

CHAPTER IV

ANALYSIS AND CONCLUSION

1.) Utilization of Tachilek – Keng Tung – Mongla Road

The general condition of Tachilek - Keng Tung – Mongla road is so far good. The section between Tachilek – Keng Tung is nine meters wide, double-surfaced with two lanes, and built with asphalt (Ac60-70). The vehicles can pass through the road with a running speed of approximately about 80 kilometers per hour for three hours. The Keng Tung – Mongla section on the other hand has two lanes but narrower. The lanes are eight meters wide only. Moreover, the landscape is more complex and runs through a mountainous region.

Driving through the road, there are still things which drivers must pay close attention to while using the road as a passage. Along the road there are dangerous curves, limited shoulders, landslide dangers, and lack of suitable lighting. However, this is not the main obstacle why the road has not been fully utilized.

However, regarding road utilization result from the research, it finds that the road is not yet being used to its fullest potential. The primary use is for domestic transportation. The pick-up (Hilux brand) is the most popular mode of transportation for passenger delivery. The second most commonly used is cars, especially those from ethnic minority like the South Wa (SW), while trucks are less used.

Government trucks are exclusively used for government purposes. There are just a small number of trucks used for distributing products, both domestically and internationally. There are only ten trucks that travel through the road regularly in between Tachilek, Keng Tung and Mongla. This is considered to be a very low number. Thus, it appears that the utilization aspect of this road is for trade. It is used mainly for domestic transportation, especially for security purposes of the government and the minority group.

The road is expected to be shared among three countries, Thailand, Myanmar, and China. However, some information states that the road is not equally used by the three parties. Thailand and China have less opportunity to utilize the road to its full capacity due to strict regulations set up by Myanmar government. Domestic usage by Myanmar government is using the road more for its own purposes. Ethnic minority groups of this area are the second users of this road.

2.) Stakeholders

To consider who gain benefits in road utilization or so-called stakeholders, technically it consists of three parties - Myanmar, China, and Thailand. In reality there is another party that QEC that claims stakes to this road, the minority group in Myanmar's area.

Since the ethnic minority groups are the second users of this road, and they can utilize it more than other parties for their political and trade activities both legally and illegally. Thus, it is important to consider these groups as one main stakeholder in QEC.

However in terms of consideration as to who is the most active player on the issue of road utilization, one has to look at Myanmar. It is the one who controls the road in reality.

2.1 Myanmar

Myanmar receives the most benefit from road utilization. Myanmar gains benefits from domestic transportation, villager's movement, and governmental usage. However, though this has been the case, since this area is considered to be a remote area, it does not have capacity to enhance the international trading. Myanmar does not have main industrial place in this area, the major industry belong to the minority groups. If Myanmar wants to run international trade with Thailand or China, it needs to go to Yangon to transport product to this area. In a way, Myanmar does not benefit from this road in terms of international trading.

Due to this reason, it is understandable why Myanmar does not encourage trading along this road, since it does not share the benefits from trading, Myanmar finds its own way of gaining benefits from this road. It set up the high transit fee and tax along the road. For those who want to use this road, they need to pay at least 5% for the transit tax. They have to pay tax in every checkpoint. This has been the main income of the Myanmar government from this road.

However, these taxes imposed by the Myanmar government, causes many problems to China and Thailand who expect to use this road for trade purpose. China and Thailand planed to expand its trade market through the use of this road. However when the road was constructed, they encountered the problem that the price is expensive and is not acceptable. As a result, China, and Thailand do not use this road much. There are only few Thai trucks that use this road. But as the years went by, Thai businessmen do not want to use this road anymore because of high price taxes.

However, some parties cannot do otherwise. Since there were no any agreements of road utilization, other parties need to accept Myanmar's regulations on the utilization of this road. This regulation seems to be difficult to practice, and does not facilitate much utilization of the road.

This condition is very crucial and should be considered by EQC. It will affect whatever cooperation EQC would want to foster in the long run. Myanmar regulations on the utilization of this road is more of a political issue rather than economic. In order to understand this situation, it is important to examine the political conflict in this area.

