

# Poppy Farmers Under Pressure

Causes and Consequences of the  
Opium Decline in Myanmar





AUTHORS:  
Transnational Institute

COPY EDITOR:  
Deborah Eade  
[www.deboraheade.net](http://www.deboraheade.net)

DESIGN:  
Guido Jelsma

COVER PHOTO:  
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## **TRANSNATIONAL INSTITUTE (TNI)**

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PO Box 14563, 1001 LD Amsterdam  
The Netherlands  
Tel: + 31 20 662 6608  
Email: [tni@tni.org](mailto:tni@tni.org)  
<https://www.tni.org/en/myanmar-in-focus>  
<https://www.tni.org/en/drugs-and-democracy>

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<b>Introduction</b>	<b>4</b>
<b>Abbreviations</b>	<b>6</b>
<b>Map 1. Myanmar and Neighbouring Countries</b>	<b>7</b>
<b>1. Overview of Past Trends</b>	<b>8</b>
The introduction of opium in Myanmar	8
Myanmar and the making of the Golden Triangle	9
A decade of decline (1997–2006)	14
Opium cultivation bouncing back (2006–2014)	16
Opium, conflict and “the blame game”	18
■ Box 1. Measuring Opium Cultivation and Production	19
<b>2. Socio-Economics of Poppy Cultivation</b>	<b>22</b>
Why do people grow opium?	22
Map 2. Northern Myanmar	24
The drivers of opium cultivation	25
<i>Geographical and climatic conditions</i>	25
<i>Armed conflict and political instability</i>	26
<i>Poverty and the lack of viable alternative livelihoods</i>	28
<i>Access to land</i>	29
<i>Access to credit</i>	30
<i>Traditional and medicinal opium use</i>	32
Women and poppy cultivation	35
<b>3. Evolution of Opium Cultivation and Prices (2015–2021)</b>	<b>38</b>
Causes and consequences of new decline: a Pa-O case study	38
■ Box 2. Analysis by Myanmar Opium Farmers’ Forum of the opium market	39
Figure 1. Evolution of opium farm-gate prices in Hsihseng Township	41
Illicit opium cultivation in India	42
Figure 2. Evolution of opium farm-gate prices in Tachileik Township	42
The rise of Amphetamine-Type Stimulants	46
<b>4. Policy Dimensions</b>	<b>50</b>
Legal framework and policy responses	50
■ Box 3. Alternative Development Principles and Lessons Learned	52
Alternative Development in Myanmar	55
The impact of forced eradication	59
Opium eradication in Thailand	62
Drug policies by armed groups	63
The 2005 Wa opium ban	66
The need for a new alternative development paradigm	68
Human rights, illicit cultivation and alternative development	71
■ Box 4. The Myanmar Opium Farmers’ Forum	73
Licensed and illegal opium cultivation in India	74
<b>5. What Next?</b>	<b>76</b>
The impact and implications of COVID-19 and associated restrictions	76
The coup and its consequences for opium cultivation	77
<b>6. Conclusion and Recommendations</b>	<b>82</b>
<b>Endnotes</b>	<b>88</b>
<b>Bibliography</b>	<b>95</b>



## Introduction

The drugs market in Myanmar has seen some profound changes in recent decades, and is changing from being dominated by opiates to one in which amphetamine-type stimulants (ATS) are most prevalent. Poppy cultivation in Laos, Myanmar and Thailand boomed in the 1970s and 1980s, and the border regions of the three countries became known as the “Golden Triangle”. By the 1980s, Myanmar (then internationally known as Burma) had become the world’s largest opium-cultivating country. Since the late 1990s, however, Myanmar has seen a significant decline in opium cultivation, although it remains the largest producer in Southeast Asia. It has dropped to very low levels in Thailand, and fallen significantly in Laos. Poppy growing in Myanmar resurged after 2007, but never reached the earlier levels. There is also significant illicit poppy cultivation in India, including in areas bordering Myanmar, but there are no official figures.<sup>1</sup>

At the same time, the use of ATS in the region has grown hugely. Myanmar has become a major ATS-producing country. The most popular form is methamphetamine tablets, which are widely and cheaply available in the country. The production and use of crystal methamphetamine, commonly known as “ice”, has also increased, with most production destined for export to other countries in the region. Most of the precursors to produce ATS do not originate from Myanmar, but come from the neighbouring countries China, India and Thailand.

This report focuses on analysing the causes and consequences of the declining opium cultivation and production in Myanmar, with some references to northeast India. It analyses the socio-economic conditions of poppy-growing communities as well as various policy responses and their impacts on cultivation levels and communities. The briefing also

highlights the specific issues and needs of women who grow opium. It analyses the link between opium cultivation in Myanmar and the international drug market, and the rise of ATS use and production in Myanmar. Finally, the briefing makes a number of policy recommendations.

Myanmar has recently entered a very unstable and uncertain period. Apart from the challenges brought about by COVID-19 and the continuing armed conflict in the ethnic borderlands, the country has plunged into further violence and chaos following the Tatmadaw (national army) coup in February 2021. This report analyses some of the impacts of these developments on the opium economy and poppy-growing communities.

The briefing is based on field research conducted by TNI and several local organisations and researchers (often farmers) in major opium-cultivating areas in Myanmar during late 2020 and the first half of 2021. The research was carried out in Sadung, Tanai and Putao Townships in Kachin State, Kutkai Township in northern Shan State, Pekhoh, Hsihseng, Hopong and Loilem Townships in southern Shan State, and Tachileik, Mong Ping and Mong Hsat Townships in eastern Shan State. Some research was also carried during the same period in Manipur and Arunachal Pradesh in northeast India.<sup>2</sup>

This report builds on previous TNI research and publications, in particular *Withdrawal Symptoms in the Golden Triangle: A Drugs Market in Disarray* (2009) and *Bouncing Back: Relapse in the Golden Triangle* (2014). These two regional studies analyse developments in the drugs market, policy responses and their impact on affected communities in Myanmar and other countries in the region. These reports fill an important gap as they aim to go beyond analysing only one single country or substance, and instead take a regional view, analyse different kind of drugs available in



Poppy flowers bloom in Shan State

the region, and link drug use, production and trafficking issues in one study. In addition, these reports make alternative drug policy recommendations, which are based on evidence from the field, views and visions of local communities and the organisations that represent them. They are also based on human rights and a focus on achievable measures which contribute to positive outcomes in other key fields, including development, health, inclusion, gender equality and peace. TNI strongly believes that drug policies based on these key values, and which are made with the participation of affected communities and relevant local organisations, will have much better outcomes for all members of society.

## Abbreviations

<b>AD</b>	Alternative Development	<b>MMK</b>	Myanmar Kyat
<b>ASEAN</b>	Association of Southeast Asian Nations	<b>MNDAA</b>	Myanmar National Democratic Alliance Army
<b>ATS</b>	amphetamine-type stimulants	<b>MOFF</b>	Myanmar Opium Farmers' Forum
<b>BGF</b>	Border Guard Force	<b>MTA</b>	Mong Tai Army
<b>CBN</b>	Central Bureau of Narcotics	<b>NDA</b>	National Democratic Alliance Army
<b>CCDAC</b>	Central Committee for Drug Abuse Control	<b>NGO</b>	non-government organisation
<b>CDM</b>	Civil Disobedience Movement	<b>NLD</b>	National League for Democracy
<b>CND</b>	Commission on Narcotics Drugs	<b>NPS</b>	New Psychoactive Substances
<b>CPB</b>	Communist Party of Burma	<b>PMF</b>	People Militia's Force
<b>CSO</b>	civil society organisation	<b>PNLO/A</b>	Pa-O National Liberation Organisation / Army
<b>EAO</b>	ethnic armed organisation	<b>PNO/A</b>	Pa-O National Organisation / Army
<b>EU</b>	European Union	<b>RCSS</b>	Restoration Council of Shan State
<b>FPIC</b>	free, prior and informed consent	<b>Rs</b>	Rupee
<b>ha</b>	hectare	<b>SAC</b>	State Administrative Council
<b>ICAD</b>	International Conference on Alternative Development	<b>SDGs</b>	Sustainable Development Goals
<b>ICESCR</b>	International Covenant on Economic, Social and Cultural Rights	<b>SUA</b>	Shan United Army
<b>IDP</b>	internally displaced person	<b>TNLA</b>	Ta-ang National Liberation Army
<b>INCB</b>	International Narcotics Control Board	<b>UNDCP</b>	United Nations Drug Control Programme
<b>JICA</b>	Japan International Cooperation Agency	<b>UNGASS</b>	United Nations General Assembly Special Session on Drugs
<b>kg</b>	kilogram	<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>KIO/A</b>	Kachin Independence Organisation / Army	<b>UNODCCP</b>	United Nations Office for Drug Control and Crime Prevention
<b>KKY</b>	Ka Kwe Ye	<b>USAID</b>	US Agency for International Development
<b>KMT</b>	Kuomintang	<b>USD</b>	United States Dollar
<b>KNLP/A</b>	Kayan National Liberation Party / Army	<b>UWSA/P</b>	United Wa State Army / Party
<b>KNU</b>	Karen National Union	<b>WFP</b>	World Food Programme
<b>KOWI</b>	Kokang and Wa Initiative		
<b>MFLF</b>	Mae Fah Luang Foundation		
<b>MI</b>	Military Intelligence		

Map 1. Myanmar and Neighbouring Countries





## 1. Overview of Past Trends

### The introduction of opium in Myanmar

The first reference to the use of opium in what is now Myanmar dates from 1519, when Arab traders brought it to the coast of Martaban.<sup>3</sup> Opium had probably reached the country before then, but there has been little research on opium use in the old kingdoms in the central plains and river valley of present-day Myanmar. There is also little mention of opium use in official records until the early 1800s.<sup>4</sup> But opium use was certainly known, and in the sixteenth century one of the Burmese “Thirty-Seven Nats”<sup>5</sup> is said to have died from an overdose.<sup>6</sup>

Opium cultivation spread to the country from China’s Yunnan Province, where poppy growing was recorded “as common” in areas near the contemporary border with Shan State from the mid-1700s. Cultivation in Shan State concentrated in the Wa and Kokang regions, where the climate was best suited to poppy cultivation, and it was grown as a cash crop. These areas are also situated on important trade routes between the two countries, and the opium trade built on existing networks and routes of the tea trade (especially through the Kokang region). Apart from being a lucrative commodity, opium also became an important medium of exchange. By 1890, opium had become the most common crop in the Kokang and Wa regions.<sup>7</sup> It then also spread to Kachin State, where it was observed by Western missionaries in 1837 in the Hukawng Valley and Mogaung.<sup>8</sup> Later on, opium cultivation expanded to other areas in Shan State. The medicinal use of opium was also known in these areas. According to one study: “People such as the Kachin and Shan of Upper Burma recognized the medicinal value of opium for as long as they have cultivated poppy.”<sup>9</sup>



Most of the opium-growing highlands of Shan and Kachin States were governed by local rulers, over which kings from the central plains and river valleys often only had limited – if any – control. Under British colonial rule, the kings and their local rulers were removed, and the central part of the country was placed under direct British rule, while the surrounding highlands were indirectly ruled by traditional local leaders. These were also allowed certain privileges, including the right to cultivate opium, which provided them with significant income via taxation and exports to Thailand and China. Under the 1923 Shan States Opium Order, the British colonial rulers imposed some limitations on opium cultivation, which reduced cultivation levels to some extent.<sup>10</sup> However, the major poppy-growing regions in Shan State (the area east of the Salween River) and Kachin State (the Hukawng Valley) were exempted, and opium cultivation remained legal in these areas.<sup>11</sup>

## Myanmar and the making of the Golden Triangle

At the end of World War II, opium cultivation in the mountainous borderlands of what was then Burma, Laos and Thailand had remained stable, and the annual opium output was estimated at some 80 metric tons.<sup>12</sup> Several internal and external factors stimulated the expansion of opium cultivation in Burma. First of all, events in neighbouring China played a key role. After its victory over the nationalist Kuomintang (KMT) in 1949, Mao Zedong's communist party embarked on an anti-opium crusade, targeting users as well as growers. This led to a shift in poppy cultivation from Yunnan Province – one of the largest poppy-cultivation areas in China – across the border into Shan State. In addition, following their defeat, fleeing KMT troops withdrew to northern Burma, where they became heavily involved in the opium business, partly to finance their army, initially to continue their

fight against Mao's communists. As KMT general Tuan Shi-wen famously declared:

“Necessity knows no law. That is why we deal with opium. We have to continue to fight the evil of communism, and to fight you must have an army, and an army must have guns, and to buy guns, you must have money. In these mountains the only money is opium.”<sup>13</sup>

Several internal factors also played a key role in the growth of opium cultivation in the country. Following independence in 1948, the newly formed Union of Burma soon plunged into civil war. The Communist Party of Burma (CPB) was the first to go underground to launch an armed struggle. Soon after, several ethnic-based movements across the country also took up arms against the central government, to defend themselves against attacks by the national army on their communities and to assert their ethnic rights and self-determination.



Hkakhku girl tapping opium in triangle area in Kachin State



In 1962 the armed forces (Tatmadaw), led by General Ne Win, took power and have played a dominant role in national politics ever since. Following the military coup, conflict in the country further spread, and fuelled armed uprisings in the Shan and Kachin States. In 1968 the CPB launched an invasion from Yunnan Province across the border into northern Shan State with full Chinese support, and quickly overran Burma Army outposts. Within a few years, it occupied large territories along the China border, including the Mongla, Kokang and Wa regions, the country's key opium-producing areas.

By the end of the 1960s, many of the country's borderlands were under the control of different ethnic armed organisations (EAOs). At the height of the Cold War, these groups were often divided over whether to work with and seek support from China and its ally the CPB, or with the US and Taiwanese-backed KMT. In the end, both the KMT and the CPB became heavily involved in the opium business, with their foreign backers – for whom security was the priority, not drugs – turning a blind eye.<sup>14</sup>

In many areas in Shan State with opium cultivation, armed groups relied on income from the opium trade, either by taxing opium farmers (often in kind), providing armed escorts to opium caravans, providing sanctuary to heroin laboratories, or by setting up toll gates on important trade routes to Thailand. Over the years, some of these armed groups became more committed to the opium trade than to their original political objectives. Further contributing to militarisation and chaos in Shan State was General Ne Win's militia programme, which started soon after the 1962 coup. Known as Ka Kwe Ye (KKY), the programme allowed rebel or bandit groups to turn into government militia to combat the growing number of EAOs in Shan State. Their role became even more important after the CPB invasion. However, instead of focusing on supporting the Tatmadaw by fighting its opponents, KKY groups used their position mostly for economic benefits, and became heavily involved in the opium trade.

The most well-known KKYs were Lo Hsing-han's Kokang group and the Loimaw KKY led by Khun Sa. These groups organised

opium convoys from the main poppy fields in northern Shan State down to the Thai border, where it was sold to opium merchants and heroin producers. With the income derived from this, they bought arms and ammunition, as well as consumer goods for sale in Burma. This was an extremely lucrative business, and they were able to expand their armies.<sup>15</sup>

The growing armed conflict in Shan and Kachin States had dramatic consequences for local communities. In conflict-affected areas, opium was one of the few crops that could be grown. Compared to other crops and produce, opium is small in volume and easy to carry when people have to flee suddenly because of fighting in their area. Unlike other crops, it can also be stored easily, and it keeps its value. There is also less risk of having to take the product through conflict areas to reach a market, as opium traders usually come to the villages.

With armed conflict further spreading across the Shan and Kachin mountains, communities became increasingly dependent on cultivating opium. As British film-maker Adrian Cowell, who travelled extensively through the poppy-growing regions of Shan State in the 1960s and 1970s, observed:

“Opium is the farmer’s only product that is small enough to be hidden and transported easily, which means it is at a premium in times of trouble... In general, the influence of anarchy has been to spread opium production from east of the Salween River right across the previously non-opium producing regions of western Shan State.”<sup>16</sup>

The opium boom in Burma did not go unnoticed, and international criticism rose. In response, in 1973 General Ne Win ordered the KKY units to disband. They had become an international embarrassment for their open involvement in the narcotics trade. However,

instead of surrendering their arms and ending their business activities, many KKY simply went underground to join the armed opposition, and continued their involvement in the narcotics trade. Lo Hsing-han linked up with various armed groups in Shan State, but was arrested in 1973 near the Thai border by the Thai authorities and extradited to Burma, where he served several years in jail. Khun Sa set up the Shan United Army (SUA), and also spent time in a Burmese prison. He was released in 1974 in exchange for two Russian doctors kidnapped by his SUA. After that he built up SUA strongholds along the Thai border as well as in strategic areas in Shan State to collect and transport opium.<sup>17</sup>

Meanwhile, poppy cultivation and registered opium use had remained legal in certain parts of country – in the area east of the Salween River in Shan State – until the 1970s. When Burma signed the 1961 United Nations Single Convention on Narcotics Drugs, it made an exception as allowed under the treaty to exempt opium cultivation in Kachin and Shan States for a period of 20 years. After the 1962 military coup, Burma requested the United Nations to allow these areas to become legal poppy-cultivation sites, which would allow for the legal export of Burmese opium to the international pharmaceutical market. This request was denied.<sup>18</sup>

Partly due to international criticisms, the Ne Win government finally banned all opium cultivation in 1974 under a new Narcotics and Dangerous Drugs Law, which prohibited the cultivation, sale, possession and use of illicit drugs. The law provided a five-year grace period for farmers whose livelihoods depended on opium cultivation to find alternative sources of income.<sup>19</sup> But, in reality, the Tatmadaw’s attempt to impose a one-party state upon the country was already failing, and Ne Win’s idiosyncratic “Burmese Way to Socialism” proved a disaster for both the people and the economy.

Other external factors in the global drugs market also helped push opium cultivation into Burma. During the 1970s and early 1980s, three key opium-producing countries – Iran, Pakistan and Turkey – banned poppy cultivation.<sup>20</sup> Turkey, which in the early 1970s had become the main source of heroin on the US market, prohibited opium cultivation in 1971 under strong US pressure.<sup>21</sup>

This created grave livelihood problems for many poppy farmers who depended on opium as a cash crop. As a TNI report concluded: “The opium prohibition had dramatic consequences for many farmers and created”, according to Turkish authorities, “a potentially dangerous social resentment... among the people affected by the ban.”<sup>22</sup> In order to alleviate some of these problems, in 1974 the Turkish government partially repealed the ban and allowed for licit poppy cultivation for medicinal purposes. The traditional method of harvesting the poppy was forbidden; farmers could sell their poppy straw only to a state monopoly to prevent leakages to the illicit opiate market.<sup>23</sup>

A similar situation later arose in Pakistan, which was at the end of the 1970s the world’s largest opium-producing country. Heroin from Pakistan soon dominated the European and US drugs markets. In 1979, the Government of Pakistan banned the “production, possession, processing, manufacture, sale and use of all intoxicant drugs”.<sup>24</sup> Subsequently, opium production declined, in part also because of falling market prices. But, as one study warned:

“[The] long-term solution to the problem of opium cultivation does not lie in enforcement alone. Opium cultivation takes place in economically depressed areas of Pakistan. In order to effectively halt the opium cultivation in these areas, a viable economic alternative to the growing of the opium poppy is necessary.

The situation requires capital intensive development programs in opium growing regions. Pakistan, as a developing country, lacks the resources to carry out such programs alone.”<sup>25</sup>

The rapid rise in opium production in Burma was also stimulated by the emergence of a new heroin market: US soldiers based in Vietnam. US government data from 1973 estimated that 34% of all US troops in Vietnam had “commonly used” heroin.<sup>26</sup> Returning troops brought their drug habits with them, and demand for heroin originating from Burma in the US subsequently increased.

The main armed group that benefited from this situation and the continued instability in Shan State, and which became heavily involved in the opium and heroin trade, was Khun Sa’s former KKY (subsequently SUA), which transformed in 1985 into the Mong Tai Army (MTA).<sup>27</sup> By the late 1980s, the MTA had taken over the dominant role of the KMT in the opium trade, and controlled a large strategic territory along the Thai border, levying tax on the opium convoys from northern Shan State. The MTA also taxed heroin laboratories set up in its territory and linked up with international heroin-trafficking networks from Thailand and Hong Kong.

While the MTA built up its forces and rivalled the CPB’s People’s Army in strength, various ethnic armed groups in the northern part of the country with agendas for political reform and federalism were caught between a rock and a hard place. All of them needed income to fund their struggle. Groups like the Karen National Union (KNU) set up toll-gates along the Thai border to tax the large flow of consumer goods that were smuggled into Burma following the imposition of Ne Win’s disastrous “Burmese Way to Socialism”. The KNU, which earned large amounts of money from this, had a strict anti-narcotics policy.



KMT veteran at tomb of General Tuan Shi-wen ("Gen Duan") in Doi Mae Salong, Thailand

Armed groups, however, in opium-producing areas in Kachin and Shan States could hardly afford such a policy. Many of the farmers in their territories depended on opium as a cash crop, but the armed groups often lacked resources to support farmers to switch to other livelihood options, and banning opium would risk losing their support. A strong anti-opium policy would also bring the armed groups into conflict with potential allies against the military government. In the end, many armed groups in such areas depended in some way on income from the opium trade, either by taxing opium farmers (often in kind as with other crops), providing armed escorts to opium caravans, providing sanctuary to heroin laboratories, or by setting up toll-gates at important trade routes to Thailand. For armed groups in Shan State with a strong political agenda, the situation was more complicated, as the narcotics trade and insurgency politics became increasingly intertwined.<sup>28</sup>

All the developments above led to a surge in demand for Burmese opium and heroin. Fuelled by internal conflict and poverty, declining poppy cultivation in key opium-producing countries and a growing international demand for heroin, by the 1980s Burma emerged as the world's largest opium-producing country. According to estimates of the United Nations Drug Control Programme (UNDCP), opium production in Burma rose from 160 metric tons in 1980 to 550 tons a year later. By 1988, it had risen to 1,125 tons, and to 1,544 tons the next year.

The highest production was in 1991, 1993 and 1996, exceeding 1,700 tons. US opium production data are quite similar from 1979 to 1987, but then increase substantially. According to US data, opium production in Burma doubled from 1,280 tonnes in 1988 to 2,430 in 1989. Production then remained stable for almost a decade, until 1997, when it was estimated at over 2,000 tonnes.<sup>29</sup>

## A decade of decline (1997–2006)

Since 1997, there has been a significant and steady decade in decline in opium cultivation and production in the Golden Triangle, especially in Burma, which was officially renamed “Myanmar” by the military government in 1989. According to the United Nations Office on Drugs and Crime (UNODC), the area under poppy cultivation in Myanmar dropped from some 150,000 hectares (ha) in 1997 to about 21,000 ha in 2006. By 2007, the UNODC estimated that the Golden Triangle produced only 470 tonnes of opium, representing 5% of global production. This led the UNODC Executive Director, Antonio Maria Costa to write that: “The once notorious Golden Triangle has ceased to play a major role as an opium production area and this region can no longer be called Golden Triangle for the reasons of opium production alone”.<sup>30</sup>

In Laos, poppy is mainly cultivated in the northern part of the country, where farmers grow it for local consumption and as a cash crop.<sup>31</sup> Lao PDR government officials have also stated that local opium use is one of the key drivers of poppy cultivation in the country, and that many people grow it for this reason. Therefore, the first phase of the National Strategy Programme for the Elimination of Opium Poppy Cultivation (2000–2006) temporarily allowed elderly and opium users permission to cultivate small amounts for personal use only, but this provision was later dropped.<sup>32</sup>

Opium production in Laos in 1990 and 2003 was estimated at between 100 and 200 tonnes, but by 2007 was less than 10 tonnes. The estimated area under opium cultivation also fell from some 27,000 ha in 1998 to about 1,500 ha in 2007. The Lao PDR government symbolically declared the country “opium free” at the end of 2005. The last UNODC opium survey in Laos dates from 2015, according to which opium cultivation in Laos

increased after 2007 to just below 7,000 ha in 2012 and 5,700 ha in 2015, with estimated production of 84–176 tonnes.<sup>33</sup>

Opium cultivation in Thailand was estimated to have dropped from 1,500 ha in 1998 to some 300 ha in 2007, since when poppy cultivation in the country has remained low. Most of the remaining poppy in Thailand is cultivated by various ethnic groups on small upland plots in isolated areas. Many of them grow it only for personal use. Opium cultivation in Thailand was never as high as in Myanmar and Laos. In Thailand and Laos there is traditional and medicinal use of opium, and both countries are now believed to be net importers of opium.

