



**Conflict Analysis  
and Research  
Facility**



Women in an opium poppy field in South Shan. Courtesy of UNODC

RESPONSE PERSPECTIVES PLATFORM

# **Shooting Up: Drugs as a Driver of Conflict in Myanmar**

August 2022



## About the NRM

The European Union Nexus Response Mechanism (NRM) is an EU-funded programme designed to fund and implement innovative, tailor-made, flexible, and rights-based activities along the humanitarian-development-peace (H-D-P) spectrum in Myanmar. The NRM's overall objective is to contribute to lasting peace and national reconciliation, security, stability and sustainable development in Myanmar by reducing vulnerabilities and building the resilience of communities affected by conflict or natural disasters. The NRM is managed by UNOPS, which serves as the programme's Secretariat and implements the decisions of the EU-led Steering Committee. It began operations in January 2020 and is expected to continue through December 2023.

## About the CAR

The Conflict Analysis and Research Facility (CAR) is a research and analysis facility provided by an independent organization and managed by the NRM Secretariat. The CAR conducts joint assessments, ad hoc research, provides strategic guidance to the NRM Steering Committee and Secretariat, and manages the Response Perspectives Platform. The CAR also conducts third party contextual monitoring of the NRM's programming areas with a specific emphasis on human rights challenges and issues. The CAR is thus both a driving component of the NRM and a service provided to NRM-funded partners and programmes.



This publication account was produced with the financial support of the European Union. Its contents are the sole responsibility of the Nexus Response Mechanism, and do not necessarily reflect the views of the European Union and UNOPS.

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Opium poppies in bloom in the hills of Myanmar's East Shan state. Courtesy of UNODC

## Executive Summary

Myanmar has long been recognised as one of the world's drug-production epicentres. That this drug economy intersects with, and is a major driver of, the wider Myanmar conflict is taken as a given by many Myanmar watchers. However, this assumption — and the drug trade as a whole — should be closely examined, especially as Myanmar enters a new period of intensified conflict in the wake of the 2021 military coup.

First and foremost, there is no single drug economy in Myanmar. Rather, there are essentially two separate economies: one for opium/heroin and another for methamphetamine. Opium is primarily grown in Shan State; this is because opium is geographically bound by climate conditions, and requires highly specialised agricultural knowledge. Methamphetamine, meanwhile, is relatively simple to produce and manufactured throughout Myanmar.

Understanding how these drug economies function in practice is essential to understanding how drugs relate to drivers of conflict in Myanmar. This brief contends that while it is commonly assumed that armed groups — be they small militias, Border Guard Forces (BGFs), Ethnic Armed Organisations (EAOs), or the Tatmadaw itself — control the mode of production in the drug trade, this is not the case. Instead, the large majority of the opium/heroin trade and a significant component of the methamphetamine trade are controlled by local and foreign wholesalers.

These wholesalers provide needed inputs or loans to farmers and producers in exchange for yields, as well as purchasing remaining yields, overseeing refining and processing, sourcing buyers, and organising transportation of finished products. Armed groups are involved in this process, but usually as facilitators and rent seekers; they receive payments or shares of profit from wholesalers in exchange for protection and for facilitating smuggling. Armed groups, then, are not usually drivers or directors of these drug economies; rather than controlling the means of production, they are extrinsic components of this trade, extracting profits from it.

The drug trade, then, should be seen not as a unique, underlying driver of conflict in Myanmar, but as a tactical driver of conflict — not dissimilar to other valuable commodities. Certainly, armed groups want to control valuable territory, in order to extract rents and taxes; conflict over control of such territory is, therefore, inevitable. However, the particular source of wealth — whether it be drugs, logging, or other valuable agricultural commodities — makes no major difference, except in that drugs are generally a more profitable commodity. The value of a given territory is ultimately dictated by the strategic positioning and alliances of the armed group in question.

Insofar as facilitation of the drug trade is a key source of revenue for many — if not all — of Myanmar’s armed factions, this trade should be considered an important enabler of conflict. Drugs also function as an enabler in another way: many EAOs heavily restrict drug use in areas under their control, and drug addicts who are arrested in these areas are often conscripted as fighters.

