

## Chapter 4

### Kokang Special Region (1) – 1989 - 2009

#### 4.1 Introduction

This chapter looks at the nature of the Kokang Special Region (KSR) in Myanmar and the role of the local authorities in the area's development activities. It is significant to view how the present KSR in Myanmar was formed in 1989, and has since gone through a variety of transformations. By looking at the local authorities' administration and area development activities, this chapter aims to clarify and understand: what kinds of space of exception the KSR was granted by the central government, what degree of self-autonomy the local people have been able to enjoy, how the social and political circumstances surrounding the Kokang Chinese have changed over time, and as a result, what kind of strategies the local Kokang Chinese have adopted for their livelihoods.

#### 4.2 The Role of the Kokang Authority

After the 1989 ceasefire agreement between the Myanmar central government and the Kokang armed force (MNDAA), the Kokang authorities focused on development of the area and improving the living standards of the people. The unstable political situation in the region had caused poverty in the past, and the Kokang people had been involved in poppy cultivation - in this remote hilly region far

from the outside world. Transportation, communications, health and education in the region were also poor, as a result of several internal conflicts in the region. In order to improve the people's living standards and allow people to enjoy a peaceful and better life, the local Kokang authorities started to focus on area development activities.

#### **4.2.1 Local Authorities' Area Development Policies**

Peng Jia Sheng came back to Kokang again to take a leading role in the area administration committee after Yang Mao Liang was defeated and forced out of the region in 1995, after which he was offered business opportunities by the central government and given land around Yangon<sup>1</sup>. Peng thereafter led the local administration committee (Kokang people call it '当地政府' - local government), and carried out many development activities in the region within a short period of time. As a result, the area developed rapidly and Laukkai became a modern border trade town. Since that time, the local people can have had a relatively peaceful and decent life. Peng Jia Sheng was respected as a good leader for the local people, who supported and followed him with all his area development activities. However, Peng failed with respect to staff arrangements and mixed his personal issues with the area's administration activities. Many important local administration offices were filled with his family members and they took a leading role in all kinds of business activities in Kokang. This staff mismanagement led many people to become dissatisfied, something which ultimately resulted in his downfall. As one local authority staff member told me:

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<sup>1</sup> interviews with people in Kokang who do not wish to be named but who are familiar with the situation

“We could not deny that Peng had devoted most of his time to our region’s development - under his leadership, our region developed rapidly. He took up the chances offered by China’s open market policy - improving the local infrastructure and the economy. Moreover, the transportation, communication, hydropower, agriculture, education and health sectors of the region also improved. This was the outcome of the united work of all the Kokang people and the local authorities under his leadership. Furthermore, in 2003, he took a leading role in helping to eliminate opium poppy cultivation in the region, which had given us a bad name and bad image among the international community. He also allowed casinos to open in Laukkai in order to provide jobs for the local people. But in fact, almost all the employees turned out to be from China when the casinos were established in Kokang around 2005. Later on, the local administration committee set up some policies for casino operators to follow – to recruit local people as casino staff. Since then, many young Kokang people have had the opportunity to become casino staff. On the whole, the Kokang region has been significantly developed in various sectors, with cooperation between the Kokang people and local authorities. But Peng thought all these achievements were his, and neglected the other officials’ efforts. He wanted to bring back feudalism to Kokang by assigning his family members to all the important administration departments and across business sectors. This was his main failing, and as a consequence he had to surrender his power and property, ending up homeless. He

really was a good leader, one who devoted his whole life to Kokang and the people. You can see his efforts in every corner of the town.”

During Peng Jia Sheng’s administration, he worked closely with the local authorities and MNDAA members to draft policies on area development. The Myanmar central government allowed the Kokang local authorities to make their own decisions on the area development plan, and so the Kokang region became a totally independent region, though central government never officially announced that the area had been granted self-administration. Before setting up the policies on local administration, Peng Jian Sheng and the local authorities first reviewed the situation in Kokang after the ceasefire agreement. A review committee meeting was held on October 28<sup>th</sup> 1996 - to review the situation and discuss future policies on Kokang regional development. The meeting first reviewed the situation with the agriculture, transportation, trade, infrastructure, economic, education and health sectors, and the administration of the region between 1989 and 1996, in order to develop new policies and boost area development.

The local authorities identified that the weaknesses and constraints in the area’s development activities up to that time, were due to the following six factors:

- 1 No clear political goals or administration guidelines
- 2 No suitable economic policies
- 3 No strict legal discipline
- 4 No strong and unified leadership or organization
- 5 No proper education system or schools, and
- 6 No military training school in the region.

After reviewing the Kokang situation between 1989 and 1996, the Kokang local authorities developed policies for the future area development, known as the ‘Liu Da Fang Zhen’ (六大方针 – the six big guidelines) of the KSR, and thereafter encouraged all people to carry out the region’s development activities in line with these principles and guidelines (Peng Jia Sheng’s Wen Ji 1999).

#### **4.2.1.1 The Six Development Guidelines for Kokang Special Region (1)**

##### **(1) Legislation and law enforcement**

Kokang was under the hereditary rule of the Yang family for centuries and under the BCP for some decades, so local people did not have much knowledge on law enforcement issues, although there were some customary laws in place, with penalties for certain offenses such as murder or theft. Local people did not pay much attention to the law or discipline, as it changed frequently along with leadership changes. As a result, there was no systematic law to be called-upon by the region’s new administration. In one speech, Peng Jia Sheng said:

“Different countries have different laws and different ethnic groups have different disciplines as well. All rules and principles are set up for the sake of the advantage of the people on different levels. The central government has recognized us as an ethnic group in the country and we are being granted self-administration. This means all our people’s advantages and profits are in our own hands; therefore, it is very important to set up our own laws.”

