



Pine trees from the Htagaw Forest en route to Tse Tse in China; April 2009



Log trucks stuck in Pangwah; April 2006



Log trucks stuck in Pangwah; April 2006

In April 2006, Global Witness uncovered logging operations being carried out by Chinese loggers in the Htagaw Forest. Four log trucks were seen carrying timber from the forest to Tse Tse on the China side of the border. At the nearby NDA(K) Htagaw tax collection checkpoint the timber was taxed at 300 yuan (US\$39) per ton of Zamu, 500 yuan (US\$65) per ton of Sanjawfong (3 finger leaf tree), and 500 yuan (US\$85) per ton of mono maple (*Acer spp.*).<sup>368</sup> An NDA(K) officer in charge of another checkpoint in the same area explained, “*Logging business is not profitable this year but some businessmen continue as they are hoping to retrieve their losses. If they stop now they will not get their investment back.*”<sup>369</sup>

Global Witness also found many logs and a sawmill in the area of Lagwi, in 2006.<sup>370</sup>

Global Witness visited the Kampaiti area in late 2008; it was very quiet. No log trucks were seen throughout the 3-day trip. According to one NDA(K) administrative officer, “*It is not easy to get logs anymore and China is not buying – no logs, jade or minerals.*”<sup>371</sup>

#### 10.4.2 Timber transportation and taxation in NDA(K)-controlled areas

“*Nobody knows when the Chinese will come and transport the logs. If they don’t come we might have to use the timber to build houses for the villagers.*” Senior NDA(K) leader, Kachin State; 2007

The taxation of timber trucks has been a major source of income for the NDA(K) since the mid-1990s. During 2006 and 2007 however, the NDA(K) had to re-route the timber in an attempt to avoid detection by both *Tatmadaw* and Chinese enforcement agencies. Routes from the Triangle now bypass the official border checkpoint in Pangwah Town. From May 2006 onwards, very few timber trucks passed through Pangwah, and as a result the service industry has declined.<sup>372</sup> Global Witness did not see any timber trucks here during visits in early 2007.<sup>373</sup> This was in stark contrast to the situation in April 2006 when a queue of trucks, 10 miles long, was seen here, stuck due to the Chinese closure of the border.

Timber trucks started using two roads that split from the main road at Tsum Sang Junction near Lukpi Village, about 20 km from Pangwah Town. These roads cross the China border north of Pangwah, adjacent to Dian Tan, Baoshan Prefecture, in Yunnan Province. There are several other new roads in the area, some of which lead to Tse Tse.<sup>276</sup>

Timber transportation through Datianba and Kangfang to Pian Ma on the China side of the border has also been curtailed. In April 2006, Global Witness saw only two log trucks in previously busy Kangfang. They were stuck here due to restrictions on petrol imposed by the Chinese authorities.<sup>374</sup> However, in December 2006 and during February, July and August 2007, timber trucks were on the move again. In December 2006, several hundred timber trucks, from the area close to Chipwe, were seen heading towards Pian Ma at night; no trucks were seen during daylight hours.<sup>375</sup> Again, in early February 2007, Global Witness saw many yellow timber trucks in the evening, queuing up in three lanes to enter China at Datianba, opposite Pian Ma. The following morning they were all gone. In nearby Kangfang, however, only a little timber was being moved during this period.<sup>376</sup>

NDA(K) leaders and officers also blame the decline in the timber trade on political instability in the wake of the two coup attempts and the greater presence of the *Tatmadaw* in NDA(K) areas as a result. An administrative officer told Global Witness that it has been very difficult for the NDA(K) to manage the business sector since then.

Chinese businessmen are more reluctant to follow NDA(K) procedures and joint agreements, and less willing to pay the required taxes and donations.<sup>377</sup>

The *Tatmadaw* is taxing timber trucks passing through the checkpoints in NDA(K) areas that were set up in late 2005. According to a high-level NDA(K) official, the *Tatmadaw* “collects money without limitation from these checkpoints. They charge a minimum of 200-500 yuan [US\$26-65] per log truck. The big problem is that the Chinese drivers don’t understand why they are being asked for money again [by the NDA(K)], when they have already given tax to the SPDC.”<sup>285</sup> Initially, the Chinese companies only

complained about this double taxation system, however, by 2007 they were now refusing to pay.