However, cause and effect are not so neatly delineated in this case. The conflict and its underlying drivers — ethnic grievances, state abuses, poor governance, lack of accountability — are themselves major enablers of the drug trade. A major reason illicit economies are so prominent in Myanmar is because large parts of the country are ungoverned, governed outside formal state structures, and/or engaged in active conflict. You cannot truly combat the drug trade in Myanmar, or address its role in enabling conflict, without resolving the wider problems of governance and societal breakdown. A functional, accountable, and legitimate state is a prerequisite to curtailing Myanmar’s dual drug economies, and no such state currently exists.

## Methodology

This research was conducted using both primary and secondary data. The collection of primary data was carried out using targeted interviews. Interviews with 14 key informants and other well-placed sources took place between 1 May and 15 July. Considering the nature of the research, all interviews were anonymised, and specific details regarding locations, organisations, and individuals were also redacted or anonymised. These interviews were supplemented by interviews conducted for the CAR’s Kachin State Joint Assessment, Southeast Myanmar Joint Assessment, and Shan State Joint Assessment. Secondary data included open-source information and information provided by United Nations agencies (particularly the UN Office on Drugs and Crime [UNODC]).

## Myanmar's Drug Economies: Opium/Heroin and Methamphetamine

It is important to emphasise that Myanmar's drug economy comprises two separate economies: the opium/heroin economy and the synthetic drug economy. Myanmar is generally understood to be the world's second largest producer of opium, after Afghanistan,<sup>1</sup> and the largest producer of methamphetamine — particularly the amphetamine known as yaba. These two economies must be considered separately, because they have different production systems, inputs, and trade and transportation mechanisms; critically, production of each of these illicit commodities happens in different places, under different conditions.

### Opium and Heroin

Opium requires fairly specific soil and weather conditions to grow at production scale.<sup>2</sup> Much of Myanmar does not have either the correct soil conditions or the optimum precipitation patterns. As a result, the vast majority of opium production takes place in the ideal climate regions of southern and eastern Shan State. Northern Shan, southern Kachin, and Chin State also host smaller opium growing regions, but roughly 80 percent of Myanmar's total opium production takes place in Shan State. At least 341 tonnes of opium were produced in Myanmar 2021, according to UNODC.<sup>3</sup>

In Shan State, opium cultivation is generally carried out by individual smallholder farmers, who sell the product to wholesalers; the latter are usually Thai, Chinese, or local. In many, if not most, cases, these wholesalers contract farmers before they plant their crops. Wholesalers also often supply farmers with funds for high-quality agriculture inputs — fertiliser, for instance — in order to increase the value or yield of the crops. This assistance is often given as a loan, or in return for a stake in the final crop.<sup>4</sup> In some cases, wholesalers directly control all the means of production, as a business enterprise. Essentially, in return for 100 percent of the product, they purchase all required inputs, pay farmers rent for the use of their land, handle all arrangements with and payments to armed groups, and pay farmers a daily wage for crop cultivation.<sup>5</sup>