There are several developments that contributed to the decline of opium cultivation and production in Myanmar since the end of the 1990s. According to US sources, the first year of reduced opium production was mainly due to weather conditions: “The decline in potential production in 1999 over 1998 is largely due to drought, although the drop also reflects the Government of Burma’s (GOB) effort to keep areas out of opium cultivation as part of its eradication efforts.”<sup>34</sup>

But, more importantly, one of the key factors for the reduction was the fallout from the collapse of the Communist Party of Burma. In 1989, frustrated Kokang and Wa troops mutinied against the ageing ethnic Bamar CPB leadership, and forced them into China. They set up new groups along ethnic lines, including the National Democratic Alliance Army (NDAA) in the Mongla region, the Myanmar National Democratic Alliance Army (MNDAA) in the Kokang region, and the United Wa State Army (UWSA) in the Wa region. The then military government quickly agreed ceasefires with these groups, which also controlled the largest opium-producing areas in the country, and initially used the income from opium to build up their war-torn regions.<sup>35</sup>

During this time (from the early 1990s), there was a rapid increase in the number of heroin users in China – many of them injecting – especially in Yunnan Province, from where it quickly spread to other parts of the country. In addition, the early phase of the HIV/AIDS epidemic in China, which was predominantly driven by unsafe practices such as needle-sharing among injecting drug users, also started in Yunnan Province. China’s first case of HIV/AIDS among drug users was recorded in 1989 in the town of Ruili, on the border with Myanmar.<sup>36</sup> As a result of Chinese pressure, the NDAA banned poppy cultivation in 1997, the MNDAA in 2003, and the UWSA gradually since 1998, with a total ban in 2005. The opium bans were enforced under concerns from China in an attempt to address growing domestic problems related to drug use, and were strictly implemented.

In addition, the 1996 ceasefire surrender of the MTA, which controlled large strategic areas along the Thai border, and much of the opium and heroin trade passing through it, further contributed to a reduction in opium production. Following this, the heroin trade fragmented and trafficking routes were – at least temporarily – interrupted. This resulted in reduced demand for Burmese opium. Later on, new heroin-trafficking routes developed through China.<sup>37</sup> At the same time, the vacuum left by the MTA was filled by the UWSA, which established itself along the Thai border, taking control of vast territories that had previously been largely under MTA control. While from the end of the 1990s the UWSA was phasing out opium cultivation, at the same time it switched its business interest into the production of methamphetamines.

The rapid rise of methamphetamine use in Asia in the 1990s also had a major impact on opium cultivation and production in the Golden Triangle. With the methamphetamines business booming, Myanmar became a large production area for ATS, and several

heroin-producing groups shifting to this new business, attracting investment from neighbouring countries. Khun Sa’s MTA was the first to produce ATS in Myanmar in the 1990s. A key figure in this development was Wei Hsueh-kang, an ethnic Chinese businessman, who later fell out with Khun Sa and joined the UWSA. He was subsequently put in charge of the UWSA’s Southern Command along the Thai border, where he set up large ATS production facilities. Several other groups in Shan State followed this example and joined the new lucrative business. Within a decade, the ATS economy overtook the heroin trade in both scale and value.<sup>38</sup>

Another major factor in the decline in opium cultivation in Myanmar relates to changes in the global heroin trade. In the 1980s, the European and US drugs markets were mainly supplied by Burmese heroin. This changed in the 1990s for several reasons. First, opium cultivation and heroin production increased



Lahu opium farmer in small poppy field in Thailand

in other parts of the world, competing with Burmese heroin. By that time, Latin America had become the major source of heroin in the US, consisting of white powder heroin from Colombia and black tar or brown powder from Mexico.<sup>39</sup>

At the same time, opium cultivation and heroin production were also growing in other parts of the world. The main new source of opium was Afghanistan, where poppy cultivation increased rapidly. According to UNODC data, Afghanistan first overtook Myanmar opium production in 1994, following a bumper harvest due to good weather conditions.<sup>40</sup> Afghanistan replaced Myanmar as the largest global opium producer, and soon Afghan heroin dominated the European drugs market.<sup>41</sup>

Finally, there are some doubts about the high opium cultivation figures in Myanmar from the end of the 1980s and thus questions

about whether there was in fact a significant opium decline. There are some events that took place that could explain the increase. But some local observers claim that the high opium production figures – especially by the US – were inflated for political reasons.<sup>42</sup> There are some doubts about the exact extent of the decline in view of the difficulties in data collection and analyses.<sup>43</sup> The methodology and accuracy of the main organisation carrying out annual opium surveys – the UNODC – has also been subject of discussion (see Box 1 “Measuring Opium Cultivation and Production” below).<sup>44</sup>

### Opium cultivation bouncing back (2006–2014)

The rapid decline in opium cultivation described above raised several important issues. First, TNI’s research found impacts on drug-use trends. As there was less opium on



Poppy field in Pekhon Township, southern Shan State



the market and prices increased, there was also less available heroin, so heroin prices also went up while the quality went down. As a result, there was a shift from smoking opium to smoking and injecting heroin, which is more cost-effective but also more harmful. Myanmar has a high number of injecting drug users, many of whom contracted HIV/AIDS and hepatitis C through high-risk behaviour and needle sharing. Some people also started to use methamphetamines, while others resorted to experimenting with pharmaceutical replacements (mainly opioids and benzodiazepines).

As a 2009 TNI study concluded: “A pattern is emerging across the region in response to the repressive drug control policies and the criminalization of drug users that shows an increased use of stronger drugs and more harmful patterns of use.”<sup>45</sup> In addition, there were great worries about the impact on local communities that depend on opium cultivation for their livelihoods and food security. They were provided with only limited alternatives and support. There were also questions about the sustainability of the decline.<sup>46</sup>

As a result, from early 2006, there began to be an increase in opium cultivation. While the opium bans in the Mongla, Wa and Kokang regions were strictly implemented, poppy cultivation moved to other areas in the country, especially to southern Shan State, which now became the centre of the opium economy. There were several reasons for the increase.

First of all, the reduction in poppy cultivation led to a rise in the price for opium in Myanmar, acting as an incentive for increased cultivation. Many farmers in the country had suffered from conflict in addition to their existing poverty, and opium cultivation was one of their main ways to survive. The increase was spurred by a drop in prices of other cash crops, the surge in commodity

prices and the weakening of the Kyat. Several of these developments were aggravated by the global financial crisis of 2007–2008:

“As a result of the global financial crisis, the market price and demand for products produced or collected from the forest by ex-poppy farmers has dropped. At the same time the cost of basic household items has increased. There has also been a sharp increase in the value of opium driven by the reduced level of production. Each of these factors has provided renewed incentive for farmers to resume or begin opium cultivation, compromising the efforts made to reduce production over the last decade.”<sup>47</sup>

Certain local conditions also played a role. The collapse in the price of cheroot leaves in the Pa-O region in southern Shan State and a drought in the Kayah-Shan borderlands pushed local farmers to rely increasingly on poppy cultivation in the absence of realistic alternatives.

Another major driver of the increase in poppy cultivation was the lack of food security and alternative sources of income for opium farmers. At the same time, national and international support for poppy-growing communities was limited to relatively small projects or emergency support. It was therefore insufficient to address the problems these communities face (see also section “Alternative Development in Myanmar” below). As one study concluded:

“Although the decline in opium cultivation in the region has in part been due to policy intervention by local authorities, these campaigns have failed to address the poverty that drives communities in the region to grow opium. Current interventions that aim to provide farmers with sustainable alternative livelihood options are insufficient. They represent



an emergency response that is necessary to prevent a humanitarian crisis, and further interventions are needed to sustain the socio-economic development and livelihoods of the former opium farmers.”<sup>48</sup>

The ongoing conflict and political instability in Myanmar provided further impetus for poppy cultivation. Finally, demand for Burmese heroin on the global drugs market and outside investment in opium cultivation and heroin production also played an important role.

### Opium, conflict and “the blame game”

There have long been accusations about the involvement of different conflict actors in Myanmar in the drugs trade. These accusations are often based on politics

rather than on empirical evidence, with local or international actors blaming political opponents or singling out one party in the conflict as the scapegoat for all of Myanmar’s drugs problems. In the 1980s Khun Sa was branded as the “king of opium”, but his surrender ceasefire in 1996 only temporarily disrupted the opium and heroin markets (see section “A decade of decline” above). In the 1990s the UWSA was referred to as a “narco army” and its leaders indicted by the US Department of Justice.<sup>49</sup> Following this, the US also suspended its support for the Alternative Development (AD) project implemented by the UNODC and other international organisations in the Wa and Kokang regions (see section “Alternative Development in Myanmar” below).

More recently, the UNODC levelled specific – but inaccurate – accusations against several ethnic armed organisations in its “Myanmar

## Box 1. Measuring Opium Cultivation and Production

All data on opium cultivation (measured in hectares) and opium production (measured in metric tons) should be treated with caution. There have been three national opium surveys in Myanmar: by the United States (during 1996–2001); by the UNODC, jointly with the Myanmar government (from 2002–present), and by the Chinese government (from 2000s–present). While US and UN data is publicly available, the results of the Chinese survey are shared only with the Myanmar government.

The estimated size of opium cultivation by the UNODC is based on the interpretation of areas covered by satellites as the main source of information. In addition, field surveys are carried out in selected areas to verify and interpret the data.

There are several challenges in gathering reliable data. Opium cultivation takes place across a large geographical area, and the growing calendar differs from place to place. In some areas there are multiple crops per year. In areas with eradication, some farmers are growing it in smaller plots in more remote areas, which are more difficult to detect. Areas for field surveys are randomly selected, but some are inaccessible due to ongoing conflict.

In 2020, use of satellite images largely consisted of randomly-selected samples in Shan State and the Sadung region in Kachin State, and a larger covered area for the Tanai region in Kachin State. Opium surveys in Kayah and Chin States only took place in 2014, 2015 and 2018 and included satellite images estimates. Therefore, data from the latest survey in 2018 was used to estimate the total area under cultivation in the country in 2019 and 2020. No survey was conducted in 2016.<sup>50</sup> Instead, the UNODC carried out a socio-economic survey examining the situation of opium farmers.<sup>51</sup>

The estimated size of opium production is based on yield surveys in selected areas. These estimates are then multiplied by the estimated hectares of opium cultivation to calculate the estimated production. This poses several challenges. Opium yields differ greatly from one region to another, and sometimes in the same area, depending on soil condition, elevation, rainfall, sunshine, the use of fertiliser and pesticides, and irrigation. Opium yields are significantly influenced by weather conditions. According to a resident of Kengtung in eastern Shan State: “When there is too much rain during the flower and harvesting time, the yields are down. So the farmers are afraid of successive days of rain during December and January, when it is harvesting time.”

It is also important to realise that the opium yield is not an indicator for its quality and how it is being used. TNI research, for instance, shows that opium in Tanai region in Kachin State has a relatively low morphine content, and is very wet and therefore harvested with a piece of cloth, in the same way as in the neighbouring state of Arunachal in northeast India (Northeast Region). It is used mainly for smoking with a water pipe (khatpone – the opium is mixed with leaves) and not used to produce

heroin. In 2020, there was an opium yield survey in Kachin State – for the first time in four years, as it could not take place earlier due to ongoing armed conflict.<sup>52</sup> Finally, the UNODC survey uses broad ranges for both opium cultivation and production estimates, indicating that there are substantial margins of error. In 2020, total opium cultivation in Myanmar is estimated at 29,500 ha, with a wide range from 21,000 to 50,400 ha. Total opium production in the same year is estimated at 405 tonnes, ranging from 289 to 685 tonnes.<sup>53</sup>

When deciding which figures to use, it is important to note that cultivation levels can provide indications on the socio-economic conditions of poppy-growing communities, while production levels indicate the potential amount of raw opium and its derivative heroin that will be available on the local and international market.

Figures on opium cultivation and production levels play an important role in shaping national and international drug policies. Given the lack of other data, most policy-makers rely on UNODC annual surveys. Temporary reductions are often portrayed as outcomes of successful drug-control policies, while short-term increases are often used to ring the alarm bell and legitimise tougher policies, or the need for more funding and political support.

Rather than using short-term indicators such as annual cultivation levels as measurement of success, it would be better to focus on longer-term development outcomes, using human development indicators (see also Box 3 “Alternative Development Principles and Lessons Learned” below). Such data can provide information on the dependence of communities on opium cultivation, and help develop strategies and interventions to improve their lives. As participants of the International Conference on Alternative Development (ICAD) concluded: “While reductions in cultivation – and impact measurements based on that objective – are not an adequate measure of real progress or long-term impact in drug control, a direct relationship exists between improved social and economic conditions of an area and the sustained reduction of illicit cultivation.”<sup>54</sup>

Opium Survey 2018”<sup>55</sup>, wrongly claiming that the “highest density of poppy cultivation took place in areas under the control or influence” of these groups. The UNODC report also omits important information, thus further distorting realities on the ground.<sup>56</sup> The Kachin Independence Organisation (KIO) sent an open letter to the UNODC rejecting the claims, and pointed out that “even UNODC’s own maps in the report do not support this claim”.<sup>57</sup> The KIO subsequently carried out its own opium survey, which found that opium cultivation in

Kachin State during the 2018–2019 growing season was twice as much as reported in the UNODC survey, and that “all opium growing is taking place in areas controlled by the military, their Border Guard Force and allied militia”.<sup>58</sup>

The Restoration Council of Shan State (RCSS) also sent a protest letter to the UNODC, and RCSS sources told TNI that trust was broken with the UN agency, which would negatively affect the implementation of the UNODC’s

Alternative Development project in RCSS territory in Loilem Township in southern Shan State.<sup>59</sup> The RCSS does not deny that poppy cultivation takes place in its territory, but objected to the UNODC's portrayal that most opium is grown in EAO territory, and fails to mention the role of the Tatmadaw and the militias under its control.<sup>60</sup>

Blaming one conflict actor for Myanmar's drug problems, and inaccurate reporting, both risk having very negative impacts on efforts to promote peace and political reform, especially in a country like Myanmar which has seen decades of war and ethnic divisions. In such a complex conflict setting with shifting authorities, the drugs and conflict

chain-reaction has led to a deadlock in which many parties have become involved in some way. This is not to deny that some of the EAOs share responsibility. Neutral and factual analyses based on accurate accounts of the realities on the ground could bring peoples together and serve as a basis for discussion, understanding and national reconciliation. But attempts to shift all the blame on to a given armed group will only create further divisions and greater obstacles for mutual cooperation in the future. As shown above, such one-sided accusations can also have very negative consequences for the continuation of AD programmes in key poppy-growing regions.



Shan soldiers on parade at RCSS headquarters, Loi Tai Leng



## 2. Socio-Economics of Poppy Cultivation

### Why do people grow opium?

The importance of opium cultivation for many upland communities in Myanmar has been extensively documented. Once the world's top producer, Myanmar was largely overtaken by Afghanistan, and overall levels of cultivation in the country have significantly declined over the past 40 years, notwithstanding fluctuations and surges, notably between 2006 and 2014. Since then, areas under cultivation have fallen once again to 29,500 ha in 2020, one of the lowest in decades.<sup>61</sup> There are many reasons for this decline, which has coincided with the emergence of amphetamine-type stimulants as the main illicit drug produced and used in the region.

TNI's research found that, despite this decline, opium cultivation continues to be widespread in numerous communities in Shan State, Kachin State and northern Sagaing Region. A few common features and factors observed across these regions appear to play a key role in opium cultivation. Most notably, opium cultivation still represents a central livelihood for entire communities living in these areas, and remains an important lifeline to cover the cost for their essential needs. Nevertheless, there were also differences in specific local contexts and factors, revealing the complex relationships between opium cultivation and local histories, cultures and traditions.

Farmers from Shan State interviewed for this report explained that the origins and reasons of opium cultivation vary from region to region. According to them, poppy cultivation in Pinlaung Township has largely been passed down through generations, while in Loilem and Hopong Townships it started in the 1990s following the loss of livelihoods caused by armed conflicts. In other areas, such as a



Cheroot leaf plantation in Pa-O region

few villages located in Mong Ping Township, opium cultivation began as recently as five to six years ago.

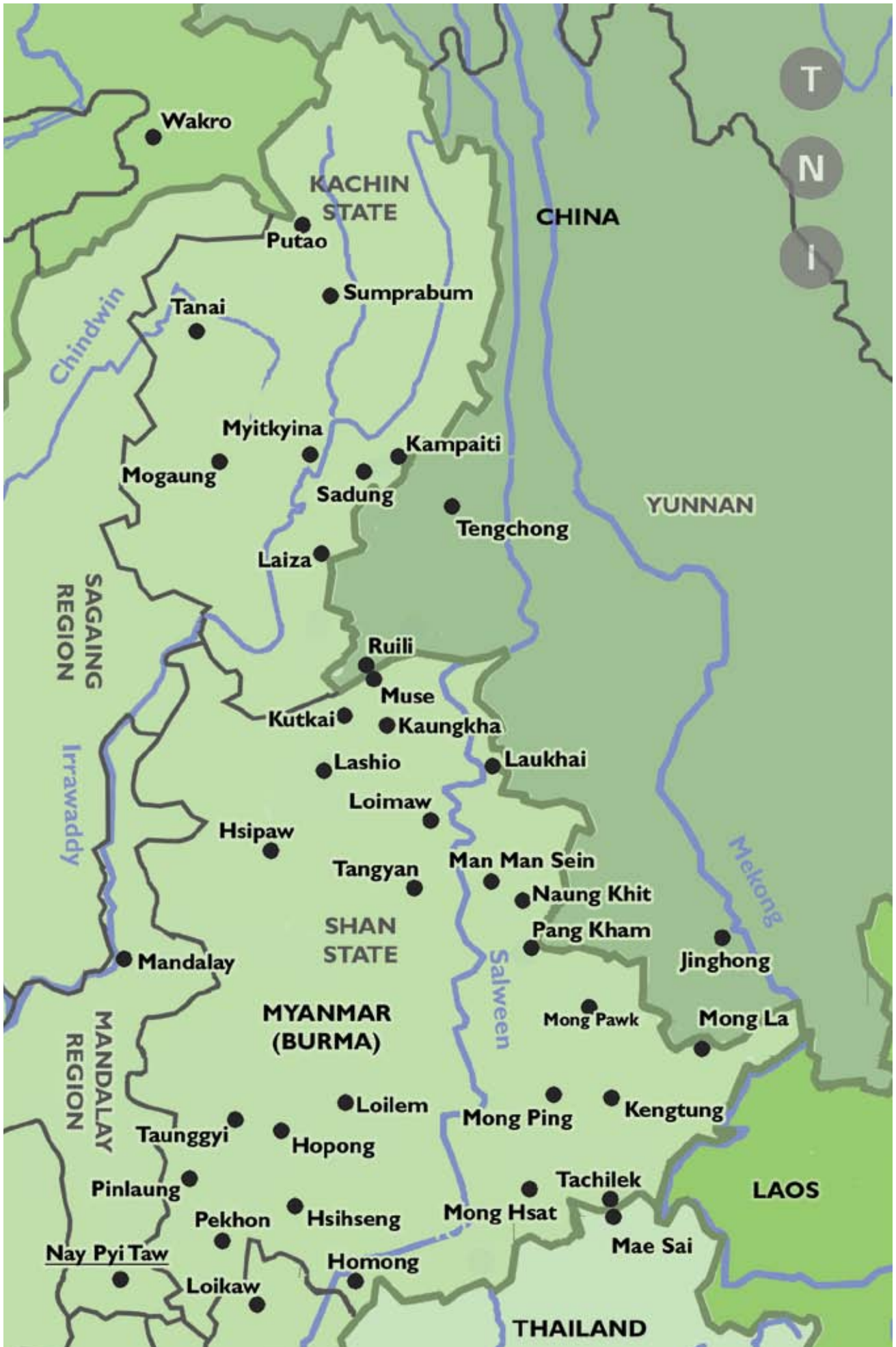
Interviews conducted in Hsihseng Township revealed that opium cultivation in this area increased significantly during the 1990s as a result of a combination of factors. First, the Pa-O National Organisation / Army (PNO/A) and the Myanmar army signed a ceasefire agreement in 1991, which brought about an end to armed conflict and some stability in the area, and a greater integration of agriculture within the market economy. Second, the prices and demand for one of the most traditional cash crops grown until then in these areas – cheroot leaf – collapsed during 1995–1996. The country’s partial opening to a market economy in the early 1990s resulted in a surge of foreign consumer goods flowing into Myanmar, including various brands of cigarettes. When a growing number of smokers switched from cheroot – by far the most popular smoking product till that time – to cigarettes, demand for cheroot leaves fell dramatically and prices collapsed. This

situation convinced farmers increasingly to resort to opium cultivation to compensate for their loss of income, as demand for opium and prices remained high despite fluctuations.<sup>62</sup> According to one woman growing opium in this area:

“My family used to earn a good income from our cheroot leaf plantation. Cheroot factories from Taunggyi usually made pre-orders and gave us advance payment to make sure that they could get our dried cheroot leaves supply. But in the mid-1990s, the orders reduced and prices dropped to a level that we could no longer survive on the income from cheroot leaf plantation alone. We never thought about migrating to Thailand for work at that time, so many farmers decided to grow opium for their survival.”

In some parts of Kachin State, opium has been cultivated both as a cash crop and for traditional use for generations dating back to the 19<sup>th</sup> century,<sup>63</sup> although traditional use has been discredited in recent years.

Map 2. Northern Myanmar





Farmers interviewed in Sadung and Kampaiti referred to opium cultivation having been a major livelihood and a part of their ancestral traditions, with constant demand for the crop from neighbouring China. A similar situation prevails among Naga communities who live in the most northern stretches of Sagaing Region, where opium is still widely cultivated and used traditionally and as a source of income.

