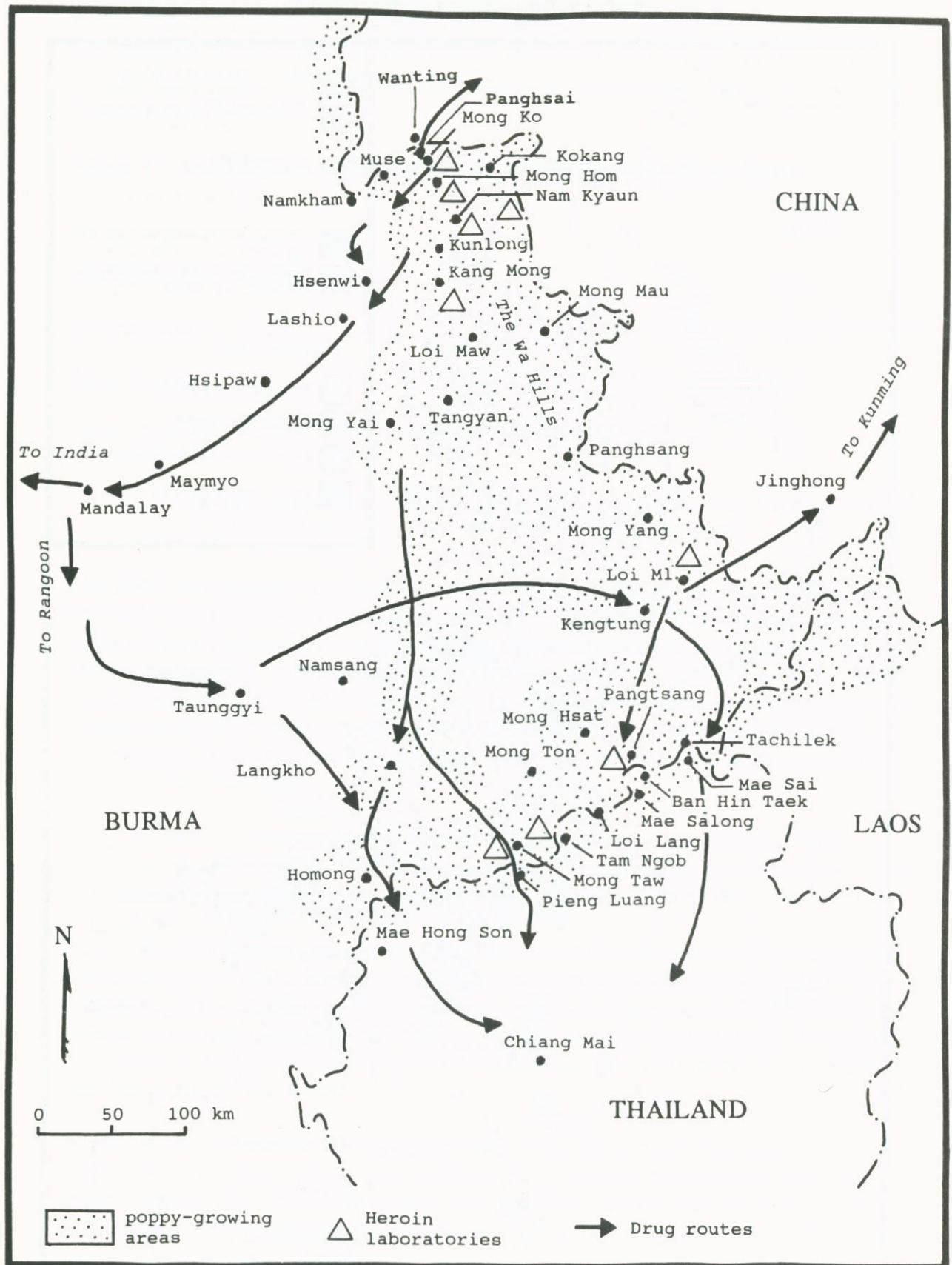
**Figure 4: CPB and other rebel-held areas in North-east Burma, before the erosion of the CPB.**



Adapted from *Far Eastern Economic Review* (FEER), 28 May 1987, p.46



Figure 5: Golden Triangle's drug industry and routeways.



Adapted from FEER, 28 June 1990, p.23

*"No religious Shan takes opium, so it is not openly used as a medicine, but native doctors use it occasionally mixed with herbs."* (17)

The KMT invasion changed all that overnight. Li Mi persuaded the farmers into growing opium and introduced a hefty opium tax, which forced the farmers to grow even more in order to make ends meet. The annual production increased from a mere 30 tonnes at the time of independence to 600 tonnes in the mid-1950s. In its reports to the UN, the Burmese Government alleged that much of the opium was air-lifted from Möng Hsat to Taiwan by US planes.<sup>(18)</sup> However, opium was not an international problem at that time and few, apart from the Burmese authorities, paid much attention to the CIA's assistance to the KMT's opium trade. Ensuring Li Mi's loyalty to the "secret war" against China was a far more important consideration for the US security planners.

The opium that was not flown to Taiwan or Bangkok was carried by mule trains to the Thai border and there sold to different buyers. The most prominent of them was the then Commander of the Thai Police, General Phao Sriyanonda, who also had close ties with the CIA.<sup>(19)</sup>

The KMT was conducting a regime of terror from its strongholds in the Shan hills. According to Elaine T. Lewis, an American missionary who was working in Kengtung state in the 1950s:

*"For many years, there have been large numbers of Chinese Nationalist troops in the area demanding food and money from the people. The areas in which these troops operate are getting poorer and poorer and some villagers are finding it necessary to flee."* (20)

On the other hand, reports were reaching Rangoon that the government forces had been no better in their treatment of the village people in the Shan countryside. The years up to 1955 saw a great influx of Burmese troops into the Shan states. Before long, there arose frictions between the local population and the soldiers. The KMT invasion, combined with the government's inability to repel the intruders, meant that the Shans became squeezed between two forces, both of which they perceived as foreign. The result was a strong Shan nationalist movement. The central Government viewed this development with uneasiness, especially since the constitutional right to secede from the Union would come into effect in 1958. The authorities tried to suppress the fledgeling movement by using the army and its Military Intelligence Service, but the outcome was counter-productive. Groups of young people moved into the jungle where they organised guerrilla units. By 1959, bands of Shan guerrillas were ambushing Burma Army camps and raiding isolated outposts in search of arms. The guerillas even managed to capture the garrison town of Tang-yan and hold it for a few days.

### **Territory ceded to China**

At about the same time another ethnic insurrection broke out in northernmost Kachin State. The war against the KMT in the northeast had delayed any final demarcation of the frontier with China. Negotiations between Rangoon and Beijing on the border



question began in earnest in September when U Nu, who was then temporarily out of office, was invited to China. He returned with a tentative plan for a settlement which called for the return of the Namwan Assigned Tract and three villages in Kachin State - Hpimaw, Gawlum and Kangfang - in exchange for China's recognition of the Burmese claims along the remainder of the 1,357-mile frontier.<sup>(21)</sup> (see Figure 3)

The idea of giving up territory to the Chinese provoked a strong response from the ethnic minorities and negotiations continued for nearly four years. Eventually, on 28 January 1960, Burma signed a treaty of friendship and mutual non-aggression with China. Burma surrendered the three Kachin villages to China (59 square miles) along with the Panhung-Panglao area of the northern Wa Hills (73 square miles) in exchange for Chinese recognition of Burmese sovereignty over the 85 square miles of the Namwan Assigned Tract which the British had leased from China in 1897 (Figure 3 and Appendix 1).

The deal was not unfair by international standards. But rumours soon spread across Kachin State to the effect that large tracts of Kachin territory had been ceded to China. In the following year, the Burmese parliament decided to establish Buddhism as the state religion of Burma - another move seen by the predominantly Christian Kachins as an open provocation. On 5 February 1961, disgruntled Kachin students and war veterans (many Kachins had fought alongside the Allies against the Japanese during World War Two) set up the Kachin Independence Army (KIA). Within less than a year, large tracts of Kachin State as well as the Kachin-inhabited hills of northeastern Shan State, were in the hands of the rebels.

Taken aback by the sudden outburst of violence, U Nu's government in 1962 convened the Nationalities' Seminar in Rangoon, in order to discuss the future status of the frontier areas (or the Constituent States, as they were now called) and, if necessary, to loosen the federal structure of the constitution. All the government ministers, members of Parliament, heads of the Constituent States and their state ministers attended this seminar.

### **Military rule and the increase in the opium trade**

On 2 March 1962, before any decision had been taken, the commander in chief of the Burma Army, General Ne Win, staged a *coup d'état* and detained all the participants in the meeting. The Shan leader Sao Shwe Thaik was among those arrested; he died in jail eight months later, presumed extrajudicially executed.<sup>(22)</sup> With the coup, the 1947 constitution was abrogated and the right to secede from the Union was declared null and void. Rebellions flared anew in Shan and Kachin states. In 1964, several local armies in Shan State agreed to merge into the Shan State Army (SSA). Its first leader was Sao Shwe Thaik's widow, Sao Nang Hearn Kham, the Mahadevi of Yawnghe, who had managed to escape to Thailand.

The most pressing problem the new insurgent armies in Burma's northeastern frontier areas had to face was finding financial backing for their military struggle against Burma's new military regime. Funds had to be raised from the resources of their own respective areas. The Kachin rebels quickly gained control over the jade mining district around Hpakan in western Kachin State. In Shan State, however, there



was no similar source of income for the insurgents. One commodity, however, was already well established at the beginning of the rebellion and could bring in cash: opium.<sup>(23)</sup>

The KMT invasion and the devastation of the countryside had severely damaged the rice-based economy of Shan State. Farmers had to become porters for the government troops during their offensives against the insurgents. Many of them left their paddy fields and took to the hills where the opium poppy was the only viable cash crop they could grow - and the demand for the drug was increasing steadily. The economic policies of the new military government also contributed to a rapid rise in production in the 1960s:

*"The fast rolling opium bandwagon was further oiled by the introduction of the Burmese Way to Socialism following General Ne Win's coup in 1962. All businesses and banks...were nationalised...in such an economic vacuum there arose a black market economy which for opium traffickers was a boon...opium was bought by them at very low prices from ragged cultivators, transported in armed caravans to the border and refined into heroin. And on the return trip to get more opium, Thai goods and commodities were taken up and sold in Shan State...rather than creating socialism, the Burmese Way to Socialism delivered the economy into the hands of the opium traffickers. As such, opium became the only viable crop and medium of exchange. Thus, cultivation of opium, limited to the east of the Salween prior to 1963, not only spread all over Shan State, but to Kachin, Karenni and Chin states as well."*  
(24)

The situation in the frontier areas deteriorated rapidly. Almost immediately after the coup, Beijing - long wary of the ambitious and sometimes unpredictable general in Rangoon - decided to lend open support to its Burmese sister party. Already on 1 August 1962, the Beijing-based CPB exiles published a document entitled *"Some Facts about Ne Win's Military Government"* - the first properly printed CPB publication in years. It was in English *"for information abroad"* and condemned the military takeover of March 1962 and the 7th July massacre at Rangoon University, and urged the new regime

*"to guarantee the legal rights of the activities of the Communist Party of Burma, other parties and mass organisations".*

Intriguingly, it also suggested that peace talks be held between the new government and the various rebel groups.

Peace talks were indeed called for about a year later by Ne Win's regime. From 31 July to 14 November 1963, the CPB, the Shans, the Karens, Mons, Kachins and some other smaller rebel armies attended the negotiations in Rangoon with guarantees of free and safe passage to and from the parley, regardless of the outcome. For the CPB, the peace talks provided a rare opportunity to re-establish direct contact between a handful of expatriates who had gone to China in the early 1950s - and the poorly armed bands of the once powerful *"People's Army"* who were still holding out in the Pegu Yoma and other parts of central Burma where they had been since independence in



1948. Twenty-nine CPB veterans returned to Rangoon from Beijing, purportedly to participate in the peace talks. Some did not officially take part in the talks, but seized the opportunity to visit the then headquarters in the Pegu Yoma - bringing with them wireless transmitters and other aid from China.

The "*Beijing Returnees*" went back to China after the peace talks broke down in November, but twenty-seven of them stayed in Burma where they assumed *de facto* leadership of the party at home. In the later half of the 1960s, the "*Beijing Returnees*", inspired by the Cultural Revolution in China and supported by its own young Red Guards staged grisly mass trials in the Pegu Yoma. Many party veterans and especially intellectuals were publicly humiliated and executed.

Meanwhile, preparations were underway in China to launch an all-out thrust into the northeastern hills of Shan State and there establish a new base area, along the Sino-Burmese frontier, which the CPB hoped to link up with the old areas in central Burma. CPB cadres began touring the border areas from the Yunnan side in the mid-1960s to survey possible infiltration routes. Other minority groups, among the Kachins and Shans especially, were contacted with promises of arms and ammunition if they joined forces with the CPB.<sup>(25)</sup>

It was decided that the first attack should be launched on Möng Ko in the northeasternmost corner of Shan State, right across the border from Man Hai in Yunnan. An unexpected outbreak of anti-Chinese riots in Rangoon in 1967 provided the catalyst for the already planned China-sponsored CPB thrust into Shan State. Early in the morning of New Year's Day, 1 January 1968, the CPB made its move. The Möng Ko garrison was overrun in 30 minutes and its commander lay dead. A new era of Burmese insurgency had been ushered in.

### New wave of insurgency

During the decade that followed, the CPB received massive Chinese support. Everything from anti-aircraft guns and recoilless rifles to sewing needles and cooking oil came across the border from China. Even Chinese army personnel and individual volunteers - mostly young Red Guards from China - came to fight alongside the CPB. Radio Beijing denounced Ne Win as a "*fascist*" - he had already a few years before shown his displeasure by closing down the Chinese consulates in Mandalay and Lashio. Within a few years, the communists had wrested control over a 7,700 square mile area along the Chinese border, stretching from Panghsai (or Kyuhkok) where the Burma Road crosses into Wanting in China, down to the Mekong river and the border with Laos. A new general headquarters was established at Panghsang across the Nam Hka river, which forms the border between China and Burma in the Wa Hills. When the CPB took over Panghsang in 1973, the former sleepy border village developed rapidly into a formidable military base with army barracks, training facilities, hospitals, schools, a clandestine broadcasting station and cinemas featuring films about the Chinese civil war. Overlooking the Nam Hka border river was the secluded residence of party chairman Thakin Ba Thein Tin and his close associates. A bridge was built by Chinese engineers across the river to the Chinese side and supplies were transported into the CPB's area; arms and ammunition, uniforms, military maps, radio equipment, cars, petrol, and even rice, other foodstuff, cooking



oil and kitchen utensils. The fighting in the northeast became so heavy that the Burma Army realised that it could not defeat the CPB in Shan State. Instead, the military turned its attention to the considerably weaker CPB areas in central Burma, to prevent a link-up between the two forces.

