



# Revisiting critical consequences from armed conflicts in the Shan State, Myanmar: Implications for border development of Chiang Mai province, Thailand

Watchara Pechdin<sup>a,\*</sup>, Mokbul Morshed Ahmad<sup>b</sup>

<sup>a</sup> Disaster Preparedness, Mitigation and Management (DPMM), Asian Institute of Technology, Khlong Luang, Pathum Thani 12120, Thailand

<sup>b</sup> Development Planning Management and Innovation (DPMI), School of Environment, Resources and Development, Asian Institute of Technology, Khlong Luang, Pathum Thani 12120, Thailand

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## Abstract

Armed conflicts in the Shan state of Myanmar have changed and contributed the consequences to the border development in Chiang Mai province of Thailand dynamically. Seeking practical recommendations for the Thai government in developing this border, we are here to revisit those critical consequences and its up-to-date impacts to the border development. Data were employed by a documented survey, non-participated observation at the border area, and in-depth interview with key informants. Thematic technique was adopted in accordance with the context of national security concerns. Key findings highlight that the development of Chiang Mai's border is critically influenced by issues related to drug trafficking, cross-border trade politics, and Shan displacement. The study suggests that Thailand-Shan border development itself should integrate local identity into its plan and regulation. The inclusive policy collaborating in both border-to-border and Government-to-Government levels should be taken into consideration.

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## Introduction

For a number of years, the Myanmar government has launched a variety of policies aimed at resolving the existing conflicts with ethnic armed groups. However, those efforts were likely unsuccessful as most

of the conflicts and ethnic insurgencies still remain. Shan state is one of the areas that political insurgencies still persist. Although Myanmar initiated the National Ceasefire Agreement with major Shan ethnic armed groups, clashes and insurgencies still continue to aggress in the area (Pyidaungsu Institute, 2018). Such dynamically creates serious concerns and tensions to the border of Thailand from time to time.

\* Corresponding author.

E-mail address: [w.pecdinh@gmail.com](mailto:w.pecdinh@gmail.com) (W. Pechdin).

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Chiang Mai province, Thailand, is one of the provinces that shares a border with the Shan state. The province has struggled in border development since the 1990s when the conflicts in the Shan state were intensified by domestically political powers. Especially due to critical consequences on cross-border trade activities, all of Chiang Mai's cross-border passes have been closed in response to that event since 2002 (Sukdanont et al., 2018). As a result, the province could not gain from cross-border trade activities, regardless of high potential on cross-border trade.

The needs of border development of Chiang Mai province have emerged as result of fast growth of economic activities on both sides of the border. This could be observed from the border trade of Northern provinces of Thailand to the Shan state, which increased nearly 10 times from 1.3 billion in 2002 Baht to 12.98 billion Baht in 2020, as reported by the Department of Foreign Trade, Ministry of Commerce, Thailand. Moreover, in 2020, Mr. Jurin Laksanawisit, Deputy Prime Minister and Minister of Commerce, expressed during his visit to Chiang Mai that the Thai government had already revisited the national plan for promoting Chiang Mai border, which would be launched in an upcoming year (Chiang Mai News, 2020).

Due to the fact that the border in Chiang Mai has been abandoned for a longer length of time, it is necessary to revisit significant implications linked with ongoing conflicts in the Shan state. This is to enable the Thai government to implement border development initiatives effectively. On top of that, it could identify crucial border issues that may already exist and potentially continue in the future, which will benefit both Thailand and Myanmar for future collaboration in solving the conflicts in this area.

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## Literature Review

Previous studies indicated that factors influencing development of Thailand-Myanmar border are induced by the political tensions between Myanmar's ethnic armed groups and the Myanmar government, and conflicted tensions among ethnic armed groups (Gray & Burns, 2021; Kramer et al., 2018; Martin, 2018; Olivius & Hedstrom, 2021; Sukdanont et al., 2018, 2019;

The Shan Women's Action Network, 2003; Trichot, 1998). Clashes typically occur after the tensions. Although, some clashes were solved by the ceasefire agreement with the Myanmar government, there are still many existing clashes waiting for the solution.