In the past, though Kokang had its own rules and regulation to bring security to the border region, these old disciplines and rules could not be adapted in the new situation. Due to unclear political goals and a lack of practical administration,

conflicts were occurring in the region that affected the area's security. Many criminal cases of theft, robbery, drug abuse and drug trafficking occurred as consequence of a lack of proper law enforcement in the region. As a result, in 1996 the first 'Administrative Law' for the Kokang region was set up by the local authorities. This was to be the fundamental administrative law for Kokang, and included laws on administration, the military, the economy, education, health, land use, the forests and mining. This was then implemented by the local authorities across all development activities in the region, as they believed that a proper administrative law could stabilize the area's security and people's lives. In order to make the people aware of these new laws, the local authorities set included them in the school curriculum, so as to teach the young generations of Kokang.

## **(2) Build a standard education system**

The Kokang administrative committee made some changes to the local education system, as there had been many problems with the Kokang education system previously. School education started in Kokang around 1940, when only wealthier or Sawbwa families could give an education to their children; no proper, extensive schooling was set up. In the late 1980s there were some small schools established in many villages, a time when many schoolchildren would be mixed-up in a small room – of different grades. All students were taught and supervised by a singly teacher, but most people from the Kokang region were illiterate and did not care for their children's education. Many school age children had to help their parents in the fields and the number of illiterates was very high. All these problems were caused by the lack of a standardized education system. Moreover when schools were

set up, they were often staffed by unqualified people, plus there was a lack of teaching materials, and few funds to develop a formal educational system – causing a general failure of the system. As a result, the local authorities developed some education system principles in 1997 in order to standardize the region's education. In the past, various kinds of school text books had been taught in the schools; no standardized text books had been introduced. Some schools taught with text books from mainland China, while others used those from Taiwan. As a result, the local authorities needed to standardize the curriculum, as its first priority. Nowadays, all the schools in Kokang follow the curriculum set for mainland China. Secondly, the local authorities agreed at the meeting that teachers should at least have graduated from middle school or high school, been trained in an appropriate way and have been recruited from China in order to improve the quality of local education system. In addition, it was agreed that the special region authorities would grant scholarships to outstanding students, to continue further education outside the region, maybe even abroad. In this way, it was expected that the number of educated people would grow in the region; change the living standards of the people there. They could also help maintain Kokang culture, traditions and literature. Although some Myanmar schools had been set up in the region by the central government after the ceasefire agreement, Kokang students are not interested in learning Burmese, as they cannot communicate with Burmese teachers and the Myanmar teaching style is not attractive. The students have to repeat what the teachers say even though they do not understand the meaning, plus the Myanmar classroom is not as lively as in Chinese schools (interview with a middle school student). In addition, the review committee meeting decided to set up a

military training school in the region; to improve the level of political knowledge of the younger generations.

### **(3) To develop the agricultural sector in the region**

Another principle and guideline set by the local authority in 1996 was to develop the agricultural sector, which constituted the main livelihood source for the local people. There were large areas of uncultivated land in Kokang which could be developed into cash crop fields - to improve the local people's lives and promote the region's economy. Since the ceasefire agreement in 1989, there had been no significant improvement in the agricultural sector of the region; local people were still using slash and burn cultivation practices and opium was the main cash crop grown. The tea and walnut plantations developed by people's ancestors had been neglected due to the people's involvement in poppy cultivation. It was therefore agreed that advanced techniques for agricultural production and new cash crops should be introduced by local people, in order to replace opium and improve their lives.

### **(4) Promote trade**

The economy of the Kokang region depended not only on agriculture but also on petty trade. Trade had become an important sector for the Kokang people over many centuries. China's economic reforms and open market policy had enticed many Kokang Chinese into trading with China; moreover, many Chinese nationals had started to invest in Kokang, setting up factories, shops, companies and other economic activities such as logging, mining and casinos, all of which had enhanced the economy of the region. As a consequence, infrastructure, transportation and



communications in the region needed to be developed. In order to promote trade activities with China and to attract more investment, the local authorities decided to set up some principles and policies - to open-up the border and attract business investment into the region. By opening-up the border and implementing market friendly policies, the Kokang Chinese would be able to participate in the global economy, through China. To promote border trade, the local authorities simplified the border trade procedures and set up the following policies:

- (a) Tax exemptions for newly set up businesses in the region, for a certain period
- (b) Collection of 1% of the income from various businesses set up in the region; thereafter, no more taxes, charges and fees to be collected
- (c) Simplify the border trade process
- (d) Import tax exemptions for all imported goods and products
- (e) Various kinds of currencies to be allowed in trade, but prohibit the use of counterfeit currency in the region
- (f) Outsiders allowed to buy, sell and transfer land in the region
- (g) Simplify the application process for outsiders to set up businesses in the region, and
- (h) Border checkpoints to be open at all times and vehicles are allowed to pass freely.

### **(5) Eradicate opium**

Opium had become harmful to the region and the people, but was the only cash crop grown, with almost all the people in the region engaged in opium cultivation. Since the region had developed the ceasefire agreement, opium had caused a series of social problems in the region, as most of the younger generation were addicted to drugs. Some people were involved in the drug trade and it had become the main livelihood activity for most people in the region. Some drug traffickers from Kokang had even been arrested and shot in China. In addition, a series of social problems such as theft, robberies, broken families and drug addiction had increased in the region. As a result, it was an urgent requirement for the local authorities to take action against opium and the drug problems, in order to stabilize security in the region. As a result, the authorities developed policies at the meeting in 1996 regarding drug control and opium, in order to ban the cultivation, production, sale and use of the drug.