The NDA(K) is, according to the same leader, taxing fairly i.e. 12 yuan (US\$1.4) per ton. The NDA(K) also operates a different taxation system whereby their central administration in Pangwah collects tax in advance from the Chinese logging companies. They are then issued with a receipt that allows them to pass through checkpoints and taxation points freely.<sup>377, 378</sup>



Tsum Sang Junction; February 2007



NDA(K) checkpoint, Kangfang; April 2006



Datianba; September 2006

The fact that many of the Chinese companies are unregistered further complicates things. Some claim to have been subcontracted by established companies such as Jinxin, Wunchang, and Huaxin.<sup>377, 379</sup> Moreover, *“The Chinese authorities listen to pressure from the world making business in logging and mining difficult and irregular. They come and go and don’t stick to their contracts.”*<sup>377</sup>

The Chinese have also been heavily involved in the construction of roads in NDA(K) areas to facilitate

further trade, in particular the trade in natural resources. The Kampaiti Pass, a key trade route across the China-Burma border, was an important logging road between 2000 and 2005. Since 2004, it has been significantly upgraded and expanded by Chinese construction companies paid for by Chinese investment. The stretch from the Kampaiti Pass to Myitkyina was completed in April 2007. At this time, Chinese road workers were busy completing the section from the border to Tengchong, via the timber trade town of Guyong. Officials and the business community hope that this route will also facilitate trade between India and China, through northern Burma, by linking to the Ledo Road.

The original road across the Kampaiti Pass went through Kampaiti Town, which is NDA(K)-controlled. The new road bypasses the town running along the valley and crossing the border through a tunnel, which is controlled by the SPDC. In June 2009 Global Witness saw log trucks on this road carrying ironwood which had arrived by train in Myitkyina from Sagaing Division.



Log trucks approaching Pangwah; April 2006



Jinxin log truck near the Leshin Bridge; April 2006



Chinese road builders returning to China along the Myitkyina to Tengchong highway; May 2007

## 10.5 Logging and timber transportation in SPDC-controlled areas

*“What is the point of the ceasefire groups stopping logging, if the SPDC simply lets others do it.”* Kachin youth, Rangoon, 2007

Timber from Kachin State and nearby Sagaing Division continues to enter China, albeit at a reduced rate, through KIO-held border areas. This timber is mainly logged in forest under SPDC control, at least some of which is officially sanctioned by the Myanmar Ministry of Forestry. According to information received in May 2009 seven companies have been logging in and around the Indawgyi, Mohnyin, and Gwi Htu areas since the start of the year. They are: Htoo Company,<sup>h5</sup> Dagon Company,

Myat Nu Thu Company, Pacific Timber Company, Ever Winner Timber Company, Great Wall Company, and the Jadeland Company. The timber, both hardwood and teak, is sent via Irrawaddy River to the harbour at Katha and from there along the river to Rangoon. The large boats carry at least 300 to 600 tons of timber. Apparently the timber is then sold to companies from Malaysia, Singapore, India and China. If the timber companies log 100 tons of timber, they have to pay 40 tons of timber to SPDC in lieu of tax. The SPDC supplies the companies with diesel and petrol. In the past the Chinese companies logged illegally, subsequently exporting the timber to China. Now, some of them have obtained permission to log from the SPDC authorities in Nay Pyi Taw.<sup>291</sup>