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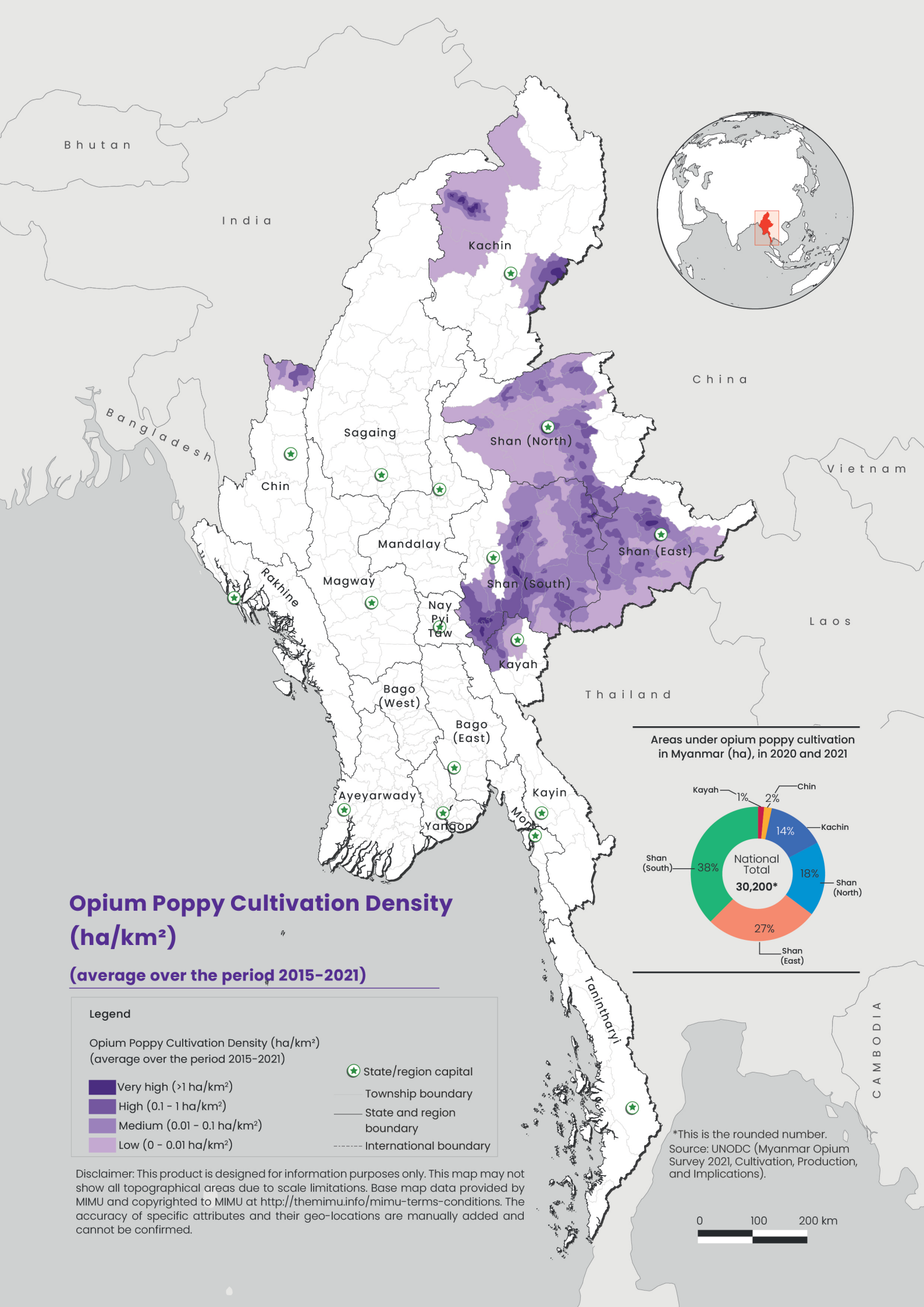
<sup>1</sup> Zsombor, Peter, *Myanmar's Economic Meltdown Likely to Push Opium Output Up, Says UN*, Voice of America, May 2021, [https://www.voanews.com/a/east-asia-pacific\\_myanmars-economic-meltdown-likely-push-opium-output-says-un/6206434.html](https://www.voanews.com/a/east-asia-pacific_myanmars-economic-meltdown-likely-push-opium-output-says-un/6206434.html)

<sup>2</sup> *Opium Poppy Cultivation and Heroin Processing in Southeast Asia*, US Department of Justice Drug Enforcement Agency, September 1992.

<sup>3</sup> *Myanmar Opium Survey 2021: Cultivation, Production, and Implications*, UNODC, 2021: [https://www.unodc.org/documents/crop-monitoring/Myanmar/Myanmar\\_Opium\\_survey\\_2021.pdf](https://www.unodc.org/documents/crop-monitoring/Myanmar/Myanmar_Opium_survey_2021.pdf)

<sup>4</sup> Interview on file with CAR facility.

<sup>5</sup> Local agents and brokers are often integral to this process. In some cases, farmers have a direct relationship with wholesalers. Usually, however, local agents facilitate the agreements between wholesalers and farmers, with the latter two never meeting in person. The security situation is one factor affecting this dynamic. In lower-risk growing areas, use of agents is more common, while in more dangerous growing areas — areas that are more policed, or more prone to armed conflict — direct wholesaler-farmer relationships are more common.