## The drivers of opium cultivation

### *Geographical and climatic conditions*

Most opium-growing villages are situated in highland areas with harsh climatic conditions and little flat land, making it either unsuitable or too expensive to cultivate rice. Opium is the primary cash crop for most of these farmers, enabling them to buy food and other commodities. Besides opium, villagers commonly grow other commercial

crops, including avocado, bananas, coffee, cheroot leaves, ginger, corn, oranges, tea and turmeric, as well as seasonal vegetables for their own consumption. In most cases, however, the remoteness of their villages, which are far away from the closest trading or market towns, seriously limiting farmers' ability to derive a sufficient income from these crops. According to a farmer living in a camp for internally displaced persons (IDPs) near Kampaiti in Kachin State:

“Our area is located at an altitude of 3,000 feet above sea level, where rubber trees have no chance to survive. Rice and other fruit trees are also not suitable with the local climate. Hill paddy is not viable either, because of the freezing temperatures and the low earnings it provides compared to opium.”

Distance from the nearest market towns is often compounded by the poor condition of roads and infrastructure, and most farmers



Women at market in Wa region

need to rent vehicles to transport their crops. A woman from Loilem Township in Shan State recounted the hardships she and her fellow villagers faced:

“We live far from the town and the road to our village is not good, so transportation is very expensive. We face higher costs to sell our agricultural products but also have to pay higher prices for everything that comes from outside our village. This means we earn less, but always have to spend more.”

According to a statement by the Myanmar Opium Farmers’ Forum (MOFF):

“Basic government services are either non-existent or inadequate in our areas. Many of us live without electricity, roads are in poor condition (if they exist at all) and health and education services are very limited. In

our areas there is no regular water supply and this is a big problem for us.”<sup>64</sup>

Compared to other crops, opium can be stored for a relatively long period, and several farmers stated that the quality even improves with time, giving it comparative advantage over many other crops that need to be taken to the market or sold soon after harvest. According to a respondent from Kutkai:

“Compared to other cash crops, opium is the only one that is resilient and able to survive in the climate with a high altitude around 3,000 feet and above, especially from the perspective of cost and benefit. There is no other crop that can store for ages without any preservative like opium without actually damaging the content but make the potency much stronger like older wine and whisky. The older the opium, the better it is in quality.”

#### *Armed conflict and political instability*

Most areas with high levels of opium cultivation have been affected by chronic armed conflict and political instability. In volatile political and military environments, opium offers many advantages over virtually every other crop: it is a short-term crop that is easy to grow, store and transport; traders come to buy the opium directly at villages; it can be stored over extended periods of time without perishing, eventually acquiring additional value; prices paid for opium are generally much higher for its bulk than for any other crop, despite market fluctuations; opium can be easily converted into cash to purchase essentials including food, clothing, tools and medicines; and it offers easy access to credit. As noted by a Kayan farmer from southern Shan State:

“I can harvest opium within one hundred days after sowing. I don’t need to use



Harvested poppy fields in Loilem Township, southern Shan State



Transportation in southern Shan State

sophisticated equipment or advanced agricultural techniques. Opium resists well to frost and drought, is easy to carry and to store, has a high value and always has a ready market. This is why our people call opium a ‘gift from heaven’.”

According to a respondent from Kutkai:

“Opium cultivation could be found mostly in marginalized ethnic areas long affected by the armed conflict for several decades. Many of those areas are under-developed with very little to almost no public services available. Transportation, especially, with proper road connections for the flow of goods and services is non-existent, often followed by communication difficulties denying access to proper information for alternative livelihoods opportunities. In a highly unstable political and military context, fast maturing crops with shorter length of life make opium the most suitable and favourable crop.”

In addition, unlike other bulky crops like rice, opium can readily be carried by anyone having

to flee for safety. As a farmer from northern Shan State, an area repeatedly affected by intense armed conflict for decades, explained: “You can’t carry one bag of rice with you but even your child could carry a couple of kilograms of opium during the outbreaks of fighting.”

In this regard, it is important to note that political instability can linger even in the absence of active armed conflict if there has been no sustainable peace agreement or long-term political resolution. As one religious leader from southern Shan State told TNI: “Don’t think that we have peace in our area because there is no fighting.”<sup>65</sup> In some parts of southern Shan State, opium cultivation increased between 1988 and 2013 after the Myanmar army brokered truces with local armed groups, arguably supporting a reduction in armed conflict and a consolidation of state institutions.<sup>66</sup> Ceasefire agreements sponsored by the Tatmadaw during the 1990s also facilitated the emergence of new business opportunities in the borderlands, including opium cultivation and drug production.<sup>67</sup>

According to the MOFF:

“All of us live in areas affected by decades of armed conflict. Without peace, it is very difficult to develop our areas. The armed conflict is one of the main driving forces behind opium cultivation. Even some areas where there has not been fighting for some years, there are still many armed groups and there is no peace. As long as there is no equality, there will be no peace in the country. And as long as there is no peace, there will be no development, and we will have to grow opium.”<sup>68</sup>

In Loilem Township, armed conflict and the resulting displacement led to the introduction of opium cultivation. Said one local villager:

“When I was young we never saw opium plants. For generations we grew traditional tea and cheroot leaves. In 1998 the whole village was forced to relocate due to a ‘Four Cuts’ campaign by the Tatmadaw<sup>69</sup>,

and villagers were only able to come back four years later. Our whole village was destroyed, including our tea and cheroot leaf plants, and we had to build everything from scratch. The only cash crop available to feed our families in this situation was opium.”

#### *Poverty and the lack of viable alternative livelihoods*

Incontestably, opium cultivation remains closely related to the lack of sustainable alternative livelihoods for many upland communities. In most areas where it is widely cultivated, opium continues to be the primary cash crop for the majority of farmers, who seldom have access to more than a few acres of land. The income from selling opium is used to purchase food and other essentials, and to pay for their children’s education. According to a Pa-O woman from Hopong Township:



Village school in southern Shan State

“Before I grew opium, I planted *thanatphet* (cheroot leaves). We got 6 or 7 lakhs MMK [about USD 450–550]<sup>70</sup> per viss [1.62 kg] of opium, and only 3,000 or 4,000 MMK [USD 2.50–3] per viss of cheroot leaves. We didn’t have enough food for our family when we grew cheroot leaves, that’s why we started growing opium.”

Another farmer from Sumprabum Township in Kachin State highlighted how growing opium was the only way they could pay for their children to attend high school in either Putao or Myitkyina, although the income they derived from it was not enough to cover all the boarding school expenses. For the most part, very few people living in these areas have enough resources to invest in larger-scale cultivation of either licit cash crops or opium. According to a man from Kampaiti, Kachin State:

“Villagers grow poppy only for subsistence purposes, to cover their household expenses and to support the education of their children. Only Chinese and people with access to big capital are able to operate large-scale poppy cultivation for commercial purposes.”

In contrast, for most farmers it boils down to basic necessity, as this young man from southern Shan State said:

“I got married three years ago, and according to our Pa-O traditions, I had to leave my parents’ house to set up my own household. My parents could not afford to help me build a new house, so I decided to grow opium to earn enough money and support my family.”

In northern Shan State, families often keep opium as savings in order to meet unexpected or large expenses, such as a food or health crisis. According to a respondent from Kutkai:

“Opium is also regarded as a supplementary saving for many families to cover urgent expenses, like a health emergency and school fees of their children. Especially opium farmers in northern Shan State used to dig the ground and store a certain portion of their freshly harvested opium underground for any unexpected expenses likely to incur in the future. Growing opium in these scenarios is more like buying a life insurance or securing life support aid for ethnic communities.”

### *Access to land*

Another key factor in stimulating opium cultivation was the acceleration of economic and legal reforms during Myanmar’s era of quasi-political transition that started during the Thein Sein Government (2011–2016). These coincided with more land confiscations. New laws and policies that favoured large-scale agricultural investment and unsustainable extraction of natural resources were adopted and resulted in intensified land-grabbing in these communities.<sup>71</sup>

Crucially, these laws and actions failed to recognise customary land rights in ethnic nationality communities. Those who were dispossessed of their lands often had no choice but to become landless wage labourers or seek more remote fields to cultivate opium.<sup>72</sup> The rapid transformation of the rural economy from low-input subsistence agriculture to high-input agriculture for export also had a disastrous impact on the most vulnerable members of farming communities, leading to a vicious circle of debt and further impoverishment.<sup>73</sup>

According to a 2019 statement by the MOFF:

“Some of us started growing opium due to a lack of access to land. In Pekhon Township, local farmers lost their land



first due to the construction of the Moebye Dam (1964–1970) which flooded 3,000 acres of farmland and 12 villages; then because of the ‘Four-Cuts’ campaign by the Tatmadaw in the 1980s; and finally, in 1991 when more Tatmadaw units came in and confiscated over 6,000 acres of our land. Soon after that, the government built the Aung Ban–Loikaw railway line and also confiscated land for this. One of us lost 12 acres of land for this railway. As a result, displaced farmers moved to other higher elevated villages, who had to share their land with them, because many of them were relatives. These areas can grow only opium, and therefore poppy cultivation increased. In the end, many farmers saw no other alternative but to grow opium. In many other areas people faced the same problems.”<sup>74</sup>

#### *Access to credit*

Although it is generally accepted that when poor farmers can obtain credit for agricultural investment it can help increase their farm productivity and overcome poverty, access to affordable credit remains a major challenge for highland farmers in Myanmar. According to the government law on financial institutions, all credit has to be collateralised either with real estate or by a fixed-deposit account, which poses a regulatory obstacle for small farmers to get loans from commercial banks.

There are two government loan programmes for farmers in Myanmar – one is the “Mya Sein Yaung” (literally “emerald green”) run by the Rural Development Department, and the other is the agriculture loan programme

managed by the Myanmar Agriculture Development Bank. Most of the opium-growing villages are excluded, however, because they do not meet the eligibility requirements: the village must comprise more than 80 households to be eligible to receive loans under the Mya Sein Yaung programme, whereas most of the opium-growing villages are small and scattered in the remote high mountain ranges. The Myanmar Agriculture Development Bank provides loans only for lowland rice farmers who have land-tenure certificates, while highland villages practise a customary land-management system and have no land-registration documents. Consequently, many smallholder opium farmers have to rely on informal money-lenders despite the very high monthly interest rate, which varies from 5% to 20%.

The interest rate in the informal micro-credit system depends on the trust, relationship and family ties between lender and borrower. To borrow from relatives is often seen as the best option. Taking a loan from traders in town without needing any collateral incurs the highest interest rate, sometimes up to 20% per month. A Shan female opium farmer from Loilem Township in southern Shan State shared her account of taking a loan from a relative to invest in opium cultivation:

“I borrowed one million Kyat [around USD 600] from my uncle’s family to invest in opium farming last year. Normally we were able to save money from our opium income of the previous year to invest in the following growing season. However, I had a poor yield from my opium plot in the last two years – I only harvested 3 viss [4.8 kg] of opium which normally I could get 6 viss [9.6 kg] – due to rains during the harvesting time that washed out most of the opium gum. My uncle only asked for a 3% monthly interest rate on my loan as we are close relatives and we help each other during difficult times. I managed to

repay my uncle 500,000 Kyat (half of my loan) at the end of last harvesting season, and expect to repay the other half by end of this year. It took me two planting seasons to be able to repay my loan even though I only need to pay my uncle the lowest monthly interest rate. I can’t imagine for those poor opium farmers who have to borrow money from outside money-lenders with high interest rates. It is definitely very difficult for poor farmers to escape out from the vicious debt cycle when they encounter with financial shocks caused by price fluctuation, poor harvest or eradication by the police.”

Despite all the obstacles preventing financial institutions from providing micro-credit services to rural communities, opium farmers still have relatively easy access to various sources of informal credit. Private money-lenders are more willing to lend to farmers who intend to grow opium than to those who



Akha woman preparing corn in eastern Shan State

plan to grow other crops, as there is less risk of losing the loan. This is partly because the cultivation cycle of opium is shorter than for most other crops, and the price of raw opium is also more stable. If the farmer lacks the cash to repay the loan, some private money-lenders will take some of the raw opium instead. The current interest rates for such loans are about 5–10%, depending on the social relationship between the borrower and the lender. This was confirmed by a Pa-O opium farmer from Hsihseng Township, southern Shan State:

“It is easier for us to borrow money from traders or anyone else if we are going to invest in opium cultivation, as they know that we can harvest and repay the debt within a few months. They don’t need to worry about losing their money, as the opium price is more stable compared to other crops. We always get a lower price from our agriculture produce [other than opium], as we have to sell right after the harvest to pay back the loan even though we know that, if we keep it for one or two months, we can get a better price. Our stomach cannot wait.”

### *Traditional and medicinal opium use*

Beyond acting as a livelihood and a source of income, opium cultivation and use are often deeply embedded in the culture and traditions of many upland communities. Opium might be regarded as one of humanity’s oldest cultivated plants or cultural drugs. People living in remote areas, which are often far from health facilities, continue to use and value opium as a traditional remedy to treat various conditions, including fever, diarrhoea, dysentery, pains and coughs, and also to abate hunger.

Naga people who were interviewed explained how they placed some opium inside garlic

cloves, grilled and then ate them to stop acute diarrhoea, or applied opium on open wounds to stop bleeding. Women interviewed in Shan State also used and valued opium as an effective traditional remedy. According to one woman who cultivates opium:

“Opium is an essential medicine for us and we would like to continue growing poppies. We are afraid of chemical medicines. Moreover, if cows or buffalos are sick, we can also use opium as medicine for them. If children are sick or hurt, we can dilute opium into water and apply it onto their body. If we experience pain, we can dissolve it and drink it. We can also use it to treat diarrhoea. Fresh opium and chemical medicines are different. Fresh opium is very useful for medical purpose. It will be good to have the rights to cultivate opium as a legal crop.”

A man interviewed in northern Shan State laconically captured the value of opium as a traditional medicine: “To us, opium is more like a ‘Godly Medicine’ (‘Nat say’) that we use for all kind of sicknesses.”

Smoking and using opium are not only regarded as normal, but also as a cultural tradition. It is traditionally used in social events, such as house warmings, harvest festivals, weddings, New Year celebrations, important social and business negotiations and funerals. Opium is offered to elders, important guests and tribal leaders as an expression of welcome and respect. With the long history of cultivation and reliance on it for livelihoods, opium becomes an integral component of social events and spiritual beliefs that have been handed down over generations in ethnic nationality communities. The histories of many peoples in the high mountains of Shan State are replete with folktales, cultural rituals, traditional medications, and beliefs surrounding the use





Eating fresh leaves from young opium plant in Kachin State

of opium. According to a representative of the MOFF:

“Some villagers commonly use opium as offerings to Spirits to bless their crops, as dowry for a bride, or to show hospitality and respect to special guests attending funerals, weddings and other important celebrations. Mountain people also use opium as a repellent and antidote against poisonous insects including some venomous snakes, or as a lucky charm to get protection from evils, in particular while hunting in the forest.”

A Lahu opium farmer from Mong Hsat Township, eastern Shan State, also confirmed that, in addition to income, there are important cultural and medicinal reasons to cultivate opium:

“Opium is more than a cash crop to get income for our Lahu and Akha people.

We use opium as traditional medicine to cure many illnesses. We also use opium in many of our social rituals, such as weddings, funerals, house warmings and other social celebrations. Opium is part of our social life, our belief and our religion.”

Opium is also used to make offerings to the ancestors and guardian spirits to make them happy and take care of family members so that they will be healthy and prosperous. Kayan people, for example, believe that opium brings good luck in hunting and protects them from poisonous animals and evil spirits. As a Kayan opium farmer from Pekhoh Township in southern Shan State said:

“Kayan people always bring a small amount of opium when we go hunting. We make small offerings to which is included opium, betel nut, cheroot and rice wine to the guardian spirit of the jungle. By doing so we could hunt more prey and

do not get bitten by a reptile or a beast. This belief and practice is handed down from generation to generation, and young people nowadays are still doing this.”

Similarly, Naga people, who live in the northern stretches of Sagaing Region, also regard opium as an important part of their culture and traditions. Representatives from the families of a bride and groom typically smoke opium together while negotiating the dowry, and traditional juries smoke “Khatpone” – smoking opium mixed with dried pennywort stems or banana leave through a bamboo water pipe<sup>75</sup> – before judging civil cases, although Christian communities are increasingly abandoning these practices.

Elders have also widely used opium to socialise, involving elaborate rituals from the preparation to smoking Khatpone and drinking tea before parting and going back

home. People from these areas often highlight that they see opium consumption as fairly unproblematic compared to drugs such as heroin or ATS, as recounted by a man living near Kutkai, northern Shan State: “I never thought of smoking opium as a crime. When I was young in the 1990s we could hardly find opium-related drug abuse.”

According to another informant from Kutkai where smoking opium is common:

“Opium is more like a ritual to socialise among the older generation in the past where they shared time, starting from the preparation to the tea time after smoking, as long as the effects remained enjoyable before separating. It was healing to share time and individual struggles with close friends. But hard drugs like heroin have individualised people and interaction between users and non-users has gradually disappeared.”



Poppy seeds for next planting season

Some people believe that opium has magic powers, which can protect from injury or being shot in conflict, as confirmed by a veteran Kayan guerrilla fighter from the Kayan New Land Army / Party (KNLA/P):

“During the time when the Myanmar army employed excessive forces to siege the Karen National Union headquarters in Manerplaw, the [Kayan] KNLA sent 30 soldiers to assist the KNU. We had fierce fighting including many occasions of close combat with the Myanmar army for several months, and none of our KNLA soldiers got hurt. KNU commanders were so curious to know how we did it, and I showed them a small package of opium that I hung on my necklace. All of us came back to Pekhon alive after the battle.”

Although there is stigma about this, a Kachin female opium farmer from Kutkai Township in northern Shan State also shared a real-life story:

“We use opium to tame wild animals, such as oxen, buffalo and elephant to use them in farming activities. We also can use opium to pacify violent husbands. After smoking opium they become calm, patient and soft speaking. So there is a saying that ‘a wife will never divorce an opium-smoking husband’.”

## Women and poppy cultivation

Women are central in opium cultivation and carry out most of the same tasks as men in the poppy fields, from preparing land to weeding and harvesting. Tasks might sometimes be divided according to physical aptitudes and abilities, with men doing most of the land preparation and women focusing on the more meticulous harvesting of the pods. Besides opium, many women grow and sell other crops, including tea, coffee, avocados,

oranges, beans, ginger, turmeric, cheroot leaves, maize, mustard, and bananas. Some also collect and sell honey and other forest products, although these have lately become more difficult to find. Finally, some women also work as agricultural wage labourers to increase their household income.

Besides working in the fields, women also bear most household responsibilities and usually undertake most domestic chores such as cooking, washing and caring for children. They also commonly have to prepare food for gatherings and social events, as well as for monks, army and police officers who regularly visit the villages. For most women, each day starts as early as 4 am and ends around 8 or 9 pm, once all chores have been completed. In comparison with most men, who dedicate more time to leisure, social and political activities, women generally have very little free time, except during religious festivals and social events such as weddings or funerals. At large festivals, men are often responsible for the cooking. According to a 50-year old Pa-O woman from Hopong Township in southern Shan State:

“I get up early morning, do cooking and other housework including taking care of my two grandchildren. Then, I prepare a lunch box and go to the fields. After my work in the field, I return home in the evening, prepare dinner and do more housework. I go to bed after all this housework is done.”

Their shared hardships lead most women from these areas to develop strong bonds of solidarity and a sense of collective belonging. A Shan woman from Hsa Nin village in Loilem Township, Shan State, for instance, recounted how when there is heavy rain, she and other women regularly hold small gatherings to chat, or to exchange tips and tricks on agricultural techniques. According to a Lahu woman from Mong Ping Township in eastern Shan State:

“We, female opium farmers, help each other, such as cutting the grass and weeding each other’s fields. Similarly, we help each other when we scratch poppy seed pods. Women have to work and spend more time in the poppy fields.”

Though rarely visible and recognised in social and political spaces, women who grow opium have expert knowledge in many areas necessary to support their families, including in agriculture, such as the various crop-growing cycles and have experimented with different agricultural practices to improve both the quality and quantity of the crops they harvest.

Household earnings are usually kept by women, who manage the family’s day-to-day expenses. Major household financial decisions are commonly made jointly, such as purchasing a motorcycle or planning for agricultural investments for the following year. These dynamics can be affected by the household’s economic situation as well as other factors. Women farmers who shared their experiences in this regard said they had rarely or never been involved in selling or transporting opium, which typically falls to men who meet other male traders inside or outside the village. According to a Pa-O woman in Hopong Township:

“I don’t get along with my husband much because business is not good and we have difficulties in securing livelihoods for my family... we couldn’t sell opium and the prices have decreased. Currently, for food and family livelihoods, we are depending on my daughter’s salary who is working in Thailand.”

Income generated from opium cultivation generally makes up a significant proportion of household earnings, ranging from 50% to 70% on average. This percentage may be even higher for households residing in

higher-altitude areas, where licit – but less profitable – crops such as corn or bananas can barely survive. The income from opium is spent mainly on meeting essentials, including food, health care and education. Given the importance of opium in fulfilling their short- and long-term needs, most women farmers view opium as a source of income and a solution to their problems rather than a psychotropic substance, a drug or a problem.

In general, this research found that, in the areas studied, women can individually inherit and own land. However there are customary tenure systems in some parts of the country that do not recognise the right to land for women.<sup>76</sup> For married couples, land ownership is registered jointly, and land titles are issued under both names. In certain areas, however, government-issued certificates for land ownership mention only the husband’s name, although local customs regard land as collectively owned by the husband and wife. Customary land tenure remains fully or partly in place in many opium-growing areas, where people do not use or recognise land titles issued by the state. According to a Lahu woman from Mong Pin Township:

“Here, we manage our lands in our communities according to customary practices. Nobody owns ‘Taungya’ [upland cultivation], but we can inherit farmlands owned in our names. Sons and daughters inherit equally. We have plenty of land and we don’t title them as these are mine or yours. We can grow where we want to, and we don’t have any paper documents. However, the fields are far from the village.”

If they are usually involved in decisions made in their own family, women nevertheless remain largely excluded from decision-making processes at the community level. According to one woman: “Only men can be involved in the decision-making process in



Female opium farmer in Pekhon Township, southern Shan State

my village and they don't ask women to join. People only follow the decisions which are made by men."

Another woman agreed: "Although women have the right to speak and express themselves, people don't listen and respect them. I would like women to have the right to freedom of expression and people to recognise them."

In addition, many women expressed concerns about the lack of educational opportunities for themselves and their children, often exacerbated by the precarious nature of their livelihoods and income. School dropout rates are typically high in these rural upland areas, as families who cannot afford to send their younger children to primary or elementary school have to bring them along to the opium fields. According to one Lahu woman from eastern Shan State: "We don't have women in leading roles in our village. We are not

educated and cannot speak the Burmese language."

After decades of exclusion, criminalisation and marginalisation, only in the past decade have opium farmers in Myanmar been able to express their needs and have their voices heard, thanks to the emergence of platforms such as the Myanmar Opium Farmers' Forum. Women farmers represent a small percentage of those who are active in these spaces, but their voices grow louder each year as they gain confidence and become more empowered and vocal about their needs. Several have spoken at public events organised by various non-government organisations (NGOs), and one Pa-O woman ran for the Shan State parliament on a National League for Democracy (NLD) ticket in the 2020 general election, although she did not win a seat (see also section "The coup and its consequences for opium cultivation").

