



ADDRESSING DRUGS AND CONFLICTS IN MYANMAR: WHO WILL SUPPORT ALTERNATIVE DEVELOPMENT?

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The latest setback for the Burmese democracy movement—the trial of opposition leader Aung San Suu Kyi that began in May 2009—has triggered a new round of international condemnation of Myanmar’s government. International responses have ranged from a US decision not to lift sanctions on Myanmar to an unusually critical message to the Burmese regime from the Association of Southeast Asian Nations (ASEAN). International attention on Myanmar remains focused on the fate of the democracy movement and, to a lesser extent, on the continuing low-scale conflict between government forces and ethnic rebels in Karen State. Another regional security issue, opium production, which is centred in Myanmar, should not be neglected.

In the past decade, Myanmar, one of the world’s poorest countries, has achieved significant progress in reducing the cultivation of illicit crops. It has done this through a combination of conflict management and counter-narcotics strategies, aided by the effects of regional and global drug market dynamics. Even though this success is incomplete, it is impressive. It also comes in sharp contrast to the failure on the part of the government and external actors in Afghanistan to make progress in reducing drug output from that country, despite large-scale international assistance. However, there are already signs that the decline in the opium economy in Myanmar is stalling. The progress made in this regard during the last decade may be lost without qualitatively upgraded major foreign investment in alternative development—giving farmers an economically viable, legal alternative to growing opium.

DRUGS AND CONFLICT

In peace or conflict, the drug business generates criminal violence. Organized criminal groups involved in the drug business have armed guards or even mini armies, attack security forces, and engage in turf wars and trafficking-related clashes, especially across the borders between drug-producing and transit countries. However, in the context of a genuine socio-political conflict over government or territory, drug business also becomes a ‘conflict resource’—a source of financing for politico-military actors engaged in armed confrontation.

Drugs and conflicts are most closely interlinked—in a complex interaction with other socio-economic and political factors—in areas where there is

SUMMARY

● Counter-narcotics strategies rarely work in the context of an ongoing conflict, as they require at least minimally functional and locally recognized state authority to succeed. One of the factors in the steep decline in opium cultivation in Myanmar in 1996–2006 was the government’s strategy of initially subordinating counter-narcotics while establishing stable ceasefires with most of the rebel groups active in the opium economy—and only later toughening drug-reduction measures. In combination with the changing dynamics of the regional and global drug markets, this led to significant reduction of illicit crops and opium economy in Myanmar.

Myanmar is now at a critical juncture, as this progress may be reversed if it is not followed up by massive alternative development programmes. Myanmar’s is a rare case when the optimal conditions are already in place for alternative development to decisively prevent a return to illicit cultivation. As adequate resources for such major investment are not domestically available and are unlikely to be provided by Western donors reluctant to deal with Myanmar’s undemocratic regime, China could play the key role in sustaining the reduction in illicit cultivation by qualitatively upgrading its counter-narcotics assistance to Myanmar and tailoring it towards alternative development.



extensive drug cultivation and production. The major source country in each of the world's main drug-producing regions—Afghanistan in South West Asia (the Golden Crescent), Myanmar in South East Asia (the Golden Triangle), and Colombia in the Andean Belt—is also the location of a protracted armed conflict. In these areas, the politico-military actors most closely linked to drug production are groups that engage in guerrilla warfare and control territorial enclaves for long periods. They may partly represent the interests of local poppy or coca farmers (as do various insurgent groups in Myanmar or the Revolutionary Armed Forces of Colombia, FARC). While such groups may also be engaged in drug trade at the local or regional level, transnational drug trafficking and drug sales in consumer countries are usually dominated by organized criminal groups. However, armed actors such as trans-border tribal groups partly based in a source country (e.g. Pashtun tribal militias operating across the Afghan–Pakistani border) and militant actors operating in major transit states along the main trafficking routes (e.g. the Islamic Movement of Uzbekistan or the Kurdistan Workers' Party, PKK) may also be involved in drug trafficking.

The degree and type of a militant group's involvement in the drug business and its links with organized crime may vary significantly, from limited cooperation to symbiosis, merger or even complete criminalization. The share of drug revenues in a group's financial resources can also range from a minor one to 60–70 per cent (as for the rebel Mong Tai Army in Myanmar or FARC in Colombia). It should, however, be kept in mind that the areas where the links between drugs and conflict are the closest—the source countries and, to a somewhat lesser extent, conflict areas along major trafficking routes—are not those where the main profits from the drug business are made; these are made from narcotics distribution in the consumer countries.