# Opium Poppy Cultivation Density (ha/km<sup>2</sup>)

(average over the period 2015-2021)

**Legend**

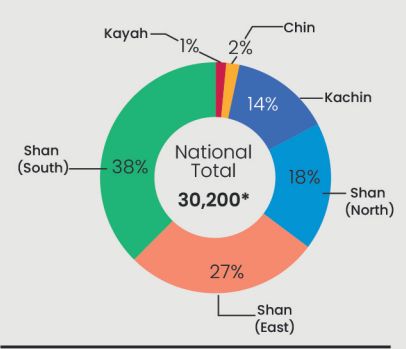
Opium Poppy Cultivation Density (ha/km<sup>2</sup>) (average over the period 2015-2021)

- Very high (>1 ha/km<sup>2</sup>)
- High (0.1 - 1 ha/km<sup>2</sup>)
- Medium (0.01 - 0.1 ha/km<sup>2</sup>)
- Low (0 - 0.01 ha/km<sup>2</sup>)

- State/region capital
- Township boundary
- State and region boundary
- International boundary

Disclaimer: This product is designed for information purposes only. This map may not show all topographical areas due to scale limitations. Base map data provided by MIMU and copyrighted to MIMU at <http://themimu.info/mimu-terms-conditions>. The accuracy of specific attributes and their geo-locations are manually added and cannot be confirmed.

Areas under opium poppy cultivation in Myanmar (ha), in 2020 and 2021



\*This is the rounded number. Source: UNODC (Myanmar Opium Survey 2021, Cultivation, Production, and Implications).



It's worth noting that poppies are not grown as a monoculture in Shan State's opium-producing areas. Corn thrives in similar growing conditions, and many farmers rotate corn with opium to preserve soil quality; in fact, many farmers switched semipermanently to corn in the period prior to the 2021 coup, largely due to the risks inherent in cultivating opium poppies. However, greater potential returns have now encouraged many of these farmers to begin transitioning back to opium cultivation.<sup>6</sup> In eastern Shan State, opium prices generally hover around 800,000 MMK per viss (roughly 1.6 kg), while corn is bought for around 600–900 MMK per viss.<sup>7</sup> Farmers consulted for this research said that corn production barely provides a subsistence-level income, whereas opium production allows farmers to profit and save. (This, despite the fact that one hectare of corn produces significantly more product volume than the same area of opium poppies.)

Once harvested, opium poppies are generally processed into heroin. This involves boiling poppy sap with chemicals (primarily ammonia) to produce morphine, which is then transformed into pure heroin using other combinations of chemicals — such as acetic anhydride, chloroform, sodium carbonate, alcohol, ether, and hydrochloric acid.<sup>8</sup> This heroin processing usually happens in Myanmar; it has also historically been conducted in Thailand and China. Reportedly, though, the Thai and Chinese borders have recently become more securitised (the former due to conflict escalation; the latter due to COVID-19 border closures). As a result, many Myanmar wholesalers and drug smugglers have increasingly begun to focus on Laos instead.<sup>9</sup> In general, the wholesaler that purchased the opium will fund its processing into heroin — either by overseeing the entire operation, or by providing the necessary chemicals to small- or medium-scale producers in return for a stake in the final product.<sup>10</sup>

The opium or refined heroin is then transported out of Myanmar, often using the same smuggling routes and mechanisms that are used to smuggle the chemical inputs into the country. This transportation is a massive logistical consideration, as it generally means portering and smuggling a fairly heavy product through difficult terrain, usually across international borders. While this smuggling is generally funded by wholesalers, its logistics — the (sometimes forced) recruitment of drug mules, security along the routes, arrangements with Myanmar and Thai or Chinese border security forces — are often handled by armed groups.<sup>11</sup>

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<sup>6</sup> Interviews on file with CAR facility.

<sup>7</sup> Interview on file with CAR facility.

<sup>8</sup> Booth, Martin, *Opium: A History*, New York: St. Martin's Press, 1998.

<sup>9</sup> Interview on file with CAR facility.

<sup>10</sup> Interview on file with CAR facility.

<sup>11</sup> Interview on file with CAR facility.

## Methamphetamine

Myanmar is widely thought to be the largest producer of methamphetamine in the world. In both Myanmar and neighbouring Thailand, meth is normally produced as yaba, a mixture of methamphetamine and caffeine. Yaba is usually produced in tablet form — coloured pills bearing an imprinted producer's logo — and is either consumed orally or heated and inhaled. However, different kinds of processed meth — especially the more chemically refined crystal meth, or 'ice' — is also produced in Myanmar for export to Thailand, China, other parts of southeast Asia, and Australia.

