

BURMA/MYANMAR: ILLEGAL JUNTA THREATENS PEOPLE & PLANET

- For decades, Burma's military elite plundered the country's natural resources, undermined social and economic resilience, and destroyed the environment. During a decade of quasi-civilian rule and economic liberalization, the NLD government was able to put some safeguards in place and increase accountability. Since the coup, however, these significant—albeit insufficient—gains have been obliterated.
- The junta's escalation of violence targeting civilians including indigenous communities in forested and rural areas, intensifies climate vulnerability. Burma is one of the world's most vulnerable countries to climate change, experiencing cyclones, flooding, drought, landslides, and other disasters.
- During the first 18 months of the coup (1 Feb 2021 – 31 Jul 2022) there were 14,076 armed clashes and attacks on civilians—more than in Syria, Yemen or Afghanistan for the same period. These include hundreds of airstrikes targeting civilian communities in environmentally-sensitive zones. The attacks continue.
- In April 2021 the junta launched multiple airstrikes on the Salween Peace Park, one of the richest forest ecosystems in Southeast Asia, killing and injuring unarmed indigenous people, forcing thousands to flee their traditional lands.
- Space for civil society has shrunk: As of 24 October 2022, the junta had arrested 16,000 people. Those who speak out against the junta's plunder are threatened, arrested, and even killed. Many environmental defenders have been forced to flee, leaving the true extent of the junta's environmental damage unknown.
- The junta has destroyed Burma's existing environmental regulations, allowing it and others to profiteer at the expense of the population and the environment. Extractive industries, including those for gold, gemstones, rare earths, and logging are controlled by the junta, junta-sponsored militias, or allied armed organizations. The junta uses this revenue to fund its war on civilians opposing the coup.
- The cash-strapped junta has been selling Burma's natural resources for cheap to sustain itself. Since the coup attempt, the junta has hosted 12 timber auctions, raising over USD 5 million. It has held three gem fairs, the first of which raised USD 18 million.
- Junta- and Chinese-owned enterprises dominate the rare earth mining industry. Chinese imports of rare earth minerals hit a record USD 200 million for the month of December 2021. As of March 2022, 2,700 rare earth mining pools had been identified at 300 locations in Kachin State. This mining is particularly hazardous: locals reported water so toxic that entering it would cause severe itching, livestock was poisoned by it, and biodiversity dropped to an all-time low.

Burma is incredibly rich in lucrative resources, including jade and rubies, teak wood, oil and gas, and minerals such as nickel, copper, and gold.¹ It is also one of the world's most climate vulnerable countries—regularly experiencing extreme weather such as cyclones, flooding, drought, landslides, and other disasters—and has one of the lowest capacities for adaptation globally, leaving it vulnerable to

¹ Trust Works Global (Apr 2018) Natural resource-related country analysis Myanmar

climate catastrophe.² According to the Notre Dame Global Adaptation Initiative, Burma ranked 156 out of 182 countries surveyed, with low scores on both vulnerability and readiness.³

Since the attempted coup, the exploitation of natural resources has boomed. The junta has undermined Burma's few existing environmental protections and expanded extractive operations to fund war with the profits.

Attacks on civilians, attacks on environment

In the first 18 months of the coup, there have been 14,076 armed clashes and attacks against civilians, compared to 12,822 in Syria, 10,204 in Yemen, and 8,110 in Afghanistan during the same period.⁴ According to UNHCR, there were 1,347,400 internally displaced people (IDPs) in Burma as of 26 Sep 2022, including 1,017,000 displaced after 1 Feb 2021, with 47,600 refugees fleeing to neighboring countries.⁵

The attacks on civilians, including indigenous communities living in environmentally-sensitive zones, severely increased vulnerability to climate shocks and related challenges.

In April 2021, the junta began airstrikes on the Salween Peace Park, one of the richest forest ecosystems in Southeast Asia, killing indigenous Karen residents and forcing thousands to flee. The airstrikes destroyed a school and a hospital. The Salween Peace Park, established in 2016 after decades of armed conflict, was supposed to embody how peace-building and environmental conservation was deeply intertwined and connected.⁶

No more safeguards, crackdown on defenders

After illegally grabbing power on 1 Feb 2021, the junta now has total control over all state owned enterprises and has violated Burma's laws with total impunity.

