

processed here originates in Burma. Workers in Yingjian told Global Witness that the *Tatmadaw* had held Chinese loggers hostage in Burma until the companies paid ransoms of approximately 10,000 yuan (\$1200) per person.³²⁷

19.5.3.3 Hong Bom He

Hong Bom He Town is situated on the Hong Bom River inside the Tonbiguan Nature Reserve. The town was built in 1993 after private companies illegally built a logging road to the Burmese border ostensibly with the consent of local Chinese authorities.³²⁷ The town is illegal insofar as it was built after the area was designated a nature reserve.

In 2000 there were 2,000 people working in the town and in the forests across the border in Kachin State, although by early 2001 the town appeared to be closing down and was effectively working at 20% capacity or less.³²⁷ There was still some log trading activity with Chinese logging trucks and stockpiles of wood present on the Burmese side of the river. Three sawmills were operating, albeit at low capacity. In Yingjian locals claimed that the balance of power between the KIO and the SPDC had changed, leading to increased taxation of the Chinese logging companies by the SPDC. However, the low level of activity may have been simply due to the fact it was the end of the logging season.

19.5.3.4 Laozhaizi

Laozhaizi is a small town in Yingjiang County. It is only 20 km from Hong Bom He, and similarly was experiencing an outflow of people in early 2001. Trucks full of families and possessions were seen heading east.³²⁷ Some of the migrants said that the reason for the change was that the price of wood was too low. Others said that

the increasing presence of the SPDC had led to more taxation. Both accounts suggest that logging was becoming less profitable. Local people told Global Witness that both the KIO and the SPDC controlled the forests and border crossing.³²⁷

19.5.3.5 Xima

There was no indication that the small town of Xima had anything to do with logging although it is well connected to the border.³²⁷

19.5.3.6 Car Zan

Car Zan is a busy logging town with two large stockpiles of logs and approximately 30 sawmills in 2001.³²⁷ The town has been associated with logging for 10 years and is opposite KIO controlled areas.³²⁷ Global Witness investigators saw more than 20 log trucks, each carrying nine m³ of logs, entering the town in a period of an hour and a half, suggesting that the town is more important for the timber trade than the number of sawmills suggests.³²⁷

The road between Car Zan and Yingjian is in excellent condition and supports the carriage of logging trucks. However, traffic was light in March 2001.

19.5.3.7 Ban Li

Ban Li in Dehong is reached by a paved road from the Nongdao junction, opposite the town of Namkhan in northern Shan State. The town functions as an extensive stockpile area, with storage areas covering several hectares on both sides of the border.³²⁷ There were no processing facilities in 2001.³²⁷ The last few kilometres of the road were in very bad condition, even during the dry season, which may indicate that this border point is becoming less important.

19.5.3.8 Hse Pong

Hse Pong is a small seasonal logging settlement, of no more than 200 people, which is apparently only active during the dry season. In 2001 there were approximately 10 log trucks in the village.³²⁷

19.5.3.9 Nong Dao

There are a number of sawmills west of Ruili. The largest concentration of these is around Nongdao village where there are at least eight medium sized mills. At the time of the investigation there appeared to be very little processing and storage yards were empty.³²⁷



Veneer sheets laid out to near Ban Li.

19.5.4 Lincang Prefecture

19.5.4.1 Qin Swe He

Qin Swe He is a small border town in Gengma County with no signs of logging activity other than some small teak logs in the stockyard of the customs house.³²⁷

19.5.4.2 Zao Yuan

Zao Yuan is 14 km from the border port of Yong He in Cang Yuan County. There are six sawmills in the town, which appear to be supplied by the Wa authorities. Soldiers from the United Wa State Army were seen in uniform in the town and the Wa leadership is said to own at least one hotel in Zao Yuan.³²⁷ The largest sawmill is Hong Feng Wood Industries Ltd, which claims to source timber from the Ban Hong area, in China. Company workers said that the sawmill produces approximately 300 m³ of wood flooring a month.³²⁷ The Foreign Trade Economic Co-operation Bureau, a state organisation in the centre of the town, sells teak.³²⁷

19.5.5 Simao Prefecture

19.5.5.1 Meng'a.

Timber in Meng'a was from Mong Hpen, Ho Tao and Pangsan, areas controlled by the UWSA. Pangsan and Mong Pawk are the nearest Wa-controlled towns. In late 2000 locals claimed that between ten and 20 log trucks were passing each day, but when Global Witness was there fewer than ten trucks were seen. Pine, teak and less known species such as hong mei gan come across the border here. In late 2000, pine cost 450-500

yuan (\$54-\$60) per m³, whilst top quality teak for parquet flooring cost between 4000 and 5000 yuan (\$482-\$602) per m³.

Some of the trucks in Meng'a were *en route* for the parquet factory at Pu'er. The timber also goes to companies in Kunming, Shanghai, Kentung and Fuzie. Log truck drivers estimated that about 10,000 m³ was brought across at Meng'a border post every year. The traffic had been more intense in the past but it is thought the Wa have all but exhausted the easily accessible sources of timber.

19.5.6 Xsihuangbanna Dai Autonomous Region

19.5.6.1 Damenglong

According to Global Witness interviews with truck drivers carried out in late 2000 Damenglong has a substantial timber trade. One driver said that his company had tried to buy 20,000 m³ from Burma and that another company had brought 50,000 m³ across the border during the year. The price of timber was 850 yuan (\$102) per m³ whereas in Jinghong, the capital, it was 900 yuan (\$108).

19.5.6.2 Daluo

Until 1998 there was a lot of timber, mainly softwood, arriving in China at Daluo but in 2000 very little appeared to be crossing the border, and only small amounts of timber were seen. Logging near the border at this point had dried up and locals claimed that the timber dealers had moved to Menghai. Sawn planks were arriving in small volumes from Kengtung, the main town in East Shan State.



Log truck in Meng'a, China.

20 KACHIN STATE



20.1 The Nature of Conflict in Kachin State

The level of resource extraction during the insurgency, used for the insurgent economy, was minor compared to current levels and to begin to understand the logging in Kachin State now it is important to look closely at the ceasefires. From its inception the ceasefire process contained dimensions related to the control of natural resources.

In the Second World War, Kachin State was the location of some of the most decisive battles fought in Asia. A brief spell of peace was followed by three decades of conflict, beginning in the 1960s, between Kachin insurgents, fighting for autonomy, and the Burmese government. The first ceasefire was agreed in 1989 and the last in 1994.

There are three ceasefire/armed opposition groups in Kachin State, the Kachin Independence Organisation (KIO), the New Democratic Army (Kachin) (NDA(K)) and the Kachin Defence Army (KDA). Of these groups the KIO is more strongly driven by political demands than the other two, which are best described as militias driven by economic motives. That said, these groups, like all insurgent or ceasefire groups, are made up of people of differing points of view, which change over time. The way in which these groups have behaved is also to a large extent determined by the political and economic circumstances in which they find themselves. This does not currently encourage responsible, transparent, long-term natural resource management planning. The ceasefire groups lack an enabling environment and often do not have adequate access to relevant information or assistance from the outside world.

20.2 The Kachin Independence Organisation (KIO)

The KIO was formed in 1961 in northern Shan State by a number of Kachin students. They took up arms against the central government because of grievances over discrimination by the Burman majority, and because of the economic marginalisation of Kachin State. The decision of the U Nu government to declare Buddhism as the state religion, and the ceding of several Kachin villages to China during a border demarcation agreement, also played an important role. The rebellion spread quickly and the KIO together with its armed wing, the Kachin Independence Army (KIA), assumed control of large areas of Kachin State.

The KIA became one of the most powerful insurgent armies in Burma helped by strong martial traditions in Kachin culture, and considerable funding through its control of the Hpakant jade mines, the world's premier source of jadeite jade. The KIO administered an area of more than 15,000 square miles containing more than 300,000 people.³⁴⁰ In the early 1990s the KIA had 6,000–7,000 troops plus militias.³⁴¹

During the initial years of the rebellion the KIA sought support from the West through its outpost on the Thai border, Tam Ngop. The invasion of the Communist Party of Burma (CPB) from China's Yunnan Province into northern Shan State had huge consequences for the KIO. With support from China the CPB established its North East Command (NEC) in areas along the Chinese border. The CPB offered the KIO support in arms and ammunition from China if it accepted the CPB's political leadership. The KIO refused, and in 1968 heavy fighting broke out between the KIA and the CPB, which lasted until 1976 when the two organisations signed a ceasefire. In the same year the KIO was a founder member of the National Democratic Front (NDF), an alliance organisation of ethnic opposition armies.

Peace talks between the KIO and the Burmese military government in the early 1960s and the early 1980s failed to produce any results. The KIO started talks with the SLORC again in the early 1990s, according to the KIO *"to find a peaceful settlement for the political conflict, and to solve the problem on the table, not on the battlefield."*³⁴¹ The KIO believed that social, humanitarian and economic development gained in the ceasefire would lead to political development and reconciliation. After long negotiations a ceasefire agreement was signed in February 1994. The KIO expected the other NDF members to follow suit so that this strategy would be part of a nationwide ceasefire. However, this did not happen leaving the ethnic political groups further splintered and making it difficult for the KIO to press for political changes when other NDF members were still fighting.³⁴² Unlike some other cease-fire groups such as the NDA(K), the KIO is recognised as a political organisation and not as a militia, and the KIO makes a point of the fact that it has not *"returned to the legal fold."*¹²¹

The KIO's headquarters are located at Pajau near the Chinese border. The SPDC refers to the KIO as

Kachin State Special Region 2. Until the ceasefire the KIO's main source of income was jade. This shifted to logging, and to a lesser extent gold mining, border trade, and a number of small businesses initiatives under the BUGA Company, such as the Nam Hti sugar mill.

20.3 Jade and the KIA's insurgent Economy

*"The Burmese military government said that the main artery of the KIO is the Hpakant region. That is why that main artery had to be destroyed. They do not fight physically with us, they do it behind our backs"*³⁴³
KIO Officer, May 2002

Kachin State is the world's premier source of top quality jadeite. Jade, known as the stone of heaven is revered, particularly in China for its physical properties and ethereal qualities. Top quality jade commands high prices and jade boulders can be worth millions of dollars. Since the late 1960s the KIO's insurgent economy was based on the control of jade rich areas, jade mining and the marketing of jade.

The KIA taxed the jade trade, granted jade digging concessions to mining outfits, and operated some jade mines. KIA jade experts worked at checkpoints, where jade was supposed to be taxed at 10% of its value although this was usually negotiated down.³⁴⁴ Kachin jade merchants also became key benefactors of the KIA.

From the early days of the insurgency until the late 1980s, KIA convoys carried jade from Kachin State to Tam Ngop, a KIA outpost on the Thai border. Here, jade was bartered for weapons and other essential supplies. In the early days of the insurgency the KIA also bartered opium. Opium was often the only source of currency in the hills of northern Burma and the 'war tax' that the KIA imposed on Kachin villagers was paid in kind. The KIA later introduced strong anti-drugs policies.

With economic reforms introduced in China, the jade trade moved from the Thai to the Chinese border. The SLORC also increased pressure on the KIA economy. Jade mines in the Hpakant area and trading points on the China border became targets for SLORC offensives and the heavy fighting between the KIA and the SLORC in the years preceding the ceasefire, took place in the border areas between Bhamo and Myitkyina, apparently targeting KIA supply routes. The Burmese government also began to sell jade mining concessions in KIA held areas to private interests, further undermining the KIA.

By the time of the ceasefire, the KIA revenue from jade had fallen significantly. Kachin sources claim that the terms of the ceasefire, though largely unknown, gave the KIA continued control of some of the jade trade, yet by 1997 the KIA had been squeezed out. The price of jade is reported to have fallen and more and more concessions were awarded by the SPDC.

The loss of jade was a serious blow to KIA finances and to its reputation. One jade merchant told Global Witness that taking control of the jade mines benefited

the SPDC in several ways; as the KIA lost its main source of income and the SPDC substantially increased its revenue base.³⁴⁴ The SPDC had also taken control over another resource with which to reward favoured people and groups such as the Wa and Pa-O ceasefire groups. Both groups now have large interests in the Hpakant jade mines and elsewhere. The SPDC has stated that the Wa's share amounts to 30%. Any attempt to try to regain control of the jade by the KIA would inevitably pit it against other ceasefire groups and powerful business groups, not just the SPDC.

Competitive bidding for jade concessions also excluded many Kachin jade merchants who were unable to compete with the newcomers. Jade mining increasingly became an important means to launder profits from the heroin trade, which boomed after the ceasefires, either through investing in the mines or buying jade. Groups with 'dirty' drugs money had less to lose if some of their concessions did not turn a profit. The jade and drugs trade were more directly linked through smuggling. In some instances jade boulders, hollowed out, have been used to smuggle heroin into China.³⁴⁵ Hollowed out logs have also been used to smuggle heroin to China and India.^{172, 173} (see page 56)

Changes to the control and practices of the jade trade also affected local economies that serviced that labour intensive trade. In the 1990s jade mining was increasingly mechanised, whilst the new breed of jade mining companies imported their own food and other supplies, bypassing the local economies.

20.4 Dabak and Mali Hydroelectric Power Projects

"The Dabat hydroelectric power project and the Mali hydroelectric power project are the results of [the] KIO's endeavours for the local people's interests. Electric-powered home industries and commercial-scale industries will emerge even in villages in the area including Myitkyina and Waingmaw after the completion of the projects... The entire people of Kachin State are pleased to know that the two projects are being implemented under the assistance of the government."

The New Light of Myanmar, 11 April 2001

Electricity generation in Kachin State is totally inadequate. The Jinghkrang Dam built by the SLORC in 1993 does not produce sufficient electricity to supply Myitkyina let alone the rest of Kachin State, and that which is generated is prioritised to the *Tatmadaw* bases.