Methamphetamine production at scale requires large quantities of a variety of chemicals: primarily pseudoephedrine, but also acetone, anhydrous ammonia (fertiliser), ether, red phosphorus, and lithium.<sup>12</sup> Many of these chemical inputs cannot be easily obtained inside Myanmar; they are (usually illegally) imported into the country, usually from Thailand and China, but also from India.<sup>13</sup> Unlike opium-poppy cultivation, methamphetamine production is not geographically constrained due to climate or soil conditions; its only key prerequisites are the supply of chemicals (usually obtained via illicit cross-border trade) and amenable governance conditions. Methamphetamine production, unlike that of opium, is 'quiet' — labs can be established and operated in relative secrecy. While opium fields are sprawling farms, their locations common knowledge to locals, methamphetamine labs can be small, their locations obscure — whether tucked away in remote jungle or hidden inside villages or urban areas. These laboratories can be established relatively quickly and manned by unskilled, albeit supervised, labourers.

There are, of course, risks inherent in methamphetamine production; laboratory explosions are common occurrences. Moreover, this industry has serious environmental impacts. The production process creates considerable amounts of toxic chemical waste, which has the potential to pollute groundwater, ruin soil conditions, and pose severe health hazards to producers and nearby communities.<sup>14</sup>

Nevertheless, as compared to opium production — geographically constrained, demanding (in terms of the time, land, and agricultural knowledge required) — methamphetamine production is far quicker and simpler. The final product, in pill format, is also easier to smuggle. Methamphetamine is widely produced across Myanmar, in nearly every part of the country; anecdotally, production has increased, potentially dramatically, since the 2021 coup. According to one key informant, many individuals, groups of young men, and even families — especially in Shan State, but also in Rakhine and central Myanmar — have turned to small-scale methamphetamine production as a means of supplementing their incomes in light of the economic crisis.<sup>15</sup>

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<sup>12</sup> "How is methamphetamine manufactured?" National Institute on Drug Abuse, 2021: <https://nida.nih.gov/publications/research-reports/methamphetamine/how-methamphetamine-manufactured>

<sup>13</sup> Interview on file with CAR facility.

<sup>14</sup> Wright J, Kenneally M, Ross K, Walker S, *Environmental Methamphetamine Exposures and Health Effects in 25 Case Studies*. National Library of Medicine. August 2020.

<sup>15</sup> Interview on file with CAR facility.





Yaba pills. Courtesy of BNI Multimedia Group

As compared to the opium/heroin economy, the methamphetamine economy is less monopolised by wholesalers and business or criminal networks. Although wholesalers are typically involved in securing meth's chemical inputs, and, in many cases, also have stakes in its production — usually by providing chemicals to producers in return for a share of the product or by paying producers as employees<sup>16</sup> — armed groups are also key players in this economy. Such groups procure the necessary chemical inputs and produce, smuggle, and sell methamphetamine, as a means of income generation. This is especially true of smaller armed groups that have few other sources of revenue, such as BGFs, local militia groups, or more peripheral EAOs. In fact, the ability to produce methamphetamine is likely a major component of why many groups chose to align themselves with the Tatmadaw in the first place; they have essentially been granted licence to produce and transport illicit drugs, in exchange for their allegiance and a cut of meth revenues.<sup>17</sup> Larger EAOs — or, at least, individual stakeholders or units within them — have been known to produce meth, but they are more likely to tax producers than produce themselves.

<sup>16</sup> Interview on file with CAR facility.

<sup>17</sup> Interview on file with CAR facility.

## Panglong Escobar: Who Controls, Who Profits, and How?

It is common knowledge that both the Tatmadaw and some EAOs fund themselves through drug production and the drug trade. This is especially true in Shan State, but almost every armed group in Myanmar, across every region of the country, is somehow implicated in drug trafficking. As a result, it is commonly thought that the conflict in Myanmar — particularly in Shan State — is essentially a drug war, with EAOs fighting over control of the trade (in a manner akin to Central and South American drug cartels). By this logic, drugs are a major driver of conflict in Myanmar.

