

**ILLEGAL JADE MINING IN THE AFTERMATH OF THE COUP
AND
THE MILITARY'S INTEREST**



Acknowledgement

We would like to extend our gratitude to those who help us realize this project during the Covid-19 pandemic and the coup period. With their assistance, we are now able to publish the report: “*Situation of illegal jade mining in the absence of law and order following the coup and its implications on the military*”. There could be some shortcomings in the report owing to the difficulties resulting from the coup. We would like to extend them further thanks for lending their time despite of their busy schedule and assisting us during the field trips regardless of worsening security on the ground. Lastly, we would like to thank our donor for their financial support.



1. Background

It goes without saying that Myanmar is suffering from “resource curse” in light of many evidences and natural resource are of critical importance to the country’s economy. Myanmar is highly dependent on natural resources and it is yet to address problems resulting from the extractions.

Recent conflicts in Myanmar center around democracy and ethnic minorities related issues. Notwithstanding National League for Democracy and its internationally well-known leader Daw Aung San Suu Kyi had managed to succeed their decades-long democracy endeavor in 2011, internal strife including armed conflicts with Kachin and Shan ethnic armed organizations and Rohingya issues in Rakhine State persist. Natural resources play a role in fanning the flames of those conflicts – but not as a central one. Existing problems has worsened and new ones have arisen due to continued extractions and transportation of natural resources including oil & gas, jade and copper and hydro-power with little transparency and accountability. And then the military coup took place in February 2021, by forcibly removing democratically elected government. The military started to collect extortion money to let resource extractions, including jade industry, continue. NLD government imposed a moratorium on jade licensing and permit extension during their tenure. Although all jade mining licenses has now become expired, the military has let jade extraction continue, by collecting extortion money. Human rights violations and environmental impacts at jade mining areas has exacerbated and the jade industry is likely to help prolong the military rule by providing as a revenue source.



2. Objective

2.1. To shed light on benefits received by the military from illegal jade mining industry, which destabilizes the country by staging the coup and is taking advantage of current political chaos.

2.2. To identify the implications on jade industry due to undertakings of the military.

2.3. To find out the situation of Yemasae or hand pickers, who enjoy least benefits from jade mining, but endure most dangerous conditions – such as deadly landslides, which have increased after the coup.

3. Summary

NLD government suspended jade licensing process and license extension during its tenure and all jade mining licenses have now expired as a result. Nonetheless, many jade mining companies are still operating in the areas where licenses had been expired after the coup. Furthermore, those companies do not follow the existing regulations and pile up the landfill irresponsibly. Jade mining companies in Lonekin, Kachin State's Phakant township are extracting jade in the expired license areas and piling up their wastes at landfill by trucks only during the night, which makes it more difficult to prove their illegal act.

China is also taking advantage of current political situation and benefiting more economically from jade mining industry.

Population of Yemasae has increased due to current political instability and worsening living conditions of the people in the region. Since the coup, two landslides have occurred, claiming 80 Yemasae.



4. Findings

4.1. Companies are aggressively mining jade with heavy machinery during nighttime (their action can be likened to ‘rape’.)

4.2. There is no way of knowing which companies are currently operating due to the countless number of heavy machineries on the ground during the nighttime, exacerbating environmental degradation – which had already become intractable.



One of the active mining sites in Hpakant | Jan 2022

4.3. Accountability of the companies is questionable as operations are taking place during the nighttime, increasing the risk of landslides. Who will take responsibilities for all the messes is the question that needs immediate attention.

4.4. The population of Yemame has been increasing continuously since the coup. Migration of internally displaced people to Hpakant due to civil war, an increase of teenage people who no longer want to go to school under the military regime and has come to pick jade in Hpakant, evaporation of job opportunities because of the coup and migration as a result of worsening living conditions in the nearby regions are the main reasons for the pollution increase.

‘A Yemasae (person who finds jades covered in dirt) sells jade that he found to a jade broker with 50,000 Kyats and the broker sells the same jade to the Chinese dealer with 1 million Kyats. Then, the Chinese dealer smuggles the jade out of the country to China and sells it with 10 million Kyats’.

