The high level of forest cover in Burma is often referred to in the official press, and appears central to the ‘resource-rich’ mindset of the SPDC. Such a view, however, based figures derived from an imprecise ‘science’ that are in any event open to interpretation should not lead to complacency. The quality of forests, that may be degraded by logging and the extraction of non-timber forest products (NTFPs), and serious localised deforestation, should also be taken into account.

Calculating deforestation rates is perhaps even more subjective than determining forest cover. Differences in methodology, including the use of different baseline information and survey areas, time periods and analytical techniques and the subsequent interpretation of these results make comparisons very difficult. As a result estimates of the deforestation rate in Burma differ widely and can, therefore, be used selectively for political purposes.

The FAO estimates that Burma is losing forest cover at a rate of 1.4% per year. This is the highest rate of deforestation, together with the Philippines, in Southeast Asia (see Table 3), a region that itself has the highest rate of deforestation in the world. Another estimate puts the figure at 0.4% annually, and a Burmese Forestry Department study in 2000 estimated that the rate of change was only 0.3% per year. Preliminary results from research being carried out using LandSat images, of the whole of Burma over a ten-year period, indicate a deforestation rate of 0.34% per annum. In contrast Senior General Than Shwe claimed, in November 1992, that forest cover increased from 41% in 1995 to 52% in 2000, based on FAO data.

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage change in forest cover per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burma</td>
<td>- 1.4</td>
</tr>
<tr>
<td>Philippines</td>
<td>- 1.4</td>
</tr>
<tr>
<td>Malaysia</td>
<td>- 1.2</td>
</tr>
<tr>
<td>Indonesia</td>
<td>- 1.2</td>
</tr>
<tr>
<td>Thailand</td>
<td>- 0.7</td>
</tr>
<tr>
<td>Cambodia</td>
<td>- 0.6</td>
</tr>
<tr>
<td>Laos</td>
<td>- 0.4</td>
</tr>
<tr>
<td>India</td>
<td>+ 0.1</td>
</tr>
<tr>
<td>Vietnam</td>
<td>+ 0.5</td>
</tr>
<tr>
<td>China</td>
<td>+ 1.2</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>+ 1.3</td>
</tr>
</tbody>
</table>
It is difficult to assess forest cover and deforestation rates accurately, especially without the use of ground-truthing, which has rarely been carried out in Burma. In addition, areas where the rate of deforestation is high, such as in Kachin State, the dry dipterocarp forests of the dry zone, or the mangroves of the Irrawaddy Delta, do not show up in countrywide deforestation figures. Some results have been extrapolated from small areas to the entire country, leading to further inaccuracies. Deciduous vegetation presents particular problems, and studies involving Burma have sometimes confused seasonal changes in dry dipterocarp and deciduous forests with permanent change. For example, it has been argued that the FAO’s figure of deforestation of 1.38% per year is an overestimate, that used deforestation hotspots as the basis for estimating the deforestation rate in Burma as a whole, and confused seasonal changes in the forest with permanent forest cover change. In addition, deforestation figures only consider that forest has been lost after a certain point and do not address forest degradation. According to the FAO ‘open forest’ cover in Burma increases by about 278,500 ha per year. This could however, indicate the degradation of forests from ‘closed forests’ with more than 40% forest cover, to ‘open forests’ with between 10% and 40% of forest cover. Most figures consider the net rate of deforestation; a balance between forest loss and forest re-growth, which is often poor quality compared to the forest that may have been lost.

Htoo Company log tractor operating in Karen State; 2002.

Burmese logs and Chinese forest in Guyong, Yunnan Province, China; 2000.
11 THE TIMBER INDUSTRY IN BURMA

Teak (Tectona grandis) grows only in mainland Southeast Asia (Burma, Thailand and Laos), Indonesia, and southern India. Burma has about 60% of the world’s natural reserves and is the biggest exporter, producing 75% of all internationally traded teak. It is valued for its aesthetic qualities, durability and the ease with which it can be worked and as such is one of the most expensive timber species. Burmese teak is generally recognised to be of a higher quality than teak from other sources and the logs from Burma’s natural forests are significantly larger, and therefore more desirable, than the teak grown in plantations in, for instance, Indonesia.

It is the quality of Burmese teak together with Burma’s near monopoly on supply that has made the teak industry particularly resistant to calls for bans and boycotts. Instead, in many instances, industry has either remained silent regarding the country of origin or misdeclared the timber. This has been particularly prevalent at the consumer end of the market, relating to products such as garden furniture. More often than not, in cases where it is clear where the timber has come from, companies perpetuate, through their literature and labelling, the myth of sustainability of production in Burma’s forests.

11.1 The Administration of forestry in Burma

The Ministry of Forestry (MoF) has primary responsibility for forestry management and policy in Burma and has full jurisdiction over forest conservation and exploitation. The Office of the Ministry is generally staffed by retired military, while the departments under the ministry are made up of trained foresters and other professionals. Five departments come under the control of the MoF; they are: the Forest Department, the Myanmar Timber Enterprise (MTE), the Dry Zone Greening Department (DZGD), the Planning and Statistics Department, and the Institute of Forestry. In addition these departments work closely with the Survey Department, which carries out mapping for the whole administration. In total over 66,000 people come under the control of the Ministry, by far the largest proportion of these, about 48,000, working for the MTE and a further 15,000 at the Forest Department.

It is the Forest Department and the MTE that are principally concerned with the commercial exploitation of Burma’s forests and the timber trade. The Forest Department is responsible for the protection and conservation of wildlife and sustainable management of the forest resources of the whole country. The MTE is responsible for timber harvesting, milling, downstream processing, and marketing of forest products.

11.1.1 The Forest Department

The Forest Department, together with the Planning and Statistics Department, is responsible for planning and forest management. This includes calculating Annual Allowable Cuts (AACs) and selecting and girdling trees prior to extraction.

Forest Officers are also responsible for the enforcement of forestry laws and regulations, including supervising timber harvest, protecting forest areas from encroachment and poaching of wildlife, and checking timber for legal marks at border crossings. In addition, the Forest Department manages forest rehabilitation and the establishment of production plantations, as well as the protected areas system and watershed management.

The department is supposed to survey all reserved forests and to gather data on all trees larger than four feet in girth and to maintain the health of the forest for commercial extraction, for example, by cutting climbers and figs and by eliminating trees that impede the growth of the most valuable trees. The Forest Officers should assess the type, density and quality of the forest, including wildlife and biodiversity, and send their findings, via the District Forest Officer, to the Conservator. In general Forest Department staff are technically skilled and hardworking, though poorly paid.


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1. The DZGD looks after the reforestation of degraded forestlands and restoration of the environment in the Dry Zone of Central Burma.
2. The Planning and Statistics Department is responsible for coordinating the tasks of the Forest Department, the MTE and the DZGD.
3. The Institute of Forestry is responsible for education and training.
4. Girdling is the practice of cutting a section of bark and sapwood from the entire circumference of a standing tree. The tree dies and dries out making it substantially lighter and therefore easier to transport.
Subcontractors are also used by the MTE to carry out logging operations. The subcontractors are obliged to deliver a certain volume of timber to the MTE at a given price, which is often too low to sustain the business let alone make a profit.

There are 83 state-controlled hardwood sawmills producing timber for the domestic market and eight state-controlled teak sawmills producing timber for export. In addition the MTE runs four plywood factories, five furniture factories, two moulding factories and one flooring and moulding factory. The total capacity of these processing units is about 160,000 Hoppus Tonnes per year. In addition there are, according to the Forest Department, 459 small to medium sized sawmills, 1,224 re-cutting mills and 487 factories producing furniture and partially processed products; all privately owned.

The very undeveloped state of the timber processing industry also means that most of Burma’s exports are in log form. Raw logs comprise 85% of exports, whilst sawn timber accounts for 12% and value added products 3%.

11.1.2 The Myanmar Timber Enterprise (MTE)
Theoretically the MTE has a monopoly on the harvesting, processing and marketing of teak, with the private sector operating only in the non-teak hardwood processing industry. It is the MTE’s task to cut and extract trees that have been selected and marked by the Forest Department. In 1997 the MTE operated 38 extraction and rafting agencies.

However, the MTE contracts out some of its work to privately run logging companies and timber processing facilities. Despite the cancellation of Thai logging concessions on the border and SLORC’s ending of the concession system of forest management in 1993 some of the current contracts are referred to as concessions and are operated as such. These lucrative contracts are, more often than not, given to companies that have close contacts with Burma’s military elite. Such national entrepreneurs frequently have concessions throughout the natural resources sector and include, amongst others, Asia World, Shwe Than Lwin, Dagon, Htoo Company, Billion Group, Kayah Phu and the Woodland Group of Companies.

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Log truck with export quality timber arriving at the Asia World Port Terminal in Rangoon; 2001.


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p One Hoppus Ton is equivalent to 1.8 m³ of timber.
11.2 Forest Management in Burma, the theory

Large-scale commercial logging developed during the era of British rule. At first the colonial authorities, in accordance with the economic doctrine of the time, left the industry to regulate itself. This lead to widespread unsustainable logging and to rapid depletion of the Tenasserim teak forests. In response, the administration introduced the concept of commercial forest management into Burma’s forests for the first time in 1856 in the Pegu Yomas. The Forest Department was created in the same year.

The forest management system used by the colonial authorities was the Brandis Selection System, subsequently renamed the Burma Selection System (BSS) and later the Myanmar Selection System (MSS). The BSS was designed to maintain a high yield of good quality timber and to enhance the natural regeneration and growth of commercially valuable trees.

Under the BSS forests were split into management units, the largest being the concession. Concessions were in turn split into compartments and these further split into coupes; coupes were divided into cutting blocks. There were 30 coupes to a concession, each coupe being cut in successive years to give a 30-year felling cycle. Harvesting operations are described as a ‘two-pass system’, with teak being extracted first, followed later by other hardwoods. In addition minimum diameters were set for each tree species, below which they should not be felled, and a range of procedures were put in place to ensure the preferential growth of teak trees and general health of the forests.

In theory the sustainability of the BSS is guaranteed by setting the AAC for teak and other hardwoods at sustainable levels. The AAC based on ‘removals’ is always greater than the amount of timber that may be marketed because timber is wasted in the process of extraction; this waste may be in the order of 25% to 30%. Historically, the Forest Department has conducted inventories in forested areas and it is these figures, detailing the composition of the forest and the quantity and quality of the trees that the AAC is based upon. Presupposing that the AAC has been set at a sustainable level it is essential that this figure is not exceeded, in order to maintain sustainability of production. The AACs were revised in 1996 and again in 2001. The Forestry Department has also recently updated the Management Master Plan and all 62 Forest District Management Plans, each of which contains an AAC for teak and other hardwoods.

Elephants are often used to drag logs from the forest, to roads and rivers, primarily because of the difficulty of the terrain in which they operate and because of the heterogeneity of the forest. They are also less damaging to the environment than most mechanical options. The state owns 3,000 elephants and a further 2,000 are privately owned.

Hauling logs in southern Shan State; 2000.
12 THE REALITY OF THE SPDC-CONTROLLED TIMBER TRADE

Much of the recent information contained in this report relates to the unsustainable and destructive activities of logging companies operating in the ceasefire areas. But it is important to note that this destructive logging is unlikely to be taking place without the tacit agreement of the SPDC and in many instances with its active encouragement (see 13.3 Ceasefires and business page 47). It should also be noted that the reality of logging in areas controlled by the SPDC, often differs substantially from the image of respectability and sustainability projected by the regime.