Raw opium oozing out of a poppy capsule after incisions have been made into it



### 3. Evolution of Opium Cultivation and Prices (2015–2021)

As mentioned earlier, according to UNODC estimates, opium cultivation in Myanmar reached its peak in 1996, covering a total of more than 160,000 ha. It then gradually declined to the lowest level of about 20,000 ha in 2006, only to rise once again from 2007 to about 60,000 ha in 2013 and 2014 before falling to some 30,000 ha in 2020.<sup>77</sup> So, from 2007 onwards, poppy cultivation in Myanmar has ranged between 30,000 and 60,000 hectares.<sup>78</sup>

Against this backdrop, farm-gate opium prices have been fluctuating. Opium farmers interviewed for this research say that they received the highest prices in 2010 and 2011, when they reached over one million Kyat (about USD 900 at that time) per viss (1.62 kg). From 2012 farm-gate opium prices started to fall, and from 2015 onwards prices dropped to below 500,000 Kyat (about USD 420) per viss and to 250,000 Kyat (about USD 200) per viss in 2020. This is the main factor that has been pushing down the area of poppy cultivation in Myanmar since 2015.

#### Causes and consequences of new decline: a Pa-O case study

The sharp decline in opium prices has contributed to a significant erosion of livelihoods in poppy-growing regions. Most villagers who were interviewed in Hsihseng and Hopong Townships complained about their worsening economic conditions and finding it harder to make ends meet. Except for a few families who have benefited from an Alternative Development project implemented by the UNODC, most villagers have received no support for their livelihoods from the state or other actors operating in the area. According to a male farmer in Naung Kham Village in Hsihseng Township:

## Box 2. Analysis by Myanmar Opium Farmers' Forum of the opium market<sup>79</sup>

“Opium prices have been decreasing since 2012. The prices were lowest in the 2016–17 poppy season. This season prices increased a little bit. However, compared to the 2011 period, these prices are still very low, almost half of what they were in 2012.

We think there are several reasons for the decreasing opium prices. Fewer traders are coming to our villages because of stricter control by the government and some armed groups. The intention of these armed groups is to monopolise the market, and they only allow those traders linked to them to have access to opium.

Another reason is that the traders are more interested in the more profitable amphetamine-type stimulants trade. There is a growing local demand for ATS and traders can increase production and sales. ATS now has a bigger market than opium, is easier to produce and transport, and also easy to use. ATS also has a bigger profit margin.

The traders are changing to investing in land and real estate rather than in opium, because this is now more profitable than the opium business. The rich do not invest their money in opium anymore. They start investing in land and real estate. There are just one or two people coming to our village to buy opium.

In Kachin State, money-lenders insist that we have to sell the opium back to them at lower prices. We need their loans to buy food and other basic needs. We have no alternatives and no negotiation power and thus have to accept this.

As fewer buyers are coming to our villages, there is less competition between them. Sometimes only one buyer comes and, when people desperately need money, they sell for whatever price the trader is offering. Even despite the decreasing opium price, it is still the most economically viable crop for us.”

“I harvested four viss of opium from two plots last year. I got 10 lakhs (about 750 USD) from it. I also harvested 600 viss of maize which I sold for 1.8 lakh (300 Kyat per viss). But it cost me 1.5 lakh to buy maize seeds, fertiliser and pesticides, so I just got 30,000 Kyat from my maize farming.”

According to a female Pa-O farmer from Hopong Township:

“I have grown opium for 15 years. Previously, we had a very difficult situation for our livelihoods and cheroot leaves prices were very low, but it was very marketable to grow opium. We didn't have enough food for our family when we grew cheroot leaves. That's why we grew opium. We grew only half an acre this year. I am not sure with opium we got this year and worry for selling because we haven't sold our opium from last year's harvest



yet. This year, the opium price is 3 lakhs (about 225 USD) per viss. We are facing difficulties for family livelihoods because we couldn't sell our opium and the prices have decreased. Currently, we are only depending on my daughter's salary, who is working in Thailand, for food and family livelihoods... We don't have buyers now, so there are around 2 or 3 viss of opium that I have to keep. Therefore, I don't have any profit if I compare to the money I invest for cultivation. I only get money back as daily wages."

Farmers usually attributed the decline in opium prices to the fact that fewer traders were coming to the villages to buy the opium. They claimed that this led to a "quasi-monopoly" of a small number of traders who used their dominant position to pay less. In addition, farmers stressed that the tight control exercised by armed groups such as the Pa-O National Organisation and the police, notably the checkpoints and taxes imposed on the opium traders, also contributed to that dynamic. Informal taxation is imposed both

on the traders and also directly on farmers by the PNO, the police and local authorities, although approaches differ from one area to another. Overall, these actors consistently use the threat of forced eradication to impose informal taxation, a practice that villagers see as unfair and contradictory.

Unsurprisingly, the significant fall in the price for opium – which remains the main cash crop in these communities – has had important impacts on farmers' lives. The drop in opium prices has encouraged some farmers to intercrop opium poppies with licit cash crops, such as avocados, cheroot leaves, coffee and tea, to diversify their sources of income. This has mostly been applied by farmers with larger plots of land and enough capital to invest in new crops, which often take a few years to provide a stable source of income.

Most households have, however, experienced significant negative consequences. These include interrupting their children's education, reducing outgoings on health and food, resorting to high-interest loans and



taking the risk of becoming trapped in debt, selling land and cattle and having to work as wage labourers, as well as reducing social and religious contributions in their communities.

In addition, increasing numbers of people have been migrating to Thailand – men, women and adolescents – usually as undocumented workers who are vulnerable to exploitation and human trafficking (e.g. forced marriage for young women). In many areas, next to opium cultivation, this has been one of the main coping mechanisms for rural communities to make ends meet. Hardships created by the drop in opium prices have been especially acute for those whose opium fields were eradicated and single-headed households, which are often economically vulnerable. According to a female opium farmer from Hsihseng Township: “My kids are still too young to go to Thailand, so growing opium is the only solution for my family, even when the price is lower now. I pray for the price to come up again soon.”<sup>80</sup>

The majority of farmers continue to grow opium, albeit on smaller areas, as it continues

to provide a significant source of income despite the lower prices. In addition, farmers still hope that prices will recover and do not want to miss out on what they see as one of the very few opportunities they have.

It is still too early to know whether the rebound in opium prices observed in the end of 2020 and early 2021 signals a new trend. It should, however, be taken as a warning for those who interpret declining prices and production as evidence that current policies are working (see section “Legal framework and policy responses” below). The economic repercussions of the military coup and current political crisis threaten to be devastating. In this context, a resurgence of opium cultivation on a significantly larger scale appears to be a highly likely scenario.

Finally, despite showing great resilience, most farmers feel helpless and abandoned by the authorities, as development projects and initiatives in the area do not meet their needs and expectations (see section “Alternative Development in Myanmar” below). Farmers are unanimously requesting

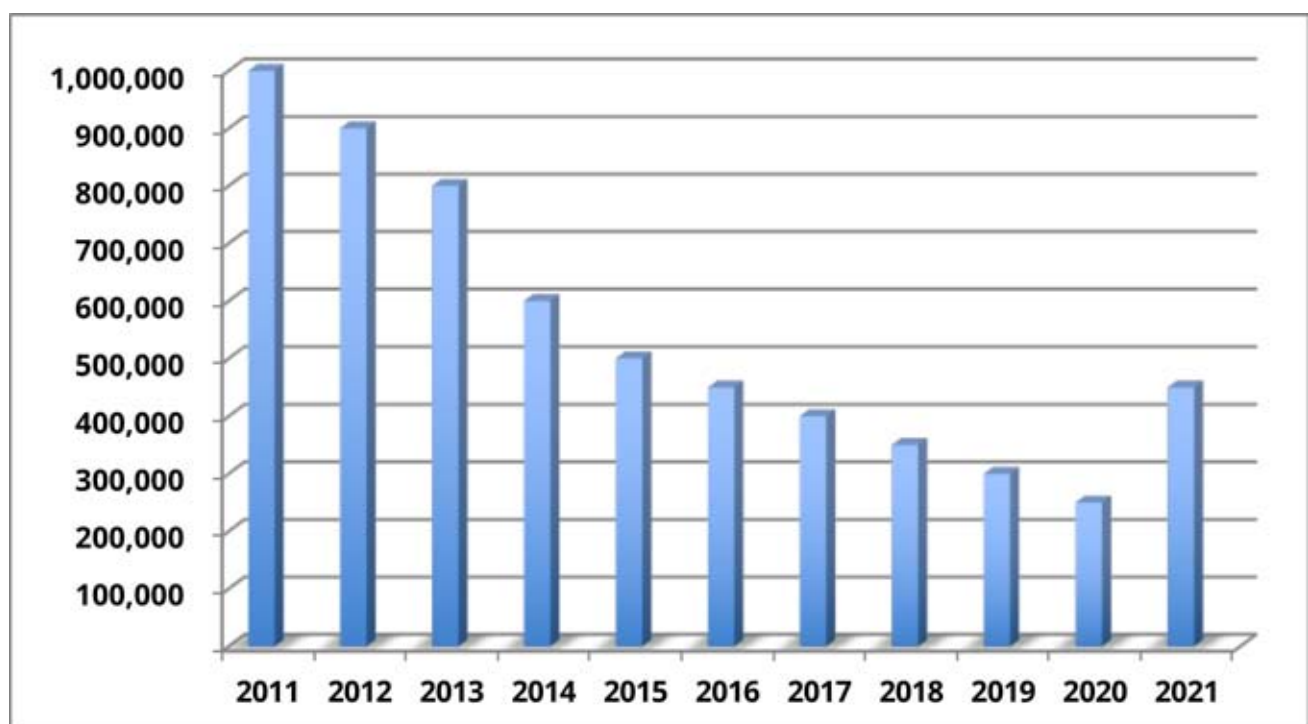


Figure 1, Evolution of opium farm-gate prices in Hsihseng Township (Average prices since 2011, according to farmers interviewed: prices MMK/Viss)

long-term commitment and support from the government and other actors to help them diversify their livelihoods on a sustainable basis. According to a female opium farmer from Hopong Township: “Opium reduction needs long-term development support. Short-term projects cannot solve long-term problems.”<sup>81</sup>

### Illicit opium cultivation in India

Apart from Myanmar, India is the other main country in the region with illicit opium cultivation. As there are no opium surveys in India, there is no accurate data on poppy cultivation and production. However, the Indian government has made some statements on illicit opium cultivation levels in the country, and reported that it was some 22,000 ha in 2011 and 28,000 ha in 2012.<sup>82</sup> A former Indian government official estimated in 2009 that illicit opium cultivation in northeast India is much higher: “In my estimates, it is at least 30,000 hectares, and it could even be up to 50,000 hectares.”<sup>83</sup> Studies on illicit opium cultivation in northeast India confirm

this picture, and some claim that data on illicit cultivation in India is likely “to have been greatly underestimated for years”.<sup>84</sup> This means that India could be the world’s third largest illicit opium-cultivating and production country, after Afghanistan and Myanmar, or could even be quite similar to Myanmar.<sup>85</sup>

A significant part of illicit poppy cultivation in India takes place in the northeast of the country, in areas bordering Myanmar. The Myanmar–India borderlands share common geographical features and peoples. Some of the ethnic groups living in these isolated and mountainous areas straddle the border.

Research for this report was carried out in Manipur and Arunachal Pradesh, both part of India’s northeastern States. This ethnically diverse region declared itself independent from New Delhi when India became independent in 1947. In response to the national government’s rejection of their demand, a number of ethnic-based local groups initiated an armed political struggle that has yet to be resolved. Manipur and

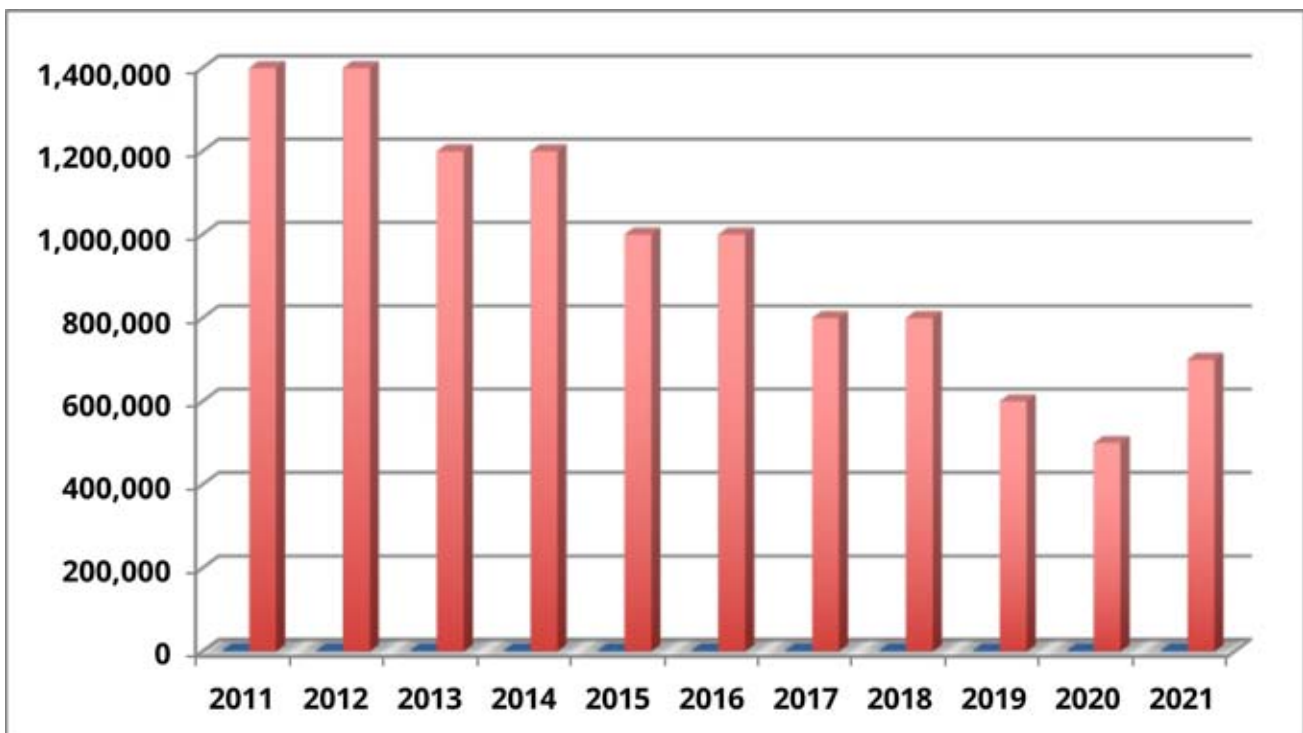


Figure 2. Evolution of opium farm-gate prices in Tachileik Township (Average prices since 2011, according to farmers interviewed: prices MMK/Viss)

Arunachal Pradesh share a long international border with Kachin State, Sagaing Region and Chin State in Myanmar. Both are considered to be among India's most politically and economically marginalised states. Opium cultivation in Arunachal Pradesh is mainly concentrated in Anjaw and Lohit districts, while in Manipur it is highest in Saikul, Ukhrul and Chandel districts.

In some areas of Arunachal Pradesh, opium has reportedly been cultivated for generations, while in other areas it is far more recent and is grown as a means for villagers to earn a living. In Manipur, poppy cultivation has significantly increased over the last 15 years, primarily as a means of subsistence. In addition to opium, farmers from both states grow a wide range of food crops for their own consumption and for sale. These notably include apples, bananas, beans, cardamom, kiwis, khodo, maize, oranges, paddy, peas, potatoes, pumpkin and soya, as well as various green vegetables, depending on local climatic and soil conditions.

Promoted as part of a livelihood-diversification strategy by the National Agriculture Bank for Rural Development,<sup>86</sup> the cultivation of cash crops generally serves as an alternative source of income for farmers in the event of opium eradication and/or a drop in price, although usually significantly less than they earned from opium. Farmers interviewed in Manipur underlined that opium cultivation had improved their economic situation, yielding annual earnings typically ranging between Rs 400,000 and 700,000 (USD 5,400–9,400). Opium is also the major source of income in Arunachal Pradesh, without which farmers would struggle to feed and meet their families' basic needs.

The practice of “jhumming” (shifting cultivation) largely continues, including in association with opium cultivation, and communal land tenure are common in both



Cloth used to harvest wet opium in northeast India

states. Depending on the area, opium is extracted either with a cloth<sup>87</sup> or as gum. Although the majority of farmers grow opium and other crops on small plots, the area dedicated to opium cultivation can vary significantly, ranging from less than 0.4 ha to 20 ha in certain areas of Arunachal Pradesh. Most farmers who were interviewed indicated that opium is generally cultivated in isolated upland areas far away from where they live in order to avoid detection and eradication.

The Narcotic Drugs and Psychotropic Substances Act 1985 (NDPS Act) sets out the legal framework for drug law enforcement in India.<sup>88</sup> It notably prescribes the forced

eradication of opium fields as well as fines and prison sentences for people growing opium without a licence or illegally.

Although eradication and legal prosecution have been inconsistently enforced, some farmers indicated that eradication, whenever it happened, would create significant problems for families, including limiting their children's education, access to health services,



and in some cases causing food insecurity. In Manipur, farmers reported paying bribes to armed groups and police to avoid eradication, although certain armed groups reportedly appear to oppose opium cultivation.

Local farmers have also developed various strategies to resist eradication. These include growing opium far from their village, giving wrong or unclear directions to eradication teams to drive them away from opium fields, or even blockading roads to prevent access to the fields, as reported by a farmer from Anjaw district: "We place huge logs on the road so that they [authorities who conduct eradication of opium fields] cannot enter the fields."

In Arunachal Pradesh, opium cultivation appears to be more for the domestic than for the international market. In fact, opium is sold to mainly to local opium users, who can purchase it directly at farmers' homes or at bazaars, although some is also sold to smugglers. Opium is traditionally used as a medicine across most of Arunachal Pradesh to treat stomach pain, aches, high blood pressure, diarrhoea, or simply to "freshen up the mind". Opium is also widely used for pooja or puja, a traditional and spiritual ritual practised by the Mishmi people. As several farmers in Anjaw district noted: "Opium is available in every home in our area." This is also confirmed by a 2021 US State Department report: "Opium poppy is grown illicitly in India, however, especially in the Northeast, to meet local domestic consumption demand."<sup>89</sup>

The situation is markedly different in Manipur, where the traditional use of opium is much less common than in Arunachal Pradesh. Intermediaries generally buy most of the opium and come to the villages, and farmers do not always know how the opium is eventually used. The media has also reported the local production of heroin, for instance in Thoubal district, a fact corroborated by interviews with key informants. Farmers

commonly have to pay various taxes to armed groups and/or village chiefs, ranging for each family from around Rs 30,000 to 50,000 (USD 400–670) per season.

According to key informants from the area, including a local police officer, opium cultivation in Manipur seems to be more integrated within the regional drug economy and connected to other actors, notably from Myanmar. Patterns of drug use differ greatly from those in Arunachal Pradesh, as local people use a wide array of manufactured drugs, such as cough syrup, methamphetamine (in some cases referred to as “WY from Myanmar”), heroin (from Imphal, the state capital of Manipur), and pharmaceutical drugs such as alprazolam. This stands in stark contrast with patterns of drug consumption in Arunachal Pradesh, where opium remains the drug most commonly consumed in villages.

The price of opium in both Arunachal Pradesh and Manipur tends to fluctuate significantly according to the season and the time of the year, as is the case in Myanmar. Generally, prices are lower immediately after the harvest when supply is up, and higher later in the year. Farmers from various areas of Arunachal Pradesh reported average prices ranging from around Rs 400 to 2,000 per tola (USD 460–2,300 per kg),<sup>90</sup> depending on the time of the year. This appears to be significantly higher than five to 10 years ago, when farmers earned approximately Rs 100 to 300 per tola (USD 115–345 per kg). Prices in Manipur have also increased over the same period, to reach around Rs 350 to 700 per tola (USD 400–800 per kg) in 2019, a total estimated to be 10–20% higher than five years earlier. Although there is no overall data, interviews suggest that cultivation has noticeably increased during the same period.

Since 2010, there have reportedly been intensified development efforts in Manipur

and Arunachal Pradesh, albeit less visibly than in other regions in India. Some roads and infrastructure have been built, including schools, water plants, electrification and mobile phone networks. Farmers from Manipur also noted improvements in the provision of health services and in some areas there have also been some loans for agricultural activities.

In Arunachal Pradesh, local government agencies supported the ability of villagers to earn a living by providing cattle, seeds and fertilisers for cash crops, and monthly rice rations in Wakro. Most farmers, however, emphasised that there were many remaining gaps, most notably concerning the quality and (relatively low) availability of clean water, public transport and health services, as well as flood-protection infrastructure in the specific case of Wakro. In addition, they unanimously stressed the importance of helping them to diversify their livelihoods and sources of income, as most currently depend on agricultural activities, particularly opium cultivation.

Overall, and despite local specificities, the situation of opium farmers in northeast India is strikingly similar to that of farmers in Myanmar. Opium continues to be cultivated mainly for subsistence purposes, and entire communities rely on the income they derive from it to meet their basic needs. Despite the government’s efforts to improve access to infrastructure and basic services, opium cultivation has expanded over the past decade, boosted by local and international demand and increasing prices.

These trends clearly show that development interventions alone are unlikely to address the issue of opium cultivation, and that other underlying factors such as armed conflict and political marginalisation also need to be addressed. It is also essential to acknowledge that both the traditional use of opium and

continued local and international demand will continue. Broader recognition of these realities and challenges is therefore needed, including via legal mechanisms and schemes.

## The rise of Amphetamine-Type Stimulants

While opium cultivation declined, Myanmar and other countries in the region saw a rapid rise in the production and use of amphetamine-type stimulants. In the past decade, the substance has become more easily available, while prices have either decreased or remained at low levels. A similar trend has been observed across the entire region, despite a sharp increase in drug seizures and related arrests. This situation highlights the ineffectiveness of current policies, mainly based on repression, to curb the availability and consumption of methamphetamine.<sup>91</sup>

The rise of ATS in the region can in part be attributed to a process of displacement, where users and producers simply shift from one substance to another. However, and despite the partial overlap that exists between the opiates and ATS markets, this displacement alone by no means accounts for the entirety of the increase in ATS production and consumption. In fact, the growth of the ATS market has followed its own dynamics, and has also been generated by profound socio-economic changes in the affected countries, which rapidly transitioned from largely rural agriculture-based economies into more urban, industrial and market-based societies.<sup>92</sup>

The dramatic increase of trade, transport connections and infrastructure across the region has in particular played a key part in facilitating and supporting the expansion of ATS trafficking and availability. During the past decade, drugs have become easier to move across territories, concealed amongst other goods and supplies. At the same time,

scores of young people employed in key, yet poorly-regulated sectors of the economy, have started to resort to the consumption of ATS tablets to cope with increasingly demanding and precarious working conditions in an attempt to boost their productivity and the income that derives from it.

Such “occupational” drug use, common amongst long-distance truck and taxi drivers, manual workers in the mining and other extractive industries, as well as in the fishery and construction sectors, has emerged as a widespread reality. Equally unsettling, entire farming communities have been destabilised by land-grabbing and rapidly changing economic conditions during the past ten years, precipitating a rural exodus and severe economic hardship experienced at both the community and individual levels. These abrupt transformations represent a fertile ground for an increase in both ATS trafficking and problematic usage as manifestations of maladaptive coping mechanisms.