Back to the background of conflicts in the Shan state, armed conflicts there worsened during the rule of General Ne Win. In 1963, the Burmese military under his provision to eliminate ethnic conflicts introduced the "Four Cuts" strategy; cutting food supply, funds, information, and recruits of the ethnic armed groups (Martin, 2018). The implementation of this strategy was frequently followed by unjust treatments such as directly attacking villages, murdering unarmed civilians, raping women and girls, mining fields and roads, forcing civilians to serve as porters, and destroying crops, markets, and property (Martin, 2018). These grave incidents caused large numbers of Shan civilians to flee to neighbouring countries, especially in Thailand and China, and such has continued until now.

Delaying border development in Chiang Mai today is also a result of the ongoing conflicts in the Shan state, Myanmar. Sukdanont et al. (2018) pointed out that the conflicts in the Shan state frequently shaped concerns over border security to the Thai government, resulting in less progress of Chiang Mai border development. An increasing concern of drug trafficking from the ethnic armies might have contributed to this. Due to the closure of the Chiang Mai border with the United Wa State Army (UWSA), which was the biggest drug producer in this area, such could lead to the passes becoming the main drug trafficking route to Thailand, as evidenced by most of the arrests regarding drug trafficking and illegal trading of weapon cases found along this border (Sukdanont et al., 2018).

In Myanmar, as in Trichot (1998), there were also concerns from the Myanmar government over the border development with Chiang Mai, Thailand. Increasing border activities might allow ethnic armed groups to seek additional income from the border traders such as asking for local taxes, or asking traders to help them to supply consumption goods or weapons. This would enhance the capability of the ethnic troops in combatting the government.

As reported in Sukdanont et al. (2018), in 2012, the Thai government presented the plan to the parliament to reconsider and study the possibility to develop and

reopen the border passes in Chiang Mai province. This was to support the ASEAN Economic Community (AEC) trade activity by connecting to northern areas through the pass. Under this initiative, several collaborations among communities near the border in both Thailand and Myanmar were readdressed and introduced to seek ways to develop with the least impact on national security issues; for example, opening cross-border markets on important Buddhist days, and establishing Township Border Committee (TBC) to consider, monitor and strengthen border activities and collaborations among local governments and agencies near the border. However, the border trade activities in Chiang Mai are still impacted as there are no trading activities. Most trading facilities are deserted. The border development plan remains ambiguous up until now.

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## Methodology

The main objective of this study was to explore critical consequences arising from conflicts in the Shan state having results on Chiang Mai border development. Therefore, the study followed the concept of exploratory research design, which helps revisit the consequences in depth. The thematic technique was adopted for the exploration. The theme focused on the National Security concerns which would potentially influence border development. “National Security” according to National Security Policy and Plan 2019–2022 of Thailand by the Office of the National Security Office and Office of the Prime Minister, is defined as *“The situation in which the country is free from any threat to its independence, sovereignty, territorial integrity, the religious institution, the monarchical institution, public safety and peaceful livelihood that may affect the national interest or its democratic regime of government with the King as Head of State”*. In this context, they also defined *“threats”* as *“The state or situation leading to the state of insecurity or serious and complicated security problems which, if not rectified, shall have pervasive impact on the national security”*. Therefore, under this reference, the scope of national security to be explored in the context of border development for this study was *“Situations emerging from border economic development which result in insecurity or serious problems for the country, the government, and border communities in particular.”*

Data were collected from both primary and secondary sources. Primary data were obtained from non-participant observation at the Thailand-Shan border in Chiang Mai province together with semi-structured interviews with key informants who had experiences and were familiar with the conflicts in Shan state. Nine potential informants were contacted, but unfortunately, only six informants accepted. The key informants consisted of one member of a local NGO working with the refugee activities in Chiang Mai, one Shan citizen, one expert, one border trader and head of border communities in Chiang Mai province, and one representative of the local Thai government organization. In the meantime, secondary data to be analysed were also collected from academic research, news, and announcements from respective agencies.

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## Results

Upon considering the extent of the study, three key thematic consequences arising from conflicts in the Shan state were identified; drug trafficking, economic-led tensions, and refugee and illegal mobility. All key informants agreed that drug trafficking was the most serious threat to Thailand’s border development, having direct impacts on Chiang Mai border development in the past and until now. Meanwhile, economic-led tensions and refugee and illegal mobility were identified as potential threats to the border development.