Myanmar and QEC area (Golden Triangle area)

Myanmar's sector of the Golden Triangle, which is becoming important strategically and economically in the EQC framework for Myanmar and neighboring Thailand and China, is expected to play a major role in encouraging trade activities. In reality however, it has long been associated with lawlessness and conflict. From the colonial period to the present day, competing forces have fought among themselves, making deals and turning on one another as they struggle to establish a lasting

foothold in this rugged region. From the China-backed Communist Party of Burma and the KMT troops pushing downward from mainland China and the Shan nationalists and ethnic hill tribe armies caught up in the struggle for self-rule, the rugged hills of Myanmar's northeastern region has long been a turf where forces compete among themselves for resources and geographical control.

Presently, more than half a century after the British pulled out of the region, the region's future remains as uncertain as ever. At the same time however, the region is becoming increasingly important, both strategically and economically, as neighboring Thailand and China explore ways and means to strengthen road linkages and economic development in the region. Yet, no one particular group, not even the military government of Myanmar, has full or effective control of the region that has for decades been the centre of the world's attention because of the amount of opium and heroin it has generated in the past decade and the millions (and perhaps even billions) of methamphetamines the region pumps out and floods into cities and towns throughout Thailand and much of Southeast Asia.

Indeed, uncertainties continue to plague the region as competing forces have yet to agree on a permanent peace-plan that permits all parties to coexist peacefully and in a sustainable manner. The region experienced a breath of fresh air in 1989 when the Communist Party of Burma (CPB) fell apart. However this split occurred along ethnic lines among the Kokang-Chinese, Wa, Shan, Chin, Kachin, and the like— all of which ended up transforming into smaller armies that are no longer guided by the Communist doctrine its leaders once professed but by personal and organizational interests of their respective groups and leaders. In other words, survival, not Communist ideology, has become the main motivation for these groups who, since 1989, have managed to hold on to their territory through whatever economic and military means they are able to secure. Some, like the Wa and Shan, fought among themselves over disputed territories and drug routes, while others entered into cease-fire agreements with the central government in Yangon in return for either amnesty or autonomy. Most, if not all, relied on illicit opium at one time or another to finance their military campaigns and virtually none, according to news reports, have been able

to fully remove themselves from this source of income. Drug money continues to sustain many of these ethnic armies, while profits are channeled into more legitimate enterprises such as casinos, hotels and entertainment complexes such as those seen in the border town of Mong La on the Myanmar side of the Sino – Myanmar border, or other joint venture enterprises such as the Hong Pang holding company.

Expansion of Southern Wa Region (SWR) and NDAA and Myanmar's Reluctant in Cooperation

In the Golden Triangle area, there are still many and diverse ruling powers in the area. There are at least two main powerful groups that played crucial roles in road utilization, the United Wa State Army- South (UWSA-S), and The National Democratic Alliance Army (NDAA), the former Kokang group.

Southern Wa Region (SWR): People Relocating

UWSA maintains much power in the golden triangle area since Wa groups have resettled their villagers from northern Myanmar to this area. The UWSA forcibly relocated more than 125,000 people to newly established towns and villages near the Thai border. This established a solid foothold in the area and led to a steady flow of people traveling back and forth between the Northern Wa Region along the Sino – Myanmar border and the Southern Wa Region along the Thai – Myanmar border.¹

While the UWSA's official explanation for relocating such large numbers of people was a concerted attempt by the leadership to eradicate opium cultivation by growing legitimate crops in the SWR, observers and analysis have pointed to the strategic implication of the decision in effectively expanded the UWSA's control over the border area, particularly those areas which are important drug-trafficking routes into Thailand. In addition, these relocations also served to strengthen their bargaining power with the central government of Myanmar. Wa-controlled areas continue to be

¹ Jeramy Milson, "The long hard road out of drugs: The case of the Wa," in *Trouble in the triangle: Opium and conflict in Burma*, eds. Martin Jelsma and Tom Kramer (Chiang Mai: Silkworm, 2005), p.73.

off limits to Burmese officials and military and permission must be granted before a government soldier can enter UWSA's territory.