12.1 Law enforcement

“In this country, you can do a lot of illegal things freely if you have a powerful protector in the government. Even drug lords can move around like respectable businessmen. I know some plywood factory owners that illegally hoard timber logs all the time. But they don’t have to worry about being searched by local authorities. They got some senior officials to visit their factories. On the wall of the factories’ guestrooms, they hung a photograph of themselves shaking hands with the officials. The local authorities did not dare to bother such businessmen. They go to the factories or the houses of the factory owners only when they want them to donate money to some government functions.” Anon, 1998

Seizures of logs, sawn timber and logging equipment are frequently reported in the Burmese press. In May 2003 for instance, the Myanmar Times stated that Forest Department figures showed 20,400 tons of illegally logged timber had been seized during the 2002-2003 fiscal year, up 900 tons on the previous year. U Tin Latt, a director of the Forestry Department said that most of the illegal timber extraction occurred in Kachin State and northern Shan State, though it also occurred in Pegu, Mandalay, Magwe and Sagaing divisions.97 In the same article he appealed to the public for help in reporting illegal logging operations. However, detail of what comprises legal logging in Burma, such as which groups or companies are logging where and under what authority, is not widely available and this makes it very difficult to ascertain what is illegal. It should also be noted that legal logging can be destructive and unsustainable and that sustainable timber extraction by local people can be illegal.

People caught with fraudulent documents, or timber showing false markings, are liable to a maximum penalty of three years’ imprisonment and a 30,000 kyat ($50) fine. Those logging teak illegally face seven years in prison and a 50,000 kyat ($80) fine.97 But the law is far from being fairly applied and punishment often handed down to the ‘small fish’ and never the key players, unless they have fallen out of favour with the ruling elite.

The following account is a tragic example of forest law enforcement: five years in prison for three people for cutting posts to make houses, whilst the real criminals often remain at large and untouchable.

‘Jail Terms for Illegal Logging’ Hmu-Khin (Crimes) Journal of 29.08.01. Unofficial Translation:

“The Government, having meant to protect the world’s famous valuable teak of the country, has been taking special disciplinary action against its
12.2 The decline of the Burma Selection System and Institutional Problems

Increasingly forests in Burma have been managed according to short-term interests, reflecting the immediate political and economic needs of the regime, rather than being managed in a way that will ensure the sustainability of timber supply in the long term. It could be argued, however, that it is irrelevant whether or not there are elements within the regime that would, in an ideal situation, promote sustainable forest management as years of economic decline have narrowed options for revenue generation. Essentially, the overriding imperative to raise foreign exchange, in the face of an ailing economy, has meant that increasingly key elements of the BSS have been ignored.9

A key factor in the decline of the BSS has been the relative weakness of the Forest Department in relation to the MTE.9 As the income generating body of the Ministry of Forestry, the MTE has more resources and political influence than the Forest Department, which is responsible for good forest management but is not a revenue-raising department.

12.2.1 Annual Allowable Cut (AAC)

"The MTE largely exceeds what it should cut, and there is no balance between timber production and the forest base." 99 FAO representative, Rangoon; 2000.

Until 1996 the AACs, both for teak and for other hardwoods, remained the same for over 30 years. They were based on partial surveys done in the early 1960s, which were then extrapolated to the whole country, and set at a level that would theoretically ensure sustainable timber production over the entire country.100 However, as many areas of the country were not accessible due to insurgency and civil war, the AAC for the entire country was harvested in only those parts of the country that were accessible, which inevitably led to local over-exploitation.9

In the 1970s, natural resource production and export were prioritised, and revenue from timber became a principal source of state income. Accordingly the State Timber Board (STB), the forerunner of the MTE, was allowed to develop the institutional capacity to extract and market timber. The STB directly challenged the authority of the Forest Department, forcing it to permit over-cutting to meet the need for foreign exchange. This further increased the pressure on the accessible forests.9

The Forest Department on the other hand was weakened through low budgets and understaffing, leading to a fall both in its morale and in its ability to cope with the challenges of forest conservation, maintenance and policing. In addition the royalties on timber extraction paid by the STB to the Forest Department were too low, further undermining the department’s ability to invest in good forest management.8 The Forest Department has clandestine activities. Although the big fish cannot be caught yet, small cases like seizing teak wood for making pillars in homestead construction works are put-up to court by Forest Officers. An example of it is a group of three illegal cutters witnessed on 14.05.01 in Lae-way by its Township Forest Officer U Aung Htoo Myaing at Yone-bin Forest Reserve Block 26 and were prosecuted and jailed for five years for illegal cutting and transporting teak. The case was put under penal code no. 658/2001 Forest Act Section 43(a) for illegally felling kyat 8,020/- worth of ten teak trees and transporting them on a bullock-cart to be used as small-scale building material for their houses."

In Kachin State the Forest Department officials along with other authorities such as immigration, police, and military collect taxes from passing trade apparently even if the trade is illegal.349 This is also the case in the Pegu Yomas where the department has set up taxation gates in the forest to tax illegal logging. In Tenasserim Division the Forest Department sits alongside the New Mon State Party, the military intelligence, local army battalions and the SPDC and levies taxes on illicit logging.98 The parlous state of forest law enforcement and complicity of government employees in forest crimes is far from unique to Burma.

9 The MTE gives $8 per ton for teak and $5 per ton for hardwood to the Forest Department for rehabilitation purposes (Source: Investment Opportunities in the Wood-based Industries in Myanmar, Myanmar Business Tank, 1 September 2001).
also suffered falling educational and scientific standards after decades of isolation. The few remaining highly qualified foresters are mostly at or near retirement age.

The imbalance between the Forest Department and the MTE persists and forests are still under pressure to generate income at levels set by the SPDC that bear little relation to an AAC based on sustainability of production. Officials rarely speak out for fear of dismissal or worse, striving foremost to satisfy their superiors and meet set quotas, rather than advocating policy changes or the setting of quotas at more sustainable levels.

The AAC was 609,500 m³ for teak and 2,463,600 m³ for other hardwoods between 1971 and 1996. From 1996 the AAC for teak was lowered to 409,062 m³ but for hardwoods it was increased to 3,236,100 m³. The lowering of AAC for teak and the increase for hardwoods reflects over-extraction of teak and the general under-exploitation of other species.

Forest Department figures show that teak production exceeded the AAC in three of the four years between 1989 and 1992. Overall, since 1970 teak production has, according to official figures, exceeded the AAC by at least an average of 15%.

MTE and private subcontractors face disciplinary procedures or the withdrawal of permits for failing to meet cutting targets. Meeting an unrealistic quota leads directly to over-cutting, cutting of undersized trees or cutting trees outside the specified coupe. In one case Global Witness investigators observed an MTE harvesting team in Magwe, not far from the border with Chin State, cutting over their teak quota. According to their account they were doing this to provide logs to another MTE team that was unable to meet its cutting target, in Pakokku (across from Bagan), the area of forest under their control. The target set in Pakokku in the dry zone was not achievable and the problem compounded by over-cutting in another area.

On several field trips including one to Okhtwin Township, Toungoo District, Pegu Division, Global Witness encountered institutionalised over-cutting by the MTE. In one instance an MTE employee explained that the cutting was 20% above target, but that “all this is according to MTE instructions”. As one MTE employee put it, “The target cut is made known to us by our township level boss on a monthly basis. We have to cut more than the set target in order to fulfil our welfare needs. For example, when the target is 1,000 tons, we will cut 1,500 tons.”

Another feature of the BSS that is becoming increasingly neglected is the girdling of teak trees. In addition many of the forest inventories that are used to set the local AAC are extrapolations based on samples, rather than a full ‘contouring’ exercise. The code of harvesting that stipulates the minimum girth of trees to be cut is also neglected with MTE staff routinely cutting immature teak trees.

In reality, instead of being an absolute limit to the amount of timber that is logged, the AAC is used only as a guideline in Burma. The SPDC sets production targets for foreign exchange-producing government institutions including the forest sector. Based on the foreign exchange earning expectations, a target tonnage is calculated which is translated downwards into logging quotas for each logging district. These have little bearing on capacity of the forest and hence the sustainability of logging operations.

### Table 4: Annual Allowable Cut in Burma

<table>
<thead>
<tr>
<th>State/Division</th>
<th>AACs since the 1960s</th>
<th>AAC until late 1996</th>
<th>AACs from 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Teak</td>
<td>Hardwood</td>
<td>Teak</td>
</tr>
<tr>
<td>Arakan State</td>
<td>–</td>
<td>45,000</td>
<td>–</td>
</tr>
<tr>
<td>Chin State</td>
<td>5,280</td>
<td>8,700</td>
<td>5,280</td>
</tr>
<tr>
<td>Irrawaddy Division</td>
<td>2,080</td>
<td>74,700</td>
<td>2,080</td>
</tr>
<tr>
<td>Kachin State</td>
<td>14,000</td>
<td>456,000</td>
<td>14,000</td>
</tr>
<tr>
<td>Karen State</td>
<td>7,860</td>
<td>8,800</td>
<td>7,860</td>
</tr>
<tr>
<td>Karen State</td>
<td>3,850</td>
<td>21,600</td>
<td>3,850</td>
</tr>
<tr>
<td>Magwe Division</td>
<td>31,260</td>
<td>79,000</td>
<td>6,563</td>
</tr>
<tr>
<td>Mandalay Division</td>
<td>14,370</td>
<td>200,400</td>
<td>6,925</td>
</tr>
<tr>
<td>Mon State</td>
<td>550</td>
<td>18,100</td>
<td>550</td>
</tr>
<tr>
<td>Pegu Division</td>
<td>42,070</td>
<td>251,500</td>
<td>19,675</td>
</tr>
<tr>
<td>Rangoon Division</td>
<td>1,150</td>
<td>6,000</td>
<td>1,150</td>
</tr>
<tr>
<td>Sagaing Division</td>
<td>33,170</td>
<td>452,800</td>
<td>33,170</td>
</tr>
<tr>
<td>Shan State</td>
<td>23,110</td>
<td>54,800</td>
<td>23,110</td>
</tr>
<tr>
<td>Tenasserim Division</td>
<td>–</td>
<td>99,300</td>
<td>–</td>
</tr>
<tr>
<td>TOTAL Trees</td>
<td>178,750</td>
<td>1,366,300</td>
<td>124,213</td>
</tr>
<tr>
<td>TOTAL m³</td>
<td>609,500</td>
<td>2,463,600</td>
<td>409,100</td>
</tr>
</tbody>
</table>

NB. The cubic metre figure has been calculated on the basis:
1 teak tree is equivalent to 3.29m³;
1 hardwood tree is equivalent to 1.802m³.
12.2.2 The National Forest Inventory
Official government figures show a drastic decrease in the density of teak in the Pegu Yomas; apparently due to illegal logging. The National Forest Inventory shows that in the South Zamayi Forest Reserve there were 2.39 teak trees, of more than three feet girth at breast height, per acre in 1982 and 1983, but only 0.75 per acre in 1994. The graphs below show the decrease in density of teak trees in the Thayawaddy Forest Division.\(^{56}\)

**TEAK TREE DENSITY CHANGE IN THAYAWADDY TOWNSHIP**

*Source: Journal of Forest Planning 4: 43-51 (1998)*

<table>
<thead>
<tr>
<th>Girth class (feet)</th>
<th>No. of trees (per 100 acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2' - 3'</td>
<td>1982-1986: 100, 1994: 100</td>
</tr>
<tr>
<td>3' - 5'</td>
<td>1982-1986: 100, 1994: 100</td>
</tr>
<tr>
<td>5' - 6'</td>
<td>1982-1986: 100, 1994: 100</td>
</tr>
<tr>
<td>6' - 8'</td>
<td>1982-1986: 100, 1994: 100</td>
</tr>
<tr>
<td>8' +</td>
<td>1982-1986: 100, 1994: 100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1982-1986: 400, 1994: 400</td>
</tr>
</tbody>
</table>

**TEAK TREE DENSITY CHANGE IN MINHLAS TOWNSHIP**

*Source: Journal of Forest Planning 4: 43-51 (1998)*

<table>
<thead>
<tr>
<th>Girth class (feet)</th>
<th>No. of trees (per 100 acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2' - 3'</td>
<td>1912-1913*: 100, 1982-1986: 100, 1994: 100</td>
</tr>
<tr>
<td>3' - 5'</td>
<td>1912-1913*: 100, 1982-1986: 100, 1994: 100</td>
</tr>
<tr>
<td>5' - 6'</td>
<td>1912-1913*: 100, 1982-1986: 100, 1994: 100</td>
</tr>
<tr>
<td>6' - 8'</td>
<td>1912-1913*: 100, 1982-1986: 100, 1994: 100</td>
</tr>
<tr>
<td>8' +</td>
<td>1912-1913*: 100, 1982-1986: 100, 1994: 100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1912-1913*: 300, 1982-1986: 300, 1994: 300</td>
</tr>
</tbody>
</table>

*Note that figures for 1912-13 are not strictly comparable to other years as the girth classes used are slightly different. Total figures are still comparable though.