Communist, as well as Karen, insurgents were forced to evacuate the Irrawaddy delta in 1970-71 and the Pinlebu area north of Mandalay was cleared of CPB influence by 1971-72. In early 1975, a major operation was launched against the Pegu Yoma, still officially the CPB's headquarters, which fell in March. The morale of the Burma Army was boosted; the CPB had been isolated in the northeast. The new Chinese weapons only reached one old base area, which was located around Kyawkku in western Shan State, still outside Burma proper. But "*the new CPB*" with more than 15,000 troops at that time was nevertheless ten times as strong as "*the old Party*" - and much better equipped.

### The Karen rebels along the Thai border

Like other ethnic insurgents, the rebel Karen National Union (KNU) in the south received no outside support, but benefitted in their own way from the new order in Rangoon. Following the collapse of Burma's own production of consumer goods, and strangled imports in the wake of the introduction of "*the Burmese Way to Socialism*" after the coup, enterprising black marketeers and smugglers soon made up for the shortcomings. Most of the goods were brought in from Thailand, and the Karen units along the Thai border set up a series of "*toll gates*" through which the contraband was funnelled. The first was Palu south of the Thai border town of Mae Sot in 1964. This was followed about a year later by Wangkha north of Mae Sot. (see Figure 7)

Links were established with Thai merchants and military authorities, whose interests often were intertwined. After a few years, at Wangkha alone, the sum of 100,000 Thai Baht was being collected by the KNU per day in taxes - at the rate of 5-10% of incoming and outgoing merchandise. In other words, between 1-2 million Baht was in circulation every day only at Wangkha. Along the entire 1,314 mile Thai-Burmese border dozens of similar gates were set up, by the Karen, the Mon, the Karenni and the Shan rebels. Consumer-goods, textiles, machinery, spare parts for vehicles and medicine went from Thailand to Burma, and teak, minerals, jade, precious stones and opium went in the opposite direction.

The total value of these unofficial transactions has never been thoroughly researched, but it is fair to assume that Thailand owes much of its rapid economic growth and development to the thriving cross-border trade with Burma. The Burmese government had to turn a blind eye to these smuggling activities along the border - they were given the choice of contraband or no goods at all, which would have resulted in political and social unrest.

For the Karen rebels, it meant that they could use the tax they collected on trade to buy new US-made arms and ammunition and other supplies on what usually is euphemistically referred to as "*the Thai black market*." The rag-tag Karen guerrillas started to look almost like a regular army, with smart uniforms, steel helmets and officers' insignia. But despite their increased financial strength and the new weaponry,



the KNU suffered the same fate as the CPB. The Burma Army pushed the Karen rebels out of their old base areas in the Irrawaddy Delta and the Pegu Yoma in the late 1960s and early 1970s. The Karen rebel area along the Thai border was considerably smaller than the CPB's territory. The Karen rebel area measured about 5-6,000 square kilometres and formed a 400 kms long narrow border strip from the area opposite Mae Sariang in Thailand to the north to the Mawdaung Pass near Prachuap Khiri Khan in the south.

### **Ka Kew Ye (KKY) established**

Rangoon soon became incapable of overcoming the innumerable rebel armies, especially in the chaotic Shan State. In order to fight the insurgents, Ne Win had in 1963 authorised the setting up of the *Ka Kwe Ye* (KKY) home guards, a local militia which was given the right to use all government controlled roads and towns in Shan State for opium smuggling in exchange for fighting the rebels. By trading in opium, Ne Win hoped the KKY militia would be self-supporting - there was hardly any money in the central coffer in Rangoon to support a sustained counter-insurgency campaign at this stage.<sup>(26)</sup>

It was also an attempt to undermine the financial basis of the rebels in Shan State. Many KKY commanders actually became rich on the deal. The most famous were Lo Hsing-han, the chief of Kokang KKY, and Chang Chifu alias Khun Sa, who headed Loi Maw KKY. Lo Hsing-han fought alongside the Burma Army against the CPB and established a close relationship with the Lashio-based Northeastern Commander in the early 1970s, Col. Aye Ko, who was later to become a prominent leader of the ruling Burma Socialist Programme Party.<sup>(27)</sup> However, the entire KKY programme became a political failure from the government's point of view. Instead of fighting the insurgents, the KKY commanders had to negotiate tax agreements with them - since they controlled the countryside - in order to conduct the opium convoys down to the Thai border. In 1973, the KKY were disbanded. Lo went underground and briefly teamed up with the SSA, until he was arrested in Thailand in August 1973 and deported to Burma where he was sentenced to death, not for opium trafficking, but for "*insurrection against the state.*"<sup>(28)</sup>

Khun Sa had been jailed in 1969, but was released in 1973 after his followers had kidnapped two Soviet doctors at the hospital in Taunggyi. He returned to the Thai border where he built up a new working-relationship with both the Thai and the Burmese military authorities. After severe international pressure, the Thais launched a couple of spectacular attacks on Khun Sa's forces in 1982. But the absence of any significant fighting between Khun Sa and the Burma Army has lent credence to the suggestion that the idea behind the KKY programme has not been abandoned, just reshaped. Khun Sa's forces on a number of occasions have attacked the ethnic rebel armies, and the CPB, in Shan State.



## Chinese "open door" trade policy and CPB drug trade

When Deng Xiaoping introduced his new "*pragmatic*" policies in the early 1980s, China's strategic interests in Burma underwent a fundamental change. The old policy of the 1970s, which had supported anti-Rangoon rebels along the two countries' common frontier, gradually gave way to closer economic cooperation between Beijing and Rangoon. When the Chinese decided to drastically reduce its aid to the CPB in 1979, the party's annual budget totalled Kyats 56 million. An official CPB breakdown shows that 67% of this amount came from trade (i.e. taxation of the cross-border trade with China), 25% from "*the centre*" (Chinese aid); 4% from "*the districts*" (house tax on people living in the base area); 1% from contributions made by army personnel; and 2% from other unspecified sources.<sup>(29)</sup>

When the Chinese decided that the CPB had to be "*self-reliant*", they directed all cross-border trade through communist-controlled toll gates along the Sino-Burmese frontier. The most important was Panghsai (Kyu-hkok) where the Burma Road crosses the international frontier into the Chinese town of Wanting. Tax levied by the CPB at Panghsai amounted to Kyats 27 million, or nearly 50% of the CPB's budget in the late 1970s. Black-marketeers from government-controlled areas, as well as other rebel groups (for instance the KIA, which at this time also traded in Chinese-made consumer goods), had no choice but to trade through the CPB.

In 1980, however, China announced a new open-door trade policy and soon there were about 70 unofficially approved "*gates*" along the border through which Chinese goods entered Burma. The KIA could now trade directly with China; in addition some goods crossed the frontier at the only point then controlled by the government: a narrow corridor from Nongkhang in Burma to Man Khun in China, between the two CPB-controlled enclaves of Khun Hai and Man Hio opposite Namkham on the Shweli river. The government had access to a small stretch of the border opposite Muse as well, but that area was considered too insecure because of the proximity of the CPB garrison at Panghsai only a few kilometres to the east. (see Figure 4)

The communists found it increasingly difficult to practice this new policy of "*self-reliance*": due to the reduction of revenue on the cross-border trade, they turned their attention to the few resources available to them in the northeastern base area. Unlike the KIA's territory in Kachin State where the soil is rich with jade, rubies and sapphires, there are almost no minerals in Kokang, the Wa Hills and other CPB areas. The only cash crops were tea in Kokang, and plenty of opium in Kokang, the Wa Hills and the area north of Kengtung. (see Figure 5 and Table 1)

Most poppy fields in Burma were already under the CPB's control, but party policy until the late 1970s had been to curb the production. With Chinese assistance, new varieties of wheat had been introduced, but few among the hill-tribe population knew how to prepare these new crops. The CPB's crop-substitution efforts ended in 1976, after an invasion of rats in the southern Wa Hills which wiped out much of the area's crops. The CPB assisted the famine victims by distributing 60,000 Indian silver rupees (still the most commonly used hard currency in the Wa Hills) and 1,600 kgs of opium. When the crisis was over, many families had reverted to growing poppies, which are less vulnerable to pests than the substitute crops. With the reduction of Chinese aid



in 1979, there was naturally even less incentive for the CPB to pursue its crop-substitution programme.

The CPB now began showing increased interest in the potentially lucrative drug trade - certainly an unorthodox alternative for a party claiming to be communist. Some leaders objected, but they were overruled by hardliners who were determined to expand the CPB's influence over the Golden Triangle opium trade. Thousands of viss (1.6 kgs) of opium were stockpiled at Panghsang. From there the party transported the drugs via Mong Pawk in the CPB's Northern Kengtung District to the bank of the Nam Hka river, then on by bamboo raft down to the junction of the Salween and downriver to Ta-Kaw. There it was loaded onto mules and porters and carried to the Thai border via Mong Pu-awn and Mong Hkok. Thus, the CPB became directly involved with remnants of the KMT and drug baron Khun Sa who were based along the Thai-Burmese border where they refined the opium into heroin. The CPB also allowed increasing numbers of heroin refineries to operate within its own base area. These refineries were run by the same syndicates as the ones along the Thai border, and they had to pay "*protection fees*" and other taxes to the CPB.

The CPB's official policy was confined to collecting 20% of the opium harvested in its base area. This opium was stockpiled at local district offices, where the CPB's "*trade and commerce departments*" sold it to traders from Tang-yan, and Lashio and other opium-trading centres in the government-controlled area west of the Salween. In addition, there was a ten per cent "*trade tax*" on opium that was sold in the local markets and a five per cent tax on any quantity leaving the CPB's area for other destinations. The funds derived from these sources were viewed as legitimate - but several local commanders became increasingly involved in other private trading activities as well as the production of heroin.<sup>(30)</sup>

At the same time the CPB's once rather efficient civil administration in the frontier areas began to break down. Schools and clinics had to close because of lack of funds, and party cadres showed less motivation for their work. The main preoccupation of the civil administrators out in the districts became tax collection for the Party; they also engaged in trade in order to support themselves and their families. Ironically, the area controlled by the orthodox Marxist-Leninists of the CPB became a haven for free trade in then socialist Burma. The economy remained thoroughly capitalistic and the CPB never even tried to implement a land reform in the northeast - in sharp contrast to the dramatic land-distribution schemes which the Party had carried out in central Burma in the early 1950s. Communist ideology became a hollow concept without any real meaning to the people in the northeastern base areas.

Despite the strength of the CPB army, the actual party organisation remained weak. In 1977, there were only 2,379 party members in the northeastern base area of whom, significantly, only 888 came from the then 23,000-strong army. The party's youth organisation claimed a membership of 2,315 and various "*peasant unions*" - the basis of the CPB's "*people-power*" structure in the northeast - enlisted 87,608 members in 882 different local organisations. But these "*mass organisations*" existed only on paper. By the mid-1980s, the CPB had in effect ceased to function as a properly organised communist party.<sup>(31)</sup>



In 1985, the CPB decided to launch a "rectification campaign" with the aim of

*"improving discipline and political as well as military training of soldiers and cadres, rebuilding the civil administration, improving relations with other rebel armies and punishing cadres involved in illegal activities".*

In directives related to the last item, the CPB said that any party member found to be involved in private opium trading would face severe punishment and anyone caught with more than 2 kgs or more of heroin would face execution. <sup>(32)</sup>

The CPB's involvement in the drug trade had become an embarrassment to the party's ageing, ideologically motivated leadership. It is also plausible to assume that the "campaign" had been launched under Chinese pressure. The spillover of drugs from the CPB's area into China was becoming a problem, and increasing amounts were also being smuggled via Kunming to Hong Kong. Subsequent to the decision in 1985 to clamp down on the drug trade, party agents were sent out to check up on local cadres and report any wrong-doing to the centre at Panghsang. While this did not affect the illiterate rank-and-file of the CPB, it nevertheless caused severe frictions between the top party leadership and several local commanders who had begun to act as warlords in their respective areas (see Figures 4 and 5).

### **Military crackdown**

In the wake of the massive anti-military, pro-democracy demonstrations which shook virtually every city, town and major village across the country in 1988 the situation along Burma's frontiers underwent a profound change. The turmoil of the frontier areas reached the central plains as well, and the military reacted fiercely from the outset. The uprising was crushed by the army, leaving thousands of demonstrators dead in Rangoon, Mandalay and other cities. <sup>(33)</sup>

When the military decided to stage a second coup in September 1988, it was not to overthrow a failing government but to shore up a regime overwhelmed by popular protests. The regime, however, was on the brink of bankruptcy; immediately after the coup, Burma's foreign debt stood at an estimated US\$5 billion, requiring US\$238 a year to service. Its reserves of foreign hard currency were down to US\$10-12 million. <sup>(34)</sup> With foreign aid also cut off as a result of the mass killings after the coup, and a dramatic slump in domestic production, new approaches became crucial for the survival of the new military regime, headed by General Saw Maung.

The answer was to abandon the Burmese Way to Socialism which, in effect, meant the legalisation of the already existing black market. Burma also began selling off Burma's resources to neighbouring countries.

### **Burmese-Thai collaboration in frontier area**

The Thai authorities had long turned a blind eye to their smuggling and black-market arms purchases, reasoning that the rebels formed a convenient border buffer against Thailand's historical enemy, the Burmese. Thai timber companies and gem



merchants also had business deals with the border-based rebels, and the Thai army's special forces had assigned advisers to some of the rebel groups, especially the KNU. The rebel New Mon State Party (NMSP) had long-standing ties with the large Mon community across the border in Thailand.

Now, for the first time in decades, legal cross-border trade was established with Thailand, China and Bangladesh. A number of Thai timber companies were also awarded logging concessions in the border areas, inside Burma. The economies of the KNU and the NMSP along the Thai-Burmese border were effectively undermined. Burmese troops were also allowed to use Thai territory as a springboard to attack from the rear, resulting in the fall of a number of insurgent strongholds along the Thai-Burmese frontier during the dry seasons of 1988-89 and 1989-90. Between March and April 1989 CPB mutiny led to the collapse of the communist insurgency along the Sino-Burmese frontier in the northeast.

