

Dear Reader:

The year 2004 was in many ways memorable if not remarkable.

The year opened with a boom with reports of Avian flu in Asia, and closed off with a bang, two bangs to be exact, with a thought-provoking speech from the prime minister of Thailand, the neighboring country where most exiles have been taking refuge, and of course the totally unexpected Tsunami.

To many, Mr Thaksin's statement that he found the Burmese leader's reasons for continued detention of The Lady convincing was indeed a shocker, to say the least, and a declaration of war against all dissidents engaged in the struggle for democracy and states' rights, to say the most. On the other hand, it may have brought home to some of Burma's opposition leaders that their efforts to cultivate relations with Thailand, whose understanding and support is crucial for their cause, have been minimal and mostly with the opposition parties. It is certainly a clarion call to review the

opposition's policy towards the kingdom. As one Thai friend advised S.H.A.N.: "a hand that cannot be cut off must be cared for".

The Tsunami that has at the last count claimed 240,000 deaths, while terrible to the extent of surpassing all imagination, was also a call to many to re-think what they think of themselves. It has ruthlessly shown no preference for any creeds or nationalities (and ethnicity if you will). Everyone whether big or small, rich or poor, that stood in its way was indiscriminately cut down.

It is therefore time for each one of us to do a complete overhaul of all our previous values, overcome our own prejudices as much as we can and resolutely share in making this world a better place to live in, both for us and our children.

Mysoong! (Wishing Progress & Prosperity to all)

SHAN

SHAN DIARY - 2004

Food for Thought

Fellow citizens, I am ashamed to say it, but Independence is the sole benefit we have gained, at the sacrifice of all the others."
Simon Bolivar (1783-1830)

The World

13 January

Asia faces a new health scare after 3 Vietnamese die from Avian flu. (Reuters)

26 December

Tidal waves triggered by 8.9 on Richter scale earthquake hits Asia. Latest toll: 240,000 dead and half a million injured.

International Relations

7-9 October

Asia-Europe Summit Meeting

(ASEM) held in Vietnam, with Rangoon participating at a foreign minister level.

20 October

Transparency International places Burma among the bottom ten countries in its Global Perceptions Index. (AP)

25 October

Gen Than Shwe welcomed by India. (AFP)

Thai-Burma Relations

25 March

Nasawat Apparel Co of Maesod ordered by court to pay 16 million baht as compensation to 257 Burmese workers. (NMG)

1 July

Registration of alien workers starts today. A total of 1,269,074 workers, 905,881 (71%) of them from Burma, shows up during the month. (Bangkok Post)

Politics

2 January

Ethnic Nationalities Council, the largest non-Burman alliance, formed. (S.H.A.N.)

17 May – 9 July

National Convention resumed after an 8 year interval.

19 October

Gen Khin Nyunt is replaced by Gen Soe Win as Prime Minister.

**18 November – 13 December**

State radio announces release of a total of 14,320 prisoners throughout the country.

27 November

Aung San Suu Kyi told by police her detention has been extended for another year to September 2005. (Reuters)

Shans**26 November**

Charm Tong of Shan Women's Action Network chosen by Marie Claire women's magazine as one among ten Women of the World.

Economy / Business**7 January**

Trade ministry issues order banning export for 5 commodities: rice, beans, corn, chili and onions. (DVB)

15 January

Authorities impose a 25% commercial tax on almost all imports in a surprise move. (World Market Analysis)

30 September

Rangoon announces circulation of new 200, 500 and 1,000 kyat bank notes of smaller size in October. (New Light of Myanmar)

Human Rights**10 February**

UNESCO reports only half of the children who enter primary school will reach Grade 5, indicating a dropout of 45%. (AFP)

4 August

Burmese papers say the government has issued an anti-child soldiers law. (AP)

Environment**24 February**

Praphat Panyachartrat, Minister of National Resources and Environment, signs MoU with Maj-Gen Nyunt Tin, Minister of Agriculture, to conduct a joint one-year feasibility study to dam up rivers Kok and Sai. (Bangkok Post)

19 April

70-mile per hour cyclone hit Arakan state, killing 220 and leaving 14,000 homeless. (DVB)

July

50 lives claimed and 5,000 homes damaged by monsoon floods in Kachin state. (Irrawaddy)