### Drug Trafficking

Over decades, drug trafficking has influenced the Chiang Mai – Shan border development, in particular cross-border trade. Some development in Chiang Mai border areas may induce the drug producers in the Shan state to gain an advantage from the trade and transport connectivity. Based on existing evidence, drugs are produced, transported to Thailand and delivered to other countries such as Malaysia, Philippines, and Indonesia (Kamolphet, 2018). This is one of the issues that pose a threat to Thailand’s national security, resulting in delaying border development in Chiang Mai province. In Chiang Mai province, most drug trafficking is found in natural crossing passes located in mountainous area, where it is difficult for the Thai authorities to monitor such (Kamolphet, 2018).

There is no indication when the drug trafficking in this area will be resolved. One key informant (Participant 1), who had been working for humanitarian assistance along Chiang Mai border, was of the view that drug production in this area would continue and probably increase, depending on how the Myanmar peacebuilding process progressed. In the worst case, the volume of drug trafficking may sharply increase due to increasing weapons needed for intensifying capacity of ethnic troops in response to Myanmar military's operation. This might be a cause of large drug exports to Chiang Mai.

This point of view was supported by another key informant, a Shan citizen, who was living in Thailand (Participant 2). She pointed out that exterminating drug production in Shan state was likely overlooked and prolonged. In her perspective, drug trafficking would not be solved in the upcoming years as this issue was foreseen to cut the local resistance and new recruitment for ethnic troops. Such was evidenced by an increase of drug addiction among teenagers and male adults in Shan state.

Furthermore, challenges for monitoring drug trafficking tend to be more complicated. Our recruited expert (Participant 3) pointed out that an upcoming challenge for the Thai government in monitoring the drug trafficking issues was a locality challenge. This is due to the fact that both sides of the territory are inhabited by people of the same ethnicity, particularly at the Chiang Mai border, where minorities live in close proximity. From time to time, the Thai government's efforts to combat drug trafficking are ineffective, as drug transport is facilitated by those people.

Additionally, drug trafficking might be used as political means for restricting border developments. Firstly, it restricts Thai government to develop border activities. Two key informants (Participant 3 and 4) pointed out that ignoring drug production in Shan state was probably intended to create political tensions for the Thai government, delaying Chiang Mai border development. The intention was to reduce the opportunity for the ethnic armed groups active in the area in expanding their financial capacity, hence diminishing their armed capacity. In another restriction, drug trafficking constrains international assistance. This means it was probably used for creating a negative perspective of international assistance for ethnic armed groups and Shan citizens

(Participant 1 and 2). This would discourage international donors for financial support, resulting in decreasing international donations to promote livelihoods of Shan citizens who might be potential soldiers for the ethnic troops.

### *Economic-led Tensions*

In 2002, the Thai government decided to suspend border crossing points in Chaing Mai province; namely (i) Lak Taeng crossing point located at Piang Luang sub-district, Wiang Haeng District, and (ii) Kiw Pha Wok border passes located at Chiang Dao District. National security concerns and intense conflicts over the Shan state were major contributors for this suspension (Sukdanont et al., 2019). This suspension was also requested by the Myanmar government. Recruited expert (Participant 3) viewed that the closure between Chiang Mai border and the ethnic area could encourage the Shan's ethnic troops to gain from border trade with Thailand, leading their troops to increase financial capacity to supply weapons. Regarding this, the Myanmar government decided to take many measures to terminate the sources of income of those ethnic armed groups. One of those was a decision to close the border crossing points on the Myanmar side.

The closure of border crossing points in this area might have a consequence to the economic-led conflicts among Thai border stakeholders, including with border traders and enterprises, border communities, government agencies (Participant 3). In the northern part connecting to Shan state, there are three Thai provinces gaining from border trade with Shan state; Chiang Rai, Chiang Mai and Mae Hong Son. Due to the proximity of Chiang Mai and Chiang Rai, cross-border trade between them may become competitive. Regarding Sukdanont et al. (2019), the research mentioned that the agenda for the border meeting to review or debate reopening border crossing points in Chiang Mai province was frequently postponed, as the meeting suggested to use the border trading route at Chiang Rai province instead of Chiang Mai province.