The junta has systematically decimated civil society and environmental defense groups that speak out and monitor environmental exploitation, and prevented grassroots defenders and community conservation programs from operating.⁷

In June 2021 in Sagaing Region, the junta arrested and tortured Man Zar Myay Mon, a land rights defender, who was a member of the Myanmar Alliance for Transparency and Accountability (MATA) and the Subnational Coordination Unit (SCU) of the Extractive Industries Transparency Initiative (EITI).⁸ In September 2021 in Sagaing Region, the junta arrested environmental and democracy activist and MATA and EITI member Kyaw Minn Htut.⁹ Such arrests and targeting have enabled extraction to flourish in an environment of impunity and profiteering, despite the human and environmental costs.

As many environmental defenders have been forced to flee, the true extent of the junta's environmental damage and plunder of natural resources is unknown.¹⁰

Junta's drive to plunder

The junta exerts near total control over all extractive industries, has built a complex web of businesses behind which to hide,¹¹ and uses the plunder of natural resources to fund its attacks on civilians.¹² Previous military regimes used extractive natural resource industries to sustain themselves over long periods, even under international sanctions.¹³ The junta is doing the same--using extractive profits to

² ND-GAIN index score (4 Aug 2022) <https://gain.nd.edu/our-work/country-index/rankings/>

³ ND-GAIN index score (4 Aug 2022) <https://gain.nd.edu/our-work/country-index/rankings/>

⁴ Extracted from ACLED as of 1 Oct 2022

⁵ UNHCR (29 Sep 2022) Myanmar Emergency Overview Map: Number of people displaced since Feb 2021 and remain displaced (As of 26 Sep 2022)

⁶ ICCA Consortium (Apr 2021) Salween Peace Park under Attack! <https://www.iccaconsortium.org/wp-content/uploads/2021/04/salween-peace-park-under-attack-report.pdf>

⁷ Mongabay (23 Aug 2021) Deforestation surge continues amid deepening uncertainty in Myanmar

⁸ FIDH (16 Jul 2021) Myanmar: Man Zar Myay Mon Subjected to Torture While in Custody

⁹ Mongabay (9 Sep 2021) Environmental activist 'well-hated' by Myanmar junta is latest to be arrested

¹⁰ Global Witness (9 Aug 2022) Myanmar's Poisoned Mountains

¹¹ UN Human Rights Council (5 Aug 2019) UN Fact-Finding Mission on Myanmar exposes military business ties, calls for targeted sanctions and arms embargoes

¹² East West Centre (29 Jan 2019) In Myanmar, Conflicts Over Land and Natural Resources Block the Peace Process

¹³ Al Jazeera (1 Dec 2021) Climate danger grows in 'vulnerable' Myanmar after military coup

fill its coffers in the wake of the economic collapse it caused. The junta has conceded that the value of Burma's mineral exports collapsed by half in 2021: over 1 Oct 2020 - 9 Jul 2021, mineral exports totaled USD 776.737 million, compared to over USD 1.5 billion in the same period in 2019 - 2020.¹⁴ However, this is largely due to the COVID-19 pandemic and the halting of border trade with China and India. In response, the junta has ramped up and expanded extraction.

In 2020, Burma was the third largest producer of rare earth minerals in the world, producing roughly 30,000 tons per year.¹⁵ Gemstones from Burma are some of the most highly prized in the world, and Burma produces a lot, including 90% of the world's jade.¹⁶ The gemstone mining industry was officially worth USD 346 - 415 million annually from 2014 to 2017, but factoring in smuggling and the illicit trade, its real value is estimated to be closer to USD 1.73 - 2.07 billion per year.¹⁷

Teak wood represents an important revenue stream for the junta: Myanmar Teak Enterprise (MTE)'s income in the 2017-18 financial year from timber sales for export was over USD 186 million, and the state earned an additional USD 100 million from royalties and related taxes.¹⁸ The junta is well aware of the financial importance of the trade and issued a statement that it must continue and would be important in bringing income to the country.¹⁹