Even in conflict areas, however, the drug business is never fully subordinated to the needs of armed confrontation and retains its own shadow economic logic. The drug business is politically opportunistic in that it is just as ready to engage in illicit cooperation with corrupt elements of the state as it is to work with rebel groups. Government-aligned militant actors may be as deeply involved in the drug business as rebel groups, if not more so. The drug business performs multiple functions in conflict areas: financing armed actors, allowing criminal entrepreneurs to gain illegal economic revenue, and serving as a socio-economic coping strategy for some sectors of the population, especially in marginalized peripheral areas with little or no state presence, poor security, and limited access to markets. This multifunctionality means that the drug business is only partly susceptible to direct influence by the armed conflict: the broader socio-economic consequences of armed confrontation and the need to finance conflict actors may stimulate an expansion of the drug economy, but the drug economy can also grow in the post-conflict stages and in times of relative peace.

In sum, the links between drugs and conflicts are part of a broader and more complex set of interactions. They need to be analysed in combination with a range of other variables such as, on the one hand, macroeconomic factors at the national, regional and global levels (the economic and trade policies of neighbouring states, trends in regional and global illicit drugs markets, etc.) and, on the other, the functionality and domestic reach of state power. The importance of regional and global market dynamics is illustrated



by the fact that the decade-long decrease in opium poppy cultivation in Myanmar was partly made possible by the growing role of Afghanistan as the leading opiate producer and was to some extent counterbalanced by the surge in synthetic drug use in South East Asia.

The general functionality of the state is of more critical importance for addressing the conflict–drugs nexus than either the type of state political system or the scale of foreign counter-narcotics assistance. In fact, the source countries that currently receive the largest amounts of foreign counter-narcotics assistance—Colombia and Afghanistan—have either proved chronically unable to achieve tangible progress in limiting their drug output or have seen their output soar in recent years. This has been mostly due to the state’s inability to exercise its main functions, to extend its presence to the areas of conflict in a way that goes beyond tough security-oriented enforcement, and to ensure at least non-confrontational relations with the local population.

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CONFLICT MANAGEMENT AND COUNTER-NARCOTICS IN MYANMAR

In drug-producing regions, drugs and conflicts require integrated solutions. This does not, however, mean simultaneous solutions. In practice, no state has succeeded in achieving simultaneously the two key aims of, firstly, securing lasting peace with armed opposition groups heavily dependent on drug business for their funding and, secondly, effecting a major decline in drug cultivation and production, especially when the emphasis has been on enforcement measures such as forced eradication.

The unique case of Myanmar from the late 1990s to the 2000s illustrates that the interrelated tasks of conflict management and drug reduction can be carried out successfully if, at least at the earlier stages of the transition from conflict to peace, counter-narcotics is subordinated to achieving, at a minimum, durable ceasefires, if not comprehensive peace agreements. Such steps towards peace are necessary conditions for improved security and increased state presence, functionality and local legitimacy.

According to data published by the UN Office of Drugs and Crime (UNODC), the Golden Triangle saw a remarkable 81 per cent reduction of opium poppy cultivation between 1998 and 2008, mainly due to declines in Myanmar in most years since 1996. This gradual but sustained reduction over a decade is historically unmatched. Regional opium production accounted for just 5 per cent of total global opium production in 2008, compared to 50 per cent in 1990. Cultivation is now mainly limited to parts of Myanmar’s Shan State.

In contrast, there has been continuing exponential growth in the opium economy in Afghanistan since the fall of the Taliban, which imposed a ban on poppy cultivation in 2000. According to UNODC figures, the area under poppy cultivation in Afghanistan increased by 95 per cent to a historic peak of 193 000 hectares between 2001 and 2007. Yet in the mid-1990s, Afghanistan and Myanmar had the same area under opium poppy. What explains the decline in the opium economy in Myanmar?



External involvement cannot account for it, as the semi-isolated, authoritarian junta has only received limited counter-narcotics assistance—from China and, to a minimal extent, other donors, including even the United States. The dynamics of regional and global illicit drug markets, such as the emergence of Afghanistan as the leading opium producer and a regional boom in synthetic drugs in South East Asia, can also provide only a partial explanation.