The large-scale production of ATS in the region is believed to have started in Thailand in the early 1990s, before it boomed in Myanmar and other countries. Khun Sa’s Mong Tai Army’s surrender in January 1996 pushed traffickers to relocate drug production to areas that fell under the control of ethnic ceasefire groups, most notably in Kokang and Wa regions.<sup>93</sup> The decision taken by the UWSA to implement a gradual opium ban in their areas from 1995 onwards precipitated a rapid transition of production from heroin to methamphetamine tablets.

In 2009, relations between the United Wa State Party (UWSP) and the Tatmadaw soured after its leadership refused to follow the Tatmadaw order to transform into Border Guard Forces (BGFs), leading to political and economic pressures on its military wing, the UWSA. A large number of militia groups in Shan State profited from this, since they were



Smoking methamphetamine in Myanmar



now favoured by the Tatmadaw to engage in all kinds of illicit businesses, including drugs. These groups have been mainly involved in providing securely guarded territories, while outside investors have been more responsible for production and trafficking. According to a UNODC representative:

“Major international organized crime groups are using conflict areas in the north to source heroin and produce and traffic synthetic drugs. They have the access to territory and relationships they need to do business.”<sup>94</sup>

As the militia groups allied with the Tatmadaw were now given a free hand to be involved in ATS production and trade, they became lucrative business partners for investors. In return, militia groups have been

accused of paying kickbacks to Tatmadaw officers to be able to continue this business.<sup>95</sup>

Since this time, the production of ATS has risen massively, reflected by a ten-fold increase in seizures of methamphetamine and New Psychoactive Substances (NPS) conducted in Myanmar and across Southeast Asia since 2010.<sup>96</sup> The precursors to make ATS do not originate from Myanmar, but are smuggled into the country, mainly from neighbouring China and, to a lesser extent, India and Thailand.

Besides traditional markets and trafficking routes from Shan State into China, Laos and Thailand, new routes into Bangladesh via Rakhine State have also emerged in recent years, with many of the local conflict actors and authorities on both sides of the border



involved.<sup>97</sup> The expansion of the ATS industry has been facilitated by the improvement of infrastructure and the huge increase of Myanmar's border trade with China, Thailand, and, more recently, Bangladesh. Unlike in the past, drugs are concealed among other commodities and moved across borders in large consignments, rather than smuggled in small quantities.<sup>98</sup>

The diversity of products falling under the broad category of ATS has also increased significantly, as evidenced by the growing range of methamphetamine tablets (often combined with caffeine, known as Yaba or Yama) available on local markets and the rapid propagation of “ice” or “crystal meth”, a more concentrated form of methamphetamine that also lends itself to injection.<sup>99</sup> Meanwhile, the prices of these substances have plummeted, pointing to sharply reduced production costs allowed by the industrialisation of production and important economies of scale.<sup>100</sup> While Yaba is produced mainly for local consumption and export, crystal methamphetamine tends to be largely exported, with Australia, China and Japan being key markets for the crystal methamphetamine produced in Shan State.<sup>101</sup>

There are many implications from this transition. While the production of opium is a labour-intensive activity that benefits large numbers of people (farmers, day labourers and traders), the profits generated by the production of synthetic drugs remain largely concentrated. In fact, the production of ATS is much less reliant on the cultivation and use of plants than that of traditional opiates, although precursors such as ephedrine and pseudoephedrine are often extracted from the ephedra plant.<sup>102</sup> The trade is therefore quickly pushing farmers off the scene. As a high-purity synthetic drug, methamphetamine production requires trained chemists and a reserve of precursor chemicals, thus needing the involvement of transnational

organisations and other smaller actors in the trade.<sup>103</sup> The higher profit margins as well as simpler logistics, due to the compact nature of synthetic drugs, are a further incentive for international crime groups and drug syndicates.

It is undeniable that Shan State has become a major hub for the production of ATS destined to both domestic and international markets, a fact confirmed by numerous investigations conducted on shipments of seized drugs in Australia, Malaysia and Thailand.<sup>104</sup> The illicit nature of drug production, however, makes it particularly difficult to produce reliable estimates, triggering a number of unhelpful consequences if not adequately understood.

In many drug-producing countries, this is problematic insofar as estimated numbers are widely used in the international community to justify and influence national and regional drug-control policies and can greatly contribute to shaping narratives that risk being based on political considerations rather than evidence. ATS production is based on the use of chemicals diverted from legal markets, and does not require the cultivation of specific crops that can be monitored via satellite imagery and field surveys. Thus the ease with which ATS production can be concealed makes such estimates even more problematic.

Sweeping assertions that Myanmar has become one of the world's largest ATS producers – if not the largest – and reports about sudden huge increases in production should therefore be treated with great caution. It is important to note that increases in seizures could be because of other reasons, and that these do not automatically mean there is an increase equivalent in production.



## 4. Policy Dimensions

### Legal framework and policy responses

In 2018, Myanmar implemented the first reform of its drug-control legislation in decades. The 1993 Narcotic Drugs and Psychotropic Substances Law was amended on 14 February 2018, and the country's first National Drug Control Policy was adopted less than a week later. The reform, which came as a recognition of the country's inadequate laws to tackle the challenges posed by problematic drug use, production and trafficking, explicitly aimed to put a greater emphasis on public health and development and limit recourse to criminal justice mechanisms to the most serious drug offences. Important consultation processes with civil society were conducted, raising significant hopes that Myanmar would transition towards a more supportive and evidence-based approach to drug control.

Unfortunately, apart from a few welcome improvements, the reform process fell short of expectations and the announced transition was never fully completed. If the National Drug Control Policy features a clear focus on public health and development to address problematic drug use and opium cultivation respectively, the amended Drug Law continues to heavily lean on criminal justice and still prescribes extremely harsh prison sentences for drug users (when caught with small quantities of drugs) and small-scale subsistence poppy farmers. In addition, the policy is not legally binding, and more than three years after its adoption, has yet to be implemented.

The differences between the law and the policy are symptomatic of recurring tensions between two different models of drug control: a slightly amended law based on repression, effectively a continuation of the current mainstream policies; and a new policy



Drug burning by Myanmar government in Yangon

that promotes a change of paradigm and is based on public health, human rights and development.<sup>105</sup>

Unsurprisingly, the government's approach to address the illicit cultivation of opium poppy has wavered between these two different models. On the one hand, Alternative Development has been publicly endorsed by the government as its priority intervention to reduce cultivation, as reflected by the inclusion of an entire chapter on AD in the new National Drug Control Policy. On the other hand, every year some forced eradication continues to be carried out by law-enforcement agencies, including in areas with insufficient or no prior support offered to affected communities. Moreover, the implementation of AD programmes in opium-growing areas has been compounded by the limited resources that have been allocated to these interventions, as well as by the design of some of these programmes (see section "Alternative Development in Myanmar" below).

In the face of the problems caused by rampant drug production and problematic drug use,

people have felt increasingly abandoned and have blamed the government for either ignoring or deliberately using drug problems as a "weapon of war" against ethnic minorities.<sup>106</sup> Some Kachin communities from northern Shan and Kachin States have even decided to take drug-control efforts into their own hands, setting up a movement known as "Pat Jasan", which has rapidly gained momentum. Its members have arrested – and sometimes beaten – drug users and sent them to forced rehabilitation camps. They have also sent teams of volunteers to eradicate poppy fields in opium-growing areas.

Praised by some Kachin activists for finally addressing drug problems, others have criticised the movement for violating human rights and failing to provide support services to marginalised communities, including drug users and poppy farmers. Such manifestations are rooted in long-accumulated resentment and frustration endured by people living in these areas, and can be interpreted as a clear sign of neglect and ineffective drug policies. Unfortunately, without addressing the root causes of problematic drug use, opium cultivation and drug production and

### Box 3. Alternative Development Principles and Lessons Learned

There has been considerable progress in understanding the impact of rural development in opium-growing areas, referred to as Alternative Development. The concept has evolved from a focus on crop-substitution projects to a broader understanding of AD as an integrated and holistic concept that addresses the root causes of illicit cultivation, and as a programmatic approach that is part of a national development plan<sup>107</sup> As participants at the 2011 International Conference on Alternative Development (ICAD) concluded: “In short, poverty remains one of the key factors driving opium poppy and coca cultivation. The focus of alternative development programmes should be oriented to addressing the underlying causes of poverty and improving the socio-economic conditions of these communities. Illicit cultivation should thus be treated primarily as a development issue.”<sup>108</sup>

There have also been discussions on defining indicators of success, and to look beyond the short-term reduction in illicit cultivation and focus instead on long-term development outcomes. This, it is intended, will contribute to reducing cultivation levels. According to a 2008 report of the Commission on Narcotic Drugs (CND): “alternative development must be evaluated through indicators of human development and not technically as a function of illicit production statistics... Moreover, the association of eradication with development interventions aimed at reducing illicit cultivation alienates the wider development community”.<sup>109</sup> Such a development-led approach will also contribute to meeting the Sustainable Development Goals (SDGs), adopted by the United Nations General Assembly in 2015 as “a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity”.<sup>110</sup>

Interventions should be properly sequenced. In particular, there should be no eradication or strict implementation of opium, cannabis or coca bans unless viable and sustainable livelihoods are in place. Aid should not be made conditional on reductions in opium cultivation. The 2008 UNODC report recommends ensuring “that eradication is not undertaken until small-farmer households have adopted viable and sustainable livelihoods and that interventions are properly sequenced” and “not make development assistance conditional on reductions in illicit cultivation.”<sup>111</sup>

The importance to the right to land of small-scale farmers cannot be overstated. Many poppy farmers in Myanmar practise upland shifting cultivation, and their land tenure rights are not protected by national legislation. The growth of outside investment in their territories has led to land-grabbing and further impoverishment in already vulnerable communities, sometimes causing migration to other more remote areas to start or resume poppy cultivation.

The ICAD workshop called on stakeholders “to take into account land rights and other related land management resources when designing, implementing, monitoring and evaluating alternative development programmes, including internationally recognized

rights of the indigenous peoples and local communities”, and to acknowledge that “monoculture generates a number of risks for the local communities including environmental degradation, dependence on market demands and prices, and reduction in agricultural areas affecting food security and other livelihoods”.<sup>112</sup> Participants of a Berlin meeting emphasized that AD interventions “should include proper land tenure rights and operate within a clear legal framework that benefits and protects the rights of smallholder farmers”, and that decisions on the allocation, use and management of land “must have the participation and consent of local communities”.<sup>113</sup>

It is also important to include entire communities rather than selected households in AD interventions. This is partly related to the problematic issue of conditionality, which stipulates that only those who are ready to give up poppy, coca or cannabis cultivation will qualify for assistance under AD programmes.

Some AD interventions, for example, focus on households or communities involved in illicit cultivation, with no benefits to people in the same village or area who do not grow opium. This approach, however, could divide communities and create tensions and conflict. It may also have perverse effects and result in some households and communities who were not previously involved in illicit cultivation deciding to do so in order to qualify for aid. Furthermore, such policies will often not move beyond a “crop-substitution” approach, ignoring the broader community problems of poverty, inequality, conflict, access to education and health services, to land and to markets, and external migration.

Others have proposed different criteria to qualify for AD, such as a given income level or a minimum amount of land, which poses similar problems as the conditionality discussed above.<sup>114</sup> For these reasons, the concept of AD – often in contrast to its practice – is now regularly promulgated as a programme approach and as part of a broader national rural development agenda, addressing the wider development problems in an entire community or area rather than focusing on individual households.

The cultivation of opium poppy, coca and cannabis often takes places in areas plagued by conflict, insecurity and vulnerability. Interventions should comply with the aims of human rights protection, conflict resolution, poverty alleviation and human security. They should also adopt a participatory approach and respect traditional culture and values, including traditional and cultural uses of opium, coca and cannabis.

It is also crucial that communities growing plants used for illicit drug production are involved in debates and decision-making processes on issues that have great impacts on their lives. They should be able to voice their concerns in various platforms based on the principle of “nothing about us without us”.

In Latin America, there have been several forums for coca farmers to involve them in policy discussions, and to provide a platform to organise themselves and voice their demands. This is to a large extent thanks to the fact that all three Andean coca-

producing countries (Bolivia, Colombia and Peru) have recognised part of domestic cultivation to be legal and respect traditional practices and indigenous rights.

In Asia this has proved to be much more difficult, as opium cultivation – except the licensed cultivation for medical purposes in certain Indian states – is heavily criminalised and the space for farmers to organise themselves in the key producing countries (Myanmar, Laos and northeast India) is limited because of government restrictions and ongoing armed conflict. However, after decades of military rule and repression of civil rights, the reform process in Myanmar that started in 2011 opened up new opportunities. Using the new space, a First Southeast Asia Opium Farmers Forum was held in 2013, bringing together 30 representatives of communities involved in opium cultivation from Myanmar and northeast India. A year later, participants initiated the Myanmar Opium Farmers’ Forum (see Box 4 “The Myanmar Opium Farmers’ Forum” below).

The many lessons that can be drawn from the above underline the need for a longer-term vision and commitment, accompanied by more humane and better sequenced development-oriented policies and programmes, which actively involve those targeted from the outset to guarantee sustainability. Many of these lessons learned are reflected in the UN Guiding Principles on Alternative Development, adopted in 2013.<sup>115</sup>

In addition, there has been debate over what kind of “alternative development” is actually being promoted, and who will benefit most from it. In recent years, transnational corporations and some national governments have initiated a large-scale worldwide enclosure of agricultural lands, mostly in low- and middle-income countries, causing livelihood disruption, displacement and dispossession.

An important factor is the global food and climate crisis. While in the debate on drug policy the term “Alternative Development” represents a strategy of pursuing rural development in areas where crops are cultivated for illicit drugs production, in the broader sense the term has been used to describe a different path to development with different goals, which is participatory and people-centred.<sup>116</sup> It has been promoted as an alternative to the dominant development model based on neo-liberal economic policy, which focuses on free trade and open markets, foreign investment, and large-scale agriculture managed by big business, often multinationals.

Discussions on AD models have also looked at formulating different indicators of success. Such models should respect the rights of small-holder farmers and upland farming communities in the region practising shifting cultivation, which includes many (ex-)poppy farmers. Instead of relocating and turning them into day-labourers on large plantations, their contributions and investment in food production for their communities as well as beyond must be recognised and supported by national and local governments in a much more positive way. Investments in agriculture in those areas should respect human rights, including the right to land, water and food, and the rights of indigenous peoples.

trafficking in a broader sense, the related problems are unlikely to disappear.<sup>117</sup>

The region's ultimate goal to achieve a "drug-free" Association of Southeast Asian Nations (ASEAN)<sup>118</sup> and the setting of unrealistic targets and deadlines that are systematically postponed, also continue to adversely influence and shape drug policies adopted by successive governments and EAOs alike. Despite the diversity of practices on the ground, these actors share their commitment to what they see as an imperative – the elimination of drugs – that needs to, and can be achieved only through, the use of strict policing and law-enforcement efforts. The dominant narrative that views drugs as a threat to peace, stability and humankind arguably represents the greatest single obstacle to the adoption of more humane and effective policies to address and reduce the problems caused by drug production, trafficking and use in Shan State, Myanmar and beyond.

## Alternative Development in Myanmar

Opium-growing communities in Myanmar have received limited support for alternative livelihoods either from the government or from international development agencies compared to other major producing countries. According to the 2015 World Drug Report, Latin American countries received about 60% of all international support for AD and Afghanistan 36% during the 1998–2013 period. Myanmar and Laos received significantly less.<sup>119</sup> Another UNDOC study on global support for AD during 2013–2017 revealed that Myanmar received between USD 3.4 and 5.6 million a year. This is small compared to Afghanistan (USD 77–994 million), Colombia (USD 74.5–153.6 million), Peru (USD 26–35.2 million) and Bolivia (USD 0.5–9.9 million).<sup>120</sup> Most of the funding came from the US, followed by Germany and the European Union (EU).<sup>121</sup>

There are several explanations for this. For many years, there was limited international development aid to Myanmar for political reasons, owing to military rule and human rights violations. This changed with the quasi-reform process that started in 2011, and Western political and economic sanctions that had been imposed in the 1990s were lifted. However, following the Tatmadaw oppression of the Muslim population in Rakhine State leading over 750,000 Rohingya people to flee into Bangladesh, donor development support to Myanmar declined.<sup>122</sup> In February 2020 Germany – one of the key AD donors to Myanmar – suspended all bilateral development cooperation with Myanmar "until the country ensures safe repatriation of Rohingya refugees".<sup>123</sup>

More recently, there have been renewed international sanctions after the February 2021 coup by the Tatmadaw, further diminishing prospects for development support. The European Union declared the



Participants of ICAD 2 at field visit in northern Thailand



“withholding of EU financial assistance directly going to the government and the freezing of all EU assistance that may be seen as legitimising the junta”.<sup>124</sup> Similarly, the US Agency for International Development (USAID) declared that it would immediately redirect “\$42.4 million of assistance away from work that would have benefited the Government of Burma.”<sup>125</sup>

Another key reason for limited support from the main AD donors to Myanmar is that from the 1990s most of the heroin on the US and European drug markets no longer originates from the country. Therefore, the US and the EU have focused most AD support on the main cultivating areas of coca bush (Latin America) and opium poppy (Afghanistan and Latin America) that are supplying their cocaine and heroin markets. In their absence, only three international organisations – the UNODC,

Japan International Cooperation Agency (JICA) and the Thai Mae Fah Luang Foundation (MFLF) – have been implementing AD projects in Shan State with any consistency – but with limited funding and outreach.

Beginning during the 1992–1996 period, the United Nations International Drug Control Programme (UNDCP: from 2002, renamed UNODC) implemented a small AD project in eastern Shan State. It covered a few villages in Tachileik Township with the presence of an Akha militia formally controlled by the Tatmadaw, and some communities in the Silu region of Mong La controlled by the NDAA. Projects mainly focused on distributing fruit tree saplings and small livestock and building village access roads.

In 1998 the UNDCP moved to the Wa region, using a more integrated rural development approach. The Wa Alternative Development Project in Shan State was UNDCP’s largest project, costing over USD 15.5 million for the 1998–2002 period.<sup>126</sup> Project interventions covered health, education, agriculture, infrastructure and community development. In 2003, the UNDCP facilitated the entry of 18 UN agencies and international NGOs into the Wa and Kokang region in a partnership called the Kokang and Wa Initiative (KOWI). The project aimed to help poppy farmers and their families to meet their basic human needs without the income derived from opium. KOWI had a 15-year programme of projects in different sectors in three five-year cycles, and secured funds from the US and Japan.<sup>127</sup> However, financial support for KOWI was cut after a US federal court indictment and extradition request of USWA leaders on drug-trafficking charges in January 2005.<sup>128</sup>

After the UWSP implemented an opium ban (see section “The 2005 Wa opium ban” below), poppy cultivation in the Wa and Kokang regions came to an end, and some members of the Myanmar military



government and international donors lost interest. They felt that, since opium cultivation had already ended in the Wa and Kokang regions, there was no further need to continue alternative development support there.

The project was also adversely affected by the 2004 purge of the Military Intelligence (MI) and the arrest of Gen. Khin Nyunt and other senior MI officers. They had negotiated the ceasefire agreements with the EAOs, including the UWSA, and maintained personal relations with EAO leaders. Gen Khin Nyunt and his men also promoted international cooperation on drug policy issues, and had helped to facilitate the entry of the UNODC and other international organisations into sensitive ceasefire areas. After the dismantling of the MI, relations between the Tatmadaw government and ceasefire groups such as the UWSA deteriorated rapidly, and access for international organisations to these areas became much more difficult.

In addition, in 2006 Yunnan Province approved an Opium Replacement Programme to reduce poppy cultivation in northern Myanmar and Laos. By the end of 2007, 135 Chinese companies had invested 169 million Yuan (about USD 26.5 million) to plant over 17,000 hectares of substitution crops in Myanmar.<sup>129</sup> According to an UNODC report:

“Partly because Wa leaders felt that UNODC and the other KOWI agencies were not providing assistance in the amounts promised, or because of a lack of the chance to make a profit from such ventures, they began supporting the expansion of rubber cultivation. As the price of oil rose and as the Chinese economy boomed, a large market for rubber developed in China.”

All these factors resulted in the termination of the KOWI project in 2008.

Wa and Kokang ex-poppy farmers, however, suffered greatly as a result of these developments, since the levels of assistance to offset the impact of the 2005 opium ban were inadequate. According to the UNODC:

“[The] needs of the Wa people are so great that the assistance provided is insufficient in meeting the needs of all vulnerable farmers. Therefore emergency aid and sustainable development are urgently needed to avoid a migration of the people, and to avoid their resuming opium cultivation.”<sup>130</sup>

In order to address the looming crisis, the World Food Programme (WFP) was brought in to provide support to farmers in opium-growing areas. This, however, came more under the category of “humanitarian aid” as the WFP distributed emergency rice rations to villagers in northern and southern Shan State when the MNDA, UWSA and PNO banned opium cultivation in the late 1990s and mid-2000s.

After these changes, the UNODC started a new project in southern Shan State, which had become the main poppy cultivation area in the country. The project is more focused on a mono-crop approach in promoting commercial coffee plantations, replicating a UNODC coffee project in Peru. The project covers 55 villages in Hopong and Loilem Townships with the involvement of around 1,000 households. While representing a welcome support for at least some of these households, it is only a drop in the ocean given the estimated 250,000–300,000 households in Myanmar whose livelihood relies on opium farming.

In 1997, the JICA initiated a buckwheat project as an opium-substitution crop in the Kokang region. By the time the Kokang authorities implemented the opium ban in the region in 2002, the project faced several challenges.

In Japan, buckwheat is consumed mostly in the form of soba noodles, but the distance to markets and unprofitability proved to be major obstacles. The project ultimately had to close down due to an outbreak of fighting in the Kokang region between the Myanmar army and the MNDA in 2009 which escalated again in 2015.<sup>131</sup>

The Thai MFLF is currently implementing an AD project in Pin Laung Township in southern Shan State in cooperation with the NaTaLa, Ministry of Border Affairs, and the Central Committee for Drug Abuse Control (CCDAC).<sup>132</sup> The project, which runs from 2018 to 2025, emphasises infrastructure and agriculture, such as village access roads, irrigation schemes, an animal husbandry fund, and

crops substitution – coffee and hybrid corn (CP corn). The project covers four village tracts with 99 villages and provides benefits to local opium farmers.

This project was scaled up from an original project in Tachileik and Mong Hsat Townships in eastern Shan State which was implemented from 2013 to 2017. The main goal of the earlier project was to address problems arising from rampant drug trafficking in the area by offering alternative legitimate livelihood options. The MFLF began with basic amenities such as irrigation systems, improving rice yields to provide food security, training for veterinary staff, setting up livestock medicine funds, and the promotion of Napier grass cultivation as animal feed.<sup>133</sup>



Pa-O farmer at coffee AD project in Hopong Township

There are also several international and local NGOs running community-based development projects in poppy and ex-poppy growing communities in Kachin State and northern and southern Shan State. But these are not generally described as AD projects or explicitly linked to drug-control objectives.