Since 1997, the KIO has been involved in two hydroelectric power schemes, the Mali Creek hydropower scheme and the Dabak River dam, to increase electricity generation in the state. This would increase the rate of development and provide for the needs of nascent industries in the area. In terms of the timber trade this could mean an increase in processing capacity and the manufacture of value added timber products. However, it is far from clear whether there would be a ready market for such value added products;

China is currently benefiting hugely from the importation of raw logs. There is little or no processing taking place in Kachin State and this is in marked contrast to China, where large state of the art factories, sometimes only a few kilometres from the border, process Burmese timber for export to Malaysia and Korea.

Sources close to the KIO have told Global Witness that the SPDC, rather than providing the finance itself, has encouraged the KIO to seek external funding. The KIO in turn has approached international funding agencies but no funds have been forthcoming.

It is thought that the initial construction of the dams, in particular the Mali scheme which is being constructed by Chinese and Burmese companies, has been paid for in timber worth millions of dollars; far in excess of the value of the works carried out.^{344, 348} This has led to suggestions that the project has been subject to corruption, though lack of business acumen may also have played a part. The project is still far from being complete and it is feared that more timber will be felled in order to pay for further work. Global Witness has been told that the N'Mai Hku Project (*see page 104*) is seen by the KIO as a way to pay for these dams and other 'development' projects.³⁴⁶

Kachin State would benefit from well-targeted development initiatives but the current way of paying for these projects, which are of doubtful development value anyway, may in the long term undermine future sustainable development in the state. Natural resources, in particular timber, are being sold at prices below their true value and they are being extracted in a wholly unsustainable manner. In addition it is generally believed that much of the money that has been raised through this natural resource exploitation is being siphoned off by a few of the ruling elite and not benefiting the Kachin people as a whole.

20.5 The New Democratic Army (Kachin) (NDA(K))

The NDA(K), led by Zakhon Ting Ying, originally broke away from the KIO in 1968 and joined the Communist Party of Burma to become the CPB 101 War Zone. Since that time relations between the NDA(K) and the KIO have been tense, and in some cases have led to fighting. The collapse of the CPB in 1989 resulted in a new political order in northern Burma. After dissatisfied ethnic Wa and Kokang troops mutinied against the Burman leadership of the CPB, they set up new organisations along ethnic lines. These groups, such as the United Wa State Army (UWSA) in Wa State and the Myanmar National Democratic Alliance Army (MNDAA) in Kokang quickly signed ceasefire agreements with the SLORC. The 101 War Zone followed suit, renamed itself New Democratic Army (Kachin), and was officially recognised as a border militia by the government in December 1989. At the time of the ceasefire, the first one in Kachin State, the NDA(K) had about 800 soldiers. The NDA(K) area comprises inaccessible territory on the Chinese border between Kambaiti and Hpimaw passes. The area controlled by the NDA(K) is referred to by the SPDC as Kachin State Special Region 1, and its headquarters is based at Pangwah on the Chinese border. The major source of income of the NDA(K) consists of logging, gold mining and agriculture.

In December 2000, in northern Shan State, over 100 soldiers of the Mongkoe Defence Army (MDA), a CPB ceasefire group were massacred by the SPDC. Amid infighting in the MDA, the SPDC had summoned part of the group for a meeting and subsequently surrounded and shot them. The leader, Mong Sala was jailed and the SPDC forced the rest of the group to disarm. A Shan news agency report at the time stated



A Kachin Independence Army soldier at the KIA's 3rd Brigade Headquarters, Wara Bum near the China border. The KIA made a ceasefire with the SLORC in 1994.

© Tom Kramer

that the NDA(K) had also been given an ultimatum to disband.³⁴⁷ This report appears to have been unfounded, but sources claim that the NDA(K) were *'waiting for their turn'*: that they would also be disarmed or crushed by the SPDC if the opportunity arose.

20.6 The Kachin Defence Army (KDA)

As a consequence of the ceasefire agreements in Shan State the pressure from the Burmese army on other insurgent groups in the area increased significantly. As a result the KIA's 4th Brigade in northern Shan State became isolated and communication with the KIO headquarters in Kachin State became difficult. Internal conflicts finally led to the KIA's 4th Brigade to break away in 1991, and to sign a separate ceasefire agreement with the SLORC. Led by Major Matu Naw, the group renamed itself the Kachin Defence Army and became an official government militia force. The KDA does not control any border regions. At the time of the ceasefire the KDA had an estimated 2,000 troops. The development region assigned to the KDA is referred to by SPDC as northern Shan State Special Region 5. Its headquarters is at Kaung Kha. Sources of income of the KDA include logging, and reportedly also opium.

20.7 How the ceasefires have affected insurgent groups in Kachin State

*"This ceasefire is meant to exploit Kachin's natural resources. On the other hand the uncertainty of the political situation is also giving people a chance to do 'illicit' activities such as drug trafficking, gambling, prostitution, logging and black market trading."*³⁴⁸ KIO officer, 2001.

The ceasefire deals have altered the nature and extent of control over territory in Kachin State. Before the deals, territorial control was relative, mostly undefined and subject to change, with many areas being contested rather than controlled. However as part of these deals the KIO and the NDA(K) now control specific areas. Territory outside the defined ceasefire areas is mainly under the control of the SPDC.

For the NDA(K), the ceasefire has translated into a high degree of autonomy with little interference from SPDC troops in areas under its control. SPDC troops are, however, present in KIA areas apart from outposts and barracks. This is an important distinction as SPDC troops typically facilitate or tax resource extraction and trade generally. The more people, particularly combatants, you have in any given area the more people you have trying to make money, but the less clear it is who is doing what.

As part of its ceasefire deal the KIA has the right to engage in business. The KIA claims that whilst it does carry out business activities, such as logging, mining and agriculture, it is not a business group and only does the minimum that is necessary to support the organisation. Unfortunately for the KIA it appears that its business ventures have not been successful for reasons both within and outside its control.

One factor undermining business in Kachin State is the high level of unofficial taxation. To some extent this is common throughout Burma, but it also reflects the high level of militarisation in Kachin State particularly the large number of SPDC troops. In January 2002, on the Myitkyina to Laiza road that leads to the China border, around 60 miles, there were reported to be



Kachin Independence Army Logging check point opposite Hong Bom He – a small logging town illegally built in the Tonbiguan Nature Reserve in China.

19 roadblocks, 15 of which are SPDC the others manned by the KIO.³⁴⁹ Most of these demand some form of tax regardless of the burden to the business. This makes some forms of trade impossible whilst debilitating others and further increases the pressure on natural resources.

The ceasefires have led to a vast improvement in the human security of the average person in Kachin State. This includes a very significant decrease in the loss of life and significant decreases in the most serious human rights abuses such as forced portering, rape, and torture. In addition for the first time in three decades of war many families were able to plant crops again and come out of hiding in the jungle.³⁵⁰ There have also been small improvements in education and healthcare, freedom of movement and trade. A small number of Burmese and a handful of international NGOs have been allowed to operate in a limited way to implement health and development work. The KIO is said to have prioritised resettlement programmes for tens of thousands of displaced Kachin people but it is not certain how much resettlement has actually taken place.

However, forced labour as well as indiscriminate killing still takes place in Kachin State.^{8, 344} There are also manifold problems with the way that the ceasefires have been implemented, that go a long way to undermining the immediate benefits derived from the cessation of fighting and may ultimately lead to the breakdown of the ceasefire agreements themselves. For instance, there are serious problems of natural resource depletion, health and land rights issues. Since the ceasefires the nature and scale of natural resource extraction has changed radically. Some of these changes may have been written into ceasefire agreements, whilst other changes have resulted from power struggles within and between ceasefire groups and the SPDC. There is also concern about the increasing number of SPDC troops based in Kachin State.

The ceasefire deals have also weakened the former insurgent groups as the future is uncertain and political progress has been very limited. Both the uncertainty and lack of political progress appear to have been deliberately engineered by the SPDC, which has told the KIA that there can be no political discussion because it is a transitional government and as such does not have the mandate to make political settlements. This has led to negative effects on the internal character of the some ceasefire groups. To some extent, the discipline and a sense of duty, evident during the conflict, have been replaced by self-interest, opportunism, corruption and incompetence.

The situation has been exacerbated by the presence of natural resources in abundance. Although many of the ceasefire groups are clearly exploiting these resources, little of the money generated by this exploitation enters the official accounts of the groups such as KIA and NDA(K).³⁵¹ Increased corruption has subverted the functional and political capacity of the KIA; to conduct public works, maintain political

direction and to oppose the SPDC and provide an alternative to it. They have become less cohesive and the rank and file more disillusioned and frustrated as a result.³⁵¹ Since the ceasefire, the KIO's image and self-image have been damaged, it has become increasingly marginalised and its popular support has waned. The deposing of Chairman Zau Mai in 2001 may have been an attempt to recover some of the support it had lost by addressing corruption and a lack of political direction. The KIO has also tried to improve its image, by engaging in development projects but these have been problematic particularly where natural resources have been adversely impacted as a result, as has been the case with road and dam building.

One way for the KIO to regain direction and power would be to reassert its military strength, necessarily funded by natural resource extraction. This seems unlikely, but would have serious implications for peace in Kachin.

20.8 HIV/AIDS and Extractive Industries in Kachin State

There is a strong correlation between the incidence of HIV/Aids in Burma and the presence of extractive industries including logging and mining, particularly on the China-Burma border. There are serious health implications for China as well as Burma, as most of the labourers are migrant Chinese workers. In fact China's HIV/Aids epidemic started on the border in the Chinese town of Ruili (see *page 89*). The speed and extent of HIV/Aids spread throughout the Chinese population is compounded by the presence of truck drivers; timber and other natural resources being transported hundreds of miles from Burma to Kunming and sometimes as far as Guandong.

Working conditions can be severe and the men frequently use drugs as an escape from these hardships. Drugs are readily available and sadly drug use is on the increase, not only amongst the logging and mining communities but it has also become more prevalent in the local population. This further increases the risk of HIV/Aids infection particularly through the sharing of dirty needles.

Seasonal migrant workers are particularly at risk of contracting HIV/Aids. Working in the timber industry, and in the jade and ruby mining areas of Shan and Kachin States and Mandalay Division, these labourers are mostly young single men or married men living away from home. Commercial sex workers have been attracted by the large pool of potential clients and have proliferated in these areas. This also increases the risk of infection. All the Chinese towns on the China-Burma border have large numbers of prostitutes servicing the logging industry. Sex workers interviewed by Global Witness in towns such as Tengchong, Pian Ma and Dian Tan had a very poor understanding of how HIV/Aids is contracted. They also claimed to move between towns every few months.

20.9 Logging in Kachin State

*“We can work in our concession whoever is in control on the other side.”*³²⁷ General Manager, (Pian Ma timber company), 2001

Background history of logging

Kachin State’s forests form part of an area said to be *“very possibly the most biodiverse, rich, temperate area on earth”*³¹ but also suffer from the highest rate of deforestation in Burma. Research by Global Witness along the Chinese border indicates that the volume of timber exported from Kachin State to Yunnan is no less than 500,000 m³ each year.³²⁷ The pace of logging and extraction of other resources such as gold (*see page 103*) is set to increase as a series of new roads are built in Kachin State (*see page 109*). It is surprising that to date the current level of resource extraction has not received more attention at the international level. A number of factors may explain this including the remoteness of the region, the number of groups cooperating in the process and the lack of transparency.

The current phase of logging seen today in Kachin State dates back to before the ceasefires, probably around 1987. Early logging deals were made between the KIA’s Third Brigade and businessmen from Dehong County, Yunnan. CPB 101 War Zone (subsequently NDA(K)) is also believed to have begun logging around the same time, exporting via the Kambaiti pass opposite Tengchong County in Yunnan Province.

Logging and timber extraction by the Chinese in Burma is organised in a multitude of different ways.

However, two contrasting methods in particular have been described to Global Witness. In the first instance the entire forest cover of a whole mountain or mountain slope is bought, to be extracted within a defined period, often three to five years. This can result in clear-cutting. Second a form of ‘selective logging’ takes place, in which the company, usually smaller businesses, buys the right to extract a certain number of cubic metres of timber from a specific area. These companies tend to cut the more valuable species.

Logging on the China-Burma border has many parallels with the situation on the Thai-Burma border. In some cases, SLORC frontline commanders granted concessions to Chinese logging companies as the KIA lost ground. In frontline areas Chinese logging companies paid local SLORC commanders for the freedom to operate in KIA areas undisturbed.³⁴⁸

According to press reports, fighting between the KIA and SLORC in Bhamo District, in 1990, was driven by the SLORC’s determination to clear log routes to China.³⁵²

It is likely that control over logging was factored into the ceasefire between the KIO and SPDC, and continued to be discussed thereafter. It is not known whether or not there have ever been any official profit sharing agreements between the KIO and the SPDC¹⁰² but it is most likely that such agreements take place on a regional command basis and with frontline SPDC units. In some areas nominally controlled by the KIA companies are subject to power struggles between the KIA and the SPDC. On other occasions it is thought that armed groups of loggers, probably Kachin, some of



Waiting to go to China. At least 15 Log trucks waiting to pass an New Democratic Army (Kachin) checkpoint; 2001.

them led by Chinese companies, operate beyond the control of either the KIA or the SPDC.³⁵³

In contrast in NDA(K) areas, by virtue of the ceasefire agreement and the NDA(K)'s relationship with the SPDC, there is greater autonomy and logging companies usually work relatively undisturbed. However a recent incident, reported by the Democratic Voice of Burma in June 2002, gives an insight into how the relationship can break down. The NDA(K) had permission to log in the vicinity of Panwa and Kampaiti (Kachin State Special Region 1), but in May 2002 Infantry Battalion 231 seized over 100 log trucks. The troops planned to transport the confiscated logs to Northern Military Command Headquarters in Myitkyina. On 1 June 2002 the NDA(K) responded by blowing up a bridge between Sadone and Waingmaw. According to the report the Northern Military Command ordered the NDA(K) to take action against the people who had mined the bridge, and to rebuild it.³⁵⁴ The circumstances behind this apparent crackdown are unknown.