According to "Unsettling Moves," (a research project conducted by LNDO into the forcible relocation), the highest numbers of relocated villagers were from towns that southern commanders had resided. Thus it has been speculated *that they wanted to bring villagers loyal to them from their home areas to increase their support bases in the south.*

The power of the Wa has spread rapidly and influentially in the area, particularly among Wei's group. Many believe that Wei's unit alone poses a credible security challenge to the Myanmar government over the control of golden triangle area, an opium-rich land and a land connected to three neighboring countries.

However, since Hong Pang belongs to The United Wa State Army (UWSA), the majority of profits go to the UWSA group. This group bears arms and is considered to be the largest military group in the country. From this perspective, the wealth and strength of these groups presents a serious challenge to Myanmar's sovereignty. Thus, Myanmar is wary to encourage road utilization. This is an issue with very strong security concerns that are very important to Myanmar, much more so than economic interest or development.

The National Democratic Alliance Army, Eastern Shan State (NDAA)

It is not only the UWSA and Wei which are expanding power. The NDAA in the Eastern Shan State (Special Region 4 which is under control of Lin Mingxian) is also a major player that runs trade activities and power expansion in the area. Since 2003, Special Region 4 has expanded south along the Mekong bank.² According to *Undercurrent*, "Apparently it is the growing influence of the Shan resistance in the Mong Yawng area, lower part of Sob Lwe river." LNDO further explains that "Sop Lwe is on the bank of the Mekong, at the mouth of the Nam Lwe River. This is a

strategically important site since now that big three-storey ships can travel the Mekong, it is becoming an increasingly desired route for contraband smuggling of drugs, cars, guns, cattle, timber and wildlife. Burmese MI (Military Intelligence) in this area have less power than Lin's soldiers. Column 911 of Lin's group is based in Sop Lwe to collect taxes.”³

These two groups control to grow stronger in the area, they are maintaining arms and seem to increase in wealth and strength every day. This situation presents a serious challenge and problem for Myanmar's internal security. Thus, Myanmar remains concerned about the power expansion of these groups. These concerns are reflected in various control checkpoints, a lack of international agreement regarding road utilization, and strict rules for entry and departure. Moreover, it reflects in international cooperation that Myanmar reluctant in any form of cooperation in opening this area.

With regard to Economic Quadrangle cooperation, Myanmar is still reluctant to sign any multilateral agreement for using the road (the GMS Cross-border transport agreement or GCBTA has not yet taken effect). It is obvious that Myanmar only has bilateral agreements with China and Thailand, which is not effective in encouraging road utilization. This remains the crucial problem that hinders road utilization.

Myanmar's utilization

Since trading is not the major benefit that Myanmar receives from this road, it would appear this road is being used by the Myanmar government for its political purposes. For example, Myanmar frequently transports troops from place to place along the road and supplying military material to battalions in the area (that the road access).

² J.F., “Undercurrent: Monitoring Development on Burma's Mekong,” Lahu National Development Organisation (LNDO), (January 2005), p.10.

³ *Ibid*, *Undercurrent*, 11.

During the research field work, the researcher frequently found vehicles to transport army soldiers from Mong Phyak to Keng Tung as well as from Keng Tung to Mong Phyak. Moreover presently, Keng Tung can send troops to Tachilek and the Wa town of Mong Yawng within one night and can access Chinese border or Thai border within one day. Indeed, Myanmar is using the road more for its political and military activities.

China

Before the road was fully constructed, it has been assumed that the road will be the useful to link China to Southeast Asia. This is in view of the fact that this road is the shortest route that connects the Southern China and Thailand. China plans to have access to Lam Cha Bang port (Thailand). If China could access Lam Cha Bang this means that it can transport its products to Southeast Asia. However, Myanmar's internal problems made this goal difficult for China to achieve.

Nevertheless, China might be able to predict Myanmar's reaction; this reflects that China turn to pay more attention to Laos' road rather than to this road. Even the road link through Laos is longer, but China still invests more in Laos' road. This is because it is more economical for them and easier to transport their goods safely.

During the construction of this road China did not pay attention to sign the GCBT agreement (the multilateral agreement of road utilization). China seems to prefer to have its own bilateral agreement with Myanmar. Moreover, this bilateral agreement seems to be more workable and preferred over the multilateral agreement in GMS (Greater Mekong Sub region Cooperation).