## The impact of forced eradication

Apart from Alternative Development, the other main policy pillar to reduce poppy cultivation has been the physical destruction of poppy fields, known as eradication. While there are regularly loud political calls for a more eradication-led approach, there is no empirical evidence that such policies will actually lead to a sustainable reduction in opium cultivation, even if carried out in tandem with AD projects (see Box 3 ‘Alternative Development Principles and Lessons Learned’ above). A focus on eradication can, however, have severely negative consequences for the local population, and in some cases even lead to an increase in cultivation levels or to the displacement of crops to other areas.<sup>134</sup>

Experience on the ground also shows that the simultaneous use of AD and eradication – often referred to as the “carrot and stick approach” – is counterproductive. A thematic evaluation of alternative development undertaken by the UNODC found that: “Alternative development projects led by security and other non-development concerns were typically not sustainable – and might result in the spread or return of illicit crops or in the materialization of other adverse conditions, including less security.”<sup>135</sup>

The Myanmar government has been enforcing repressive policies to reduce opium cultivation since the late 1960s. Forced eradication has been carried out since 1974, with financial and

technical support from the US government at that time.<sup>136</sup> This support was suspended by the US after the crackdown by the Tatmadaw on the democracy movement in 1988 and human rights violations.<sup>137</sup> Nevertheless, opium growing persists, as pointed out by a Lahu opium farmer from Mong Hsat Township, eastern Shan State:

“The government has been eradicating our poppy fields since I was a child, and they are still doing it. Opium has never disappeared from our village, so there has been no success in their attempt to eradicate opium. The government should change their strategy.”

Every year, the Myanmar government carries out the eradication of poppy fields. In 2020, it was reported that over 2,000 ha of opium fields were destroyed in the 2019–2020 cultivation season. Over 90% of the eradication took place in Shan State, especially in the south.<sup>138</sup>

There are several problems with this. First of all, eradication takes place in areas where farmers have no alternative livelihood options. As shown above, poppy-growing communities face many problems, including food insecurity, lack of access to credit and markets, and a lack of access to health and education. Eradicating their opium fields takes away their means of survival, without addressing their problems. This has caused great suffering for many people. According to one farmer:

“Three years ago, one farmer in our village committed suicide by taking herbicide on the day his opium field was eradicated by the police. His wife was left with two small kids and she had to sell their land to repay their debt. She lost her husband, lost her land, lost everything and now she works as a casual labourer to raise her kids. Her life is really a misery.”

Another farmer said:

“My opium field was eradicated by the police last year, I lost all my investment and three months of my family labour spent in taking care of the field. We have little saving and had to borrow money to get my family through and invest in this year’s opium field. I hope the police will not come to destroy it. If so, I will have to sell my land and properties to repay my debt.”

A female Pa-O farmer from Hopong Township spoke of her experience:

“The opium eradication team came and eradicated my poppy field in 2017–2018. At that time, I just kept some opium latex, so they threatened me and asked me to pay the fine 15,000 MMK [about USD 10]. We didn’t have to pay any tax around Hopong areas in 2014–2015.”

According to a local development worker, eradication of poppy fields has also further pushed communities into migration:

“I talked with members of the MOFF and found out that 70% of the youth (both male and female) in their villages are in Thailand working to support their families back home, because of the eradication. Other crops are not viable to them with no market to sell and also no assistance from the government, and their youth are jobless.”<sup>139</sup>

Women who grow opium fear that their crop will be eradicated, though to a lesser extent for those living in remote areas which the government cannot easily reach. One said:

“We have to pay tax to the administrator. Then he will let us know in advance if he gets the news that the government is planning to eradicate the poppy farms in the area, and will share information on when and where the government will

come to eradicate. On these days, opium farmers cannot stay and be around at the farm. They have to hide. Some farms have been eradicated but some have not. We always have to worry that our farms will be eradicated.”

Eradication is also associated with corruption and extortion. Farmers have to pay tax to various local authorities, including armed groups, government officials and the Tatmadaw. When eradication teams visit opium-growing villages, communities are expected to host and feed them, and often a price is negotiated that the village will have to pay to avoid the eradication of all their fields.

Repressive drug policies such as eradication in conflict-affected areas also lead to more conflict. In Kachin State, for instance, farmers and BGF members resisted an attempt by Pat Jasan members to eradicate poppy fields in the Sadung area. In the Tanai region of Kachin State, one poppy farmer was killed when the Pat Jasan attempted to carry out eradication there. In northern Shan State, the non-ceasefire Ta-ang National Liberation Army (TNLA) clashed with the Pansay militia when they destroyed poppy fields controlled by the militia.

Finally, there are serious questions about the effectiveness of eradication as a policy instrument to reduce illicit opium cultivation. According to an evaluation report presented by the UNODC to the UN Commission on Narcotics Drugs in 2008: “There is little proof that the eradications reduce illicit cultivation in the long term as the crops move somewhere else.”<sup>140</sup>

According to a female Lahu farmer from Mong Ping Township:

“The places where we grow opium are quite far from the village. If we go there after cooking and having breakfast, we arrive



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部队官兵深入山区铲毒



Eradication of opium fields by the UWSA near the Thai border

there around 3 pm. If the plantation sites are close to the village, government will come and eradicate them. We build a tent in our poppy field and sometimes sleep there... The plantation sites are also often eradicated by authorities, but we share and let each other know in advance if we hear something. The eradication process is implemented only by the police along with the village administrator, and not by armed groups. At that time, farmers have to hide themselves.”

According to one Pa-O farmer from Hopong Township:

“The PNO implemented a strict opium ban and eradicated opium fields in the Hopong area in 2010. My whole opium field was destroyed and I got nothing back. I was in debt and there was no earning opportunity for me in the village, so I decided to go to Thailand to find a job. I sold two buffaloes to pay the human trafficking agents to bring me into Thailand. It was not as I expected when I arrived there. The job was not good and the pay was low as we were illegal migrants. In some cases, employers even refused to pay the wages. I decided, after six months, to come back to my village and start opium farming again.”

## Opium eradication in Thailand

Governments usually respond to international opprobrium by confirming that they will outlaw the cultivation of opium and pledging to increase efforts to eradicate illicit cultivation. Global efforts to reduce supply that have prioritised the eradication of illicit crops above putting alternative livelihoods in place, have further impoverished hundreds of thousands of peasants and robbed them of a dignified life.

In Thailand, however, in the 1980s and 1990s,

under the moral leadership of King Bhumibol Adulyadej, the government identified substitution of the opium poppy as a national priority, with heavy investment both from the government and private sectors. The King contributed to highland development work in many ways. Among the most influential was his guideline that opium poppies should not be destroyed until there are viable alternatives. The King realised that the radical removal of the upland people’s source of income would imperil those who had relied on income-generated opium for generations.

With this as the guiding concept, most of the highland development projects emphasised development activities which aimed to empower the communities to be able to survive in dignity without relying on the income derived from opium cultivation. The process of moving from heavy reliance on opium cultivation to becoming self-reliant from alternative sources of income is difficult and takes time, especially among ethnic groups for whom opium is an integral part of their social and cultural life. This was confirmed when, during a TNI and MOFF organised exchange visit to Om Koi District in Chiang Mai Province, a Lahu woman said that:

“[The] Thai army and government officials came to our village to convince us not to grow opium, as it is not legal according to Thai laws. The government provides us support to grow coffee, tea and ginger and they also help us linking to the market to sell our harvest. Thai army officers told us that, if we stop growing opium, they would build a clinic and improve the road to our village. I replied to them that we would continue growing opium. Lahu people could not live without opium, as it is part of our culture, our tradition and our religion.”

The implementation of forced eradication in Myanmar is harsh compared to the approach of Thai law enforcement, which takes time in

convincing the community to give up opium growing and bring food to share with villagers during their stay. It was reflected by one of the MOFF members, a Pa-O farmer who joined the exchange visit to Thailand:

“I was really overwhelmed with tears in my eyes when I saw how Thai soldiers and police treat the villagers. They regarded them as fellow citizens and relatives. They didn’t threaten villagers, but even brought food and shared with them. It was totally different with those Myanmar police who came to our village and destroyed our opium fields. We had to hire good four wheel-drive cars to bring them from their township police station to our village and had to treat them with good food and beer. They also asked money from us, threatening that, if we don’t pay, all the opium fields of our village will be gone.”

Thailand has also implemented and promoted a development first approach, which stipulates

that there should be no eradication of poppy fields unless people have access to alternative livelihoods.<sup>141</sup>

### Drug policies by armed groups

There are some 20 EAOs in Myanmar which, in general, seek to form a federal union based on democratic principles. Some have been in armed struggle with the central government for over half a century. They are, however, divided over strategies to achieve their goals. They also have different drugs policies, mostly reflecting local realities on the ground.

Overall, and in spite of these differences, the EAOs’ policies and practices offer striking similarities to the government’s approach to drug control. Laws and policies are clearly geared towards a zero-tolerance approach based on repression and punishment, which offers little or no support to people who use drugs, opium farmers and affected



Patjasan anti-drugs campaign signboard at KIO headquarters, Laiza

communities. At the same time, practices may differ significantly from official policies, which are often selectively or inconsistently enforced.

This discrepancy between “theory and practice” is often perceived as the main obstacle to addressing drug production, trafficking and use in the country. The argument, however, obscures the fact that repression and punishment – rather than their perceived weak enforcement – are doomed to failure from the onset insofar as they ignore the root causes of the drug trade, opium cultivation and problematic drug use and offer no viable solutions to people’s problems.

At one end of the spectrum, EAOs such as the Kachin Independence Organisation and the Ta’ang National Liberation Army have been enforcing often stringent anti-narcotics operations in areas under their control. These include the eradication of opium fields as well as arresting people involved in drug trafficking and the forced “treatment and rehabilitation” of people who use drugs. In northern Shan State, local communities started the Pat Jasan movement, which was strongly supported by the Kachin Baptist Convention, and was also believed to have the strong support and back-up of the KIO. This movement, which started in 2014, quickly gained momentum and later expanded to Kachin State.

According to an informant from Kutkai:

“Until 2014, the KIO turned their eyes away from some of the opium cultivation in northern Shan State, and they levied tax on it. This was in Kutkai Township, especially in the mix-controlled areas by the KIO and the Kaungkha militia group. Probably this was local KIO policy, and not by the KIO as a whole. They probably also realised they could not provide alternative

incomes to farmers. Perhaps they gave farmers a transition period. But from 2014 onwards they totally banned and stopped opium cultivation in their areas. This was also the peak time of the Pat Jasan movement in northern Shan State. After that they gradually went into silence in following years.”

The TNLA, which is also based in northern Shan State, follows a similar policy. The TNLA built on the momentum of the anti-drugs campaign and implemented an absolute opium ban along with its strong presence in northern Shan State. According to the same source from Kutkai:

“Drugs is the number one enemy of the TNLA, and Tatmadaw is the second enemy. This is because the Ta’ang population has suffered serious damage from drug addiction, which brought serious social problems and economic hardships for the Ta’ang communities. They feel it has contributed to the marginalization of the Ta’ang people from the political stage of the country and keeping them underdeveloped.”

These harsh approaches to drugs by EAOs and faith-based organisations are in part responsible for the changes in drug-use patterns in northern Shan State. These shifted from mainly smoking opium to smoking and injecting heroin and using ATS. Drug users moved from less harmful to more dangerous drugs or more harmful means of consuming them to cope with the change in supply trends as opium became rarer, while cheaper heroin and ATS are abundant. Later, similar shifts in drug-use patterns also occurred in Kachin State, especially in the Putao area and other territories controlled by Kachin BGF and Rawang militia groups.

The Restoration Council of Shan State similarly shows little tolerance for drug use



and trafficking in its areas, but acknowledges the reliance of rural communities on opium farming for their survival. In practice, the group therefore largely abstains from conducting forced eradication and informally tolerates – and taxes – opium cultivation in areas under its control.

In southern Shan State, some EAOs, such as the RCSS and PNO, have also tried to carry out the eradication of poppy fields. However, these measures led to a strong backlash from local communities in their areas of control and upon whom they depend for support. Unable to provide alternative livelihood opportunities, these armed groups have therefore tacitly allowed small-scale farmers to cultivate opium in their territories. They also tax opium farmers (as they do with farmers growing other crops) and thus also derive some income from this.

The PNO enforced an absolute opium ban in 2005–2007 by eradicating all opium fields in the areas it controlled, i.e. Hopong, Hsihseng and Pinlaung Townships. The reason behind this was its promise to the then Military Intelligence chief, Gen. Khin Nyunt, when it signed a ceasefire agreement with the Myanmar army in 1991 to end opium cultivation within 15 years. It also coincided with the Wa opium ban in 2005. In 2006, in line with its promise, the PNO arrested and fined farmers who took the risk of continuing to grow opium. As a result, there was almost no opium cultivation in PNO-controlled areas in the following year. Farmers were left with no good quality seeds because the germination rate drops dramatically if the seeds are kept for more than a year due to their high oil content.

During that difficult period, farmers coped by migrating. Older people went to work as farm labourers in nearby townships; younger people travelled to Thailand; and children, were sent to orphanages and monasteries in

Yangon and Mandalay to relieve the financial burden on their family and to pursue their education. Less noticed, a significant number of farmers migrated to become day labourers in the opium fields in Loilem and Panglong (Hsa Nin) Townships bringing back the seeds, and opium cultivation resumed in PNO-controlled areas in 2008.

According to a male Pa-O farmer from Loi Put village, Hsihseng Township:

“My parents sent me as a novice with 20 other young boys from our village to one monastery in Mandalay in 2006 where the monks provided us free food, free accommodation and free education. I stayed there for four years, and my parents brought me back in 2010 when they could earn money from opium cultivation.”

The RCSS – which has had a ceasefire with the Tatmadaw since 2011 – tried to put the drugs issue on the negotiation table with the government. In October 2012 an agreement was made by the RCSS with the UNODC and the Central Committee for Drug Abuse Control (the Myanmar government drugs coordination agency) on a joint initiative, including a needs assessment, to provide alternative livelihood programmes for poppy farmers. In 2013, however, RCSS leaders reported to their great frustration that the initiative was blocked by the Tatmadaw.

For the Tatmadaw, security is the key priority – not drugs. Therefore, in a policy that has continued for decades, the military command has made strategic alliances with various armed groups, allowing them to be involved in drugs production and trade. These alliances have shifted, depending on the political environment and government needs. As a result, the main armed groups currently involved in drug production and trade are Tatmadaw-backed militia forces. Most of them are in Shan State. The main political

objective of these militias is to maintain the status quo and focus on business.

On occasion, there have been clashes between armed groups over conflicting drug policies. As a result, the KIO and TNLA have fought with both the Tatmadaw and government-backed militias in these areas. In March 2020, for instance, the TNLA clashed with the Pansay Militia group and the Tatmadaw when the TNLA was destroying poppy fields controlled by the Pansay militia in Namkham Township.<sup>142</sup> Until the present, such front-line volatility and uncertainties have continued.

### The 2005 Wa opium ban

The Wa region in the Yunnan borderlands is characterised by steep mountain ranges, with few valleys or flat land. Population density is relatively high compared to the rest of Shan State. Most people are subsistence farmers practising upland rice cultivation, although few can grow enough rice to feed their families, and historically relied on opium cultivation as the main cash crop to buy food, clothes and medicines. The region is controlled by the UWSA, the strongest EAO in Myanmar, and signed a ceasefire agreement with the Myanmar army in 1989.

The UWSA leaders decided to ban opium cultivation in the areas under their control, primarily in response to international pressure on drug control, particularly from China, Thailand and the US. In return, the Wa leaders hoped to receive political recognition, humanitarian aid and international support to develop their war-torn and impoverished region.

The opium ban in Wa region officially went into effect on 26 June 2005, symbolically the UN International Day Against Drug Abuse and Illicit Trafficking. A ceremony, including a drug burning, was held at the

UWSA headquarters in Pang Kham. The UWSP Chairman Bao You Xiang declared the whole Wa region an “opium-free zone” and vowed that the new Wa drug-control law would be strictly enforced. He warned that whoever disobeyed or refused to comply with the opium ban would face severe punishment:

“It has been more than 120 years since the poppy cultivation ... became the main source of income for the local population of the Wa region ... This greatly affected the productivity of the people and has been existing as a major hindrance to the development of the region. After the establishment of Wa Authority in 1989, the people decided to cooperate with the international community in order to eradicate drug source and reclaim the Wa region as a clean piece of land ... How are the farmers going to survive after the poppy ban? This is the biggest question that every level of local authorities’ encounters.”<sup>143</sup>

Imposing the opium ban without first ensuring sustainable alternative livelihoods has been devastating for local farmers, who had subsisted on opium cultivation for generations. The ban was enforced with no development support from the Myanmar government, and very little support for alternative livelihoods from either the Wa authorities or the international community to help the people to survive.

As a result, the Wa opium ban is a dramatic example of wrong sequencing of policy interventions. Rather than first establishing alternative livelihoods and gradually reducing opium production, the ban was enforced in the absence of any other economic opportunities. Farmers have been surviving by selling their livestock, cutting down trees to sell as firewood, collecting non-timber forest products, or migrating to China for seasonal jobs. A Wa opium farmer from Mong Pawk



Eradication of small poppy field in Thailand by Lahu farmers and Thai Army

Township described the consequences of the opium ban for his family:

“The life quality of my family has been dramatically deteriorating since we are not allowed to grow opium. As we lost our major income source, household expenditure had to be reduced. We used to go to the market town on every market day [market day is every five days] and buy everything we need, but now we just go there once a month and just buy things which are really essential for our daily life, particularly rice, salt and chillies. Even cooking oil is wiped out from my wife’s shopping list, as it is now regarded as a luxury good, particularly in such a time of no reliable income source. Nowadays, most of our meagre income is used up in purchasing rice to feed the family. We have to reduce all of our expense, including donations to the monastery, traditional rituals and ceremonies. Recreation is out of the question. In the old days we could afford to buy some presents and visit our

relatives and, when visitors came to us, we could entertain them with beer and other luxury snacks and foods imported from China. The old golden days are gone.”

Senior UWSA leaders seemed to be aware of the socio-economic crisis in the region, which was the consequence of their bold decision. The UWSP Vice Chairman Xiao Min Liang admitted that:

“If you ask anyone who agrees with the opium ban to raise a hand, I am sure that nobody will. We are making the decision against the will of the whole population in the Wa region. We are just snatching the rice bowl from our people, which they have been relying on for several generations. We understand that the life without opium is really difficult, and we try our best to help our people to sail through this critical period. However, the problem is too big for us to solve alone. We still need a lot of assistances both from our central government and the international

community to prevent the outbreak of humanitarian crisis in the Wa region that might be created by the opium ban.”

In the Wa region, the opium ban effectively ended over a century of large-scale poppy cultivation, with dramatic consequences for local communities. They depended on opium as a cash crop to buy their essentials, and the ban has driven poppy-growing communities deeper into chronic poverty and undermined their food security. Neither local and national authorities nor the international community have provided alternative sources of income for these communities. Instead, they have promoted Chinese investment in monocrop plantations, especially in rubber.<sup>144</sup> These projects have created many undesirable effects and do not significantly benefit the population. Ex-poppy farmers in the Wa region mainly rely on casual labour and collecting forest products as an alternative source of income.<sup>145</sup>

According to a Wa man from Man Man Sein in the Wa Self-Administered Division:

“In the first year after the opium ban we were really in trouble and did not know what to do, as we had no cash income. We were looking at each other in order to survive. Now we can earn some money by working on the rubber plantations. We have also developed some land, and we have received some rice for this from the UN [World Food Programme Food for Work programme].”<sup>146</sup>

Another Wa farmer from Naung Khit Township commented that:

“Our income is only from collecting roots from the forest. After we collect we dry them, and can sell these for 5 Yuan (less than USD 1) for 2 kilograms. It takes us four days to do this amount. This is the only possible cash income. Daily labour

is very difficult to find. If there is work we can earn 20 Yuan (less than USD 3.5) per day, but this rarely happens. That is why most people collect roots. We manage with whatever we have. Our main curry is bamboo shoot, and we rarely see meat. These times are very difficult. Before the ban we could get enough income by working in the poppy field. Now we can only get some money from these roots. We need to go to the jungle to find food. We can skip eating chillies, but we need to find salt.”<sup>147</sup>

## The need for a new alternative development paradigm

Providing support for AD has been increasingly recognised as a priority intervention to address the illicit cultivation of opium in Myanmar. A few projects have started in recent years, most notably in southern Shan State, with support from the UNODC. These projects have brought welcome improvements in the lives of some opium farmers and communities, as highlighted by this Pa-O woman from Lone He village, Hopong Township:

“I have planted 1.5 hectares of coffee with support from the UNODC. I received coffee seeds, some equipment, fertiliser and pesticide for free. Specialists from UNODC also provided trainings on how to set up the seedling nursery, transplanting, fertiliser application and other coffee tree maintenance techniques. I had my first coffee harvest in 2018, and I’m now getting some additional income for my family, although it is still less than what I got from opium.”

Another farmer from Ban Korn village in the same township expressed similar, genuine appreciation for receiving support and being involved in the project:

“I am proud to be part of Green Gold coffee farmers’ cooperative and export high quality coffee to France. Green Gold signed a contract with Malongo [a French coffee roaster]; they promised to buy our coffee for five years at a guaranteed price.”

It is nevertheless important to analyse in more detail the various practices that have been implemented under the umbrella of “alternative development”. First, AD projects in Myanmar often translate into interventions that basically aim to replace opium with one or more licit cash crops, resembling the earlier unsustainable “crop-substitution” programmes that preceded the advances made in the concept of AD.

Second, AD projects have often ignored the key structural factors that make farmers living in opium areas vulnerable, such as political exclusion, exposure to protracted armed conflict, as well as economic marginalisation. Unless these underlying issues are addressed, opium cultivation is unlikely to disappear from these areas. As we have shown, opium cultivation is not simply the result of a lack of economic opportunities and access to alternative legal livelihoods. The implementation of AD programmes therefore needs to go beyond merely providing livelihood opportunities and local economic development to addressing other relevant issues, even when these are sensitive or require long-term strategies.

The expansion of capitalist economic development, notably in the form of intensive high-input, export-oriented agriculture, has arguably played a key role in the farmers’ current economic marginalisation. The political and economic reforms implemented in Myanmar over the last 30 years, including during the quasi-reform process of the past decade, have coincided with intensified land-grabbing, forced displacement and environmental degradation in many rural

communities, often associated with large-scale agribusiness projects.<sup>148</sup>

Paradoxically, some AD “solutions” are equally based on the promotion of market-oriented agriculture, intensive mono-cropping of cash crops, and increased mechanisation and productivity. In some cases, AD projects might even deepen existing inequalities and aggravate circumstances for many farmers rather than enable them to overcome poverty.

This has especially been the case in Myanmar. For instance, in order to ensure that the cultivation and maintenance of coffee plants is economically viable, one of the few AD projects implemented in the country had the enrolment criteria of “owning” a sufficiently large plot of land and having access to enough financial capital to pay for manual labour. While this might have seemed a pragmatic necessity, it excluded those who did not own any or enough land and capital – the very people who tend to be the most vulnerable and to grow opium. Understandably, these two farmers from Wan Kyaung village, Loilem Township, and Ban Sawk village, Hopong Township, have a critical opinion of the project in their area:

“I don’t get any support from the project, as I don’t have enough land. I don’t know why I can’t grow a few hundred coffee plants in my backyard. It is not fair for poor farmers who have little land like me. They come to our village just to make rich farmers richer. Poor people like us can only work in the coffee plantations as daily labourers.”