However, based on key informant insights, this is not the case. Most major EAOs do not themselves produce large amounts of drugs, especially in the case of opium; they are almost always the facilitators of the drug trade, but they do not necessarily drive or control the production cycle. Instead, local and foreign wholesalers appear to be the central driving force in the opium/heroin market and much of the methamphetamine market. Critically, it is not only EAOs that act as facilitators; police and the Tatmadaw are equally implicated.

And critically: the wholesaler driven system is by far the most common mode of production in Myanmar's drug economies — but it is also the most common mode of production in the country's agricultural sector. The rice, vegetable, livestock, and fish economies, not to mention large parts of the logging and mining sector, function according to this model: the wholesaler generally identifies buyers, provides inputs or loans in exchange for a share of production, purchases and transports the final product, and pays armed groups for protection and facilitation.



Myanmar authorities display precursor chemicals and machinery used to make illicit drugs seized in Kutkai Township, Shan State. Courtesy of Myanmar Now, photographer: Sai Zaw

## What is a Wholesaler?

'Wholesalers' are referenced repeatedly in this brief as the driving force in Myanmar's drug economy. It thus bears examining 'who' these wholesalers actually are, and what role they perform in Myanmar's wider economy. 'Wholesalers' (*Latt Kar Yaung Thu*) is the general catch-all term frequently used in Myanmar for the individuals and businesses that act as bulk agriculture or raw material vendors. Wholesalers run their businesses by purchasing the entirety of producers crops or raw product (such as minerals or wood), and identifying buyers - often abroad, but also in Myanmar's major commercial hubs of Mandalay or Yangon.

Because the wholesaler's business is reliant on the ability of producers to produce, in practice the wholesaler usually takes on numerous other roles. Wholesalers frequently issue loans to farmers, provide agriculture inputs, and also negotiate transportation and logistics (to include payments to multiple authority structures). These roles are also often assumed by 'brokers' (*pwalhcarr*) - in some cases the wholesaler and the broker is the same person, in some they are two different people that work closely together, and in some they are entirely separate enterprises.

So, in the case of the drug economy, who are these wholesalers? Frankly, by and large they have a similar profile to the general wholesalers in the legitimate agriculture industry, and many wholesalers that trade in drugs also trade in other agricultural commodities. There are essentially two types of 'wholesaler'. The first is wholesalers associated with larger Chinese or Thai businesses (or, criminal enterprises). In many cases the wholesalers themselves are local Myanmar people, but they are acting as agents of a larger organisation based in Thailand or China; though they have a considerable amount of local decision making, they are practically employees of a wider enterprise. They often trade in a specific type or a few types of commodities, based on the demands of their client organisations.

The second is purely local wholesalers, which likely form the majority of wholesalers in Myanmar. These are essentially the local trader/business class which exists in most commercial or market hub communities in Myanmar. They are often directly tied to their communities, and there is often an ethnic dimension to their sourcing; Ta'ang wholesalers that work with Ta'ang communities, Shan wholesalers for Shan communities, etc. Many local wholesalers - especially in Shan state, but also nationally - do also engage with the drug trade to some degree. However, they do so as part of a portfolio which consists of the other goods that are produced locally. Essentially for these 'local' wholesalers, at the end of the day business is business, and if the local community produces drugs then that is a commodity worth trading - so long as the proper connections with local armed actors can be facilitated.

As an example, which is indicative of the norm in the opium market: One wholesaler business that trades opium in Shan State is financially structured through profit shares. Local farmers, businessmen, or community members can purchase shares and take a component of the wholesaler's profits at the end of the year. However, a percentage is reserved for the EAO that is in control of the community and another percentage is reserved for the Tatmadaw military officer in command of the area. The wholesaler controls the trade — they fund farmers to produce, pay farmers for the product, source domestic and international buyers, and pay EAOs and government forces to facilitate delivery — while both EAO and Tatmadaw commanders share in the profits. This system ensures the local EAO and the Tatmadaw have an incentive to leave the trade unimpeded, but it is the wholesaler who controls the business and the market.