While these dramatic changes have enabled Rangoon to exert firmer control over the country than perhaps any time since independence, two main issues have followed in the wake of the changing battle-field pattern. A stream of refugees have moved to neighbouring countries, especially Thailand, and there has been an unparalleled upsurge in drug trafficking from the Burmese sector of the Golden Triangle where the ex-CPB forces are active. Seen in this perspective, the Burmese regime now, also for the first time, has to cope with an internationalisation of a previously mainly internal conflict.

### **3. The Sino-Burmese Border**

On 12 March 1989, CPB units from Kokang decided to break with the Burman-dominated, ideologically-motivated party leadership. Led by local chieftain Pheung Kya-shin and his younger brother Pheung Kya-fu, the Kokang Chinese discarded Marxism-Leninism and set up their own Burma (Myanmar) National Democratic Alliance Army (MNDAA). The mutiny spread rapidly across the CPB's base area and late on 16 April, Wa troops stormed the party's general headquarters at Panghsang near the Chinese border. The entire Burman leadership of the CPB fled in disarray to China in the early hours of 17 April. The CPB subsequently split up into a number of smaller armies based on ethnic lines.<sup>(35)</sup>

Initially, it was believed that the NDF would exploit the mutiny, especially through its Wa component, the Wa National Army (WNA). But instead it was the ruling military that managed to strike a deal with the ex-CPB mutineers. In these efforts, Rangoon managed to solicit the support of the former king of opium in the Golden Triangle, Lo Hsing-han, who had been released from jail in Rangoon during a general amnesty in 1980. He ventured up to Kokang on 20-21 March 1989, about a week after the Pheungs had initiated the mutiny in that area but a few weeks before the other ethnic components of the CPB had joined the uprising. On 22 April 1989, when the mutiny had spread all over the CPB's northeastern base area, Brig.-Gen. Khin Nyunt, the director of Burma's military intelligence, and Col. Maung Tint, the chief of the Burma Army's northeastern command in Lashio, travelled to the town of Kunlong



near Kokang.<sup>(36)</sup> (Figure 9, Appendix 3) Using Lo Hsing-han as an intermediary, they met Pheung Kya-fu and made the initial contact with the ex-CPB forces.

Step by step, marriages of convenience were forged between Burma's military authorities and various groups of ex-CPB mutineers and Khin Nyunt himself paid several highly publicised visits to Kokang. Then, on 11 November 1989, the leader of the Was, Chao Ngi Lai, and some of his officers were helicoptered from the Wa Hills to Lashio to meet Khin Nyunt, Maung Tint, the Taunggyi-based eastern commander, Brig.- Gen. Maung Aye, Brig.-Gen. Tin Oo from the ruling junta, and four other high-ranking army officers. A '*border development scheme*' had already been launched officially by Rangoon, and according to government figures 70 million Burmese *Kyats* (US\$10.7 million) have been spent so far on building roads, bridges and hospitals in these previously neglected frontier areas. Diesel, petrol, kerosene and rice have been distributed in the former CPB areas.<sup>(37)</sup>

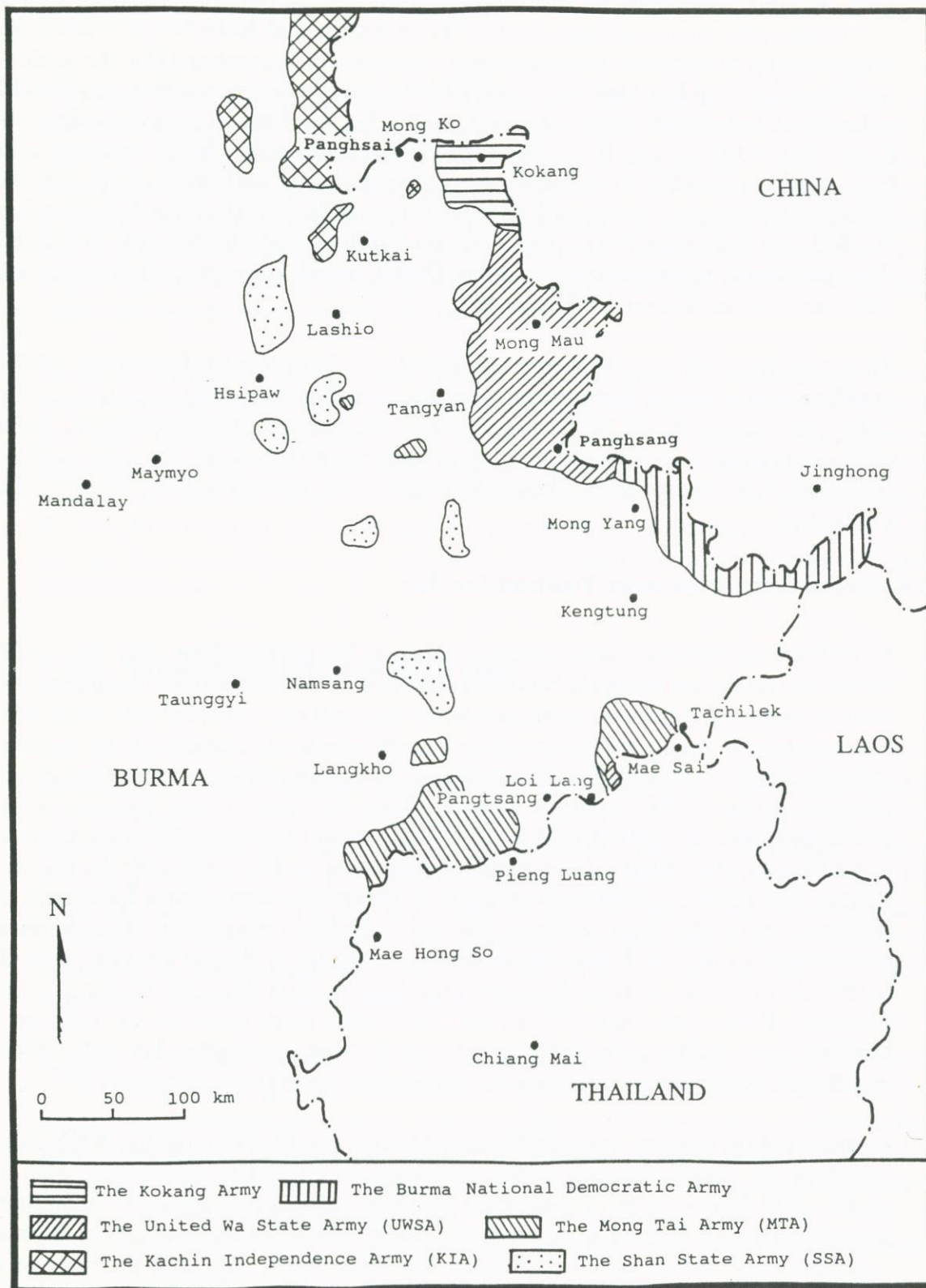
The agreement with the Was was followed on 16 November-6 December 1989 by unofficial peace talks in Rangoon between the government and the remaining ex-CPB units. This team was led by Pheung Kya-fu and included other prominent, former CPB commanders in Kokang as well as representatives from the area north of Kengtung, now controlled by Pheung Kya-shin's son-in-law, Lin Ming Xian.<sup>(38)</sup> (see Figure 5)

#### No 4 heroin refineries near Yunnan border

Until these agreements were reached between Burma's military and the ex-CPB forces, the refineries along the Sino-Burmese border were capable of producing only *pitzu* or *huang pi*; a brownish-yellow powder that can be converted into pure, white No. 4 heroin if acetic anhydrite and other chemicals are needed. Now, however, intelligence sources say that there are at least 17 heroin refineries in Kokang and the adjacent former CPB territory around Mong Ko west of the Salween River. Intelligence sources say that by March 1991 there were as many as 23 heroin refineries in the Kokang area (Figure 5 and Figure 9, Appendix 3). The treaty with the Burmese military has made it possible to smuggle in chemicals mostly from India with the northern city of Mandalay serving as the hub of Burma's drug traffic. The chemicals are brought in via the Tamu-Moreh border crossing on Burma's border with the northeastern Indian state of Manipur and then trucked down to Sittaung, on the Chindwin River (see Figure 2). From there boats carry them to the railhead of Monywa, west of Mandalay. Intelligence reports from the Golden Triangle indicate that Burma Army vehicles are used to transport some of these chemicals.<sup>(39)</sup>

Burma's ruling military appears to have revived the idea behind the KKY home guards of the 1960s and early 1970s; following the cease-fire agreements with the former CPB forces, some of these have attacked ethnic rebel armies in Shan State, primarily the KIA in the Kutkai area, and drugs now flow unabated across Burma's frontiers in all directions. The SSA, on the other hand, split and the bulk of its 2,000-3,000 fighting force reached an agreement with the Burmese military authorities, similar to that of the former CPB forces. The remnants still opposing the regime, 200-300 men, are closely allied with the KIA. (see Figure 6 and Figure 9, Appendix 3)

**Figure 6: Locations of main rebel groups in poppy-growing region of North-east Burma.**





With the collapse of the CPB and SSA as anti-government rebel forces, the KIA found itself squeezed between two former allies that had been converted into government militias. As a result, several hundred KIA troops in northeastern Shan state led by Mathu Naw, entered a business arrangement with government authorities in Rangoon in January 1991. Large amounts of timber, logged by these former insurgents, are now being shipped across the border into China. Nevertheless, bigger profits have been reaped by the former CPB commanders who controlled the vast opium growing areas around Möng Ko and east of the Salween (see Figure 5 and Figure 9, Appendix 3).

As more and more No. 4 refineries are now being set up close to the China border, it is no longer necessary to transport raw opium and pitzu down to the refineries along the Thai-Burmese border in the south; the direct route from northeastern Shan State (see Figure 2) across southern China, to Hong Kong, thus is becoming increasingly important for Burma's drug traffickers. In the past few years, China has also overtaken Thailand as Burma's main, official and unofficial source of consumer goods - for which Burma's traders pay not only with narcotics but also with vast quantities of Burmese forestry products, gem stones and minerals. Trade between the two countries, both legal and illegal, is now believed to total a staggering US\$1.5 billion a year. As many as 300 trucks a day now move along the Burma Road and cross the border bridge at Panghsai-Wanting (see Figure 9, Appendix 3). Mandalay, Lashio, Taunggyi and Kengtung, the northern Burmese towns which benefit from this trade, are undergoing an unprecedented economic boom at the expense of places such as Moulmein near the Thai border, where trade is slack and the previously well-stocked warehouses now stand almost empty.<sup>(40)</sup> (Figure 2)

The Chinese success in penetrating the Burmese market is due largely to an extensive intelligence reporting system within Burma. This network monitors the availability of domestically manufactured Burmese products, as well as the nature and volume of trade from other neighbouring countries. China can then respond to market conditions by production in its state sector factories. At present, more than 2,000 carefully selected items (medicines, beer, canned soft drinks, cigarettes, Michael Jackson T-shirts, sports shoes, crockery, bicycles, petrol and so on) are reported to be flooding the Burmese market. Chinese-made consumer goods are not only made deliberately cheaper than those from other neighbouring countries, but are also less expensive than local Burmese products. Over the past two years, many businessmen from China have moved down to Mandalay to supervise the trade. Some of them have even managed to buy Burmese National registration cards and thus become Burmese citizens, which has enabled them to buy property. This has resulted in huge increases in prices for local real estate.<sup>(41)</sup> Former CPB troops, in full uniform, have also been seen in Mandalay, loading their Chinese-made army trucks with consumer goods destined for the Chinese market, and paid for with laundered drug money.

### **China-Burma ties strengthen**

There are two main heroin routes from the Golden Triangle through China and on to mainly the US, Australia, Southeast Asia and, to a lesser extent, to Europe. The first leads from the Kokang and Möng Ko areas in the north via the small Chinese



border towns of Ruili, Wanting and Mangshih to Kunming. A second southern route leads from refineries in the northern Kengtung area near the border with Laos, via Jinghong in Xishuangbanna to Kunming (see Figure 5). The local Chinese authorities do not appear to interfere in this traffic as long as the drugs are just in transit and not destined for the local market.<sup>(42)</sup> China's relations with the military government in Rangoon have also been cordial as both governments have had serious difficulties in re-establishing a rapport with the outside world following massacres of pro-democracy activists in their respective countries. It seemed inevitable that the two internationally condemned neighbouring countries would move closer to each other. By August 1990, China had also become the main supplier of arms and ammunition to the military in Rangoon.<sup>(43)</sup>

China's present liberal attitude may change however, as drug addiction is reported to be spreading rapidly through the southern provinces of the country. Health authorities in Ruili, western Yunnan, recently discovered nearly 150 AIDS cases in their county, all contracted through injecting heroin with shared needles. In 1989, the police in Yunnan confiscated 600 pounds of heroin, up from 250 in 1988. But narcotics officials suspect this is merely the tip of an iceberg. The Chinese authorities are reported to be particularly concerned about triad influence being re-established in southern China. Some of these triads have already forged links with the ex-CPB forces in northeastern Burma.<sup>(44)</sup> As Yunnan's role as a major route for drugs reaching Hongkong is bound to increase, so will most probably also frictions with the Burmese military authorities which, ironically, refer to the Kokang and Wa ex-CPB forces as "*special police units*" (see Appendix 3 for further details concerning the Yunnan - Burma drug trade).

## 4. The Thai-Burmese Border

The diplomatically and economically beleaguered Burmese regime was aided from an unexpected quarter shortly after the suppression of the pro-democracy movement of 1988. On 14 December 1988 the acting Thai Supreme Commander, Gen. Chaovalit Yongchaiyuth, undertook a one day visit to Rangoon. Accompanied by an entourage of 86 people, including army officers, Thai pressmen and staff from the Burmese embassy in Bangkok, he was the first foreign dignitary to visit Burma after the coup.