“I am not happy with the project staff and those villagers who joined the project. Since the project started, the police come to eradicate our opium fields every year. When we asked them, they said that they had to eradicate our opium fields as our village received support. Actually, less



than 10% of families who live here receive support. But most of us are left with nothing to eat when our opium fields are destroyed.”

This example shows how AD projects that fail to examine the underlying reasons for opium cultivation might risk unintentionally aggravating inequalities rather than reducing them. Sadly, farmers from these areas have few remaining options: abandon their villages to seek opportunities to work abroad or in large cities; give up on subsistence agriculture and move towards an export-based intensive model of agriculture if they can; or move further away from the village to resume opium cultivation beyond the reach of the state and the “alternative development” actors. China’s Opium Replacement Programme

in Myanmar is even more problematic, as various projects promoted under this rubric supported the economic interests of just a few actors. Most programmes took the form of investment in large-scale monoculture plantations, usually rubber but also the construction of infrastructure such as roads, bridges, health clinics and schools. Unsurprisingly, monoculture plantations largely failed to benefit the smallholder poppy farmers, but instead resulted in more land confiscations and new alliances between Chinese investors and local authorities who seized this opportunity to consolidate their own interests.<sup>149</sup>

Many organisations, including UN agencies, aid donors and governments, have embraced the AD concept and discourse as the recommended priority intervention to reduce illicit opium cultivation. For farmers who grow opium to ensure their survival, the reality of AD is, however, mainly a pragmatic way to mitigate the impact of eradication, which they know will continue anyway, and to at least receive something to compensate for their loss. Farmers’ adherence to the AD framework should therefore not be mistaken for unconditional support, as reflected in the words of this Pa-O coffee farmer from Long He village:

“Frankly speaking, I don’t want to sell my coffee to Green Gold because the price they offer is much lower than that offered by Winrock [a local development project run by Winrock International, with support from USAID]. However, for the time being, I still have to sell my coffee to Green Gold; otherwise I will no longer receive support from UNODC.”

As long as the conditions and structural factors that have led to widespread opium cultivation continue to prevail, AD projects are likely to have no better impact on levels of opium cultivation than forced eradication.

Addressing the political marginalisation, insecurity and armed conflict in these areas is at least as important as economic development. Otherwise, the promise that development will suppress opium cultivation, and automatically lead to the resolution of armed conflict, is likely to remain a delusion.

### Human rights, illicit cultivation and alternative development<sup>150</sup>

Three UN drug control conventions (1961, 1971 and 1988) and subsequent UN Political Declarations and Action Plans (1998, 2009 and 2016) have established the international legal and policy framework for measures to reduce supply by focusing on crops used for the illicit production of narcotics drugs. In Myanmar, such measures have frequently included forced eradication operations and the implementation of strict opium bans, which have caused great hardships for communities (see sections “The impact of forced eradication” and “The 2005 Wa opium ban” above).

Alternative development programmes have been at the core of efforts to find a more humane balance between drug-control obligations, policies to reduce supply, and the protection of the rights of those whose subsistence depends on illicit cultivation. However, the development of the AD discourse, its funding and its relationship with parallel ongoing – and often better resourced – law-enforcement and eradication operations have encountered serious challenges.

A crucial element that has so far been lacking in these discussions is the need to respect the economic, social and cultural rights of communities involved in poppy cultivation. Over the last decade, policy-makers, international and local organisations have paid increasing attention to the human rights of people who use drugs, and violations of these rights such as forced treatment, long prison sentences for low-level drugs offenders, and the lack of access to essential medicines. Far less attention has, however, been paid to protecting the human rights of rural communities (subsistence farmers,



Member of MOFF and RCSS Anti - Drugs Task Force

sharecroppers, day labourers) involved in the cultivation, harvesting, processing and trading of raw materials – such as opium – used for illicit drugs production.

The Outcome Document of the 2016 United Nations General Assembly Special Session on Drugs (UNGASS), representing the most advanced global consensus on international drug control, is the first such document that devotes special sections to human rights and development, giving greater prominence to both issues in the global debate on drug policy. The UNGASS 2016 Outcome Document makes a commitment “to respecting, protecting and promoting all human rights, fundamental freedoms and the inherent dignity of all individuals and the rule of law in the development and implementation of drug policies.”<sup>151</sup>

Another important step was taken in 2019, with the publication of the International Guidelines on Human Rights and Drug Policy.<sup>152</sup> The guidelines were developed by a coalition of UN Member States, the Joint United Nations on HIV/AIDS, United Nations Development Programme, World Health Organisation and leading human rights and drug policy experts, and provide “a comprehensive set of international legal standards for placing human dignity and sustainable development at the centre of Member State responses to illicit drug economies”.<sup>153</sup>

Such human rights for communities involved in poppy cultivation in Myanmar include, among others, the right to an adequate standard of living (specified in the International Covenant on Economic, Social and Cultural Rights – ICESCR, which Myanmar ratified in 2017). For instance, forced eradication and opium bans in absence of alternative livelihoods violate people’s rights to live a life in dignity, to be free from hunger, and their right to an adequate

standard of living. It is thus crucial that such measures are properly sequenced, that distinctions are made between subsistence-level and commercial cultivation, and that small-scale farmers are not criminalised. The current support for AD programmes in Myanmar is very limited compared to the scale of the needs of communities involved in opium cultivation. In such a situation, where there is almost no development aid to provide alternatives to poppy cultivation, carrying out eradication and implementing opium bans is a human rights violation.

Another key element is the right of poppy-growing communities to participate in decision-making processes that have impact on their lives. When designing, implementing and evaluating AD interventions, communities should not just be consulted but have a meaningful involvement in all stages of decision-making from the outset. Moreover, these communities should also be consulted and involved by the local and national authorities in drug-law and policy-formulation processes.

In addition, forcing a Lahu, Naga, Kayan or other ethnic nationality community with similar traditions of opium use to become poppy-free, either through forced eradication or by making it a condition of AD assistance, is also a clear violation of indigenous rights. Indigenous peoples not only have the right to maintain or revive their cultural expressions and traditional medicines, but also the right to self-determination and to free, prior and informed consent (FPIC) regarding decisions that affect them.

These issues were taken up at the 2016 UNGASS on drugs. Here the then United Nations High Commissioner for Human Rights, Zeid Ra’ad Al Hussein, said in his formal statement that the language regarding indigenous rights in the Outcome Document was “ambiguous”.<sup>154</sup> “It would have been



## Box 4. The Myanmar Opium Farmers' Forum

The Myanmar Opium Farmers' Forum was set up in 2013 by a group of farmers' leaders representing opium-growing communities in Shan, Kachin and Kayah States. The inspiration came from opium farmers from Myanmar who had been able to attend international farmer forums: some attended the first World Forum of Producers of Illicit Crops organized in Barcelona in 2009, and others were involved in the second global forum in Valencia in 2012. This exposure to and involvement in the global farmer movement made opium farmers in Myanmar realise the importance of organising to protect their rights and get their voices heard.

The MOFF functions as an informal and loose network, and holds annual meetings with the participation of community representatives from key opium-producing areas in the country. The annual forum is one of the main advocacy platforms where opium farmers can voice their concerns and convey their political demands through the forum statement.<sup>155</sup> Leading members meet several times a year to discuss upcoming activities and make strategic decisions on cooperation and networking with civil society organisations (CSOs), political parties, government agencies, and international organisations.

The MOFF is also active in global advocacy movements on drug policy. Nine MOFF representatives attended the Global Forum of Producers of Prohibited Plants, which took place in the Netherlands in January 2016, together with small-scale cannabis, coca and opium farmers from 14 countries. The outcome of the forum, the "Heemskerk Declaration",<sup>156</sup> was submitted to the United Nations General Assembly Special Session on the World Drug Problem, which was convened in New York from in April 2016, in which a MOFF member also participated. The opportunity for Myanmar poppy farmers to share their views and articulate their voices was a significant change in international debates on drug policy.

Since its establishment in 2013, the MOFF has made remarkable achievements in making "the unheard voices heard" by the general public, politicians and policy-makers. Several members took part in workshops and conferences as guest speakers, including in the presence of representatives of law-enforcement agencies and other government officials. In 2018, the MOFF officially took part in a consultative process on the country's first National Drug Control Policy. This process was led by the Central Committee for Drug Abuse Control, under the Ministry of Home Affairs. Some of MOFF's recommendations were included in the final policy, such as a development-led approach to reducing supply. A MOFF representative attended the annual session of the Commission of Narcotics Drugs in Vienna in 2020 and made a presentation to demand more development-led drug-control policies and for the inclusion of opium farmers in agenda-setting and deciding on matters that affect their lives.

In 2018, the MOFF made the film "Opium Farmer: The lives of producers of prohibited plants in Myanmar", which sensitively portrays the lives of two opium-farming families in Myanmar and sheds light on their plight. The film has been screened at

several locations, and in 2019 won the prize for best documentary film at the Wathan Human Rights Film Festival in Myanmar.<sup>157</sup>

The MOFF is a platform that allows opium farmers to meet on a regular basis to exchange ideas, experiences and practise collective leadership and a democratic decision-making process. In successive meetings, farmers have gained confidence and started to formulate demands and shape their own vision of development principles.

Key MOFF demands and recommendations include that farming is not a crime and opium farmers should not be criminalised. The MOFF also strongly believes that development approaches should come first; eradication should be considered only after sustainable livelihoods have been established. Development support should be long-term and also all-inclusive, leaving no-one behind. Many of MOFF's members live in conflict-affected areas, and therefore MOFF stresses that development projects should be integrated in a broader agenda to end armed conflict and resolve ethnic peoples' long-standing political grievances. The MOFF also believes that traditional and cultural use of opium should be recognised and legal opium cultivation for traditional medicines and pharmaceutical industry should be considered.

Finally, the MOFF feels very strongly about the right for opium farmers to participate in the whole decision-making process in development projects, including needs assessment, design, implementation, monitoring and evaluation. Opium farmers should have the right to meaningful participation in policy development and law-formulation processes.

better", he said, "if it were clearly indicated that indigenous peoples should be allowed to use drugs in their traditional, cultural or religious practices when there is historical basis for this".<sup>158</sup>

## Licensed and illegal opium cultivation in India

In relation to opium cultivation in Asia, India is unique in licensing farmers to produce opium gum for medical and scientific purposes. China, South Korea and Japan also legally cultivate opium poppy but have opted for the more industrialised, concentrated poppy-straw method, and produce opiates primarily for domestic medical purposes and much less so for export than India.<sup>159</sup> In India opium poppy cultivation is legally regulated

in Madhya Pradesh, Rajasthan and Uttar Pradesh. The legal cultivation of opium poppy for medicinal production (mostly morphine, codeine and thebaine) is allowed under the 1961 UN Single Convention on Narcotic Drugs, to which Myanmar is a signatory. The International Narcotics Control Board (INCB) monitors global legal opiates production, and calculates how much poppy cultivation is needed for medicinal pharmaceutical production based on annual estimates provided by the parties to the 1961 treaty.

This treaty allows countries to legally cultivate poppy and produce opiates for domestic medicinal purposes "sufficient for [their] own requirements". The INCB may raise questions with the governments of such countries, and may want to carry out an inspection of local control measures, but cannot rule against

production. The treaty also allows for using opium seized in the illicit traffic for the legal production of opiates for medicinal purposes for domestic use or export. Countries that wish to export more than five tonnes of opium for pharmaceutical production to other countries need to inform the United Nations Economic and Social Council, which “shall either approve the notification or may recommend to the party that it not engage in the production of opium for export”.<sup>160</sup>

At present, the main countries allowed to export opium for pharmaceutical production are Australia (Tasmania), France, Hungary, India, Turkey and the United Kingdom, but India is the only country where the farmers harvest raw opium in the same way it is done with illegal opium cultivation. All other countries producing legal opium use the so-called “poppy straw method”, where the whole poppy plant is harvested by machines rather than manual labour, from which the alkaloids are extracted.<sup>161</sup>

Every year the Government of India indicates the areas where opium cultivation can be licensed as well as the General Conditions for issuance of the licences.<sup>162</sup> The General Conditions include, among others, a Minimum Qualifying Yield which the cultivators must produce in order to be eligible for a licence in the following year and the maximum area that a farmer can cultivate.<sup>163</sup> The Central Bureau of Narcotics (CBN) issues the licences to the farmers. Each field is measured by CBN officers to ensure that they do not exceed the licensed area. The cultivators are required to sell their entire opium harvest to the CBN at prices set by the government.

During the harvest season the CBN sets up centres where the farmers have their opium harvest weighed and sell it to the CBN. The price differs each year but fluctuates around 1,800 Rs per kg (USD 24). On the illegal market, a kilo of raw opium would fetch much

higher prices: about 40,000 Rs per kg (USD 530) during the season, and up to 150,000 Rs per kg (USD 2,000).<sup>164</sup>

The Narcotic Drugs and Psychotropic Substances Act 1985 (NDPS Act) sets out the statutory framework for drug law enforcement in India. The NCB is the main coordinating body for its implementation. One of the primary counter-narcotics focus areas in India is: “Identification and eradication of illicit cultivation and the wild growth of cannabis and the opium poppy”. Illegal and unlicensed cultivation of opium, cannabis or coca carries a heavy sentence: imprisonment up to 10 years and a fine of up to 100,000 Rs (USD 1,350 USD). Embezzlement of opium by a licensed opium farmer can be even more severely punished: a 10–20-year prison sentence and a fine of 100,000–200,000 Rs (USD 1,350–2,700).<sup>165</sup>

Little is reported about the scale of illicit opium production in India, but it is suspected that it is substantial, from leakage of both the licensed and unlicensed cultivation (see section “Illicit opium cultivation in India” above).<sup>166</sup> In 2018 the Government of India seized a total of four tonnes of illegal opium, the fourth largest after Iran, Afghanistan and Pakistan.<sup>167</sup> Illicit cultivation of opium is most abundant in Manipur and Arunachal Pradesh.



## 5. What Next?

### The impact and implications of COVID-19 and associated restrictions

As a neighbour of China, where the COVID-19 pandemic started, Myanmar was seen as being particularly vulnerable to the pandemic. There was great fear that Myanmar's weak health system would be unable to cope with the enormous challenges posed by COVID-19, and that it would lead to a serious health crisis in the country. This was especially so in the many conflict-affected areas, most of which are located in the ethnic borderlands, where there are many vulnerable population groups. As government services in many of these areas are either weak or completely absent, many are essentially left to fend for themselves, or rely on local health providers.<sup>168</sup>

Despite the great fears of an imminent health crisis and an overburdened health system, initially the impact of COVID-19 on Myanmar remained limited. The first case was announced on 23 March 2020,<sup>169</sup> and infection rates increased slowly, although critics pointed out that testing was also limited. In March 2020, the government closed the land border to foreigners, and banned all international commercial flights from landing. In April, as cases mounted, the government banned gatherings of five or more people, and imposed a curfew.

Other restrictions included the suspension of visas and international flights, and a compulsory three-week quarantine for returning nationals either on limited relief flights or over land borders. In mid-August 2020, infection rates suddenly went up, this time all through local transmission.<sup>170</sup> The government responded by imposing further restrictions, with an immediate impact on work, communication and travel.

The imposition of various travel and



Covid-19 checkpoint in Kamptiti at border crossing between Kachin State and China

administrative restrictions to prevent the spread of COVID-19 initially does not appear to have had an immediate or significant impact on levels of opium cultivation, prices or market dynamics in such areas. Although it is difficult to draw general conclusions on the basis of local realities, the strict restrictions imposed to prevent the spread of COVID-19, including on cross-border trade, did not affect opium cultivation and prices. This also illustrates the failure of prohibition to achieve the suppression – or even a significant decrease – of drug production and trafficking.

According to one female Lahu opium farmer from Mong Ping Township:

“Currently, we have many difficulties because of the COVID-19 pandemic situation. People do not go around because even if we go from one township to another, we need documents with a recommendation. Almost no one comes by to buy opium.”

Another said:

“During this COVID-19 pandemic, we cannot go around in our areas and it’s

really difficult for us. We have to hide opium in the field and cannot carry it back home. If we bring opium back home and face checkpoints, we will be arrested. The opium prices are also changing. Previously we got between 8 and 10 lakhs (about USD 500–600) per viss, and now there are no buyers even though the price decreased to 4 or 5 lakhs (about USD 250–300).”

The combined effect of COVID-19 restrictions and the falling price of opium clearly made it more difficult for farmers and their families to make ends meet, sometimes leading to tensions within families and revealing unequal power relations.

### The coup and its consequences for opium cultivation

Following the Tatmadaw coup on 1 February and the formation of the State Administrative Council (SAC), the country has slipped into ever deeper chaos. The SAC prevented the National League for Democracy from forming a new government after its landslide victory in the November 2020 general election. Since then, the SAC has embarked on a path

of violence and intimidation to try to gain control of the country, characterised by mass arrests, the killing of protesters, targeted actions to undermine the Civil Disobedience Movement (CDM – civil servants refusing to work for the regime), and military offensives against EAOs that have come out in defence of the protest movement. Many communities are living in extreme hardship, with government services barely functioning. Already facing an economic depression because of the negative impact of COVID-19, the fallout from the coup has worsened the socio-economic situation for many families.

The banking sector has all but collapsed; the port of Yangon is not functioning; a large number of civil servants remain on strike; the value of the Kyat has sharply fallen against the US dollar and other currencies; consumer spending is down as the public is uncertain about the country's future; many shops and businesses remain closed due to the dual threats of political violence and COVID-19; and

the unemployment rate has hugely increased, adding to the already high job losses caused by the pandemic. Compounding the situation is a new “third wave” of COVID-19 infections which has been rapidly spreading across the country since July 2021, including in key poppy-growing regions.<sup>171</sup>

All these factors have contributed to a new surge in poppy cultivation. The opium prices started to rise again in January 2021, just before the coup. Farmers interviewed for this research said that more traders come to their villages to buy opium. Clearly, continued demand for Myanmar opium and its derivative heroin play an important role in pushing up the farm gate opium prices again, and investors and traders in the opiate market are responding accordingly. As this report shows, opium cultivation in Myanmar went down during the last years due to a reduced demand and a shift towards ATS. However, it seems likely that supply from Myanmar went below demand and the market is readjusting to this.

One Pa-O farmer said that after the coup and the subsequent economic and banking crisis local people also preferred buying opium to keeping cash. Farmers also believe that there are fewer checkpoints, so more traders can come to the villages.

In the past, communities had migrated as one means to secure a livelihood, but the COVID-19 outbreak has closed down that option. So, communities are likely to become more reliant on their other main means of earning a living: opium cultivation. According to a civil society representative in Yangon:

“Even though the monsoon season has started to begin cultivation, rural farmers are finding it hard to access their fields due to the new and ongoing armed conflicts. Instability is not expected to go down anytime soon. Migration to the neighbouring countries which has



Protestor in Yangon in February 2021



Security forces facing demonstrators in Yangon

normally been a key livelihood strategy for the rural populations has been shut down due to the third wave of COVID-19 now raging in most of the Southeast Asia including in Myanmar. The humanitarian disaster Myanmar will face soon is unprecedented and very hard to recover from for a long time.”

A UNODC spokesperson said:

“The opium economy is really a poverty economy; it functions in a sense the opposite of what the licit economy does. As people exit that economy and they need to make money, they are going to be looking at places they can make it, and often people that are in poor areas and poverty-stricken areas look to make money from the opium economy. Probably 12 months out, 18 months out, we’re going to be looking at an expansion unless past history is wrong. There’s a cycle of this happening in the country over its history.”<sup>172</sup>

Dan Seng Lawn, executive director of the Kachinland Research Center observed:

“Opium cultivation has never stopped. It’s come down, but now I think it seems to be a good time to expand the cultivation... There are many hungry mouths, so, I think if the opium farmers can employ these manual labourers or things like that, they will go there.”<sup>173</sup>

Recent reports from the field also indicate that poppy cultivation is further increasing this growing season, which in most areas in Myanmar starts with planting around September-October and lasts until harvest time during January-February.<sup>174</sup> According to a CSO representative from southern Shan State:

“After the coup, it has been very difficult for farmers to make a livelihood so they rely more on opium cultivation. The military has not returned land that has been grabbed, there is no market for other



crops, and transportation is blocked in many ways. There has been no eradication this year, but nobody knows what will happen.”<sup>175</sup>

Added an opium farmer from Hopong Township:

“Right now, the opium price is very good in times of crisis. As a result, opium cultivation here is increasing. Also, there has been no eradication [this cultivation season]. This is the scariest period time of the year. We pray that they will not come and eradicate our fields.”<sup>176</sup>

According to a representative of the MOFF:

“Opium cultivation is further increasing this year, mainly due to the consequences of COVID-19 and the coup. There are less income opportunities for other cash crops. In southern Shan State, the export market for coffee, for instance, is down because of

restrictions due to COVID-19 and the coup. There has also been no eradication this year up till now. I think cultivation is up in most poppy growing regions. In eastern Shan State cultivation is increasing because of the rising opium prices.”<sup>177</sup>

Compounding the crisis is that, following the coup, Western donors withheld development aid to Myanmar (see section “Alternative Development in Myanmar” above). This measure has immediately impacted on funding for AD interventions and other development programmes that might support the livelihoods of communities in poppy-growing regions.

In addition, local sources, including drug users and small dealers, say that since the coup, drug law enforcement has basically stopped, as the security forces are preoccupied with cracking down on the anti-SAC protest movement. According to one local source, the drug-enforcement mechanisms were



largely disregarded as the focus shifted to prevention and safeguarding measures related to COVID-19:

“Regular patrols and inspection of vehicles and goods flowing out of drug production areas almost came to a stop to minimize the risks of infection from physical contact. The drug economy has adapted quickly to the COVID dynamics, especially around communication and transportation of drugs with very little to no risks of searches and arrests.”

The flow of drugs – especially heroin and ATS – to cities has increased significantly since the first wave of COVID-19. The same local source said:

“These urban areas were further flooded with a massive influx of drugs after the coup, as all security forces and enforcement agencies are completely caught up with crackdowns on the strikes and anti-coup protests. The SAC has a shortage of manpower, and drugs are clearly not in their priority list. It brings no security threats to them, compared to their challenges they face to stabilize the country and to end the strong public resistance against them.”

A representative from the Drug User Network in Yangon said that heroin and ATS prices have fallen significantly and are more widely available since the coup:

“The price of one penicillin bottle of heroin in Yangon went down from 15,000 to 3,000-4,000 MMK, with dealers also providing needles and shooting places. So there seems to be no obstacle for the flow of drugs to big cities.”

Inevitably, though, the continuing violence is worsening social and political divisions in the country. The SAC is increasingly reliant on

Tatmadaw-backed militias and Border Guard Forces to counter anti-regime resistance and EAOs in the conflict-zones in the ethnic borderlands. Many of the militias and BGFs, which are under formal control of the Tatmadaw, are deeply involved in the illicit economy, including the drugs trade, casino businesses and mining, notably in Kachin, Karen and Shan States. With the collapse of the formal economy, many local observers believe that the SAC and militias’ dependence on income from the illicit economy is a bleak prospect, with grave social, political and humanitarian consequences for Myanmar in the years ahead.<sup>178</sup>

Some sources say that the chaos in Myanmar is an opportunity for drug traffickers and producers. According to a UNODC spokesperson:

“Amid Myanmar’s turmoil, organized crime groups and allied militias in eastern Myanmar will likely take the opportunity to consolidate their control, thriving on the chaos unleashed by the military coup on February 1. If past actions are an indicator of what’s coming, then we’re likely to see another increase in synthetic drug production. The best way to make big money fast is the drug trade, and the pieces are in place to scale up.”<sup>179</sup>

It is still early to make firm predictions about the lasting effects of these trends. But there are clear warning signs that the coup in Myanmar – and the political and economic instability it has brought in its wake – is further contributing to greater reliance by local communities on opium cultivation and increased drug production and trafficking by militias under the control of the Tatmadaw and criminal groups. In the meantime, aid support for impoverished and at-risk communities is all the time declining.