1 November

Thailand and Burma sign MoU to carry out study of water resource potential. (Bangkok Post)

Drugs**12 March**

World Food Program announces plan to donate 9,855 tons of rice to 180,000 ex-poppy farmers in Kokang and Wa areas between 15 March 2004-14 March 2005. (Text)

16 September

President Bush keeps Burma on the list of major transit or producer countries. (Press Release)

War**25 March**

Washington believes North Korea has offered surface-to-surface missiles to Rangoon, says Matthew Daley, deputy assistant Secretary of State for East Asia and the Pacific. (Text)

16 June

War Office issues order designating the duration of the National Convention as a state of emergency period. (DVB)

July

Massive import of arms through Zegao-Muse. Second shipment since April. (NEJ)

7 July

Burmese soldiers training in Russia since 11 September are now back after 10 months. They are welcomed at Mandalay airport by Brig Gen Tin win. (DVB)

14 September

186 officers leave for Moscow from Mandalay International Airport. (DVB)

31 October

Rosoboroneksport, Russian defense hardware exporter, has plans to open offices in Burma. (BBC)

Obituary**14 March**

Col Gunyawd, Shan leader whose 1995 revolt toppled warlord Khun Sa, of liver cancer.

30 May

Khun Thawda a.k.a Pi Sailong, 79, former Shan State Army leader, in Bangkok.

24 July

Chao Tzang Yawnghwe, 65, of brain tumor.

14 September

Hso Soe Nyunt, 50, Shan Nationalities League for Democracy, in Waingmaw. □

Shan State in 2004

Nobody needs S.H.A.N. to tell them it has been a rough year: the resumed National Convention without the people who mattered, the downfall of Gen Khin Nyunt, the extension of the Lady's confinement and the most unkind parting shot by the Year of the Monkey with the Tsunami.

What happened in Shan State took place under this setting.

The people

At the opening session of the World Buddhist Summit, 9-11 December, in Rangoon, Burma's paramount leader Senior General Than Shwe urged all good Buddhists to "sow the seeds of goodwill, tolerance, kindness and altruism for the sake of peace and prosperity."

The year's events however did not appear to support the idea that his own troops, the majority of whom claim to be the Lord Buddha's followers, were ever aware of this noble message, as can be seen by the following incidents.

I. New Destiny paddy program

New Destiny, the project launched in 2002 to encourage poppy farmers to give up poppy cultivation, had introduced Hsin Shweli, a quality strain that reportedly yields as much as 163 baskets (1 basket = 54 liters) per acre. No sooner had it begun, when farmers were faced with the following problems:

- The first thing was, contrary to general assumption, the people who had been assigned to grow the new paddy seeds were not poppy farmers but rice farmers by tradition.
- It did not turn out well in many

places in northern Shan State, the target area of the program. The reported output ranged from 3-40 baskets per acre only.

- It was also so tasteless and stiff that the only market for the crop is China. The other outlet is to make it into *Khaopin* (confection) but the demand was still way below supply.
- The worst, farmers say, was they still had to pay the government for the seeds, at the rate of K 10,000 (\$10) per acre, regardless of the poor harvest, under threat of confiscation of their fields, homes and properties. In Mongyai alone, locals collected among themselves to pay K 27 million (\$27,000). In Muse, the Shan tycoon "Soso-pyay-pyay" Sai Htun Aye had paid up for the seeds out of his own pocket, □ 100,000, (\$ 12,500), but reportedly never got his money back.

- As a result, the farmers became so debt-ridden, their only way out was ironically to turn to growing poppies instead.

The project however is claimed by the government as a complete success.

II. Persecution of Buddhists by Buddhists

- One of the most shocking reports of the year was the killing of a monk on 12 July 2003, the news of which finally reached S.H.A.N. following the arrival on the border of refugees in April.

Tu In Pan, the Palaung monk of Nawngkhio in Mongloong tract was arrested by a patrol of Monghpyak-based Light Infantry Battalion 329 on charges of association with the Shan State Army

"South" of Col Yawdserk, unceremoniously disrobed and interrogated. During the interrogation, his right leg was chopped off. He was finally shot in the head. "The monk's brains splattered all over the place," said a refugee. "There was nothing left of his head."