Hardly by coincidence, some unprecedented business deals were signed between the Burmese authorities and several Thai companies shortly afterwards. By early 1989, a stampede of logging concerns, most of whom had close connections with business-oriented Thai army officers, were entering deals with Rangoon. A document written by the military government's Timber Corporation in February said that 20 concession areas had been contracted along the Thai-Burma border with total exports of 160,000 tonnes of teak logs and 500,000 tonnes of other hardwood logs authorised. The corporation estimated revenues of US\$112 million a year from the logging, a bonanza by the scale of Burma's trade.<sup>(45)</sup> (See Figure 8)

Two Thai fishery companies, the Atlantis Corporation and Mars & Co, received permission to catch 250,000 tons of fish in Burmese waters each. A small firm, the Thip Tharn Thong, on 17 December 1988 signed a contract to barter used cars and



machinery in exchange for Burmese gems, jade and pearls. The logging deals especially were timely for Thai interests; following a mudslide caused by deforestation in southern Thailand in late November, the government in Bangkok introduced a ban on logging throughout the country. The Thai military had decided to reverse its long-standing policy of helping Burmese minority rebels. (See Figure 7)

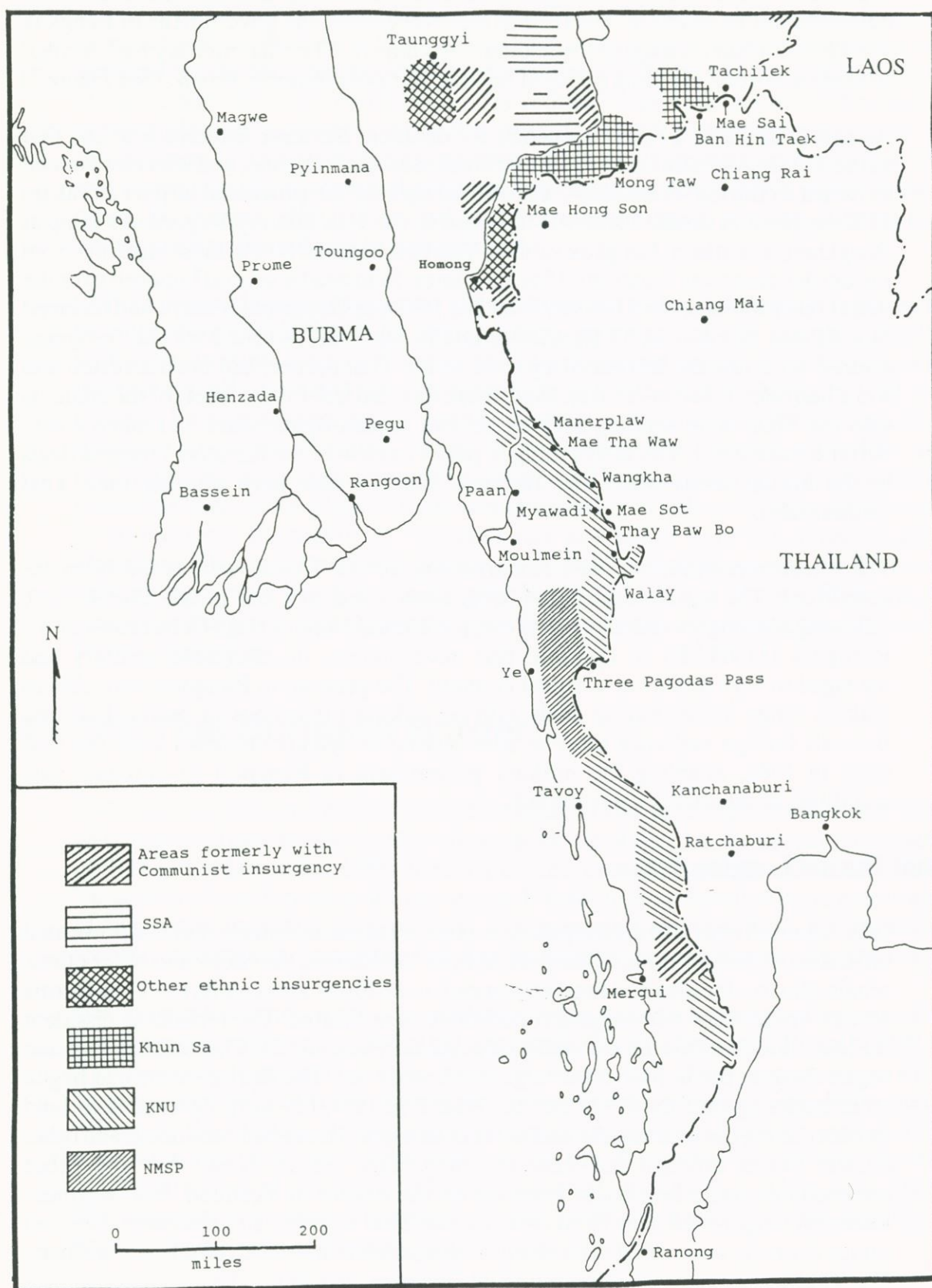
As part of the deal, a reception centre for dissident Burmese students who had fled to the Thai border after the September crack-down in Rangoon, and who now wanted to return to Burma "*voluntarily*", was also set up near the provincial airport at Tak on 21 December. A similar camp was attached to the 11th Infantry Regiment's camp at Bangkhen, a northern Bangkok suburb. The first batch of 80 Burmese students from the border areas was repatriated five days later, followed by several hundred over the weeks that followed. On 5 January 1989, the US State Department said it had received reports that as many as 50 Burmese students who had returned via the "*reception centres*" set up by the Burma Army close to the Thai border, had been arrested and some had been killed in custody. Now, there was also fear for the safety of the students who the Thais were sending back by air. But human rights issues had taken a very definite backseat in Thailand's refugee policy in view of the lucrative business deals in the border areas which the Burmese military now were offering their Thai counterparts.

The forced repatriation proved embarrassing for the Thai as well as the Burmese authorities. The entire repatriation programme came to a halt in late March 1989, following a strongly worded protest from the United Nations High Commissioner for Refugees (UNHCR) in Geneva. But nevertheless, the Burmese military had managed to earn dollars at a critical moment. The generals in Rangoon were able to make a range of fast-paying deals with no awkward questions or political strings. Burma's foreign exchange reserves soon soared to heights unknown since the first coup in 1962, enabling the military government in Rangoon to purchase vast quantities of munitions from abroad.

### Thai-Burma Logging deal

Gen. Chaovalit was also ideally placed to resolve the main obstacle that had prevented official cross-border trade in the past: to evict the Karens, the Mons and other ethnic rebels who for decades had been ensconced in the forest areas along the Thai-Burma border where these new logging concessions were located. The remaining dissident students along the frontier also suffered as the Burmese and the Thai military together began clearing the border areas to get the timber out. The Burma Army had begun an offensive against the KNU and the NMSP in 1984, but were never able to hold territory along the frontier, the end of tenuous supply lines from Moulmein and other coastal towns through the June-October rainy season. Now, rice and other commodities could be bought from across the border in Thailand. And Burmese forces no longer held back from crossing into Thai territory and attacking the rebel camps from the rear, using their newly acquired heavy mortars, rockets and artillery. The Thai government also decided to let Burmese aircraft use Thai airspace to take aerial pictures of the border areas "*until 31 March 1989.*"<sup>(46)</sup>

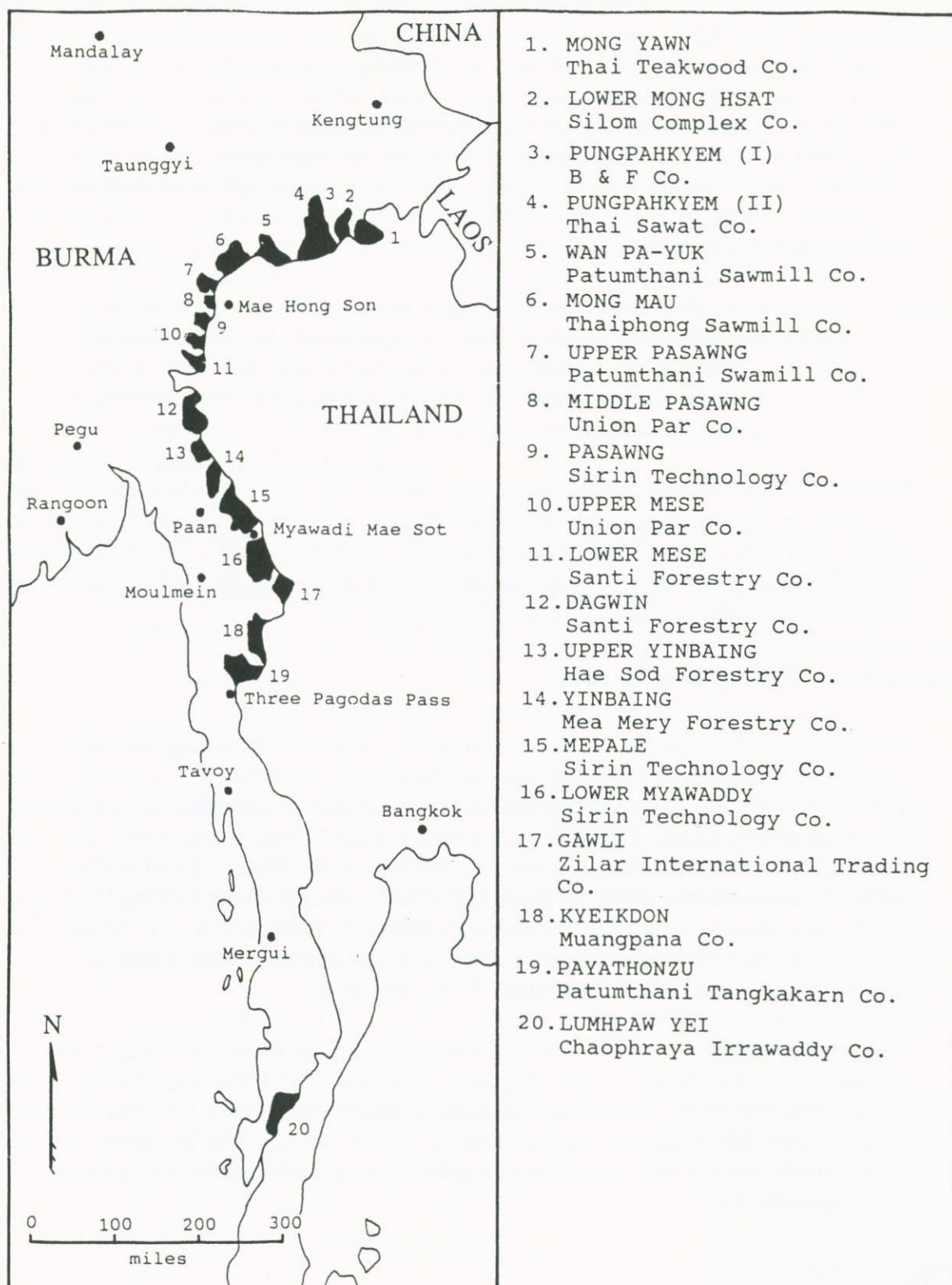
Figure 7: Locations of rebel groups in Burma along Burma-Thailand border.



Source: Bertil Lintner



Figure 8: Thailand's Burma timber concessions.



Source: Timber Corp., Rangoon, February 1990.  
Adapted from FEER, 22 Feb. 1990, p.18

On 21 December 1988, the KNU stronghold of Mae Tha Waw was in government hands, and the Burma Army then made an almost clean sweep south along the Moei river that delineates the Thai-Burmese frontier around the border town of Mae Sot. Klerday, another KNU camp had been under siege since 1984, was captured on 19 January 1989, followed by Maw Pokay on 26 March and Mae La on 18 April. The offensive against the border camps slowed down, however, when several hundred Burmese government troops on 20 May entered Thailand opposite the KNU base of Wangkha and burned down a Thai border village, prompting many Thai politicians to protest. The independent Thai daily *The Nation* published a strongly-worded commentary, headlined "*Border incident shows army's ties with Burma going too far.*" The commentary said:

*"How could 400 Burmese troops march into...[a] Thai border village to launch a battle against the Karen base...across the river and cause the razing of some 200 houses without any resistance from the Thai security forces?...with the support of the Thai military, the Rangoon regime is able to breathe against the condemnation and boycott from Western countries."* (47)

But such protests from critical Thai voices had no impact on the close cooperation between the Thai military, allied timber companies and the military in Rangoon. As soon as the rainy season of 1989 was over, the offensive began again. On 29 December 1989, Burmese government troops using Thai territory overran Phalu, one of the KNU's best fortified camps along the Moei border river.

### Attacks from Thai-side of border

On 20 January 1990, the Burma Army captured the KNU's Mawdaung camp opposite Prachuap Khiri Khan in Thailand, and four days later, Thaw Baw Bo, a border camp further down the Moei river, which the KNU shared with dissident Burmese students, fell to Rangoon's forces. On 31 January, Walay, a KNU base to the south, was also captured and on 11 February, a major offensive in the Three Pagodas Pass area opposite Kanchanaburi led to the fall of the NMSP's headquarters. During the battle, intelligence sources assert that Burmese government troops attacked from the Thai side of the border and that some troops had been transported in Thai lorries provided by a Bangkok-based timber merchant.<sup>(48)</sup> (see Figure 8)

With Thai help Burma's new military government did not merely survive, it actually managed to consolidated its grip on power. And once the Thais had clinched their deals, companies from other countries such as Singapore and South Korea followed shortly afterwards since they "*did not want to be left behind*". The Burmese military soon became more firmly entrenched in power than it had been for several decades (see Appendix 2).

### Refugee crisis

However, the price which the Thais have to pay for this new-won friendship will be measured in a new refugee crisis along their western border. The first refugees in the border areas were 9,000 Karen civilians who arrived in February 1984 when the



Burma Army first initiated its now seven-year long offensive along the Thai border. The number increased as former rebel-held areas, Karen as well as Mon, were captured by Rangoon's forces, or became hot fighting zones. The fighting soon spread to other border areas as well, affecting the Karennis, the Pa-Os and other smaller ethnic minority insurgencies along the Thai-Burmese border. Today, official statistics show that there are 28,685 Karen, 8,565 Mon, 2,793 Karenni and Pa-O, and 2,727 Burmese student refugees scattered in more than 30 make-shift camps on the Thai side of the border from Mae Hong Son in the north down to Ratchaburi southwest of Bangkok.<sup>(49)</sup>

Ironically, given the official anti-drug rhetoric in both Rangoon and Bangkok, the only border-based force that has not had any direct problems with the Thai authorities or the Burma Army is the army of opium warlord Khun Sa. A Thai timber company, Thaiphong Sawmill, has even been officially awarded a logging concession in the area surrounding Khun Sa's general headquarters in Homong-Mong Mau across the border from Mae Hong Son.<sup>(50)</sup> (see Figure 8)

### Khun Sa's ties with Thai military

Khun Sa's close relationship with Thai military authorities goes back to the 1970s when many of his men were recruited by the *Krathing Daeng*, a paramilitary organisation commanded by Gen. Sudsai Hasdin and especially designed to fight communist insurgents in Thailand's northern and northeastern provinces. At the same time, some of Khun Sa's soldiers were also enlisted by the CIA as mercenaries in its 'secret war' against communist Pathet Lao guerrillas in Laos. In return, the Thai authorities turned a blind eye to Khun Sa's trafficking activities along the Thai-Burmese border.

