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CONFLICT TIMBER ALONG THE CHINA-BURMA BORDER
Connecting the Global Timber Consumer with Violent Extraction Sites

——— Kevin Woods

As China continues to surge ahead with the world’s fastest-growing economy, the Chinese government and businessmen are increasingly looking toward Southeast Asia as a cheap source of natural resources to feed their expanding markets. The resulting economic-social-environmental cost is currently redefining China’s relationship with Southeast Asia. China’s economic miracle, massive rural migration to urban centers, market neoliberalization, and logging bans all contribute to China’s extended reach into Southeast Asia’s tropical forests. Chinese businessmen and the markets they serve increasingly covet unprocessed tropical timber from other countries in order to rebuild China and reap huge profits from processing wood for the international tropical-timber market. Sources of tropical timber, however, are becoming scarce in industrialized and politically stable countries and, as a result, are protected with strict national conservation laws. Valuable global commodities, such as tropical timber, will therefore increasingly originate from areas such as conflict areas in Burma, which are not as yet well integrated into global natural-resource-extraction/conservation networks. It is, however, exactly these conflict zones where natural resource concessions can be most prone to compounding violence.

In this essay I trace “conflict timber” originating in northern Burma (Myanmar), traveling overland to Yunnan Province, China, and on to Chinese domestic and global tropical-timber markets. Burma has the world’s longest-running civil war, with ongoing conflicts situated in the mountainous ethnic border regions. Kachin State, in northern Burma, bordering Yunnan, China, remains extremely rich in natural resources and has been intimately involved with the arms struggle against the Burmese junta since the fight for autonomy began more than sixty years ago (see map 1). My analysis
of the Sino-Burmese conflict timber trade will exclusively examine Kachin State since the cease-fires. Although cease-fires were signed by the different Kachin insurgent groups in the early 1990s, ostensible peace optimistically describes this war-torn sub-Himalayan mountainous region, where the Kachin political resistance groups still possess armies and territories. Chinese logging companies cutting down forests in this hostile ethnic border region incites further violence among the Burmese government (the State Peace and Development Council, or SPDC), the various ethnic political resistance groups, and Kachin villagers. However, it is exactly this manifesta-
tion of violence that becomes deleted while the timber travels from extraction sites to consumption nodes. As such, there is a complete erasure and subsequent re-creation of the image of the commodity to match consumer desires.

In a wider context, I utilize commodity-chain analysis to reconnect the slippage between international consumers buying furniture made from Burmese tropical timber and the place and conditions in which it was extracted. More specifically, I will examine the political ecology of war that underpins the overland timber trade between these two countries. The China-Burma border fuses global tropical timber-market networks—facilitated by the SPDC, the cease-fires with Kachin political resistance groups, Chinese domestic corporations, and transnational investment—with a Kachin war economy. The result is an overhaul of the historical cross-border timber trade between Kachin and Yunnanese traders, into the control of SPDC and Chinese officials and overseas investors, at the expense of the Kachins. This has led to a process of consolidation of power over the timber trade by the Burmese regime as a means to obtain more funds and subsequently cut off the access of Kachin political resistance groups (notably the Kachin Independence Organization, or KIO) to capital that primarily funds their fight. This situation thus provides insight into the loose relationships between national versus insurgent economies, legal versus illegal resource extraction, (trans)national versus local resource control, and trade versus trafficking. Zones of conflict experiencing the “natural resource curse” help unbundle some of these binaries, because insurgency uproots political stability and national government authority and legitimacy.

Global-Commodity-Chain Analysis:
Connecting Conflict Timber to the Consumer

“Distancing”: the severing of ecological and social feedback along the commodity chain as points are increasingly separated along dimensions of geography, culture, agency, and power.
—Michael S. Carolan, “Unmasking the Commodity Chain”

The global commodity chain (GCC) has been defined by Emily Hartwick: “[The] radiating effects of the commodity at the consumption node, the social and natural conditions at the production node, and the complex intersections of commodity chains at various intermediating and terminal points are added to a simple model of commodity movement to complete integration of the vertical and horizontal dimensions.”3 In this way, the commodity
links extraction sites, people, enterprises, and states through sets of inter-
organizational networks. Formerly placeless commodities suddenly become 
grounded at different nodes along the commodity chain, giving light to so-
cial relations and political realities. The global-commodity-chain framework 
exposes the well-hidden timber trade by connecting places of production 
and consumption, and highlighting the cultural, social, and environmental 
conditions of global timber commodities originating from northern Burma.

Focusing on the different actors at each commodity-chain node reveals 
the political relations tied to resources, thus highlighting the politics of 
natural-resource extraction. The players collude and collide to access the 
timber, to control its trade routes, and to finance its processing in order to 
put it onto the global tropical-timber market. The China-Burma timber trade 
is a complex mix of involved parties: Chinese provincial and national govern-
ment authorities, Chinese logging and processing companies, Asian finance 
corporations, on-the-ground middlemen connecting the Chinese logging 
companies to inside Burma, Burmese government officials, ethnic Kachin 
and Burmese elite businessmen and political leaders, Kachin headmen, and 
international consumers, among others. Cashing in on timber has enabled 
insurgent business elites to supersede enemies in order to profit from the 
chaos and absence of the rule of law in the cross-border region. In such 
confusion and political instability, the multinational, state, and local elites 
have brought their business into the border black-market economy. Friction 
exists between historical cross-border local trading schemes and forming a 
centralized, regulated national economy. The result: a fusion of global capi-
tal with ethnic political resistance groups.

A Briefing on the Cross-Border Timber Trade

China is the world’s only developing country that is a major net timber im-
porter and is the world’s fastest-growing market for tropical-timber prod-
ucts. China went from seventh to second place in the world in just ten years 
for the total value of imported forest products, and it is now the leading im-
porter of industrial round wood.  