4.5. Although Yemasae are taking the most risks – at times risking their lives, they benefit merely one twentieth of the value of jade sale. For example, A Yemasae sells jade he found to a jade broker with 50,000 Kyats and the broker sells the same jade to the Chinese dealer with 1 million Kyats. Then, the Chinese dealer smuggles the jade out of the country to China and sells it with 10 million Kyats. This example is based on low quality jade, and but little benefits from high quality jade sale in China (up to hundreds of million Kyats) still go to Yemasae.

Yemasae looking for jade as they are unloaded by dump trucks | Jan 2022



4.6. After the coup, landslides at an old jade mining area around Hpakan's Saijabon village has claimed 10 Yemasae lives. After three days of the event, another landslide at Hpakan's Lonekin has claimed another 80 lives of Yemamae and hawkers nearby. This is the first time two landslides occurred in Hpakan in one week.

4.7. It is appalling that companies are paying informal taxes to the military and ethnic armed organizations to operate jade mining selfishly without any regards for the people.

4.8. The military and its affiliated companies keep controlling jade mining industry and revenues from the industry will fund the military to keep committing crimes.

4.9. Senior General Min Aung Hlaing – who has been accused of committing genocide and facing the trail at the international court – controls both Myanmar Economic Holding Limited (MEHL) and Myanmar Economic Corporation (MEC), which have a monopoly on jade industry, and current jade mining are being carried out by the companies affiliated with MEHL and MEC.



4.10. Most mountains range in Hpakan that are rich with jade are now at the risk of vanishing in the near future since companies are irresponsibly mining jade with heavy machineries.