Much of the forest in ceasefire areas has been subjected to industrial logging and there is little or no control over the manner in which the forests are being logged. The situation is chaotic but companies and individuals operating in these areas have differing experiences, some using the confusion to their advantage whilst others find it very difficult to operate with any degree of security or certainty. The perspective of a Chinese forest department official reported in a 2001 Washington Post article is very different to that of the De Long Company worker referred to above: *"When a warlord is changed over there [Kachin State], they rip up the contract and things get very difficult. Lots of contracts have been broken. There have been serious losses."*³⁵¹

The struggle to control the forest resource has clear economic and security implications for the logging companies. In 1991 there were reports that Chinese loggers had been kidnapped by the *Tatmadaw*.³⁵⁵ Again in early 2001, Chinese loggers working in Kachin State opposite the Yingjiang area of Dehong were kidnapped and held to ransom by frontline SPDC troops.³⁵⁷ The ransom was paid and they were later released.

According to the Chinese, the inherently unpredictable nature of working in ceasefire areas is compounded by the unpredictable way that the ceasefire groups deal with the companies.³²⁷ To counter the uncertainty some of the companies cooperate with each other, with the assistance of the Chinese authorities at a county level. But despite this logging concessions often overlap and contracts are frequently not honoured. Loggers also complain that their business becomes uneconomic, as they have to pay more tax.

This apparent lack of stability is at least a factor in the way logging is conducted in these areas; the long-term viability of the operations are not considered as

companies try to make as much return on their investments as soon as possible. This combined with the inherent greed of the logging companies and the almost complete lack of regulation is disastrous for the forests.

Forests under the control of the SPDC, areas along the railway line between Mandalay and Myitkyina, north of Katha, are also being logged unsustainably. Timber from these forests is trucked through areas controlled by the ceasefire groups, particularly the KIO, en route to China.^{327, 350, 351} The massive amounts of timber entering China are therefore not entirely from logging operations controlled by the ceasefire groups.

In China, a short distance from the Burma border timber is sold from between 600 yuan (\$75) per m³ to 3600 yuan (\$430) per m³ depending on species and quality, the average price in 2001 being 1500 yuan (\$180).³²⁷ This wood is milled in Kunming, rather than in Kachin State, adding value to the timber (*see section on logging towns in China page 85*).

Impact of the logging

The diverse nature of Kachin State, both from a political and geographical standpoint, means that the logging practices are also extremely varied. Logging in northern alpine forests is very different from the cutting of tropical hardwoods further south. The intensity and impact of logging also varies enormously with the most serious logging believed to take place in NDA(K)-controlled areas, where forests are clear-cut and even bamboo and rattan are removed by Chinese companies.

In the steep alpine forests of the NDA(K) and further north, in the N'Mai Hku Project (*see page 104*), skidders are used to haul logs to the logging roads. Lack of planning has resulted in large areas of forest becoming skid tracks and forest soils suffering from compaction and severe erosion. Landslides make the logging companies' investments particularly the extensive road network, which is very expensive to build and maintain, particularly vulnerable and inherently risky. The Chinese authorities claim that there are over 500 miles of logging roads in the NDA(K) region and on such steep terrain road building is a destructive activity in itself.¹⁷⁷ A visitor to the area told Global Witness that in these areas logs are rolled down the steep slopes, destroying smaller trees and wiping out vegetation.³⁵⁶

Both the KIO and the NDA(K) have tree nurseries and there has been some effort to replant in both KIO and NDA(K) areas. Some replanting, for instance, is taking place around the NDA(K) headquarters in Pangwah where logging and cutting for fuel wood has led to severe deforestation. There are also some commercial orchards in the ceasefire areas where pears, oranges and walnuts grow with some degree of success.³⁴⁸ But the orchards and plantations are frequently the private interests of officers from the ceasefire groups and in any event an inappropriate way to mitigate natural forest loss.³⁵⁷

20.9.1 The KIO and logging in Kachin State

*“Those that needlessly destroy the forests are the enemies of all the people. All forests and jungles are for the survival and lifeline of the people. So as for the valuable forest jungle treasure let all peoples endeavor to preserve and protect.”*³⁵⁸ KIO Central Committee, 1 June, 2002.

Like elsewhere in Burma the control of resources is complex, obscured, politicised and rarely in the hands of any one group. Whilst the ceasefire groups appear to be the main brokers of resources, the SPDC, the SPDC Regional Command and front-line SPDC troops also play crucial roles. To some extent the Kachin ceasefire groups are acting as proxies for the SPDC striking deals with logging companies and the provincial Chinese authorities, in the context of natural resource agreements made between the SLORC and the government of China in the late 1980s.

In what has become quite a desperate situation for the ceasefire groups, a mixture of uncertainty and greed has sometimes led to a situation of ‘*natural resource fatalism*’, whereby the justification to control and liquidate natural resources is founded on the conviction that the natural resources will in any case be lost; as one KIO Officer put it, *“A main reason why the KIO has started logging in the N’Mai Hku Project is because if we did not do it, then the NDA(K) would.”*³⁵⁹ (see page 104 N’Mai Hku Project). *“The KIO think that the forests will go during the time of the SPDC, so if the roads can be built as part of this, then it is a good thing.”*³⁶⁰ People will obviously paint themselves and their organisations in the best possible light, but it is important to consider that these can be genuine factors that influence decisions about natural resource “*management*” in Kachin State.

Power struggles between the KIA and local SPDC units are a function of the SPDC trying to assert greater control over areas formerly controlled by the insurgents. But at a local level these struggles often driven by clear economic motives as army units seek to capture logging revenues. Increasingly, little logging takes place in KIA areas without local SPDC units being paid off.

In June 2002 the KIO Central Committee issued a statement acknowledging the “*massive destructive deforestation being witnessed on a daily basis in Kachin State as a result of the large scale logging...*” The statement went on to say that the KIO had decided to “*protect and save the forest which had previously been protected by our ancestors, before they are totally destroyed and depleted.*” The statement blames illegal loggers and smugglers for the destruction. It continues: “*As of this date all illegal logging must be stopped other than concessions legally approved by the Central Government, (Myanmar) to be used by the KIO for raising funds for various development projects such as road construction and the development of hydroelectric projects.*” Whilst it is encouraging that the KIO has at least made such a statement it is questionable how much less destructive the ‘legal’ logging is, as are the benefits of such development projects (see page 93).



KIO Central Committee statement; June 2002.

Organisation

According to fieldwork conducted in early 2002, concessions in the KIO's Eastern Division, between Myitkyina and Bhamo, are allocated to current and ex-KIO officers and Kachin businessmen on an annual basis for 3000 yuan (\$ 375) each. This is very little given that the concessions can be as large as 5 by 5 miles.³⁴⁹ Each year the agents of Chinese timber companies negotiate, with the concessionaires, prices for the timber and extractions costs, such as road building, labour and transportation. These costs are charged back to the concession holders some of which choose to leave most of the business of logging to the Chinese. Such a concessionaire could earn between 50-80 yuan (\$6-10) per ton of timber extracted.³⁴⁹ In order to increase the profit margins the concessionaires can pay up front for extraction costs, which are substantial. Across Kachin State generally road-building costs are between 12,000 yuan (\$1,500) and 80,000 yuan (\$10,000) per kilometre depending on the topography; the more mountainous the terrain the higher the cost.^{327, 349}

Although the concessionaires can make large profits from these logging operations it is clear that the Chinese benefit most from the arrangement particularly because of the use of Chinese labour and the fact that logs rather than finished products are exported. Little or none of the money generated by these operations finds its way into the pockets of the average person in Kachin State; paralleling the situation through out Burma in Cambodia and many other resource rich countries.

Revenue

In addition to the concession fees, ceasefire groups levy a tax on the volume of timber exported. This is collected at the numerous checkpoints on the major roads into China. It is thought that the system is widely abused and that little of the money raised reaches, for example, the treasury of the KIA.³⁴⁴ A source close to the KIA claims that the organisation actually receives less than one-third of the border tax revenue that it should from the timber trade.³⁴⁴

Corrupt officials working with soldiers at the checkpoints take the largest proportion of the money.³⁴⁴ Logging companies routinely under-declare the volume of the timber they export but get away with this by bribing officials manning the checkpoints thereby avoiding tax on the undeclared timber.³⁴⁴ The taxes are charged per 'lifang'^{dd} and usually range from 100 yuan (\$12.50) to about 250 yuan (\$31.50) according to the species and quality of the timber. However teak and other luxury species may be taxed as much as 800 yuan (\$100) per lifang.

No records have been made available by the ceasefire groups that show how much timber goes from Kachin State to China making any attempt at controlling the trade all but impossible. However, the authorities in China keep better records and these give some idea of the scale of the problem (*see page 39*).^{344, 361} The KIO may tax as little as 80 yuan (\$10) per lifang yet the Chinese authorities charge an import tax of 200 yuan (\$25) per lifang for the same timber.³⁴⁴

20.9.2 The NDA(K) and logging in Kachin State

Organisation

A similar system operates in NDA(K) controlled areas. Logging concessions are given to members of the Central Committee who in turn negotiate with logging companies through the NDA(K) Financial Department.³⁴⁹ In contrast to the annual concessions in KIO areas, some logging companies working in NDA(K) areas have concessions for up to 15 years. The De Long Company for instance negotiates with the NDA(K) and in turn sell areas of forest to smaller Chinese companies.³²⁷ De Long is working on a 15-year concession and also claimed to have mining rights.³²⁷ Other loggers in Pian Ma Town, China, said they were working on 5-year concessions in NDA(K) controlled areas (*see section on Pian Ma page 85*).

Logging companies told Global Witness that in order to secure a concession accessed from Pian Ma, to carry out selective logging, a company needs to give an initial payment of between two to three million yuan (\$250,000 to \$375,000) to the NDA(K) Financial Department. Further payments are made depending on the volume of timber exported. Alternatively a company can buy a whole mountain at a cost of five to ten million yuan (\$625,000 to \$1,250,000) and remove all the timber. This practice has been confirmed by other logging companies. One company representative stated a piece of land can be bought for 250 yuan (\$31) per mu (0.16 acres), though it appears that this is negotiable.



New Democratic Army (Kachin) checkpoint; 2001.

^{dd} Cubic metre, Chinese vernacular.

Revenue

The NDA(K) does not appear to permit log trucks to carry more than five tons of timber.³²⁷ However, it is thought that this limit is routinely exceeded by up to 50%.³⁴⁹ In addition logging companies working on behalf of powerful Kachin concessionaires avoid paying taxes at the checkpoints. Chinese loggers in Pian Ma told Global Witness that log trucks can be taxed 10, 20 or 30 yuan (\$1.25, \$2.50 or \$3.75) or sometimes nothing at all depending on the relationship between the Chinese company and the NDA(K). The same loggers said that log trucks are driven at night to avoid the checkpoints.³⁴⁹

20.9.2.1 The expansion of NDA(K) logging interests.

The Southern Triangle, formerly N'Jangyang Township, is an area that lies between the N'Mai Hka and Mali Hka rivers, north of their confluence, to the Hkrang Hka River. In 2001 SPDC merged N'Jangyang Township with Chipwe Township thereby placing it under the control of the NDA(K).³⁶² There are approximately 25,000 people living in the Triangle area.³⁶³

The NDA(K) is understood to be in the process of aggressively expanding its logging activities into both the Southern Triangle and the N'Mai Hku area (see page 104).³⁶⁴ This is being done with the permission, and possible encouragement, of the SPDC and the cooperation of the Tengchong County government.³²⁷ Many NDA(K)-held areas have been logged out and Tengchong County needs to secure new logging supplies. Workers from the Jinxin Company in Guyong, Yunnan, told Global Witness that the Tengchong County government had actually paid for road and bridge building in Kachin State.³²⁷ Jinxin has been contracted on a road-building project that is planned to last eight years.³²⁷ In addition it has been awarded a logging concession that contains over four million cubic metres of timber and is, according to staff at the company "larger than Dehong Prefecture."³²⁷ Around March 2001 an agreement was signed at the Burmese consulate in Kunming, between the SPDC and the Yunnan authorities, relating to a road building and a hydroelectric project in Kachin State.³²⁷ It is thought that this is the deal that Jinxin is working on.

Chinese companies have built two bridges across the N'Mai Hka River into the Southern Triangle (see map page 92).³⁶⁴ In 2001, surveying was taking place in the Laukhaung District of Chipwe Township and apparently a road is planned to Htoi Ra Yang.³⁶⁴

Parts of NDA(K) and KIA territory had never been formally demarcated until forest concessions were given to companies by one or other of these groups. The NDA(K) expansion of its logging interests referred to above has created tension with the KIA, which is possibly what the SPDC intended. Another source of tension has been the struggle to

control former no-man's land in the south of the N'Mai Hku Project. In 2001, Chinese loggers in Pian Ma told Global Witness that there had been skirmishes in the forests north of Pian Ma in the two previous years. They said that they had been forced to stop logging and to return to Pian Ma because of these clashes. Information from sources close to the KIO has corroborated this account.³⁵⁹

20.9.3 The SPDC and logging in Kachin State

The SPDC also taxes logging using checkpoints on major roads that they control. In January 2002 there were 15 SPDC controlled checkpoints between Myitkyina and Laiza. Some are just military checkpoints, others are known as 'gathering points' where SPDC departments, such as customs, military intelligence, immigration and police carry out inspections and collect taxes. Checkpoints on the Myitkyina road demand between kyat 50,000 (\$80) and 100,000 per ten-ton truck, more for teak logs. It is not clear how many times taxes must be paid, but as different factions control different checkpoints it is likely that multiple taxes are paid.