China’s trade in timber products with Burma grew substantially from 
1997 to 2002, from 295,474 m³ (round wood equivalent, RWE) in 1997 to 
947,765 m³ (RWE) in 2002. In 2005, cross-border exports from Burma to 
China totalled more than 1.5 million m³ with an estimated value of US$350 
million. China’s timber sales officially accounted for 20 percent of Burma’s 
foreign-exchange earnings from 1990 to 2000. In 2004–2005, timber was 
the Burmese government’s second most important source of legal foreign
exchange, generating about US$427 million.\(^8\) In 2003 98 percent of Burma’s timber exports to China were considered “illegal” (i.e., overland).\(^9\)

Despite Burmese restrictions mandating that all processed-timber exports must either pass through Yangon and be shipped by sea, or through the Muse (Burma)-Ruili (China) border (the only government-sanctioned legal checkpoint along the China-Burma border), 96 percent of China’s imports of logs and sawnwood from Burma arrived in Kunming overland in 2003.\(^10\) This statistic reveals that the vast majority of timber leaving Burma is done through nongovernment channels, namely ethnic political resistance groups. Most of China’s increase in timber-product imports from Burma occurred between 1998–1999 and 1999–2000, due to a host of factors: the implementation of China’s national logging ban (Natural Forest Protection Program) in 1998; cuts in China’s forest-product tariffs in 1999; the opening up of new tracts of virgin forest in Kachin State to Chinese companies in the late 1990s due to the cease-fire agreements; China’s increasing consumption of forest products due to exceptional economic growth; increasing international demand for low-cost forest products manufactured in China; and China’s tree plantations being unable to meet domestic demand.\(^11\) It is thus a combination of factors working in concert to get logs from Burma into China and beyond, but just two aspects co-drive the clear-cutting machine: partial liberalization of China’s economy (supported by transnational financial capital), and tropical-timber consumer demand (encouraging the former).

**Patron-Client Networks: Local and National**

**Military Economies Merge Through Timber Trading**

The Chinese were putting heavy pressure on the Kachins to strike a deal with Rangoon: private merchants and state corporations in Yunnan were eagerly waiting to exploit the vast resources of timber and jade in Kachin State. —Bertil Lintner, *The Kachin: Lords of Burma’s Northern Frontier*

The entrenched economy within state military control in cease-fire areas creates avenues for furthering informal channels of personal patronage among military personnel, bringing the military-command economy into the local, insurgent economy. Mya Maung comments that “all foreign trade and investment transactions are conducted through personal contact and connection with the ruling military elite and their families, cabinet ministers, and directors of various government ministries and departments.”\(^12\) The Burmese government operates under the hmaung kho sector, an informal
business based on patron-client relationships, and in the military regime’s case, through military connections. The forests provide the SPDC a sink of potential revenue, a source to be used as brokerage for leveraging power, making new clients, and redistributing power through granting logging concessions.

Putting down weapons in favor of cooperative plundering broke up the unified Kachin political-resistance group, the KIO, into two other Kachin cease-fire political factions: the New Democratic Army-Kachin (NDA-K) and the Kachin Defense Army (KDA). Soon thereafter, in 1994, the KIO and their army, the Kachin Independence Army (KIA), also signed a cease-fire, which acted only as a temporary halt to open fighting; the KIO still retains their arms, soldiers, and limited political territory. In this way, the cease-fires have shifted political alliances such that “it is the businessmen, not the politicians, who are controlling everything.”

For example, in return for ending all military activity, the NDA-K, with direct links to Yunnan through their political leadership, focused exclusively on operating logging and mining concessions with consent from the SPDC. Ethnic political leaders-cum-businessmen aligned themselves with the Burmese and Chinese businessmen and government officials to gain greater access to profits through access to transnational military and business-client networks than informal, local networks would originally allow. Several Kachin informants told me that they did not have the trading knowledge necessary to accelerate the timber trade further into global timber markets, which reflects how in the jade trade “very few [Burmans, Kachins, and Shans] had access to transnational networks that could extend their [jade] business abroad.” Furthermore, the Burmese military and their companies simultaneously strengthened and gained cross-border business partners with control over access to lucrative resources in Kachin State.

CHINESE CONNECTED TO CONFLICT TIMBER IN NORTHERN BURMA

We don’t have enough investment so we need to cooperate with the Chinese. We have to pay 50,000 kyat [US$60] for each truck carrying logs at every SPDC checkpoint. That is why we do not have enough money ourselves to invest. That is why we are sharing with the Chinese.
—Interview with Kachin logging businessman by Kachin field staff for Images Asia Environment Desk, Chiang Mai, Thailand, 2001

Two interrelated alliances enable this complex web of timber trading from northern Burma to China and beyond: domestic (SPDC and ethnic political
groups in Burma, and private firms and state authorities in China) and trans-national Asian finance centers linking the two nations to the international tropical-timber markets. Along the China-Burma border, many actors work together to make the logging business profitable in an increasingly competitive and liberalized market. The main border timber industry actors include local villagers, migrant workers, and national nonlocal logging companies, all of whom are looking for quick profits. China’s tropical-timber-industry boom involves three main nodes: the Chinese logging and small wood-processing companies based along the China-Burma border; the Chinese wood-processing and manufacturing companies based in Shanghai and Guangdong Province, who purchase the timber, process it, and sell it either domestically or abroad; and the international finance corporations who provide enough capital to make it all happen. The desire for profits connects the different players, while the timber commodity is physically connected to them through transportation systems that deliver the wood further down the commodity chain.

**CONFLICT TIMBER LINKING GOVERNMENTS AND BUSINESSMEN ON BOTH SIDES OF THE BORDER**

Before there were no relations between the Chinese government and the Burmese government to deal with the border “min jian mao yi” [unofficial small-time trade]; but the more the central governments on both sides increased power, the closer they got to the border.


Perhaps one of the most contested, and therefore most interesting, aspects of the conflict-timber trade is the degree to which Chinese government authorities and national and local policies promote its continuation. National and provincial Chinese policies have been established to aggressively develop the Yunnan border. China’s grandest national campaign, the “Great Opening of the West,” or **Great Western Development Program (GWDP)**, strives to “not only equalise living standards between the interior and coastal regions of the country, but also to integrate more tightly with the rest of the country’s politically troublesome regions.”