LOGGING IN KACHIN STATE PERMITTED BY THE MYANMAR MINISTRY OF FORESTRY <sup>8</sup>									
Private Companies and Individuals	2005-06		2006-07		2007-08		2008-09		
	T	H/W	T	H/W	T	H/W	T	H/W	
Mya Moe Thu Co.	10,800	27,000	9,000	41,400	9,000	54,000	9,000	54,000	
Shwe Moe Tha Co.	3,600	12,600	-	12,600	-	-	-	-	
Dagon Timber Co.	18,000	63,000	23,400	90,000	3,600	78,300	-	90,000	
Htoo Co.	27,000	-	16,200	-	12,600	9,000	-	-	
Century Dragon Co.	5,400	36,000	-	-	-	-	-	-	
Glory Co.	90,000	-	90,000	-	90,000	-	27,000	-	
Jade Land Co.	-	-	-	18,000	-	36,000	-	36,000	
Pacific Co.	-	-	-	-	-	-	-	27,000	
Htun Myat Aung	-	-	-	-	-	-	-	27,000	
FPJVC	-	-	-	-	-	-	-	9,000	
MTE Departmental	5,400	-	5,400	3,600	1,800	4,500	-	10,800	
Total Cubic Meters	160,200	138,600	144,000	165,600	117,000	177,300	36,000	351,000	

Notes: 1. T = Teak. 2. H/W = Hardwood.



Momentum is not the Ministry of Forestry's list of companies authorised to log in Kachin State; February 2006

<sup>h5</sup> The Htoo Trading Company is one of the largest business conglomerates in Burma, in some part due to its close relations with the government (see 'A Conflict of Interests', pages 75-76). Interestingly, according to unconfirmed press reports from June 2009, the company is illegally exporting teak to Bangladesh. In addition to logging and timber plantations, it is involved in tourism, construction, property development, palm oil production, arms deals, and owns an airline, a travel agency, and a construction company. The owner U Teza, a close associate of Senior General Than Shwe, is on the EU and U.S. visa ban list.

Logging, which has not been authorised by Nay Pyi Taw, has continued in the SPDC-controlled areas of Kachin State since Global Witness released 'A Choice for China' in late 2005. However, it has declined because of the crackdowns by the Burmese and Chinese authorities and, perhaps more significantly, the exhaustion of forest resources. Most of this timber cannot reach the border without the complicity of local SPDC authorities and the *Tatmadaw*.

The SPDC's main areas of control in Kachin State are near Myitkyina, Bhamo and south-western Kachin State. It is also increasing its hold on the Hukawng Valley in the north-west of the state. Not only are the logging fields being expanded but forests are being cleared to make way for cash crops. News reports from May 2008 suggest that there are plans to upgrade the road from Tanai Township to Shingbwi Yang further north. Jadeland has been contracted to build the road and has been given permission by the SPDC to log 2,000 acres near Hkalung Village, with the help of Chinese labour.<sup>380</sup>

In the summer of 2008, several tons of timber were dumped on a football pitch in Muse awaiting export to China. The logs, all marked with the MTE logo, came from forests in Lashio in northern Shan State. Burmese officials were apparently unable to export the timber because of a corruption scandal involving the local customs department.<sup>381</sup>

### 10.5.1 Logging south of the Irrawaddy: Bhamo, Shwegu and Katha

*"The big tree became timber, the middle size tree became a pole, the small tree and the branches were made into charcoal, the green mountain became bald. This is the situation of the Burmese forests."* A Dai ethnic villager, interviewed near Ruili, Dehong Prefecture, January 2007

The large teak forests of southern Kachin State, which borders Shan State and Sagaing Division, have recently been exhausted by large-scale logging, at least in part sanctioned by the MTE (under the Ministry of Forestry). Logging quotas, allocated by the MTE to privately owned logging companies in the area, have frequently been exceeded. Some of this timber has been transported overland to China and sold to Chinese buyers.

Prior to 2006, heavy and mostly illegal logging had depleted the forests of Yinhe and Mungkhawng, in southern Kachin State, which until then had some of the best teak and pyinkado (also pying or Myanmar iron wood)<sup>h6</sup> (*Xylia dolabriformis*) forest in the country.<sup>382</sup> In 2006, at least four logging companies received logging permits from the MTE for the remaining forests namely: Thapyak (including Mabein), Si-U and Sikaw forests (located south of the Irrawaddy River near Bhamo), Shwegu and Katha. Bhamo, Shwegu and Katha are located along the Irrawaddy River. Katha is located just inside Sagaing

Division and is closely linked to Shwegu and Bhamo, a few hours further upstream. Timber is transported from Katha by rail and road to Mandalay. The river is also used to transport timber downstream to Mandalay, from where much of the timber is transported by rail to Rangoon.

