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AEC in the Enigmatic Locality: Politics and Cross-border Trade between Mae Hong Son and Southern Shan State, Burma

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After the initiation of the ASEAN Economic Cooperation (AEC) had been circulated as the national policy from the central government to the local levels, the provincial Mae Hong Son government responded to it with positivity and enthusiasm, with the high expectations of future economic prosperity. The district of Mae Hong Son entirely borders Burma/Myanmar, with 483 kilometres of border, 326 kilometres of land-border demarcation, and 157 kilometres of river-border demarcation, of which 127 kilometres is with the Salween River and 30 kilometres with the Moei River. Consequently, the Mae Hong Son government has been trying hard to upgrade its five border channels—Huay Pueng and Nam Pieng Din in Muang district, Huay Ton Noon in Khun Yuam district, Baan Sao Hin in Mae Sarieng district and Ban Mae Sam Lap in Sop Moei districts into permanent or international border checkpoints as gateways to connect with Burma. Consequently, the Mae Hong Son province aims for the AEC to heighten cross-border trade, tourism and other cooperation with Burma.¹
However, the supposition of the Mae Hong Son government is much in contrast to the reality and current situations along the border, at the Huay Pueng border channel where I conducted my field research between 2013 and 2014. This border channel is a gateway to the Southern Shan State in Burma, so the local government hopes that the upgrading of this channel will expand border trade activities in the province. As it understands that the distance from the Thai border to Taunggyi, the capital city of the Shan State, is approximately 295 kilometres, and other commercial activities could be promoted in main townships on the way to Taunggyi. However, it is not about the reachable distance between Mae Hong Son and Taunggyi across the border. Why?

Political complexity

First, the political landscape of this border area presents the contestation of four political entities, both states and not-states. They are both the Burmese and Thai states, one Wa family, and the independent movement, the Shan State Army-South (SSA-S), whose headquarters is on Loi Tai Leng, opposite Mae Hong Son's Pang Ma Pa district on Thai/Burma border. Mae Hong Son province is one of the original settlements of Shan people from Burma since the mid nineteenth century, however, understanding the current border politics of the people here is superficial and mainly attached to historical periods. The border politics nowadays has developed to become more complex and has numerous different layers, since the ethnic insurgency in Burma that started in the 1970’s. The Huay Pueng border channel was officially established in 1996, which appeared much later than considerable flows of Shan's migrations and long-distance trade during the frontier regimes between Burma and Thailand.

The southernmost Shan State which covers the eastern bank of Salween River, stretching from the area in the west to east, opposite to Muang Mae Hong Son and Pangmapa districts has Homong acting as an administrative center. (So I will call this area in general as “Homong” or Homong zone henceforth.) This described area is currently controlled by Maha Ja, one of the former aids of the notorious drug warlord Khun Sa, together with his late brother Maha Hsang, who founded one rebel and insurgent group named the Wa National Army (WNA). Although it was not stated officially by the Burmese government, it has been acknowledged by people along this border that Maha Ja is controlling the zone, not long after Khun Sa surrendering himself to the Burmese army in 1996. At the present, Because of his age and health, recently he handed power down to his approximately 30 year old eldest son, Chao Nu. (I call the most charismatic political entity in this borderland the “Wa Family” as people perceive this family as the ruler controlling this zone with the admission of the Burmese army. Maja Ja and his son do not continually maintain its political power with army troops or insurgent movements, therefore the Wa National Army seems to be extinct in the area. Instead, under the authorization of the Burmese government, the Wa Family established its own company named Shan State South or SSS with their former soldiers-turned-to militias and with civilians turning into company employees.

Although the Burmese army permitted the Wa Family and its militias to administrate the area, it has not been the case since the SSA-South is still active, despite its leader signing ceasefire agreement with the Burmese regime in November 2011. The Burmese army settles its bases in the Wa family-controlled zone, with the headquarters in Homong and other bases in two other villages, one of which is opposite to the Huay Pueng border channel. Despite agreeing to a ceasefire between the Burmese government and SSA-S leaders, clashes between soldiers of both sides in different areas have still been reported.