Local government officials backed by national Chinese policy are aggressively promoting cross-border trade and infrastructure linking the borders. Since August 1988, just days before the 8-8-88 bloody massacre in Rangoon against Burmese calling for democracy in their military-ruled nation, Beijing, as well as Yunnan provincial and prefecture government officials, have
been rapidly signing numerous trade agreements with the SPDC. Furthermore, Chinese fiscal incentives, encoded in various laws aimed at attracting investment, have been supported by the development of infrastructure to facilitate border trade. These roads and bridges, however, have done little more than pave the way for large-scale natural-resource extraction and the dumping of cheap Chinese goods. One Kachin activist laments, “The only thing the Kachin people get is roads to get the trees out.” This has outraged one Kachin religious leader, who shouts, “The roads are only for taking trees! They are not for the people!” These roads not only enable resource extraction, but also act as a conduit for other commodities, such as drugs, as well as migrants and related social and public-health problems.

In 1991, when the provincial Kunming government designated Pianma Township—a provincial-level checkpoint in Lushui County, Nujiang Prefecture—as one of twelve Special Economic Zones, it became a “provincial level open port” for trade, and is now one of the busiest border-crossing points. This merging of Chinese national and provincial policy with private business interests provided a crucial state-sponsored incentive for the logging boom, while at the same time, like many resource-extraction frontiers in the world, created a space of scant government regulation. For example, in Pianma Township there were only four legally registered logging companies in 2003, despite all of the smaller-scale companies operating along the border. To encourage more logging companies along the border in other towns, local government authorities have opened “International Border Ports,” but according to Global Witness, “these ports are simply logging roads.” Forest Trends estimates that between 800 and 950 sawmills that process Burmese timber are located along the China-Burma border.

In Gongshan County, six Chinese logging companies paid the county government 1 million yuan (US$120,000) for the 2002–2003 period to extract timber from Burma via the Danzhu path, with a road recently built to help increase the timber flow. In the early 1990s, the KIO and the Yunnan Forest Department in Kunming met to discuss the N’Mai Hku project, located within an area known as the “Triangle,” a large territory mostly controlled by the KIO and situated between two major rivers (the N’Mai Hku and Mali Hka). Global Witness believes that “given the size of the project, its strategic importance and the level of investment, it is highly likely that the authorities in Beijing were also involved.” The Huaxin Group, based in Kunming, is an alliance of six companies from Kunming, Beijing, Shanghai, two from Guandong, and the Ministry of Railways, and has a contract to extract all timber resources from the lower Triangle area for fifteen years. According to
Huaxin, the cooperation of the Nujiang Prefecture authorities in Yunnan is crucial to the success of the project, as the county is a major partner through its control of land along the border.26

Burmese businessmen, backed by high-level SPDC officials and their military support, control more cease-fire logging concessions as they penetrate further into Kachin State. Control over logging operations has been devolved to key figures in the military, who in turn grant logging permits in SPDC-controlled areas to influential Burmese businessmen and companies for their support. In this way, the logging concessions act as a medium of exchange used to mutually support allies. The Burmese business partners then contract Chinese companies to do the actual logging as a joint venture to share the profits, with generous kickbacks to the SPDC top officials and the likelihood of more future collaboration. For example, Awng Mai Company, presumably a Chinese company with a Kachin-sounding name, received a teak-logging contract from SPDC’s former northern military commander, General Ohn Myint, to log large tracts of forest along the Kachin State border from 2005 to 2009. In addition, the Htoo Trading Company obtained a logging concession in the beginning of 2006 in Bhamo district on the Chinese border in Kachin State. Htoo is owned by Tay Za, a Burmese millionaire who has very close relations with the SPDC’s senior general, Than Shwe, including his recent marriage to the general’s daughter.

Much of the logging in Kachin State involves the SPDC, so that Chinese companies, even if at times indirectly, are aiding the military regime to gain more control, territory, and income from granting logging concessions and taxing the trade. “As the Burmese government encroaches into [northern] Burma [due to the cease-fire agreements], the Chinese companies will have to cooperate with them.”27 As more territory comes under the control of the SPDC (about 60 percent of Kachin State) and ethnic elites submerge themselves into patron-client relationships with the central SPDC authorities at the capital, the regional SPDC authorities (northern military commander and his military associates), and local SPDC troops, the more the SPDC acts as a proxy for the conflict-timber trading. According to Global Witness, “The Northern Command and front-line Tatmadaw [military branch of SPDC] perform essential organising or facilitating roles and scant commercial resource extraction occurs in Kachin State without the SPDC, at different levels, being paid off.”28

The following case study illustrates how the SPDC takes political and economic advantage of the increasingly globalized timber trade originating
in northern Burma by expanding their control over the cross-border timber trade, in cooperation with Chinese officials, thus pushing the Kachin out. While the timber trade has become more internationalized, it simultaneously becomes nationalized as both the Burmese regime and Chinese government steer the trade through their channels en route to international markets. The Burmese forest minister Brigadier-General Thein Aung finally publicly admitted, in January 2006, that timber was crossing the border into China without official SPDC permission. High-level SPDC officials and their business partners in Rangoon (Yangon) realized how much cash was bypassing their channels and was instead filling the pockets of Kachin businessmen and resistance groups as well as of local government officials along the border. The regime wants logging revenue to go exclusively through the state-owned Myanmar Timber Enterprise (MTE), the commercial arm of the forestry department, and their associates’ timber-export businesses, which would not only make them wealthy, but also squeeze the KIO out of the timber business and thus weaken their political position against the regime. According to the SPDC, “legal” timber is that which is cut by the MTE and transported by the SPDC to either Rangoon and then shipped overseas or to cross into China at Muse (Burma-side)/Ruili (China-side), the only legal overland checkpoint with China. Thus “legal” timber translates into a national natural resource; that is, a resource owned by the military state.

The Chinese government decided they would respect Thein Aung’s request to only support logging in Burma that is done by the SPDC. At the end of March 2006, the Yunnan provincial government, in cooperation with the Chinese People’s Armed Police Force for Border Affairs, declared it illegal for Chinese to enter Burma for mining and logging purposes. “Every border checkpoint and workstation will stop transacting the approval for Chinese labour and transportation to Burma on the purpose of logging and mining. The timber and minerals being transported from Burma to China and the illegal action of leaving the country will be stopped as well.” Subsequently, the Chinese provincial government authorities began to clamp down on a few of the major border crossings.