There were several constraints on the local authorities being able to carry out the 'four-bans' policy in the region. First of all, Kokang is situated in a remote hilly area and no other cash crops could be grown in the region except poppies.

Furthermore, the money derived from opium was the main source of cash income for people in the region, and had been for centuries. In addition, there were some internal conflicts and civil wars in the region which diverted the local authorities' and people's attention away from the opium issue. Added to this, Kokang did not receive any support or help from the central government nor the international community, so it was difficult for the local authorities to implement a ban on opium cultivation on their own. In terms of production, there were no reports of opium refineries existing in

the region, so the ban on production was not a big issue for the local authorities, it was mainly selling. Most people in the region were involved in the drug trade, so to ban the sale of opium and help lift people out of poverty was a big challenge for the local authorities. Furthermore, opium had been used as a traditional medicine for the treatment of pain, aches and cholera by the Kokang people since their ancestor's time, so using opium was not a significant issue in Kokang. In order to overcome all these obstacles, the local authorities asked for support from the international community. They tried to develop an agricultural sector in the region by themselves by introducing new, alternative crops and technique in order for farmers to substitute for their opium. Moreover, the local authorities encouraged local administrative committee members and the Kokang people to follow the rules and principles drawn-up on opium eradication. Normally, when an opium ban was implemented, people got richer because they stopped smoking opium, but in the case of Kokang - where the entire economy for the hill people was based on opium, they had no alternatives. Also, the Kokang authorities did not prepare in advance for the people livelihoods to change, so they faced many problems as soon as the opium eradication plan was implemented.

#### **(6) Cooperation with China for alternative development**

In 1996 there were large areas of uncultivated land and plenty of natural resources available in the Kokang region, and due to the backwardness and illiteracy levels of the people, slash and burn agriculture activities were still being used, though many new, advanced agricultural techniques were becoming available. The crop yields in the region were just enough for local consumption and did not bring any

changes or improvement to the local people's lives. As a result, the local authorities set up policies in order to attract Chinese investment in the agricultural sector. Various cash crops, such as tea, chestnuts, sugarcane and rubber, were being grown in Kokang's neighboring Zhenkhan and Gengma counties in China, and those areas economies had developed swiftly as a result. As the Kokang area is next door to China, the geography, weather and soil conditions are the same as its neighboring Chinese states, so the crops grown in China are suitable for growing in Kokang also. As a result, the authorities set up policies to encourage Chinese people to invest in crop plantations in Kokang. On the one hand, the area would be developed and on the other, Kokang people would be able to learn new agriculture techniques from the Chinese farmers when working in their fields.

The Kokang region's sound economic policies and plentiful natural resources attracted many Chinese and other outsiders to invest in the region, with the whole region's development adapted to the six guidelines drawn-up by the local authorities in 1996. The Kokang authorities reduced import taxes and also allowed outsiders to set up casinos, massage parlors, karaoke bars and other kinds of entertainment business, all of which boomed in Kokang from the year 2000. Since then, in a relatively short period of time, Laukai, the capital of the KSR, has developed into a modern town full of casinos. Chinese owned businesses such as hotels, shops are scattered all around the town, and one cannot easily differentiate the town of Laukai from other rural towns in China. All the signs on the shops and hotels; the road signs and schools are written in Chinese, and the Chinese currency, the Yuan, has been used as the main currency in the region since the BCP time. China mobile phones, Chinese TV channels, Chinese video and book shops can be found in every corner of town

since the establishment of the KSR in 1989. The area is now totally different from other cities or towns in the Myanmar government controlled areas, and the Chinese influence on local people's lives can be seen from the way people dress, to the language, culture and traditions followed. The region is really a space of exception, in terms of the culture, economy and traditions, from the central Myanmar government administration areas, and most of, all the local people enjoy living in this self-administration environment.

#### **4.3 Changes in Attitude of the Myanmar Government in Kokang**

In 1988 there was a big political change in Myanmar, and since then many non-state actors have emerged across Myanmar's ethnic minority states in the country. Citizens of the ethnic minority states live under the authority of multiple 'states' or 'state-like authorities' which provide some services for the people, support commercial interests and sometimes cause conflicts. In some states in Myanmar, the range of competing systems of authority sometimes creates ambiguity that confuses people, businesses and the international community. The relationship between the national state and the other 'state-like authorities' varies from one region to another, and sometimes changes occur from one month to the next. The nature of political authority in Myanmar is dynamic and weak in some areas with dramatic changes taking place, especially in the country's ethnically-demarcated states. Most of the people living in these regions are not aware of and do not adhere to the centralized, homogenous nation state, but instead have local ties and loyalties based on historically derived notions and practices of ethnic identity.

The Union of Myanmar is politically divided, economically weak and socially fragmented. Most of the country's development plans and policies are centrally planned, and a top-down administrative approach has been implemented across the whole country since the military regime gained power. The 'junta', comprised of the the Tatmadaw's most senior officers, runs a highly-centralized administration and cedes very little power to the line ministries or to local authorities, other than the regional commanders. Many garrison forces have emerged in the country, especially along the border areas next to China and Thailand. Historically, the Yangon based state has rarely enforced its rule throughout the country, especially in the ethnic demarcated areas.

Throughout the post-colonial era, the Kokang region never came under the control of the central government, that, is until the Sawbwa relinquished power in 1959. The central government posted many government officials to the Kokang region in support of the area's development as soon as Burma got independence, but due to the remoteness of the region and the language barriers, plus the weak transportation links, virtually no financial or technical support was sent from the central government to the region. As a result, across the whole Kokang region, large numbers of Kokang Chinese were governed and administered by local authorities who were of Chinese descent. The local Kokang authorities were even allowed to maintain their own armed forces.