**TEAK TREE DENSITY CHANGE IN LETPADAN TOWNSHIP**

*Source: Journal of Forest Planning 4: 43-51 (1998)*

<table>
<thead>
<tr>
<th>Girth class (feet)</th>
<th>No. of trees (per 100 acres)</th>
</tr>
</thead>
</table>
A COMPARISON OF BURMESE TIMBER PRODUCTION AND EXPORTS AS REPORTED BY THE SLORC/SPDC VS BURMESE TIMBER IMPORTS AS REPORTED BY OTHER COUNTRIES

SOURCE: SLORC/SPDC; WORLD TRADE ATLAS

12.3 Import – Export Figures

It is probable that the Myanmar Central Statistic Organisation (MCSO) records most available data relating to the formal forestry economy in Burma. The informal timber trade in Rangoon and elsewhere, however, is not reflected in the official statistics.

To get some idea of the scale of this informal economy, relating specifically to the international trade in timber and timber products from Burma, it is necessary to look at the import data from consuming countries.

There is a considerable mismatch between the quantity of timber that the MCSO has recorded as being exported and the quantities recorded by customs authorities of importing countries, in particular China. For example, for the financial year 1999/2000 the MCSO figures state that 806,000 m$^3$ of timber was exported from Burma whilst the aggregate figure, for those countries that have made import figures available, is in the region of 1.72 million m$^3$. The import figure is over double the official export figure and the difference between the two figures, which is likely to reflect the amount of illegal exports (914,000 m$^3$ with an estimated value in excess of two hundred million dollars), is substantially larger than official exports.

Official statistics from China show that in 2000 China, alone imported 840,000 m$^3$ of timber from Burma. This is more than the total volume of timber exports recorded by the MCSO for 2000, which was 797,069 m$^3$. Other nations, for which Global Witness has data, imported 1.1 million m$^3$ of timber. The amount of timber recorded as entering consuming countries in 2000 is almost two and a half times greater than that recorded leaving Burma. It is likely therefore that at least 1.0 million m$^3$ of timber were illegally exported from Burma in that year.

In 2001 the MCSO recorded exports of 688,114 m$^3$ and, although statistics are not yet available for the majority of importing countries, China alone claims to have imported 850,000 m$^3$.

It is clear from the above figures that a large proportion of timber exports are not being recorded by the Burmese authorities. In addition, a significant proportion of the international trade is not recorded by importing countries either. In China for instance although timber imported from Kachin State is generally recorded, at least locally, local business sources claim that imports are under-declared. Similarly much of the cross border trade with Thailand appears to go unrecorded.

There are over two hundred companies exporting one to two containers of timber from Rangoon each month. Much of this trade is legitimate. Most of these companies use their name to acquire an official export permit, which is then sold back to the larger companies at a profit. In 2001 over one hundred 100 companies were exporting timber under the name of Woodlands. Asia World is thought to be the largest single exporter of timber from Burma.

*The figures given are round log equivalents for all categories of exported timber.*
Part Two: Logging in Burma / 12 The Reality of the SPDC-Controlled Timber Trade

THE AMOUNT OF TIMBER COUNTRIES HAVE DIRECTLY IMPORTED FROM BURMA

*Source: World Trade Atlas, National Yearbooks of Import Statistics*

- **RWE volume**
  - (million cubic metres RWE *)
  - **2000**
  - **1999**
  - **1998**
  - **1997**
  - **1996**
  - **1995**
  - **1994**
  - **1993**

*Import data have been converted to give Round Wood Equivalent export volumes*

THE VALUE OF TIMBER COUNTRIES HAVE DIRECTLY IMPORTED FROM BURMA

*Source: World Trade Atlas, National Yearbooks of Import Statistics*

- **Import value**
  - (million US$, nominal, cif)
  - **2000**
  - **1999**
  - **1998**
  - **1997**
  - **1996**
  - **1995**
  - **1994**
  - **1993**

*Import values have been converted to give US$ amounts at average exchange rates for the given year in IMF International Financial Statistics*

Note: comparison of import values between countries is inappropriate; comparison of trends between countries and with RWE volume is appropriate.
excluding Woodlands.\textsuperscript{109} Myanmar M-1 Co. was also exporting significant amounts of timber from Rangoon in 2001.\textsuperscript{109}

Some companies are concerned about the bad publicity that they might face if associated with the trade in Burmese timber. It is possible therefore, that Burmese timber is under recorded in the trade statistics as it is passed off as having originated in another country. Timber, in particular teak, can be laundered through a third country and re-exported.

Global Witness received an anonymous fax in March 2000 stating that the American company Kingsley-Bate’s representative in Burma was ‘Mr Sit-tai Ong’, son of ‘Ong Fong’ (Aung Phone) the Minister of Forestry. The fax stated, amongst other things that Sit-tai Ong had been given 10\% shares, although it did not state what the shares were in. The fax went on to allege that the company had mixed non-certified Burmese teak with certified teak from Indonesia.\textsuperscript{110} Global Witness has not been able to find any supporting evidence for this claim. Global Witness wrote to the president of Kingsley Bate on 6 December 2002 concerning these allegations. However the reply was equivocal. The response stated that: “some of the information you [Global Witness] have on our company is inaccurate.” and that the questions sought data that was “proprietary and market sensitive…” The letter went on to say that all shareholders of Kingsley Bate were “citizens of the U.S.”

Kingsley-Bate has an office in Rangoon in the Ministry of Forestry, Forest Products Joint-Venture Corporation building and, according to the website of the Myanmar Embassy in France has entered into joint production ventures with the MTE, for making teak garden furniture in MTE factories. Clay P. Kingsley, the Kingsley-Bate president, stated, in the letter referred to above (ref: 12/17/06) received by Global Witness in January 2003, that “We are importers of furniture from Myanmar and other Asian countries.” In January 2003 the Kingsley-Bate website stated: “Our teak is harvested from carefully controlled plantations, established in Indonesia by the Dutch in the Mid-19th century.” No mention was made on the website of the company’s interests in Burma. However, the website currently states “Due to the increasing demand for this beautiful hardwood, Kingsley-Bate now uses a select amount of Burmese teak in its productions.” Precisely how many cubic meters of Burmese teak a ‘select amount’ equates to is not made clear.
12.4 SPDC-controlled logging in Central Burma

Information on logging in central Burma is hard to come by, as people are afraid to talk openly and many of the cutting areas are off limits to foreigners. However, the institutional problems of the forest sector are widely known, and Global Witness investigations suggest that the industry is characterised by corruption, cronyism, illegality and unsustainable practices from the highest levels of authority down. Not only are the timber resources being over-cut, to provide much needed foreign exchange to the SPDC, but the Tatmadaw is heavily involved in the timber trade whilst a few favoured national entrepreneurs grow rich.

The money paid to subcontractors is said to be too low even to operate, let alone to make a profit hence the need for illegal logging. They therefore cut far more than requested and tend to keep the best part for themselves, and deliver the poorer quality timber to the MTE. The companies’ priorities are to export high quality round logs without having to compete in the MTE’s tender sales. They therefore keep the best quality timber and pass on lower quality timber to the MTE. The MTE in turn passes on the lowest grades to local sawmills. This sequence of events partly explains why sawmills at the bottom of the pecking order resort to purchasing illegally felled, high quality timber that is suitable for export (see below).

12.5 The Pegu Yomas

The Pegu Yomas is a low forested mountain chain, stretching from about 40 km north of Rangoon to Meiktila, 90 km south of Mandalay. The region has been under state control since the mid 1970s and is frequently held up by the SPDC as a model of sustainable forestry management. A select few well-managed areas are used to demonstrate that all Burmese timber comes from well-managed and sustainable sources. The remainder of the Pegu Yomas, that visiting consultants and timber buyers are not shown, is subject to extensive over harvesting and illegal logging by the MTE, their subcontractors and small ‘anarchic’ logging outfits. This, together with land conversion and the sizeable demand for fuel wood in Rangoon and Mandalay has resulted in the forests of the Pegu Yomas becoming increasingly degraded in recent years.

Illegal logging is widespread in the Pegu Yomas and is conducted throughout the year by villagers, who have little in the way of alternatives, and well-organised groups working closely with the army. For example, there are approximately 25 bandit groups in the environs of Okkan, a timber town near the southwest Pegu Yomas, who make their money by supplying hardwood to sawmills and merchants in the region. These illegal loggers and the military enjoy a relationship that oscillates between cooperation and crackdowns. They cooperate to fell and transport trees from five forest reserves in typically low-tech operations using handsaws, hammers and wedges, and ox-carts.

The involvement of the military in this trade is systemic. Military trucks transport illegal timber from the Pegu Yomas. For example Regiment Nos. 703 and 704 in Hmawbi and Regiment No. 705 in Shwe Myayar are involved in this business. At night military convoys carry illegally cut logs and sawn wood on Chinese ‘Faw’ trucks from places such as Okkan and Phalone, to arrive before dawn at Mingaladon and northern Okkalapa townships; these are new industrial areas north of Rangoon with a significant military presence and numerous checkpoints. The cost for using military trucks to transport illegal teak logs or sawn wood to the outskirts of Rangoon city is 20,000 kyat ($28) per Hoppus Ton. This rate appears to be very high, though as military trucks are unlikely to be stopped and searched clients may be prepared to pay this premium.

Other state agencies also facilitate the illegal trade. The Forest Department, for instance, levies ‘gate fees’,

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WORLDWIDE DISTRIBUTION OF TEAK: TOTAL STANDING STOCK

which amount to 4,000 kyat ($5.50) per truck at each checkpoint. Military Police checkpoints demand 3,000 kyat ($4.10) for each truck passing between Okkan and Htaukkyant.

Trucks carrying illegal timber, from the Thone Pwint Saing Co. Ltd (TPS) sawmills in Thayawaddy and Minhla townships to Rangoon, have been escorted by personnel from the Hmawbi Military Intelligence (MI). In late 2001 TPS transported large quantities of ‘black teak’ to the capital. This company appears to be a joint venture between Chinese businessmen and The Union Solidarity & Development Association (USDA). The USDA has seven serving SPDC ministers on its Central Executive Committee. Not only does TPS trade in ‘black teak’ but it can supply the necessary official papers to facilitate illegal timber exports by other companies.