The Chinese national government and provincial officials in Yunnan controlling the Ruili border trade will profit from collecting timber taxes since enforcement measures will try to cut off all timber coming over the border controlled by nongovernment parties. There is apparently only one Chinese company that has a legal contract with the SPDC to import logs along the Burmese border; and supposedly one company that can legally export across
the border (Awng Mai Co., allegedly owned by former northern military commander Ohn Myint). The “legalization” of logging in northern Burma equates to a national “militarization” of local Kachin forests.

**CONFLICT TIMBER LINKING KACHIN TO THE CHINESE GOVERNMENT AND BUSINESSMEN**

Despite the recent effort by the SPDC and Chinese government to direct logging and its generated revenue into government channels, the Kachin businessmen and ethnic political leaders remain intimately involved in the logging trade. However, since the 2006 bilateral cross-border timber trade clamp down, their involvement continually decreases in competition with national government and businessmen. Those ethnic elite who maintain close relationships with those people who increasingly control the timber trade (for example, Burmese and Chinese officials or businessmen) will subsequently merge into the “legal” timber trade network. Many ethnic leaders in northern Burma have close connections to Chinese authorities and businessmen at the prefecture and district levels in Yunnan Province. Yunnan’s Gongshan government has close relations with the Kachin political resistance group NDA-K, which controls the area across from Pianma on the Burmese side of the border. Ting Ying, the most senior NDA-K general, is ethnic Chinese but a Burmese citizen with a Kachin identity, and was born in Baoshan prefecture, Yunnan. Gao Liang is the director of the finance division for the NDA-K, with a representative office in Yunnan; he has reputedly made contracts with Chinese logging companies. Ting Ying and Gao Liang have made a lot of money and then invested it in their birthplace of Baoshan. Their success is built on their relationships expanding beyond this locality into both the Burmese and Chinese governments and companies. According to one informant, the Chinese company needs to foster a relationship with someone who has control over the border, such as Ting Ying, in order to access the forest across the border; the best people to connect with are ethnic political leaders and powerful Burmese government officials. In order to meet these high-demand, high-level people, however, the Chinese must first meet a middleman in order to be brought to the person who administers concessions. Further research needs to be undertaken to examine the role of local Kachin and Shan brokers, or jieshouren, in introducing Chinese middlemen to Burmese concession-holders. It is suspected that Chinese middlemen from previously out-competed smaller logging companies connect with local Kachin brokers, who in turn put them in contact with both Kachin headmen, to find a concession site, and regional elites, such as the...
Kachin administrative unit or SPDC officials controlling that area, to get permission to log the concession.

Several interviews conducted in Kachin State in 2001 by Kachin field staff of Images Asia Environment Desk in Chiang Mai, Thailand, outline the process of Chinese companies connecting with Kachins. Buyers from China’s east coast go to the Yunnan-Burma border to meet agents who then connect them with local Kachin logging-permit holders inside Kachin State, who were either granted permits from the political groups controlling that area, the SPDC, or at times, both. For example, local Kachin people request logging permits from the KIO administration office, which justifies giving out the permits as the method to bring development to their Kachin people.32 According to 2001 data, each permit, issued by the KIO Trade Department, cost about 3,000 yuan (US$360), and after the trees are cut, another tax needs to be paid to the KIO, according to the volume of timber cut.33 The complex logging concession process unfolds as follows.

They [the KIO granting the concessions] divide the logging area by blocks. The local concessionaire pays the Chinese to cut the logs as workers, and the Chinese also build roads and transport the logs for the local concessionaire. Then the concessionaire sells the logs to the Chinese. After the concessionaire gets the money from selling the timber, he pays the [Chinese] people who cut the trees; he also has to pay for the road construction [done by the Chinese] to his logging area, and for the transport of the logs [also provided by the Chinese]. After cutting the trees, they weigh the logs at the KIO office. This station will check the logs and their prices and also determine the taxes to be levied. The Chinese come to this station to buy logs, and the local concessionaires also sell their logs there. The KIO collects a type of tax. They also collect taxes to undertake local development, such as building schools. In addition, the KIO collects another tax to support their army, the KIA.34

This does not equate, however, to any sort of stable condition wherein the “tickets” are always honored. The ethnic insurgencies in northern Burma have created a very unpredictable political situation with constantly shifting alliances within and among insurgent groups.

Territories in northern Burma are loosely controlled by various ethnic political groups, all of whom in Kachin State have already entered into a ceasefire agreement with the SPDC. Nevertheless, their control of territory often overlaps, and in some places is co-controlled with the SPDC. Therefore, in order to obtain a logging concession, a Chinese company must appease all
of those in loose control of the area and the transportation route to the border. It is, therefore, nearly impossible to separate ethnic involvement with SPDC control in natural-resource extraction. For instance, in the Triangle, in Kachin State, although the KIO controls most of the region, logs leaving this area going to the China border pass through NDA-K areas, where the logs and a number of trucks are subsequently taxed. The SPDC also taxes the logs passing through this area and has a checkpoint near the Jubilee Bridge at Magramyang Village.\textsuperscript{35} The control of logging areas versus checkpoints can be reversed as well. Ethnic cease-fire groups controlling border checkpoints tax timber as it goes to Yunnan, but this timber sometimes does not even come from territories under the control of those ethnic political groups, as it is often cut in SPDC-controlled areas.

Timber Travels: From the Border to Beyond

They [Kachin] do not know how or where to sell the wood abroad, and that is why they sell the wood for a low price in the local area. . . . \textsuperscript{[S]}o they have to sell to the Chinese companies, and the companies don’t give them a good price for the wood—that is why they are suffering.