Another factor has been the unique combination of conflict management and drug reduction strategies chosen by Myanmar's government. Having in 1996 delivered a major military blow to the largest insurgent group and illicit drugs actor, the Mong Tai Army (led by one of the region's main traffickers, Khun Sa), the junta still faced multiple smaller-scale ethnic insurgencies in the country's north-east—especially in the Shan and Karen states—most of which were linked to opium economy. As the government had no stable functional presence in the areas of drug production under insurgent control, it decided to first pursue peace processes and temporarily subordinate counter-narcotics. The initial ceasefires signed by the junta with the majority of insurgent groups after 1996 did not contain strict demobilization and disarmament provisions. They even allowed the groups to continue with their economic activities, including the cultivation of opium poppy, in return for recognizing the sovereignty of the state and allowing at least a minimal state security presence. Another possible rationale behind this approach may have been to encourage the 'ceasefire groups'—in the early post-conflict stages—to redirect drug revenues to help cover some of the immediate post-conflict reconstruction needs, for which the government itself had at most limited funds.

Only after the ceasefires were stabilized and the security situation had improved did the government start to renegotiate the ceasefire agreements, toughening the counter-narcotics provisions. While compliance was not secured overnight, the 'ceasefire groups'—under pressure from the government and, in the late 1990s, the effects of recurring drought—were more willing to gradually phase out poppy cultivation in exchange for lasting peace. As a result, of the 'special regions' of Shan State, Special Region 4 became poppy free from 1997, Special Region 1 (ethnic Kokang-Chinese) from 2003, and Special Region 2 (ethnic Wa) from late 2005 or early 2006. In most of these regions, it was at a later stage, when the illicit cultivation was already significantly reduced on a 'voluntary' basis, that the government stepped up its eradication efforts. In 2008 Myanmar eradicated as much opium as Afghanistan, despite having an area under poppy cultivation five times smaller.

The success in Myanmar is, of course, far from complete and is limited by several factors. While its opium economy has until recently been in steep decline, the Greater Mekong subregion has emerged as one of the world's major hubs for synthetic drugs. Also, despite overall compliance with cultivation bans, opium production continues in some of Myanmar's ceasefire areas. The general impact of the opium economy has decreased, but poppy remains a significant cash crop, its cultivation still involves several hundred thousand people in parts of Shan State, and the area under cultivation marginally increased in 2007 and 2008. Adverse socio-economic implications of the poppy bans for the local population include the loss of



between 60 and 70 per cent of their cash incomes and increasing migration to other regions. As a result, the possibility of a return to large-scale poppy cultivation cannot be excluded if massive alternative development programmes, especially in former cultivation areas, are not launched soon. The main stumbling block is the lack of resources for such programmes.

All of the possible reservations do not diminish the importance of the massive decline in opium production in Myanmar, which was achieved by means that went beyond strict enforcement alone—unlike the ban imposed by the Taliban in 2000. The two most important lessons to learn from the Myanmar experience are the following.

First, in areas afflicted by drugs and conflicts, the first priority should always be the peace process, as a means of ending the conflict and restoring the state's ability to fulfil most of the normal state functions and its control over the country's territory. This may not work at every stage for every peace process. It may require a certain window of opportunity—a situation when one of the major insurgent actors has ceased fighting (whether due to military setbacks or engagement in a peace process), but the government recognizes that a purely military solution to the insurgency as a whole is unfeasible. The main rationale for prioritizing conflict management is that, in a situation of ongoing conflict, counter-narcotics strategies—whether hard nor soft—seem not to work. While forced aerial eradication may be the only possible strategy in an extremely insecure environment, it is usually counterproductive in terms of further alienating the rural population and fueling the insurgency. The softer measures of voluntary manual eradication and alternative development can only be effective when the population has a non-confrontational attitude towards the state that implements them (e.g. in Thailand or some areas of Bolivia). Without a lasting ceasefire or peace process, the state cannot achieve legitimacy, or at least toleration, among the local population in drug-producing areas torn by armed conflict. Thus, strengthening the functionality and reach of the state from local up to national level is the most direct way to increase the effectiveness of counter-narcotics efforts in such areas.