The power contestation between the Burmese soldiers and the SSA-S is noticeable and affects the mobility of people and cross-border traders. For instance, the movement of people from different towns in upper southern Shan State, especially those located on the western bank of the Salween River, could be considered a risk to Burma's national security. Around early February 2013 the ferry crossing on the Salween River operated mutually by the Wa Family and the Burmese authorities was temporary out of services. People, who aimed to travel between Thailand and Burma, were obstructed to go further from both sides. Rumour was spread that the Burmese army was behind the plot in hindering Shan people from the upper region of the Salween River to travel to Loi Tai Leng to celebrate the Shan’s National Day on the 7th of February. It still believed that these Shan people, both men and women, could be convinced to be drafted to strengthen the SSA-S troops to fight against the Burmese regime.

The relationship between the Wa Family, whose leaders were once allies of Khun Sa, who then led the Mong Tai Army, and the SSA-S, is considered negotiable and more friendly. This is because the SSA was once an ally with Khun Sa, both politically and economically, through illegal tax collection from long distance traders in the area. Although, the Burmese army took the power, it never gains absolute power from the Wa family because it still needs the Wa family to balance the power and to be a mediator between it and the SSA-S. Representatives of the Wa Family and the SSA-S regularly met informally in a Mae Hong Son town.

Meanwhile, the Thai government still maintains its friendship with its Burmese counterpart but also acknowledges the power of the Wa Family, which shows more charisma than the Burmese authorities to the local people. The Thai government’s behaviour has been constant from the 1970s to 1990s in which it befriended ethnic insurgent groups to use them as a proxy to secure its territories from Burmese attacks. Besides, it unofficially supported logging concession deals between Thai businessmen and leaders of insurgent groups, including Khun Sa, since the latter partners also benefited from the business deal to finance their movements. At present, the Mae Hong Son government continues this strategy, although logging concessions along the border is not permitted by the Burmese government. However, the cross-border trade, which
is considered small-scale, is still conducted by traders of both sides. Who does exactly benefit from the border trade now? And why does the AEC become the hope of the local government? I attempt to answer this question in the next section.

Small-scale cross-border trade

One chief of Mae Hong Son customs, on his post during 2011 to 2012, accepted that the volume of cross-border trade through Nam Pueng channel is not considered largely profitable to the Thai government, compared to volumes of trade through Mae Sai border checkpoint in Chiang Rai province and Mae Sot in Tak province. However, the aim to keep this border channel is to maintain trade linkage of both sides’ communities who are also tied with kinship. Besides the key demand of Thai products and other goods are from people living in the Homong area in which Thai Baht had become the main currency rather than Burmese Kyat, including乡镇ships and villages not far from the Salween River’s western bank where the closest route must be taken from the Huay Pueng checkpoint. The dependence of Thai goods by people in Homong zone was even more obvious when the Huay Pueng border channel was immediately closed after the 22nd May 2014 coup. Goods were not permitted to be traded or transported across the border. It was reported that Chao Nu of the Wa Family had signalled to the Mae Hong Son government to allow the opening of the border due to shortage of foods and goods. Then the Thai border channel was opened three days a week and came back to full operation about a month after the coup.

In the current trade flows, the majority of cross-border traders in term of ethnicity are Shan which can be roughly categorized as Shan traders from the Shan State and Shan traders on the Thai side whose parents or earlier generations had migrated to Thailand several decades to a century ago. These traders have been involved in cross-border trade activities since the 1960s who saw the demand of foods and goods was economically prosperous. Some traders on the Thai side are northern Thai, Yunnanese Chinese and other ethnic groups such as Kareni. There are approximately 200 traders registered to Mae Hong Son’s ‘Soon Sang Karn Chain Dan’ on the Thai border command center’s system and they are also required to register themselves on the system. On both sides traders work in partnership across the border, while some of traders on the Thai side are distributors for goods that are in high demand, such as beer, whiskey, construction materials and equipment and gasoline. Some of these traders are nominees for Shan traders on the Shan State side when the latter have no proper documents or are not eligible to do cross-border trade. However, the system created by the local government is not strictly enforced and strong partnership is based on long-term involvement in trade activities that were established before the border channel.