There have also been cases of trucks containing illegal timber being hidden in the Hmawbi MI compound, while the MI staff organised an advance party to clear the way ahead by paying bribes. The TPS Company managing director is U Min Thein, son of the present Minister for Livestock, Animal Husbandry and Fisheries Ministry, General Maung Maung Thein. Investors in the company are said to be several current ministers.

Crackdowns on sawmills and illegal logging operations do take place occasionally. But the operators pay bribes and most are given advance warning of the raids making the crackdowns a cosmetic exercise.
12.6 The illegal timber trade in Rangoon

In addition to the unrecorded cross border trade, large amounts of timber enter onto the domestic market for ‘black’ timber, which parallels the official MTE supply. This is an open secret in Burma. Sources working in the timber industry in Burma consider that the illegal timber trade is at least half as big as the official trade. It is possible to buy timber at prices one quarter to a third of the prevailing MTE rates and for a trader to make over $500 profit for each ton of teak subsequently sold on the world market. In one instance a Taiwanese businessman, working with senior Forest Department officials, bought over 300 tons of illegal teak, worth up to $600,000 on the international market. It is understood that the deal was uncovered but the investigation was quashed from above.

Global Witness has been told by a well-informed source that half of the timber leaving the country by ship in wood product containers is illegal; however it has not been possible to corroborate this statement. Containers are checked by both customs and the forestry department but frequently contain a greater tonnage of timber than appears on the official documentation. Illegally felled timber accompanied by an export permit is more expensive but still about half the price of MTE timber.

Many companies operate both legally and illegally. In some instances the legitimate business acts as a front for illegal activities in other cases it is simply not possible for companies to buy sufficient timber from the MTE so they resort to the black market in order to keep operating.

Major crackdowns have been initiated by the SPDC from time to time. In May 2000 for instance, officially in a move to tackle irregularities in the export of teak, the authorities in Rangoon decided to check all container loads against the official export documentation. It has been rumoured that the order was given by Secretary One Lt-General Khin Nyunt as a demonstration of his power directed at Asia World. 400 containers were held up, leading to a major backlog of exports. A large number of these containers were temporarily seized, including a series which it is thought contained timber cut by Asia World Co. Ltd during the construction of roads in Upper Burma, but later were released for export, reportedly after payment of significant bribes in October/November 2000.

In mid 2002, timber trade reports stated that despite a slowdown in the international demand for teak, export prices for some teak products have risen for several months as a reflection of the measures by the Burmese government to crack down on illegal logging. Efforts to crack down on illegal activity are encouraging, but the problem is deeply ingrained and the motivation behind these crackdowns can only be guessed at. The SPDC also make regular seizures of timber before it reaches the market. According to SPDC information in a six-month period in 2002 over 6000 tons of timber was seized by government agents, much of it in the Mandalay area.

12.7 SLORC/SPDC control over logging in ceasefire areas

The physical reach of the Forest Department is closely related to an area’s security status. In the past, the department has operated in contested ‘brown’ areas attempting to carry out sustainable forest management under armed escort. In the 1950s for instance, under ‘Operation Teak’, it was necessary to use the army to secure log transport routes because of the threat posed by insurgent forces. Teak had been stored in Toungoo because passage along the Sittang River was too dangerous. In 1955, the army made safe the riverbanks between Toungoo and Rangoon as well as providing river escorts for the log rafts.

Some ceasefire areas have effectively become autonomous regions, for example UWSA controlled areas in Shan State. The SPDC’s access to such areas is by arrangement and state bodies such as the Forest Department do not have the authority to work here. According to a 1999 Forest Department inventory, large parts of Kachin State have not been inventoried for reasons of security or lack of available labour.

Even where the Forest Department has access to a ceasefire area enforcement of forestry regulations appears weak. In Global Witness interviews in 2001 with DKBA defectors the unit commander stated that the Forest Department visited the sawmills and forest in Pa’an District and asked the DKBA to close down a number of mills. None of the sawmills were closed down (see page 76-77). The ability of the Forest Department to visit this particular area cannot be
extrapolated to other ceasefire areas where the relationship between the SPDC and ceasefire group may be very different.

There is any number of reasons for weak enforcement of the law: the department lacks the power on the ground, it lacks the appropriate funds, or individuals can be paid off. It may also be that some higher authority has deemed that the regulations need not apply in a given area, or that individuals or companies have been exempted on a case by case basis by individuals or institutions more powerful than the department. In such instances the Forest Department has little option but to defer to these higher authorities however irregular the operation may be. This is the case throughout Burma, not just the ceasefire areas. For example a report from Shan State in 2000, said “Loggers have to pay the Military Intelligence Unit 9 in Lashio for a logging permit that allows them to ignore the local forestry officials.”

In another example it was the Forest Department that prevailed and the company involved was prevented from transporting timber across the Irrawaddy River to China: “They cut the tree, load on the truck and were about to carry the wood to China, over the Bala Minhtin Bridge but there was a checkpoint and they did not allow them to cross. So they were so upset, we got the permission from the Ministry of Forestry, nobody can bring wood to China. That is the conflict in the government. They, Khin Nyunt, gave the permission to cut the wood and bring it to China, but then the Forest Department did not allow. So whom should we listen to?”

However, the Forest Department does let logs pass over the Bala Minhtin Bridge to China. During the cutting season 10 to 20 trucks from the logging company owned by U Thet Ngwe have been known to pass over the Bala Minhtin Bridge in the early hours of the morning. U Thet Ngwe is a prominent businessman and close to the former Northern Commander, Kyaw Win. Lt. General Kyaw Win now based in Rangoon is head of military training DC. It should be noted that this is not the same Kyaw Win that founded the Mayflower Bank.

It is significant that Military Intelligence (Khin Nyunt) gave permission to the company to do something that appears to be contrary to forest regulations. However, it is not unusual in Burma for the Military Intelligence to give permission to its clients to engage in things that may be illegal. If the group or individual is working illegally then it is only with the permission of a powerful patron that they can work unhindered. If they fall out of favour they are liable to lose their business.

In October 2001, for example, the Democratic Voice of Burma reported that SPDC Military Intelligence was planning to take action against local military officials that arrested workers, working at a mine in Tenasserim Division with approval from Brig-Gen Kyaw Thein, the Deputy Director of Directorate of Defence Services Intelligence. Global Witness has been unable to confirm the allegations made in the Democratic Voice of Burma broadcast below:

“The Thailand-based Heinda Pacific Mining Company has been engaging in lead mining activities in Tawoy District since October with approval from DDSI Deputy Director Brig-Gen Kyaw Thein. On 16 October, a Thai mining expert and five Karen workers were arrested by personnel of LIB [Light Infantry Battalion] No 379 under No 9 Military Operations Management Command [MOMC] for allegedly having contacts with the Karen rebels. The DDSI in Rangoon immediately contacted the Coastal Region Military Command and ordered the release of those arrested. Furthermore, the coastal command was also ordered to take immediate action against the officers from MOMC-9 who ordered the arrest without approval from higher authorities and the officers from LIB-379 who carried out the arrests. DVB heard from very reliable sources that the officers were warned not to bother the businessmen who are engaging in business activities with approval from the top generals in future.”
Part Two: Logging in Burma / 13 Ceasefires

13 CEASEFIRES

“We invite armed organisations in the jungle to return quickly to the legal fold after considering the good of the government... We extend our invitation with genuine goodwill. We do not have any malicious thoughts... This is official. Please respond as soon as possible.”120 Secretary One, Khin Nyunt, 1993

Following the demise of the BSPP in 1988 and the collapse of the CPB, after ethnic Wa and Kokang troops mutinied against the Burman leadership, SLORC Secretary One Lt-General Khin Nyunt initiated a new ceasefire policy in 1989. Former CPB troops had created new organisations along ethnic lines, such as the United Wa State Army (UWSA) in Wa State, the Myanmar National Democratic Alliance Army (MDNAA) in Kokang and the NDA(K) in Kachin State. The SLORC responded by offering truces, which were quickly accepted by these new organisations.

Under the deals the ethnic forces were permitted to keep both their territories and their weapons, but the ceasefire deals have not involved any political settlements. In discussion with the ceasefire groups, the SPDC has stated that since it is only a transitional government, it has no mandate to discuss political resolution. The SPDC has told the groups to wait until the National Convention has drawn up a new constitution, and a new government is formed.121

The agreements had a dramatic effect on the fortunes of other insurgent groups in non-ceasefire areas that subsequently came under increased military pressure from the Tatmadaw. Throughout the 1990s former allegiances between ethnic insurgents were destroyed and splinter groups broke away to make their own ceasefire deals. In 1991 for example the SLORC presented the Kachin Independence Army (KIA) 4th Brigade, which had become surrounded by ceasefire groups, with the opportunity to become a government-recognised official militia force; it accepted and became the Kachin Defence Army (KDA). At the end of 1994 tensions within the KNU had escalated to a point that it split. The SLORC seized on this opportunity, offering a ceasefire deal to the breakaway Democratic Karen Buddhist Army (DKBA). These deals further increased pressure on those groups that were still fighting the SLORC.

After more than 40 years of inconclusive fighting there was growing war weariness in Burma. Many ethnic minority leaders aspired to build national reconciliation through development and to move from peace to political dialogue rather than to continue fighting.7

The KIO has a written ceasefire agreement387, however it is not clear how many of the others have been committed to paper; they have certainly not been placed in the public domain. In 2002 the UN Special Rapporteur on Human Rights, Professor Sergio Pinheiro, failed to obtain the text of a peace agreement from any of the ceasefire groups that he met.122

13.1 Chart of armed ethnic groups. April 2002

<table>
<thead>
<tr>
<th>Main ceasefire groups (in order of agreements)</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Myanmar National Democratic Alliance Army (Kokang)*</td>
<td>1989</td>
</tr>
<tr>
<td>United Wa State Party*</td>
<td></td>
</tr>
<tr>
<td>National Democratic Alliance Army (eastern Shan State)*</td>
<td></td>
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<tr>
<td>Shan State Army**</td>
<td></td>
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<tr>
<td>New Democratic Army (Kachin)*</td>
<td></td>
</tr>
<tr>
<td>Kachin Defence Army (ex-KIO 4th Brigade)</td>
<td></td>
</tr>
<tr>
<td>Pao National Organisation**</td>
<td></td>
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<tr>
<td>Palaung State Liberation Party**</td>
<td></td>
</tr>
<tr>
<td>Kayan National Guard</td>
<td>1992</td>
</tr>
<tr>
<td>Kachin Independence Organisation**</td>
<td>1994</td>
</tr>
<tr>
<td>Karenni Nationalities People’s Liberation Front*</td>
<td></td>
</tr>
<tr>
<td>Kayan New Land Party**</td>
<td></td>
</tr>
<tr>
<td>Shan State Nationalities Liberation Organisation*</td>
<td>1995</td>
</tr>
<tr>
<td>New Mon State Party**</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Other ceasefire groups/militia (not always listed by government)</th>
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<tbody>
<tr>
<td>Democratic Karen Buddhist Army</td>
</tr>
<tr>
<td>Mongko Peace Land Force (splinter group from Kokang)</td>
</tr>
<tr>
<td>Shan State National Army</td>
</tr>
<tr>
<td>Mong Tai Army</td>
</tr>
<tr>
<td>Karenni National Defence Army</td>
</tr>
<tr>
<td>Karen Peace Force</td>
</tr>
<tr>
<td>(ex-Karen National Union 16th battalion)</td>
</tr>
<tr>
<td>Communist Party of Burma (Arakan)*</td>
</tr>
<tr>
<td>Karen National Union 2 Brigade Special Region Group (Thandaung)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-ceasefire groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arakan Liberation Party**</td>
</tr>
<tr>
<td>Arakan Rohingya National Organisation</td>
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<tr>
<td>Chin National Front**</td>
</tr>
<tr>
<td>Hongsawatatoi Restoration Party (breakaway group from NMSP)</td>
</tr>
<tr>
<td>Karen National Union** (1995-6 talks broke down)</td>
</tr>
<tr>
<td>Karenni National Progressive Party**</td>
</tr>
<tr>
<td>(1995 ceasefire broke down)</td>
</tr>
<tr>
<td>Lahu National Democratic Front**</td>
</tr>
<tr>
<td>Mergui-Tavoy United Front*</td>
</tr>
<tr>
<td>National Socialist Council of Nagaland</td>
</tr>
<tr>
<td>National United Party of Arakan</td>
</tr>
<tr>
<td>Shan State Army [South]</td>
</tr>
<tr>
<td>(re-formed 1996 after MTA surrender)</td>
</tr>
<tr>
<td>Wa National Organisation** (1997 talks broke down)</td>
</tr>
</tbody>
</table>

* Former ally or breakaway force from the Communist Party of Burma.
** Former or present National Democratic Front Member.