However, though China has bilateral agreement with Myanmar on the use of this road, still China also does not utilize the road much. The reason for this is that China is not willing to pay taxes to Myanmar. China prefers to use the Mekong river route rather than this road because it is much cheaper.



However, China has long borders with Shan State, Myanmar, its approach to the Shan State is to strengthen its influence over these buffer regions through maintaining relations with minority groups⁴ The irony of Chinese involvement with minority groups, especially the Wa, is that Chinese officials have been seen helping with the resettlement of tens of thousands of Wa to the south, near the Thai border:⁵

In addition to helping the Wa to resettle, China also assists the minority group in developing its area, infrastructure, and trade for the purpose of strengthening these buffer groups and putting China in a better position over Myanmar. Thus, in this perspective, the utilization of Hong Pang or NDAA can also be considered Chinese utilization and Chinese benefits. Concerning trading, Hong Pang is also the only company which delivers products to Myanmar, Chinese and Thailand; it is also the only company that can control the price of delivery. Moreover, Hong Pang Company becomes another crucial trade partner which Thai and Chinese traders must effectively deal with.

It is obvious that this group is considered as another party that benefits from EQ cooperation. In reality, they are the most involved at this point. Moreover, since these groups are considered to be Chinese satellites, their expansion translates into Chinese benefits. Therefore in this perspective, China is also the major power who gets political benefits from road utilization as well.

Myanmar's Reaction to Minority Groups' Movement

Concerning these Chinese and minority groups' movement, Myanmar does not want the China and the minority groups to expand its power in Myanmar at all. Thus, Myanmar's reaction to these concerns has been the practice and utilization of policies carried out most delicately.

⁴ Andre and Louis Boucaud, "Chapter 1: China and the Burese Communist Party," in *Burma's golden triangle: on the trail of the opium warlords*(Bangkok: Asia Books, 1992), p. 196.

⁵ "Danger: Road Works Ahead." Source : Rodney Tasker and Bertil Lintner, *Far Eastern Economic Review* (Dec 21,2000).

Myanmar continues to be cautious and wary of minority's movement and China's expansion. This is reflected in Myanmar's decision not to allow the Daluo gateway to be an official legal gateway, to pursue a bilateral agreement with China (as opposed to a multilateral agreement with other countries), and in the strict checks and many checkpoints along the road.

For the minority groups, the Myanmar government would like to get rid of this minority problem. The government has launched its newest policy toward insurgency groups which is to demilitarize armed cease-fire groups (many of whom were former members of the Communist Party of Burma and later individually entered cease-fire agreements after 1989 with their respective groups).

Since the ouster of former Prime Minister Khin Nyunt, the person who in orchestrated a series of cease-fire deal with the UWSA and other armed ethnic groups in 1989, a new strategy was developed by Burmese army commander General Maung Aye and junta chief General Than Shwe. They have made a concerted effort to redefine the country's relationship with all of the cease-fire groups.⁶ Senior Thai military officers say they believe Maung Aye is wary of Khin Nyun's influence over the Wa army. They say Maung Aye in December 2004 sent light infantry into eastern Shan Sate. The move is viewed as an attempt to contain the Wa fighters, to disarm them.

Adding to the already tense situation, Yangon placed upon the UWSA a stipulation that said government troops can enter any of the autonomous regions they please without prior approval or having to be disarmed and escorted. Moreover, Yangon turned up the heat in December 2004 when it dispatched 10 separate units of up to 10 men each to the UWSA's Special Region 2. Officially it was supposed to be a geographical survey, but Thai military officials monitoring the situation think they were there to map out a plan of attack if need be. The UWSA reluctantly agreed to the

request but on condition that the Myanmar soldiers disarmed, a standard protocol between the two sides, and that Wa officials escort them.⁷

These stricter actions can be observed by this research, Myanmar after new policy does not focus much in trade activities (even they have new finished constructed road), as there were also changes in the staff at the border offices. And there were changes in the rules and regulations regarding importing and exporting which were more complicated and difficult. Moreover, the government crackdown on unregistered cars began on 30 October 2004, 12 days after former prime minister Gen Khin Nyunt, who had allegedly authorized the procurement of illegal cars, was ousted.⁸ These show the changing power of Myanmar and also will change the form of Economic cooperation as well.