20.9.4 Villagers and logging in Kachin State

"Lots of woodlands became empty, almost no more [trees]."
Anon, Kachin villager, 2001

In the ceasefire areas most logging is beyond the control of ordinary people. However, the ceasefire groups do allow some village level involvement, to avoid causing excessive tension. In both NDA(K) and KIA areas village headmen can negotiate directly with logging companies. It is also the case that in some instances local people carry out the logging and sell the timber to Chinese traders. In some instances the KIA has given villagers the freedom to sell their own forests but, involvement in the decision making process can be a double-edged sword for the villagers.³⁶² The villagers do not always have the skills or experience required to negotiate favourable deals with the Chinese logging companies. More often than not it is the logging company that has the advantage and many villagers have become totally disenfranchised. As one Kachin community worker put it, *"Villages have also been able to arrange for Chinese companies to come in and log in exchange for money or building roads, schools, houses and water supplies. Sometimes the Chinese build very poor quality water systems that are useless after just one or two years. The Chinese companies are much smarter than the villagers."*³⁶²

A KIO officer told Global Witness that local people understood the dilemma that the KIO faced, of having no other source of money after losing the jade mines, and that they did not blame the KIO for being involved in logging.³⁶⁰ But despite the KIO's apparent

efforts to avoid conflict with villagers, logging is a significant source of resentment between the organisation and ordinary Kachin people. When asked who made logging legal one villager responded, *“The [Burmese] military government. If you have a good relationship with the generals, the military government, it’s still legal. But if you don’t have, it’s illegal. And from the KIO side, it’s the same as the Burmese. If they get a kind of tax, then they issue the permission to the trader.”*³⁶⁵

According to a development worker, who visited KIO-controlled areas in Eastern Division in 2001, villagers said that the forests *“belonged to the KIO”* and that they could do nothing to control the logging. According to the same source the KIO protects logging companies from the grievances of local people, although it also arranges compensation for villagers, in the form of roads and schools.³⁶⁶

Whether or not such ‘development’ is the motivation behind the decision to allow logging or it is merely an afterthought to avert public criticism is open to debate. Neither is it clear if these development projects have any intrinsic value for local communities and, if they do, how far they go to mitigating the adverse effect that logging is having on the development

of these areas in the long term. In the KIO Eastern Division, Kachin people have been displaced from logging areas after streams and their wells dried up. These people have either had to clear more land elsewhere, or they have moved to the towns where there is little hope of employment.

In NDA(K) areas negotiations that take place between villagers and companies is often to do with arranging compensation, where the company already has a concession granted by the NDA(K). Loggers in Pian Ma told Global Witness that they make payments to village headmen when, for instance, logging roads run through their areas.³²⁷ However in some cases, with permission from ceasefire groups, the villagers also grant concessions.

It has also been reported that the NDA(K) has a policy of moving villagers down from the mountains towards roads, so that they can be resettled in larger villages.^{301, 364} Whether this is to facilitate logging, or if it is a crude method of social control is unclear. The NDA(K) has claimed that this is done to *‘protect’* the forest from shifting cultivation carried out by the villagers.³⁶⁴ A logger from Pian Ma told Global Witness investigators that the Chinese government is helping these displaced villagers with agriculture.³²⁷



KIA controlled area; 2001



Onboard a gold dredging barge, Kachin State; 2001.

20.10 Gold Mining in Kachin State

"In the N'mai Hka they also search for gold using big motors. They work the whole day and the whole night. They search for gold in the river and also on the riverbanks. I feel very upset because God gave us a beautiful land but it's been destroyed, and the beautiful environment is going to be destroyed also". **Kachin Person from Laiza 2002**

The SPDC has been making serious efforts to open up the mining industry to foreign investment since 1988 by offering for tender blocks of land with mineral potential throughout the country, both for prospecting and for exploration. Many of these blocks are in central Kachin State, where there are significant deposits of gold, gemstones, copper, platinum group metals, chromium, molybdenum, iron and manganese.³⁶⁷

Like the forests of northern Burma, Kachin State's mineral resources, particularly gold, have been parcelled off, mainly to Chinese investors through an SPDC concession system that started in 1990. *Tatmadaw* officers, the NDA and the KIO also have financial stakes in these companies. Most of the gold mining is unregulated and takes place on the N'Mai Hka and Mali Hka rivers whose confluence, just above the city of Myitkyina, gives rise to the Irrawaddy. There are also gold mining concessions in Kachin State's Hukawng Valley.

Often the mining is carried out from moored barges that pump large quantities of sand from the riverbeds, which is then processed with mercury to extract the gold. The equipment and most of the employees for such operations come from China. Other gold mining concerns excavate and dredge along the riverbanks, or tunnel into hillsides. The mercury is often handled without protection, and disposed of by burning or dumping. This may have serious long-term health effects, as mercury is not only toxic but persists in the environment, causing damage to the brain, nervous and reproductive systems, and birth defects.

In August 2002 the SPDC solicited tenders for 42 new mining concessions, including 23 for gold prospecting in Kachin State. The SPDC is apparently encouraging international mining companies to bid on these blocks but many of the larger firms have avoided or left Burma in recent years, because of a lack of infrastructure, corruption and other problems.

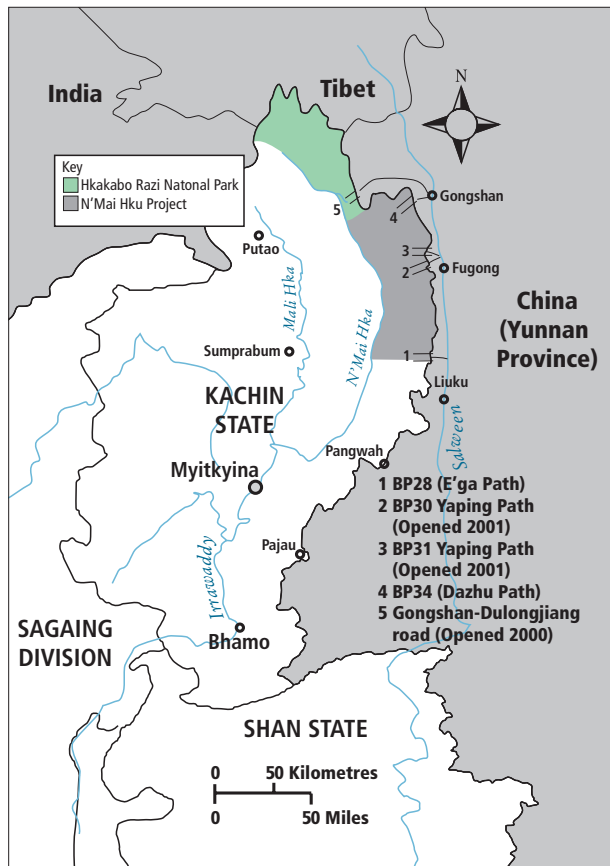
One Kachin community worker described how in areas where the KIA had granted gold dredging concessions to Chinese companies, it has prevented villagers from panning for gold; something they had traditionally done to supplement their income. This led to a conflict between villagers and the KIA and in turn led to the killing of a KIA soldier by a villager. It was said that the KIA investigated the incident and that the villager was later cleared of murder.³⁶²



There are several hundred Chinese gold dredgers on the N'Mai Hka River north of Myitkyina.

20.11 The N'Mai Hku (Headwaters) Project

The Area



The N'Mai Hku area lies between two of the world's most biologically rich and threatened environments: Indo-Burma and South Central China. The forests of N'Mai Hku grow in a critical watershed for the Irawaddy River and form part of an exceptional biodiversity hotspot.

The N'Mai Hku Project itself is situated on the western slopes of the Gaoligongshan Mountains and according to the California Academy of Sciences the area is unanimously recognised by global conservation agencies as one of the "hottest" of biodiversity hotspots worldwide.³⁶⁸ The forest types are (above 9,000 feet) predominantly evergreen coniferous or sub-alpine snow forest and (between 6,000 and 9,000 feet) temperate semi-deciduous broad leaf rain forest. The terrain is very steep and has never been subject to large scale logging before, although certain species, particularly the Chinese Coffin Tree *Taiwania*, have been extracted for centuries with the use of mule trains.³⁶⁹ N'Mai Hku is also an area of outstanding natural and geological beauty, which is why a large proportion of the Chinese side of the mountains is protected by two national nature reserves: the Nujiang Reserve and the Gaoligongshan Reserve.

What it is

The Project is a combined logging and mining operation that covers the area, east/west between the

N'Mai Hka River and the China-Burma border, and north/south between boundary posts BP27/28 and BP42. The southern boundary of the project is at the northern limit of NDA(K) territory whilst the northern boundary follows the course of the Dulong River (known in China as the Taron River). This northern boundary is also the southern boundary of Hkakaborazi National Park.

Professional planning and surveying for the Project dates back at least seven years. The Hua Sing Company has estimated that there are 20 million m³ of standing timber in the Project area based on a satellite survey carried out by the Australian Longbow Geological Services. A Hua Sing representative told Global Witness that the level of timber extraction from its area would rise to 150,000 m³ each year over 15 years.³²⁷

Whilst concession agreements in the N'Mai Hku Project area are said to stipulate selective felling there is no reason to believe that this will be followed.³⁶² It is feared that the companies will replicate the clear-cutting they have carried out in areas further south. According to one Kachin businessman interviewed by Global Witness the area may be logged out within six years, another thought 10 years more likely.³⁴⁴

The Gaoligongshan Mountains on both sides of the border are exceptionally rich in a wide variety of minerals. Important discoveries of gold and zinc in the Dulongjiang area of China have been made. In Pian Ma, just south of the Project area, discoveries of molybdenum have attracted the interest of mining companies that have built processing facilities in the town.³²⁷ The 2% quality of the ore is reportedly higher than anywhere else in China and it is expected that Pian Ma will become a major source of the mineral for China.

Resources in the N'Mai Hku area have never been systematically exploited although there is extensive artisanal and mechanised gold mining on the N'Mai Hka and Mali Hka rivers. The survey conducted by Longbow indicates the whole of the N'Mai Hku Project, between border posts 27 and 42 is rich in gold, lead, zinc and silver. Other accounts suggest that iron, copper, uranium and nephrite are also present.³²⁷

How it came about

It is difficult to second guess why the KIO became involved in the N'Mai Hku Project. It has been suggested that N'Mai Hku was given the go-ahead in order to pay for the Tabak Dam; a border area development project, which like N'Mai Hku itself, is of questionable intrinsic value to the people of Kachin State.³⁶² Global Witness has also been told by a source close to the KIO that the KIO received a 10 million yuan (\$ 1.25 million) signature payment from one of the Chinese companies involved, although it is not clear which one.³⁴⁴ Despite this the KIO may well only receive 20% of the value of the resources extracted or even less.³⁴⁴ The same source claimed that the 'expenses'



Logging in the N'Mai Hku region.

associated with the project have been very high. This could indicate that the KIO is obliged to cover the road building and other infrastructure costs, as seen elsewhere in Kachin State, or that the people involved in the negotiations have passed on very little of the initial money received for the project. Both seem likely.

Fears that if the KIO did not engage in logging in this area the NDA(K) would, may also have played a part. Many of the areas controlled by the NDA(K) to the south of N'Mai Hku have been deforested and it is thought that the NDA(K) is in the process of aggressively expanding its logging operations northwest into the Triangle area, between the N'Mai Hka and the Mali Hka rivers.³⁶⁴ It is also thought that the NDA(K) is building a road north from Kangfang, near Pian Ma, to the N'Mai Hku area.³⁶²

The N'Mai Hku Project is the result of negotiations between a very small group within the KIO, and private and state interests from China and Malaysia. There has been little or no public consultation in Kachin State and, most likely, strictly limited discussion within the KIO. Details both of the process and of the Project itself are very sketchy. The extent to which the SPDC and the Chinese governments were involved in these negotiations is not known, but given the size of the project, its strategic importance and the level of investment it is highly likely that both Beijing and the authorities in Rangoon were involved. Certainly it is almost inconceivable that deal was not agreed by the SPDC and the Kunming-based administration of Yunnan. One businessman interviewed by Global Witness said that the

Chinese companies would not have invested in the Project without having seen SPDC approval.³⁴⁴

A KIO source claims that a KIO delegation visited Rangoon several times in 1998 and 1999 to discuss the Project. There are also several references in the official SPDC press at the time to meetings between the Kachin/KIO leadership and senior ministers in the SPDC including Secretary 1, Khin Nyunt, and the Minister of Forestry, U Aung Phone,^{ee} to discuss "*Forestry and Mineral Development*."³⁷⁰ There is also reason to believe that the KIO were given permission by the SPDC to exploit this area, as part of its Border Area Development policy, and to compensate the group for its loss of the jade mines in Hpakant (*see page 93*).



Sino-Myanmar Mineral Development document of the Lin Hua Firm.

^{ee} According to a 26 July AFP article Aung Phone was sacked on 25 July for 'malpractice'.