- On 15 May, Muse's citizen committee in charge of the construction of the Howiang Pagoda at the entrance of the city, was informed by the township religious affairs officer U Bo Wa, that the work, already half way completed, would have to stop as the structure was an imitation of a Thai design. "Why they did not tell us that right from the beginning when we submitted the request for permission (to build the pagoda) is beyond our understanding," complained a member of the committee.

- On 22 April Krubar Boonzoom Nyanasamvaro Bhikkhu, 39, the Shans' most venerated monk of Tachilek's Monghpong tract, was interrogated by the Military Intelligence reportedly about his latest tour of Shan State, where he was welcomed by local followers among whom were the Shan and Wa ceasefire leaders. His movements were then strictly restricted. The monk later crossed the Mekong into Thailand and flew to Bhutan, one of his favorite monsoon retreats.

Following his departure, the township office, issued a directive on 15 June banning the abbot from returning to his Sri Dawn Herng temple. "The generals, jealous of their own position, may see him as a potential rival," said a follower in Maesai.



III. Army for the Army, people for the Army

- Throughout the first half of the year, rice farmers were ordered not to sell their paddy outside their communities until the Army's quota was filled. This was contrary to the government's own scrapping of its 40-year-old paddy procurement policy on 24 April 2003.

Farmers complained that they were forced to sell at prices way below market prices. In addition, some military units in southern Shan State, had also demanded monthly distribution of rice.

In some places like Mongkhark in eastern Shan State, people were also forbidden from tilling new fields. "The Army says as Mongkhark is adjoining areas controlled by Wa and Mongla, and the two's loyalty to the government is in doubt, surplus paddy would only fall into the hands of hostiles," said a rice trader contracted by the Army.

- On 16 September, villagers in Kunhing, 130 miles east of Taunggyi, were summoned by Infantry Battalion 246 to clear the thickets within 1 mile distance from the public thoroughfare. "They want a clear field of fire, if and when the SSA South attacks them, said some friendly soldiers," said a villager.

Forced labor has been banned in Burma since 14 May 1999. □

Environment

I. Dam on the Salween

There was no sign of a dam on the Salween in Shan State's Tasang, between Mongpan and Mongton townships, at the ground level. The only visible change was the further 12 km of road on the eastern side of the river that stretches from the Tasang Bridge to the dam site at Palao that was

built in 2003.

Meanwhile, during the year, the anti-dam activists were busy:

- Reviving the Salween Watch formed in 1998 on 30 April
- Working on the report *The Salween Under Threat: Damming the longest free river in Southeast Asia* that was launched on 10 November Campaigning against the 13 dams project on the Chinese part of the Salween known as the Nu, starting with a joint letter to President Hu Jintao to suspend the dam plans (4 March) which he apparently did.

However, in early August, S.H.A.N. was informed by a reliable source that Tasang had not been forgotten and the Burma-based Thai Sawad Company would start building a bypass from Mongton, opposite Chiangmai, to the dam site 30 miles away, once the monsoon ended in October.

The plan again came to nothing when, following the dismissal of Gen Khin Nyunt and subsequent crackdown on his followers, Rangoon said the dam had to wait until the dust settles.

II. Kengtawng on hold

The other power plant project

that has caught the eyes of Shan activists is Kengtawng, where Rangoon, with assistance from foreign engineers, has been trying to harness its 795ft Zong Arng falls since 2001.

The year was spent in building a diversion, two and a half miles long, 4ft deep and 4ft wide, on the western side of the Teng, a tributary of the Salween. The New Light of Myanmar reported that the plant would be installed with three 218 megawatt turbines generating 472 million kilowatt that would be distributed to 11 townships in southern Shan State including its capital, Taunggyi.

