

Blackening our future:

Burma Army-linked coal mining expansion in war-torn northern Shan State

SHAN HUMAN RIGHTS FOUNDATION

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Summary

During the past year, the Mandalay-based conglomerate Ngwe Yi Pale and the Burma Army have expanded their coal mining operations in war-torn northern Shan State, destroying farmlands, worsening water and air pollution, and forcing villagers to relocate from their homes.

Ngwe Yi Pale and the Burma Army, which together extract over two-thirds of the total current coal output in northern Shan State, have expanded their coal mines in three townships: Hsipaw, