8.2.1.6 Zhejiang Fangyuan Wood Co., Ltd.

“Discipline and Flexibility, the unity of the dichotomy in Chinese traditional wisdom, reminds us of the enclosed square doors in ancient courtyards that stand erect firmly and persistently, which only when guided with a pair of round knockers can open to a more capacious space.”
Fangyuan company brochure, 2006

Fangyuan is one of the leading companies in Nanxun Town, outside Shanghai, where about 200 companies manufacturing wood products are located. In 2006, Fangyuan specialised in flooring made from timber sourced in Burma; 50% of its supply originated in Burma. It was also one of the few companies that told Global Witness that it had found it very difficult to import timber across the Burma-China border following the new restrictions. However, it had stored large amounts of timber prior to the moratorium and still had flooring for sale made out of Burmese teak (Tectona grandis), caslin (or kokko (Albizia lebbek)), samak, mahogany, pyinkado (Xylia dolabriformis), and rosewood. All had apparently been imported across the land border via Yunnan Province.204 In the company’s fancy showroom all these species were on display along with fossilised wood decorations.

Like a few other companies, Fangyuan was increasingly looking to obtain timber from Burma through official channels, either via Yunnan or Rangoon. However, it found the higher prices, taxes, bureaucracy and the corruption involved in doing business through the proper channels, to be a significant hindrance. “Now it has to be through proper channels and my boss has gone to Burma to negotiate with the government but the price is very high and there is much paperwork and many taxes. [...] Before we had a competitive edge because we could source it cheaper over the border but we cannot do that anymore.”204

8.2.1.7 Shanghai New Sihe Wood Co., Ltd.

Shanghai New Sihe Wood Co., Ltd. is one of China’s largest producers of engineered flooring with an annual output of 200,000 m², at the time of Global Witness’ visit, and planned to increase this to 500,000 m² from October 2006. All of the company’s production was destined for the export market. Production was focused on oak, padauk (Pterocarpus macrocarpus)e7 and teak from Burma, sourced by the Burma-China border and available at the time of Global Witness’ visit. One of the company’s sales representatives explained that while New Sihe Wood had faced some problems with supply, due to the restrictions imposed by the Burmese government, it was, “almost okay now.”212

As for certificates for legality or sustainability, the representative explained that the company can provide a country of origin document from the Chinese government authorities stating ‘Made in China’ but not from where the timber was logged. Apparently, the company could also provide FSC certificates for the teak and the padauk flooring. According to the sales manager, the company had obtained FSC certificates for 40,000 m² flooring each year. Certificates could be provided for all products in the product range produced by the company but they are, “only for our long-term and old customers as we have a limited amount”.212 New Sihe Wood has FSC CoC certification (Certificate Code: SGS-COC-2406). FSC CoC traces FSC certified timber through the production chain. However, no timber from Burma has ever been certified by the FSC and is not therefore covered by the certificate, contrary to what we were told by the manager who still works at the company.

204 Known as mai pradoo in Thailand and sometimes traded as rosewood.
8.2.1.8 Fertility Forest Woodwork Factory Co., Ltd.

“And you’ll still have to take them out for dinner or bribe them.”

The Fertility Forest Woodwork Factory Co., Ltd. is located in Shenzhen, in Guangdong Province. It is both a wholesaler and importer of logs and an exporter of various wooden products including flooring and decking. According to company representatives spoken to by Global Witness in October 2006, it mainly imported its Burmese teak from Rangoon via Hong Kong and Singapore. The output of teak products represented 10% of its overall output in terms of volume and 20% in terms of value. During a trip round the factory and storage facilities Global Witness researchers were initially told that the teak on display was from China. However, when quizzed further the company representatives said that it was actually from Burma.

According to one of the representatives, the company could, if a buyer were to insist, provide a certificate stating that the wood originated in Burma. However, it was not straightforward getting Burmese wood products past the Chinese port customs officials in Shenzhen, who seemed to have introduced more stringent export controls of Burmese wood products. Nor was it easy to get past the customs authorities in America where the importation of Burmese timber is banned. “Providing a certificate stating ‘Made in Burma’ is not difficult. The question is where it goes. If America, then the custom does not allow anything with the label ‘Made in Burma’ into the country. […] If a client really wants it, then we can send the certificate separately but not together with the teak flooring. Nowadays, the custom has tightened its control over the Burma teak. With a ‘Made in China’ certificate, it usually take three days for the customs [in China] to clear the goods but with ‘Made in Burma’, it takes two weeks. And you’ll still have to take them out for dinner or bribe them. The authorities may think that the border is now closed and there’s no teak out of Burma and how can it be exported out from China?”

8.3 The markets for Chinese wood flooring

“Wide Thinking of Spring: An old tree, a bunch of sunshine, An enthusiasm-contained mountain, As the terrestrial heat floor of Huaming, Carry you heat of spring, Build you homeland of warm.”

The Chinese flooring manufacturers sold their products both on the domestic and the international market. Overall, between 40 and 100% of the production was for the export market. A proportionally larger percentage of the engineered flooring was being exported. The Chinese home market was dominated by solid wood flooring.

The companies cited the U.S. as the biggest importer of teak and other flooring of Burmese origin. Canada and to a much larger degree Europe were also big markets. Italy, in particular, was a big teak importer. Belgium, Denmark, Germany, Greece, Holland (the sales manager at Jiashan On-line Lumber Co., Ltd. said that every month he sold 5,000 m² of teak veneer to a customer in Holland), Hungary, Ireland, Russia, Spain, Turkey, and the UK were also mentioned. Japan, Sri Lanka and Thailand were the key markets in Asia.

During company and factory visits much of the flooring was packaged in boxes stating the name of the purchasing company. The flooring manufacturers listed other companies as buyers. It was not clear, however, in all cases where the timber in each product originated. Buyers of the Chinese flooring included: Wood Floor Corona, nätura (Finland), Virginia Mill Works and Floors To Go (both big buyers of golden teak from Burma), Santos (U.S.-based), and CanTrust Hardwood Flooring.

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e8 The U.S. ‘Burmese Freedom and Democracy Act’, prohibits the importation of any article, “that is a product of Burma”. Products of China, made out of Burmese timber, are not covered.

e9 Note: some of the companies did not distinguish between the importers of Burmese species and other products made from wood from other countries. Therefore it is possible that not all of these countries imported flooring made out of Burmese timber.
8.4 The Shiningmen Shopping Mall of Flooring and Timber

At the The Shiningmen Shopping Mall of Flooring and Timber, located in central Shanghai, more than 30 retail shops had wood flooring for sale to local Chinese customers. All the flooring was solid wood. Of the 12 retail shops Global Witness visited in September 2006 ten had Burmese teak flooring in various sizes. Several retail shop staff explained that the price had increased by 150-300 yuan (US$19-38) per m\(^2\) over the previous six months and that supply from Burma was down but all could still supply flooring made out of Burmese teak.\(^{217}\)

San Hao Teak and the King of Teak had plenty of supplies in storage and both claimed that they were able to import teak legally across the China-Burma border.\(^{218},219\) San Hao Teak had 100,000 m\(^2\) of teak in storage and was also exporting to the Italian market. “Before the border was sealed off, we obtained most of our teak through smuggling – I would say about 70%. We bought directly from the hands of local dealers. Now, we are obliged to go through the official channels so the cost is much higher. It doesn’t make sense any more just to produce solid flooring - we make use of all the material, we also use the small bits to make frames and other furniture and we also produce engineered flooring. We have to go for more diverse products […] The impact on the domestic market isn’t huge. The rich people don’t seem to mind the extra price. What we have lost are the middle-class clients who don’t want to pay for the extra costs.”\(^{220}\)

King of Teak has its own factory inside Burma, near Ruili. One member of staff produced a stamped customs document, from Ruili customs, dated 6 April 2002 allowing the importation of 225,000 kg of timber. “The fact that the border is closed does not affect us too much because we have our own factory inside Burma. We have not put up the price as much as the others have done. Maybe 20% higher than before. We go through the official channel with certificates – over land. […] Our factory is the only factory in Burma that has been authorised by the authorities.”\(^{219}\) A factory located in Yunnan Province manufactures the finished products out of the imported raw materials.\(^{219}\)
PART B: GLOBAL WITNESS RESEARCH AND INVESTIGATIONS IN KACHIN STATE 2006-09

9 KACHIN STATE

“They mainly take the Yuzana tree because it flowers three times a year and the Chinese believe that if you have lunch or dinner underneath this tree you will become healthy and gain happiness. In this area there are none of these trees left as they had all been sold to China.” Local man, Loije, Kachin State, March 2007

Kachin State lies between two of the world’s largest countries, east of India and south-west of China, near the Himalayas, and in one of the world’s most bio-diverse areas. The forests of Kachin State are under threat at a time when the unprecedented growth of neighbouring countries bypasses the people of this remote region. Northern Burma suffers, like most of the country, from decades of economic mismanagement and civil war.

The ceasefires between the armed ethnic opposition groups and the Burmese government, brokered in the late 1980s and mid-1990s, brought an end to open fighting. As a result, local people could rebuild their livelihoods, displaced groups returned and local civil society networks have re-emerged. However, the ceasefires also opened up large forested areas, which were previously relatively inaccessible. A decade and a half later, much of this forest has been destroyed. The Tatmadaw, armed ethnic opposition groups, and powerful businessmen have all been complicit in this destruction. Chinese workers have carried out most of the logging, and almost all of the timber has ended up in natural resource-hungry China. Most of the timber has been used for local consumption; some of it exported, mainly to western countries.

At the same time, the political impasse in Burma, and the uncertain future status of the ethnic minority states, have continued to cause political turmoil, both between the SPDC and the Kachin opposition groups, and between and within the opposition groups. The new constitution, which was passed after the SPDC-controlled national referendum in May 2008, will come into effect in 2010. However, it is yet not clear if or under what circumstances the Kachin armed ethnic opposition groups will disarm and give up control of their areas.

Logging, and the associated timber trade with China, has declined following the launch of Global Witness’ report, ‘A Choice for China’, in October 2005. This has been due to the SPDC crackdown on logging and measures taken by the Chinese authorities to combat the illegal cross-border timber trade. The destruction of northern Burma’s forests continues however, albeit at a noticeably slower rate than previously.

Only scant attention has been given to solving the underlying political problems, to promoting socio-economic development, and to advancing long-term sustainable and equitable forest management. This is of paramount importance to protect forest resources and to ensure a sound future for the people of Kachin State. Indeed, the SPDC crackdown has had perverse outcomes. For example, residents of Putao have found it difficult to purchase wood for house building because of the restrictions. They face fines of up to 30,000 kyat (US$24) per ton of wood if caught and the Tatmadaw uses most of the timber that is available for construction.221

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Public awareness of the problem of illegal logging, and associated deforestation, has increased in recent years. On 5 June 2008 (World Environment Day) for example, ethnic Christians throughout northern Burma planted saplings in church compounds and surrounding areas. On the same day, university students in Myitkyina started a two-day tree-planting programme and Mr Awng Wa, Chairman of the Kachin Development Networking Group (KDNG), urged China and the SPDC to stop the, “[...] mindless logging.” In January 2009, according to unverified reports, local residents went as far as stopping more than 200 fully laden log trucks in Chipwe Town. The trucks carrying timber from the Jubilee area, which is controlled by the KIO’s 1st Brigade, were returning to China. Several of the villagers, who were protesting against the deforestation, were arrested but later released by the authorities. A couple of months later, on 22 April 2009, the KDNG and its supporters marked the 39th anniversary of Earth Day at two locations on the Burma-China border. The celebrations were held on the border in order to draw attention to the cross-border trade in natural resources.

9.1 Recent political developments in Kachin State

“The Kachin must have a political party. If not, they will lose their identity.” Anon Kachin State Progressive Party (KSPPP) source, reported in The Irrawaddy, 4 March 2009

The political future of Kachin State is closely tied to how, following the election of a new government in 2010, the issue of disarming the armed ethnic opposition groups is dealt with. The KIO and the NDA(K), together with armed ethnic opposition groups in other states, are at crossroads but their options are limited. They can disarm and contest the elections as political parties, they can enlist their troops as special border police units (under the control of the future government), they can try to negotiate an alternative solution or they can fight the SPDC, which is unlikely.

Until recently, it appeared that an interim solution had been agreed between the SPDC and the KIO, and the NDA(K). The KIO had apparently received assurances that it would not be disarmed prior to the elections, and that the terms for any disarmament and future political settlement would be discussed with the new government. For its part the KIO was concerned that, according to the new constitution, there will only be one army in the country, the Tatmadaw. The NDA(K) was likely to become a special border security force under the nominal command of the Tatmadaw. However, on 28 April 2009, in a move that surprised the KIO, Tatmadaw commanders held simultaneous meetings with representatives of every major armed ethnic opposition group in the north and north-east. Brigadier General Soe Win, the Northern Commander, met with leaders of both the KIO/A and the NDA(K). They were given one month to respond to the SPDC’s plan to incorporate their armed wings into the Tatmadaw as border guard forces. At the time of writing, the KIO is still locked in negotiations with the SPDC.

This continues years of stalemate between the SPDC and the armed ethnic opposition groups over the status of, and provisions for, these ethnic groups in the future constitution. Only limited powers have been devolved from the central state level to the local state level under the new constitution. Furthermore, few if any of the points raised by the armed ethnic opposition groups during the drafting process of the constitution were reflected in the final text. This has further increased political and economic pressure on the Kachin armed ethnic opposition groups. As a result, the relationship between the government and the Kachin groups remains tense.

A peace agreement between the KIO and the NDA(K) was settled in December 2006 and has remained in place. Fragmentation within the KIO and the NDA(K), and confrontation between the two groups has continued, but at a significantly lower level. Political disputes over the future status of the armed ethnic opposition groups, in particular the KIO, have also flared up. Personal power struggles and competition for natural resources are believed to be at the heart of much of this infighting.

At a time when these issues take centre stage, the wider population is becoming more disenfranchised and disillusioned.

The Kachin armed ethnic opposition groups actively participated in the government-sponsored National Convention, which was tasked with drawing up guidelines for Burma’s new constitution. The KIO in particular has played a leading role. The National Convention process was strictly managed by the SPDC and was criticised by domestic and international observers for lacking credibility and legitimacy.

On 19 July 2007, in its ‘19-point proposal’, the KIO reiterated its call for the constitution to be based on a genuine, ‘system of federation of states’; rather

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14 This is one of the main ways that the United Nations increases awareness of environmental issues in order to, “enhance political attention and action”. For more information please see: http://www.unep.org/wed/2009/english/
15 “Earth Day, April 22, each year marks the anniversary of the birth of the modern environmental movement in 1970.” For more information please see: http://www.earthsday.net/
than on a system where all the power is centralised. The proposal called for much more legislative power to be granted to major divisions and constituent states, for the promotion of ethnic languages to be permitted, for cultural and customary rights, and for ethnic national affairs to be protected. The KIO also wanted the authority to make laws regarding, amongst other issues, the commercial development of natural resources, to be assigned to constituent states. The KIO’s proposal was supported by several other armed ethnic opposition groups and built upon proposals submitted to the National Convention Committee, by a coalition of 13 armed ethnic opposition groups, in 2004 and 2005 (see ‘A Choice for China’, page 77). The SPDC did not respond to the proposal, and ignored efforts to set up meetings between the KIO and the SPDC to discuss it. The demands in the proposal were not reflected in the final text of the constitution.

After 14 years of deliberations and adjournments the National Convention ended on 3 September 2007. In mid-October 2007, the SPDC appointed the State Constitution Drafting Commission, which started working on the final draft of the constitution in early December. On 9 February 2008, state-controlled media announced that a referendum on the new constitution would take place in May 2008, followed at a later date by multi-party elections. The KIO encouraged the public to, “think carefully and cast their votes”, but said its own members and their families would not be taking part in the referendum. It was subsequently reported that the KIO had urged its members to vote ‘yes’ in the referendum, during a public meeting on 7 May in Laiza. The NDA(K) also told its members to vote ‘yes’ according to press reports.

The referendum took place, as planned, on 10 May 2008 in most parts of the country and on 24 May 2008 in the cyclone Nargis-affected areas, including Rangoon. According to the Kachin News Group, 62% voted in favour of the constitution in Myitkyina, Waingmaw, Bhamo and Laiza, all KIO-controlled areas. Prior to the referendum the SPDC had conducted a tightly managed campaign for a ‘yes’ vote and very little public debate took place because it was illegal to criticise the constitution. Numerous voting irregularities were also reported including the deletion of almost 100,000 names from the original draft list of voters in Myitkyina, apparently without explanation, and fining the residents of certain villages in Shan State 100,000 kyat (US$90) for voting “no” in a mock referendum held earlier in April.

6 The armed ethnic opposition groups, including the KIO and NDA(K), did not take part in the 2007 ‘Saffron Revolution’, a series of anti-government protest that started on 15 August. The protests, led by thousands of monks, were put down by the military and 31 people were confirmed dead by the UN’s Special Envoy to Burma. Many protestors were beaten and about 2,000 arrested. Some of the protestors were later handed prison sentences of up to 65 years.

7 Cyclone Nargis struck Burma on 2 May 2008. An estimated 150,000 people, probably more, died in the Irrawaddy Delta area due to a large tidal wave caused by the cyclone. Despite the influx of international humanitarian aid, assistance will be needed for years to come.

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“Towards a Democratic Nation”, NDA(K) poster in Pangwah

“The National Convention Explained”, Laiza; April 2006

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Witness has been unable to verify these reports. The SPDC subsequently reported that voter turnout was 98% and that 92% voted yes.

The election of a new parliament will take place in 2010. However, the party and voting law has not yet been announced and concerns persist that the election will not be free and fair.

The SPDC has urged the armed ethnic opposition groups to disarm, to form political parties and to fight the election in 2010. According to reports, both the NDA(K) and the KIO intend to participate in the election. To this end they set up the Kachin State Interim Committee (KSIC), Jinghpaw Mungdaw Pranwan Komiti in Kachin, on 20 June 2008 to establish a political party. The KSIC is headed by Dr Manam Tu Ja, Vice-President No. 2 and former Chairman of the KIO’s Kachin Consultative Committee. It will comprise 49 members: 13 from the KIO, five from the NDA(K), two from the Lasang Awng Wa Peace Group, around six from the Kachin Nationals Consultative Assembly (KNCA), the remainder being made up of non-Kachins. The KIO previously told Global Witness that it would not transform itself into a political party but that it might support the creation of one, which would remain separate.

The Kachin State Progressive Party (KSPP), Jinghpaw Mungdaw Rawtjat Pati in Kachin, finally came into being in early 2009. According to the press, reporting comments made by Dr Manam Tu Ja, the name of the party was coined for, “the holistic development of people in Kachin State in social, cultural, political, educational and economic sectors.” The law governing the registration of political parties has yet to be promulgated, so the party has yet to be officially recognised, and the date for the 2010 election has yet to be announced. However, James Lum Dau, deputy foreign minister of the KIO, has said that he, “strongly believed that the new constitution had the basic foundation of democracy”. He said further that the election would allow the Kachin people to fight for democracy, which would have to be achieved step-by-step. The formation of the KSPP demonstrates a willingness to compromise and new-found agreement between the various Kachin groups and, as such, is a significant development.

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An umbrella group of Kachin nationals established to guide the politics of the Kachin people.
9.1.1 SPDC pressure on the armed ethnic opposition groups

Since late 2005, the SPDC has taken a harder line vis-à-vis the Kachin armed ethnic opposition groups, notably the KIO. The SPDC has curtailed some of the NDA(K) and KIO’s economic activities; in particular mining and logging, and allocated large land areas to Bamar business interests. It also increased political pressure for the KIO to publicly support the National Convention, to recommend a ‘yes’ vote in the referendum, and to denounce the international community’s calls for political reforms in the country.

These developments coincided with the arrival, in August 2005, of a new Northern Commander, Major General Ohn Myint, and the SPDC’s continued push for their ‘seven-step roadmap’ to disciplined democracy. The previous Northern Commander, Maung Maung Swe, was transferred from his post following allegations of widespread corruption in the logging and mining sector. This was despite the fact that General Maung Aye, the regime number two, was his father-in-law. Maung Maung Swe took up Ohn Myint’s previous posting as commander of the resource-rich Coastal Command before he was appointed Minister for Social Welfare. In June 2008, he was made Minister for handling Post-Cyclone Relief and Resettlement.

The new northern commander was said to be a close ally of Senior General Than Shwe. While displaying a relaxed and even jovial persona in public, Ohn Myint took a more hands-on approach towards overseeing the work of government departments, to Kachin affairs more generally, and to relations with the KIO in particular. He told Global Witness that it was important to promote a ‘win-win’ relationship in international and political affairs. That said, the KIO and other armed ethnic opposition groups did not prosper during his tenure.

In addition to the economic difficulties, brought about as a result of the logging and mining bans, which the KIO and others fear have more to do with undermining the armed ethnic opposition groups than saving trees, other political pressures and problems have arisen from both domestic and international issues. In January 2006, for example, the Tatmadaw shot six KIA soldiers dead. The shootings took place in Namkham Township, near the border of Shan State and Kachin State, in an area controlled by the KIO/A. According to sources close to the KIO, the Tatmadaw killed the KIA soldiers in cold blood at their liaison office. The SPDC claims that it was an accident. The situation was already tense following the Tatmadaw’s arrest of, and its further search for, prominent Shan political leaders. The KIO/A chose not to retaliate.

Between September and December 2006, the

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9 The Bamar (Burmans) make up more than 65% of the population of Burma and have dominated the government and private sector since Burma gained independence from the British in January 1948. The minority ethnic groups include the Chin, Kachin, Karen, Mon, Rakhine, Shan and Wa. Successive Bamar-dominated governments have systematically, and forcefully, downplayed these ethnic differences. They have tried to foster a national Burmese identity in order to help unify the country. However, such policies of cultural assimilation have only served to create resentment, amongst the minority ethnic groups, of the Bamar population in general.

g1 Announced by General Khin Nyunt on 30 August 2003 the roadmap includes: 1. Reconvening of the National Convention that has been adjourned since 1996. 2. After the successful holding of the National Convention, step by step implementation of the process necessary for the emergence of a genuine and disciplined democratic system. 3. Drafting of a new constitution in accordance with basic principles and detailed basic principles laid down by the National Convention. 4. Adoption of the constitution through national referendum. 5. Holding of free and fair elections for Pyithu Hluttaw (Legislative bodies) according to the new constitution. 6. Convening of Hluttaws attended by Hluttaw members in accordance with the new constitution. 7. Building a modern, developed and democratic nation by the state leaders elected by the Hluttaw; and the government and other central organs formed by the Hluttaw.

g2 For example, he played guitar and sang Kachin folk songs at the annual Kachin Manao festival in January 2006.
KIO, in contrast to many other armed ethnic opposition groups, and despite pressure from the SPDC, declined to condemn a proposal, spearheaded by the United States and the United Kingdom, to place Burma on the agenda of the United Nations Security Council (UNSC). The KIO stated that it wanted to remain neutral in this respect. In response, the SPDC, in a show of strength, held a large-scale troop exercise near the KIA’s headquarters in Laiza. In addition, the SPDC confiscated supplies destined for gold-mining camps in KIO-controlled areas in the Tanai region of Kachin State. The SPDC also sent troops to the KIO’s 1st Brigade area in N’ Gumla, in the Triangle area (which were later called back upon request of the KIO), and stopped the transfer of goods and supplies through Laiza. According to a top KIO leader, “It was all a misunderstanding. We stay neutral and they [the SPDC] understood that after a while. Ohn Myint also understood.” Nevertheless, a few weeks later the KIO appeared to give into the pressure. According to the SPDC’s official newspaper, ‘The New Light of Burma,’ the KIO issued a statement, along with most other armed ethnic opposition groups, denouncing the interference of the UNSC in Burma’s internal affairs.

In 2007, political and military tension was yet again building following the KIO’s 19-point proposal and SPDC demands that the KIO, along with all other armed ethnic opposition groups, denounce a statement made by the detained opposition leader Aung San Suu Kyi in November 2007. The statement, read by the UN’s special envoy to Burma, Ibrahim Gambari, expressed that it is her, "duty to give constant and serious considerations to the interests and opinions of as broad a range of political organisations and forces as possible, in particular those of our ethnic nationality races". Subsequently, the SPDC pressured many armed ethnic opposition groups to condemn Aung San Suu Kyi publicly, and to stress that she has no future role as a representative of the interests of the ethnic peoples. However, on this occasion, the KIO and the United Wa State Army among other groups refused to heed the SPDC’s calls.
In response to the KIO’s political position, the SPDC increased security, harassed the KIO, and put on displays of force in Myitkyina, the capital of Kachin State. In August 2007, the SPDC recruited and trained several hundred fire fighters. They have subsequently been deployed to exercise law and order at public gatherings.253, 254 In late November, Tatmadaw tanks paraded in the streets of Myitkyina, and in December the homes of many high-level KIO officers were raided by the SPDC. Government authorities also partly dismantled two bridges, the Jubilee and Chipwe bridges, which are key to the KIO’s access to the timber-rich Triangle area (see ‘10.3.1 Logging in the Triangle’, pages 77-78). More recently, in January 2008, at least one battalion under the command of Ohn Myint was stationed at the annual Kachin Manao festival. This was in stark contrast to earlier years when the military presence was significantly lower.254

Following the referendum in May 2008, and the preliminary arrangements for the 2010 elections, open tension between the KIO and the SPDC seem to have decreased. In addition, as discussed earlier, Major General Ohn Myint has been replaced as Northern Commander by Brigadier General Soe Win, a former principal of one of the Tatmadaw’s training academies.255, 256 Following his arrival in Myitkyina on 26 June 2008, Soe Win met first with religious leaders followed by meetings with the KIO, the NDA(K) and the Lasang Awng Wa Peace Group.255 To date, Soe Win appears to have taken a less high profile approach than his predecessor vis-à-vis the armed ethnic opposition groups, and local sources report that no major confrontations have taken place since his arrival.257, 258

For his part, Ohn Myint was promoted to the post of Commander at the Bureau of Special Operations 1 (BSO), under the Ministry of Defence, overseeing both the Northern Command (headquartered in Myitkyina) and the Northwest Command (headquartered in Monywa, Sagaing Division).259 According to press reports, he has since moved to BSO 6.260

In late 2008, Chinese officials met with a number of the armed ethnic opposition groups, including the NDA(K) urging them not to provoke the SPDC.261

9.1.2 Dispute within and between the armed ethnic opposition groups

Since its inception in the early 1960s, the Kachin nationalist movement has been plagued by internal rivalry, coups, and competition for power and position (see ‘A Choice for China’, pages 50-54). The KIO leadership for example faced coup attempts in both 2001 and 2005. The years since the launch of ‘A Choice for China’ have been no exception. There have been two coup attempts within the NDA(K) and political differences over the future of the movement have continued to plague the KIO leadership. However, the relationship between the NDA(K) and the KIO has improved since the December 2006 peace agreement; the formation of the KSPP being a good case in point.

Two splinter groups, the Rebellion Resistance Force (RRF) and the Lasang Awng Wa Peace Group, independent of both the NDA(K) and KIO, and holding smaller territories, have emerged in recent years. Both groups have been supported by the SPDC, which made progress in exploiting divisions between the different groups and securing more territory in Kachin State (see ‘9.2 Territorial control in Kachin State’, pages 66-67).
9.1.2.1 Political debate within the KIO

“There is a problem of the KIO leadership working for themselves rather than for the people.” Kachin youth, Myitkyina, 2007

The KIO’s participation in and continued support of the National Convention, the constitution, the referendum and most likely the elections in 2010 has, in the absence of tangible results, caused resentment and frustration among some sectors of the Kachin public; in particular among educated sections of the youth. Many remain unconvinced that the SPDC will heed the KIO’s demands. However, they do acknowledge that a return to armed struggle is not a viable long-term solution. Senior KIO leaders defend their position by insisting that the new constitution is better than no constitution at all, and that it will provide a legal framework, and a political process, for the future recognition of the status and rights of the ethnic groups.262 In early 2009, differences in opinion remain polarised and are likely to continue so for the foreseeable future.

The heated debate about the future of the Kachin nationalist movement, and the role of the KIO in particular, also exposed divisions within the KIO, predominantly between the older senior leaders and prominent younger officers. In October 2007, the KIO’s standing committee put forward a proposal to change the KIO’s name. This was presented to the public in a meeting lasting several days at the KIO’s headquarters. The KIO’s wider political objectives were also debated. The KIO argued that the ‘I’ for ‘Independence’ in its name was now out of date. Even before ceasefire the KIO had accepted being a part of a federal union of states, and not to strive for independence from the Union of Burma.254 The move was also seen as the KIO positioning itself in preparation for parliamentary elections, which the SPDC has announced will follow the adoption of the constitution, if it is accepted by the public in a referendum. As one church leader explained, the reasoning and timing behind the suggested name change: “Time is important. If we miss the train, we’ll be late. We have to appear at the right time, in the right dress.”254

However, the proposal to change the KIO’s name was opposed by leading younger members of the KIO’s Central Committee and many others, including church leaders, who argued that it was too early for the KIO to change its name. They maintained that it could be interpreted as a sign of weakness by the SPDC, i.e. demonstrating a willingness to lay down weapons and commit to elections at a time when the constitution had not yet been drafted, and the KIO’s demands not yet met by the SPDC.

The dispute erupted at the height of the government crackdown on peaceful protestors around the country, during the last week of September 2007. It was made worse by a decision taken by the KIO to attend a large government rally, in Myitkyina, on 29 September 2007, in support of the National Convention. At the rally, senior KIO leader Dr Tu Ja, along with the NDA(K) Chairman, Zahkung Ting Ying, expressed support for the SPDC and its ‘seven-step roadmap’ to democracy. This angered many, particularly as it happened only a few days after troops, under SPDC Northern Commander Ohn Myint, had raided several monasteries and arrested about 200 monks, killing at least one monk, in Myitkyina.

Conflict within the KIO was calmed when the senior leadership agreed to postpone the decision to change the KIO’s name, indefinitely.

9.1.2.2 The KIO and Lasang Awng Wa

The KIO Splinter Group led by Colonel Lasang Awng Wa split from the KIO in 2004. This followed a coup attempt, according to the KIO, and, “disagreement over policy and transparency”, according to Lasang Awng Wa.263 Lasang Awng Wa sought refuge with the NDA(K) and sided with them in public against the KIO. This deepened the ongoing tensions between the KIO and the NDA(K).

Later in 2004, he gained temporary control over the contested and potentially lucrative logging and mining area of Konglangphu on the China border. This is where the N’Mai Hku Project is located (see ‘A Choice for China’, pages 66-67). Lasang Awng Wa’s group was recognised by the SPDC as a ceasefire group and given the name ‘Lasang Awng Wa Peace Group’ by the Northern Commander.263, 264 The new group was granted its own territory by
the SPDC in December 2005, in the Gwi Htu Valley, just north of Myitkyina. This was done without the agreement of the KIO, which previously controlled the area, and in violation of the 1994 SPDC-KIO ceasefire agreement.

The Gwi Htu area comprises several villages and suffers from poor infrastructure; malaria and other diseases are common. According to a leading member of the peace group, Lasang Awng Wa plans to promote a development programme in the area, focusing on agriculture, citrus plantations, schools, roads, health and public education. The Loi Ngu Bum Company, a company officially registered by the group, will support these activities. Generating an income through jade mining in Hpakant and growing rubber wood has also been under discussion.

By February 2007, the group was in turmoil following an alleged coup attempt. It was quickly put down and several people were detained. According to a source close to the alleged coup leader, N’Hkai Gam Hpang, his intention had been to reunite the Lasang Awng Wa Peace Group with the KIO.266

Press reports suggest that Lasang Awng Wa started logging again in early 2008. Chinese loggers were seen operating in the forests of the Ugang Mountain, near the village of Nawngkhying, seven miles from Lasang Awng Wa’s base at Lawa Yang in the Gwi Htu Valley. The logging took place for at least two months and was opposed by local people reliant on streams flowing from the mountain to irrigate their paddy fields. The 3,000 villagers were apparently promised a school but instead received less than US$2,000 between them.268
9.1.2.3 NDA(K) infighting

NDA(K) chairman Zahkung Ting Ying has been the group’s leader since its breakaway from the KIO in 1968. Ting Ying’s refusal to share power and lucrative business activities, mainly mining and logging, with other senior NDA(K) members (favouring instead Chinese business partners) prompted coup attempts in 2005 and 2006. The first coup attempt took place in September 2005 while Ting Ying was away in Myitkyina. Soldiers in the NDA(K)’s 1st Battalion, stationed near Hpimaw/Pian Ma on the China-Burma border, under the command of several senior NDA(K) officers, occupied the NDA(K) headquarters in Pangwah for ten days. However, most NDA(K) soldiers stayed loyal to Ting Ying, who directed his troops by phone from Myitkyina. He also reportedly had high-level meetings with the SPDC, in particular Lieutenant-General Ye Myint, with whom he had travelled from Mandalay to Myitkyina. Several sources claim that the NDA(K) chairman received no armed assistance from the SPDC to recapture his territory. According to these sources the SPDC’s response to the conflict was: “It is your family problems – you sort it out.” In the end, Ting Ying’s troops regained full control and arrested the four coup leaders. They were released after a week upon the request of the Northern Commander. Ting Ying is said to have commented, “If I kill them, I’ll have a hundred enemies.”

Following the failed coup, the leaders sought refuge in the KIO-controlled area. This led to considerable friction between the KIO/A and the NDA(K). The same individuals attempted another coup in May 2006 but this was also short-lived. They all escaped after a week upon the request of the Northern Commander. Ting Ying is said to have commented, “If I kill them, I’ll have a hundred enemies.”

Despite the decline in income the NDA(K) has been busy constructing a whole new town near Pangwah, apparently in response to the security issues following the coup attempt in 2005. All the residents of the old Pangwah will be moved to the new Pangwah Town, which is located 6-10 km away on the road towards Chipwe. The old Pangwah Town will be used as a strategic place for security and business activities. The new town has been rented out to Chinese businessmen for 30 years. A new casino, rumoured to be the largest in Southeast Asia, was also under construction in 2006.

9.1.2.4 KIO and NDA(K) relations

“...we must cooperate, all of us. It is not good to be extremist or seek confrontations.” Senior KIO leader, Myitkyina, January 2007

Relations between the two Kachin armed ethnic opposition groups, the KIO and the NDA(K), were strained throughout 2006 but have been less tense since. Much of this was linked to grievances fuelled by the aftermath of the Lasang Awng Wa issue, and the NDA(K) coup attempts, during which both groups accused the other of sheltering, aiding, and abetting the ‘troublemakers’. On 7 December 2006, however, the two groups signed a peace agreement brokered by the Kachin Consultative Assembly (a group of mainly leading Kachin church leaders), which has so far prevented further open conflict. The three main points in the peace agreement are that both parties must respect each other’s territories, avoid armed confrontations, and cooperate on opium-growing eradication issues. They have since formed a political party together.

The issue of territorial control over the Konglangphu area on the China-Burma border, which had been a major point of contention between the KIO and the NDA(K) in 2003-05, has dropped off the agenda for the present. After both the KIA and NDA(K) troops withdrew from this remote area, the Tatmadaw moved in and the Northern Commander allocated it to his old friend, the businessman, Dangku Ah Dang (see ‘9.2.1 Konglangphu’, opposite). Despite their historic differences, the KIO and the NDA(K) always seem to have worked out mutually beneficial logging and timber transportation sharing arrangements. This enables timber cut in the KIO-controlled area of the Triangle to reach the China border through NDA(K) held areas.

New Pangwah Town; January 2007
9.2 Territorial control in Kachin State

The SPDC has skillfully, quietly, and for its own advantage exploited continued conflict within the KIO, the disagreements between the KIO and the NDA(K), and the internal conflict within the Kachin nationalist community. The SPDC has effectively removed several significant areas from KIO control. The area of Gwi Htu, allocated to Lasang Awng Wa (see ‘9.1.2.2 The KIO and Lasang Awng Wa’, page 63-64), is one notable case, the area of Konglangphu another. By increasing areas of territory under its control in recent years, the SPDC is more firmly in command of large parts of Kachin State than ever before.

9.2.1 Konglangphu

The remote township of Konglangphu is located in the N’Mai Hku area, in the north-eastern part of Kachin State, near the China-Burma border. This is an area recognised internationally for its unique biodiversity and is located opposite protected national parks on the China side of the border: the Nujiang and Gaoligongshan reserves in Nujiang Prefecture, Yunnan Province. The region is potentially very lucrative due to the existence of large tracts of forest and significant mineral deposits, including gold. Logging roads extend into Konglangphu from the towns of Fugong and Gongshan in China. However, a general lack of infrastructure and difficult mountainous terrain has so far hampered large-scale natural resource extraction.

Konglangphu was not initially granted to any of the Kachin armed ethnic opposition groups. However, in 1997 the SPDC cabinet and General Khin Nyunt allowed the KIO to undertake a combined mining and logging project here: ‘The N’Mai Hku Project,’ (see ‘A Choice for China’, pages 66-67). The region is inhabited mainly by the Rawang and Maru tribes, which have historic animosities with the Jingpaw-dominated KIO. This resulted in the KIO being less firmly in control of Konglangphu, and enjoying less public support, than elsewhere in Kachin State.

Konglangphu has been heavily contested in recent years. In 2003-04, the NDA(K) tried to expand the area under its control, leading to violent clashes with the KIO. Lasang Awng Wa took over Konglangphu, temporarily, in 2004, whereupon he entered into several logging deals with Chinese businessmen. Subsequently, in late 2005, SPDC troops moved in from nearby Putao. It is not entirely clear if this precipitated or followed the KIO and NDA(K) withdrawals.

In mid-2006, the SPDC handed control to Dangku Ah Dang, a Rawang businessman dealing
mainly in jade. He had previously been sent to Konglangphu by the NDA(K) of which he was a member until late 2005. He remains on good terms with the group. The KIO has also extended some support to him in the form of medical supplies and a few teachers. Dangku Ah Dang is also the leader of the small Rebellion Resistance Force (RRF), and a close ally of former SPDC Northern Commander, Ohn Myint. The RRF numbers no more (and probably less) than 100 predominantly Rawang soldiers. It relies on the protection of the SPDC and the Tatmadaw, which has set up at least one small permanent military outpost in Konglangphu.263, 273

Dangku Ah Dang has been allowed to conduct ‘development’ in the area. He has been busy mapping his territory but the difficult terrain, tough weather conditions, and the unstable political situation have hampered his development and business activities. Despite this, he has been able to construct a bridge across the river, which now forms part of the main transport route to Putao. According to the Kachin News Group many people from Machyang Baw Town, located beside the Mali Hka River, 14 miles south-east of Putao, were used as forced labour to carry construction material for the bridge. It was also reported that, in November and December 2006, villagers were forced to carry weapons and shells to Konglangphu area for the SPDC. Global Witness has not been able to verify these allegations.

During his time as Northern Commander, Major General Ohn Myint approved the construction of a road leading from the Jubilee area to Konglangphu via Zangnauyang, along the west bank of the N’Mai Hka River. Dangku Ah Dang has also been road building. According to press reports, he has received help from the Forest Department of Nujiang Prefecture, in Yunnan province, to construct a road from Fugong to Konglangphu. It is likely that these roads will be used to facilitate the extraction of minerals and timber. Indeed, gold has recently been found near the N’Mai River by Dangku Ah Dang’s Hla Pyit Win Company, working together with a Chinese company. Local people, reliant on gold mining for their survival, are concerned that Dangku Ah Dang, with the support of the SPDC, will evict them from their gold-mining fields.

9.2.2 SPDC army posts in NDA(K) areas

Following the NDA(K) coup attempts in late 2005, the SPDC placed new army posts inside the NDA(K)-controlled area. These are located along strategically important roads from where the SPDC taxes log trucks en route to China. The new SPDC posts are in Lukpi, Steeljaw, Nuzungbaw and Langse. The SPDC has also set up new army posts at Sadon and near Wawhkyung, near Lahpai Village. Sadon had until then been controlled mainly by the NDA(K) and partly by the KIO. An NDA(K) outpost controlling the east bank of the N’Mai Hka River by the Jubilee Bridge has also been taken over by the SPDC. SPDC attempts to increase their control of the area have lead to increased conflict.

9.2.3 Control in SPDC areas

These developments notwithstanding, from early 2006, Ohn Myint relaxed controls and enabled easier transportation by removing many checkpoints throughout the state. During 2006-7, the checkpoints were still physically there but vehicles were not stopped as they had been previously. Checkpoints have been removed along major roads for example in Kampaiti, Manwin, Washawng, Mogaung, and the Bala Minhtin Bridge, which is just outside Myitkyina. In early 2007, there were only three checkpoints, including a KIO checkpoint, along the Myitkyina to Bhamo road. This compares to more than twenty when former Northern Commander, Maung Maung Swe was in charge. Only one SPDC checkpoint remains between Myitkyina and Laiza. The reason behind this relaxation of control is not known. However, it is rumoured that Ohn Myint removed the checkpoints after he himself had experienced the inconvenience of being stopped numerous times. During 2008, most of the checkpoints were re-installed.
At the height of the trade in 2004-05, on average, one log truck carrying about 15 tonnes of timber logged illegally in Burma crossed an official Chinese checkpoint every seven minutes, 24 hours a day, 365 days a year.