2001

The Project was, in 2001, still in its early stages with activity confined mostly to road building and logging. However this year saw the opening of a 150-metre bridge across the Salween River, north of Fugong at 'La Cholo'. In addition, at least one of the two major roads that lead to the Chinese border from the bridge was completed. Global Witness saw loaded log trucks carrying timber from Burma down the Yaping Path towards China and across the Salween/Nujiang River over the new bridge.³²⁷ A log pile containing 100 or so small pine logs was also visible on the west bank of the Nujiang River near the bridge.³²⁷

The level of logging was relatively small with possibly 10,000 m³ being cut during 2001.³²⁷ This is just a fraction of the proposed harvest that is believed to be 150,000 m³ a year from the Yaping Path alone.³²⁷ A road network inside the project area is already developing, though in spring 2001 this extended no more than 10 kilometres into Burma.

A year later, reports by visitors to the area suggest that the road network is being rapidly expanded. Roads are being built from Yaping and Dazhu border points by different business interests to an area rich in timber. Preliminary studies suggest that there are approximately 500,000 m³ of timber in this area known as Hkawng Lang Phu. Another place mentioned was Ladago. Both locations are also believed to be rich in gold.³⁵⁶

There are varying opinions as to the current degree of control that the KIO has in the area; some suggest that it is waning but this has not been confirmed. Sources claim that the Burmese army, based in Putao, has visited the project site opposite Fugong. Kachin also claim that the army visited the Yaping Path at Border Posts 30/31 repeatedly in 2001 to monitor and tax the trade but this has not been confirmed.³⁴⁴ It is not thought that the Burmese army maintains a permanent outpost or on whose authority they are operating. Global Witness has been told that at one point in 2001

the SPDC sent three battalions of troops into the area but again this has not been confirmed.³⁴⁴ It is also thought that the SPDC actively monitors the progress of the Project. However, local Chinese officials have claimed there was SPDC presence in the towns of Fugong or Gongshan during 2001.³²⁷

20.11.1 Companies operating in the N'Mai Hku Project area

*"Yuen Sheng Co. belongs to the Forestry Department of Yunnan. They built the bridge."*³³⁷ Chinese businessman in Pian Ma, 2000

The origins of the project can be traced back to negotiations in the early 1990s between the KIO and the Yunnan Forest Department in Kunming.³⁵¹ The KIO sought to realise some of the value of the resources within territory that it was likely to control after any ceasefire deal. It is most likely that the significant investment needed to build the infrastructure that would support such a project could not be found until after the ceasefire.

A senior figure at that time in the Yunnan Forest Department, and involved in these discussions was Mr Chang Chuan. Mr Chang is now a wealthy businessman with several wood processing factories in Kunming. He also established the Yuen Sheng Company and negotiated in a private capacity with the KIO for a concession in the N'Mai Hku area.³⁵¹ Despite having a concession, the Yuen Sheng Company lacked the substantial capital needed to develop the project and later either sold the concession, or became involved in a joint venture with the Huaxin Group Co. Ltd.³⁵¹ The Huaxin Group Co. Ltd is based in Kunming and is an alliance of six companies from Kunming, Beijing, Shanghai, two from Guangdong and the Ministry of Railways.³²⁷ It has a registered capital of 85 million yuan (\$10,625,000).³²⁷

The KIO later rescinded the Huaxin deal and negotiated a new deal with the Heng Huat Company.³⁵¹ It is believed that the KIA delegation that visited Malaysia in 2002 visited Heng Huat to negotiate details relating to the road building projects in Kachin State.³⁷¹ It is also thought that the Jadeland Company has contracted Heng Huat to build the Myitkyina to Sumprabum road.³⁶² This Malaysian company, owned by Tan Soo Bing a Sino-Malaysian businessman, has interests in agribusiness and quarrying as well as logging and road building. The majority of the Heng Huat group of companies are registered in Malaysia but others are registered in China, Hong Kong and Indonesia.

A Heng Huat Indonesian-registered company, PT Sarpindo Graha Sawit Tani, is involved in oil palm plantations and other cash crops including soybean production. This company is 25% owned by Macmahon Holdings³⁷² a large company listed on the



The construction of the bridge at La Cholo.



A road inside the N'Mai Hku Project. Trees logged above the road are often rolled down the slopes on to the road.

Australian Stock Exchange. PT Sarpindo Graha Sawit Tani was also one of 29 plantation and timber companies which had their licenses revoked for failing “to present documents disproving the government’s allegations that they were responsible for starting brush and forest fires” that devastated vast tracts of Indonesia’s forests in 1997.^{373, 374} In this case the company was working in south Sumatra.³⁷⁴

Despite the deal with Heng Huat, the Huaxin Company later secured a concession with the support of the Chinese authorities and as a result both companies now have concessions in the project area.³⁶² The company is believed to control the N'Mai Hku Project between BP30/31 up to BP34. Within this area, only Huaxin has the right to award subcontracts. It has a contract to extract all resources from the Project area, including timber and minerals, for 15 years. In 2001 the company stated that it had invested 60 million yuan (\$7,500,000) excluding the cost of the bridge and the road building to the border.³²⁷ According to Huaxin, the cooperation of the Nujiang authorities is crucial to the success of the Project, as the county is a major partner through its control of land along the border.³²⁷ The involvement of other state bodies is referred to in the description of the four roads linked to this Project.

Heng Huat appears to have the right to log the areas outside Huaxin’s concession.

20.11.2 Villagers and the N'Mai Hku Project

According to the Longbow land-use survey (*opposite*), there are 16 large villages in the N'Mai Hku area, eight of which are on the N'Mai Hka River. In addition there are many smaller settlements, thought to be in the region of 49 villages with 477 households and a total of about 3,500 people.³⁵⁹ These people ultimately face loss of land, loss of their access to forest resources, and the destruction of watercourses through siltation.

Two separate interviews from both China and Burma suggest that the Project is already the source of discontent amongst local inhabitants from Lisu and Rawang groups who live in the area.^{327, 356} A Rawang headman visited Gongshan Town in China apparently to complain that the logging roads had not brought any benefit to the villagers, as had

been promised before they were built. Complaints have also been made to the SPDC. The logging company was subsequently forced to pay around 600,000 yuan to build a six-kilometre road to link the village to the logging road.³⁵⁶ In this case the villagers would seem to have more recourse with the SPDC than they do with the KIA. KIA relations with many Rawang have been poor since the 1960s.¹⁷

Further tension between the proponents of the Project and local people seems inevitable. Loggers themselves, mostly Lisu of Chinese nationality, are said to be concerned that without the support of the local communities in these areas they will be unable to work.



Road leading from China into the N'Mai Hku project area during the winter.

20.11.3 Road Building in the N'Mai Hku area

Natural resources are transported directly from the N'Mai Hku area into China, and to further improve the transport infrastructure a network of roads is being built into Kachin State from the Chinese side, at several border-crossing points. Roads have also been upgraded in China to facilitate any increase in transportation. The terrain is very difficult and all road building represents substantial investment. In marked contrast in 2001 there appeared to be no serviceable roads that link the logging areas in N'Mai Hku to the existing road network in Kachin State.³⁶⁴ By 2001 three roads had been, or were still being built that cross into Burma from the Salween Valley.³²⁷ Another road from Gongshan to Dulongjiang has been built in the direction of Burma and may be extended to the Burma border.

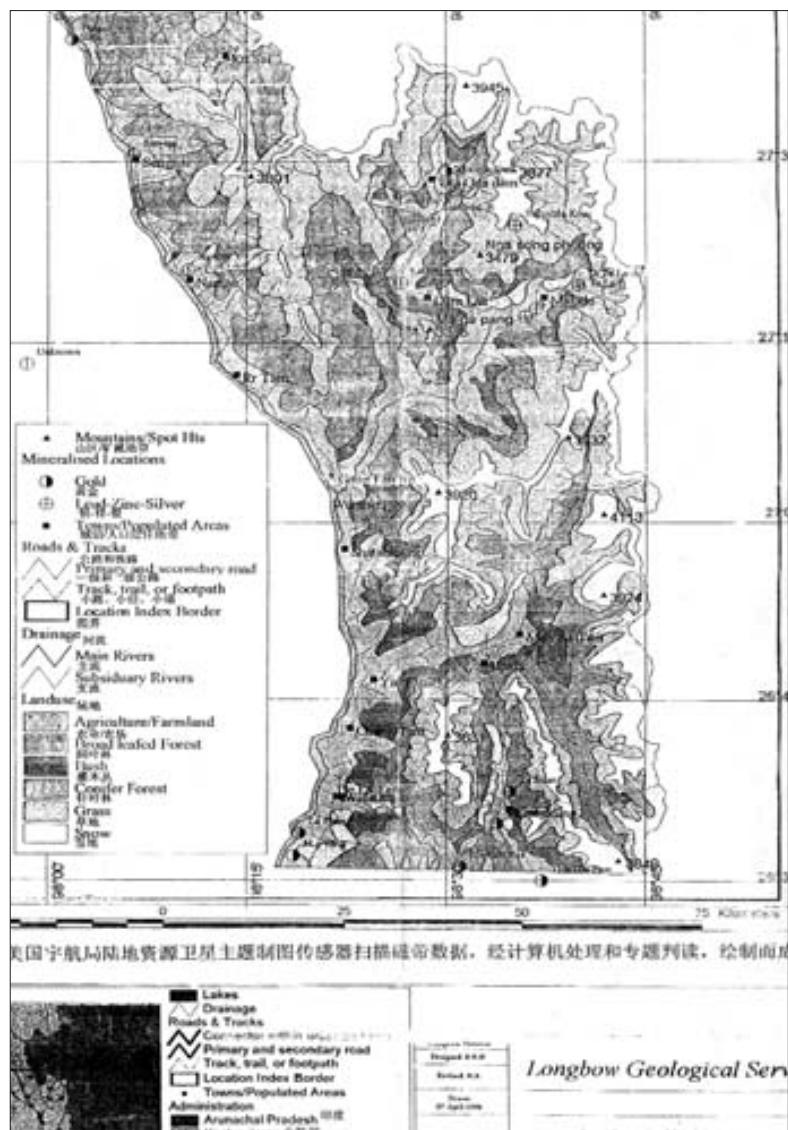
From south to north the roads are the E'ga Path, the Yaping Border Trade Path, The Dazhu Border Trade Path, and Gongshan – Dulongjiang Road. The E'ga Path is located in Lushui County on the border with Fugong County. Construction began in 1997 and the finished length will be 38 km. By 2001 around 20 kilometres have been completed and 6 million yuan (\$750,000) have been invested. Companies involved in the construction of this road include the Dongfang Forestry Bureau of Heilongjiang Province, the Comprehensive Construction Company from Chuxiong Prefecture (Yunnan) and the Golden Ring Company from Lufeng County (Yunnan).³²⁷

The Yaping border trade path is located in Fugong County. It is 32.2 km from the new bridge to BP 30 and 36.9 km to BP 31. The road was built by the Yunseng Group and the 20th Bureau of the Ministry of Railways, on behalf of the Hua Sing Group Co. Ltd.³²⁷ By early 2002 the road crossing at BP31 had reached less than 10 km into Kachin State. As part of this road building scheme a bridge has been built at La Cholo 28 km north of Fugong at a cost of approximately \$2 million. The roads and bridge were completed in 2001 when they opened to log traffic. The total investment for the roads and bridge has been estimated as at least \$5 million.³²⁷

The total length of the Dazhu border trade path from Gongshan to BP 35 is 35.9 km. This road was constructed jointly by the People's Government of Gongshan County, the General Company of Forestry of Nujiang Prefecture and the Yuntaishan Forest Bureau. Construction began in 1994 and the road had not been officially opened by the middle of 2001.³²⁷ At this time only the General Company of Forestry of Lujiang had the right to extract timber along this

path. This company together with Gongshan Country government has established the "Gongshan Dazhu Border Development Company of Yunnan Province". Total investment had reached 10 million yuan (\$1,250,000). Global Witness has been told that the manager of the Dazhu path is concerned that political changes in Burma, as well as discontent from the Rawang and Lisu villagers in Burma, will cause problems for the project and put off foreign investors.^{327, 356}

A 96 km road runs from Gongshan to Dulongjiang towards the Burma border. Known as the Dulong Road it was completed around 1999 and according to locals the road is one of the most expensive roads ever built in China, costing 1 million yuan per mile (\$ 125,000).³²⁷ However, the road is said to be 60 kilometres short of the border. There are important gold mines in and around Dulong and the area is thought to have the third most important zinc deposits in Yunnan Province. The Dulong River, known in Burma as the Taron River, and the source of the Irrawaddy River crosses the border at around BP 42.



Longbow land-use survey.

20.12 Road Building in Kachin State

*“The problem for most firms is that the mountain roads are not good and that each year the rainy season is five months or longer. If they only could, they would cut every tree and transport every log into China.”*³²⁹ Anon, academic, 2000.

As elsewhere in Burma, it has been the physical isolation of the forests in Kachin State that has protected them from logging. However this is set to change as three significant routes, currently little more than tracks, have been earmarked for upgrading. These roads will link several major towns, but the primary motivation for the scheme probably has more to do with the opening up of large parts of the state for resource extraction than with serving the community. A great deal of forest will be lost as part of the construction process but this is likely to increase significantly upon completion as previously inaccessible forest becomes accessible for the first time.