—Interview with retired KIO official in Kachin State by Kachin field staff for Images Asia Environment Desk, Chiang Mai, Thailand, 2001

FROM THE YUNNAN BORDER TO CHINA’S EASTERN SEABOARD

As China commits itself to unfettered economic growth, the timber industry has shifted toward concentrating on importing unprocessed forest products to match its mushrooming wood-manufacturing capacity. After the timber is transported across the border into Yunnan, another node of the commodity chain thus unfolds. Timber first travels from the border to Dali, and then to Kunming, the provincial capital of Yunnan, where it either undergoes further processing or simply awaits further transportation to China’s eastern seaboard, mainly Guangdong Province or Shanghai. As the timber travels from rural Kachin villages to the eastern seaboard, there is a corresponding increase in organizational structure of the timber industry: from Kachin villages to small logging companies in Kachin State, to small-scale border-processing companies, to buyers and medium-sized companies for partial processing in Kunming, to wholesalers and large-scale processing companies along the eastern seaboard.\textsuperscript{36} This new commodity-chain configuration for the Chinese tropical-timber trade is partly a response to greater timber industry liberalization, with the partial elimination of import and export licenses in 1999 and growing manufacturing specialization on the east coast.
The border and Kunming are connected to the eastern seaboard mostly through private family-run timber businesses propped up by relatives. In most cases, buyers working for large-scale timber-processing companies come from outside of Yunnan, mostly from Guangdong Province, to strike deals with logging and processing companies and small- and large-scale sawmills along the border. The border company then arranges either for the timber to first undergo crude processing or for timber to be shipped directly to the company’s own sawmills for value-added processing. Alternatively, processing companies or wholesalers make arrangements with larger sawmills to purchase high-quality sawnwood or finished products. The Chinese business diaspora continues to fuel the timber trade and keep out Western competition by increasingly connecting the different production nodes through linkages that combine production, processing, and marketing networks.

The mixture of Burmese and domestic Chinese timber, as well as timber from other countries, in China’s timber markets signals a major “place-erasure” step in the commodity chain. For example, the majority of “domestically produced timber” (guochan cai) from Yunnan is actually cross-border timber (bianmao cai) from Burma. Timber products produced in China but with Burmese timber are then labeled as guochan or yunnan cai (Yunnan timber). In fact, wood products using Burmese timber constitute about 30–40 percent of wholesale products in Chinese timber markets. Thus, Burmese timber becomes, in the eyes of the consumer, Chinese timber during the shift from one node—extracting—to another node further down the commodity chain. It is this blinding of the true timber source that erases the conflict aspect of the timber, and thus makes the purchase by the distant consumer possible and indeed acceptable.

FROM CHINA’S EASTERN SEABOARD TO THE INTERNATIONAL TROPICAL-TIMBER MARKET

After the timber has been processed on China’s eastern seaboard, the timber enters the international tropical-timber market, yet another node of the commodity chain. For this to happen, however, international firms and domestic Chinese companies must cooperate, or at times merge, as part of a joint investment. This “transnational alliance capitalism” is exactly what makes the cross-border timber trade financially viable. The mounting demand for cheap wood-based products, especially furniture, in the developed world has prompted a reconfiguration in China’s export-oriented forest industry. The result is a hybrid of domestic Chinese and international finance
corporations, often managed by overseas Chinese, who invest in Burmese timber logging, processing, and marketing all along the commodity chain. Taiwanese (perhaps the largest investor), Hong Kong, and Singaporean companies provide the majority of finance and corporate structure for the Yunnan-Burma border timber trade. For example, of the forty furniture-production lines in Guangdong, about 80 percent are Taiwanese invested. De Long Forest Resource Development, based in Xingjiang Province in northwest China, is a joint venture between Taiwanese and Japanese companies, worth 20 million yuan (US$2.5 million). Another example is the largest sawmill in Liuku, the Nu Jian Hong Ta Chang Quing wood factory, which is the largest single investment along the border and a joint venture between a Malaysian company (60 percent) and the Chinese state-owned Hong Ta Group (40 percent). The company purchases most of its timber from the De Long company in Pianma and exports over 1,000 m³ of processed timber each month, of which much goes to Korea in the form of doors and window frames.

China has become a re-exporter of finished wood-based products (mostly imported from Hong Kong) due to a host of events, such as forest-product tariff reductions in 1999 (to ensure a constant supply of timber after the Chinese logging ban in 1998), great improvements in domestic-manufacturing capacities, and the agglomeration of wood-based industries in key manufacturing hubs along the eastern seaboard. For instance, a substantial portion of timber products from Hong Kong imported into China have in fact been transshipped or processed and then re-exported. China’s re-exported timber products serve international tropical-timber demand, rather than domestic Chinese consumers.

However, there is Chinese domestic consumption of Burmese timber. Domestic products made from high-value Burmese timber are mostly processed into veneers that overlay composite boards, since the former is expensive. Low-value timber is instead processed into solid wood products for domestic consumption. China’s population and increasing consumption patterns, especially for timber, give reason for concern. Burmese timber follows China’s domestic demand by becoming a popular substitute for more expensive hardwoods because of its cheaper cross-border price. With China’s aspiration to be rich, the tropical-timber market will become less directed by international markets, and instead follow domestic Chinese tropical-timber demand.

It would be easy to blame only China for the conflict-timber trade on the Yunnan border, but it must be stated clearly that the international tim-
ber and timber-product markets significantly influence Chinese logging in Burma. The largest Asian destinations for China’s secondary processed wood products manufactured from Burmese timber are Taiwan, South Korea, and Japan, with the first being the largest importer, and lesser amounts exported to Malaysia and Thailand. Hong Kong is the largest Asian importer of Chinese furniture (followed by Japan and South Korea), but this is misleading since 99 percent of Hong Kong’s furniture exports were in effect re-exports from mainland China, and 70 percent of these exports were shipped to the United States. If this is taken into account, then the United States would be the largest importer of Chinese wooden furniture. The United States is the largest importer of Chinese manufactured timber products in 2007, followed closely by the European Union, of which the United Kingdom is the top importer, capturing about one-third of all E.U. timber products imported from China. The other countries distantly trailing include Japan, Hong Kong, South Korea, and Taiwan, in that order. According to the general manager of the American Forest and Paper Association’s China office, the United States is certainly responsible for China’s high timber imports, due to China-U.S. bilateral trade.

Timber and wood-product imports into the G8 countries account for nearly two-thirds of the global timber trade, and about 50 percent of tropical-timber imports into the European Union are in fact illegal. One reason for this is that it is still legal to import timber, even if it is illegal to import timber from the country of origin, into timber-consuming countries (including the G8 nations and China). This is because once the timber has been “substantially transformed” (for example, processed into wooden furniture), its designated country of origin becomes the country where the timber was processed, not where it was logged. As such, timber illegally logged in Burma and then processed into furniture in China is legally exported to Western countries despite existing embargoes against Burma. In this sense, the timber-extraction sites become hidden both by marketing gimmicks and by timber-import policies.