A number of other small, armed groups exist in name. Most are affiliated to the National Council Union of Burma.
13.2 Ceasefire groups

“The extent to which these armed ethnic groups actually represent the interests of the ethnic group that they are nominally part of is variable, as each leadership has different capacities and motives. Some groups have a strong welfare ethic and have set up social services in their areas even before the ceasefires; whilst other groups have strong interest in business and personal profit for their party and army elite. Most groups probably incorporate both of these tendencies to some degree.” Anon, development worker, 2002

‘Ceasefire group’ is a catch-all term for those groups that have struck ceasefire deals with the SLORC/SPDC, but the nature of these deals and of the groups themselves differs widely.

Some of the ceasefire groups, such as the NDA(K) in Kachin State, have become officially recognised militias. These are groups that have, according to the SPDC, ‘returned to the legal fold’, and operate with the agreement and in some instances financial support of Rangoon. The KIO on the other hand does not accept that it was ever an illegal organisation and therefore the description of ‘returning to the legal fold’ is deemed entirely inappropriate; it remains an ‘armed opposition party’. As such, in contrast to the NDA(K), the KIA is not obliged to give the SPDC details of troop numbers or armaments. Generally, according to the deals ceasefire groups should end the procurement of weapons and recruitment, but the extent to which the SPDC is notified about troop movements varies between the groups.

The SPDC leaders see the ceasefire deals as their government’s major achievement and certainly any reduction in fighting should be welcomed. However, opinion amongst the ceasefire groups differs widely as to whether or not the deals make economic and/or political sense to them. The deals are seen by many as the essential first step towards lasting peace but by others as a means by which the SPDC has played off the ethnic minority groups against each other. Some Kachin for instance feel that the SPDC is simply fighting the KIO in another way, and is trying to destroy the organisation ‘softly’.

Finally it should be noted that although the ceasefires have brought an end to most of the worst excesses of human rights abuse by the Tatmadaw, they have not stopped entirely. There are still Tatmadaw-directed human rights abuses in ceasefire areas and some of the ceasefire groups themselves perpetrate human rights abuses; notably in the pursuit of economic activities such as logging and gold mining.

13.3 How the SLORC/SPDC has used the ceasefires: business and development

“In time, as the ‘Ceasefire groups’ become increasingly committed to law and order, are able to adapt to a normal way of life and made aware of their privileges and responsibilities, they will conform to national policies and the legal framework, which will enhance the national all round developmental effort. Moreover, transformation of conditions along most of the border areas, accords access to responsible government agencies to control cross-border activities.” U Myat Thinn, SPDC employee, Chairman, Timber Certification Committee (Myanmar) 2003

The SLORC/SPDC has encouraged the ceasefire groups to engage in business within and outside their territories. Some development activities have also been promoted by the SLORC/SPDC. Whether these are genuine attempts by the SLORC/SPDC to improve the lot of the ethnic minority peoples or they are merely diversionary tactics is highly questionable. Once tied into a development scheme or business opportunity the minority groups’ leaderships have less time to pursue their political aspirations let alone the armed struggle for minority rights or autonomy.

13.3.1 Ceasefires and business

“Cease-fire agreements often amount to little more than business deals concluded between the regime and local leaders. These leaders are given free reign to do as they please so long as they don’t engage in politics, either by fighting against the regime in the interests of their people or by showing support for the National League for Democracy.”124 ‘Thar Nyunt Oo’ (Irrawaddy Magazine. Vol. 7) 1999

All the insurgent groups have been involved in business both as a normal function of ‘government’ but also to fund the insurgency itself. It is also clear that many of the elite have benefited personally; business at the border is particularly lucrative. Following the ceasefire deals, however, the SLORC/SPDC has attempted to tie some of these businesses into the national economy, over which it has control, thereby reducing the power base in the border areas.

One case in point is the Nam Hti sugar mill given to the KIA, a fixed asset that required significant investment and which is tied to Burma’s formal economy. The Pa-O and the Wa have been given lucrative jade and gold mining concessions in Kachin State, in areas that were previously KIA territory. In addition, the Wa and the Kokang have sawmills in the Pegu Yomas and Karen State.

In the same way that the SLORC/SPDC has granted business concessions to reward groups, it has also revoked deals as a form of punishment, thereby ensuring that the ceasefire groups are compliant. In 1997, for example, the SLORC/SPDC scuppered an NMSP logging deal as punishment for getting involved in politics (in this case by signing the Mae Hta Raw Hta
Agreement). The deal was vulnerable to this sort of intervention because the logging was being carried out by a Burmese company, close to the SLORC/SPDC leadership, and the timber was being exported via a SLORC/SPDC-controlled port. The NMSP lost $1,400,000 as a result.

Many ceasefire groups continue to be awarded privileged trading concessions. This has led to some dissatisfaction from the more established constituents of the regime. Following the recent failed coup attempt, protagonist U Aye Zaw Win, the son-in-law of Ne Win, expressed dissatisfaction with business opportunities given to the ceasefire groups. This is a clear example of how some ceasefire groups, have become important constituents of the SPDC.

13.3.1 Logging in ceasefire areas

“The Burma logging trade has become a desperate business in which few parties emerge with their reputations intact.”17 Martin Smith, 1999

All ceasefire groups engage, or have engaged in logging and some of the most serious deforestation has occurred in ceasefire areas. Many of these groups are aware of the problems related to uncontrolled deforestation, and would rather not be involved in logging, but they have turned to the timber trade out of necessity. In many instances these groups simply lack business experience, and the lack of political stability means few people are prepared to make long term investments. The presence of many militia/military-controlled checkpoints makes some forms of business almost impossible as traders are charged at each barrier.49 In common with much of Burma basic infrastructure is often absent from ceasefire areas; Kachin State, for example, is largely without electricity.

13.3.2 Ceasefires and Development

“…health, social and economic development must run in tandem with political progress if communities are to be revitalised and real reform brought about.”125 Seng Raw Heinze, View From Myanmar: An Ethnic Minority Perspective, 2001

The SLORC/SPDC has taken care to associate development closely with peace: once there is peace there will be development in the ethnic minority areas, and through development peace will be assured: a virtuous circle. In some instances this development has been good for the ethnic minority peoples. But it is important to look closely at these projects to determine their real value, in development terms, and the aims and ambitions of those that are promoting them, which are frequently far from altruistic.

As part of the ceasefire deals, the SLORC/SPDC promised aid for undeveloped areas and to this end set up the Border Area Development Program in 1989, with an emphasis on building basic infrastructure. Such high-profile initiatives help improve the image of the government in the eyes of the international community and potentially in the eyes of the people in the ceasefire areas, but how much goodwill there is behind the project is questionable.

Many ceasefire groups also justify their continued existence through their association with ‘development’ projects. There appears to be an emphasis on large infrastructure projects in favour of community level development activity.

65% of the SLORC/SPDC’s ‘Border Area Development’ budget is for roads and bridges, with little directed towards health and education.50 Roads, deemed by many to be a key development indicator, serve other purposes however. Roads are being built connecting the centre to the border areas, and that means more control over these remote regions by the SLORC/SPDC and potentially the rapid deployment of the Tatmadaw. These roads also result in better access to the rich natural resources in ethnic minority regions and facilitate their extraction and export, in particular to China. This massive and uncontrolled exploitation of natural resources is currently doing little for the benefit of the ethnic minority peoples and is ultimately undermining the potential for future sustainable development.

Such development that there has been in the border areas has rarely been supported by overseas development assistance (ODA), ethnic minority issues have been neglected as the international community has focussed its attention on political developments in the capital. Nor has there been much money forthcoming from the central authorities in Rangoon. In many cases ceasefire groups have been forced to barter natural resources for development, in Kachin State logs in exchange for road building. Here, it has been the Chinese authorities that have filled the void left by the absence of ODA from other countries, taking massive quantities of timber in payment for roads. There is little doubt that these roads are needed but there has been little or no consultation with communities, as to how they are to be paid for, and the area is rapidly being opened up. This makes Kachin State increasingly vulnerable to predatory Chinese logging companies that have no interest in development.

In January 2002, Japan pledged approximately $6.5 million in overseas development aid for road construction and electrification projects in the Kokang area in northern Shan State. Until this point, no major international government or agency had supported the ceasefire initiative. It has been argued that such support from the international community, in the form of carefully supervised ODA to ceasefire areas, would provide real development to these neglected areas of Burma thereby strengthening the peace process.
Disputes over the control of natural resources, such as oil, diamonds and timber are at the heart of many conflicts; natural resources also provide the funding for many more. In the case of Burma these issues have played their part in perpetuating the myriad of conflicts, resulting in increased suffering for many people. Conflict in Burma has lead to hundreds of thousands of deaths, serious injury, torture, displacement, and poverty.

The very nature of conflict precludes proper planning for the exploitation of natural resources and this almost invariably results in unsustainable practices at best, or destruction and complete exhaustion of the resource base at worse. Natural resources that could have formed the basis of future sustainable development are instead squandered, to fund violent armed conflict; in addition, the long term effects on the environment may be irreparable.

Global Witness has argued since 1995 that the trade in ‘conflict resources’ should be ended. In exceptional circumstances sovereignty should be deemed to have been waived by the country’s ruling authorities, elected or otherwise, if the UNSC considers that a state is no longer acting in the best interests of its citizens.

Ending the trade in ‘conflict resources’ could undermine just causes, where the insurgents feel that they have no option but to resort to armed struggle. However, in these instances, as in others where a ban on the trade in ‘conflict resources’ is contemplated, the ban should not be initiated in isolation or be seen as an answer to the conflict in itself. The international community should actively involve itself in conflict resolution be this through mediation, peacekeeping, military intervention or other available option that could bring about an equitable and lasting solution.

It is envisaged that sanctions on ‘conflict timber’ would be determined by the United Nations Security Council (UNSC) in the same way that sanctions have been placed on ‘conflict diamonds’. For example in May 2001 the UNSC passed Resolution 1343 banning the trade in Liberian diamonds. On 6 May 2003, the UN Security Council passed Resolution 1478, establishing a ban on the import of all Liberian timber products effective 7 July 2003.

In the absence of an UNSC resolution, timber-importing countries should be encouraged to impose smart sanctions on a multilateral or unilateral basis.