5. Jade mining and jade trading process

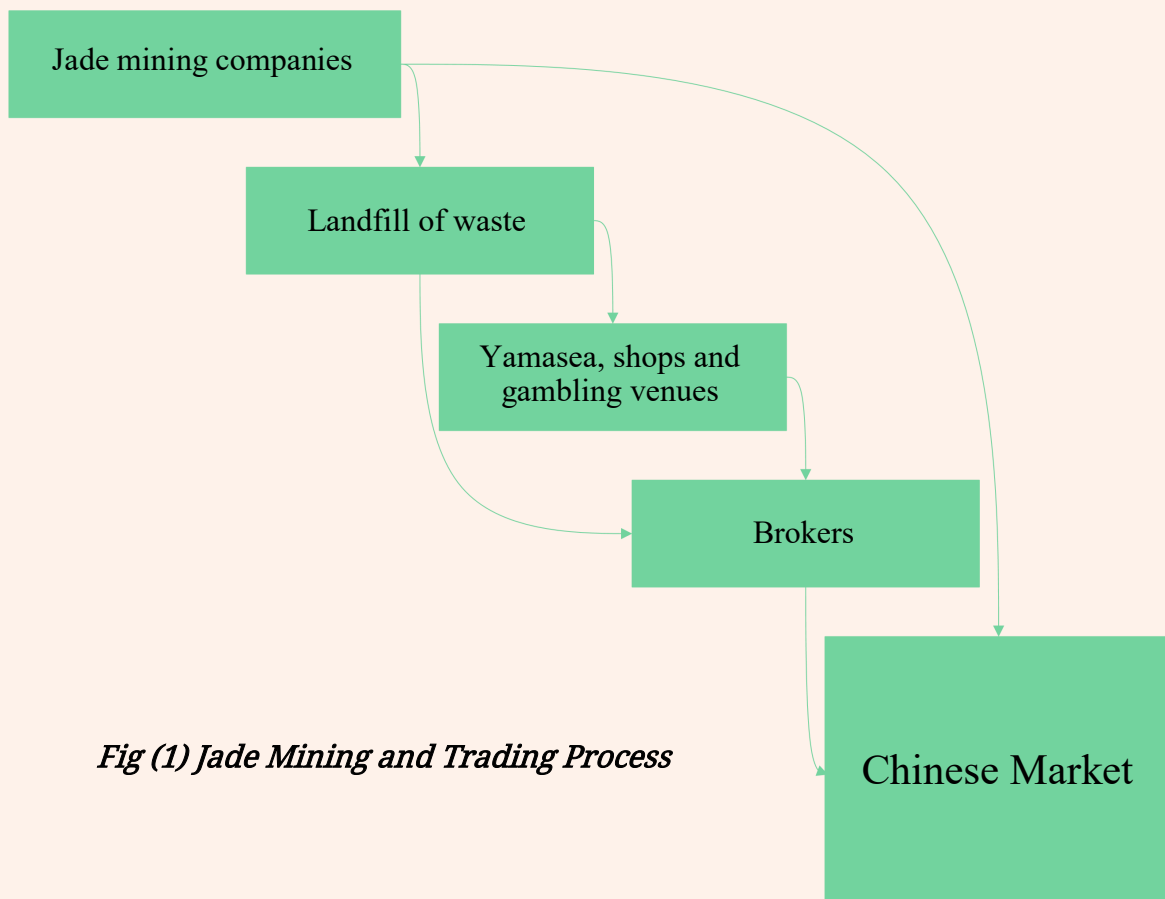


Fig (1) Jade Mining and Trading Process

Jade mining companies are controlled by both the military and ethnic armed organizations. There are two kinds of jade trading – sale of jade mined by the companies and sale of jade discovered by Yemasae. Yemasae people illegally sell their jade to jade broker or their bosses or people at gambling venues or others. Companies also directly smuggle their jade out of the country and sell them at Chinese market. Therefore, the ultimate buyers are the Chinese and most trading happens illegally.