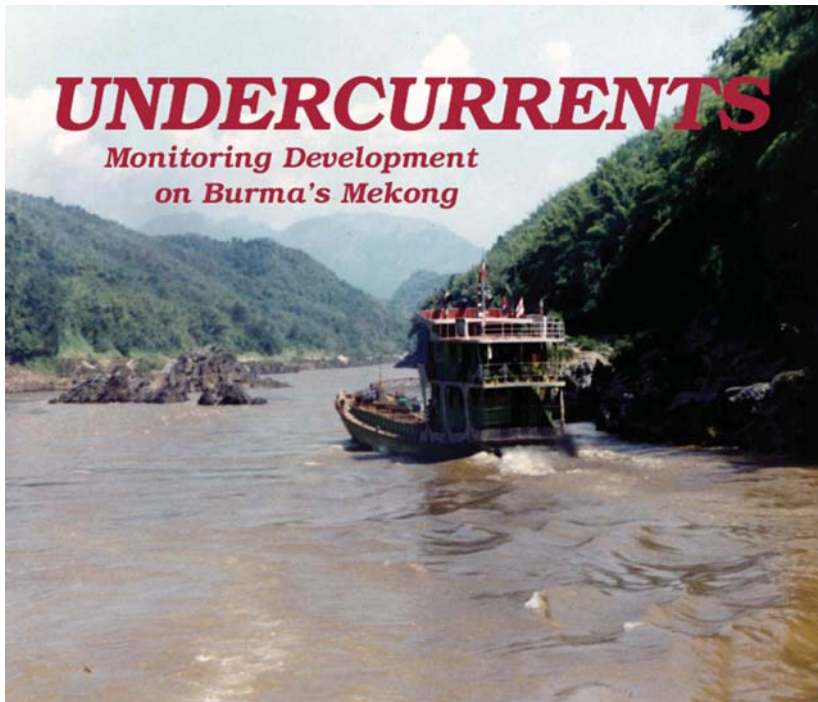
However, in June, authorities told the locals the lighting of Southern Shan State had been postponed from 2004 to 2006 due to "some technical problems."

Mekong blastings

Traffic on the Mekong, known in China as the Lanchang, became heavier during the year following the blastings of reefs and rapids in the past two years.

One casualty of progress was the traditional cultivation of soya and peanuts on the alluvial islands that emerge once a year during the dry





season. Passing boats brought waves that inevitably ruined the fields. “We cannot ask for compensation,” said a local villager, “and the Burma Army can’t help and won’t help, because they are there to feed on us, not to serve us.”

According to the Lahu National Development Organization that monitors the impacts of development along the Burmese side of the Mekong, two more rapids were blasted from March until June by Chinese engineers. Their work was abandoned only when heavy rains and floods late in June forced them to return to China.

The LNDO also reported in its January 2005 publication, *Undercurrents: Monitoring Development on Burma’s Mekong*, of a planned building of a bridge across the Mekong linking Burma’s Kenglarb in Tachilek township with Lao’s Xieng Kok.

The LNDO concludes that the development projects are not benefiting the targeted beneficiaries i.e. the people, but only the military government. □

Politics

The Shans, and the Opposition in general, got a raw deal when two of their best fighters departed forever during the year:



Col Gunyawd

★ Col Gunyawd, leader of the Shan State National Army, who had served as a highly effective go-between among ceasefire groups, and
 ★ Dr Chao Tzang Yawnghwe “Uncle Eugene”, regarded by some as “the cornerstone and center of the movement”

Their illnesses and subsequent deaths came at a time when Shans, together with other opposition

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movements, were hotly debating how to deal with the masters of Rangoon, their 7 point roadmap and the National Convention.

“The Middle East roadmap from which the word ‘roadmap’ was borrowed,” wrote an author from a ceasefire group, “was not made up of a mere 5-6 sentences (like that of the SPDC roadmap that was promulgated on 30 August 2005) but drawn up thoroughly down to the last detail.”

Many found that Burma scholar Josef Silverstein’s question echoed their concerns: “Who will define the work and steps to be done at the second stage?” (Legal Issues, April 2004)



Dr Chao Tzang Yawnghwe

Accordingly, an alternative 7 point roadmap was suggested by the Ethnic Nationalities Council, the largest non-Burman alliance, in February:

- ☞ To hold the Tripartite Dialogue as urged by the UN General Assembly
- ☞ To form an interim government made up proportionally from the three opposing camps
- ☞ To convene a legitimate National Convention
- ☞ To form commissions to draft state and union constitutions
- ☞ To hold referenda to ratify the draft constitutions



- ☞ To hold elections
- ☞ To convene state and federal legislatures

Thereafter a controversy was provided by the 12th visit, 1-4 March, of UN special envoy Razali Ismail to Burma. According to Hkun Htoon Oo, leader of the Shan Nationalities League for Democracy, Razali had proposed that the NLD and the non-Burman parties take part in the so-called “constitution drafting council” which would be held ahead of the National Convention. The said council would act as an advisory body on the establishment of the Convention, ensuring it was more inclusive and the pro-democracy side would not be muzzled. Hkun Htoon Oo described the move as a “breakthrough”, according to AFP.