The four companies were: Momentum Company, Htoo Company, Myat Nu Thu Company and One Star Company. In early January 2006, the Momentum Company moved



Yup Zau Hkawng and Ohn Myint; January 2007

<sup>h6</sup> Also known as cam xe or sokram in Cambodia.

from forests near Shwegu into the Thapyak forest where it had been granted a 30-year permission to establish a teak plantation. The company was also given permission to extract 25,000 tons of teak in 2006. According to sources close to the company, which is owned by two businessmen of Chinese origin, at least 5,000 extra tons were extracted by the company.<sup>383</sup> The company had also set up a nursery for teak seedlings as part of its plans to establish a teak plantation.<sup>384</sup>

The Htoo Company received permission to log 15,000 tons of teak and other hardwoods in 2006, whereas Myat Nu Thu and the One Star Company had permits for 15,000 tons each. All the companies were rumoured to have extracted timber in excess of their quotas, illegally transporting it as planks to China through, among other places, Nong Dao located close to the Chinese border town of Ruili.<sup>385</sup> By 2007, the companies had depleted the forests of teak and other hardwoods and had moved further east to the areas west of the Irrawaddy River bordering Kachin State and Sagaing Division.<sup>353</sup>

Loggers returned to the forests of Mansi, Sinkhan, and Shwegu Townships in November 2008. According to local residents over 300 Chinese trucks and about 1,000 Chinese loggers were operating ‘day and night’ in Bhamo District. Apparently the stimulus for this activity was a deal struck between Lee Maw Yung, a Chinese-Burmese timber dealer, and the Northern Commander Brigadier General Soe Win.<sup>335</sup> The logging has not been welcomed by local residents. In one instance, a villager was shot dead during night-time altercations between Kone Ting villagers (Mansi Township) and ‘timber-logger-thieves close to Chinese loggers.’<sup>386</sup> Global Witness has not verified these reports.

People working for the Rongmao Company in Bhamo, in 2008-09, were organised into small groups of ten individuals working in their own capacity or as part of a smaller company. Ten small groups make one large group. Each large group collates the information supplied to it by the smaller groups, how much timber has been cut, by whom and of which species. The average payment is 400 yuan (US\$58) per cubic meter of timber that they cut, or per cubic meter of timber transported by truck. Small companies, comprising up to ten people, wishing to log in the area have to pay

Rongmao 600,000 yuan (US\$88,000) in advance. They can then either sell the timber to the Rongmao or to other companies at the border.<sup>40</sup>



Momentum Company, Kachin State; February 2006



Myat Nu Thu, Kachin State; February 2006



One Star Company, Kachin State; February 2006

10.5.2 Logging west of the Irrawaddy: Namnit Pakkalar, Indawgyi, Banmauk, Moeda and Mamwah

By early 2007, the Myat Nu Thu Company had begun logging in the forests of Namnit Pakkalar, located west of Hopin, just inside Sagaing Division. The MTE granted the company permission to log in

this area during 2006 and 2008. Timber is transported by truck, from the forest, to storage sites located in the villages of Nammelawng and Maingnawng, near the Indawgyi Lake Wildlife Sanctuary. Local people have accused Myat Nu Thu of carrying out illegal logging within the boundaries of the wildlife reserve and bribing Forest Department personnel. Global Witness has not been able to verify this claim.

In early 2007, the MTE was logging on a small scale in the area of Longtong, east of the Indawgyi Lake, about 10 miles from Nammelawng and Maingnawng. People involved in the logging business near Indawgyi explained to Global Witness that until 2006 they could send the timber, logged by the MTE and private companies in this area, to China. However, they now had to transport the timber to Mandalay and Rangoon by train from nearby Namma, and from Hopin further north.<sup>387</sup> Despite the fact that most of the log trucks on the

route from Indawgyi to Hopin travel at night (to avoid congestion on the roads during day time), Global Witness researchers saw more than ten log trucks on this road during the day within a 30 minute period, during the day, in March 2007.<sup>388</sup> A new road to facilitate timber transportation from this area to China was constructed in 2006-07. It leads from Hopin eastwards straight towards the China border, crossing the Irrawaddy River north of Sinbo, and linking up with the road network north of Bhamo.<sup>387</sup>



Indawgyi Wildlife Sanctuary, "No Logging"



MTE preparing to log in the Indawgyi teak forest



Namma to Mandalay railway; March 2006

By 2007, the Momentum Company had transferred its logging operations to the area of Banmauk located south-west of Hopin, just inside Sagaing Division. The Htoo Company logged in this area in 2006 but made little profit because of the bad infrastructure and early onset of the rainy season that year. The Momentum Company constructed more durable roads leading to and from the logging sites. The company was said to be using more than 100 trucks to transport the timber. Its eight and ten-wheel log trucks can carry 12 tons and 18 tons of timber respectively. The MTE had granted permission to log the area and the Momentum Company was planning to extract 70,000 tons of teak and other hardwood species during 2007.<sup>387</sup> During visits to the area in 2007, Global Witness investigators saw ten large timber trucks within a two-hour period.<sup>390</sup>

The timber is transported from the Banmauk forests to the storage site of Nyaungpin Sik, and from here to Nyaung Chey Dawk by the Irrawaddy River, just south of Katha. From Katha the timber can be transported to Mandalay and Rangoon by river or rail, but a road also links up with the China border at Nong Dao.

Local people employed in the timber industry told Global Witness that a Chinese businessman, with the assistance of Momentum Company, had logged very large teak trees in the Mawlu Forest near Nyaungpin Sik in 2006. These had to be carried to China by means of special trucks because of the length of the logs. The businessman had, “cleared the way” by bribing SPDC and KIA troops along the route. Both the logging and the subsequent export of timber were illegal. Apparently, the businessman had been reluctant to cut the logs into smaller lengths. He had explained that the logs were to be used for the Beijing Olympics and to construct a large shrine elsewhere in China.<sup>391</sup> Locals were concerned about the deforestation in Banmauk. A local log truck driver told Global Witness, “*The last frontier for hardwood and teak in the world is in Banmauk. But I think all the trees will be lost in the next five years*



Momentum Company log trucks, Kachin State; April 2007



Momentum Company log trucks, crossing the Way Hie River; April 2007

[...] *due to legal and illegal logging. I have been there many times but it will be gone soon.*”<sup>392</sup>

In 2006, Jadeland obtained permission to log in the border areas of Kachin State and Sagaing Division. The company was allocated a concession of 20,000 tons by the MTE for the Moeda area, located north of the Irrawaddy River between Katha and Mohnyin. It began logging in October-November 2006 and by the end of January 2007 the company had cut 8,000 tons of timber. Some of this timber was floated to Mandalay and Rangoon via the Irrawaddy River. Some timber had also been sold to Chinese businessmen who transported it across the border to China.<sup>393</sup> Jadeland has apparently had difficulty making a large profit from this operation as it is “*only a contractor*”, and has to sell the timber to the MTE. The company cannot operate as freely further north in Kachin State.

It is not only the large logging companies that have been tempted to exploit forest resources in the Mohnyin area. In 2007, about ten small groups of local villagers and farmers supplemented their income by logging in Namwah Forest, east of Mohnyin Town. Global Witness visited one of these small logging sites from which the locals expected to extract about 30-40 tons of timber, mainly hardwoods. The timber is cut into square logs and planks and sells at about 200,000 kyat (US\$164) per ton of hardwood and 150,000 kyat (US\$123) per ton of other wood species.

Locals were also logging in Namsiawng Forest south of Mohnyin from where square blocks of teak sell for 600,000-800,000 kyat (US\$492-656). The timber is ordered in advance by timber traders who transport it to the China-Burma border. The local loggers have not been able to obtain a logging permit from the MTE, a privilege reserved for larger companies, and are therefore logging illegally. They explained that they have to make a down payment of 1,000,000 kyat (US\$820) to the police, the army and the Forest Department when operating nearer to Mohnyin Town.<sup>394</sup>

### 10.5.3 SPDC taxation of timber transport

Despite the SPDC crackdown, Global Witness has obtained evidence, from several sources, that some SPDC officials and *Tatmadaw* troops have continued to collect 'taxes' and to allow timber trucks to pass through their checkpoints en route to China. However, this practice has declined since late 2005.