We observed that this circumstance formulated two possible threats to border development of Chiang Mai in an after match of the postponement. Firstly, tensions between stakeholders in Chiang Mai border and other northern provinces keep increasing. In the past, crossing

points in Chiang Mai had developed their surrounding communities. Before their suspension, the trading products were such as consumption goods, clothes, and construction materials. Particularly in the border trade through the Lak Taeng pass, this was as much as 700,000 Thai Baht (approximately 23,000 USD) per day (Sukdanont et al., 2018). Currently, this pass is derelict as there are no trading activities. Most of the facilities are then devoid of development. One key informant (Participant 5), who resided and had a business on Chiang Mai border, expressed that this situation had depressed the local economy leading the local people to move out to work in the city center such as in the capital district of Chiang Mai as well as in Bangkok. Due to the prolonged suspension, several border enterprises in Chiang Mai province disregarded doing business with border enterprises in Chiang Rai province, claiming that the collaboration would only benefit Chiang Rai province (Participant 3). Tensions among the border enterprises have occurred.

Secondly, the postponement has potentially driven a local ignorance towards government collaboration. With border enterprises and local people in particular, it could be observed that they had an increased ignorance for border activities requested by the Thai government; training for monitoring security, border volunteer, border census, border trade skill development, for example (Participant 6). One reason might be that those activities did not give them economic benefit from the collaboration, reducing motivation to participate in any activities. This creates difficulties for the local government administrative agencies in their operations, making Chiang Mai border vulnerable to the national threats as a result, specifically threats related to the drug trafficking concerns.

### *Refugee and Illegal Mobility*

Refugee and illegal mobility as a consequence of the armed conflicts in Shan state was identified as a potential threat to the national security and Chiang Mai's border development (Participant 3). Going back to the early 2000s when the clashes among the Myanmar military and ethnic armed groups in Shan state were intensified by the Four-cut strategy, such resulted in widespread displacement of the local communities in southern Shan state. A number of shelters and refugee camps were set up

along Thai-Shan border. Some of them became internally displaced person (IDPs) in Shan state while others became refugees in Thailand. This worsened Thailand's national security concerns, when a tremendous Shan displacement created tensions among displaced persons and Thai local border communities (Participant 3). In evidence reported by the Shan Women's Action Network (2003), the report described that during the early arrival of displaced persons, they were accused of several negative issues; drug smuggling, crime creator, or bringing disease into Thailand, for example. This history implies that the refugee influx could be a potential threat to border development.

Currently, the border development in Chiang Mai, especially improving border activities, may be less concerned with the refugee issues, but illegal mobility is still a concern. Recruited expert (Participant 3) viewed that illegal mobility of Shan people to the Thai border might increase when Chiang Mai's border economic activity grows. This is mainly due to poverty, fears from the armed conflicts, and lack of quality of life in Shan state. Human trafficking issues are probably added. Another consequence is tensions at diplomatic level. This is foreseen as some mobility might involve ethnic armed groups (Participant 3). Increasing Shan mobility to Thailand, either legal or illegal, could increase the opportunity for Shan citizens to support finance to the ethnic armed groups, resulting in expanding financial capacity of the troops. Tensions between the Thai government and Myanmar government may arise as a result.

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## **Discussion**

Conflicts have persisted in Shan state for a very long time, ever since they gained independence from the British. The conflicts are not initiated just between ethnic armed organizations and the central government, but sometimes among ethnic groups. Three consequences arising from the conflicts in the Shan state contributing to Chiang Mai's border development were identified. This has become a challenge for the Thai government when the Thai border communities want to develop their border, reopening border trade in particular, yet national security concerns persist along the Thailand-Myanmar border. We viewed that there are two main implications



over the consequences, making Thailand's authorities delay Chiang Mai's border development.

Firstly, concerns over drug trafficking were identified. The drug trafficking concerns are extremely difficult for Thailand to solve, compared to economic-led conflicts or displacement issues. This is because the drug productions are based in Shan state, Myanmar. Therefore, most of the current strategies used to overcome the drug trafficking along Chiang Mai border are undertaken by preventive strategy, which implies that the drug trafficking concerns will exist as long as the conflicts in Shan state persist. This is different from Thailand's previous experience on drug control. Back in the 1990s and early 2000s when Thailand faced the tensions from drug production around the Golden Triangle area, during this period, Thailand could independently implement many defence strategies to overcome the drug production. The so-called project, Royal Thai Project, initiated by King Bhumibol Adulyadej was introduced to those whom produced opium and other drugs. This project was effective in irradiating drug production due to the country's independence in implementation. Its key success was that the project could provide income to those who produced drugs to escape from poverty, which was the main reason motivating them to produce drugs. This is so different from the current situation where the drug production in Shan state is motivated by the armed conflicts. According to our interviews, it could be clearly seen that drugs in Shan state will be continuously produced as long as the needs of weapons' accumulation from ethnic armed groups persist. As a result, Thailand can only implement preventive strategies in response to drug trafficking. Additionally, we viewed that the preventive strategies will not be effective if the border communities are not satisfied with border economic activities. Due to the economic-led tensions, ignorance from the border communities tends to have increased due to the postponement of the border development. This implies that the success of the strategy to prevent drug trafficking is influenced by border development. As long as Thailand puts a central focus on drug trafficking issues without compromising the needs of border communities, it will have the result of less participation from the border communities.