Since he established himself on the Thai border following his release from prison in Burma in 1973, Khun Sa named his former KKY force 'the Shan United Army' (SUA), probably in an attempt to establish a smoother relationship with the Thais who are closely related to the Shans. Although there are some Shans in Khun Sa's army, the bulk of its rank and file are Wa and Lahu hill tribesmen. Nearly all officers are ethnic Chinese who were either born in Burma or are KMT remnants. Khun Sa's chief of staff, for instance, is Chang Chu-chuan, an ex-KMT of Manchurian origin. Second in command, Leng Chong-yin, is also formerly of the KMT and a native of the Beijing area.<sup>(51)</sup>

Khun Sa's first base at Ban Hin Taek was located well inside Thailand, northwest of Chiang Mai (see Figure 7). The village soon became a bustling drug-running centre where SUA troops camped side-by-side with the Thai Border Patrol Police. The Burma Army did launch a token attack on some of his positions in February 1980, but mostly Khun Sa was left alone as long as he fought against ethnic and communist insurgents in Shan State.<sup>(52)</sup> The SUA's open presence in Thailand, however, became an international embarrassment for the Thai authorities. In January 1982, a major assault was mounted against Ban Hin Taek and Khun Sa and his SUA were driven across the border into Shan State. But 18 months later, not only had the SUA's shattered forces been rebuilt, but Khun Sa emerged stronger than before. His new Homong headquarters is now better fortified than Ban Hin Taek ever was, and a



network of four roads connect it with the Thai highway system north of Mae Hong Son.

In a shrewd move to undermine the remaining military base of his main rival in northern Thailand, Gen. Lee Wen-huan of the 3rd KMT, Khun Sa in early 1985 merged his SUA with the Tai Revolutionary Council (TRC). This group (called the Shan United Revolutionary Army, or the SURA, until 1984), led by Moh Heng a veteran Shan fighter, had until then served as Lee's armed wing inside Shan State after his own KMT forces had settled in Thailand's northwestern border areas in the 1970s. Suddenly, Lee's faction of the KMT for the first time found itself without any military support inside Burma while the union with Moh Heng provided Khun Sa with a broader Shan front which further improved his relations with local Thai authorities.

## US clampdown

Khun Sa's honeymoon with the Thai and Burmese military authorities may soon be over, however. Narcotics-related corruption and official complicity in the drug trade has been known for years in Washington. Indeed US intelligence operations made use of it in the 1950s and the 1960s but concerns about it were always overridden by strategic preoccupations. The dramatic changes on the former Communist bloc over the past years and the detente that has followed as a result have weakened Thailand's former special position as a "frontline" nation and a bulwark against communist expansion in Southeast Asia.

US attitudes have hardened and a more critical mood was reflected in several testimonies at hearings on narcotics in Washington in March 1990. Melvin Levitsky, Assistant Secretary of State for narcotics matters, said:

*"The problem in Thailand now is...increasing reports on corruption...it is very clear that, particularly along the Burma border, there is collusion between some high-level and some low-level Thai officials and the traffickers."*

Sherman Funk, the US State Department's inspector-general, went on to criticise the US Embassy in Bangkok:

*"[Its] reporting on the narcotics situation in Thailand did not accurately reflect more candid reporting by other US officials...Thailand's excellent infrastructure provides convenient routes for Golden Triangle drugs en route via sea and air transit terminals to the US and other international markets...on previous occasions US dignitaries have been advised to praise Thai efforts to control narcotics. What has been lacking is a candid approach, seeking Thai cooperation with a meaningful interdiction programme that would disrupt drug-trafficking through Thailand."* (53)

The fact that Khun Sa himself was indicted by a Grand Jury in New York in December 1989 - which was made public in March 1990 - also reflects growing concern in the US over this problem and the fact that Washington has for too long placed official complicity in the drug trade below security considerations. So far, however, that



concern seems confined to US politicians and some officials in the administration; the powerful Drug Enforcement Administration (DEA) favours continued cooperation with the Thai and the Burmese military authorities. In late April 1990, the DEA's Rangoon station chief, Thuy Coyne, even masterminded a media blitz by inviting CBS Television to film a drug-burning ceremony orchestrated by Burma's military authorities. The US State Department dismissed the bonfire as a "*publicity stunt*".<sup>(54)</sup>

The strengthening of the grip on the drug trade by the former CPB- forces may also be cause for concern for the recently indicted Khun Sa. The rise to power of his old rival, Lo Hsing-han, however, may indicate that Burma's military authorities intend to play him off against Khun Sa. The isolated military government in Rangoon is desperately trying to be re-admitted into the international community, and it appears to be doing so by exploiting the highly emotional drug issue. Significantly, heavy fighting has broken out over the past year between Khun Sa's Möng Tai Army (MTA; the military wing of the TRC) and ex-CPB forces, renamed the United Wa State Army (UWSA) after an amalgamation with some non-communist troops from the NDF-member WNA in late 1989. Wa troops have arrived in the Thai border areas in Burma Army trucks, which seems to lend credence to the suggestion issued by US Senator Daniel P. Moynihan on 22 March 1990:

*"the Burmese regime has done nothing more than to change business partners, turn on Khun Sa and get the public relations advantage that the DEA is giving them; use the former CPB, and turn an armed enemy into a willing drug-trafficking partner."* <sup>(55)</sup>

In order to improve its image and to deflect international criticism, the State Law and Order Restoration Council (SLORC) has arranged several '*drug burning ceremonies*' in the northeast, and invited representatives from the DEA and even the United Nations Fund for Drug Abuse Control to attend these. Critics, however, have pointed out that two of these ceremonies were conducted by Pheung Kya-shin, the main heroin kingpin in the Kokang region, and that the drugs which were burnt had been bought from the former CPB commanders, not captured by the government. *The Nation* reported on 9 February 1991:

*"In the latest ceremony in Möng Ko, SLORC reportedly bought heroin at 80,000 Kyats a kilogramme (US\$13,334) from the Pheung brothers. Local ethnic leaders were also told to 'clean up' their areas .... well ahead of the event. Burma watchers also wondered why the SLORC staged the dramatic chopping down of young opium poppy plants at two plots near the border. One Western Burma watcher noted that the two places are not known to be major opium poppy planting areas at all. In Möng Ko, SLORC announced that all the drugs, chemicals and heroin refinery equipment destroyed in the ceremony were 'seized by the local Kokang leaders' but 'no culprits or suspects were arrested'."*

It is an open question, however, for how much longer this charade will be allowed to continue. The drug problem is a definite international concern and many observers feel that something more has to be done about it than just to accept official rhetoric



from the governments in the drug producing countries. The upsurge in trafficking along the Sino-Burmese border, and the re-emergence of Lo Hsing-han as the main drug kingpin in the Golden Triangle, also clearly shows that even if the now closely allied Thai and Burmese military authorities decide to sacrifice Khun Sa and hand him over to the DEA, precious little will change in the overall pattern of drug trafficking from the area (see also Appendices 2 and 3).

## 5. The Indo-Burmese Border

The situation along Burma's 857-mile frontier with India has been almost forgotten in the context of Burma's border problems. But for almost two decades, the remote hills of northwestern Sagaing Division have served as cross-border sanctuaries for separatist insurgents, mostly Nagas but also Manipuris, Mizos and Assamese from India's northeast.

The Nagas fought against the Indian Army on the Indian side of the border until the mid 1970s, when a sustained offensive drove them across the international frontier to take refuge in Burma. The isolated tribes people in northwestern Burma are also Naga, and unaffected by outside civilisation had even been headhunters until recent years. From these relatively well-sheltered base areas in northwestern Burma, safe across the border from the Indian Army and remote from the central government in Rangoon, the Naga guerillas launch periodic forays into India, to retreat back to their hide-outs after their various missions: ambushes of Indian Army convoys, political assassinations of Naga and non-Naga opponents, and the occasional bank robbery to replenish their coffers.

During the ten year period 1967-77, several hundred Naga guerrillas trekked through Kachin State to China where they received political and military training, which is surprising given that they are ardent Christians and non-Communists. The KIA had always escorted the Nagas on these trips. But in the late 1970s, following policy changes after the death of Mao Zedong, China cut off its aid to the Nagas. Even so, the Nagas have kept on coming up to KIA territory to make vain appeals to the Chinese for aid and, failing that, to request help from the Kachins.

For years, the Indian authorities tried to persuade Rangoon to launch joint operations against the Nagas, but with limited success. Rangoon's only reaction to these overtures was to mount essentially futile, half-hearted military operations against the Nagas. The Burmese military obviously did not perceive the presence of Indian Nagas in Sagaing Division as a threat to its national security and it was, in any case, too preoccupied with operations against more serious challenges to Rangoon: its own ethnic insurgencies as well as the CPB.<sup>(56)</sup>

During the upheaval of 1988, India was one of the first countries to comment on the Burmese crisis. On 10 September, New Delhi expressed its open support for "*the undaunted resolve of the Burmese people to achieve democracy.*"<sup>(57)</sup> It is widely believed that India hopes that a future democratic government in Rangoon might try a more tactful political approach to Burma's ethnic problems which, indirectly, would benefit New Delhi as well.



In 1988, the Burmese Nagas fell out with their cousins from the Indian side of the border and drove them out of their base areas northeast of Singkaling Hkamti in Sagaing Division. Instead, the Burmese Nagas established links with the KIA to fight for autonomy within a future Burmese federation, a policy that suited New Delhi perfectly. Consequently, Indian security authorities invited Kachin rebel leaders to the border areas where they received some assistance in exchange for denying the insurgents from India's northeast sanctuaries in northwestern Burma. The KIA now maintains a camp near Chaukan Pass on the border with Arunachal Pradesh.

When thousands of Burmese dissidents fled the bloody crack-down in September 1988 India became the only neighbour that adopted a clear-cut refugee policy. On 25 October, India's then External Affairs Minister, P.V. Narashima Rao, told a parliamentary panel that

*"strict instructions have been issued not to turn back genuine [Burmese] refugees seeking shelter in India." (58)*

One refugee camp was built at Leikhul in the Chandel district of Manipur state. Two more camps, mainly for students from the Chin ethnic minority, were built at Champhai and Saiha in neighbouring Mizoram. The latter refugees are of special interest since they are closely related to the Mizos of Mizoram. Until then, Chin State was the only minority area in Burma that did not have its own rebel army. On 14 November 1988, however, a Chin National Army was set up and several reports indicate that the Mizos have given some support to their cousins across the border.<sup>(59)</sup>

India's hostile attitude towards Burma's ruling military appears to have hardened since it became clear that China, India's traditional rival in the region, was supplying Rangoon with arms and ammunition. The very fact that Burma was willing to be drawn into a regional power play, and abandon its decades-long, strictly non-aligned foreign policy, in order to secure a steady supply of munitions from abroad also indicated the ruling junta's determination to cling on to power at any cost. Military analysts have also noted a build-up of Burmese government forces along the Indian border, and the creation in early 1990 of a new regional command area encompassing Sagaing Division and Chin State in the northwest.<sup>(60)</sup>

India is also reported to be concerned about a growing AIDS problem as drugs from Burma now are reaching the northeast. Drug addiction is rife in Nagaland and Manipur; the latter state alone has at least 15,000 addicts. It has also turned up more than 500 AIDS carriers, identified as heroin addicts who use common needles to inject the drug. Manipur, a state of only 1.2 million people, now has the highest incidence of drug-related AIDS infections in India.<sup>(61)</sup>

## 6. Is There any Solution to the Problem?

Despite the Burma Army's successes in its recent offensives against the country's abundance of ethnic rebel armies - and the CPB mutiny - Burma's border wars are likely to continue. Since seizing power in 1962, the Burmese military has never shown any real interest in settling the conflict by political means. Here, differences in



*A solution?*  
approach between the Thais and the Burmese authorities can also be detected. Although the Thai position has been to benefit economically from Burma's internal turmoil, and to allow Burmese troops to enter Thailand to capture certain rebel camps, they also appear to adhere to the view that a negotiated end to the fighting would be the only lasting solution to the ethnic insurgency, which also would make the border areas safer for Thai logging companies. A Thai attempt to mediate and offer such a solution was, however, dismissed by the Burmese military in May 1989: "We shall fight the insurgents until they are eliminated," a Burmese army spokesman said at the time.<sup>(62)</sup> An earlier offer of peacetalks from the ethnic rebels themselves was dismissed by Burma's present military ruler in this manner:

*"we will never talk to these drug traffickers. But if they realise that they are in the wrong, they can come back and surrender."* (63)

But the gradual internationalisation of Burma's civil war, and the increased attention it is attracting because of the revitalised drug traffic, are bound to affect not only the outcome of the conflict but also the regime's standing in the world community. In a surprisingly candid report, the US General Accounting Office concluded in September 1989:

*"In Burma, corruption facilitates illicit trafficking and makes effective action against narcotics difficult to sustain...[and] a political settlement with the insurgents may be needed before long-term narcotics reductions can be achieved."* (64)

Such a comment from a Washington-based government agency would have been unthinkable only a few years ago when not only DEA but also other US authorities were actively assisting the Burma Army in its "anti-drug campaigns" which in itself reflects the new era that Burma's decades-long civil war has now entered. Without a permanent settlement to Burma's ethnic minority problem, narcotics from the Golden Triangle will continue to pour across the country's borders in all directions.



### Thai-Burma Border



Border checkpoint manned by soldier from the private army of opium warlord Chang Shifu alias Khun Sa.



Old filepicture of Kuomintang troops in the Golden Triangle.



**India - Burma Border**

The Pathai Range that forms the border between the Indian state of Nagaland and the Naga Hills of upper Sagaing Division, Burma. Seen from the Burmese side.



Naga villagers, upper Sagaing Division, Burma (near the Indian border).





Naga rebels; the National Socialist Council of Nagaland (NSCN), base area in upper Sagaing Division, Burma (near the Indian border). "Nagaland for Christ" - many Nagas are Christians; American Baptist missionaries arrived in the Naga areas of northeastern India 70-80 years ago; on the Burmese side, the Nagas were headhunters until only a few years ago (1984-85).

### Kachin State (Burma)



Most Kachins are Christians; here KIA women soldiers attending morning service.





KIA troops with recoilless rifle. In the background: Fort Na Hpaw, a frontier fort built by the British in 1909 to guard northernmost Burma's border with China.



Contraband from China in KIA held territory near the Chinese border, Hkala Yang, Kachin State, Burma.





Borderstone at the border between Pa Jau, Kachin State (Burma) and Sim-pa, Yunnan (China). Two young men are rebel soldiers from the Kachin Independence Army who control the area on the Burmese side of the border. This is one of the stones erected along the Sino-Burmese border in 1960.