Today many small, armed groups are still fighting against the government in some ethnic minority areas, but the Kokang and sixteen other groups negotiated ceasefire agreements with the central government in 1989. Major General Khin Nyunt, the former powerful secretary of the junta, offered the ceasefire groups quite

extensive local autonomy in terms of economic, social and local political affairs, as well as the opportunity to hold on to their weapons.

The central government deployed some government staff, regional commanders and local battalions to Kokang in order to assist the local authorities in the region's development; moreover, the government set up the Ministry for the Development of the Border Areas and the National Races, later renamed the Ministry for Progress of Border Areas and National Races and Development Affairs (NaTaLa), and then other line ministries to build roads, power plants, telecommunications relay stations, Burmese-language schools, hospitals and clinics, as well as other departments in the region aimed at modernizing and developing the former war torn areas after 1989. However, almost all the modernizing and development activities in the Kokang region have been carried out by the local authorities, at first with the help of money derived from opium and other subversive economies. Only a little support has come from the central government, mainly due to the government official's lack of ability in the Chinese language, lack of knowledge of local culture and traditions, and most of all due to the limited government budget available for use in this ethnic area.

The Kokang Chinese are the main and largest population group residing in the KSR, and they have maintained their language, culture and traditions, which are very different from the Burmans. Though the government has set up some Burmese language schools in the region, the Kokang Chinese rarely send their children to Burmese schools as they cannot communicate with the teachers in the school. Moreover, most of the people in the region have more contacts with Chinese than Burmese people; they know Chinese literature, culture and traditions more than they

know those of the Burmese. In addition, the Kokang region borders China and people in the region have been under the rule of Kokang Chinese leaders for generations - most of the people think of and identify themselves as Chinese. These kinds of attitude and perception cannot be easily changed, even though the central government has tried to introduce Burmese culture and tradition into the region. The central government's support of social, cultural and economic activities in the region has increased year on year, but they still do not have much influence on local people. Mary P. Callahan analyzes the relationship between the Myanmar central government and the insurgencies in Myanmar in her book 'Political Authority in Burma's Ethnic Minority States: Devolution, Occupation, and Coexistence (2007)'. She describes the relationship of the Kokang with the central government authorities as one of "devolution", as the KSR is totally under the leadership of local armed authorities, businessman and Chinese traders.

One action that has lent support to Chinese influence in the region was when Major General Khin Nyunt, the former first-secretary of the junta, offered the ceasefire groups quite extensive local autonomy over economic, social and local political affairs, as well as the opportunity to hold on to their weapons. Khin Nyunt also made the decision to issue national identity cards to the Kokang people. Many Chinese businessmen took Kokang names and moved into the region and became legal Burmese citizens; many of them were involved in the drug trade along the border, while others carried out cross-border trade. These Chinese supported the local authorities in their development of the region by implementing civilizing projects such as constructing roads and modern buildings, and some became involved in the local administration. Though the central government set up many government



departments in Kokang, virtually no support flowed out, mainly due to a lack of financial resources, aid and support for the region.

Since Tu Shi Guan relinquished his hereditary power over the Kokang region in 1959, the Myanmar central government has attempted to introduce Burmese culture and traditions to the region and the Kokang people, but it took several years for the government to bring Burmese culture into the region. After the ceasefire agreement in 1989, Myanmar government officials, Burmese style temples, Burmese schools started to be seen in the region, but Chinese has remained the main language used in the region. As Kokang is situated in the border area, it is far from the central government's administration and totally under the control of the local authorities, so that people have more contact with China than they do with Myanmar. They have for a long time had close social relationships with the Chinese and have been much influenced by them. As result, they have not wanted to learn or practice Burmese ways, as they believe it would not be of use or support them in their daily lives, though they recognize themselves as Burmese citizens. Gradually, Burmese temples, schools and Burmese people have appeared in some villages in Kokang, and the role of the central government has changed, as they now give support and assistance to local authorities rather than take a leading role. Only the Kokang and Wa regions are ceasefire agreements areas, and so get the exceptions from the central government to control their own region, both of which have developed quickly with support from neighbouring China and Chinese businessmen.

#### **4.4 Kokang Authorities' Area Development Activities**

The KSR developed significantly from an isolated, hilly region into a modern border trade area close to Nam Tit in the Wa Region and also Lin Can and Nan San in China. There is now a sealed road to Lashio in Shan State built by the local administration, and most people in the region enjoy peaceful lives far from war and conflicts, though some people still fight poverty in the region. Overall the region has developed significantly when compared to some areas in central Myanmar. Modern buildings and sealed roads have been constructed and communications and transportation have improved across the region when compared to the past. These developments were not easily attained, as the local authorities and Kokang people have worked hard to achieve this position. The local authorities and people have developed the region in line with the six policies or guidelines set up by the local administration authorities in 1996. How the Kokang the region has developed and the changes that have taken place in the lives of the local people will be discussed in the following section.

##### **4.4.1 Opium Elimination**

During the ceasefire talks, the Kokang negotiators promised to eliminate opium cultivation in the region by the year 2003, in return for autonomy in the form of a special administrative region – the Kokang Special Region (1), formed along the Yunnan border (Sai Kham Mong 2005). As a result, the Kokang leaders launched a crop substitution program and used law-enforcement to eliminate poppy farming, and as a result Kokang became the first region among the ceasefire groups to eliminate poppy growing, a crop which had been growing in the region for centuries, and was

the main source of income for the people. The local authorities and Kokang people had to overcome many constraints and problems in order to carry out the opium eradication program across the whole region.