In the context of Burma discussions about ‘conflict timber’ would have been even more pertinent in the past, as both the military regime and the insurgent groups financed armed conflict violent through logging deals. It is arguable that China and Thailand may have been far more proactive in seeking an earlier end to conflict in Burma, had Burma’s timber, and other natural resources, not been made freely available to them by the combatants. Certainly once the ability of the insurgents, to satisfy China’s ever increasing demands for timber, became a limiting factor China pushed these groups towards ceasefire deals with the regime. It is also possible that, deprived of their main source of income, both the SLORC/SDPC and the insurgents would have engaged in dialogue at an earlier stage.

Conflict in Burma is not over. Both the regime and some insurgent groups continue to derive much of their finances from timber.
14.1 Logging and the Tatmadaw

“In the past, only one or two battalions had controlled Kaeng Tawng region but it has been increased to 5 battalions since logging started two years ago... Battalion camps are built on paddy fields by occupying from its owners. Forest, which never been touched by villagers in belief of forest spirit exists, had been cleared up for the camps. SPDC soldiers bring their families, prisoners and Burmese civilians with them to logging site... prisoners are working for the military in road building, military camps and logging site."126 Anon villager, 2001

Different levels of the army from units and battalions to regional commands, are involved in logging in different ways. Such involvement may be institutionalised or purely motivated by self interests. This report covers army involvement in logging in several areas, for instance the provision of transport for illegal timber between the Pegu Yomas and Rangoon (see Pegu Yomas Case Study, page 42), the taxation of KIO timber (see the Kachin State Section, page 92), and direct involvement in logging operations in contested areas of Karen State (see Karen Section, page 71).

The SPDC finds it difficult to support such a large army. All levels of the army are, therefore, required to be self sufficient to a certain extent. This is achieved through taxation by the army and a direct involvement in business and trade. Units are also required to pass money upwards to the battalions and divisions. According to research carried out in 2001 there are 10 battalions of SPDC troops in Shwegyin Township, Karen State each of which has to send 50,000 kyat ($80) per month to their division;127 however the true figure may well be far higher. This engagement in trade/business is only partly for subsistence and most officers at all levels use their positions to make money.

The Tatmadaw owns trucks so it gets involved in transportation and ultimately logging. This involvement in logging operations is quite open, for example in the Defence Services Museum in Rangoon there are photos of the army engaged in transporting logs.

14.2 Logging as a driver of conflict

“For a brief period, the sale of teak stands determined the course of the war. Teak and other tropical hardwoods were cut down at an unprecedented rate, without regard to sustainable management. In some cases trees were clear-felled even as battles were being fought. Territory changed hands, cash and arms flowed in, and the prospect of further gains intensified the war.”128 Burma Ethnic Research Group, May 2000

Following the SLORC’s allocation of an unprecedented number of logging concessions to companies along the Thai-Burmese border in 1988, logging became an immediate cause of violent conflict. In some cases insurgent groups granted their own concessions, to different companies, sometimes with the intention of causing disputes or even conflict between the companies.129 In addition these companies were not linked in the same way to Thai politicians and the Thai military or SLORC interest groups.

The concessions operated until 1993 and during this period there were many, perhaps hundreds, of killings related to logging in the border areas. Many of these murders were carried out by hit men hired by the logging companies as a result of business disputes, though others involved insurgent groups. In November 1991 Boonchu Treethong, a Thai MP from Lampang and former chief executive of one of the concession companies Sirin Technology Co., claimed that 17 of his employees had been killed and many more injured and maimed in attacks by ethnic rebels since he began log trading in Burma in 1989.130 In early 1991, for example, a manager and assistant from the company were murdered, in Mae Hong Son Province.131

Fighting over access to resources also occurred between insurgent groups. In 1989 the Thai press reported logging-related clashes between the Mong Tai Army, the Wa National Army and the Communist Party of Burma, on the Thai-Burmese border opposite Shan State.132 Similar events continue to this day.
14.3 Logging companies and conflict on the Thai-Burma border

The logging deals brokered in 1988 (see page 58 Thai-Burma border logging) were more than simply rewards for Thailand’s political support. They would also have, as Thailand pointed out, a direct impact on the fight against the ethnic insurgents. Thai companies would make logging roads through rebel held territory, which could later be used by the SLORC to quickly access ethnic areas and re-supply the front line.131 Ironically, some of the ethnic insurgent groups had previously supported the Thai government in its fight against the Communist Party of Thailand.133

Logging became a "potent weapon of war for the Burmese army."134 Once logging commenced, the insurgents’ positions were suddenly very vulnerable and major KNU bases were overrun. SLORC’s offensives were made more effective by the use of logging roads. This was not always coincidental as the President of Sirin Technology Co., Boonchu Treethong, later explained: the SLORC had asked Thai logging companies to contribute to "the building of a strategic border road that would facilitate Rangoon's military drive against ethnic rebels."135

In October 1990, Burmese officials asked companies to pledge to keep insurgents from operating in their logging sites and to report any suspicious activities and people to the authorities. Thai logging companies were informed that they would be held responsible for any "acts of terrorism" that occurred in their concession areas.136 The SLORC has claimed that STB Company also supplied the KNU with arms, ammunition and food.137

14.3.1 Logging company facilitates SLORC attacks on New Mon State Party positions

"Without the connivance of the Thai authorities I cannot see how these Burmese troops came through the pass. We were watching all the routes [from Burma]." Nai Shwe Kyin, NMSP President (deceased), 1990

One of the Thai logging companies operating a border concession, Pathumthani (Tangkakarn), was run by Sia' Hook a powerful Sino-Thai businessman and the main tycoon (jao por) in Sangkhlaburi and throughout Kanchanaburi Province (see page 66). In 1990 this company collaborated with the SLORC in attacks against Mon National Liberation Army (MNLA), the armed wing of the New Mon State Party (NMSP), and other insurgent positions around Three Pagodas Pass. “A Thai wood trader said he and his colleagues were dissatisfied with the Mon rebels for levying ‘passage fees’ for the transportations of logs from the Burmese area. The new rate is Br.3,000 [$200] per tonne of logs. A five fold increase in the past.”139 This event marked the advent of Burmese-Thai military cooperation. 17, 31 Sia Hook’s log trucks were used to transport Tatmadaw troops into battle through Thailand and off-duty Burmese soldiers, employed by Sia Hook’s logging company, were armed to attack insurgent positions from behind. These actions were coordinated with an assault from the Burmese side.31 10 to 20 thousand Mon refugees fled into Thailand because of the fighting.

In 1991 MNLA soldiers destroyed several of Sia Hook’s trucks that were involved in logging in Mon forest reserves. In response NMSP Secretary-General, Nai Rotsa, and two colleagues were lured into Thailand by Sia Hook’s company representatives on the pretext of making peace with the company and Thai authorities in Sangkhlaburi. They were consequently jailed for six months in the Immigration Detention Centre, on charges of illegal immigration and it is thought they were forced to pay for the damaged trucks.19, 31

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* Sia – Thai prefix for ‘Godfather’.
14.3.2 Logging and the breakdown of the Karenni National Progressive Party (KNPP) Ceasefire

“At the root of the problem is that the SLORC believes the Karenni have surrendered while the Karenni believe they have merely signed an agreement to stop fighting.” Anonymous Thai intelligence officer, 1995

During the period 1988 to 1993 there were four SLORC-approved logging concessions in Karenni State. These deals were not officially renewed after 1993. However, at the time of the verbally agreed ceasefire deal, made on 21 March 1995, there were several Thai logging companies working with the permission of the KNPP.

The ceasefire deal, which split Karenni State into separate zones of control with the SLORC in the west and the KNPP in the east, collapsed after only three months. According to KNPP sources at the time the SLORC sent in two battalions of troops into KNPP-designated territory on 17 June. The conflict escalated and by March the following year the SLORC had, according to the KNPP, 27 battalions deployed in Karenni State.141

Opinions differ as to the exact reasons for the collapse of the ceasefire. SLORC officials claimed that action was taken to, amongst other things, prevent Thai loggers from stealing timber from Karenni State. But this was dismissed by a Karenni source as a pretext for the SLORC to take control of the whole state. The SLORC's continued use of forced labour was an important factor. In any case it seems likely that disputes over the control of natural resources, in particular logging, played a key role in the breakdown of the ceasefire.

After the ceasefire Rangoon deemed that concessions granted by the Karenni to Thai logging companies were illegal and that the companies were 'stealing' the timber. The SLORC also made it clear that only it had the 'right' to sell teak and padaung, another type of hardwood. The KNPP for its part claimed that it was entitled to deal with natural resources in Karenni State as it saw fit. The KNPP Prime Minister, Aung Than Lay was quoted at the time as saying "We want to sell our teak to anybody. We have the right to sell our property."142

The KNPP grievances were compounded when the SLORC granted the Rangoon-based Billion Group logging company a concession in the KNPP-controlled part of Karenni State. Prior to the ceasefire the KNPP had 'taxed' logging companies operating in their areas but the SLORC had determined that this was not to be the case under the new arrangement. The development money given by the SLORC to the KNPP also became a bone of contention. The KNPP were under the impression that it had been an interest-free loan but subsequently claimed that the SLORC were demanding to be repaid in timber “10,000 tons of teak logs and 2,000 tons of lumber” which was worth more than the original loan.142

The SLORC’s military offensive and counter insurgency operations, as a result of the breakdown of the ceasefire, were characterised by serious human rights abuses and the forced relocations of over 25,000 Karenni. The KNPP are still fighting.

14.4 Controlling ceasefire groups through logging deals

Logging concessions have been granted by the SLORC/SPDC as part of ceasefire deals, but these arrangements are fluid and have in the past been revoked to punish ceasefire groups for stepping out of line.

The SLORC/SPDC/NMSP ceasefire agreement, signed in June 1995, allowed the NMSP to control liberated zones in the countryside and it receives some development assistance, but in common with other ceasefire groups is effectively excluded from mainstream politics. In addition it is allowed to undertake business activities including logging and fishing.

In the mid to late 1990s the market price of the timber was approximately $300 per ton. This was split between the NMSP ($80), the SLORC/SPDC ($75) and the Htoo logging company ($145). Under the terms of the logging concession the NMSP was allowed to take 3,000 tons of timber to Ye Port each month. Instead, it transported double the permitted amount, each month, for a period of three months, claiming that transportation was impossible during the rainy season. Although this was technically against the terms of the agreement, such an infraction would normally have been overlooked. However, in January 1997 the NMSP signed the Ma Tha Raw Hta agreement, pledging to "dismantle the military dictatorship and join hands with the pro-democracy forces led by Aung San Suu Kyi".142 As a result of the NMSP breaching the 'terms' of the ceasefire agreement, by getting involved in politics, the SLORC/SPDC revoked the logging deal.

On the premise that the NMSP had broken the terms of its logging arrangement, the SLORC/SPDC subsequently seized 17,500 of the 18,000 tons of timber that had been transported to Ye Port. The timber was eventually sold back to the NMSP for $104 per ton, but the NMSP could not initially find any buyers. It is not known what happened later but clearly the NMSP lost a great deal of money.
The Burmese regime is notorious for its use of forced labour. Threats, intimidation, extortion, theft, violence, torture, rape and murder have all been used by the Burmese military to coerce people to work for them.\textsuperscript{143, 144} Until recently, forced labour was legal under the colonial era Towns and Village Acts of 1907. However, as a result of international pressure, to end forced labour in Burma, the SPDC passed Order 1/99 in May 1999. This order repealed the 1907 Act thereby making forced labour illegal in Burma except for emergencies. Despite this, the practice remained so widespread that in June 2000 the International Labour Organisation (ILO) condemned Burma for its violation of the international Forced Labour Convention No. 29.\textsuperscript{145} The ILO accused the SPDC of systematic human rights abuses largely targeted at ethnic minority people compelled to carry out forced labour duties. The ILO had evidence of such violations from 14 member states and several human rights organisations.