Sinbo, located by the Irrawaddy River, halfway

between Myitkyina and Bhamo, is a hub for timber arriving from the SPDC-controlled areas south and west of the Irrawaddy. According to local sources involved in the trade, anyone wanting to transport timber through Sinbo must make initial payments of 500,000 kyat (US\$410) in bribes to the *Tatmadaw*, 400,000 kyat (US\$328) to the Forest Department, and 400,000 kyat (US\$328) to the Police. The same is the case in nearby Sumdu.<sup>311</sup> In 2006, at Talawgyi, slightly further north along the Irrawaddy, timber was also arriving from the forests of Shwegu, Katha and Kaukwe.

During 2006, Ohn Myint also increased SPDC control over the Sinbo-Talawgyi area. This has led to a more difficult working environment for the logging operators. They are still using the same routes but fewer logs are passing through and profits have declined.<sup>395</sup> Chinese businessmen, once a common sight in Sinbo and Sumdu have, since the beginning of the 2006-07 logging season, tended to stay on the Chinese side of the border and simply buy the timber from Kachin traders there.<sup>396</sup> This may be about to change however. Press reports from April 2009 suggest that employees of the Chinese businessman Lau Ying started felling teak and hardwood species in government reserved forests on the east and west banks of the Irrawaddy near Sinbo in March.<sup>397</sup>

Roads lead from the Sinbo-Sumdu-Talawgyi river crossings to the predominantly KIO-controlled areas near the China-Burma border such as Nalong near Laiza,<sup>h7</sup> Mai Ja Yang, and Jahta, which links with Car Zan on the Chinese side of the border. Both the KIO and the SPDC tax log trucks along these routes.<sup>398</sup>



MTE truck in Longtong carrying teak logs from Indawgyi to Hopin; March 2007

h7 Nalong is SPDC-controlled and Laiza is controlled by the KIO.

The Hopin-Nalong road, which crosses the Irrawaddy near Sinbo, was commissioned by the SPDC and built by Chinese companies in exchange for logging concessions along the road.<sup>353</sup> In Nalong, large blocks of teak are often reloaded from smaller vehicles onto closed trucks hidden behind bags of rice. The traders have to pass through the important SPDC checkpoint at Lachayang but bribe the *Tatmadaw* troops to look the other way. In Laiza, the traders can sell the teak blocks for three to five times the amount they can get in Nalong.<sup>399</sup>

'Taxation' of timber trucks by SPDC officials has also been taking place systematically by the Jubilee Bridge, one of the two main bridges spanning the N'Mai Hka River, facilitating transport of timber from the Triangle area to the Chinese border. By early 2007, the SPDC had constructed a new road on the east side of the bridge, leading towards the Chinese timber town of Sudien, replacing a road controlled by the NDA(K). This effectively means that any timber truck from the Triangle, which crosses the Jubilee Bridge en route to China, has to pass an SPDC checkpoint. In early 2007, trucks passed through here at night only. This SPDC checkpoint collects 150-200 yuan (US\$19-26) per truck. The NDA(K) claims that the SPDC also collects tax of about 200-500 yuan (US\$26-65) per truck from its four new checkpoints in NDA(K) areas.<sup>285</sup>

In 2006, villagers living near the road leading to the NDA(K) checkpoint at the Leshin Bridge<sup>h8</sup> confirmed that at least one SPDC officer was also stationed near the bridge and collected 400 yuan (US\$52) per timber truck. Most of these trucks pass at night.<sup>400</sup> Chinese businessmen complain that they do not understand why they have to give tax to the SPDC checkpoint, or one of its roaming units, when they have already paid tax to the NDA(K) and vice versa.<sup>401, 285</sup> This led to friction between the NDA(K) and the Chinese traders, in 2007, some of whom have refused to pay twice.<sup>285</sup>