**Frontier War Economies: Connecting Timber to Violence**

Violence stems from existing power relations . . . the underlying causes of conflict lie in these unequal power relations and the resulting violence reinforces them.
—Catherine Brown, “The Political Economy of Violence”

Violence has been transformed, rather than terminated, following the cease-fires between the Kachin insurgent groups and the Burmese regime. The
Cease-fires transformed conflict from brute force (i.e., “war violence”) into both “structural violence” (i.e., violence embedded within economic, political, and religious structures) and “internal violence” (i.e., violence manifested within Kachin society and their representative political leadership).

Such structuralized violence has been channeled through “extractive development” (that is, development stemming from extracting natural resources) in Burma, which does not bring peace as purported by the Burmese regime and the Kachin elite who helped administer the cease-fires. Most Kachin believe that “the Burmese government is exploiting natural resources for their personal use and benefit—they put the money into banks; this is clear abuse.” Logging concessions coerce Kachin elites into cease-fires with the Burmese military regime, which results in the physical displacement of the Kachin from their land, widening economic inequalities, heightening ethnic disparity, and the carving out of denuded land—and in so doing, linking violence to environment. These concessions offer a valuable vantage point from which to analyze violent military territorialization. Cease-fires cease to be about bringing peace and development to Kachin State, and operate instead as loss of resources for the majority and increasing wealth and corruption of the elite minority, which has already led to increased social and political unrest in Kachin State. “They [the SPDC] are not coming for the peace; I am afraid of a situation worse than before the cease-fire agreement.”

Conflict can be profitable by providing an alternative system of profit and clientism, for example, “war economies.” Economic coercion transformed Burma’s “frontiers” into sources of military revenue enacted through cease-fires, which dissolved the political boundary, but left behind a fermenting ethnic divide and growing resentment about the degraded environment. As such, Burma’s political war economy operates such that warfare acts as an “instrument of enterprise and violence as a mode of accumulation.” The privatization and institutionalization of violence act as an exercise of power that allows elites to access resources through relations. Thus, “economic violence” is violence which accrues profit, a system in which “elites try to privatize conflict by exploiting the civilian economy.” This act of privatizing violence becomes especially prevalent in states without a strong state capacity for preventing elites from using violence for personal profit. In short, the economic benefits of violence may outweigh those of peace.

The SPDC incites conflict between the ethnic political groups as another way to weaken them—because if they are fighting each other, then they cannot organize against the government as effectively. For example, the NDA-K is currently expanding its logging activities into the southern Triangle since
most territory under their control has already been deforested of valuable species.\textsuperscript{59} This is being done with the permission and possible encouragement of the SPDC, and with the cooperation of Yunnan’s Tengchong County government, despite the fact that these areas were granted to the KIO as part of their cease-fire agreement. The result of this intrusion is greater animosity between the KIO and the NDA-K, which perhaps was SPDC’s intended result.

Violence not only escalates among the ethnic political groups and the SPDC, but as well within ethnic political groups. According to a report investigating environmental-rights abuses in Burma, the conflict-timber trade has “played a key role in further dividing political opposition to the regime by financially rewarding certain groups at the expense of others.”\textsuperscript{60} Pillaging of natural resources in cease-fire areas by the respective ethnic political groups has led to increased corruption from rent-seeking activities and has thus subverted the functional and political capacity of the ethnic groups. The ethnic political groups, especially the KIO, have lost political direction, unity, strong leadership, and committed followers since the rampant wholesale of their natural resources that has taken place since they signed the cease-fire agreement.

The denuded landscapes and political disunity act as potential sources of renewed social and political turmoil for the Kachin. Many Kachin people have blamed their political leaders for forcing their society into their current cease-fire situation and its resulting economic and social marginalization and environmental destruction, despite the obvious benefits of ending open warfare. “It is difficult to consider the KIO as good leaders for us, because they made an agreement with the SPDC; but no benefits from the agreement have come to our community.”\textsuperscript{61}

Several coups within the KIO and NDA-K have occurred since 2001, spurred by jealousy resulting from ethnic political leaders sealing close ties to Chinese businessmen from Yunnan and offering plentiful logging concessions to them. Disputes between and within the KIO and NDA-K have in part been triggered by the desire for control over logging revenue and territorial control of the remaining areas with valuable timber, especially in the Triangle. The attempted internal coups and external attacks on Kachin political leaders and cease-fire groups signal a recurrence of Kachin political conflict. Logging business interests have led to strife both among and within ethnic political groups, which in turn has aggravated political and social instability in Kachin State.
The Forgotten Landscape: Local Kachin Livelihoods

After the cease-fire agreement, many companies came [into Kachin State]; the SPDC created private property and kicked the Kachin people out.
—Interview with Kachin youth in Kachin State, 2003

A new power struggle has emerged, further marginalizing local Kachin villagers at the expense of patron-client networks involving the SPDC, Kachin leaders, and Chinese businessmen. The civil-war situation in Kachin State created conditions in which more marginalized sections of Kachin society were able to access resources and integrate themselves into a peripheral insurgent economy. As the Burmese junta gains further control over previously hostile areas, the Kachin villagers are pushed out of their local resource-extraction networks to make way for the SPDC and their business partners. Philippe Le Billon outlines a similar process in Cambodia, where the marginalized lose economic maneuverability during the “political ecology of transition.” “The illegal character of logging shaped this ordering and reduced the share of profits for many of the less powerful groups, as people in positions of power—high-ranking officials and military commanders—were able to extract large benefits for turning a blind eye, protecting, or even organizing these activities.”62 For Kachin State, the political ecology of cease-fires illustrates this transition from war to cease-fire peace, and how this relates to a corresponding shift from marginal villager participation to exclusion from natural-resource access and extraction.

Village headmen have lost autonomy but have expanded their own patron-client networks since the cease-fires, being now under the administrative control of local KIO offices that were established in post-cease-fire Kachin State. The head of the village committee, who is often appointed by the KIO, not the villagers, asks the KIO for permission to sell off their land for logging by Chinese companies in order to generate money for schools, electricity, and water pipes. “The village committee doesn’t say no to logging, they don’t know about the forest, they only know money,” while “the villagers can’t say anything because the committee has the authority.”63 Thus, while it remains unclear how much influence the local villagers have in protecting their own land from outside loggers, the village headmen seem to be very willing to exchange their land for expensive electricity and water pipes, and of course, a large private commission for administering the deal.