However, on his return to his Malaysian home base, the UN envoy denied he had mentioned any such proposal to the opposition parties. To the opposition parties, especially the United Nationalities Alliance, the unofficial coalition of which the SNLD is a member, this was clearly a cruel let-down.

Moreover, the UN and the European countries appeared to have thrown their support behind Rangoon’s roadmap. “They wanted us to attend the NC (National Convention)”, an SNLD member told S.H.A.N.. But with the generals refusing to budge from their declared 6 political objectives of which the sixth is for the military to continue playing the leading role in Burma’s politics and the 104 constitutional principles which, in the words of the Shan politician Shwe Ohn, are merely to make the incumbent *de facto* government into a *de jure* government, the opposition parties finally voted for non-attendance.

With the ethnic parties choos-

ing to keep their distance from the Convention, it was left to the ethnic ceasefire groups to take the fight there. “The NC is a big challenge as well as opportunity. They have not only to resist being co-opted as the junta’s puppets but at the same time, attempt to enlarge the political space within the bogus NC framework and outside the framework if possible,” said the late Chao Tzang Yawnghwe, while Wansai, General Secretary of Shan Democratic Union summed up the task of the ceasefire groups in the Convention as ‘Leveling the playing field and widening the political space.’

According to the United Nations Secretary General Kofi Annan, they appeared to have made the best of a bad job. Their statements and submissions at the 8-week-long closed door gathering, he said on 17 August, were “a positive devel-

jects

- ☞ Independent finance and taxation

Despite the cheerleading, it remains to be seen how Rangoon will respond to their calls, especially in the aftermath of the countrywide October purges of the disgraced PM Khin Nyunt’s followers. Restrictions on political activities are still tight. Four out of five of Hkun Htoon Oo’s phones are still out of commission, while his General Secretary Sai Nyunt Lwin a.k.a Sai Nood is still having trouble receiving calls from friends. ☐

Drugs

Opium prices steadily increased throughout the year due to the drought that wasted thousands of acres during the 2003-2004 season,

	2003 (kyat per viss)	April 2004 (kyat per viss)	December 2004 (kyat per viss)
North	300,000	450,000 - 550,000	800,000 - 1,000,000
South	200,000	280,000 - 300,000	390,000 - 400,000
East	250,000	350,000	500,000

and growing external demands.

The adverse weather however did not affect the fields at high attitudes, where they were getting all the moisture from mountain dew.

The real impact on drug production and trafficking came from the all-out crackdown on deposed prime minister Gen Khin Nyunt and his followers, according to most sources. “These days they care very little about what happens outside the town limits,” as a trader from Muse put it. As a result, more poppy fields are seen even in the north where a showcase war on drugs had been waged since 2001.

Many refineries on the Thai border, on the other hand, were

opment” and he called for “a mutually acceptable agreement”. A joint presentation he had referred to included the following points:

- ☞ Concurrent legislative power for the states
- ☞ Residuary powers, meaning those that are not articulated in the Constitution, to the states
- ☞ The states to draft their own constitutions
- ☞ Separate school curricula for states
- ☞ Separate defense force for each state
- ☞ The states to conduct their own foreign affairs in particular sub-

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moving to further east along the Mekong and to the Indian border.

As for trafficking, lawyers in Muse, 70% of whose legal cases are drug-related, admit most of their legal battles are fought outside the court resulting in most suspects getting acquitted and returning to their accustomed ways. Such a liberal style of dealing with drugs in Burma prompted Yang Fengrui, deputy chief of China's National Narcotics Control Commission, to say on 14 July they were facing a very severe situation and that 95% of heroin that entered China came from the Golden Triangle (AFP). His was not an idle complaint: On 29 February, 960 kg of heroin were seized, and on 4 April, another 270 kg. "That's just the tip of the iceberg," ethnic Chinese businessmen in Taunggyi told S.H.A.N.. "We also know for a fact that Burma's own seizure on 9 July in the Andaman Sea was a lot more than 500 tons as stated."