The SPDC has let some timber transport

through to China in the areas near Muse and Bhamo since the ban. In December 2006 for example, five to six large timber trucks carrying round logs, destined for the official border crossing of Jiageo near Ruili, were spotted near the 105-mile point close to Muse. According to at least one press report the Chinese increased their imports of timber in 2007 in preparation for the Beijing Olympics in August 2008.<sup>381</sup> However, local sources told Global Witness that timber trade through this crossing point had actually declined.<sup>402</sup>

The Kachin News Group has, based on interviews with people in the timber trade, described how SPDC military officers and officials have facilitated the sale and transport of high-value timber across the China border. Military officers and officials from Bhamo District have allegedly organised the transport of timber from the SPDC-controlled areas of Bhamo, Shwegu, Katha and Manje to China through the KIO-controlled areas of Laiza and Npaba as well as SPDC-controlled Loiye near Bhamo.<sup>403</sup> Moreover, several *Tatmadaw* battalions and the Burmese Military Strategic Command Headquarters in Bhamo District are accused of taking bribes, ranging from 3-4 million kyat (US\$2,459-3,279) to 15-20 million kyat (US\$12,295-16,393), from illegal teak traders in order to let the timber pass through their area to China. Some battalions are also said to sell teak planks, which have been confiscated in crackdowns on the timber trade in the Bhamo area.<sup>404</sup>



The west border gate in Jiageo; January 2007

h8 The bridge leads to Pian Ma in China.

## BOX 9: LOGGING FOR PLANTATIONS AND HYDROELECTRIC POWER PLANTS

*“First they took the forests, now they take the land.”*  
Local development worker, Rangoon, February 2009

Since the launch of ‘A Choice for China’ in October 2005 Global Witness maintained contact with many people living in, or visiting, Kachin State, all of whom know the area well. Almost without exception, they say that land grabbing mainly for agriculture purposes is emerging as a major threat to the remaining Kachin forests and to people’s livelihoods. That said, much of the cleared forest land lies idle, fenced off with barbed wire.

In one instance, reported in December 2008, local people took a stand against a company involved in forest clearance, destroying equipment and rubber tree saplings. According to residents of Washawng Village, the Chinese company had confiscated about 200 acres of forested land, belonging to the village, with the help of the local authorities. The plantation owner has asked for those responsible to be arrested.<sup>405</sup>

According to one source, much of the land grabbing is taking place in areas controlled by the SPDC near Npaba and Loiye and in Mai Ja Yang, controlled by the KIO. In some cases, where land is not being taken per se, these businessmen, together with officials from the KIO, are persuading local people to sell their land cheaply. The Chinese government is supporting investment in such agricultural projects throughout Kachin State: If the Chinese businessmen

can show that they own the land the government may lend up to 150 yuan (US\$22) per acre.<sup>406</sup> This can be done through joint ventures with Bamar and Kachin businessmen. Local sources in Kachin State now worry that the Chinese, after logging much of the forest, will now take over their land.<sup>407</sup> The Rongmao Company, for example, has a rubber plantation in Bhamo.<sup>40</sup>

The SPDC has allocated large areas of land in Kachin State to Bamar and, more recently, Chinese and Kachin business groups. Beneficiaries have included the Rangoon-based Yuzana Company run by U Htay Myint, an ally of Vice Senior General Maung Aye, which was allocated 200,000 acres of land.<sup>h9</sup> In late 2006, Yuzana started to clear the forest either side of the Ledo Road<sup>i1</sup> mainly for sugar cane and cassava plantations, exporting the timber to China.<sup>408, 409</sup>

According to unconfirmed press reports, the SPDC plans to settle up to 200,000 Bamar people in the Hukawng Valley, ostensibly to work on the Yuzana plantations.<sup>410</sup> In 2008-09, the company destroyed large numbers of logs apparently because the cost of transporting them to China and/or Rangoon was deemed too high because of heavy taxes levied by the SPDC in the area.<sup>409</sup> More recently, the Htoo Company, under the Yuzana Company banner, has been extracting at least 50 truckloads of hardwood each day from the valley. The Kachin-owned company Jadeland (see ‘A Conflict of Interests’, pages 109-110 and ‘A Choice for China’, page 69), supported by Chinese investors,<sup>406</sup> has also amassed large areas of land here. More recently, land has reportedly been confiscated for gold mining purposes.<sup>411</sup>