Chinese companies, through their logging contracts with local Kachin leaders, have gained more power and authority in Kachin State, such that
the companies, supported by Kachin political leadership, often kick out villagers in the area so that they can extract the timber. “The area is controlled by the KIO. It is a very new logging area and the KIO issued an announcement that people are not allowed in the area.”64 Local inhabitants are also frequently removed from logging areas by the military. As another person explained, “Whenever they do logging, a lot of soldiers come around our village and they go everywhere. They go deeply into the jungle, they force the local villagers to move to town and then destroy their houses.”65 Keeping the forests off-limits to local Kachin takes away their livelihoods by denying them access to forest products and non-timber-forest products, which they rely on for supplemental income and food. The Chinese workers bring in most of their own food and hunt in the forests for meat, thus limiting any trading with the local Kachin while also killing off wildlife. Very little timber processing, other than some crude sawmilling, occurs in Kachin State along the Burma side of the border, thus offering only marginal employment opportunities for Kachin people.

The KIO sometimes sells traditional village forests, or permits villagers to sell it themselves, to pay for basic services such as electricity from China and piped water. “Because of the prices of road construction and electricity are high (1.2 yuan/kilowatt) the villagers have to sell off their forests; for electricity for one village they have to pay 30,000 yuan (US$3,615). So the Chinese got concessions from the villagers, but the land given away by the villagers is just enough to exchange for the electricity.”66

Logging roads are built, with a trail of tree stumps and muddy rivers, prostitution, HIV/AIDS, drug abuse, and gambling brought by migrants left in their wake.67 United Nations Office on Drug Control (UNODC) regional director Akira Fujino attributed the increase in [opium] production in Kachin State in part to rampant deforestation and the corresponding influx of more sophisticated opium farmers and techniques.68 Just one environmental catastrophe thought to be linked to rampant logging occurred in July 2004, when the Irrawaddy River flooded—reportedly the worst flooding in thirty years. The environmental destruction in Kachin State will have a direct negative impact on the people of Kachin State, since those living in the few nonurban areas rely on the health of forest ecosystems for their day-to-day survival.

Even in summer the Mung Lai River in Laiza [KIO headquarters] used to be very deep and to cross the river was difficult. But now the river only comes up to the knee. The Laiza stream [another stream] is also the same.
In the past, we can drink the water from Laiza stream, it was very clean and clear, but now on the upstream part of the stream logging is being done as well as road construction through the forest, so the stream has become muddy. It is not good for the next generation.69

These ecological concerns are also reflected in the following observation, made by a pastor: “Villagers are very worried now, even the small logs are going, so that in ten years there will be no wood for them to build houses, barns and hoes, and the water will slowly dry up.”70

Local Kachin people lose land to the cease-fire logging-concession areas, and have no legal recourse to voice concerns. Local SPDC and cease-fire groups, for example, frequently require local people to purchase a “permit” to farm their own fields, harvest timber and non-timber forest products, and undertake informal trading. When the land has coveted natural resources, such as valuable hardwoods, different “permits” are sold to businesses. In exchange, the military units and cease-fire groups impose a tax. Villagers do not possess official papers proving their ownership of the land, and they do not have the funds to purchase any permits. Neither do they have the political leverage to make deals with the local elite, and thus they are forced off their land.71 Local Kachin are also further marginalized from their own land by being physically moved down from the mountains to the roads to be resettled into larger, controlled villages, the reason ostensibly being to protect the forest from shifting cultivation. This is despite the fact that these areas often soon become logging concessions.72

Even for the few Kachin who participate in the logging industry, life can be very difficult. Having lost their financial security, they are now dependent on the unstable cash economy. A Kachin youth who has experienced this firsthand explains this difficult transition.

I didn’t know that after they cut the trees, everything is quite expensive. Before, we can survive on my mother’s salary. After that we can’t survive on her salary. We can see the situation changing day by day . . . hard to survive for even one day. Now it is difficult—my father is a buyer/trader before—now he can’t survive with that and he is now in the forest doing the logging for the last 2 years. Logging can’t get much money—because you have to pay to the Burmese, the workers, machines and the gates [checkpoints].73

For all of the reasons outlined in this essay, one Kachin elder Baptist leader agrees “the environment is the most important issue in Kachin State right
now.”74 One Kachin environmentalist pushes this view further in believing that “environmental damage is furthering [Kachin] nationalism in Kachin State.”75 The increasing ecological destruction in Kachin State, intricately tied to the ethnic political crisis in Kachin State, thus provides an environmental platform for an “ethno-ecological” resistance.

Conclusion
The global commodity-chain approach, from the logging sites in Kachin State to the tropical-timber consumers, helps to highlight the underlying conditions of the trade. The GCC analysis helped reveal some of the socio-cultural and political elements embedded within the China-Burma timber trade: the Chinese trade-relation networks stretching from Asian financial centers to China’s eastern seaboard to the border; the political ecology of war embedded along the Kachin State-Yunnan border; the Burmese regime attempting to gain greater control of the increasingly globalized overland timber trade; and the structural violence inflicted on Kachin villagers as a result of the burgeoning trade. Examining the different nodal points along the commodity chain enables one to travel beyond the border, to situate outside a statist, “legal” analysis, and into a more locally nuanced, globalized perspective. Chinese domestic businessmen in search of logs, supported by regional financial centers with investment capital, pried open a broader transnational cease-fire space to enable them to integrate more with northern Burma’s timber-extraction networks for the purpose of securing logging concessions. In this essay I have revealed the elements that support this transnational logging trade, with transborder patron-client relationships, transnational alliance capital, and international consumer desires radiating from and penetrating the border—all in all, a truly awesome global game.