Drug found in a military vehicle in Maungdaw, Rakhine State. Courtesy of Reuters

Naturally, this wholesaler-controlled system is not the only mode of production in Myanmar's drug economies. Countless exceptions exist, and the degree of local variance in how the wholesaler market functions is staggering. Armed groups have also, at times, aimed to take a more direct role in drug production. For example, in the 1980s and 1990s groups such as the Mong Tai Army - a predecessor of RCSS - was directly in control of large aspects of the opium trade. More recently several major EAOs in northern Shan State did reportedly make a failed attempt to cultivate and process opium themselves in 2016. Certainly, smaller armed groups such as local militias and BGFs do, in some cases, directly control production of methamphetamine and opium.<sup>18</sup> Moreover, there are often obvious personal connections between individual wholesalers and armed groups. Individual local wholesalers or agents are sometimes personally related to EAO or Tatmadaw military officials, and in some cases, the profits and decisions of wholesalers — or the rents levied by armed groups — are directly influenced by these relationships.

Modes of production in the methamphetamine economy typically function similarly to those in the opium/heroin economy, in that it is wholesalers that are the driving force in the industry. Local wholesalers or Thai and Chinese business or criminal enterprises typically supply inputs to small local militias (or Myanmar business enterprises under the protection of militias) to produce methamphetamine. Larger EAOs are often paid what is essentially a tax to allow chemicals to be transported, labs to operate, and meth to be exported through their territory. Smaller 'wildcat' meth operations (generally run by local families or groups of young men) also often pay some kind of a production tax to the controlling EAO. In one case, when a small local producer was caught making meth secretly, the EAO charged them fines and back taxes before allowing them to continue operations in exchange for ongoing taxes.<sup>19</sup> The EAO in question never took control of the market, they simply extracted rent from it.

<sup>18</sup> Interview on file with CAR facility.

<sup>19</sup> Interview on file with CAR facility.

## Drugs as a Driver of Conflict

Myanmar's drug economies are fundamentally not so different — in their modes of production, mechanisms, and incentive structures — from any of Myanmar's other commodity markets. While the Tatmadaw, EAOs, and smaller armed groups do draw considerable funds from the drug trade, through rent seeking and taxation, they do not control the trade in a meaningful sense. Drugs are certainly more financially valuable sources of taxation than, for example, rice. At base, though, this revenue stream is dependent on territorial control, which is also the basis for revenue extracted from any other commodity, be it logging, mining, or rice farming. For this reason, when analysing Myanmar's drug trade and wider conflict dynamics, there is a need to stop thinking of illicit drugs as a unique underlying driver of conflict. While EAOs and armed groups are certainly motivated to control valuable territory, drugs are just one of the myriad commodities that armed groups use to further their larger interests and ambitions.

### Underlying vs Tactical Drivers of Conflict

Here, it is worth disaggregating underlying drivers of conflict from proximate or tactical drivers of conflict. Underlying drivers directly cause conflict, motivating armed factions to form and to engage in hostilities. These drivers can be, for instance, a desire for ethnic self-determination; sociopolitical grievances; ideology; governance failures; geopolitical considerations. On the other hand, tactical drivers of conflict are those that push groups into competition for shorter-term strategic ambitions — such as control over governance apparatuses; populated communities; or valuable (whether in a strategic, symbolic, or economic sense) areas. Put simply: underlying drivers push groups into conflict; tactical drivers push conflicting groups to prioritise fighting over certain objectives.

Take the case of Shan State, as the epicentre of drug production in Myanmar. There, armed groups are engaged in a series of major conflicts, with control over valuable territory — valuable, in many cases, because of rents from drug production — as a major strategic priority. But, while control of the drug trade is a major tactical driver of violence, this conflict is about much more than drugs. Underlying drivers of the conflict in Shan State include serious ethnic tensions — particularly, today, the divisions between the Shan, and Ta'ang, Pa-O, and Kachin peoples — as well as the political and ideological divisions within the Shan community. The Shan community has no single dominant EAO, a dynamic clearly illustrated by the ongoing and escalating conflict between SSPP and RCSS. Moreover, the increasingly direct push for influence by the United Wa State Army in the conflict in Shan is also a major underlying driver of violence.