### **Shan State (Burma) - Yunnan (China) frontier**



CPB soldier. Most of these rank and file soldiers were recruited from the hill tribe population in the border mountains. In early 1989, these troops rose up in mutiny against the party's ageing, Burman Maoist leadership and drove them into exile in China. During the decade 1968-78 Beijing supplied more aid to the CPB than to any other communist rebel movement in Asia outside Indochina.



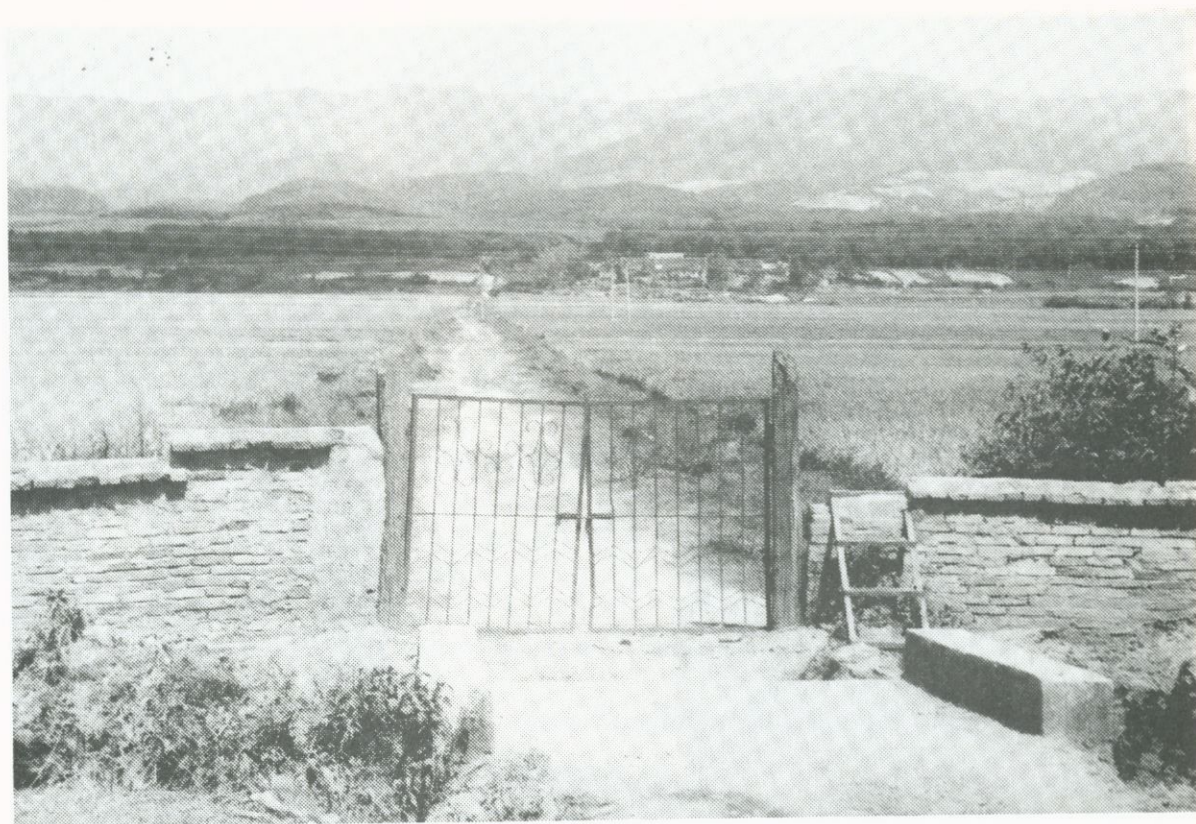


CPB military commanders planning an attack, November 1986. Today, these men lead a kind of government militia. Man pointing: Zhang Zhi Ming (a.k.a. Kyi Myint). A Chinese Red Guard who joined the CPB as a volunteer in 1968. Now "militia commander" and big heroin dealer.



The border bridge/the Burma Road. Taken from the Burmese side (Panghsai). Across the bridge: Wanting (Chinese flag; border post).



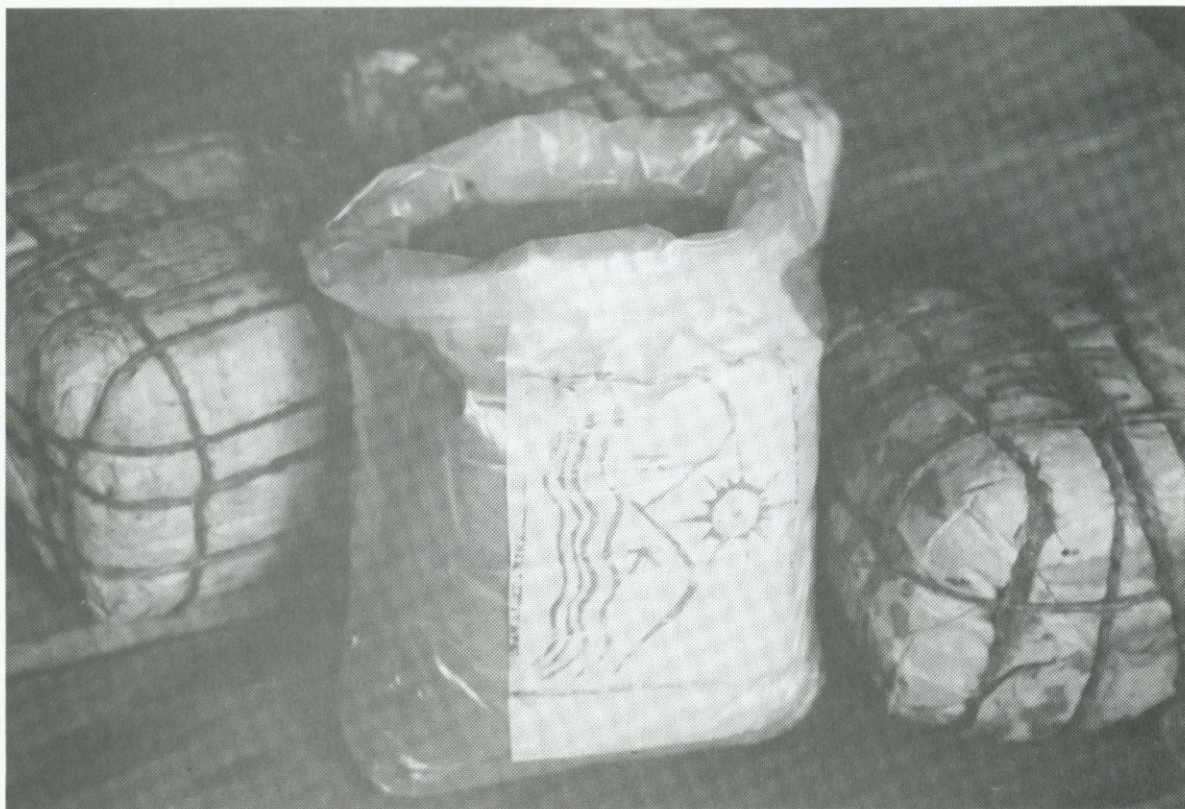


The Sino-Burmese border mountains, seen from the Chinese side.



Contraband from China in CPB-held territory near the Chinese border.





Packet containing *huang pi* or *pitzu* (heroin base). "KK" = Kokang.



The author, a CPB officer and a jeep on the Burma Road (on the Burmese side, 7 kms from the Chinese frontier).



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18. *Kuomintang Aggression*, p. 11 and 37:  
  

"The Kuomintang troops have engaged in large-scale smuggling of opium...the profits of which have gone into their pockets...a regular plane service of two flights a week between Mōng Hsat and Taiwan was reported. These aircraft, C-46 and C-47 transport planes...carry opium on their outward flights."
19. According to Alfred W. McCoy, *The Politics of Heroin in Southeast Asia* (Harper and Row, New York, 1972), p. 144:  
  

"There can be little doubt that CIA support was an invaluable asset to General Phao in managing the opium traffic. The agency supplied the aircraft, motor vehicles, and naval vessels that gave Phao the logistic capability to move opium from the poppy fields to the seaports."
20. Elaine T. Lewis: The Hill People's of Kengtung State, *Practical Anthropology* 4, No. 6 (November-December 1957).
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"As early as 1906, China protested Great Britain's unilateral declaration of the location of a portion of the China-Burma border. The Chinese argued that they had prior rights to Hpimaw, Gawlum and Kangfang. On 10 April, 1910, the British sent a letter to the government of China restating its border claims, but dropping demands for the territory around and including the three Kachin villages and offering to purchase and annex them to Burma. The Chinese refused the offer, and the British seized the three villages in 1913."
22. See the statement of Sao Nang Ying Sita, Naw Hseng Lao of Yawnghwe state, in Hearings before the Subcommittee on Future Foreign Policy Research and Development of the Committee on International Relations. House of Representatives. 94th Congress, First Session, April 22 and 23, 1975. US Government printing office, Washington, 1975, pp. 137-149.
23. Statement of Adrian Cowell in Hearings, 1975. But note the distinction made by Cowell:  
  

"The [ethnic rebel] armies only escort the convoys, and they charge a 20% protection fee, and most of the opium is, in fact, bought and sold by merchants who operate independently." *ibid.* p.28.
24. *Political Science Review*, Chiang Mai University, Thailand, September 1982.



25. Bertil Lintner: *The Rise and Fall of the Communist Party of Burma*. Cornell University Southeast Asia Programme, Ithaca, 1990. pp.21-23.
26. McCoy, Alfred W. *The Politics of Heroin in South east Asia*. Harper & Row, New York, 1972. pp. 336-337; and also *Focus Magazine* (Bangkok), August 1981:  
  
"...only about 600 of the 1,374 men of the KKY in the Kokang region were paid by the government at the rate of 50 Kyats (about US\$7) a month. The remainder earned their living by trafficking in drugs or smuggling other goods."
27. Bertil Lintner: *Outrage - Burma's Struggle for Democracy*. White Lotus UK, London, 1990. p. 49.
28. *Outrage*, p. 49.
29. Interview with Soe Thein, political commissar of the CPB's northeastern base area, Panghsang, 5 January 1987. See also: Lintner, Bertil. *The Rise and Fall of the Communist Party of Burma*. Cornell University Southeast Asia Programme, Ithaca, 1990. p. 39.
30. *ibid.* p. 40.
31. *ibid.* p. 41.
32. Interview with Soe Thein, Panghsang, 5 January 1987.
33. For an account of the general uprising, see Bertil Lintner: *Outrage*; For an account of events in Mandalay, see Garry Abbott: *Back to Mandalay*, Impact Books, Kent, 1990.
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38. *Far Eastern Economic Review*, 28 December 1989.
39. *Far Eastern Economic Review*, 28 June 1990.
40. *Far Eastern Economic Review*, 8 June 1989.
41. *Far Eastern Economic Review*, 8 June 1989.
42. *Far Eastern Economic Review*, 28 June 1990.



43. *Far Eastern Economic Review*, 13 September 1990.
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46. *The Nation*, 28 December 1988.
47. *The Nation*, 25 May 1989.
48. Interview with Nai Tin Aung from the Mon Refugee Committee, Three Pagodas Pass, 8 April 1990.
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51. *Far Eastern Economic Review*, 18 June 1982.
52. *Far Eastern Economic Review*, 28 June 1990.
53. *Far Eastern Economic Review*, 28 June 1990.
54. *The Nation*, 21 April 1990.
55. *Far Eastern Economic Review*, 28 June 1990.
56. *Far Eastern Economic Review*, 21 August 1986.
57. *Far Eastern Economic Review*, 23 February 1989.
58. *Far Eastern Economic Review*, 23 February 1989.
59. *Far Eastern Economic Review*, 16 November 1989.
60. *Far Eastern Economic Review*, 13 September 1990.
61. *The New York Times*, 9 August 1990.
62. *Far Eastern Economic Review*, 15 June 1989.
63. Lintner, Bertil: *Land of Jade - a Journey through Insurgent Burma*. Kiscadale Publications, Edinburgh, 1990. p. 315.
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## Appendices

The following information has been compiled from the International Boundaries Research Unit database and outside reports.

### **Appendix 1: International boundary agreements**

Burma-China

Burma-India

Burma-Laos

Burma-Thailand

Laos-Thailand

### **Appendix 2: Recent developments in the Golden Triangle. A compilation of events at the beginning of 1991.**

### **Appendix 3: Additional information and map on Burma - China narcotics trade.**

For more details about the IBRU database  
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## Appendix 1

### International boundary agreements

The "Golden Triangle" area covers five international boundaries which have evolved since the early 19th century, largely as a result of British and French colonial influence. The major diplomatic agreements involved in the delimitation and demarcation of these international boundaries are listed in this appendix.

Reference has been made to the International Boundaries Studies published by The Geographer, U.S. Department of State, numbers 33, 42, 63 and 80.

### Burma-China boundary

The boundary is 2222km in length and has been demarcated by a joint Sino-Burmese boundary commission. The boundary commission was established by a Boundary Treaty between the two countries signed on October 1, 1960 (Article 10). The Treaty defined the boundary in considerable detail.

#### Treaties related to the boundary:

**July 24, 1886 Peking Convention on Burmah and Thibet signed. Ratifications exchanged on August 25, 1887.**

British Foreign and State Papers vol 77, p 80. The Convention recognised British protection over Burma as it became a part of the Indian Empire. Article III, dealing with Burma's boundaries, was to be "given effect later".

**March 1, 1894 London Convention signed. Ratifications exchanged on August 23, 1894.**

British Foreign and State Papers vol 87, p 1311. Articles I through III delimited the frontier in the southern border land leaving the portion north of 25 35' "to be settled ulteriorly". By the terms of the treaty, China acquired a) northern Theinni, b) Kokang, c) Munglem and d) Kiang Hung. In turn, Britain obtained the prefecture of Yung Chang and the sub-prefecture of Teng Yuen previously claimed by China.

**February 4, 1897 Peking Agreement signed. Ratifications exchanged June 5, 1897.**

British Foreign and State Papers vol 89, p 25. The London Convention was modified considerably by Articles I-III which redefined the boundary south of 25 35'. The new delimitation created the southern boundary which was dealt with later. The 1897 Agreement served as the basis for the Sino-Burmese Treaty of 1960.

No alignment north of 25 35'N could be agreed upon and it was left to "future determination".

November 1897 - May 1900 A joint Sino-British boundary commission demarcated the border from the conical peak south to the Nanting River (23 30'N) and from the Nam Hka (22 10'N) to the Mekong. No agreement could be reached on the intervening Wa states' segment.