Before the cease-fire agreements in Kachin State, the small-scale timber trade remained more within local and traditional Kachin networks. This is not to say that historical pre-cease-fire trading did not spread beyond the Kachin communities; Eric Tagliacozzo describes how local villagers in Northwest Borneo, despite living within geopolitical margins, became firmly grounded within global networks through trading high-demand forest products.76 The cease-fires, however, expanded the scale on which cross-border trading operated, both in terms of volume extracted and destinations reached, further marginalizing local Kachin traders in the process. The cease-fires in Kachin State forged new political space, offered financial incentives, and shifted minjian, which enabled the SPDC, Chinese business-
men from the eastern seaboard, the Chinese government, and international finance corporations to reach deeper into Kachin State to accelerate timber extraction by linking it to the global timber trade. Several Chinese factors have overhauled the local war economy into a more globalized form. These are China’s partially liberalizing economy (including forest-product tariff reductions), improved manufacturing specialization capacity on China’s eastern seaboard, China’s partial ban on domestic logging, cheap Chinese migrant labor, a lack of Chinese government regulation, and a transportation infrastructure stretching from China’s coast.

These circumstances in effect reshape local Kachin natural resources into transnational resources. However, Chinese local and national governments and the Burmese regime have recently been clamping down on the cross-border timber trade to ensure national control of logging and its generated revenue. Underneath the mounting national control of the transnational timber trade, however, Kachin political resistance groups contest their loosening grip on the extraction networks as they continue to fight for their autonomy and fund their armies. Tension thus exists among Kachin villagers, Kachin political leaders, national and local government authorities on both sides of the China-Burma border, and Chinese and international businessmen, but this tension to some extent eases through profit-sharing. All of these different players collude and collide over quick profits from selling and buying tracts of forests in Kachin State, at the expense of Kachin villagers.

“Transnational alliance capital” carries the capital necessary to ignite the commodity chain, enabling large multinational corporations based in East and Southeast Asian finance centers to connect North American and European tropical-timber consumers with tropical trees from northern Burma. Transportation and digital infrastructure glue these unlikely allies together. The inherent violence in this conflict zone becomes erased as the commodity becomes globalized as a product to be consumed. Regardless, those involved in the trade, including the consumers, leave their large and heavy footprint along the Kachin State-Yunnan border. Although much of the Burmese timber is destined for international markets, the Chinese businessmen, supported by their nation’s policies and liberalizing economy, help to make this a “China problem” as well. And as Chinese strive to be modern capitalists in industrial cities, the conflict border timber trade will increasingly serve domestic Chinese demands, rather than just those of their international consumer companions.
Notes

1. The current regime in power, the SPDC, changed the country’s official name to Myanmar in June 1989. Although this name is recognized by the United Nations, ethnic minority groups and Burma activists refuse to accept this name; for this essay I will refer to the country as Burma. However, I retain the name that authors use in the quotes that I cite.

2. Focusing only on Kachin State excludes data from Shan State border regions, as well as government timber traveling through Yangon en route to global destinations. Although limiting the scope of analysis to begin only after the cease-fires of the 1990s does not provide much pre-cease-fire historical context of the trade, it makes the essay more manageable and allows for an understanding of where the current timber trade is headed.


9. Ibid., 9. According to this report, with timber costing an average of US$250 per cubic meter, illegal exports in recent years would be worth over US$200 million annually. However, “illegal” timber may be misleading in the context of Burma which has no rule of law, with “legal” being defined as that timber which is under the complete control of the military regime.

10. Ibid, 9.


13. Wen-Chin Chang uses an equivalent Chinese term, minjian, to mean the “unofficial
connections interacting with and reacting against the state bureaucracy” (see Chang’s essay in this volume, 460).

15. See Wen-Chin Chang’s essay in this volume, 455–79. According to her analysis, the jade trade appears to remain more embedded with Kachin-Yunnan networks than the timber trade due to the lack of demand for jade outside of Asia, whereas the timber from Burma mostly serves the demand of Western consumers.
16. Wood processed along China’s eastern seaboard is often shipped to Hong Kong to undergo further processing and manufacturing.
20. Across the border from China’s Pianma lies Burma’s Datainba in Kachin Special Region 1, which is nominally controlled by the NDA-K as part of their cease-fire deal, with various cease-fire logging concessions administered in the region.
31. See Wen-Chin Chang’s essay in this volume for an examination of how jieshouren relates to the jade trade originating from Burma.
32. Interview with KIO development officer along the China-Burma border, 2004.
34. Ibid.
37. Ibid, 4.
40. I borrow the phrase “transnational alliance capital” from Gellert, “Renegotiating a Timber Commodity Chain,” 56.


43. Global Witness, A Conflict of Interests, 86.

44. Ibid, 49.


46. Despite China’s high demand for timber, its average timber consumption is only 0.12 m³/person/year, less than one-fifth the global average. Consumption in the United States is almost twenty times this figure, making Americans the world’s largest consumers of wood products per capita.


52. This analysis is based on Global Witness, A Conflict of Interests; and Global Witness, A Choice for China.

53. Before the cease-fires, the SPDC used a military tactic known as the “Four Cuts Policy,” which involved the explicit intention of depriving opposition groups of food, funds, recruits, and intelligence.


55. Logging concessions alter the geopolitical space through “territorialization,” or an “attempt by an individual or group to affect, influence, or control people, phenomena, and relationships by delimiting and asserting control over a geographic area” (see Peter Vandergeest and Nancy Peluso, “Territorialization and State Power in Thailand,” Theory and Society 24 [1995]: 385–426).

56. Interview with Kachin school headmaster along the China-Burma border, 2004.

63. Interview with Kachin villager in Kachin State, 2002 by Kachin field staff for Images Asia Environment Desk, Chiang Mai, Thailand.
67. For instance, Kachin State has the highest rate of HIV/AIDS infections in Burma; in Myitkyina Township 90 percent of male intravenous drug users have HIV/AIDS (Global Witness, *A Choice for China*, 17).
70. Interview with an elder Kachin Baptist pastor in Kachin State, 2002, by Kachin field staff for Images Asia Environment Desk, Chiang Mai, Thailand.
71. MacLean, *Capitalizing on Conflict*, 12.
73. Interview with a young Kachin villager in Kachin State, 2002, by Kachin field staff for Images Asia Environment Desk, Chiang Mai, Thailand.
74. Interview with a Kachin elder Baptist leader in Kachin State, 2003, by Kachin field staff for Images Asia Environment Desk, Chiang Mai, Thailand.
75. Interview with Kachin environmentalist in Kachin State, 2003, by Kachin field staff for Images Asia Environment Desk, Chiang Mai, Thailand.
76. See Eric Tagliacozzo’s essay in this volume.