## 6. Conclusion and Recommendations

Myanmar ceased to be the world's largest producer of opium from the mid-1990s. This decline resulted from a combination of international and local factors. First, heroin produced in Myanmar lost access to the US and European drug markets, where it was largely replaced by Colombian, Mexican and Afghan heroin respectively. The implementation of strict opium bans in the Mongla, Kokang and Wa regions, until then the main poppy-cultivating areas in Myanmar, also contributed to this decline, although cultivation partly shifted to other parts of Shan State, a phenomenon known as the "balloon effect". Overall levels of opium cultivation, however, have since then been relatively stable in Myanmar during the last decade, fluctuating between 30,000 and 60,000 hectares. Opium cultivation has reportedly also increased in northeast India during the same period, although there are no reliable statistics.

Opium is cultivated mainly in isolated mountainous areas in Shan, Kachin, Chin and Kayah States and Sagaing Region in Myanmar, while in northeast India it is mostly concentrated in the states of Manipur and Arunachal Pradesh. Opium is usually cultivated by upland ethnic communities as a cash crop to buy food and other essentials, as well as access to health and education. Despite local specificities, many of these areas share common characteristics and have, for instance, been long affected by armed conflict and economic and political marginalisation. For such communities, growing opium therefore remains an essential livelihood, providing their immediate subsistence. Opium is also widely used as a traditional medicine or for cultural and ceremonial purposes across these regions, although practices vary from area to area and some communities have abandoned them.

The continued cultivation of opium in Myanmar and northeast India highlights the ineffectiveness of opium bans and eradication campaigns, which resulted at best in displacing cultivation to new areas. The implementation of forced eradication and repressive efforts without also providing supportive measures constitute a violation of the social and economic rights of farmers and other vulnerable populations, who are not offered alternative livelihoods and are deprived of their right to live a life free from hunger and ensure an education for their children. Prohibitionist efforts and repressive measures have not solved any of the problems facing opium-growing communities, which continue to be affected by food shortages, a lack of access to credit and markets, increasing pressure on access to land, and continued exposure to armed conflict and political instability.

Worse still, drug bans and eradication campaigns have had hugely negative impacts on the lives of farmers and have pushed entire communities deeper into poverty. Eradication efforts have also fuelled extortion, corruption, and the emergence of more harmful substances and drug-use practices among the public. Equally detrimental, blind support for strict drug control without paying due attention to the political dimensions of cultivation have sometimes stimulated conflict with undesirable consequences for peace in the country. At the same time, continued demand for heroin – notably in China and other countries in the region – and the existence of a local market for traditional and medicinal uses of opium have meant that it has remained an extraordinarily attractive and lucrative crop.

On the other hand, development interventions aiming to address the underlying reasons for opium cultivation have been extremely limited, and need to be scaled up as a matter of urgency. Few projects have been

implemented to date, although these have already brought welcome improvements in the lives of some opium farmers. It is, however, crucial to better understand and review the various practices that have been referred to as “alternative development”.

First, the scope and reach of these interventions often remain too limited to make a significant difference, with a focus on supporting only a few farmers, as opposed to a whole community or all those in need. Second, some projects, notably those implemented by Chinese investors, have had severely negative consequences for communities and have, for instance, resulted in land confiscation and environmental degradation. Third, AD projects tend to focus mostly on the economic dimension of opium cultivation, without paying enough attention to the other causal factors, such as armed conflict. Fourth, development actors often entirely ignore or delegitimise the reality of traditional and medicinal uses of opium in local communities. Finally, development projects are typically designed, led and implemented by development actors and government agencies, with farmers being merely consulted and at best considered as partners rather than being in the driving seat.

The increase in the number of development projects carried out by the state in recent decades in Arunachal Pradesh in northeast India or, for example, Hsihseng Township in Myanmar following the 1991 ceasefire between the Myanmar army and the PNO, resulted in better access to infrastructure and services for communities from these areas. These are no doubt positive steps, though they have not made significant difference to opium cultivation in these areas. This sheds light on a reality that cannot be ignored, however uncomfortable that might be. Namely, that development projects alone are no more likely than eradication to effectively suppress or reduce opium cultivation. Clearly, there is a



need for more concerted efforts, including better laws and policies that support small-scale farmers and recognise their culture and traditions.

National and local policy-makers and authorities have little control over global trends of international drug markets. Yet these have a great impact on opium cultivation and production in Myanmar. The authorities in Myanmar can, however, influence local dynamics to a certain extent, and can act on the key drivers of opium cultivation, such as poverty, conflict or the lack of access to essential medicines.

Beyond the figures, there is a pressing need to broaden discussions on opium cultivation to address the material conditions facing communities and to redefine both the objectives of drug policies and how their success is measured. Rather than focusing on short-term reductions in opium cultivation, drug policies should pursue more ambitious

and longer-term objectives geared towards improving the quality of life among the peoples, with a clear focus on outcomes. This necessarily requires confronting the structural factors that led many farming communities to grow opium in the first place, including armed conflict and economic and political marginalisation. Concretely, this would mean taking steps to end military offensives and support the establishment of an inclusive national dialogue and framework for political negotiations.

Those whose lives are directly affected by drug laws and policies and development projects should be meaningfully involved in discussions rather than being relegated to the back seat or simply “consulted”, as happens far too often. Opium farmers should be able to take part in policy debates about opium cultivation and AD strategies, and, if existing drug laws constitute an obstacle for their involvement, those should be either amended or disregarded.

The Government of Myanmar has recently adopted its first National Drug Control Policy, which recognises AD as its priority intervention to address illicit opium cultivation and expresses respect for human rights. Eradication campaigns should therefore be immediately discontinued, and the small-scale cultivation of opium for subsistence purposes should no longer be considered as a criminal offence that carries a prison sentence.

Introducing licit opium cultivation schemes in Myanmar is unlikely to lead to a significant reduction of illicit cultivation, as demand for opium and heroin on illicit markets would easily fetch higher prices than those on legal markets. Yet, licit opium cultivation could provide a legal source of income for some communities – and probably reach more households than covered by traditional AD projects in recent years – and help address Myanmar’s dramatic shortages of essential opiate medicines.

Community-based legal cultivation schemes allowing ethnic nationality communities to continue to use opium for cultural and traditional purposes – similar to those adopted in Bolivia, Colombia and Peru for coca leaves – should also be considered, with proper community-control mechanisms in place to help regulate licit cultivation and prevent leakages of opium into illicit drug markets.

Opium continues to be a major livelihood in remote areas of Myanmar. Women’s work in the cultivation and harvesting process could therefore be harnessed to help alleviate gender inequality and rebalance power dynamics. More participation by women who grow opium in forums and policy discussions is also crucially important to promote more inclusive solutions for marginalised communities.

Myanmar is currently in a deep political and socio-economic crisis. Following the

Tatmadaw coup in February 2021 and the formation of the SAC, the country has lapsed into a downward spiral of violence and socio-economic collapse. In response to the coup, direct international aid to the government has been suspended since it could be seen as supporting or legitimising the SAC.

International actors and agencies should thus support the people of Myanmar by finding flexible ways to provide humanitarian aid, including to communities in poppy-growing regions, many of which are in conflict-affected areas. The key caveat is that it should not be exploited as a means to politically legitimise the SAC, which bears responsibility for much of the current crisis. Aid should heal – not exacerbate – social and political divisions. To this end, the international community should also channel humanitarian aid through CSOs and EAO mechanisms in the ethnic border areas.

Finally, it is critical to generate more reliable information and balanced analyses to create a solid evidence base for discussions among all parties to the conflict on possible ways forward. The peoples of Myanmar are currently enduring a heavy burden from past and present crises. But this must not become an impediment to seeking achievable solutions for the future. Rather, the present breakdown in national politics and escalation in conflict affirm that this is the time to increase efforts to address the long-standing failures of state in the country. In yet another incarnation of militarised rule, understanding the integral role of narcotics in Myanmar’s cycles of crisis and instability is an essential step to take. Only on this basis can informed and effective policies be developed. The lessons from history are very clear.

## Notes

1. TNI (2014) *Bouncing Back: Relapse in the Golden Triangle*. Amsterdam: Transnational Institute, pp.16–19. India does not undertake any opium surveys.
2. In the field research conducted for this briefing, 62 farmers were interviewed in Myanmar (40 men and 22 women), along with several other interviews carried out with key informants. In northeast India, 61 farmers and key informants were interviewed (11 farmers in Manipur and 50 farmers and key informants in Arunachal Pradesh).
3. Renard, R.D. (1996) *The Burmese Connection, Illegal Drugs & The Making of the Golden Triangle*. Boulder, CO & London: Lynne Rienner, p.14.
4. Aye Aye Hlaing (2008) 'Opium in Myanmar', PhD Dissertation, University of Mandalay, pp.7–9.
5. Spirits of individuals who mostly died a violent death, and are still worshipped by many Buddhists.
6. The Maung Minbyu Nat was the son of the famous King Baying Naung, who reigned from 1551 to 1581. Maung Minbyu Nat 'was a prince of Ava and married a cavalry officer. He died of an overdose of opium. This nat is represented as a young man seated on a lotus throne, or on a lotus on a throne, in high court dress, playing on a horn or a pipe'. Sir R.C. Temple (1906) *The Thirty-Seven Nats, A Phase of Spirit-Worship Prevailing in Burma*. London (1991 reprint, Kiskadale Publications, London, pp.65–66).
7. Renard (1996) *The Burmese Connection*, p.29.
8. *Ibid.*, p.15.
9. *Ibid.*, pp.15–20.
10. McCoy, A. (1991) *The Politics of Heroin: CIA Complicity in the Global Drug Trade*. New York: Lawrence Hill Books, pp.106–109.
11. UNODCCP (2001) *Global Illicit Drug Trends 2001*. New York: ODCCP Studies on Drugs and Crime, p.46; Renard (1996), p.36.
12. McCoy (1991) *The Politics of Heroin*, p.122.
13. *Ibid.*, p.352.
14. For a detailed study on this issue and involvement of the CIA in the global drug trade see: McCoy (1991) *The Politics of Heroin*.
15. For more details see: Chao Tzang Yawng hwe (1987) *The Shan of Burma: Memoirs of a Shan Exile*. Singapore: Institute of Southeast Asia Studies.
16. Cowell, A. (2005) 'Opium Anarchy in the Shan State of Burma'. In M. Jelsma, T. Kramer and P. Vervest (Eds.), *Trouble in the Triangle: Opium and Conflict in Burma*. Chiang Mai: Silkworm Books, pp.16–17.
17. *Ibid.*; and Lintner, B. (1999) *Burma in Revolt: Opium and Insurgency Since 1948*. Chiang Mai: Silkworm Books.
18. Renard (1996) *The Burmese Connection*, pp.48–49.
19. *Ibid.*, p.52.
20. UNODCCP (2001) *Global Illicit Drugs*, p.32.
21. Ospina, G. A., Hernández Tinajero, J. and Jelsma, M. (2018) *Poppies, Opium, and Heroin: Production in Colombia and Mexico*. Amsterdam: Transnational Institute, p.26.
22. *Ibid.*, p.27.
23. *Ibid.*
24. Murphy, J.W. (1983) 'Implementation of international narcotics control: The struggle against opium cultivation in Pakistan', *Boston College International and Comparative Law Review*, 6(1) Article 7, pp.199–200. <http://lawdigitalcommons.bc.edu/iclr/vol6/iss1/7>
25. *Ibid.*, p.229.
26. UNODCCP (2001) *Global Illicit Drug Trade*, p.42.
27. Following the ending of its KKY status, Khun Sa's army was initially known as the Shan United Army. But after merging with other groups – mostly under military pressure – his army grew, becoming best known as the MTA in later history.
28. Jelsma, M., Kramer T., Vervest, P. (2003) *Drugs and Conflict in Burma (Myanmar): Dilemmas for Policy Responses*. Amsterdam: Drugs and Conflict Debate Papers No.9, Drugs and Democracy Programme, Transnational Institute (TNI). For more analyses see also: Chao Tzang Yawng hwe (1987) *The Shan of Burma*; Lintner, B. (1999) *Burma in Revolt*; and Cowell (2005) 'Opium Anarchy in the Shan State of Burma'.
29. *Ibid.*, p.49.
30. UNODC (2007) 'Opium Poppy Cultivation in

Southeast Asia, Lao PDR, Myanmar, Thailand'. Vienna: UNODC.

31. UNODC (2015) 'Southeast Asia Opium Survey 2015, Lao PDR, Myanmar'. Vienna: UNODC, p.11.

32. TNI (2009) *Withdrawal Symptoms in the Golden Triangle: A Drugs Market in Disarray*. Amsterdam: Transnational Institute, p.18.

33. UNODC (2015) 'Southeast Asia Opium Survey 2015, Lao PDR, Myanmar', p.3 and p.9.

34. United States Department of State Bureau for International Narcotics and Law Enforcement Affairs (1999) 'International Narcotics Control Strategy Report (INCSR): Southeast Asia and the Pacific'. Washington, DC: US Department of State, p.4.

35. The main go-between was the ex-KKY leader Lo Hsing-han, who had been released from jail and secretly contacted ethnic Kokang leaders to incite them to break away from the CPB and make a truce with the Tatmadaw. For more details see: Lintner, B. (1990) *The Rise and Fall of the Communist Party of Burma (CPB)*. Ithaca, New York: Southeast Asia Programme, Cornell University.

36. TNI (2012) *Financing Dispossession: China's Opium Substitution Programme on Northern Burma*. Amsterdam: Transnational Institute.

37. UNODCCP (2021) *Global Illicit Drugs Trade*.

38. TNI (2009) *Withdrawal Symptoms*, pp.59–62. See also: International Crisis Group (2009) 'Fire and Ice: Conflict and Drugs in Myanmar's Shan State'. Report Number 299. Brussels, ICG.

39. Ospina, Hernández Tinajero and Jelsma (2018) *Poppies, Opium, and Heroin*, p.26.

40. TNI (2009) *Withdrawal Symptoms*, p.25.

41. In terms of levels of opium cultivation, this happened later, because the yields in Myanmar are lower than in Afghanistan. According to UNODC, in 2019 it was around 15.4 kg/ha, and in 2020 13.7 kg/ha. In Afghanistan, the last yield data were around 27.3 kg/ha in 2017 and about 24.4 kg/ha in 2018. See UNODC (2021) 'Myanmar Opium Survey 2020; Cultivation, Production and Implications', p.111; and UNODC (2018) 'Afghanistan Opium Survey 2018', p.5.

42. Chao Tzang Yawnghwe (2005) 'Shan State Politics: The Opium-Heroin Factor'. In Jelsma, M., Kramer, T. and Vervest, E. (Eds.), *Trouble in the*

*Triangle*, pp.25–26. See also TNI (2009) *Withdrawal Symptoms*, pp.14–17. Khun Sa, the former KKY, SUA and MTA leader, also frequently commented that it was in the interest of many actors in the drugs world – whether “for” or “against” – to talk the scale of the trade up.

43. Renard (1996) *The Burmese Connection*, pp.8–10.

44. TNI (2014) *Bouncing Back: Relapse in the Golden Triangle*, pp.20–23.

45. TNI (2009) *Withdrawal Symptoms*, p.88.

46. *Ibid.*, pp.87–88.

47. Tom Kramer (2010) *An Assessment of the Impact of the Global Financial Crisis on Sustainable Alternative Development, Key Determinant Factors for Opium Poppy Re-cultivation in Southeast Asia*, UNODC, Global Partnership on Alternative Development Project (GLO/I44), May.

48. *Ibid.*

49. See Kramer, T. (2007) *The United Wa State Party: Narco-Army or Ethnic Nationalist Party?*, Policy Studies 38. Washington, DC: East-West Center, pp.54–56.

50. UNODC (2021) 'Myanmar Opium Survey 2020; Cultivation, Production and Implications', p7.

51. UNODC (2017) 'Evidence for enhancing resilience to opium poppy cultivation in Shan State, Myanmar, Implications for alternative development, peace, and stability', p. iii.

52. UNODC (2021) 'Myanmar Opium Survey 2020', p7.

53. *Ibid.*, p.iii.

54. International Conference on Alternative Development (ICAD) (2011) 'Report Workshop portion of the International Conference on Alternative Development (ICAD)', 6–11 November 2011, Chiang Rai and Chiang Mai, Provinces, Thailand.

55. UNODC (2019) 'Myanmar Opium Survey 2018, Cultivation, Production, Implications'. Vienna: UNODC, p.3.

56. TNI Commentary (2019) 'A Distortion of Reality: Drugs and Conflict and the UNDOC's 2018 Myanmar Opium Survey'. <https://www.tni.org/en/article/a-distortion-of-reality-drugs-conflict-and-the-unodcs-2018-myanmar-opium-survey>. According to the UNODC survey: “[In] Kachin

State, the highest density of poppy cultivation took place in areas under the control or influence of the Kachin Independence Army (KIA); in North Shan, in areas of the Myanmar National Democratic Alliance Army (MNDAA); in South Shan, of the Pa-O National Liberation Army (PNLA), and the Restoration Council of Shan State (RCSS) Shan State Army South (SSA-S); and in East Shan, the People Militia's Force (PMF); with each engaged in conflicts of varying intensity and frequency." All of these statements are contentious and, in many respects, wrong: it is not the KIA but the two Border Guard Forces (BGFs) that control most of the poppy-growing regions in Kachin State; after losing control of the Kokang region in 2009, MNDAA operates as a guerrilla army and no longer controls any significant territory – let alone opium fields; and it is not the PNLA but the Pa-O National Army (PNA) that administers areas with large-scale poppy cultivation. The UNODC also fails to mention the presence of Tatmadaw troops, and that the PMFs are controlled by the Tatmadaw.

57. Network Media Group (2019) 'KIO Denounce UN Drug Survey In Open Letter', 26 February; Lintner, B. (2019) 'UN report on Myanmar opium crop criticized', *Asia Times*, 6 March; Frontier Magazine (2019) 'UN opium survey distorts the facts, says think tank', 6 March.
58. Swe Lei Mon (2019) 'KIO releases a drugs survey to counter UNODC report', *Myanmar Times*, 1 July.
59. Communication with RCSS representative, 14 January 2020.
60. Ibid.
61. UNODC (2021) 'Myanmar Opium Survey 2020', p.ii.
62. For more details see: Khun Moe Htun (2018) *Living with Opium: Livelihood Strategies among Rural Highlanders in Southern Shan State, Myanmar*. Chiang Mai: Critical Perspectives in Regional Integration Series, Chiang Mai University Press.
63. Renard (1996) *The Burmese Connection*, p.15 and p.29.
64. 'Statement from the 7th Myanmar Opium Farmers' Forum', Pekhon, Southern Shan State, 10 May 2019.
65. Interview with religious leader from southern Shan State, 14 December 2015.

66. Meehan, P. (2015) 'Fortifying or fragmenting the state? The political economy of the opium/heroin trade in Shan State, Myanmar, 1988–2013', *Critical Asian Studies*, 47: 253–282. <https://doi.org/10.1080/14672715.2015.1041280>
67. Kramer, T. (2020) "'Neither war nor peace": failed ceasefires and dispossession in Myanmar's ethnic borderlands', *The Journal of Peasant Studies*. <https://doi.org/10.1080/03066150.2020.1834386>; Jones, L. (2014) 'The political economy of Myanmar's transition', *Journal of Contemporary Asia*, 44(1): 144–170. <https://doi.org/10.1080/00472336.2013.764143>
68. 'Statement from the 7th Myanmar Opium Farmers' Forum', Pekhon, Southern Shan State, 10 May 2019.
69. A counter-insurgency strategy which aims at cutting the four links between armed groups and the civilian population (information, food, funds and recruits), and consists of giving relocation orders to villages in contested conflict zones to areas designated by the Tatmadaw, usually near towns or Tatmadaw camps. These areas are then declared "free fire zones", to indicate that anyone seen there after the deadline would be considered an "insurgent" and shot on sight. Smith, M. (1991 & 1999) *Burma: Insurgency and the Politics of Ethnicity*. London: Zed Books, pp. 258–262.
70. All conversions to USD are calculated at exchange rates at that time.
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The drugs market in Myanmar has seen profound changes in recent decades, changing from being dominated by opiates to one in which amphetamine-type stimulants (ATS) are most prevalent. Poppy cultivation in Laos, Myanmar and Thailand boomed in the 1970s and 1980s, and the border regions of the three countries became known as the 'Golden Triangle'. By the 1980s, Myanmar (then internationally known as Burma) had become the world's largest opium-cultivating country. Since the late 1990s, however, Myanmar has seen a significant decline in opium cultivation, although it remains the largest producer in Southeast Asia. Opium cultivation has dropped to very low levels in Thailand, and fallen significantly in Laos. Poppy growing in Myanmar resurged after 2007, but never reached the earlier levels. There is also significant illicit poppy cultivation in India, including in areas bordering Myanmar, but there are no official figures reported by the Indian Government.

At the same time, the use of ATS in the region has grown hugely. Myanmar has become a major ATS-producing country. The most popular form is methamphetamine tablets, which are widely and cheaply available in the country. The production and use of crystal methamphetamine, commonly known as 'ice', has also increased, with most production destined for export to other countries in the region. Most of the precursors to produce ATS do not originate from Myanmar, but come from the neighbouring countries of China, India and Thailand.

This report focuses on analysing the causes and consequences of the declining opium cultivation in Myanmar, with some references to the situation in northeast India. It analyses the socio-economic conditions of poppy-growing communities as well as various policy responses and their impacts on cultivation levels and the farmers. The briefing also highlights the specific issues and needs of women who grow opium. It scrutinises the links between opium cultivation in Myanmar and the international drug market, and the rise of ATS use and production in Myanmar. Finally, the briefing makes a number of policy recommendations.

Myanmar has recently entered a very unstable and uncertain period. Apart from the challenges brought about by COVID-19 and the continuing armed conflicts in the ethnic borderlands, the country has plunged into further violence and chaos following the Tatmadaw (national armed forces) coup in February 2021. This report examines some of the impacts of these developments on the opium economy and poppy-growing communities. The socio-political stage is very precariously set.



The Transnational Institute (TNI) was founded in 1974 as an independent, international research and policy advocacy institute. It has strong connections with transnational social movements and associated intellectuals who want to steer the world in a democratic, equitable, environmentally sustainable and peaceful direction. Its point of departure is a belief that solutions to global problems require global cooperation.

TNI's Drugs and Democracy programme analyses trends in the illicit drugs market and in drug policies globally, looking at the underlying causes and the effects on development, conflict situations and democracy. The programme promotes evidence-based policies guided by the principles of harm reduction and human rights for users and producers. The strategic objective is to contribute to a more integrated and coherent policy – also at the United Nations level – where drugs are regarded as a cross-cutting issue within the broader goals of poverty reduction, public health promotion, human rights protection, peace building and good governance.