The junta also profits by levying taxes. For example, it gets MMK 11.948 million per four-acre small-scale gold mining block and MMK 1.147 million per one-acre artisan gold mining block.²⁰ Gem fairs are a major earner for the junta, which taxes sales at up to 40%;²¹ likewise the Myanmar government has long imposed taxes of 15-20% on jade and gems sold at emporiums.²² According to the Myanmar Extractive Industries Transparency Initiative (MEITI), the government received USD 578 million from jade and gems companies in the 2015-16 fiscal year.²³

Profiteering booms under the junta

Since the attempted coup, mining operations have drastically increased. Military-affiliated and crony-owned mining companies have expanded their operations under the protections of groups such as junta-affiliated people's militia forces (PMFs). It was reported in March 2021 that companies operating at Tigyit coal mine in Shan State were using the coup as a cover to expand their unlicensed operations.²⁴ By July 2022, there were reports that illegal rare earth mining had increased by at least 500% since the attempted coup in Pangwa, Chipwi Township (Kachin State), much of it controlled by a junta-sponsored militia, the New Democratic Army-Kachin (NDA-K).

The junta and Chinese-owned enterprises dominate the rare earth mining industry. Chinese imports of rare earth minerals hit a record high of USD 200 million for the month of December 2021.²⁵ As of March 2022, 2,700 rare earth mining pools had been identified at 300 locations in Kachin State.²⁶

It is estimated that the junta-controlled Department of Mines, under the Ministry of Natural Resources and Environment Conservation, issued tenders for the sale of 5,008 metric tons of cathode copper from Monywa (Sagaing Region), 440,000 tons of slag and tailings from Namtu Township (Shan State), and 89 tons of metal ores from Loilem and Heho Townships (Shan State) worth around USD 51 million.²⁷

Since the attempted coup, illegal gold mining has increased in Homalin Township (Sagaing Region),²⁸ as have unregulated mining operations in Kachin State's Shwegu, Mohnyin, Chibwe, Sunprabon,

¹⁴ Global New Light of Myanmar (16 Aug 2021) Volume VIII, No 119

¹⁵ Irrawaddy (15 Jul 2022) China-Backed Illegal Rare Earth Mining Surging in Northern Myanmar

¹⁶ Mizzima (6 Jul 2022) How the junta plunders Myanmar's Natural Resources

¹⁷ Global Witness (Dec 2021) Conflict Rubies

¹⁸ Environmental Investigation Agency (Sep 2021) The Italian Job

¹⁹ Environmental Investigation Agency (Sep 2021) The Italian Job

²⁰ GNLM (18 Jun 2022) Over 350 gold mining blocks remain to pay taxes in Sagaing Region

²¹ Global New Light of Myanmar (23 Apr 2022) First day of 57th Myanmar Gems Emporium held in Nay Pyi Taw

²² Radio Free Asia (11 Mar 2022) Two dozen dead, 80 missing after jade mine landslide in Myanmar's Hpakant

²³ Radio Free Asia (11 Mar 2022) Two dozen dead, 80 missing after jade mine landslide in Myanmar's Hpakant

²⁴ Shan News (6 Mar 2021) Coal Mining Companies Ramp Up Illegal Extractions Amid Protests

²⁵ Global Witness (9 Aug 2022) Myanmar's Poisoned Mountains

²⁶ Global Witness (9 Aug 2022) Myanmar's Poisoned Mountains

²⁷ Irrawaddy (28 Jun 2021) Myanmar Junta to Sell Metal Worth US\$51 Million

²⁸ Burma News International (23 Jun 2021) Illegal gold mining rampant in Homalin Township

Myitkyina, Hpakant, Tanaing, and Waingmaw Townships.²⁹ In January 2022, it was reported that gold mining had increased around the suspended Myitsone Dam project and in Chipwi Township (Kachin State) since the coup, with crony companies using large backhoes to extract gold. A company linked to the junta-appointed Kachin State Chief Minister has been digging for gold on the riverbank near Myitsone since December 2021.³⁰

Though the last license for gemstone mining in Burma expired in 2020, it has boomed since the attempted coup, with tens of thousands of informal mines springing up. The military, its cronies, and EAOs have also used the lack of formal regulation to exploit gem mines.³¹ The junta has so far held three gem fairs, the first of which raised USD 18 million.³²