Despite condemnation by the ILO and assurances by the SPDC to the ILO, during their May 2000 mission, that measures were being taken to end forced labour the situation is still serious particularly in border areas.\textsuperscript{146} A November 2001 report by the ILO makes important observations relating to forced labour in Burma. In essence the ILO and others have noted that:

- "Proclaimed political will [to abolish forced labour] appears to be inhibited and sometimes contradicted by an even more fundamental consideration of consolidating the unity of the country and safeguarding its territorial integrity against ‘destructive elements’. The logic of this overriding concern may indeed lead to the use of forced labour in the absence of other available means to meet this objective, but possibly also as a tool of repression or discrimination against villagers suspected of being sympathetic to insurgent ethnic movements".\textsuperscript{43} "The exaction of forced labour in often cruel conditions may not only create irreversible damage to the goodwill between the majority and other ethnic communities, but may also serve to exacerbate the very situation that the authorities are trying to prevent."\textsuperscript{43} The fact that the central authority does not, and cannot fund the Tatmadaw and that this leads to soldiers often having no option but to ‘live off the land’\textsuperscript{147} is one of the major obstacles to eliminating forced labour. That soldiers are engaged in "economic activities for which they are not necessarily well qualified or prepared is not only doubtful in terms of productive efficiency, but also produces a permanent incentive for soldiers who do not have an inclination for agricultural work to continue to abuse villagers." \textsuperscript{43}

- Confiscation of land that is then assigned to soldiers for subsistence purposes increases resentment and jeopardises ceasefire deals.\textsuperscript{43, 148}
- This is compounded by the large size of the army.\textsuperscript{43}
Economic progress and modernisation are key to the elimination of forced labour. It could in particular provide viable alternative employment for surplus military personnel. However there is a risk that “any relaxation of international pressure might remove or at least weaken the willingness of the SPDC to implement the fundamental changes required to ensure respect for the basic rights, freedom and dignity of all peoples and ethnic groups in the country.”

A separate UN report identified one key problem as there being no independent complaint mechanism under Order 1/99. This coupled with a lack of faith in the Burmese judicial system has meant that no one, as of 10 January 2002, had brought a case of forced labour to court.

15.1 Forced labour logging

“The soldiers were talking about the forestry ministry. I heard them say: ‘You can’t cut down the trees’”

The implications for the Burmese population of the military’s involvement in logging extend far beyond being forced to cut, transport and process timber. Villagers are commonly used as porters and guides. They are used to build and maintain logging roads and military camps. It has been known for villagers to be forced to replant areas for greening projects and for future commercial exploitation by the military. In some instances villagers have been forcibly relocated away from military logging areas.

Villagers not only suffer the indignity of having their land forcibly occupied and their resources stolen but are forced to provide the labour and tools to do it as was explained to NGO workers by a Shan refugee in January 2002: “Tools and food must be provided too... They went to do the logging because they were forced by the military. They got nothing, no payment, for their work. They had to bring all their own food and tools to go logging.”

To make matters worse the working practices are crude and conditions hazardous. Villagers have been forced to work in areas containing landmines. In one example terrified villagers, viewed as “dispensable”, were used as forced labour by the SPDC/DKBA for logging operations in a heavily mined forest near Kawkareik. For the forced labourers who work directly in the logging process the work is both hard and dangerous. Inexperience whilst felling, poor safety procedures and inadequate facilities have all resulted in fatalities: “I did not cut the trees because I was afraid; I saw people die when a tree fell down on them. Also, I saw people carrying logs on a truck; when the logs rolled down over them, they died.”

Exploitation of new tracts of forest requires good road access to get large trucks in and the logs out. One of the roles of forced labourers is to build new roads, widen old ones and maintain those that are in operation. According to the accounts of some villagers road maintenance duties are carried out by all villagers, including children, pregnant women and elders: “I heard that the military was coming to do logging. Now they are building a road to cut teak. I heard that villagers had to help build the road.”

Such projects require a lot of people. For example, 450 people and 32 vehicles were, according to the Shan Human Rights Foundation, conscripted by the military in Kun Hing Township in November 2000 to help rebuild a logging road. The SPDC has subsequently challenged this allegation. Another road building scheme and its impact on the village was described by one villager in the following terms: “Other roads were being made for logging for about three months starting in July [2001]. 30 to 40 people from three villages worked on the roads at one time. The people working on the road were aged around 14 to 45, including men and women.”

Villagers are conscripted for replanting duties and nursery programmes. Global Witness has obtained the orders for a reforestation programme close to the Moe Byae Dam in Shan State. Based on the instructions from Senior General Than Shwe, a four-year commitment, until 2005, to replant 1.5 million trees was enforced upon villagers in the Pekhon Township. This project involves the planting of 20 acres of “commercial teak” with the remainder being planted to prolong the life of the dam.

It is true to say that many senior army personnel get involved in logging operations for reasons other than supplying their basic needs. However, low pay or no pay means that to survive ordinary soldiers, are forced to get involved in moneymaking schemes including logging. Just such a situation was described by one of the interviewees: Lt. Colonel Toe Aung “ordered his 25 soldiers to help in work, especially to deliver planks onto the trucks, the soldiers did not get regular pay. Almost all of the money goes to Major Thar Tay Kyaw and Colonel U Tin Soe’s pocket. But still the soldier were happy to work on logging because they get good pay compare to the salary.”

1 The majority of the accounts of forced labour logging are extracts from a series of interviews conducted in early 2002, primarily by EarthRights International, with refugees from Shan State who had moved across the border into Thailand. The names of the individuals who gave these interviews have been removed, to protect them from the possibility of reprisals.
When the military occupy an area it is common for them to enlist locals as porters as described by another interviewee: “I don’t know why the military came to my area—maybe because they cut down teak in the area… the military made us work as porters. If we didn’t work as porters, we were beaten.” In a report by the KNU it is claimed that villagers and their elephants have been forcibly employed in Tenasserim Division since March 2002 by Light Infantry Battalion 402 to transport felled trees to military run sawmills. According to the KNU, the profits are being split between the military and the Thakasapa, a local anti-insurgency group, with no payment to the villagers.

The importance of ensuring a good harvest each year for a subsistence farmer in Burma is paramount. Any time spent away from these responsibilities increases the possibility of low yields and the slide toward poverty. In many respects it is this drain on human resource that is the cruellest aspect of forced labour. The scale of the commitment demanded is revealed in the following interview: “I came [to Thailand] because it is difficult to survive in my village. We have to work all the time for the military. We had to build a camp and road and build the roof for the military camp. And we had to work for the Forestry Ministry of the government too. We had to work every three days for eight years.”

Local inhabitants are also frequently removed from logging areas by the military, as another person explained: “Whenever they do logging, a lot of soldiers come around our village and they go everywhere. They go deeply into the jungle; they force the local villagers to move to town and then destroy their houses.”

However the villagers are not only exploited by the SPDC: “Being a villager is the very worst because we have to feed both sides. You can’t give to only one side, because if you give to just one, the other side hates you. If the Burmese force you, you have to go. If the Kaw Thoo Lei [KNLA] forces you, you have to go. If DKBA forces you, you have to go. So it is the worst being a villager.”

More recently, in January 2003, the Independent Mon News Agency reported that forced logging was being used for the construction of a new army base. The report stated, “Anin and Him-Yau (Kwan Proi) villages of Thanbyu Zayat Township were forced to cut down trees and saw it into 280 tons of lumber, which will be used to construct a new artillery regiment No. 315 [barracks]. One villager was quoted in the article as saying, “If we don’t provide this amount, then we have to buy it…” The article went on to say that, “For those who have to buy lumber from the outside, they have to pay 200 000 kyat per ton”. However, “this is the first time that they [the villagers] have had to provide lumber to the authorities and the Burmese Army under force.”
16 OPIUM AND LOGGING

“Little transportation is available to most villages, and access to towns for marketing and other services is difficult and burdensome. During the rainy season most villages are accessible only on foot. Few villages enjoy a reliable water supply within easy reach and practically all are entirely without any form of health, education, or agricultural services. Most rural households are very poor and suffer a 4-8 month rice deficit. This is the main reason (why) they cultivate opium.”

Opium has long been grown in northern Burma in the Shan and Kachin hills, for medicinal purposes, but it was not until the advent of colonial rule that the British introduced large-scale opium cultivation and international opium trading to Burma. After World War II the trade was expanded by the CIA backed Kuomintang Chinese in Shan State. Opium has played a central role in many insurgent economies in northern Burma as explained in 1967 by General Tuan Shi-Wen of the Chinese Nationalist Kuomintang Army, “Necessity knows no law. That is why we deal with opium. 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.”

In the late 1980s after the collapse of the Communist Party of Burma the heroin trade, like the logging trade expanded rapidly. Burma is today the world’s second largest exporter of heroin after Afghanistan. Opiates and the trade in opiates is linked with conflict, AIDS and organised and petty crime.

Logging, on the China-Burma border, opium production and the trade in heroin are inextricably linked and are similar in many ways. Major drug traffickers have been known to invest heavily in logging businesses as a means of laundering drug money. Asia World run by Lo Hsing-han is a case in point. Lo Hsing-han started out as an opium-running militia leader who later joined the Shan rebel opposition to fight the government. He was arrested on the Thai border in the 1970s and extradited to Burma where he was imprisoned until 1980. Despite this setback he became adviser on ethnic affairs to Lt. General Khin Nyunt and was instrumental in brokering a ceasefire deal with the CPB’s Kokang Chinese-dominated Northern Bureau. The territory that they controlled near the China border is now (Shan/Kokang) Special Region No.1. Together with his son, Steven Law (Htun Myint Naing) Lo Hsing-han now runs Asia World one of Burma’s largest business conglomerates with interests in real estate, manufacturing, construction and logging.

The timber trade has been used as a more direct cover for the drug trade where logs have been hollowed out and filled with heroin, for export from Burma to China and to India. In November 2001, for instance, police officers in Yunnan found 651 blocks of heroin inside two logs transported from Burma. According to Minister of Public Security, Jia Chunwang, “it is the largest case of its kind ever recorded in Asia.”

There is also a direct link between logging and drug eradication schemes. Logging has been promoted by the border authorities in China as a potential income substitute for opium production. Even if this was effective in the short term, which for the majority of people it is not, the nature of logging in these border areas is such that in the medium to long term it results in environmental destruction and, therefore, an increase in poverty amongst the rural population. Poverty, in turn, leads directly to increased opium production.

In Yunnan, and China generally, the official line is that the consequence of deforestation is that, “natural disasters such as landslides, droughts and floods occur, seriously restricting the social and economic development in the region.” This logic is not applied by the Chinese in Burma. In Kachin State for example, logging is being promoted by the Chinese, as a means of alternative revenue generation, to help solve the social and economic problems that make people grow opium...
in the first place. Such an approach might have some merit if the logging was well managed and sustainable, but that is not the case.

The examples below from Kachin State and Wa State are disturbing illustrations of how, in the case of Kachin State, drug eradication schemes are used to justify large-scale logging, and how in Wa, logging has seriously undermined the UNDCP opium substitution projects. In each case the Chinese logging companies, and Chinese county level governments involved, are acting in a way that is totally inconsistent with official positions on drug eradication.