Detailed road construction plans for Kachin State date back to shortly after the ceasefire, at which time the *The New Light of Myanmar* described plans to upgrade six major roads.³⁷⁵ In late 2001 details emerged about three road-building deals that were linked to large logging concessions, in areas that had not been subject to the same logging pressures as the forests near the Chinese border. Logging here is of particular significance as it is the first time that the SPDC has been involved overtly in logging in this part of Kachin State.³⁶⁰

The upgrading of two of the roads involves the SPDC, the KIO and the Jadeland Company. Jadeland has subcontracted the road building to a Chinese company, which is thought to be Heng Huat, one of the companies involved in the N’Mai Hku Project (*see page 104*). The upgrading of the other road involves both the SPDC and the NDA(K). It is thought that the NDA(K) has given the contract for this project to the Jinxin Company. Jinxin is probably the largest logging company in Kachin State and has been working in NDA(K) territory for many years (*see China section*

page 80). A representative of the company in Guyong (Yunnan Province) told Global Witness that the deal was signed in the first few months of 2001.³²⁷

The roads are going to be upgraded to Third Class, 3.8 metres wide, at a cost of 600,000 yuan (\$75,000) per mile. Neither the SPDC nor the ceasefire groups have the money needed to pay for these roads, so payment is being made in logs.³⁶⁰ It appears that both the KIO and the NDA(K) have been given permission by the SPDC to extract 10,000 tons of timber for each road from designated extraction blocks.³⁶⁴ However, given the low prices paid for timber by the Chinese it is unlikely that these allocations will be sufficient to cover the full cost of the roads.

A key motivation for the road building appears to be further resource extraction, as during and after the construction period new areas will be opened to logging and mineral extraction. The concessions that Global Witness is aware of are far larger than that needed to simply pay for the roads. Work has already begun, but there have not yet been any reports of increased logging activity in the concession areas. There have been delays in the construction of the Myitkyina – Sumprabum road and, according to a source close to the KIO, the SPDC will not allow any logging until the road has been upgraded all the way to the confluence of the N’Mai Hka and the Mali Hka rivers.

The latest information on the road building plans for the Myitkyina-Sumprabum road suggest that rather than upgrading the old British road to the west of the Mali Hka River, Jadeland, together with Heng Huat will build a bridge across the Mali River and the road will be built inside the ‘Triangle’ area (*see page 101*). The rationale for this is that it is easier to get access to the timber inside the Triangle area. Jadeland is said to have stated that there is very little valuable timber along the old British road.

There has been some concern, even within the KIO, that by signing into this deal the KIO has added legitimacy to an otherwise unviable plan that is more about natural resource extraction than development.³⁶⁰



TABLE 7: ROAD BUILDING IN KACHIN STATE

Organisation building the road	Route	Length of road
NDA(K)/Jinxin Company [Tengchong Government]	(Myitkyina) – Waingmaw – Chipwe – Pangwah	80 miles
KIO/Jadeland Company	Myitkyina – Sumprabum – (Putao)	285 miles
KIO/Jadeland Company	(Myitkyina) – Waingmaw – Bhamo	120 miles

20.12.1 Jadeland Company

Jadeland's association with this road building dates back to before 1999, when the company's owner, Yup Zau Hkawng, travelled along the Myitkyina- Sumprabum- Putao road with his 'cultural troupe' donating gifts to villagers and seeking support for the road.³⁶⁴

Yup Zau Hkawng is a wealthy jade dealer and a very influential and respected figure in Kachin affairs. He has close connections with the Kachin ceasefire groups and as with many other jade merchants was formerly an important benefactor of the KIO. He also has good connections at the highest levels of the SPDC, in particular he is known to have had a very good relationship with the former Northern Commander.³⁶⁴

These relationships have been mutually beneficial. Notwithstanding Yup Zau Hkawng's own interest as a businessman, and his wish to be involved in a 'development' project for the benefit of Kachin people, his involvement means that there is a better chance that the road building will proceed as planned.

It is thought that the planning for the scheme was worked out between the SPDC and Jadeland with KIO involvement only at a later stage.^{360, 364} Yup Zau Hkawng played a central role in negotiating with the KIO.³⁶⁰ In mid 2001 he visited the KIO's headquarters at Pajau, with the Chinese company, which he subcontracted to build the road.³⁶⁰ At this meeting, attended by senior members of the KIO, Yup Zau Hkawng outlined the road building plans and the corresponding logging concessions. Having already secured permission from the SPDC and the Northern Commander the deals were signed June 2001.³⁶⁰



Jade Land machinery being used to improve the road from Myitkyina.



Myitkyina offices of the Jade land Company owned by Yup Zau Hkawng

21 WA STATE



UWSA billboard, Pangsan.

Wa State, (Shan State Special Region 2) is located in northern Shan State between the Salween River and the Chinese border. In the north it is bordered by Kokang State. Like other border areas, little development has taken place in Wa and it remains very poor. The land consists mainly of inaccessible mountain ranges with steep slopes and infertile soil, making less than half of it suitable for agricultural purposes. As a consequence where deforestation occurs, soil erosion is rapid and there has already been large-scale conversion to grass and scrubland.³⁷⁶ These high mountains are characterised by broad-leaved evergreen rainforest, sub-tropical and temperate rain forest; the main commercially valuable tree species is pine.

Most of the area is under control of the United Wa State Party/Army (UWSP/A). The UWSP was formed in 1989, by Wa units that mutinied and subsequently broke away from the Communist Party of Burma. The UWSA signed a cease-fire agreement with the SLORC in the same year, and is recognised as a government militia. There are a considerable number of ethnic Chinese officers and advisors in the UWSP but local communities have very little say in even day-to-day decisions of the party.

The UWSA also maintains control over a significant area along the Thai border. Fighting continues between the SPDC, assisted by the UWSA, and the Shan State Army (South), formed after the surrender of the Khun Sa's Mong Tai Army. The presence of the UWSP along the Thai border has become a huge security issue for the Thai authorities. The UWSP has been accused of smuggling opium and heroin into Thailand and is also seen as the major producer in Burma of Amphetamine Type Stimulants (ATS).

21.1 Logging in Wa State

“Until three years ago on both sides of the road there was still a lot of forest of pine wood trees... Now there are no more trees. The Chinese build a road to cut more trees. They expanded this road year by year, and cut every big tree... They began in Ho Tao, then continued to Meng Pawk and then came to our area and further on... This year's dry season there were a lot of trucks coming from village, day and night, in total about 40-50 trucks per day... Now there are no more pine trees, thus no more construction wood... After the logging, there is only bush forest left, which is only useful for cattle, but no so good for upland agriculture.”³⁷⁷ Anon, village headman, 2001.

As in Kachin State the 1998 logging ban in Yunnan Province lead to increased pressure upon the Wa forests, the Chinese authorities actively encouraging logging across the border in Burma. As one development worker put it: *“It is also evident that the extractive logging and similarly severe commercial firewood extraction as currently practiced by Chinese interest are in stark contrast to what is allowable immediately across the Chinese border in Menglien District of Simao Prefecture of Yunnan Province of PROC. Simao prides itself in being ‘green’ and has some of the most severe penalties against illegal cutting and forest fires, including long jail terms.”³⁷⁸*



Orphaned child soldier guarding the UWSA headquarters, Pangsan.

They are however concerned about Chinese logs being re-imported across the border as Burmese logs to evade the logging ban.³⁷⁷

The UWSP officially banned logging in April 1999. In February 2000 the UWSP reportedly also banned the export and extraction of all commercial firewood in all townships in the Wa region. There is however little evidence that this policy has been put into practice.³⁷⁷

Southern Wa State, south of the China border, consists of three districts from east to west: Mong Pawk (Mongpauk), Ho Tao, and Mong Phen. To the east lies another ceasefire area, which is under control of the Myanmar National Democratic Alliance Army (MNDAA - Eastern Kengtung), referred to by the SPDC as Shan Special Region 4. Logging has increased dramatically in southern Wa since the ceasefire in 1989. Satellite data and ground-truthing indicate that forest cover in parts of Mong Pawk District, for instance, declined by 39% between 1973 and 1999.³⁷⁶ Virtually all of the logging in the region is carried out by Chinese companies and controlled by the UWSP from its headquarters in Pangsang. The UWSA's Security Brigade, based in Mong Hpen, makes its own deals with the logging companies. District and township liaison offices have also made deals with the Chinese but it is not known how this has been negotiated with Pangsang.³⁷⁷

The standard practice is to establish a sawmill and build feeder roads in the direction the good forest. The Chinese provide most of the labour for logging and road building. Local people are occasionally employed to remove branches, to square logs with hammers and wedges, and to drag wood to the mobile sawmills. Global Witness has come across instances of local people being paid 20 yuan (\$2.40) a day to prepare roads, approximately twice what they would be paid for labouring in poppy fields.³⁷⁷

All commercially valuable timber is cut which often results in the clear-cutting of large areas. According to one UWSP official, the Chinese companies cut any tree with a diameter larger than 10 cm.³⁷⁷ The companies do not stick to the concession boundaries and extract more timber than they have agreed to³⁷⁷ and the Chinese have already taken the best accessible pine trees.

During 2000 and 2001, logging was concentrated on the areas of Mong Kar, Nam Phai and Meng Yin, on the Nam Saw Ridge.³⁷⁷ There were 80 trucks working in Meng Yin, and 60 around Nam Phai and it is likely that



Truck heading from Shan State towards Kunming with high-value squared teak logs and teak planks.

all of this activity was controlled by the Security Brigade. It was also evident that an area further north along the Nam Lui River, north of its confluence with the Nam Khun River had been stripped of all commercially valuable trees.³⁷⁷

Some communities have used the logging to finance small-scale projects, though the money that goes to the villages in each case is minimal. For example, Ho Tao Township awarded logging concessions in Kyeng Kham and Nam Tu to two companies in 1998 and 1999 in order to finance the building of a Township Office.³⁷⁷ The companies built a road to the logging areas each dry season and agreed to pay the township 180 yuan (\$22) per m³; any money surplus to the building requirements had to be sent to Pangsang.³⁷⁷ The total amount expected to be raised over the two years was \$22,000, from timber worth at the very least

^{ff} Based on an estimate of price of the timber in China of \$80 per cubic metre, and an international trade price of around \$300 per cubic metre

\$80,000 if sold in China, and far more on the international market.^{ff}

Forest loss in southern Wa State has already led to increasing food security problems and could have a huge impact on development in the long-term.^{376, 377} Villagers have to travel longer distances to find non-timber forest products including medicines and foodstuffs. The logging has also resulted in depleted fish stocks in part through siltation of local streams but also through the use of electric currents and dynamite fishing.³⁷⁷ Hunting has also increased as the forest is opened up. One village headman explained that; *“Before 1996 there was still some deer here, and porcupines. Not big animals, but now there are no animals at all anymore, even no more wildcats.”*³⁷⁷

Logging companies also use flat, often productive land to locate their sawmills where crops could have been grown. Sometimes this is without compensation and even after the company has left the land may have become too compacted to be of much use for farming.³⁷⁷ Log trucks and heavy machinery compact the soil throughout their area of operation and poorly planned roads have destroyed irrigation canals.³⁷⁷ Logging has also led to landslides and flash floods, the loss of pine wood for construction of houses, and the increased recurrence and impact of forest fires: *“These flash floods never happened before the Chinese [loggers] came. We have only last year and this, but never before.”*... *“Last year our bridge was gone, washed away.”*³⁷⁷

Numerous logging roads have been built without prior planning and villagers have been refused access to the logging areas and forbidden from selling any timber.³⁷⁷ With the loss of good forest around villages, there is decreased availability of spring water, soil erosion, impoverishment of the forest soil for shifting cultivation, and decreased fertility of the paddy land around the villages.³⁷⁷

There is often no consultation between the logging companies and the villagers and the companies work with no supervision from the authorities that granted the concessions in the first place.³⁷⁷ There is also a problem with continuity as frequently it is not the same company that returns to log the following year. This results in little if any strategic long term planning and an increased tendency to take advantage of the local people. For instance villagers have complained about not being paid for labouring on road building schemes (3000 yuan (\$375) per kilometre) and the companies’ failure to settle bills for rice and pork that they have supplied.³⁷⁷ Even if the companies do return, the personnel are frequently changed leading to little or no accountability. The villagers have little recourse and fear reprisals rather than support, from the USWA Central Committee and the Mong Hpen Security Brigade, if they complain.

Different logging companies work each year and there is little continuity, or long-term thinking given to logging. No one at the village level appears to have any power to stop the loggers and there seems to be fear of reprisals from above for interference in the logging.