The junta has seized 9,150 tons of illegal timber since the attempted coup,³³ but it has also auctioned off seized teak to international markets.³⁴ Since the coup attempt, the junta has hosted 12 timber auctions,³⁵ including at least five selling wood seized prior to the attempted coup. In May 2021, the junta sold 10,300 tons for around USD 5 million.³⁶ In September 2021, it auctioned off 12,500 tons.³⁷

Avoiding sanctions

Despite US and UK sanctions on Myanma Gems Enterprise, a state-owned enterprise with direct ties to military leaders,³⁸ reports have found that multinational jewelry companies Graff, Van Cleef & Arpels and Pragnell, high-end auctions houses Sotheby's and Christie's, and mass market retailers Walmart and Intercolor have sold rubies from Burma. These multinationals hide behind the complexity of gemstone supply chains, which obscures the origins of stones. Of over 30 international jewelers, auction houses, and mass-market retailers, only four—Tiffany & Co., Signet Jewelers, Boodles, and Harry Winston—said publicly that they had stopped sourcing gems from Burma.³⁹

The junta has consistently drummed up business for the gem trade and worked with gem traders to undercut sanctions. Some exporters, with junta help, planned to falsify documents and certificates of origin for their stones and sell them in Thailand to avoid sanctions.⁴⁰ Junta authorities reopened the Maha Aungmyae Ward gem market in Mandalay—previously closed due to COVID-19—and reportedly pressured merchants into resuming their activities there.⁴¹ Since the attempted coup, the junta has held three gem fairs in Naypyidaw to generate revenue; it regularly earns around USD 18 million per fair.⁴²

Despite international sanctions on MTE, teak continues to make it across the world. Traders ship wood to other countries, such as Taiwan, to be processed, and then claim the wood originates from there.⁴³ Burma's border with China is also incredibly porous, despite efforts to crack down on illegal smuggling. Following sanctions in 2021, 27 Italian companies bought 300 tons of illicit teak, worth over USD 2 million, which ended up in other EU states such as Belgium, Germany, and the Netherlands.⁴⁴

The Myanmar military has also sought to build at least 20 more dams in Shan State, mainly to export power to China and Thailand. As of July 2022, French company Razel-Bec continued to construct a

²⁹ Radio Free Asia (4 Dec 2021) Illegal gold mines operate unchecked in Myanmar's Kachin state since coup

³⁰ Kachin News Group (11 Jan 2022) Gold Extraction Escalating Near Suspended Myitsone Dam

³¹ Global Witness (15 Dec 2021) Conflict Rubies

³² Irrawaddy (10 Nov 2021) Myanmar Junta to Stage Gem Fair in December

³³ DMG (22 Sep 2021) More than 5,000 tonnes of illegal timber seized in Arakan State over less than a year; DMG (13 Feb 2022) Illegal logging continues to threaten Arakan State's forests in post-coup period; DMG (2 Mar 2022) Hundreds of tonnes of illegal timber seized in Arakan State last month; DMG (15 Jul 2022) Many illegal timber seizures in Arakan State traced to outside sources: Forest Dept.

³⁴ Environmental Investigation Agency (21 May 2021) Myanmar junta looks to line its pockets and fund the coup with massive auction of illegal timber

³⁵ Oxpecker (8 Apr 2022) From Myanmar to the EU, the path of a 'bloodstained' resource

³⁶ Irrawaddy (8 Jun 2021) Myanmar Junta to Sell More Timber in Search for Hard Currency

³⁷ Irrawaddy (10 Sep 2021) Myanmar Junta to Auction Over 12,000 Tons of Illegal Timber

³⁸ U.S. Department of State (8 Apr 2021) Imposing Sanctions on Burmese State-Owned Enterprise

³⁹ Global Witness (28 Jun 2021) Jade and conflict: Myanmar's vicious cycle

⁴⁰ Myanmar Now (8 Jul 2021) Gem industry leaders attend meeting with junta officials

⁴¹ Mizzima (21 Oct 2021) Spring Revolution Daily News for 21 October 2021

⁴² Democratic Voice of Burma, via Twitter (17 Dec 2021) <https://tinyurl.com/2zb5y5cc>