Secondly, concerns over the relationship between Thailand and Myanmar governments are identified. Thailand is often accused of facilitating the operations

of ethnic armed groups. Frequently, this has developed tensions between Thailand and Myanmar governments, which has resulted in border closure. The cases of Kiw Pha Wok pass and Lak Taeng pass are examples. On occasions, the tensions were initiated from the Thai government due to inadvertently developing its border. An example might also be drawn from Myanmar's response in 2010 on closing the border crossing point at Myawaddy, Kayin state, which is adjacent to Mae Sot district, Tak province. Thailand at the time, constructed riverbank protection along the Moei river, which angered the Myanmar authorities. Myanmar's government responded by closing the crossing point in Myawaddy for a month. As a result, Thailand suffered a loss of approximately 20 billion baht (US \$620 million), as reported by Weng (2010). These examples imply that the border tensions are an essential factor determining the border development in Chiang Mai. With unawareness in implementing border development, Thailand might face critical tensions with the Myanmar government, facing a huge loss of border economic advantages.

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## Conclusion and Recommendation

For decades, the conflicts between Myanmar's military and ethnic groups have inflicted much violence on their citizens, and particularly, social, physical, and economic losses. Although the Myanmar government has attempted to solve the conflicts with the ethnic armed groups by introducing the ceasefire agreements, its progress still struggles.

In Shan state, which is the largest state of Myanmar, conflicts have had a consequence on Thailand's border security in various dimensions, resulting in the postponement of Chiang Mai border development. To support the Thai government implementation, keys takeaways for developing Chiang Mai's border are recommended as follows:

1. Thai authorities should support local communities to establish local mechanisms to manage and monitor national security problems/threats in their border areas, drug trafficking concerns in particular. A border guard force/volunteer is recommended. This is to increase local awareness and engagement in monitoring and preventing all risks to national security. In return, the government

should incentivize the border communities, especially surrounding Kiw Pha Wok and Wiang Haeng pass, by allowing them to open border trade activities on an occasion such as weekly border market or an important day. This may also help the government alleviate tensions that still exist between border stakeholders in Chiang Mai and other border provinces.

2. Thai authorities should encourage local communities to establish locally strategic partnerships across border communities. This would allow the border's stakeholders to intensify the border collaboration in implementing fruitful border activities. For example, once their partnership is established, they might organize special cross-border events such as open border on every Buddhist Merit day. This could improve the country's relationship at the local level.

3. Because border society is involved with not only Thai and Myanmar authorities, but also international agencies and non-governmental organizations (NGOs), this has an effect on the effectiveness of government intervention, which is determined by intervention types, legal frameworks, appropriate designs, and implementation programs. Thai authorities must explore opportunities to strengthen those parties' effective partnerships in order to coordinate and offer holistic border actions. A thorough understanding of their responsibilities and their relationships would facilitate effective dialogue and ensure that the initiatives would not adversely affect each other's border development circumstances.

### Note of Key Informants

Participant 1 was a representative from a local NGO. Her organization's responsibility was to provide humanitarian assistance to Shan people. Participant 2 was a Shan citizen. Her family had experienced unjust treatment from the conflicts in Shan state. Participant 3 was an expert who had been doing research regarding Thailand-Myanmar border development for more than 40 years. Participant 4 was a representative from a border community in Chiang Mai His community was affected by consequences of conflicts in Shan state. Participant 5 was a border trader whose business had operated on the Chiang Mia border for more than 20 years. Participant 6 was a representative from the local government organization in Chiang Mai's border community.

### Conflict of Interest

The authors declare that there is no conflict of interest.

### Ethical Consideration

This research strictly follows ethical standards. The participation in the survey is voluntary. Interviewees' information and identity are kept confidential. All information is maintained securely in accordance with the ethical certification no. RERC 2021/013 from the Research Ethics Review Committee (RERC), Asian Institute of Technology.

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