It is not clear when opium started to be grown in the region; many people believe it was brought in and introduced by the Yunnanese traders. However, following the Opium War of 1839, China began to grow its own opium for both political and economic reasons<sup>2</sup>. As demand rose, parts of Shan State also took part in opium cultivation, as ecological and climatic conditions favoured its cultivation, and it became the main cash crop upon which villagers depended for their livelihoods. The rice grown in the region was only enough for two or three months for the villagers and so they had to buy it from China to supplement the food shortage, using the money derived from opium sales. Villagers were not aware that opium could be harmful for the society, as it was the most important crop for their families to grow in order to meet their daily needs.

Before 1949, China was the main opium market for Kokang people, and many Chinese traders travelled into the area specifically to buy opium. Many Chinese people from China also migrated to Kokang to grow opium, with opium traders advancing money to the poppy farmers in order to grow the crop. After harvesting, the opium growers had to pay interest back to the traders from whom they had received the money advance. The traders got rich by selling opium in China, in fact the poppy farmers lived in relatively poor condition, due to the cycle of money advances and interest to be paid (Xiao Su, Fu Yan Kun 2007).

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<sup>2</sup> Yang Li in the House of Yang

During the British colonial period, the British government allowed Kokang and Kengtung to produce opium legally, in recognition of the fact that drastic measures to reduce the production of opium would deprive the villagers of a sustainable means of livelihood. Moreover the government also set up an opium cultivation law, which only applied to the west bank of the Salween River. The east bank of the Salween, where many Kokang grew opium, was not affected by the law. Due to this exemption, the Kokang region was allowed to cultivate and sell opium freely (Yang Li 1997).

After the Chinese Communist Party (CCP) took power in China in 1949, the opium market in China was restricted and shifted to Thailand. After that, the poppy cultivation area in Kokang also expanded, and in the peak cultivation period, Kokang was estimated to have 10,000 acres (metric) of opium fields. However, the poppy farmers became poorer the more they grew opium (Tung Naing 2000).

In 1969, Kokang region came under Burma Communist Party (BCP) administration, and they encouraged Kokang people to grow other, alternative crops, rather than poppies. During the early period of the BCP administration, the poppy cultivation area in the Kokang region dropped, also because during the fighting it was difficult to grow any kinds of crop. However, in 1979 international aid for the Communist Party decreased, so the BCP had to look for alternative income sources for the survival of its troops. A meeting was held in Pang Kham, in Wa region, to discuss the income of stream of the BCP, and it was agreed to produce opium as the main cash crop, and in order to carry out this activity, a secret task force named “51” was organized. An opium refinery was therefore set up with some technicians

recruited from Thailand, and morphine and heroin began to be produced in the region (Yang Guo Zhen, New Kokang 2010, Fu Yan Kun 2007).

The BCP involved in the opium trade and the 'Airplane' brand produced by them became famous on the world market, and the opium cultivation area expanded in the region in order to fulfil demand (personal interview with a Kokang Chinese in 2010). Moreover, the number of drug addicts in the Kokang region also increased day by day, and this became a threat to local security. The cultivation increased to around 30,000 acres and raw opium production increased to around 80 tons per year in the region. Kokang opium became famous in the Mekong region, with the brand name 'Malipa Opium', which led Kokang people to be known as opium growers, smugglers and drug traffickers among the other ethnic groups in the Mekong region (Fu Yan Kun 2007, Lu Cheng Wang 2009).

Under pressure from the international community and central government, the Kokang authorities promised to ban opium in the region after the ceasefire agreement, and the local Kokang authorities drew up policies and plans to reduce the cultivated area in the region year on year. With the assistance of international organizations such as JICA's Buckwheat Project, the government and China, opium eradication activities was successfully carried out in the Kokang area. Crop substitution programs and alternative cash crop plantations were established with the assistance of the United Nations and international non-government organizations (INGOs), in order to help villagers to overcome the food shortage problem after their main cash crop was banned (personal interview with the local authority in 2010).

#### **4.4.2 Alternative development activities**

In 2003 the Kokang area was declared to the world an opium free zone. Kokang people's centuries-long cultivation of poppies was stopped and as a consequence, the local people faced many problems such as food shortage, health care issues and some other social problems such as theft and drug addiction; however, the local authorities stuck to their 'four-bans' policy, a ban on cultivation, production, use and sale of opium in the region. Instead, they promoted the region economically, and improved the people lives by implementing alternative cash crop plantations and encouraged the people to trade. Besides the opium ban, the local authorities also carried out development projects in the region, in the sectors of health, education, infrastructure, transportation and communication, with the assistance of the international community.

##### **4.4.2.1 Agriculture**

Soon after the opium ban, local people's incomes dropped and most people in the region faced food shortages, and the rice growing in their fields was only enough for three or four months food for a family with five to six members. Many ex-poppy farmers' families had to forage for forest products such as tubers, corn and potatoes to overcome the food deficiency problem. Many school-age children dropped out of school, as their parents could not afford the school fees. In some villages, people even faced starvation and death, and health care was also a problem in the region. Many people migrated from the region to neighbouring countries such as China and Thailand to look for jobs and a better life. However, the local authorities and the people worked together to overcome the problems and within a decade people's lives

and the area had gradually improved and developed (personal interview with the Kokang authorities in 2011).