⁴³ Mongabay (10 May 2021) Trafficking of banned Myanmar teak lands German company with \$4m fine

⁴⁴ Environmental Investigation Agency (Sep 2021) The Italian Job

dam on the Namtu River in Shan State in a joint venture with a subsidiary of crony company International Group of Entrepreneurs (IGE), which the EU has sanctioned.⁴⁵

Environmental destruction

China is the largest buyer of Burma's rare earth minerals, accounting for 74% of such exports in 2020. During May 2017 - October 2021, Burma exported rare earths to China worth over USD 1 billion, and exports have reportedly increased since the attempted coup. A source involved in mining operations said that five toxic chemicals, including oxalic acid and ammonium bicarbonate, were used in the mining process. NUG Minister for Environmental Conservation and Natural Resources Tu Khaung stated that they were seeping into waterways and threatening the drinking water supply of local communities.⁴⁶ The illegal mines operated completely unregulated and led to environmental degradation, with 284 million tons of hazardous waste and 14 million tons of radioactive waste produced during May 2017 - Oct 2021. Environmental experts reported that local habitat recovery could take over 100 years.⁴⁷ Rare earth mining is particularly damaging to the environment: local residents reported water so toxic that entering it would cause severe itching, livestock had been poisoned by it, and biodiversity had dropped to an all-time low.⁴⁸

Burma is also a key producer of dysprosium, used to make magnets and found in the motors of electric vehicles and wind turbines. China dominates the magnet manufacturing industry, and about half of its supplies come from Kachin State and are controlled by the junta-affiliated Kachin BGF. China has curbed rare earths mining within its borders, citing environmental concerns, causing prices to skyrocket; these favorable conditions have allowed the junta to generate more revenue from Burma's resources.⁴⁹

Increased gold mining has impacted biodiversity, and local residents have said the chemicals used in gold mining were contaminating the waters of Indawgyi Lake—a UNESCO Biosphere Reserve and the largest freshwater lake in Burma--and leading to increased sedimentation.⁵⁰ Local sources reported that gold miners in Kachin State were dredging the Irrawaddy River to collect the mineral from the riverbed, before dumping the silt and wastewater back into the waterway, causing serious pollution.⁵¹ In Chipwi Township, mining operations reportedly began in May before increasing dramatically in October, raising fears that soil erosion will lead to flooding during the rainy season.⁵²

Gemstone mining has devastating consequences on the natural environment. According to 2016 report of Myanmar Gems and Jewelry Enterprise, there were 21,000 gemstone mines in Hpakant and Khamti. In Hpakant, the jade capital of Burma, there are more than 500 companies mining using heavy machinery. The unbridled expansion and lack of proper oversight and regulation means that whole hillsides are excavated, and the local environment destroyed.⁵³

The junta-controlled Myanmar Teak Enterprise (MTE) has a monopoly on the teak industry and a long history of corruption, overexploitation, and deforestation, leading to a 20% loss in forest cover since 1990.⁵⁴ The harvesting of the teak comes at a high cost: a Conflict and Environment Observatory report lists Burma as a country of 'immediate concern' with regards to conflict-related logging and deforestation rates. The report argues that since the attempted coup, there has been a proliferation of logging of primary rainforest and illegally exports to surrounding countries. This follows already unsustainable levels of logging in 2019 and 2020.⁵⁵ Environmental defenders in Hkamti Township (Sagaing Region) reported that illegal logging had massively increased since the coup and was "out of control." Illegal timber is transported to China via either Kachin or Shan State, and local defenders said that the scale of smuggling would not be possible without the junta's knowledge.⁵⁶

⁴⁵ Mizzima (6 Jul 2022) How the junta plunders Myanmar's Natural Resources

⁴⁶ Radio Free Asia (10 Mar 2022) Illegal rare earth mining harms environment in Myanmar's Kachin state

⁴⁷ Resource Policy (Jun 2016) The impact of unregulated ionic clay rare earth mining in China

⁴⁸ Global Witness (9 Aug 2022) Myanmar's Poisoned Mountains

⁴⁹ Myanmar Now (10 Nov 2021) Rare earth metals used in electric vehicles may come from mines controlled by Myanmar junta