These groups would almost certainly be in conflict even if opium did not grow in Shan State and there was no drug trade in Myanmar. Armed groups fight for territorial control over valuable real estate everywhere in the country; take, for example, the conflict among local militias, BGFs, the SAC, and the KIO in Hpakent and Puta-O, Kachin State, over control of mining areas. These clashes are part of the wider conflict landscape, emerging from particular political/military alliance structures in the country. While groups do fight over valuable

or strategic territory, the broader conflict is not typically driven by tactical dynamics. In fact, the drug trade can often serve as a mitigating factor in conflict at the tactical level. According to one key informant, for instance, SAC, BGF, and EAO forces in Shan State often avoid fighting each other in certain regions during the opium harvest; they all, to some degree, profit from the trade and have incentives to avoid risking damaged or destroyed crops.<sup>20</sup>

## Drugs as an Enabler of Conflict

Although the drug trade should not be considered an underlying driver of conflict in Myanmar, it is certainly a major enabler of conflict in two key ways.

The first way is simple: drugs provide a funding stream for the SAC, EAOs, and other armed groups. Although the drug trade is a particularly lucrative source of rents and taxes, it is otherwise not dissimilar to other revenue streams. EAOs in parts of the country where drug production is less prevalent still find ways to fund themselves, either through resource extraction or through taxation (often predatory) on the population. These groups, at least the larger ones, are primarily revolutionary projects; drugs are a means to an end.

The second way drugs enable conflict in Myanmar is through cycles of addiction and recruitment. Drug addiction is a substantial issue in Myanmar, especially in the country's poorer regions, and those with large populations of migrant workers. Drug use and addiction is widely frowned upon and seen as a massive social problem by most people in Myanmar; it is regularly cited in CAR interviews as among the top problems in communities. Many EAOs — often the same EAOs facilitating the drug trade — penalise addicts, and run treatment centres for them. These centres often rely on brutal treatments. Most resemble open prisons. Critically, these centres also often function, in practice, as recruitment hubs; addicts are taken in, sobered up, and then essentially forcibly recruited into the EAO as payment for their rehabilitation. In creating a massive pool of drug addicts, Myanmar's drug economies thus provide a steady stream of recruits as well as lucrative extractive opportunities for armed organisations.



Foreign military attachés gather on a football ground where seized drugs, vehicles, laboratory accessories and precursor chemicals were displayed in Kawngka, Shan State. Courtesy of Bangkok Post

<sup>20</sup> Interview on file with CAR facility.

## Conclusions

The drug trade in Myanmar is hundreds of years old, and it is likely to always exist in some form.<sup>21</sup> However, although the drug trade has deep roots in Myanmar, these illicit economies — especially the methamphetamine trade — are now even more prominent because of the country’s political situation. Large parts of the country are lawless, ungoverned, or governed outside of formal state structures, allowing illicit economies to thrive. This dynamic can be clearly seen in the expansion of opium/heroin and meth production since the 2021 military coup; while accurate statistics are not available, almost every person consulted for this RPP believed that drug production had expanded since the coup. Farmers in Shan State reported switching out their corn crops for opium, and key informants noted the growth of new methamphetamine labs throughout the country. You cannot combat the drug trade in Myanmar without resolving the country’s wider governance problem. A functional and accountable state is needed to crack down on the drug trade — and Myanmar has no such state.

It must also be mentioned that this trade - especially the opium trade - is the sole economic basis of many communities in Myanmar. The profits of this wholesaler-dominated drug trade often still deliver important cash infusions to many communities. Many farmers in Shan State, especially, are totally dependent on opium for their livelihoods; few economically viable replacement crops exist other than corn, which is widely seen as unprofitable. The communities these farmers live in are equally reliant on the trade. While the impact of addiction on Myanmar communities is well known and documented, it should be considered that if opium production were somehow discontinued in Myanmar tomorrow, the human conditions in many communities in Shan State would dramatically worsen.

That said, while the drug trade may not be in and of itself a unique underlying driver of conflict in Myanmar, it is certainly an enabler of the conflict. For the real drivers, we must look to the repressive, ethnocentric and authoritarian policies of the Government of Myanmar; severe ethnic grievances; and disunity between many of Myanmar’s ethnic groups. The drug trade, as with other lucrative commodities, is a means to continue fighting. The problem of addiction is substantial and a cause of concern for many; it can and should be addressed through programmatic intervention. To begin to combat Myanmar’s drug trade, however, requires a far larger intervention — one aimed at changing the underlying drivers of conflict and the structures of Myanmar’s governance system.

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<sup>21</sup> Helen James, *Security and Sustainable Development in Myanmar/Burma*, Routledge, 2012.