

How the military benefits from Myanmar's growing opium economy

14th June, 2016

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For the past 10 years drug production in Myanmar has been on the rise. The amount of land used to grow poppy — from which the opium sap used to make heroin is derived — has more than doubled since 2006. According to the UN, Myanmar now accounts for more than 25 per cent of the global area under illegal poppy cultivation, making the country the second largest producer of illegal opium in the world after Afghanistan.



[1]

The vast majority of opium is produced by poor farmers in highland areas of Shan State close to the country's borders with China, Thailand and Laos, which have been affected by decades of conflict between ethnic armed groups and the central government. In 2012, [studies conducted by local researchers](#) ^[2] recorded opium cultivation in 49 out of Shan State's 55 townships involving more than 200,000 households.

Drugs play an ambiguous role in Myanmar's borderlands. Drug abuse has taken far more lives than armed conflict in many communities over the past decade and the growing heroin epidemic across parts of Shan and neighbouring Kachin State is one of the main drivers of HIV/AIDS in Myanmar.

But the income it generates for growers provides a way of staving off poverty amid rising food prices and resulting food insecurity, heavy demands for 'taxation' from an array of armed groups, and the continued lack of government investment in rural services. They grow poppy because they cannot produce enough food to feed their families throughout the year. The World Food Programme estimates that almost one million people in Shan State suffer 'severe and

chronic food insecurity', equivalent to almost one in five of the region's population. The income generated from opium enables farmers to buy food and sometimes also to cover the cost of rudimentary healthcare and education.

The fact that poppy can grow well even on steep, infertile land makes it particularly well-suited to the hills that form much of Shan State where rice yields are poor. In contrast to other cash crops suitable for upland cultivation such as fruit trees, tea and coffee, which take years to mature, poppy fields produce opium within four months. This makes it an ideal crop for farmers who need money urgently or have been forced to farm on new land after being displaced by conflict.

Farmers also grow poppy because they know there will always be buyers. Although global commodity chains have shifted and Myanmar heroin has been pushed out of western markets by Afghan and South American heroin, demand from neighbouring China — the world's fastest growing market for heroin — means that prices for opium have remained buoyant.

Yet it is important to recognise that drug production in Myanmar's borderlands is driven by [politics as well as poverty](#) ^[3].

The drug trade has long been a part of the country's war economy, financing ethnic armed groups fighting against the central government. But over the past decade drug production has increased even as the territory controlled by insurgent groups has receded, and poppies now bloom across regions under increasing [government control](#) ^[4]. The drug trade can no longer be blamed solely on insurgent groups. It has also become embedded in the strategies used by the Myanmar army to secure territorial control over a region that contains abundant natural resources and is of huge strategic importance as an economic gateway to China.

[Myanmar's military](#) ^[5] government has, since the late 1980s, used the drug economy as a means to finance its own state-building objectives, rather than launch sustained efforts to dismantle it. Taxing farmers, traders and traffickers became a means through which army units stationed across Shan State financed themselves in accordance with demands from central command that they 'live off the land', rather than rely on the central supply system. Even official crop destruction drives have often been used by Army units to extract bribes and 'protection fees' from farmers, with fabricated eradication figures then submitted to superiors who have little to gain from questioning them or exposing their inaccuracy.

The drug trade has also been used by the Myanmar Army as a way to finance a large number of local militias that perform various security and anti-insurgency tasks. Militias have been deployed to protect development projects across Shan State, including oil and gas pipelines and dams, and to seize land from farmers for large-scale agricultural projects, [especially rubber plantations](#) ^[6].

[Militias are not paid directly by the government](#) ^[7] but in return for their services they have been granted various business opportunities, including the right to tax poppy farmers and to refine heroin and sell drugs with impunity.

Militias have provided the Myanmar Army with a useful layer of plausible deniability, enabling commanders to distance themselves from the drug trade without running the risk of pushing this lucrative trade back into the hands of insurgent groups. It is these government-backed militias who now orchestrate the drug trade across large areas of Shan State.

Clearly, the vested economic and political interests in the opium economy extend well beyond the impoverished farmers directly involved in cultivating poppy who remain most vulnerable to heavy-handed counter-narcotics policies. Donors and policymakers must engage more deeply with the realities surrounding how drugs have become embedded in the processes of counter-insurgency, state consolidation and economic development — the same processes that are commonly assumed to be the mechanisms through which Myanmar's illegal economies can be dismantled. Counter-narcotics strategies that are unwilling (or unable) to engage with the messy politics surrounding the drug trade are unlikely to achieve much success.

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[1] <http://www.eastasiaforum.org/wp-content/uploads/2016/06/20140120000871827306-minihi ghres.jpg>

[2] studies conducted by local researchers:
<https://democracyforburma.wordpress.com/2012/06/26/shan-drug-watch-2012-english/>

[3] politics as well as poverty:
<http://criticalasianstudies.org/issues/vol47/no2/fortifying-or-fragmenting-the-state.html>

[4] government control:

<http://www.eastasiaforum.org/2015/05/27/myanmars-military-wrangle-with-a-new-political-reality/>

[5] Myanmar's military: <http://www.eastasiaforum.org/2015/02/16/only-the-military-can-reform-myanmar/>

[6] especially rubber plantations:
<https://www.globalwitness.org/en-gb/campaigns/land-deals/guns-cronies-and-crops/>

[7] Militias are not paid directly by the government:
<http://www.eastasiaforum.org/2015/10/13/two-ways-of-talking-about-the-rule-of-law-in-myanmar/>