⁵⁰ Eleven Media Group (15 Jan 2022) Water from gold mining sites enter Indaw Gyi Lake which is designated as Ramsar site

⁵¹ Radio Free Asia (4 Dec 2021) Illegal gold mines operate unchecked in Myanmar's Kachin state since coup

⁵² Kachin News Group (11 Jan 2022) Gold Extraction Escalating Near Suspended Myitsone Dam

⁵³ Mongabay (25 Apr 2022) Analysis: Myanmar's gemstone riches bring poverty and environmental destruction

⁵⁴ Environmental Investigation Agency (February 2019) State of Corruption

⁵⁵ Conflict and Environment Observatory (Apr 2021) Deforestation in conflict areas in 2020

⁵⁶ Irrawaddy (17 Aug 2021) Myanmar Junta's Coup Gives Greenlight to Timber Traffickers

Conflict resource extraction undermines resilience

The human cost of unregulated natural resource extraction in Burma is high, and economic insecurity since the coup has pushed civilians to seek income by unsafe means. Miners use unsustainable techniques and fail to ensure the safe disposal of mercury. Communities and environmental activists in the Myitsone river area of Kachin State, have voiced concerns that miners ruin the local environment by using heavy dredging equipment and dumping silt and wastewater into waterways.⁵⁷

Many hundreds of thousands of long-term IDPs from Kachin State who have been displaced by armed conflict are being forced to sell their ancestral lands, with others having their land ruined or taken from them during this gold rush.

Landslides regularly kill those mining for gems; as of 2015, over 500 people had been killed in landslides. In February 2022, a landslides of dirt and mining waste allegedly killed 23 people and caused 80 others to go missing.⁵⁸ Other preventable accidents, such as equipment failures, are also common.⁵⁹ The use of illegal drugs such as heroin, methamphetamines, and opium is high, and endemic intravenous drug use have led to high rates of HIV among miner populations. Local populations do not benefit from the mining; instead their communities and environment are ravaged.⁶⁰ Labor violations also occur frequently, with no recourse available.⁶¹ Illegal logging has devastating effects on local communities, 70% of which are dependent on forests for their livelihoods.⁶²

In March 2022, junta troops forced 106 people from Nam Mo village to build a new military outpost about one mile from a large new coal mining operation, planned by a subsidiary of the Mandalay-based Ngwe Yi Pale company, in southern Shan State. The outpost was built just north of Koong Di village in Nawng Hee tract, in Namzang Township about 15 miles northeast of Namzang Town. The villagers were forced to dig bunkers, cut bamboo and erect fencing. Locals expressed concern that the new outpost could worsen human rights abuses in the area; the coal mining itself was also set to take place on lands where local farmers they plant corn as their main source of income.⁶³

The junta's income from natural resource extraction directly funds its violence.⁶⁴ The current conflict in Burma, the junta's attacks on communities, and the volume of displacement all have devastating consequences for communities' resilience to ecological harms. Without strong protections in place and a democratic regime to enforce them, the country will continue to see decimation of its natural resources, environmental pollution and destruction, and the inability of much of the country to adapt sustainably to global environmental changes.

⁵⁷ Mizzima (6 Jul 2022) How the junta plunders Myanmar's Natural Resources

⁵⁸ Radio Free Asia (11 Mar 2022) Two dozen dead, 80 missing after jade mine landslide in Myanmar's Hpakant

⁵⁹ Guardian (22 Dec 2021) Myanmar: dozens feared missing after landslide at jade mine

⁶⁰ Mongabay (25 Apr 2022) Analysis: Myanmar's gemstone riches bring poverty and environmental destruction

⁶¹ Irrawaddy (15 Jul 2022) China-Backed Illegal Rare Earth Mining Surging in Northern Myanmar

⁶² FAO (31 Jan 2020) Ready to measure: Myanmar is designing and planning its new National Forest Inventory (NFI)

⁶³ Mizzima (21 Apr 2022) Villagers forced to build military outpost near planned coal mine

⁶⁴ East West Centre (29 Jan 2019) In Myanmar, Conflicts Over Land and Natural Resources Block the Peace Process