Preparation for teak or rubber plantations on the road to Bhamo; March 2007

h9 See the Kachin News Group video, ‘Fast deforestation in Hukawng Valley - Tiger Sanctuary’, on YouTube: [http://www.youtube.com/watch?v=6iuuFYqAuDY&feature=channel\\_page](http://www.youtube.com/watch?v=6iuuFYqAuDY&feature=channel_page)

i1 The Ledo Road runs from Ledo in Arunachal Pradesh in India to Kunming in Yunnan Province in China.

'Logging for development', sanctioned by government authorities, is taking place on a grand scale all along the old Ledo or Stilwell<sup>i2</sup> Road, built by the British during the Second World War. This territory is part SPDC, part KIO-controlled and many local Kachins view the seizure of the land as yet another attempt by the SPDC to strengthen and expand its areas of control at the expense of the local population.<sup>i3, 412</sup> Most of the land is located in the Hukawng Valley near the Hukawng Valley Tiger Reserve<sup>i4</sup> and was, until recently, a mix of paddy land, fruit orchards farmed by local farmers, closed forests, degraded forests, and fallow land. Local farmers report that they have been forcibly evicted from their fields without compensation<sup>413, 414</sup> and that natural forests have been destroyed to make way for sugar cane and rubber plantations.<sup>412, 415</sup>

Logging in and near both the tiger reserve and the Pidaung Wildlife Reserve has turned forests and grasslands, important for local bird species and wildlife, into plantations. According to BirdLife International, *"Lowland grasslands are now almost entirely destroyed throughout tropical Asia and those in and around the Hukaung Valley Wildlife Sanctuary constitute the largest and most important grasslands in the region. These grasslands and the wetlands within them support such globally threatened species such as White-winged Duck Cairina*



Yuzana Company plantation, Danai Township; March 2007



Mali hydroelectric plant

*scutulata*.<sup>4356</sup> Former Northern Commander, Ohn Myint, has been instrumental in some of these deals. He initially took 2,000 acres for a private plantation inside the Pidaung Wildlife Reserve, which prompted many others to grab land inside the reserve. He has also established a plantation along the Bhamo to Myitkyina road where natural forest was clear-cut to make way for the development.<sup>303, 416</sup>

This land grabbing is likely to increase with the planned reconstruction of the Ledo Road, intended to improve communications between India's north-east and China's south-western provinces, via northern Burma. According to press reports in November 2008, the contract to repave the road between Myitkyina and Tanai has been awarded to the Yuzana Company.<sup>408</sup>

The SPDC has commissioned Chinese companies to construct seven hydroelectric power plants in Kachin State over the next few years. The largest is near Myitson, where the N'Mai Hka and the Mali Hka rivers join to become the Irrawaddy, 45 km north of Myitkyina. Construction began in 2006. The plant will generate 3,600 MW of electricity and flood a large area much of it forested. It is feared that thousands of people will be displaced.<sup>417, 418</sup> It is not known if the sale of logs will help finance the construction of these power plants. However, in the recent past the KIO financed the construction of the Mali Hydroelectric Power Plant by allocating logging concessions to a Chinese company (see 'A Choice for China', page 59). In mid 2006, the Mali plant began supplying Myitkyina with electricity, after monsoon floods destroyed the government plant.<sup>318</sup>

<sup>i2</sup> The road was renamed the Stilwell Road after General *Vinegar* Joe Stilwell of the U.S. Army in early 1945 at the suggestion of *Generalissimo* Chiang Kai-shek, Director-General of the Kuomintang and later President of the Republic of China.

<sup>i3</sup> For further information please see: Kachin Students and Youth Union (AKSYU), Kachin Development Networking Group (KDNG), 'Valley of Darkness: Gold Mining and Militarization in Burma's Hukawng Valley'; 2007

<sup>i4</sup> At 8,400 square miles, the Hukawng Valley Tiger Reserve is the world's largest tiger sanctuary.