



Close relationship: Drug baron Khun Sa has ample access to the military regime.

B U R M A

Drug Buddies

The heroin trade fights back—with official help

By Bertil Lintner in Chiang Mai, Thailand

For most of this year, more hope than heroin has flowed from the drug-producing region known as the Golden Triangle. The surrender in January of opium warlord Khun Sa, along with thousands of his troops, raised real expectations that the triangle's deadly trade would be curbed. Now, as the poppy fields are cleared ahead of the next planting, the high seems as fleeting as a junkie's hit, about to be replaced by a low even more depressing than before.

Khun Sa's peace deal with the Burmese government was followed by the first heroin shortage in recent memory. Drug prices in the northern Thai city of Chiang Mai surpassed 500,000 baht (\$19,600) a kilogram, more than quadruple their year-earlier levels. On October 1, Col. Ngwe Soe Tun, joint secretary of the Burmese government's Central Committee for Drug Abuse Control, said all the signs pointed to "a decrease of the opium crop."

Outside sources, however, paint a very different picture. Intelligence data gathered from the forbidden mountains of northern Burma by the U.S. State Department suggests opium production is increasing, not falling. According to the department's annual opium survey, this year's harvest yielded 2,560 tons, 9% more than last year. And the area being prepared for next year's crop seems just as big—at roughly 64,000 hectares, it is almost double the area under cultivation

10 years ago.

Worse, the United States believes Khun Sa remains unpunished and that Burma's junta, known as the State Law and Order Restoration Council, or Slorc, is actively nurturing him. "This is just another example in what has become a pattern for the Slorc: protecting narco-traffickers and harnessing their drug money for projects that do little to improve the lives of the Burmese people," says Robert Gelbard, the U.S. assistant secretary of state for international narcotics and law-enforcement affairs. "I'm afraid that Burma's immediate neighbours, in particular, are going to pay a growing price for the Slorc's lawless behaviour."

There is plenty of evidence that Khun Sa is still plying his deadly trade. Former associates of the warlord say he has adopted the Burmese name U Htet Aung and is living in a lakeside compound in Rangoon. "But he is far from out of the dope business, regardless of what the government wants to tell," declares a Western narcotics-intelligence analyst.

Those close to Khun Sa when he was headquartered at Homong, just across the border from Thailand's Mae Hong Son province, agree. "There are no more big, centralized opium refining centres in the Homong area any more," says one former associate of Khun Sa. "But smaller, more mobile refineries have been established all over the place. Khun Sa's people pay the Burmese a few hundred thousand kyats to stay out of a particular area for a cou-

ple of weeks," he says, referring to the Burmese army. "Then, they make heroin there for a while, and move on." At Loi Khi Lek, near the Salween River, both local tribal sources and Western drug-enforcement officials say government troops have even been hired to guard the local heroin factory, currently the biggest anywhere near the Thai border.

After hitting an all-time high at the beginning of the year, the price of heroin in Chiang Mai has come down to 270,000 baht per kilogram. It is still higher than last year, because, narcotics officials say, there is more demand, particularly in China and even in Rangoon. There are now more than 500,000 heroin addicts in China, "with young people accounting for more than 70% of the total," according to an official Chinese report.

China is also rapidly replacing Thailand as the main transit country for drugs from the Burmese sector of the Golden Triangle. In March, police in the coastal province of Guangdong seized in a single raid more than 300 kilograms of heroin that had come by car from northern Burma. "Four-wheel-drives ply between the Burmese border and the coast, where speedboats are waiting," says an American drug official. "It's out of control."

The northern-Burma routes to China have long been monopolized by heroin lords who once were commanders of the now-defunct Communist Party of Burma, which made peace with Rangoon in 1989. Their peace agreement seems to have served as a model for Khun Sa's own deal with Rangoon: Stop fighting, and gain in return the right to trade freely in any commodity. In July, the U.S. embassy in Rangoon said the ceasefire between Khun Sa and the Burmese government "has allegedly resulted in large cash inflows into the legal economy."

Thai intelligence sources say that shortly after Khun Sa's surrender, 600 million baht was transferred to Rangoon from various financial institutions in Thailand. In Hong Kong in May, one of Khun Sa's daughters, Apawee Apitummakoo, was detained on suspicion of handling laundered drug money. She was released when all charges were dropped on September 6, after the prosecution unsuccessfully sought more time to investigate. During court hearings, Apawee claimed that a sum of HK\$33 million that was at the centre of the investigation had been donated to her father's "liberation struggle" by a now-deceased "philanthropist" from Taiwan.

In February, a month after Khun Sa's move from Homong to Rangoon, 10 new companies were registered at an obscure address in the capital: a virtually empty room in a townhouse with little more than a sign and a letterbox outside. "The only



commercial activity anywhere in the vicinity was a guy selling cigarettes and candy at the stall outside the building," says a recent visitor to the house. "This is Khun Sa's business front in Rangoon," says the U.S. drug-enforcement official.

Burmese government officials openly admit that Khun Sa has even been awarded an official contract to run buses between major cities in Burma. Former associates of Khun Sa add that one of his sons, Sam Seun, is in charge of a major project near Tachilek, at the apex of the Golden Triangle. They say he has just leased an 18-hectare plot and plans to invest \$20 million in a tourist venue "complete with a casino, a 200-room hotel and other entertainment facilities."

Other associates of Khun Sa are said to have linked up with former heroin trade rival Lin Mingxian, now one of the most prosperous of the ex-Communist Party commanders who have made deals with Rangoon. Old animosities seem to have been forgotten—Khun Sa's former chief of staff, Chang Shuchuan, is reported to have invested in a casino at Mong La,

Lin's headquarters, which is described as "a hub of heroin trafficking, gambling and prostitution," by sources in Chiang Mai.

Most of Lin's heroin is exported to China, with an increasing amount going to Vietnam via Laos. The growing Vietnamese market already consists of an officially estimated 200,000 addicts and other countries in the region are also being hit. There are now over 1,000 known new addicts a month in Malaysia and Burmese narcotics are readily available in Hong Kong and Taiwan.

Yet, perhaps to avoid upsetting delicate relations with Rangoon, no government in the region has spoken out against the new drug epidemic, nor mentioned official Burmese complicity in the trade. Even official Chinese documents carefully refrain from mentioning Burma as the main supplier of heroin in Asia.

The main problem, as Western law-enforcement officials see it, is the Rangoon government's attitude to drug money. As the U.S. embassy report concludes: "Companies associated with narcotics-

cultivating and narcotics-trafficking groups operate openly in Burma." Barriers between legal and illegal business deals, it adds, have been eroded because of the government's policy of "openly welcoming investment without any consideration of the likely original source of the funds." That, in turn, may help explain the warm welcome that has been extended to Khun Sa in Rangoon.

As far as the U.S. government is concerned, no warm welcome will be extended to Slorc. As a major part of its policy in the region, U.S. Secretary of State Warren Christopher used the Asean Ministerial Conference in July to challenge Asian nations to address the problem.

"As the rule of law deteriorates in Burma, the threat its heroin trade poses to our nations is growing," he said. "Major drug traffickers receive government contracts and launder money with impunity in state banks. The warlord, Khun Sa, remains unpunished. The longer the political impasse continues, the more entrenched the drug trade will become." ■