21.2 Timber Exports through Wa State

Increasingly, Wa State is being used as a centre for logs in transit, from areas under SPDC control in southwest and east Shan State, to China. The main route for timber going into China from the Wa areas used to be the Muse-Ruili border crossing.³²⁷ However, since 2000, this has come under firm SPDC control. Interviews with logging companies at Ruili suggest that the main crossing is now from Pangsang to Meng’a, from where timber goes to Mengliang, Simao and Kunming.³³⁷

As the timber supply in UWSP-controlled areas is nearly exhausted, logging companies in eastern Shan State are now moving south and west into SPDC-



The Kunming Forest Products Trading Centre, an important trading centre for Burmese timber.

controlled areas. The single largest source of timber crossing the border into China from the Wa areas in the 2000/2001 season was teak from areas around Taunggyi, under control of the SPDC.³⁷⁷ Kentawng, a sub-township of Monghai, which lies 140 kilometres southeast of Taunggyi is said to be the biggest logging area in Shan State. Other logging areas include Namlan-Tonglao-Mongkerng (logged by the Shan State Army North), Lawkzaw-Mongpiang (loggers include Tun Myat Aung) and Mawmai-Gandu-Hsaikhaio (logged by the Shan State Nationalities People Liberation Organization, a Pa-O ceasefire group).³⁷⁹ It is also believed that good quality teak is also being logged in Nawngkyo, and Mune in the SPDC controlled area of southern Shan State, and being transported via the Wa areas to China.³⁷⁷

Southern Wa State is controlled by the Ministry for Progress of Border Areas and National Races and Development Affairs (NATALA). In some cases, the logging has taken place with permission from the Forestry Department and from the highest levels of the SPDC. In 2001, the Chief Commander of the area and the Forestry Department of Kengtung gave permission to log a pine forest near Mong Kat. A forestry department official indicated that this was done with the permission of General Khin Nyunt.³⁷⁷ The felling was carried out by a Chinese company, between January and April and all trees taller than 5 metres were extracted. The company paid the Forestry Department 800 kyat (\$1.10) for every ton of timber they cut, and provided the *Tatmadaw* with timber for seven military buildings in Mong Yang. In SPDC controlled areas, some Chinese traders have been given permits by the Burmese Military Intelligence to export timber across the Thai border at Tachilek to sell it to Thai saw mills in Mae Sai and elsewhere.³⁷⁷ The military border patrol also strikes deals directly with the logging companies to make money.³⁷⁷

The border crossings are also the main point of taxation for the UWSP but a lot of transportation takes place at night.³⁷⁷ Interviews at Meng'a in China indicated that the number of trucks and quantity of timber crossing the border from Pangsang increased during 2000.³³⁷ The Security Brigade in the south of Special Region 2 was taxing logs transported from SPDC areas in 2001 whilst maintaining good relations with the NATALA.³⁷⁷ The export tax, charged by the Wa authorities, for pine was 180-200 yuan (\$22-\$24) per cubic metre.³⁷⁷ This represents up to a third of the sale price of the timber, which was fetching 600-700 yuan (\$72-\$85) per m³ in Mengliang, just across the border in China.³⁷⁷ In Burma, the prices were slightly cheaper, at 400-500 yuan (\$48-\$60) per m³.³⁷⁷

During the 1998/1999 dry season, it was estimated that over 100 m³ of timber passed through the Mong Pawk border crossing each day.³⁷⁷ By 1999/2000, this had increased to 150 m³ a day.³⁷⁷ Based on a logging season of five months this trade represented in the region of half a

million dollars for the Wa authorities each year. In 2000/2001, 25-40 trucks crossed the border each day each carrying six to eight cubic metres of timber (150-320 m³ a day or half-one million dollars per annum). These figures relate to only one of many crossing points. The timber passing via Pangsang to China, for instance, is likely to be far more valuable, as a lot of this is illegal teak coming from southern Shan State.³⁷⁷

21.3 Road building in Wa State

Most of the roads in the area have been built by Chinese companies with the agreement of the UWSP, in exchange for logging concessions.³⁷⁷ The Chinese companies maintain the roads, bulldozing them every year at the start of the logging season.³⁷⁷ In April 2000, the UWSP headquarters gave permission to the Mong Hpen Security Brigade to build a wide highway to China between Kengtung and Mengliang, with the help of Chinese and possibly also Thai subcontractors.³⁷⁷ Lo Hsing Han's Asiaworld Co., which also built the Mandalay-Muse road, may also be involved.³⁷⁷ The Security Brigade leadership later met with the SPDC Triangle Commander of the Office of Strategic Studies, who manages the NATALA budget in the area, in May 2000 and agreed the project.³⁷⁷ The road is expected to be completed by 2004.

The UWSP gave the Security Brigade permission to extract timber in the area between Mong Hpen and Kengtung including SPDC and UWSP-controlled areas, during the 2000/2001 dry season in exchange for the road's construction.³⁷⁷ All of the revenue from the sale of logging permits went to the Security Brigade. The Security Brigade also applied for a logging concession in the Tasang area to 'compensate' for resources used in building the section of road from Mong Hsat to Mong Yawn, near the Thai border.³⁸⁰ The request, to extract 10,000 tons of hardwood, was submitted to Major General Thein Sein from the Triangle Regional Command based in Kengtung but permission to extract only 500 tons was given.³⁸⁰ Many logging companies were cutting in the area in April 2000.³⁷⁷ Global Witness saw log stockpiles in Mong Kat, Mong Pok and Nao Cho. By June 2001, there were still 3,000 to 5,000 cubic metres of timber in the piles.³⁷⁷

21.4 Plantations in Wa State

Chinese economic dominance in the border areas of Burma has also taken the form of large rubber plantations set up by Chinese companies south of Phangsang, controlled by the Security Brigade.³⁷⁷ This has been referred to by some members of the UWSP command as reforestation, and China's official stance is that this is to reduce dependence on opium production. By contrast, across the border in Xishuangbanna, rubber plantations are being uprooted and the areas reforested, because the plantations have degraded the soil and produced little in the way of economic benefit.³⁷⁷

22 CONCLUSION

Burma has been all but abandoned by the international community, in particular the West. Diplomatic ties have been cut or substantially reduced, economic sanctions have been put in place, and history has been left to run its course in the hope that, somehow, the military regime, repugnant to so many, will disappear and be replaced by the democratically elected civilian administration. This has not happened. Over half a century since the start of the ethnic insurgency in 1948, forty years since the imposition of military rule in 1962, and a dozen years since the NLD won national elections in 1990, the SPDC remains resolutely in power, sustained by its control over natural resources, in particular timber. In the absence of any new initiatives such a state of affairs is likely to remain until Burma's natural resources are completely exhausted.

Years of isolation have not brought about the changes in Burma so desired by the international community. Isolation has only served to make the Burmese regime more introspective and more suspicious, and has pushed it into the arms of two countries, China and Thailand, that are more intent on helping themselves to Burma's natural resource wealth than helping Burma in any meaningful way.

Burma's natural resources, in particular the forests, have been inextricably linked to over fifty years of conflict as access to, and control of, these resources have been fought over. The material wealth and power derived from the control of the resource base has corrupted individuals, and it has been used to manipulate foreign relations and to ensure internal

stability and security. It has also enabled all sides in the conflict to promote their political ambitions through violent means. What could, and should, have been used to develop a post-colonial Burma has instead torn the country apart.

The installation of the democratically elected government is of vital importance for the future, as is finding a suitable ethnic accommodation for all minority groups within the Union of Burma. It is also essential for a lasting peace that the manner in which Burma's natural resources are exploited and who determines this exploitation are addressed, to ensure that future development is both equitable and sustainable. Projects such as the N'Mai Hku (Headwaters) Project must be halted and radically reassessed.

Trade sanctions and the suspension of aid may be morally justified, but their effectiveness is questionable, and other isolationist policies have been counterproductive. It is imperative that the international community renews efforts to end the conflict in Burma, actively encourages a dialogue between all stakeholders and creates conditions that make it possible for the military to release the reins of power. The people of Burma need the support of the international community on many levels and this includes maintaining pressure on the regime to change. However, certain issues can only be effectively addressed by engaging the SPDC on a diplomatic level; engagement does not amount to legitimising the regime or condoning what it does. Issues such as the unsustainable exploitation of Burma's natural resources and environmental destruction are so fundamental to Burma's long-term future peace and development that they simply cannot be put on hold.



23 APPENDIX I: FOREST POLICIES, LAWS AND REGULATIONS

23.1 National Policy, Laws and Regulations

Over the last decade, the SPDC has been working at improving the policy framework for sustainable forest management, most of which had not been updated since its creation under British rule. The recent changes have been largely in response to Burma's participation in international forestry-related fora, such as the Rio Conference in 1992, and its becoming a member of the International Tropical Timber Organisation (ITTO) in November 1993.^{gg}

At the time of writing environment related rules are scattered over 56 laws and regulations.³⁸¹ This includes:

- the 1992 Forest Law;
- the 1994 Law on the Protection of Wildlife and Wild Plants and Conservation of Natural Areas;^{hh}
- the 1995 new Forest Policy,ⁱⁱ new set of Forest Rules,^{jj} National Forestry Action Plan^{kk} and Community Forestry Instructions;^{ll}
- the 1996 Format and Guidelines for District Forest Management Plans, which led to the revision of the Forest Management Plans and Annual Allowable Cut in the same year;
- the 1996 Criteria and Indicators for Sustainable Forest Management, which were revised in 1998;^{mmm}
- the 1998 Management Plans for the 62 Forestry Districts;
- a 30-year Forest Sector Master Plan, which was drafted to address the issues in the National Forest Action Plan in the context of the Forest Policy, and which is currently in the process of being approved;

- a National Code of Practice for Forest Harvesting, which is currently being drafted, *"incorporating existing standards, rules and regulations of logging and extraction."*³⁸² This is part of the intention to meet the criteria of the ITTO certification process.
- a National Framework Environment Law, which is designed to integrate existing environmental rules and regulations and to add new provisions, including environmental impact assessments and the establishment of a Ministry of Environment. However, it is unlikely that this framework will be implemented in the near future as various existing line ministries in charge of the economic exploitation of Burma's natural resources strongly resist the ideas of environmental impact assessments and being monitored and potentially restricted by an Environment Ministry.³⁸³

23.2 National Commission on Environmental Affairs

The national focal point on environmental matters is the National Commission on Environmental Affairs (NCEA), which was set up in February 1990.ⁿⁿ The Commission is tasked with developing sound environmental policies, setting standards, designing plans, and promoting environmental awareness.

However, it is probable that the NCEA is regarded by the Government as an instrument of foreign policy, rather than playing any serious internal role. While the NCEA has well-intentioned staff, it has neither the power, personnel nor means to fulfil its ambitious remit. In the field of forestry, it is only the Ministry of Forestry, which has full jurisdiction over forest conservation, management and exploitation.

^{gg} Myanmar joined the ITTO on 16 November 1993 [www.myanmar-information.net/infosheet/2001/ 011212.htm]. There have been two significant ITTO-assisted development projects in Burma, namely 'Introducing Myanmar lesser-used timber species to the world market', implemented by the Forestry Department and 'Upgrading production efficiency in furniture manufacturing', implemented by the Myanmar Timber Enterprise, on the basis of which a project for the 'Establishment and training and technical information centre for wood-based industries' has been proposed. The 'teak-based multi-storeyed agro-forestry system' project is currently being implemented by the Forestry Department with the assistance of the ITTO.

^{hh} The Protection of Wildlife and Wild Plants and Conservation of Natural Areas Law aims to implement the Government's policy on wildlife and wild plant protection and conserve natural areas, in accordance with the Biodiversity Convention.

ⁱⁱ The Forest Policy has short and long term measures, strategies and actions. It includes policy on the protection of the forest resource, sustainable forest management, economic efficiency, people's participation, and public awareness. The policy stipulates the need to increase the area of reserved forest to 30% of the overall land area, and the protected areas system to 5% over the short-term, and 10% over the long-term, so as to ensure the security of forest resources

^{jj} The Forest Rules were promulgated by former minister of forestry, Lt. Gen. Chit Swe as notification 106/95, on 1 December 1995. They contain definitions and provisions on forest reserves, forest management, forest plantations, extraction and transportation of forest products, rights related to driftwood on rivers, seals and stamps for marking timber, timber storage terminals and ports, the establishment of factories, policing responsibilities of forest officers, and offences and punishments

^{kk} The National Forestry Action Plan began to be drafted in March 1995, with the help of the FAO, in compliance with the Rio treaty. It focuses on sustainable production, basic needs and participatory forestry, protection, efficiency, institutions and participation

^{ll} The Community Forestry Instructions were issued to gain participation of rural communities to *"plant trees in barren lands and to regenerate degraded areas"* (p1). They provide for 30 year tenure periods for user groups to establish and protect community fuel wood and forest product plantations. The instructions are a departure from earlier attitudes toward forestry in Myanmar, in that they are constructed from the starting point of community participation and benefit. As such they have great potential, though they have not yet been very widely implemented

^{mmm} The Criteria and Indicators established a country-specific set of seven criteria and 70 indicators on the basis of the ITTO Criteria and Indicators for Sustainable Forest Management that were revised in 1998

ⁿⁿ The NCEA's chairman is foreign minister U Win Aung, the Office's director is Daw Yin Yin Lay

23.3 Environmental policy

Burma's Environmental Policy was drafted in 1994 and states that:

*"The wealth of a nation is its people, its cultural heritage, its environment and its natural resources... Myanmar's environment policy is aimed at achieving harmony and balance between these through the integration of environmental considerations into the development process to enhance the quality of the life of all its citizens. Every nation has the sovereign right to utilise its natural resources in accordance with its environmental policies; but great care must be taken not to exceed its jurisdiction or infringe upon the interests of other nations. It is the responsibility of the State and every citizen to preserve its natural resources in the interest of present and future generations. Environmental protection should always be the primary objective in seeking development."*³⁸⁴

The following section highlights some of the major shortcomings of Burma's current Environmental Policy.

● Environmental Policy is insufficient

As it stands the Environmental Policy is only a statement about sustainable development. It does not mention the importance of conserving natural areas and wildlife, the rights of ethnic minorities and indigenous peoples, the management and the benefits of the environment, and the importance of protecting people and the environment from over-exploitation of natural resources, pollution and toxic substances.

● No independent environmental agency

The responsibility to protect the environment is split over many laws and many agencies, which do not work together. There is no independent agency that has the power to make sure that legal environmental provisions are enforced. The amount of effort to invest in protecting the environment is left to the discretion of each ministry. Given that the primary concerns of ministries are meeting production targets, it is not surprising that environmental concerns receive little attention.³⁸⁵

● Few minimum penalties and the problem of corruption

Burma's environmental laws tend to only state maximum penalties that should be imposed, rather than also stating recommended minimum values. Fines that would be heavy for local villagers are derisory for corporate enterprises.