The initiation of the AEC therefore becomes the hope of the local government in Mae Hong Son, in order for it to upgrade its status from that of a second-class province to be more attractive province. It could also utilize its position as a border province to receive a larger allocation of the budget and receive more incentives. Prior to the intensive promotion of the AEC scheme by the national government, the Mae Hong Son government had tried hard to create cross-border economic activities. One of the schemes created at a border checkpoint was a Talat Chaidaen, or border market. This project was first launched when Direk Kongkleep governed Mae Hong Son, between October 2005 and September 2007. It was aimed
to boost the border trade and investment for traders in both
countries. The Mae Hong Son government office chose the
area called Rong Heang, a former military base during the
ethnic insurgency. Once this project was implemented, the area
was cleared of landlines as it was planned to be a venue for
both countries’ traders to trade, and for quarantining cattle from
Burma, before transporting them to Mae Hong Son.9

However the project was deemed unsuccessful by
villagers, since there were not a lot of traders from Burma who
regularly come to the market to trade. Nonetheless, Mae Hong
Son’s new governor later attempted hard again to try to re-open
the border market. Although whenever a governor attempted
to rekindle the project, all they did was travel to Rong Haeng to
preside over the opening, so they could appear on the media
and receive gratification. After that there were no activities, as
traders on both sides did not see the possibility of opening stalls
at the site. The practicality is Thai goods, especially consumer’s
products are in high demand by the Shan people in their home
towns and are received through the transportation of Shan
cross-border traders. Meanwhile, those who demand products
in Shan state or throughout Burma, see it more convenient by
just going to the central market in Mae Hong Son where goods
are available by the same group of cross border traders.

Border communities’ ambivalent expectations

As described, the high expectation towards the implementa-
tion of the AEC is mostly from the national government, local
governments or local officers, and business people who are
not really apart of border communities. National officials also
lack a full understanding about geopolitics within the border
area, where the Wa Family is more powerful than the Burmese
government. However, on the Thai side they still express much
over-expectation in investing in Burma through this border
channel. This is what people said after groups of Thai govern-
ment officials signalled their interest to meet Chao No through
mediators from the border communities. Chao No always gave
his agreement towards any development projects that the Thai
government offered which implied that he had no problem as
long as the Thai government initiated and gave financial support,
especially improving the road condition in Homong. This was
seen as contradiction while the Burmese government started
to improve its road condition in the remote areas, including
the southern Shan State, but it has not yet reached Homong zone,
because it considered Homong was under the Wa family’s ad-
ministration. However, the real implementation of any projects
by the Mae Hong Son government never occurs since this type
of policy would never been agreed between state and non-
state polity. The newest event that the Thai state attempted
to demonstrate possibility and potential of the AEC was a tree
plantation project initiated by the Thai local government.10 This
event’s information seemed to be not widely circulated before,
as there were no local news media report this afterwards. From
some photos I witnessed from one villager, Burmese army rep-
resentatives also showed up. The Thai government side includ-
ed the police and other civilian officials, besides the Thai army
which was normally the most crucial agency present there.

Considering the cross-border communities have been
engaging in small-scale trade for almost a half century, in the
beginning of the AEC project, information was spread throughout
the region. They expressed excitement and hope that more
cooperation of the two countries from this project would lead
to freer mobility and the intensification of trade investment and
cooperation. At the same time, they have ambivalent feelings
towards the projects that more capitalists would replace them
when the cross-border trade and other activities are promoted
to be more state authorized. In addition, they realized that this
might not be beneficial for them as they could not control and
manage their own rules that have been practiced since the
ethnic insurgency period where state regulation was ineffective.
This is in contrast to expectation of cross-border traders on the
Shan State side. They dream that the AEC might lead to a more
relaxing of the border crossing, which will lead to paying the
authorities less bribes for them to be able to cross the border.

References

4 See Military Authorized logging, Wednesday, 27 February, 2008
6 Fieldwork in early February 2013.
7 At present, teak and timber concessions along the border have been suspended due to an agreement between the central Burmese and Thai governments which stipulates that all logs and timbers must have a certificate of origin (CO) associated with it, as issued by the central Burmese government. Therefore, those logging agreements that involve the ethnic groups around the border are not covered, and so timber is not certified.
8 Name must be anonymized
9 For example, Mrs Narumol Palkawat was opening the market on the 18 October, 2012; and recently Mr Suraphol Panas-amphol was presiding the opening of the market on the 6 August, 2014.
10 I did not observe the situation myself, but obtaining information from villagers participating in the event.