In the early years of the opium ban, the Kokang authorities and the people faced many failures in terms of agricultural activities. Local authorities initiated growing 50,000 mu areas with nearly 10,000 acres<sup>3</sup> of sugar cane as a substitute for poppies. The sugarcane plantations were quite successful, producing high yields; however, the market price fell in China and no harvested sugarcane could be sold in the first year, so this put people off growing sugarcane on their farms. The central government also supported the region in terms of growing bananas, and some 200,000 mu (34,000 acres) of banana plantations, 20 million coffee seedlings and more than 15,000 acres of castor oil plantation were started but all failed. Local people did not understand the reasons for the failures, though there was a lack of agriculture knowledge and little technical support was received from the local authorities or central government. Moreover, some villagers' fruit orchards and maize fields were destroyed by drought, too much rain or by diseases caused by pests such as mice. Therefore, the agricultural sector did not succeed in the early years after the opium ban (interview with Peng Jia Sheng from Suku.net). The failure of agricultural crops also caused some Kokang Chinese to move out of the region, with many Kokang Chinese moving to neighbouring Wa special region (2), where poppies could be grown until 2006. Moreover, the school enrolment rate declined due to the poverty and hunger, and malnutrition increased (personal interview with a Kokang Chinese in 2011).

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<sup>3</sup> 1 acre = 6 Mu

In the period 2003/2004, no agricultural tax was collected and all taxes concerned with agriculture were exempted across the whole Kokang region, in order to reduce the farmer's burden. Many outsiders, especially the Chinese from China, came to the region and invested in the substitute cash crop plantations; they brought in many agriculture experts from whom local people gained knowledge and new techniques. As a result, the agriculture sector in the Kokang region gradually developed and local people's lives also improved.

By 2009, there was altogether 34 million *mu*<sup>4</sup> of agriculturally cultivable land in the Kokang region, with rice fields occupying nineteen million *mu*, an average of 2.4 *mu* per person. Lowland paddy fields made up 30% of this and the remaining 70% were upland rice fields. Except for some remote villages where transportation and communication are difficult, almost all the villages in Kokang now have enough food all year round; moreover, cash crop plantations have also expanded in the region. There are now 8.6 million *mu* of sugarcane, three million *mu* of rubber, three million *mu* of tea and a million *mu* of walnut plantations in the region. In order to easily and efficiently transport the agricultural products, many sealed roads have been constructed in the region. In addition livestock breeding by the local people has improved and developed into a commercial form, from a household base of breeding pigs, mules, donkeys and buffaloes. By 2009, there were 3.1 million head of buffalo, 5.6 million pigs and 1.4 million sheep being bred in the region (Yang Guo Zhen, New Kokang 2010).

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<sup>4</sup> Mu – Chinese unit of measurement for land (1 acre = 6.6 Mu)





**4.1 Paddy Fields on Kokang Plain(L)**  
**Photo – New Kokang**

**4.2 Harvested Sugarcane to be Transported to  
 China (R)**  
**Photo – New Kokang**



#### **4.4.2.2 Transportation**

In the past there were no proper access roads into the Kokang region and people had to travel on earth paths, with items carried by mules or donkeys, or by hired labor; bamboo rafts were used to cross rivers, and as a result, the Peng Jia Sheng-led local administration committee started to construct and build access roads into the region as the first step towards development. There is a saying in Chinese that goes: ‘Yao Zhi Fu Xian Xiu Lu’ (要致富,先修路 – ‘if you want to get wealthy, build/construct the road first’) and the local administration clearly knew that access

roads into the region would bring development to the local people. First, it would make it easy for people to travel between villages and second, all the agriculture produce could be easily transported to local markets or to China.

Until 1989, there were only two simple unsealed access roads into the region - one from Chin Shwe Haw to Tar Shwe Tang village<sup>5</sup> and the other one from Laukkai to Nan San, the capital of Lin Can County in Yunnan Province, China. The distance covered by these two roads was not more than 70 kilometers. Since the ceasefire agreement and opium eradication program were introduced in the region, the transportation sector has developed rapidly, with many all-weather sealed roads constructed to connect every village in the region. All five townships in the region, seventeen village tracts out of eighteen and 207 villages out of 289 in the region have access roads, and special access roads have even been constructed to mining and rubber plantation areas. The overall road distance in the whole region is now around 800 kilometers, and among the roads, the Laukkai to Chin Shwe Haw, Laukkai to Tar Shwe Tang, Laukkai to Xi He village and Laukkai to the Yang Long Zhai border checkpoint roads are all sealed, covering a total distance of 70 kilometers. The Da Shui Tang to Mang Luo and Gong Kyan Township roads, at about 50 kilometers long, are stone-paved road right now. Some help came from JICA to help build the access road from Laukkai to Tar Shwe Tang. Along with the improvement in access roads, the number of vehicles in the region has also increased. By 2009, more than 4,000

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<sup>5</sup> The Kokang Sawbwa's Yamen was set up in Da Shwe Tan - a market place for the Kokang region in the past in the north of the region, several kilometers away from Laukkai. There is a monument near Da Shwe Tan made by the Kokang Sawbwa in memory of the Kokang soldiers killed during the Japanese War.

vehicles, 2,200 public buses and thousands of motorcycles and trucks were registered in the Kokang region (ibid).

#### **4.4.2.3 Communication**

Kokang, a region known for its poppy cultivation and hill-tribe Chinese people, borders Yunnan Province in China. A large number of Chinese live in the region and have a long history of social relations and contact with other side of the border. Starting in 1996, communication between the people within and outside the region became easier and more efficient as China Mobile installed a relay station in Kokang and the mobile phone signal now covers the whole Kokang region. Mobile phone communications are widely used in the region; moreover, the number of internet cafes has also increased in the region, especially in Laukkai. Thus local people are now able to instantly access global information. As recently as 2011, one of the poorest and remotest villages in Kokang - Mo Htai village, was given internet access, so now this backward, closed society is a part of history, and the Kokang region is on its way towards being part of the global community (New Kokang 2010).