23.4 Forest Policy

TABLE 8: THE FOREST ESTATE MANAGED BY THE MINISTRY OF FORESTRY SOURCE: MINISTRY OF FORESTRY.³⁸²

Legal classification	Area (,000 ha)	% of total land area
Reserved Forest	11,112	16.40
Protected Public Forest	1,479	2.19
Protected Areas System	1,527	2.26
Total	14,118	20.85

According to the 1902 Forest Law, 'Forest Land' was made up of 'Reserved Forests' and 'Unclassified Forests' (UFs). The UFs were not protected and the Forest Department had no legal authority over them; they were therefore potentially at the mercy of whoever wanted to exploit them. The 1992 Forest Law reclassified the UFs as 'Protected Public Forests', thereby giving the Forest Department jurisdiction to manage and protect them. According to U Myat Thinn, SPDC employee, Chairman of the Timber Certification Committee (Burma), efforts are now *"being made to rehabilitate them through natural regeneration and planting where necessary. The public have access to them to harvest for their immediate needs, but cannot harvest for commercial purposes without having acquired an official permit."*³⁸⁶

'Forest Land' is now made up of 'Reserved Forest' and 'Protected Public Forest'. The 'Protected Areas System' includes Nature Reserves and Wildlife Sanctuaries; these cannot be exploited. Reserved Forest, owned by the State, includes forest managed, by the State, for teak and other hardwood extraction. Much of Burma's forest remains unclassified.

The Forest Policy states that the area of land set aside as Reserved Forest should be increased from 15-18% to about 30% of the total land area of the country. It is likely that much of this additional 12-15% will be gazetted in border areas that were formerly inaccessible to the government due to the civil war. This could have negative implications for local communities and traditional ownership/management schemes, as access to forest resources is likely to be curtailed or denied.

Teak and other valuable hardwoods are considered to be 'reserved species' in the forest policy. This means that they are owned by the State, and that only the State has permission to harvest them and profit from them.

23.5 Community Forestry

Most communities in Burma suffer from a long-standing mistrust of forestry officials. Despite guarantees of 30-year tenure under community forestry programmes, people lack the confidence that the resources will be under their control in the long term. In addition, the new community forestry regulations have tended to result in foresters perceiving local communities as rivals in the forest.

23.6 International Environmental Commitments

A list of some of the international environmental and forestry agreements to which Burma has agreed is given below. Where changes have been made, they have tended not to be enforced.

- **Convention concerning the Protection of the World Cultural and Natural Heritage.**^{oo}
Signatories to this convention are required to identify, protect and conserve sites, which are so culturally or naturally important that they should be considered part of the world heritage of mankind.
- **Convention on Biological Diversity.**^{pp} This convention aims to protect plants and animals by promoting conservation and sustainable use. It requires countries to protect their plants and animals “*as far as possible and as appropriate*” and

concedes that all countries have “*the sovereign right to exploit their own resources pursuant to their own environmental policies.*”

- **International Tropical Timber Agreement.**^{qq}
This agreement has provisions to encourage sustainable logging but its ultimate purpose is to promote the timber industry.
- **UN Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa.**^{rr}
On the initiative of General Than Shwe, the SPDC has set up a special Department for the Greening of the Dry Zone within the Ministry of Forestry to counter the desertification of the dry zone in Central Burma.
- **Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).**^{ss} Although Burma acceded to CITES in 1997, there is ample evidence of a thriving wildlife trade between Burma and China, Thailand and India. The Nature & Wildlife Conservation Division of the Forest Department does not have the financial, staff and logistic means to implement CITES.

The Government is also said to be considering acceding to the Convention on Wetlands of International Importance especially as waterfowl habitat.^{tt}



Mule trains used to carry rare species/high value timber, probably the Chinese Coffin Tree *Taiwania cryptomerioides* from remote areas. This Tree can grow up to 75 metres tall with a diameter of three and a half meters and may live as long as 2000 years, Pian Ma, China.

^{oo} Paris, 1972, Myanmar acceptance 29 April 1994

^{pp} Rio de Janeiro 1992, Myanmar signed 11 June 1992 and ratified 25 November 1994

^{qq} Geneva 1994, Myanmar signed 6 July 1995 and ratified 31 January 1996

^{rr} Paris 1994, Myanmar acceded 2 January 1997

^{ss} Washington 1973, Myanmar acceded 13 June 1997

^{tt} Ramsar, Iran, 2 February 1971

24 APPENDIX II: FOREST LAW ENFORCEMENT AND GOVERNANCE (FLEG)

The FLEG East Asia Ministerial Conference took place in Bali, Indonesia, in September 2001. The Conference brought together nearly 150 participants from 20 countries, representing government, international organisations, non-governmental organisations (NGOs), and the private sector. Both China and Thailand sent representatives.

24.1.1 Ministerial Declaration

FOREST LAW ENFORCEMENT AND
GOVERNANCE
EAST ASIA MINISTERIAL CONFERENCE
Bali, Indonesia
11-13 September 2001

MINISTERIAL DECLARATION

Countries from the East Asian and other regions participating in this Ministerial Conference:

Understanding that forest ecosystems support human, animal and plant life, and provide humanity with a rich endowment of natural, renewable resources;

Deeply concerned with the serious global threat posed to this endowment by negative effects on the rule of law by violations of forest law and forest crime, in particular illegal logging and associated illegal trade;

Recognizing that illegal logging and associated illegal trade directly threaten ecosystems and biodiversity in forests throughout Asia and the rest of our world;

Also recognizing the resulting serious economic and social damage upon our nations, particularly on local communities, the poor and the disadvantaged;

Further recognizing that the problem has many complex social, economic, cultural and political causes;

Convinced of the urgent need for, and importance of good governance to, a lasting solution to the problem of forest crime;

Recognizing that all countries, exporting and importing, have a role and responsibility in combating forest crime, in particular the elimination of illegal logging and associated illegal trade;

Emphasizing the urgent need for effective cooperation to address these problems simultaneously at the national and sub-national, regional and international levels;

Declare that we will:

Take immediate action to intensify national efforts, and to strengthen bilateral, regional and multilateral collaboration to address violations of forest law and forest crime, in particular illegal logging, associated illegal trade and corruption, and their negative effects on the rule of law;

Develop mechanisms for effective exchange of experience and information;

Undertake actions, including cooperation among the law enforcement authorities within and among countries, to prevent the movement of illegal timber;

Explore ways in which the export and import of illegally harvested timber can be eliminated, including the possibility of a prior notification system for commercially traded timber;

Help raise awareness, through the media and other means, of forest crimes and the threats which forest destruction poses to our future environmental, economic and social well being;

Improve forest-related governance in our countries in order to enforce forest law, inter alia to better enforce property rights and promote the independence of the judiciary;

Involve stakeholders, including local communities, in decision-making in the forestry sector, thereby promoting transparency, reducing the potential for corruption, ensuring greater equity, and minimizing the undue influence of privileged groups;

Improve economic opportunities for those relying on forest resources to reduce the incentives for illegal logging and indiscriminate forest conversion, in order to contribute to sustainable forest management;

Review existing domestic forest policy frameworks and institute appropriate policy reforms, including those relating to granting and monitoring concessions, subsidies, and excess processing capacity, to prevent illegal practices;

Give priority to the most vulnerable transboundary areas, which require coordinated and responsible action;

Develop and expand at all appropriate levels work on monitoring and assessment of forest resources;

Undertake the demarcation, accurate and timely mapping, and precise allocation of forest areas, and make this information available to the public;

Strengthen the capacity within and among governments, private sector and civil society to prevent, detect and suppress forest crime.

Further, in order to give full effect to the intentions of this Declaration, and to proceed with urgency to explore timely implementation of significant indicative actions developed by technical experts at this meeting, we:

Undertake to create a regional task force on forest law enforcement and governance to advance the objectives of this Declaration;

Invite the representatives at this conference from NGOs, industry, civil society and other relevant stakeholders to consider forming an advisory group to the regional taskforce;

Decide to meet again at the Ministerial level in 2003 to review progress on first actions to implement these commitments, in cooperation with relevant international partners;

Request the ASEAN and APEC countries participating in this Conference to inform the next ASEAN and APEC Summits of the outcome of this Ministerial Conference and to invite their support;

Pledge to work to see that the issue of forest crime is given significant attention in future international fora, including by the World Summit on Sustainable Development (WSSD) and the United Nations Forum on Forests, and by the member organisations of the Collaborative Partnership on Forests;

Request the G-8 countries and other donors to consider further how they can join in the fight against forest crime, including through capacity building efforts;

Encourage other regions to consider creating similar regional initiatives to combat forest crime.

Bali, Indonesia 13 September 2001
FOREST LAW ENFORCEMENT AND
GOVERNANCE
EAST ASIA MINISTERIAL CONFERENCE, BALI,
INDONESIA
FROM 11 TO 13TH SEPTEMBER 2001

Annex to the Ministerial Declaration
Indicative List of Actions for the Implementation of the
Declaration

I. Actions at National Level

Political

- High-level expression of political will across sectors

Legislative/Judicial

- Modify and streamline laws and regulations
- Determine law enforcement priorities
- Develop swift prosecution, judgments and enforcement
- Strengthen penalties and sanctions against illegal activities
- Rewards for responsible behavior/motivation
- Recognised complaints mechanisms w/protection for claimants and due process
- Independent monitoring (e.g. single organisation, cooperative model, etc.)
- Integration of customary law into formal law
- Capacity building for legislative, executive and judicial institutions at the local level, including the integration of customary institutions

Decentralisation

- Clarify roles, responsibilities, and authorities between different levels of government, private sector, civil society
- Improve coherence between different laws
- Improve communication between national/local levels to prevent/detect crime
- Prosecution and enforcement should remain with competent and capable authorities
- Systems that encourage responsible behavior and deter criminal/corrupt behavior (e.g. salaries, codes of conduct, morale building)
- Analysis of /rationalisation of multiple/conflicting formal and customary norms and laws

Institution and capacity building

- Education of judicial and law enforcement personnel re forest crimes
- Improve capacity of forest managers
- Support interagency cooperation in formulation of coherent policy and procedures
- Technology
 - Remote sensing, Geographic Information Systems (GIS)
 - Cheap log tracking
 - Complete chain of custody audit and negotiation systems
 - Resource use planning, warning, monitoring, inspection
- Knowledge, Experience, Skills
 - Awareness raising and training

- Local innovations appropriate to circumstances
- Novel detection and enforcement methods
- Intelligence gathering and analysis
- Rights, Roles, Responsibilities, Rules
 - Codes of conduct
 - Due diligence re financing, investment
- Capacity building for legislative, executive and judicial institutions at the local level including the integration of customary institutions
- Research (for additional details see Section II Regional and Inter-regional Actions)

Concession Policy

Concession Allocation

- Develop/implement transparent and participatory approach to concession allocation
- Develop leasing/contractual opportunities for village/individual households to manage forest resources
- Develop mechanisms for resolving conflicting/overlapping property rights

Concession Management

- Clear recognition of property rights within approved management plans, including clear identification and agreement of boundaries and demarcation of concession areas, available to all parties
- Appropriate contractual periods, monitored against performance
- Raise awareness about community based forest management
- Institute independent auditing for compliance with terms of concession agreements
- Protect and develop forest-based livelihood opportunities within concession areas for local communities
- Build protection for forest-based livelihoods into concession contracts

Conservation and Protected Areas

- Environmental education
- Involve local authorities in developing conservation programs that benefit constituents/local communities (e.g. water, tourism)

Public Awareness, Transparency, and Participation

- Consistent provision of accurate, timely information to monitoring organisations
- Increase public awareness of forest crimes
- Increase public awareness of opportunities for purchasing forest products from sustainable and legal sources

- Provide alternative livelihood opportunities for communities (e.g. poachers to tourist guides/park rangers)
- Registry of business/family interests in timber industry
- Publication of government budgets, resources, staffing levels and programmes on forest law enforcement
- Publication of data on forest crimes, including success rates on detection, interdiction, prosecution and conviction

Bilateral Actions

- Transboundary cooperation for protected areas
- Voluntary agreements for combating trade in illegal timber and forest products

II. Regional and Inter-regional Actions

Information/expertise sharing

- Exchange of in-country experts on forest crime, forest law enforcement (law, comparative assessment on actions)
- Implementation of comparable systems of criteria and indicators
- Comparable timber tracking mechanisms and complete chain of custody audit
 - Registration of origin and destination (e.g. forest stand to mill)
- Development of regional network of monitoring systems, including forest crime monitoring

Trade/Customs

- Harmonised customs commodity codes
- Protocols for sharing of export/import data
- Complete chain of custody audit and negotiation systems
- Initiative for improved and timely trade statistics
- Prior notification between importing and exporting countries

Bilateral Actions

- Voluntary bilateral agreements to cooperate on issues of combating illegal logging and trade (involving a full range of relevant agencies/institutions, e.g. customs, police, marine, trade)
- Regain consumer confidence in tropical timber as a commodity
- Promote the use of certification schemes that are accessible and cost-effective for smaller forest enterprises (e.g. group certification schemes)

Research

- A research agenda for individual and cooperative work on illegal logging, associated illegal trade and corruption in the forest sector
- Systematic comparative analysis of patterns of regulatory systems and extra-sectoral links
- Cooperative work on trade statistics and its relation to legal and illegal patterns of movements of forest products
- Investment context for and links to illegal and corrupt actions
- Survey patterns in forest crime and related corruption
- Development of appropriate monitoring tools and their application, policy utilisation
- Decentralisation and patterns related to local government
- Private Sector, communities, NGOs and relation to governments



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Photo on page 67 (top): Anonymous Karen Source.

Photos on pages 97, 100, 103: Anonymous Kachin Source.

Images on pages 56 and 61 downloaded from the SPDC's website.

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Front cover photograph: Log stockpile in Pian Ma, Yunnan Province, China; 2001.

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Telephone: + 44 (0)20 7272 6731
Fax: + 44 (0)20 7272 9425
e-mail: mail@globalwitness.org
<http://www.globalwitness.org>



"Visiting Chinese President Jiang Zemin planted a tree in the People's Square Thursday morning in Yangon to mark the 'pawkpaw' (fraternal) friendship between the two peoples of China and Myanmar. This is the first tree ever planted in Myanmar by a Chinese leader." (China Peoples Daily Online, 14th December 2001). Source: *The New Light of Myanmar*, Friday 14th December 2001.