On the designer drugs side, Burma's Shan State is now not only the top producer of methamphetamines ('yaba') but has now definitely joined the Ecstasy pill manufacturers' club, they say. □

War

In accordance with decisions taken at the second quarterly meeting held at the War Office in September 2003, each of the 3 regional commands in Shan State has been setting up new infantry battalions. In October, 3 brand new units, the 111th, the 666th and another, had been added to the Kengtung-based Triangle Region that was already commanding 40 infantry battalions. During the year, the Army high command also approved a draft plan for the disarmament of the ethnic armies, according to the Oslo-based Democratic based Democratic Voice of Burma.

Prior to the convening of the National Convention, 17 May-9 July, all commands were reportedly on red alert to keep a close watch on the movements of the ceasefire armies as well as to beef up the Army's forces around the areas controlled by the ethnic groups. A state of emergency directive followed later.

The Army's actions surprised the Wa that had previously fought non-ceasefire groups hand in hand with the Army. Understandably, they reacted decisively. On 22 Septem-

ber, 50 Burmese troops that arrived in the northern Wa territory uninvited were surrounded and disarmed by the Wa. Upon receiving the protests from Panghsang, Maj Gen Myint Hlaing, Commander of the Lashio-based Northeastern Region, was said to have denied knowledge of the incident.

The situation appeared to have worsened with Rangoon's dismissal and subsequent detention of Prime Minister Khin Nyunt, a long time friend of the Wa and many other ceasefire groups. The Wa held a 3-day emergency meeting, 27-29 October, and adopted a "hope for the best and prepare for the worst" policy. Accordingly, thousands of Wa fighters marched down to areas adjoining Thailand to reinforce the United Wa State Army's 171st Military Region.

Other ceasefire groups, especially the Shan State Peace Council, also affirmed that they would hang on to their arms until democracy is restored, according to a DVB interview of Col Gaifah, the grouping's general secretary.

So far, reports of hostilities have begun to creep in. However, the Army, for once, seems to be adopting an appeasement policy towards the ceasefire armies. □

Thai-Burma Relations

At the start of the year, Col Yawdserk, leader of the Shan State Army "South" told Irrawaddy, "Between Rangoon and Thailand, they may be friends in words but not in their hearts."

To all appearances, Thailand has done its best to humor its prima donna neighbor:

- On 23 January, Loi Mon, another SSA "South" border base, between Chiangmai and



Mongton, was vacated, apparently at the “request” of the Thai Army.

- On 1 June, Refugees International called for Thai recognition of displaced Shans in the kingdom so that they can be accorded the same status as Karens and Karennis who have camps along the border. The request went unheeded.
- On 28 June, 36 members of the Lahu Democratic Front were escorted by the Thai Army from Chiangmai to Maesai and handed over to the Burmese authorities.
- On 11 December, PM Thaksin said during his weekly radio address that he found Sr Gen Than Shwe’s reasons for keep-

ing Aung San Suu Kyi under custody convincing.

The reciprocation from Rangoon, unsurprisingly, was token.

- On 6-11 May, Supoj Laowan-siri, Governor of Maehongson, visited Burma to meet Maj Gen Khin Maung Myint, “Governor of Southern Shan State,” to discuss opening the border between Thailand’s Huey Pheung and Burma’s Namonlong. Unfortunately, his arrival coincided with his counterpart’s inspection tour outside Taunggyi, and as a result, he came back practically empty-handed. He revealed on 12 May that those he had met had asked him to go ahead with his plans to open the border, but, as for them, they would need some time to

resolve “the ethnic problems” before they felt ready to follow suit.

- On 2 September, he announced the completion of the \$200,000 construction of the border market opposite Namonlong. However, at the end of the year, he was still unable to say when the market would be inaugurated.

All in all, not an encouraging year. But if written history is to be given credit, appearances can be misleading. “When change came to South Africa,” a resource person from the country told a seminar in Chiangmai on 24 July, “it was at a time everything was looking hopeless.” So keep your shirt on, Reader. 2005 might bring hope and even new challenges. □



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