#### **4.4.2.4 Education**

The quality of school education has progressed significantly since the ceasefire agreement was introduced twenty or so years ago. Currently, the Kokang region has six Chinese primary and secondary mixed schools, and 213 primary schools. As soon as opium was eradicated in the region, many school age children were pulled out from school as their parents could not afford the school fees; whereas, nowadays, the enrolment rate is up at around 76% (Lu Cheng Wang 2009). There are

around 400 teachers currently teaching 21,195 students in the region, with most of the teachers were recruited from China. The language and curricula used in the schools are Chinese, so that Chinese culture is having a big influence on the Kokang people from a very young age, though they have maintained their own culture and traditions over the generations.

#### **4.4.2.5 Health**

Previously, there was no public health system of clinics and hospitals in Kokang, so most of the villagers relied on traditional medicines and herbs, used opium as a pain killer and had to cure every illness themselves as they had no access to other medicines. Opium is actually a good medicine for pain, coughs, diarrhoea and certain other diseases, and even makes people with malaria feel better. As a result, the people relied on opium whenever they suffered from pain, headaches, malaria and any other disease encountered. At that time there was at least one opium smoker in every family in every village; whilst healthcare knowledge can be said to have been zero or very poor among the villagers.

During the BCP period, there was a hospital, four healthcare centers and twenty small clinics opened across the whole Kokang region. Health care services were relatively poor and most of the people lacked the knowledge to even access the health care centers. Many international NGOs focused on health care such as World Vision, Health Unlimited (HU) and AHRN (Asian Harm Reduction Network) were allowed to enter the region after 2005 - they help local people to improve their healthcare knowledge and also educate villagers about diseases. Moreover many medical personnel from China have also come to Kokang to provide health care

services to the people. Within a twenty year period, the number of healthcare centers has doubled in the region, and nowadays there are more than 103 health clinics in Kokang, with 200 medical personnel to take care of the local people. In Laukkai, several hospitals are fully equipped with modern medical equipment. As can be seen, health care service for the Kokang people have thus improved and developed from the historical situation of no doctors and no medicine for anyone.

People's knowledge on health care has also improved. The health education carried out by some health organizations and the Chinese government has been very helpful for the local people. One of the Myanmar government officials I spoke to told me:

“I thought the Kokang region was full of HIV/AIDS victims before I was transferred to work in Laukkai. I heard from some of my friends that there are a lot of prostitutes and drug addicts in Kokang, as these activities are openly and freely carried out, so I thought the HIV/AIDS risk may be high among the people in the region. To my surprise, when I talked with several NGO officials and staff who work on healthcare issues in Kokang, they said there are not many HIV patients in the region, though prostitutes and drug addicts are widespread. From my observations, this is mainly due to the Chinese government healthcare education programs shown on Chinese TV channels, as the Kokang people only watch these Chinese channels, so they develop a good knowledge on the risk of HIV/AIDS. When comparing the Kokang region to other border towns in Myanmar to which I have been, the health situation is much better here”

A medical officer from a health care organization also mentioned that the condition of people's health has improved a lot in the region. Most of the wealthier Kokang Chinese go for regular medical check-ups and many people know to visit doctors instead of using their traditional medicines.

#### **4.4.2.6 Industry and other Developments**

Industry was not a familiar word to the Kokang people before, as they lived in a closed, agrarian society. After the special region was established, the local authorities tried to develop the region in various areas, which included the industrial sector. The development policies of the Kokang have since attracted many outsiders, and especially Chinese businessmen to invest in the region. They not only promote the economy of the region, but have also brought advanced technology and technicians into the region, which contributes a lot to the area's development. Nowadays, many hydropower stations, mines, construction hardware shops, printing houses, medicine factories, drinking water plants, clean water supply systems, wood and tea processing plants, cigarette and rubber factories, alcohol, firecracker and other small industrial developments can be found in Kokang.

The Kokang region has developed rapidly and the capital Laukkai has become a modern border trade town since the 1996 internal conflicts ended. Since then, many urbanization projects have been implemented by the authorities, across the whole region and especially in Laukkai. The Kokang people now have their own Kokang Broadcast Television System and there are two private stations in Laukkai. The range of these two broadcasting stations covers almost the whole region, and they have their own news channel which focuses on Kokang news and the activities of the local

authorities. All the radio broadcasts are in Mandarin Chinese. The local authorities have also developed an official website on to which they add Kokang related news. Moreover, many discos, bars, pubs, gaming shops and recreation parks have opened, plus there is an opium museum and many other interesting places to be seen in Kokang. Kokang people's lives also seem to have improved along with growth in the economy and with infrastructure development in the region. People are now able to enjoy their leisure time utilizing various kinds of entertainment activity.

The local authorities also promote the Kokang traditional culture, by organizing competitions at Chinese New Year, such as a top-playing competition, a swing competition and a folk song contest. In addition, many Chinese traditional activities such as ancestor worship and worshipping at the Guan Yin and Guang Gong temples are still maintained. Among all the traditional activities, 'Da Ge' (the Kokang traditional dance) is the most famous among the Chinese in Myanmar, and is the trademark of the Kokang Chinese. The music is produced by a long-necked lute with three strings and without frets, called a Sanxian (三弦 - <http://www.philmultic.com/home/instruments/>) which is played by the men, with people of various ages dancing in a circle. The dance is usually performed at weddings, birthdays and other celebrations, and is also performed by the young people in the villages during the evening. This tradition has been well-maintained up to the present day.

Overall, in the twenty years since the ceasefire, the Kokang region has gradually developed from its historically remote, closed situation, to become a modern border area. The people's lives have also changed, from being mostly poppy growers to becoming traders, but most of all they can now enjoy a peaceful and self-

sufficient life; the new Kokang generations are even able to access education and health care services. The greatest achievement of the local authorities and Kokang people was to eliminate opium production, even though it was the key source of cash income in the region. Since then, people's perceptions of the Kokang Chinese as opium growing, backward people, have gradually changed.