**March 25, 1914 Anglo-Tibetan Agreement (Exchange of Notes) signed on February 1, 1914 with ratifications exchanged.**

(Note: these are contained in certain editions of Aitcheson, A collection of Treaties, Engagements and Sanads, 5th ed., XIV, pp 34-35).

In negotiating a boundary between British India and Tibet, the line was drawn to include Burma as far east as the Isu Razi pass, south of the Taron River near the Irrawaddy-Salween watershed.

The lack of recognition of this agreement, of course, formed the basis for part of the Sino-Indian boundary dispute as well as the Sino-Burmese. The boundary as established has become known as the McMahon Line.



**June 18 1941 Chungking Agreement (Exchange of Notes).**

Between December 1, 1935 and April 24 1937, a Sino-British boundary commission endeavoured to delimit the boundary of the Wa states. The work of the commission, which had not initially been satisfactory to the Chinese authorities, was finally accepted in 1941. Later governments were to repudiate the agreement but it nevertheless formed a part of the 1960 delimitation treaty. A joint committee, to demarcate the boundary, could not accomplish its task due to the war.

**January 28, 1960 Agreement on the Question of the Boundary signed**

(Rangoon FSD 394, February 3 1960) The treaty established a mixed Sino-Burmese commission to conduct surveys of the boundary, to set up markers and to draft a formal boundary treaty.

**October 1, 1960 Boundary Treaty between the People's Republic of China and the Union of Burma signed.**

The Protocol provides a detailed definition of the Burma-P.R. China boundary from the tripoint with Laos to the de facto tripoint with India. The Burma-China-India tripoint is not clearly defined in the 1960 Treaty.

**The Burma-India boundary:**

The Burma-India boundary is 1403km long, and has been delimited by a Burmese-Indian Agreement signed on March 10, 1967. About 95% of the boundary follows watersheds and median lines of rivers, with a small section following straight lines between established boundary pillars.

**Treaties related to the boundary:**

Burmese westward expansion in the late 18th century and early 19th century led to conflict with the British East India Company between 1824 and 1826.

**February 24, 1826 Treaty of Peace negated Burmese influence in Assam, Cachar, Jaintia and Manipur.**

It provided that "The Arakan Mountains .. will henceforth form the boundary between the two great nations on that side. Any doubts regarding the said line of demarcation will be settled by Commissioners ..."

A series of British expeditions during the 19th century attempted to demarcate portions of the boundary. In 1885 the Third Burmese War led to the annexation of Burma into the British Empire. In 1894 the Manipur Chin Hills boundary was demarcated. In 1935 Burma and India were divided. When Burma and India gained independence the Burma-India boundary was defined. Resolution of the border was left to the governments of Burma and India.

**March 10, 1967 Boundary Agreement between the Government of the Republic of India and the Government of Union of Burma, signed at Rangoon.**

The Treaty delimits the boundary between Burma and India. The only area of controversy exists at the northern end of the boundary where the dispute between India and China has led to problems in defining the Burma-China-India tripoint.

The Burma-Laos boundary follows the thalweg of the Mekong river. The boundary is 238km long. It was delimited by an Anglo-French agreement in 1896.

**January 15, 1896 Declaration relative to the delimitation of French and English possessions along the frontiers of the Kingdom of Siam.**

Article III of the Declaration states that the border between British and French possessions between the border with China and the confluence of the Mekong and Nam Kok river (the Burma-Laos-Thailand tripoint), the boundary follows the thalweg of the river Mekong. British and Foreign State Papers vol 88, p 13.



## The Burma-Thailand boundary:

The boundary is 1799 km in length, and generally coincides with natural frontiers (watersheds, thalwegs of rivers). The boundary has been demarcated by a joint Anglo-Siamese boundary commission between 1893 and 1894.

### Treaties related to the boundary:

**June 20, 1826 Treaty with the King of Siam signed in Bangkok with ratification at Agra (India)** on January 17, 1828. British and Foreign State Papers, vol 23, pp 1153 ff., London.

After victory in the First Burmese War, Britain negotiated this treaty with Siam covering the general area of commerce and friendly relations. Article III however, agreed that should any boundary dispute evolve between the new British possession and Siam, it would be settled 'by both sides in a friendly manner'.

**September 8, 1868 Convention between the Governor-General of India and the King of Siam, defining the Boundary on the Mainland between the Kingdom of Siam and the British Province of Tenasserim**, signed at Bangkok with ratifications exchanged at Bangkok on July 3, 1868.

(NOTE: The date of the treaty is so catalogued in the BFSP volume. Furthermore, all British references to the treaty in later acts give the date as September 8. However, the body of the treaty bears the date February 8, 1868 which would permit an exchange of ratifications on July 3, 1868, which the September date obviously would not).

Demarcation had started in 1889. In 1892 final delineation of the boundary was planned, and an Anglo-Burmese boundary Commission met in January 1893.

**October 17, 1894 Exchange of maps showing agreed boundary line.**

**January 15, 1896 Anglo-French Declaration of January 15, 1896, relative to the delimitation of French and English possessions along the frontiers of the Kingdom of Siam**

British Foreign and State Papers, vol 88, pp 13 ff. Britain and France established the boundary between Indochina and Burma along the upper Mekong.

**August 27, 1931 Exchange of Notes regarding the Boundary between March 14, 1932 Burma (Kengtung) and Siam**

U.K. Command 4112, Treaty Series No 19, (1932) London. The 1891-4 boundary in the mid-stream of the Mae Sai was modified to the 1929 deep-water channel (thalweg) of the river.

**June 1, 1934 Exchange of notes regarding the Boundary between Burma (Tanasserim) and Siam**

U.K. Command 4671, Treaty Series No 19, (1934), London

The same principle was extended to the Pakchan River. Specifically, "the deep water channel of the River Pakchan, wherever it may be, should always be accepted as the boundary ... [in] that part ... from the ... village of Maran northwards as far as said river forms the boundary ..." A small exchange of territory occurred (40 acres transferred to Burma and 70 acres to Thailand).

**March 31, 1937 Exchange of Notes April 1, 1937**

U.K. Command 5475, Treaty Series No 23 (1937), London

The notes confirmed the 1934 agreement and provided for citizenship of persons involved in that and future transfers.

**October 1, 1940 Exchange of Notes regarding the Boundary December 10, 1940 between Burma and Thailand**

U.K. Command 6262, Treaty Series No 3 (1941) London. The Mae Sai river again changed course and the new channel was accepted as the boundary with the proviso that "the principle of the 'Deep Water Channel' is to remain applicable in the event of the Meh Sai river again changing its channel in the future".



The 'deep water channel' principle was also extended to the river Meh Ruak (Nam Kok) by the Notes of December 10.

**January 1, 1946 Peace Agreement with Great Britain**

U.K. Command 8140 1951. The Agreement annulled the Tokyo Convention of May 9, 1941, which ceded Kengtung and Mong Pan from Japanese-occupied Burma to Thailand. The territories were restored to Burma returning the boundary to the British-Thai negotiated line which has continued to the present.

Several Burmese-Thai agreements have been negotiated on border security since the independence of Burma. These, however, have not affected the alignment of the boundary.

## **The Laos-Thailand boundary:**

The Laos-Thailand boundary is 1754km in length and follows watersheds and the Mekong river from the Burma-Laos-Thailand tripoint on the Mekong river to the Cambodia-Laos-Thailand border. The boundary was initially defined by a series of treaties and conventions between France and Siam (Thailand) in 1893, 1904 and 1907. Parts of the current boundary are disputed.

### **Treaties related to the boundary:**

**October 3, 1893 Peace Treaty signed between France and Siam.**

France gained all Thai territory east of the Mekong river.

**February 13, 1904 Convention signed between France and Siam.**

Ceded territory west of the Mekong north of the Nam Huong river. The new boundary followed the watershed between the Maew Nam Nan river and the Mekong river.

Territory to the west of the Mekong south of the Mae Nam Mum (north of Cambodia) was also ceded to the French.

**June 29, 1904 Protocol between France and Siam.**

Minor gains in French territory to the west of the Mekong river, just south of the Burma-Laos-Thailand tripoint.

**March 23, 1907 Treaty between France and Siam.**

Defined the boundary between French Indochina and Thailand. A joint French-Thai boundary commission demarcated the boundary, completing the exercise with minor changes in June 1908.

A number of boundary disputes have arisen between Thailand and Laos since the 1960's. Military action has occurred. The boundary disputes have not been resolved.

**August 3 1976 Joint Statement by Thai and Laotian governments.**

Agreement to open a number of border crossings and to create a mechanism to hold local meetings in the event of border incidents.

**January 6, 1979 Memorandum of understanding between the Thai and Laotian governments.**

Established a border liaison committee, and a reduction of armed patrols on the Mekong river.



## Appendix 2

### Developments in the Golden Triangle and Thai-Burma border. A compilation of events at the beginning of 1991.

In January and February 1991 there have been numerous reports from Burma of new developments in the borderlands of Burma, particularly in the poppy-growing areas of the north-east. The following is a summary of these reports, mostly from the BBC Summary of World Broadcasts.

Insurgents were reported to be staging highway robberies and mining railway lines in the Burma-Thai borderlands. On 07.01.91 insurgents were reported to have mined the Namti-Mogaung railway line.

*Burma Broadcasting System, Rangoon (12.01.91)*

On 08.01.91 Karen National Union insurgents burned down an oil truck belonging to PTK Thai Timber Company which is extracting timber in the Three Pagodas Pass area in Karen State. Truck was supplying oil to machinery used for building the Three Pagoda-Thanbyuzayat Road, vital infrastructure for the border timber industry.

*Burma Broadcasting System, Rangoon (12.01.91)*

Two leading members of Burma's National League for Democracy (NLD) entered Mizoram in north-east India and applied for political asylum.

*Burma Broagcasting System, Rangoon (13.01.91)*

Burmese rebels blew up a Thai trawler in Burmese waters after its owners failed to pay a *Baht* 5 million (US \$198,000) ransom. Thai Supreme Commander General S. Kongsampong said that the military would take "drastic" action against Burmese students taking refuge in Thailand who were "linked" with the attackers.

*Far Eastern Economic Review, 13.01.91:22*

A mine-sweeper train carrying passengers from Ye to Moulmein hit a mine planted by insurgents.

*Burma Broadcasting System, Rangoon, 16.01.91*

Rangoon reports that Northern Shan State KIA said it had given up the armed struggle and now accepts the government's administration and supervision of the Defence Services. SLORC is seeking to prevent the state disintegrating and claims millions of Kyats have been spent on border development.

*Burma Broadcasting System, 16.01.91*

Major-General Khin Nyunt, Secretary-1 of SLORC and Chairman of the Committee for the Development of the Border Region and National Groups met leaders of the KIA (Kachin Independence Army) residing in areas under the jurisdiction of the North-East Military Command to discuss border development programmes.

*Burma Broadcasting System, Rangoon, 16.01.91*

The Burman Army under South-East Military Command overran a 200-strong headquarters of the Mon insurgent group. The camp was located near the Yadanaban mines, 26 miles east of Bokpyin, Bokpyin Township, near the border with Thailand.

*Burma Broadcasting System, 21.01.91*



The KIA (Kachin Independence Army) insurgents mined Mogaung-Myitkyina cargo train between Mayan and Kyidaung stations and shot at passengers. The army pursued the guerillas.  
*Burma Broadcasting System*, 21.01.91

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Burma and Laos signed an agreement in 1990 to cooperate on suppressing drug production along their common border in the Golden Triangle.  
*Xinhua News Agency*, Beijing, 21.01.91

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The Myanmar (Burmese) military government and SLORC is strengthening cooperation with foreign countries in the fight against narcotics. Myanmar established close cooperative links with China and Thailand in 1990, which includes exchange of information, training of drug enforcement personnel and technology transfer.  
*Xinhua News Agency*, Beijing, 21.01.91

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Major-General Khin Nyunt, SLORC, and Chairman of the committee for implementing the development of the border regions and national races, attended a ceremony on 27.01.91 at which 1,500 acres of poppy plantations were destroyed. The value was approximately \$1,584 million. UN and US embassy personnel were also in attendance.  
*Voice of Myanmar*, Rangoon home service, 29.01.91

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Major-General Khin Nyunt, SLORC (State Law and Order Restoration Council) member in charge of "border development work", attended a poppy plantation burning ceremony near Mong Ko and Hsipaw, west of the Salween River, in which 580,945,000 dollars' worth of drugs and equipment were destroyed, according to Burmese Authorities.  
*Voice of Myanmar*, Rangoon home service, 29.01.91

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In early 1991 Burma's military dictatorship seemed to be losing the uncritical support of Thailand, one of its staunchest allies over the past two years. With political opposition inside Burma effectively silenced, observers say that only pressure from outside can lead to any easing of the military's grip on power.

Initially relations between the Burmese and Thai armies were very close, and on several occasions the Thais looked the other way when Burmese troops used Thai territory to attack Karen rebels along the border. Traditionally the Karen controlled the cross-border teak trade, and the Burmese army was determined to oust them from their border strongholds to allow the Thai companies to take out their logs unhindered. The timber concession deal between the two countries ended a long period when the Thai military effectively saw the rebel-held territory in Burma as a convenient "buffer".

Following the retirement of General Chavalit in 1990, relations between Thailand and Burma seemed to cool. Undoubtedly, without the tacit cooperation of the Thai army, the Burmese troops would face a difficult task in dislodging the rebels from their jungle strongholds close to the border. In some areas the Thais were reported to be erecting barbed-wire to prevent troops crossing into Thailand. Many observers now expect the new Thai regime (which is controlled indirectly by the Thai military) and came into power in February 1991 will be more sympathetic to SLORC than Chatichai's ousted government.

Meanwhile the situation for the pro-democracy movement within Burma has worsened. Since October 1990 the army has systematically dismantled the NLD, and most of its leadership is in prison. Aung San Suu Kyi, the League founder who in February 1991 won the European Parliament's Sakharov Prize for human rights, has not been seen in public since she was put under house arrest in 1989. As world attention was focused on the Gulf, SLORC chose 16 January to arrest six more senior League members. According to diplomatic sources in Rangoon, there are now 44 elected



League MPs and 27 other party organisers in prison. The NLD says 93 other party members are 'missing'.

On 18 December 1990, leaders of Burma's NLD who had escaped to the Thai border set up a 'provisional government'. However, they allied themselves with students and ethnic rebels fighting the Rangoon government, a move which backfired, as the SLORC branded them as common insurgents. Two dissidents in the provisional government have 'surrendered' according to the army, although friends say they were kidnapped.

Report by Terry McCarthy 'Brotherly Thais grow impatient with Burma junta' in *The Independent*, 26.01.91, with additional information provided by Bertil Lintner.