**16.1 Logging and Opium in Kachin State**

Nujiang County in Yunnan is opposite NDA(K) Special Region 1 and KIO Special Region 2. After the ceasefire in 1989 the NDA(K) started working with Chinese country-level narcotics control officials and Chinese companies under the rubric of opium substitution initiatives. These companies have included firms such as the Tenglong Company; a company that has been logging extensively in NDA(K) controlled areas.176

In April 1999, at a meeting to discuss Myanmar/China alternative development, partly organised by the UNDCP, Mr. Yang Yu of the Office of Nujiang Prefecture Narcotics Control Committee described the ways that his County Party Committee helped to eradicate drugs in NDA(K) areas: “[the NDA(K) had been helped to] develop themselves on terms of equality, freewill and mutual benefit … [and to] improve their traffic conditions…Even when faced with fiscal difficulties, the government of the county still requires capital to construct more than 500 miles of roads including trunk roads and branches, and thus establish favourable bases for the development of their economy.”177 Mr. Yang could only have been referring to logging roads.

Logging companies have built almost 700 kilometres of roads, in NDA(K) territory, investing over 20 million yuan178 ($2.5 million).178 The “fiscal difficulties” referred to appear to be an opaque way of saying that logs were bartered with the Chinese in payment for the roads. Mr. Yang went on to say: “Leaders of the county part did research time after time, and decided to open crossing points as an important way to prohibit drugs by developing border trade. They decided to open three international points, Pian Ma, Yaping and Dazhu….”

The alternative development program of the Nujiang County to “help the NDA(K) eradicate drugs” has been used to help legitimize the logging operations of Chinese firms with the assistance of the country and provincial governments of Nujiang and Yunnan. Helping the NDA(K) to “develop themselves on terms of equality, freewill and mutual benefit”, by opening “three international points, Pian Ma, Yaping and Dazhu” is incredibly cynical.

Whilst there is some legitimate justification for investment in Pian Ma, the justification for opening international border points in Yaping and Dazhu can only be to facilitate logging and mineral extraction as part of the N’Mai Hku Project (see page 104) for the benefit of the Chinese and not the poor in Kachin State.

**16.2 Logging and Opium in Wa**

“Implementing the opium control alternative development projects, the Chinese enterprises are careful to protect the natural environment, which can also make our projects sustainable.”178 Mr. Dong Sheng, Office of Yunnan Provincial Narcotics Control Committee, 1999

The Chinese authorities apparently recognise the importance of protecting the forest to limit the extent of poppy cultivation in Burma. But despite the rhetoric the Chinese have failed to ensure that logging contributes to the development of Wa State, and the long-term eradication of opium production. Wa is still one of the world’s largest sources of illicit opium180 and now, not only does the region have a drug problem but unsustainable logging is undermining potential for future sustainable development.

The UNDCP started assisting drug control efforts in the Thai-Burma and China-Burma border areas in 1992. In July 1997 government representatives from Burma, China signed a Memorandum of Understanding for the Wa Alternative Development Project (WADP) with the UNDCP.181

The United Wa State Party, as a project partner of the WADP, has committed the whole Wa region of Shan State to becoming opium free by 2005182 and there is evidence that crop substitution has occurred in some villages. However, satellite images taken between 1989 and 1999, show that there was a marked rise in deforestation in Ho Tao, the first area in Special Region 2 to be declared opium free in 1995.183

Logging of the sort that is taking place in Wa State directly undermines development efforts. In the first instance the loss of forest has an adverse impact on water supply and as a consequence agricultural production. In southern Wa State this has already led to increasing food security problems.184

Remaining forest in Wa State is being exploited by Chinese businessmen in league with UWSP officials.187 This is taking place at a time when the USWP has banned local communities from any kind of commercial forest extraction, either from logging or collecting commercial firewood. This prevents local communities from carrying out the kind of small-scale activities that could have provided them with much needed income.185 Such sustainable forest management is essential for community development, and therefore for the elimination of poppy cultivation, but is simply not a reality in Wa State despite the WADP.
“Needless to say, our forests along the border had been ravaged for many decades. In 1989 we were approached by the Thai side to grant concessions to Thai timber companies along our common border. We complied with a hope that it would bring about benefits to both our peoples; but it turned out that the insurgents on our side and the ‘Godfathers’ on their side had a hold on the actual operations and neither of the governments were enjoying any tangible benefits. So we discontinued the concessions at the end of 1993.” U Myat Thinn, SPDC employee, Chairman, Timber Certification Committee (Myanmar) 2003

17.1 Conflict on the border
Thailand and Burma share a 2400 kilometre border that until recently has largely been beyond the control of the Burmese government. Relations between the governments of the two countries have sometimes been volatile, reflecting historic antagonisms as well as more recent local border politics. Thailand’s tolerant, and sometimes supportive, approach for numerous ethnic insurgent groups over recent decades is especially contentious. The poorly demarcated border has compounded the problems leading to border skirmishes that often inflict losses inside Thailand and results in the flight of refugees from Burma to Thailand.

During much of 2002 because of an upsurge in Burmese army fighting with Shan and Karen armed opposition groups the Thai-Burmese border became particularly unstable and bilateral relations were at their lowest ebb for several decades, though the situation has since improved.

Several insurgent groups control parts of the Thai – Burma border in Southern Shan State. Following the 1988 pro-democracy uprising, the insurgent controlled ‘liberated areas’ on the Thai border were the base for a mix of ethnic and democratic opposition to the SLORC. Mannerplaw, the headquarters of the KNU from 1975 to 1995, became the headquarters of such broad based fronts as the Democratic Alliance of Burma and the National Council Union of Burma.

Of the remaining 12 insurgent groups that have not brokered ceasefire deals with the SPDC, seven are based along the Thai border. The largest of these are the Shan State Army (South) (SSA(S))\textsuperscript{u},\textsuperscript{v} the Karen National Union/Liberation Army (KNU) and the Karenni National Progressive Party (KNPP). There are two conflict hotspots, one on the Shan State border, opposite Chiang Mai and Chiang Rai provinces in Thailand, and the other on the Karen border opposite Tak Province. On Thailand’s northern border the SSA(S) is fighting both the Burmese army and the SPDC-allied United Wa State Army. On the western border there is fighting between the KNU and the Burmese army and the Rangoon-allied Democratic Karen Buddhist Army.

Currently, and as has been the case since the 1960s, a significant cause of conflict on the Thai-Burmese border is the control of the illicit, highly profitable trade in commodities such as timber and drugs, including opium and amphetamine-type stimulants. Anything that interferes with this trade leads to conflict and casualties on both sides of the border.

Throughout the early part of 2002 the war of words between Thailand and Burma revealed the deep hostility among certain sections of the authorities in both countries. A great deal of the SPDC’s resentment towards Thailand has been with Thailand’s relationship

\textsuperscript{u} The Shan State Army (North) SSA(N) has a ceasefire agreement with the SPDC the SSA(S) does not.

\textsuperscript{v} The SPDC refers to the SSA(S), a breakaway group from the Mong Tai Army, as the Shan United Revolutionary Army.
with the remaining border-based insurgent forces, in particular the KNU and the SSA(S) both of which, on some levels, have been deemed to be ‘friendly’ towards Thailand and vice versa.

In the last few years articles in the SPDC-controlled newspaper, The New Light of Myanmar, have charged Thailand with “giving encouragement and sanctuary”, to insurgent groups, in particular the SSA(S) and the Karen National Liberation Army (KNLA), the armed wing of the KNU. The SPDC contends that this policy is driven by economic motives, referring to the involvement of some Thais in the military, police and civil organisations, who they claim, profit from the cheap resources and trading opportunities, such as arms sales, that have emerged from the protracted conflict. The New Light of Myanmar argued that these beneficiaries “do not wish to see termination of insurgents in Myanmar”.

These specific claims by the SPDC may be justified to a certain extent. For instance, since the advent of large scale logging on the Thai border in 1988 whether or not insurgent groups have been supported by powerful military elites in Thailand, has often been decided on a commercial basis. But those that have benefited from the conflict can be found on both sides of the border, in the Burmese military, among the Thai military and politicians as well as some of the leadership in the insurgent groups. The substantial trade in minerals, timber, gems and contraband goods boosted the previously backward economies of the border provinces whilst enriching many of the participants. Eventually business was to become as overtly entwined into the conflict as the original ideological cause was. The SPDC itself has been charged with using the continuation of conflict to justify not only its actions but its very existence.

Thai support for the insurgencies in Burma is also associated with a defensive ‘buffer zone’ strategy. Thailand used ethnic insurgents on its Burma border as “a cheap and efficient light infantry supplement to the thinly-spread Thai Army… which prevented direct clashes with Burmese forces, while at the same time could be called upon during the 1970s to help in the fight against the Communist Party of Thailand.”

The buffer zone strategy included the provision of material assistance and refuge in Thailand to ethnic insurgents from Burma. This ‘backdoor’ into Thailand frustrated the Burmese military’s efforts to suppress the insurgent forces as “it is militarily impossible to tie down guerrilla forces who have a back-door escape and supply line.” It has also been said that until 1988, the Thai Army’s Special Forces assigned military advisors to the KNLA, although others consider that the Thai military spent time with the insurgent groups for intelligence gathering purposes.

17.2 Thai-Burmese relations and ‘Resource Diplomacy’

“The [border] closure might last until the end of the year… Rangoon wants to make sure Thaksin knows who the boss is.” A resident of Tachileik, August 2002

The SLORC’s granting of logging concessions in 1988, to Thai logging companies, is indicative of the way it has manipulated relations with its neighbours. The regime has exploited Burma’s natural wealth and the greed of powerful Thais, by controlling the cross-border trade and their access to the timber. This control over access to natural resources has been a strong influence on Thai foreign policy towards the regime. Logging and fishing have been central to this process whereby the SLORC/SPDC has offered lucrative concessions to politically powerful Thais, to effect favourable changes in Thai policy.

The flipside of this is that the SLORC/SPDC can also close its borders, harming border trade, and sending a strong message to Bangkok via the powerful provincial trade lobbies and the clients of Thai politicians involved in this trade.

The timber trade on the Thai-Burma border is principally controlled by the jao por, Thailand’s untouchables. The jao por are very well connected and influential ethnic Chinese businessmen who generally operate relatively openly above the law and with impunity. Their business dealings are characterised by the use of intimidation and violence. In 2001, for instance, at least six people who protested against activities of jao por, such as encroachment by prawn farms on mangrove forest and quarrying, were murdered. Five of these murders have been linked, by the Campaign for Popular Democracy, to the SLORC/SPDC’s logging concessions to politically powerful Thais, to effect favourable changes in Thai policy.

Such ‘resource diplomacy’ has been more successful under certain Thai administrations than others, as was alluded to in a verbal exchange between former Thai Prime Minister, Chuan Leekpai and the current Deputy Prime Minister Chavalit Yongchaiyudh, in 2001. Chuan Leekpai was quoted in the Bangkok Post as saying:

“The previous government had a clear-cut policy not to exploit personal ties to secure logging contracts or other concessions. That kind of practice makes Burma look down on us.”

Since the 1980s there has been a shift from Thai tolerance of cross-border trade, involving the insurgent groups, to more formalised trading between the governments and trading enterprises of the two countries. This has coincided with the resolve by Thai commercial interests, who have become increasingly active in Thai politics, to step-up the exploitation of

w The term ’resource diplomacy’ was used by Maung Aung Myoe to describe Thai/Burmese relations (see reference 193 Neither friend etc).