#### **4.5 The '8/8' Crisis**

Kokang people have named the August 2009 clash between the central government and local armed troops the '8/8' crisis (八八事件), because the start date of the clash was 8<sup>th</sup> August 2009, a date on which the peaceful life enjoyed by the Kokang Chinese was shattered by clashes between central government and locally-armed troops. The central government ordered the Kokang ceasefire group to disarm and transform itself into a Border Guard Force (BGF) under government military rule, before the election took place in 2010. The Peng Jia Sheng-led Kokang troops (MNDAA) did not agree with the central government's policy, and there was a tense stand-off between central government and Kokang armed troops. Several negotiations were carried out between the government and the Kokang authorities, but a mutual agreement could not be reached on the issue of disarming the MNDAA and transforming it into the BGF. The local administration committee also separated into two groups; one that agreed to reform the MNDAA and one that was against the government order. The tension started on 8<sup>th</sup> August 2009 and finally broke on 27-29<sup>th</sup> August 2009, when for three days there was gunfire exchanged between the central government and Kokang troops, and this caused thousands of Kokang Chinese to flee Kokang into China. Moreover, many businesses run by Chinese nationals were



closed-down during the clashes. Finally, the MNDA leader Peng Jia Sheng fled Kokang and the area came under the control of the central government, with the support from the remaining Kokang authorities. The remaining MNDA troop (800) members were then transformed into the Border Guard Force (BGF), on 4<sup>th</sup> December 2009 (New Kokang 2010).

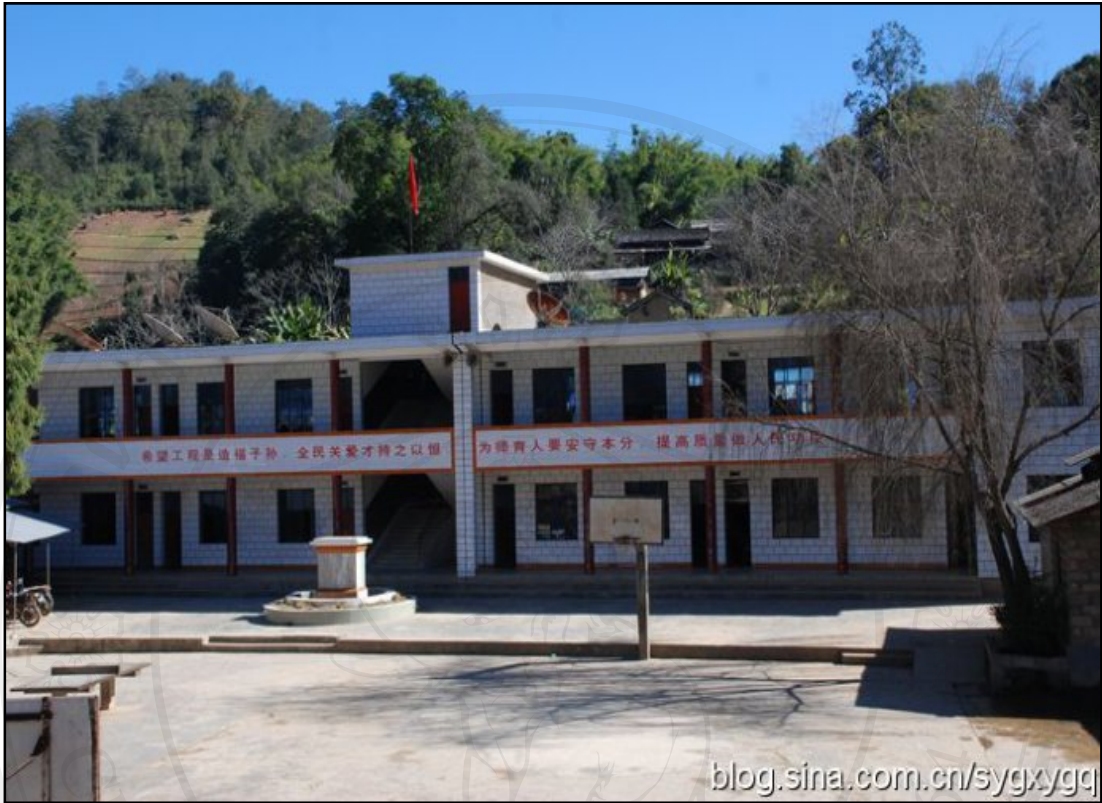
During the crisis, many Kokang Chinese and Chinese nationals fled Kokang as refugees, into China. Some of the shops and houses owned by Chinese people were then looted; moreover, many houses and buildings were damaged during the clashes (personal interview with a Chinese in 2010). Over a year after the fighting, in January 2011 when I conducted my field research in Kokang, I learned that the situation in Kokang, and the people's lives, have returned to normal. Many of the Chinese businessmen have returned to the region to run their businesses in the agriculture, mining and casino sectors. Administration of the area has been taken up by the 'temporary Kokang administration committee' organized by remnants of the formal Kokang authorities. The number of Myanmar government officials, officers and people in the area has now increased when compared to the past, but local administration still comes under the full control of the 'temporary Kokang administration committee'. On 27<sup>th</sup> August 2010, the Kokang Special Region (1) was officially renamed the 'Kokang Self-Administered Zone', situated in the Republic of the Union of Myanmar.



4.3 China Border Check Point, Nan San (L) and Kokang Yang Long Zhai Check Pont ( R )



4.4 Opium Museum (L) and Bai Sheng Hotel (Casino) ( R )  
Photo – New Kokang



**Hong Ai Village School**  
**Photo – New Kokang**

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