6. Yemasae's jade trading

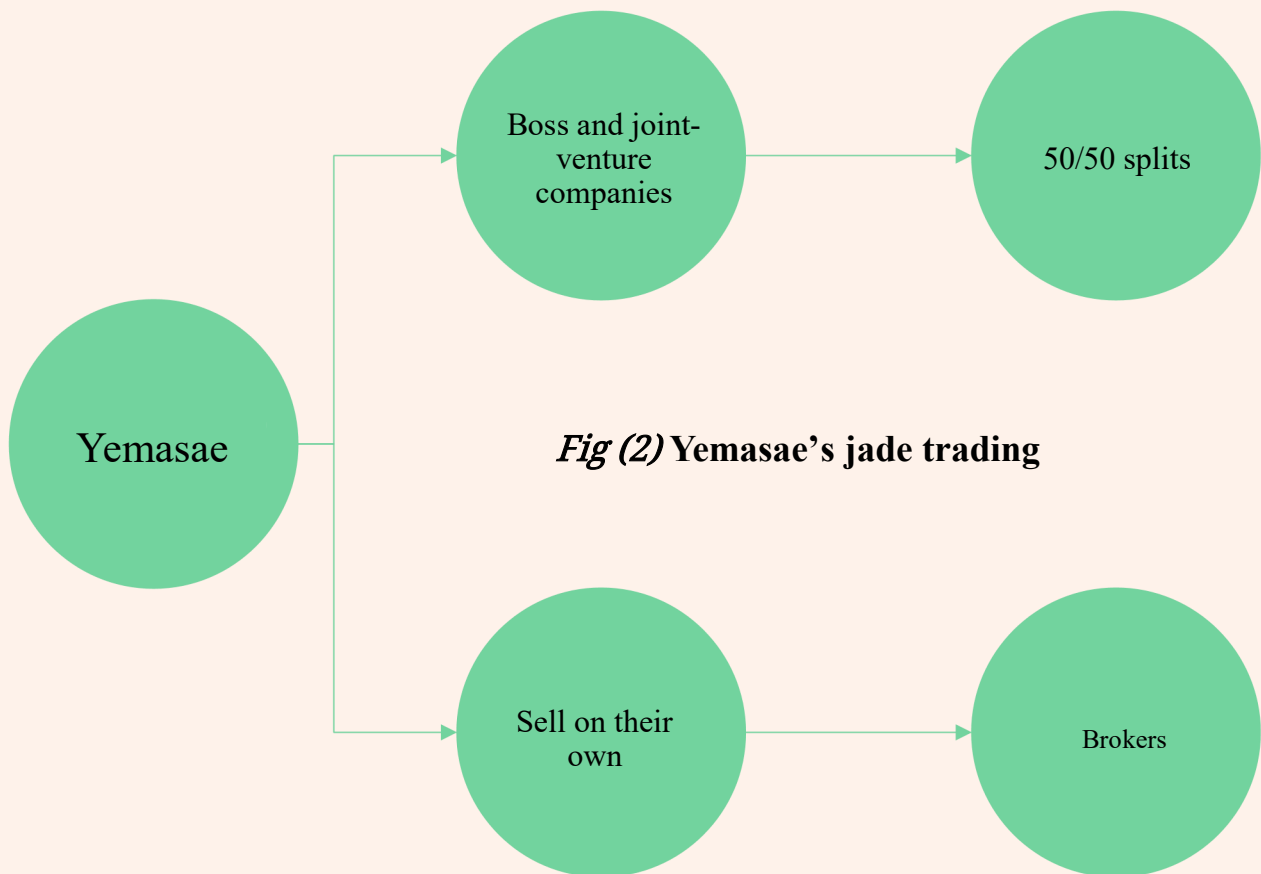


Fig (2) Yemasae's jade trading

Yemasae people can be categorized into two – those who work in partnership with bosses and those who work on their own expenses. The former receives expenses for food and accommodation from their bosses, but has to split money from jade sales into 50/50 with their bosses. The latter sells their jades to the brokers or others. Regardless, Yemasae are being exploited. Yemasae are the ones who die from landslides due to waste irresponsibly dumped by the companies. Yemasae are taking highest risks though they enjoy little benefit.