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A second lesson is that the best conditions for alternative development programmes to succeed are not those found in the areas that today have the highest drug outputs. A prime example is Afghanistan, where the conflict is escalating; the security, functionality and reach of the state are limited, especially in those areas most affected by drugs and conflict; and cultivation continues on a large scale. In such contexts, alternative development strategies are just as likely to fail as forced eradication. Yet despite this, the lion's share of international counter-narcotics assistance is currently directed towards Afghanistan and Colombia.

ALTERNATIVE DEVELOPMENT SUPPORT: A LEAD ROLE FOR CHINA?

The optimal conditions for major alternative development programmes appear to be the state enjoying some stable support from the population in the drug-producing areas and drug cultivation already being in decline (as illustrated by Thailand over the past three or four decades). If the situation is



aggravated by protracted armed conflict, the optimal conditions occur when ceasefire agreements are in place, the security situation has become relatively stable and the state has gradually extended its presence to peripheral areas, along with declining cultivation. Under these conditions—which exist in Myanmar today—alternative development programmes could be effective and, in fact, decisive for long-term success. Such programmes are urgently needed now when those of Myanmar’s drug-producing areas that have recently reduced or stopped illicit cultivation may be at a critical juncture between a further decline in the drug economy—if development strategies are upgraded—and a return to illicit cultivation by populations who cannot cope economically without outside support and major development assistance.

As significant domestic resources for investment in development are lacking in Myanmar, this urgent demand may only be met by expanded and qualitatively upgraded external assistance, especially for alternative development programmes in the most problematic areas. The leading Western donors are unlikely to provide this type of assistance, as they have serious political and ideological reservations about dealing with Myanmar’s non-democratic regime. While this position is understandable, it also runs the risk of missing a rare opportunity to demonstrate the effectiveness of major alternative development programmes and to ensure the sustainability of the Myanmar’s achievements in drug reduction.

As noted above, in those areas of drugs and conflict that receive the bulk of international alternative development support, this assistance does not appear to have made any significant positive difference, due to the absence of other critical conditions: lasting ceasefires and a minimal level of security, state functionality and state access to the areas in question. While it is easier politically to justify large-scale counter-narcotics investment in the source countries and conflict areas with the largest drug outputs, it may be more rational to shift at least part of that assistance to areas where the conditions are most conducive to successful anti-drug programmes that can make a decisive difference.

Given the reluctance of Western donors to cooperate with the Government of Myanmar, other sources of assistance will be needed. If the counter-narcotics assistance strategy were to be formulated by international actors less constrained by political considerations of this type but eager to upgrade their international image and to contribute to solving one of the world’s most difficult problems, that could lead to greater donor flexibility and a wider range of policy choices.

Among the potential external donors, China seems the main one to fulfil this role, by qualitatively upgrading its existing anti-narcotics and economic assistance to Myanmar, with a special focus on the north-east. First, as China remains one of the consumers and conduits for opiates originating in Myanmar, it is in its own interests to reinforce the current decline in that country’s opium cultivation. Second, China has already engaged in counter-narcotics cooperation with Myanmar, as well as with Laos and Thailand. China’s cooperation with Myanmar has mostly taken the form of increased border control and law enforcement but has also included some training of Myanmar counter-narcotics personnel and limited alternative crop assistance, such as contracting farmers in Myanmar to produce licit crops and



other products for the Chinese market and reducing import tariffs for alternative crops. However, exploiting the current window of opportunity in Myanmar's drug production situation requires more concentrated and significantly upgraded assistance, both in quantitative terms (expansion of aid, support and cooperation) and in qualitative terms (making alternative development the central pillar of counter-narcotics assistance).

Third, as the most powerful actor in the region, China has perhaps the most solid political and economic leverage on the Government of Myanmar. Of all external actors, it is also best positioned to attach strings to its development assistance to Myanmar, if not in the political domain then at least in terms of structural socio-economic reforms and modernization. Fourth, because donor activity in general is likely to decline as a result of the global financial crisis, the efficiency imperative—which strongly favours investment in alternative development in Myanmar—has become particularly important and even critical for development and counter-narcotics assistance.

Finally, upgraded investment in alternative development as a counter-narcotics strategy in Myanmar would also fit well with China's efforts to raise its profile at the regional level, including in its relations and ongoing counter-narcotics cooperation with ASEAN. It would also serve as one of the less controversial ways for China to reinforce its profile as a constructive, problem-solving partner in the international arena.

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