In reaction, the UWSA (South), the Yangon's ongoing campaign to disarm the ceasefire groups has been a cause of worry to the Wa leadership,⁹ Wei's army also. Thus his reaction is very interesting. As it is believed that "the clashes in the beginning of 2005, between the SSA and Wei's fighters from his 171st Military Region in the area across Machongson were Wei's attemption to increase their bargaining chips with Rangoon," said a senior officer from the Office of the Narcotics Control Board (ONCB). The pressure of stricter rule and to disarmed its army leads Wei to take some action to bargain the government, Don Pathan a reportor explain that "(This is) the same tactic was used with Rangoon in 1997 after they helped Burmese troops defeat Khun Sa and his Mong Tai Army."¹⁰

⁶ Don Pathan , "UWSA prepared to assert independence more aggressively," The Nation, (18 July 2005).

⁷ Ibid., Pathan.

⁸ "Unlicensed Wa cars run free", Shan Herald Agency for News (S.H.A.N.), Available at: http://www.shanland.org/articles/war/2005/Unlicensed_Wa_cars_run_free.htm

⁹ "Wa calling off next strike on Shans?," Shan Herald Agency for News (S.H.A.N.), Available at: http://www.shanland.org/articles/war/2005/Wa_calling_off_next_strike_on_Shans.htm

Moreover, said the SSA chief " I'm not fighting the Wa, only with Wei." ¹¹
 Maj Ternkhurh, Commander of the SSA's South-based 727th Brigade explains that
 "Wei, now he thinks Panghsang is a lost cause and wants to play ball with Rangoon."
¹² If this is a tactic of Wei to bargain with the government for his military and
 economic sustainability, it could say that he has succeeded in the first step. As a
 report sources from Mongton, (opposite Chiangmai) that since hostilities began
 between the Shan State Army 'South' and the United Wa State Army's 171st Regional
 Army on 13 March, Rangoon has for all practical purposes allowed all of its (UWSA
 171st) vehicles without proper registration, commonly known as "withouts", to
 traverse the public roads unchecked. ¹³

However, no one knows for how long that Wa could maintain this favourable
 situation with the Government. The status quo that defined the UWSA relations with
 the Yangon government is being severely challenged by the Burmese junta and this
 time around. If one day, the situation is getting tenser, according to one analyst at The
 Nation said that, "it could be bloody" in this area.

These changes further reflect the changing power of Myanmar and also mean
 subsequent changes to the form of Economic Cooperation as well. For Economic
 Quadrangle Cooperation, these internal political issues indicate what the future of the
 road may involve and not involve, particularly if fighting occurs along the road,
 which would render it unusable for trade and travel purposes. Rather, it appears the
 road may be used for other purposes such as the mobilization of troops from town to
 town, transporting weapons from country to country, and for use by refugees seeking
 refuge in border countries. These issues are crucial for neighboring countries if the
 road does in fact end up being utilized primarily for these purposes.

¹⁰ Ibid., Don Pathan , "UWSA prepared to assert independence more aggressively".

¹¹ "Yawdserk: The quarrel is with Wei, not Wa," Shan Herald Agency for News (S.H.A.N.),
 Available
 at :http://www.shanland.org/articles/war/2005/Yawdserk_The_quarrel_is_with_Wei_not_Wa.htm/view?searchterm=Wei

¹² Ibid.

¹³ Ibid., "Unlicensed Wa cars run free".

Chinese Reaction to its Satellites

However, this would be a big decision for China as it is developing direct relations in an attempt to broaden its influence in Myanmar in general.¹⁴ On the other hand, China is a member of the Economic Quadrangle and has a close relationship with Myanmar.

However if China considers who retains power in Shan States today, the Myanmar government is gaining in power and strength. Thus, it would not be surprising should China choose to deal with and give importance to the central Myanmar government rather than small ceasefire groups.

It is a case when Myanmar wants to get rid of NDAA and ask help from China not to open the Daluo gate to trade with NDAA. In response, China has cut off its support of minority groups in the area, presumable to gain favor with the Myanmar government which would lead to a subsequent increase in the ease of trade for China not only at Mongla.