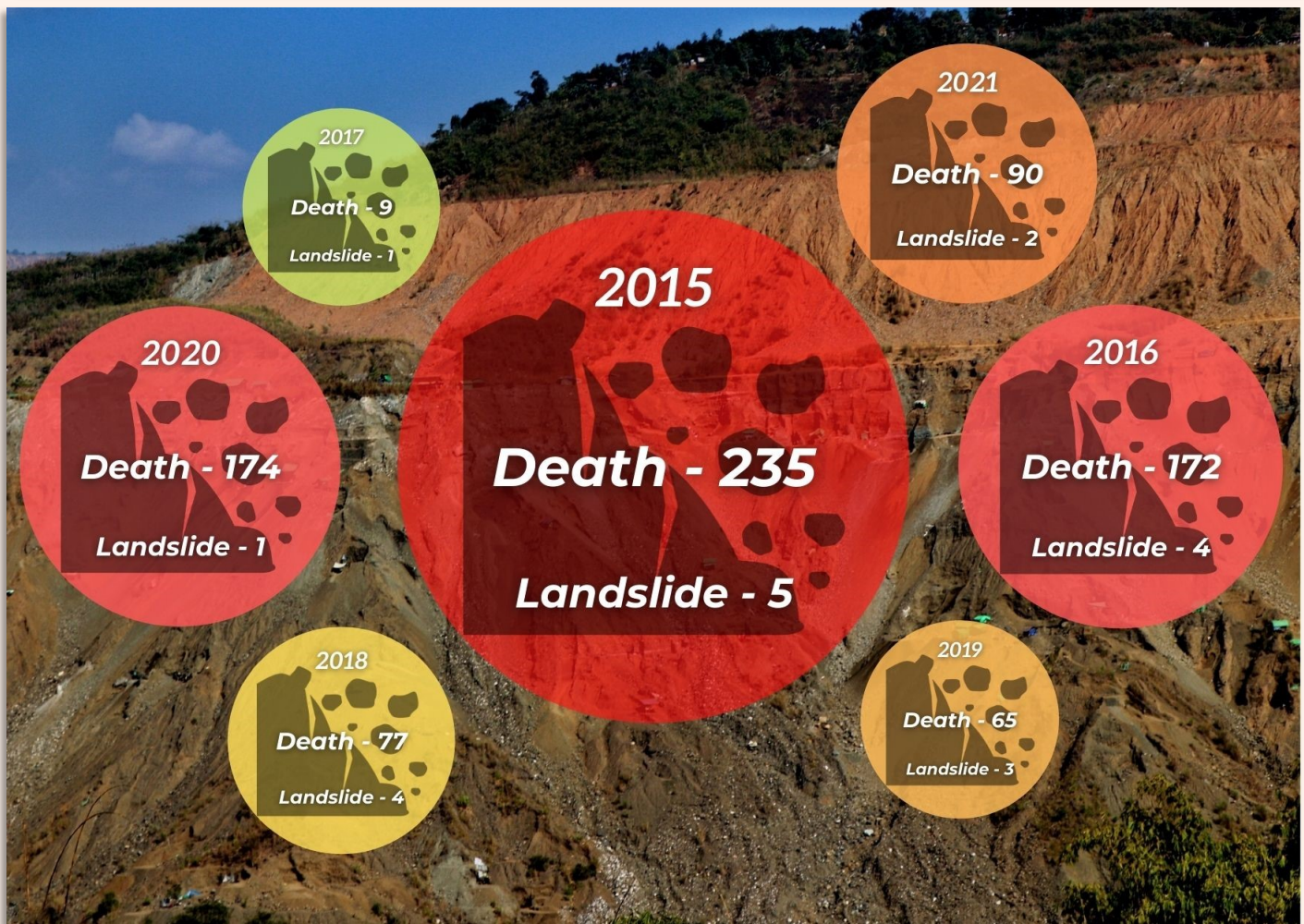


Fig (1) Number of people death and landslides due to jade productions

Yemase are now facing higher risks since they have to find jade at the landfill dumped by the companies during the nighttime.

7. Overall Analysis

Although production value from jade industry could amount to billions of dollars annually, little benefits has reached to Kachin and Myanmar people while the military, its top generals and its cronies enjoy most of the benefit. Jade industry has been the main source of revenues for corrupt military generals, the military-linked cronies, militias and ethnic armed organizations, and many has already pointed out that much reform are needed in the sector. The February 2021 coup is also related to the jade industry and its benefits.

After the coup, illegal jade mining industry has become a source of corruption and bribery for the military's battalions, police forces and ethnic armed organizations as companies have to pay protection fees to them to continue their operations.

In the absence of law and order following the coup, a total of 90 people had lost their lives to two landslides in one week because of irresponsible and illegal jade mining by the military and its affiliated companies.

8. Recommendations

8.1. Ethnic armed organization and the people of Myanmar should start deliberation how to address the issue since revenues from jade mining industry is the main source of revenues for the military and its top generals and it could help prolong their regime and its crimes against civilians. They should find a way to cut revenues from jade industry flowing into the military.

8.2. Respective ethnic armed organizations and local defence forces should collaborate to figure out solutions and take actions against irresponsible jade mining under current lawless conditions to protect environmental degradation.

8.3. National Unity Government (NUG) should spare no effort to identify jade extraction operations by the military and its affiliated companies and issue warnings. Moreover, NUG develop policies on natural resource management to better manage the sectors, respecting the rights of the local people.

8.4. Union Solidarity and Development Party – founded by retired generals and its supporters – is also heavily involved in jade mining industry and benefited enormously. Therefore, their involvement in illegal jade mining should be monitored.

8.5. Revenues from oil & gas, jade industries are the main source of income that could help prolong the military rule. Though the United States and other countries could impose economic sanction on the military regime, it would be difficult to stop revenue from jade industry flowing into the military's coffer because China – which is an ally of the military and is benefiting from the trade – is the main destination for Myanmar's jade. For that reason, the military will rely more on jade's revenues and the extent of jade extraction is likely to increase. Therefore, it is of crucial importance to monitor jade extraction in the aftermath of the coup and to find ways to stop the military's jade trading.

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