Two drug warlords retreated deeper into Burma after Thai forces pounded their bases with bombs, rockets and machine-gun fire. According to the Thai police, at least 100 members of the rival warlords' armies were killed in the attack. The private army of Khun Sa, indicted by a US court last year on drug trafficking charges, and the Wa army led by le Shio Sue, have fought for months for control of a large part of the Golden Triangle's opium and heroin trade.

*The Independent*, 30.03.91: 10 (based on a Reuter report).

Burmese Defence Forces launched further operations in areas of the North East, South East and South. During the year 21 March 1990 and 20 March 1991, the army is reported by Rangoon to have had 1,495 battles, including 158 major battles (mostly in borderlands).

Rangoon sources [under military control] state that through the combined efforts of the Defence Forces some 1,178 insurgents were captured dead and 315 were captured alive. 48.31 kg of heroin, 948.28 kg of opium, 4.73 kg of cooked opium, 19,849.99 viss [one viss equals 3.6 pounds] of jade, 253.6 tons of teak and 804 teak logs, were reportedly seized from rebel-held areas. The Defence Forces, in cooperation with the Peoples' Police Force and local people, destroyed 1,951.14 acres of poppy fields.

In Burmese territorial waters, the combined army and naval forces have been continuously patrolling the area. Hence, 83 fish poaching vessels, 154 smuggling boats, 1,586 poachers and smugglers were captured between 21 March 1990 and 20 March 1991.

*Voice of Myanmar*, Rangoon home service, 26 March 1991.

Clashes on the Thai - Burma border were reported in Chiang Mai Province. Thai police and army fired mortar rounds at the Khun Sa outpost on a mountain top, possibly to push the Khun Sa unit back into Burma. An earlier exchange of fire between the Burmese minority groups of Khun Sa and the Wa rebels, resulted in casualties of Thai villagers. Thai border patrols have been increased in the area.

*Army Television Channel 5*, Bangkok, 26 March 1991.

Lt. Gen. Than Shwe, Chairman of the Central Committee for Development of Border Regions and National Races and Commander-in-Chief of the Defence Services, met with leaders of the Kachin, Kokang, Shan, Wa national groups. He explained that the state was using large amounts of capital and human resources in its endeavour to develop border regions and national races. He said it was essential for local people to assist in road construction and developing local communications networks. He also called for an eradication of opium cultivation.

*Voice of Myanmar*, Rangoon home service, 29 March 1991.

Burmese government troops supported by newly acquired jet fighters have been attacking rebel Karen positions close to the Thai border, driving several thousand civilians towards Thailand for sanctuary.

Karen and Thai sources say aircraft are making repeated strikes around Manerplaw, the rebel headquarters. Accounts differ as to whether the aircraft are Chinese-supplied F-7 fighters or



Yugoslav trainers. Burmese troops, meanwhile, are said to have taken two strategic hills north of Manerplaw (see Figure 7 with text).

Roughly 1,000 Karens have fled into Thailand and up to 2,000 more people have arrived along the border where relief agencies are already catering for more than 45,000 people, mainly Karens and Mons with about 2,000 students and dissidents.

Government troops have whittled down the 40-year-old rebellion by autonomy-seeking Karens to a handful of bases in mountainous and heavily forested territory along the border. Late last year dissident politicians fled to the Karen-held border to set up an alternative government to the military junta in Rangoon.

*"They [the Rangoon government] probably won't take Manerplaw this year because they haven't got their equipment run in yet, but I think they are under strong political pressure to try because of the presence of the alternative government there,"* a well-placed Rangoon source said.

Rangoon has taken delivery of jet fighters and helicopters in the past three months. Other equipment in up to \$1 billion of military spending is understood to include Chinese artillery and Polish coastal patrol boats.

Thai forces launched air strikes and artillery bombardments on border positions held by the opium warlord Khun Sa and the minority Wa, rivals in the heroin trade. Military chiefs said the attack was intended to push both forces deeper into Burma.

Diplomats in Bangkok note there has been no protest by Rangoon and speculate the cross-border attack was staged with its consent.

Report by Nick Cumming-Bruce in Bangkok, 'Burma uses jets against Karen border bases', *The Guardian*, 04.04.91: 14



## Appendix 3

### Additional information concerning the Burma - China border and the narcotics trade

Figure 9 is adapted from a map in the *Far Eastern Economic Review*, 28 March 1991: 23. It shows in slightly more detail than Figures 5 and 6 [in the main text] the China (Yunnan) - Burma (Kachin and Shan State) borderlands.

This area is now the most significant centre of the Golden Triangle's drug business. Until a few years ago most laboratories where raw opium is refined into No. 4 heroin were located along Burma's southern border with Thailand. Much of that former trade was under the control of Khun Sa [Chang Chifu]. He has now lost ground to a new generation of more influential and better connected warlords in Burma's northern Kokang area, adjacent to Yunnan. The region's faster growing heroin empire is located east of the Burma Road, which winds its way across mountain ranges and down river gorges, through important opium growing territory in northern Shan State (see Figure 9).

According to Bertil Lintner:

The scale of the problem is evident in all the Chinese border towns. Signs and posters outside police stations and civic centres warn residents against the dangers of drug abuse and the accompanying risk of Acquired Immune Deficiency Syndrome (AIDS), now rampant in Mangshih, Ruili, Baoshan, Tengchong and Kunming. According to official figures, Ruili alone has more than 100 registered AIDS cases, about 20% of China's known total, but this may represent only a fraction of those infected.

China's attitude towards the drugs trade is more complex than that of Rangoon. As Bertil Lintner writes:

Officially, the former CPB commanders are barred from entering China because of their involvement in the drugs trade, but the fact that all of them were operating for years along the Sino - Burmese border means they have long-standing working relationships with Chinese security authorities. A well-placed source from Möng Ko insisted that this personal friendship enabled them to visit China regularly, and own property across the border, including hotels and private houses. "*Sometimes they are even escorted by Chinese security officials and driven around in their cars,*" the source alleged.

Another source close to the Möng Ko - Kokang warlords said chemicals seized by the local police in Chinese border towns had been released and sent across the frontier after intervention by officers from the local *Gonganbu*, China's public security apparatus. However, the network deeper inside China is far more difficult for an outsider to grasp than the overt cross-border trade and the easily detectable routes and means of transporting both drugs and chemicals in the other direction, from Möng Ko and Kokang to Mandalay, Rangoon and the Indian border.

Nevertheless, China disclosed that 1.45 tonnes of heroin was seized in Yunnan during 1990, more than five times the total in 1989 and strongly indicated China has become a major trans-shipment route for narcotics destined for the US and Western Europe. Since China's efforts to control the new wave of narcotics smuggling are still at a preliminary stage, the volume seized last year may represent only 5-10% of the total flow across the country's southeastern border. This would suggest that as much as 30% of total heroin production from Burma's Golden Triangle region is now transiting China for eventual shipment to North America and Europe. As early as 1988, more than 50% of the heroin seized in Hong Kong was reaching the colony overland through China rather than via the traditional route through Thailand. Not all heroin transiting China necessarily goes through Hong Kong, however, as traffickers increasingly turn to Shanghai, Peking and other major seaports and air-traffic centres.



Key figures in the traffic include ethnic Chinese from Burma, Thailand, Hong Kong and North America, though involvement by mainland Chinese may be growing, sources said. Ethnic Chinese selling narcotics sourced from Southeast Asia now dominate the US heroin market, according to US law-enforcement officials. In a recent US case, US\$8 million cash was confiscated in a New York City flat used by drug traffickers. All suspects arrested were Chinese nationals. Confiscated records indicated the smuggling ring had turned over US\$50 million in a two-year period, and that significant quantities of cash had been shipped back to Canton by international mail couriers.

While narcotics experts attribute China's apparent inability to deal with the drugs problem to individual corruption and an inexperienced police force, Rangoon's attitude towards the narcotics issue has made drug money an integral part of Burma's economy. In order to further neutralise the former CPB as a viable fighting force, Rangoon has encouraged the former communist commanders to invest their drug fortunes in property and joint ventures in central Burma, far away from their traditional areas. *"In this way, they [former CPB commanders] will have a vested interest in maintaining the alliance with the government. If they own houses and shops in Mandalay and Rangoon, they would lose these if they decided to turn their guns against the government,"* a source close to the former commanders said.

The impact of this policy is also felt in India, where drug addiction is spreading - notably in the northeastern region bordering Burma. In India's Manipur state, the number of drug addicts has risen from 600 in 1988 to an estimated 15,000 in 1991, most of them in the 15-23 year age group. In 1989 there were 48 known AIDS victims in the whole of India. Health authorities now estimate that in five years Manipur alone will have 1,600 cases. While most drugs cross the Indian border near Moreh in Manipur, substantial quantities are also believed to be smuggled across Chin state to Mizoram, partly for local use and partly in transit to Bangladesh and the port city of Chittagong, intelligence sources say.

Burma is also being severely affected by the ready availability of narcotics. Officially, the country has no more than 30,000 registered addicts, but unofficial estimates put the figure at 160,000 - of whom at least 50% are already infected with the AIDS virus. The situation appears to be especially serious among the remaining 7-8,000 former CPB troops. In their area, heroin is cheaper than beer and sources in Mōng Ko say the addiction rate among the rank-and-file is 80%. Some observers point out this may not be entirely unwelcome from Rangoon's perspective.

Apart from eroding the CPB as a fighting force, the first to become addicted in the towns of central Burma are youths, who equate to potential dissidents from the authorities point of view. *"Universities and colleges have been closed since June 1988 and there are thousands of young people just spending their time in tea shops or trying to survive by doing odd jobs. These youths are being targeted by the pushers,"* a source in Rangoon said.

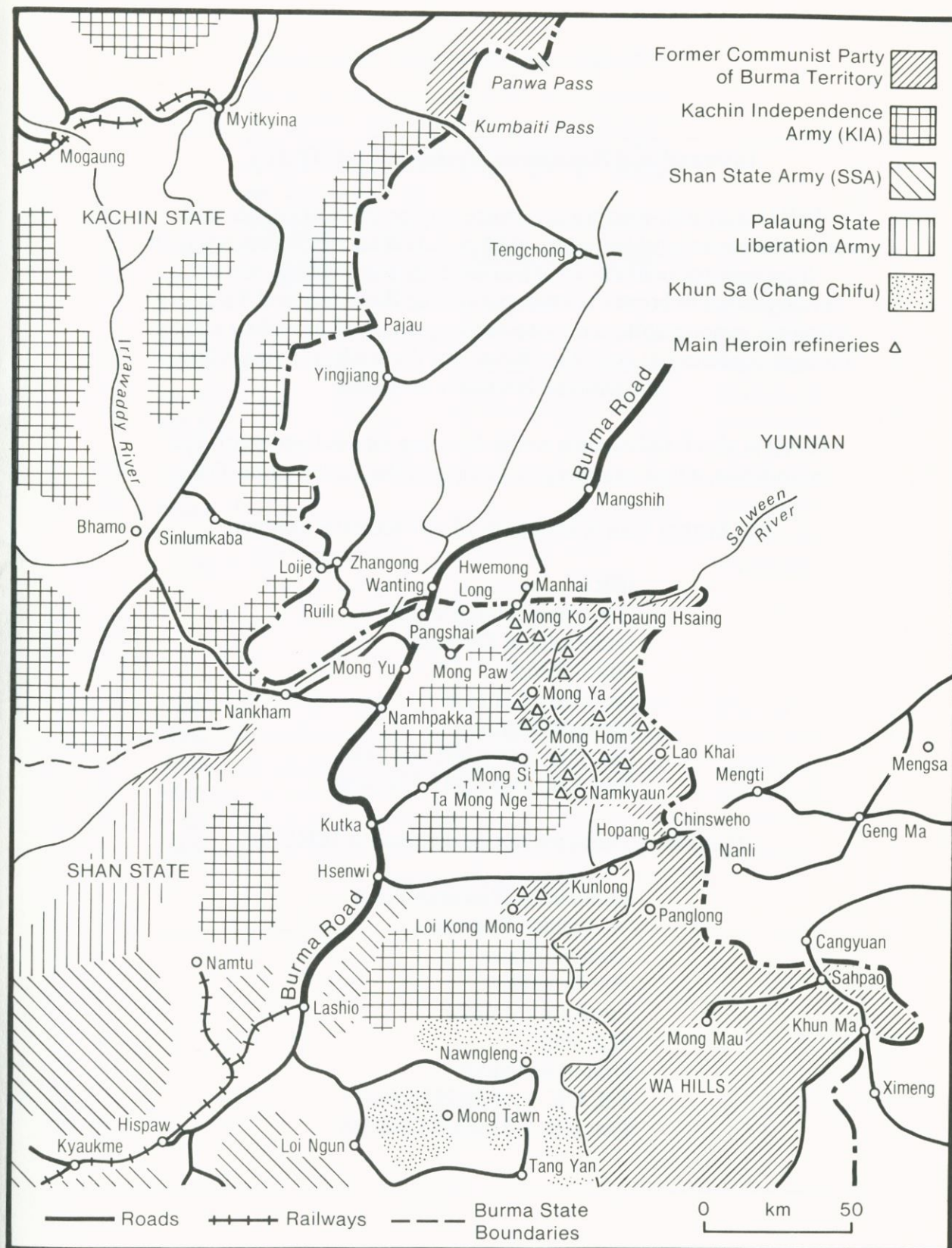
International concern over Burma's rapidly increasing heroin output, however, may prove a much thornier issue. Last November's drug-burning ceremony in Kokang was an apparent, albeit unconvincing, attempt by Rangoon to persuade the outside world that it was trying to do something about the problem.

Such charades apart, intelligence sources say the number of heroin refineries in the Mōng Ko - Kokang area have increased from 17 six months ago to 23 known locations today. Other refining facilities have recently been established in the Wa Hills. The area under poppy cultivation is also expanding with each growing season. The only area east of the Salween - apart from the southern valley in Kokang - where poppies are not grown is in the northern Wa Hills, where Christian missionaries introduced citrus and other cash crops half a century ago.

Rangoon has invited UNFDAC to resume its crop substitution programme in Burma, which was suspended after the 1988 military takeover. UN officials say they are willing to return if the project can be properly monitored and they have access to the opium growing areas. Given Burma's present political turmoil, it seems unlikely Rangoon can afford to do more than make a few cosmetic gestures aimed at improving its international image. In Ruili and Mangshih, meanwhile, the flow of drugs down the Burma Road shows absolutely no sign of diminishing.



Figure 9: The China (Yunnan) - Burma (Kachin and Shan State) borderlands



Adapted from FEER, 28 March 1991: 23



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