As Kuensai Jaiyen, the editor of Shan Herald Agency for News (S.H.A.N.) mentions that China made a deal with Myanmar. China cuts off its help to Mongla minority groups because China was looking to expand its transportation route to Mae Sai, Thailand, but Myanmar was not helping to facilitate this because Myanmar was looking to have Mongla be entirely under their control. If it was not, Myanmar could not allow China to trade freely. Thus China pressured Mongla to be under the control of the Myanmar government.¹⁵

China has shown its decision not to aid NDAA, this action is understandable to gain favorable from Myanmar. But still in reaction, NDAA has asked for hand and concluded a military pact with the United Wa State Army, that is also facing same pressures, to come to the aid of each other in the event of being attacked by the Myanmar Army.

¹⁴ Andre and Louis Boucaud. "Chapter 1: China and the Burese Communist Party," in *Burma's golden triangle: on the trail of the opium warlords* (Bangkok: Asia Books, 1992), p. 200.

¹⁵ Interview with Kuensai Jaiyen, director of The Shan Herald Agency for News (S.H.A.N.), 23 August 2005.

Myanmar's power is getting more and more in this area, As Kuensai, the director of Shan herald new agency mentions that "Burmese army is sending troops to each battalions all around this area, and wait until the summer to start their fight again." Thus, this issue is important, what will happen if the Myanmar government started to get rid of those insurgencies, how the ceasefire group reacts to the government attempt. Moreover, how do the neighboring countries react to those problems, as it is realized that if the Yagon's effort to demilitarize the cease-fire groups, it could unleash a domino effect in which other cease-fire groups retreat from the cease-fire agreement and take up measures to prepare for a possible fall out with the junta. "An all-out battle between the junta and the ethnic armies would likely send hundreds of thousands, if not millions, of villagers across the border into Thailand and southern China."¹⁶

For China, if Myanmar government can fully overcome the minority groups, China still have bilateral deal with them. Moreover China set it standpoints not to support those minority groups in order to gain favorable to Myanmar. While, if the minority groups can win Myanmar government, China still has strong linkages with them, this is not a problem for China to deal with (the same case as the failure of CPB that China still had good relationship with them.)

This cooperation suggests that China still be able to deal with these two groups and the most benefits belong to China. Thus, regarding to road utilization it could say that China is a real major player in road utilization in that it works with both Myanmar and minority groups. It is said that even though China does not gain much in benefits from trading along the road, its satellite groups do gain many benefits and become stronger and stronger (strategically this also means that China's territory is also subsequently strengthened as well). On another level, China also is able to set up a bilateral agreement with Myanmar, the result of which benefits China in allowing more utilization. Thus, China is a major player in this area including encouraging road utilization.

Thailand

How much does Thailand stand to benefit?

From road utilization, it is reported that since the road has opened, there are still low number of Thai vehicles to use this road (to deliver goods into China). Thai merchants still encounter problem that there is the high cost of fees required at each checkpoint (both government checkpoint and the minority groups' checkpoint).

This result assumes that Thailand appears to be the smallest shareholder in utilization of the road. Thai merchants find it difficult to export their goods through Myanmar, while importing is also difficult. Thus, even though Myanmar and Thailand were expected to be strong partners in the GCBT agreement, the reality is that Thailand has seldom used the road for all purposes. However, if Myanmar could be able to demobilize the ceasefire groups, it might be able to gain more benefit from road utilization.

Considering the power struggle in this area, it appears that the road may be used for other purposes such as the mobilization of troops from town to town, transporting weapons from country to country, and for use by refugees moving to other countries. These are crucial issues to be considered by all stakeholders if the road does in fact end up being utilized primarily for militarized rather than trading purposes.

If this is the case, Thailand might end up becoming involved with Myanmar's internal power struggle. What Thailand should be aware of is that trade and economic development may not be the most important issues in this area of EQC, but rather the competition for power between Myanmar and China. Thailand should be more delicate in implementing the policy of cooperation with Myanmar, ceasefire groups, and even China. Moreover, Thailand should be more concerned about the political interests of these groups rather than only economic interests.

¹⁶ Interview with Don Pathan, The Nation reporter, 23 August 2005.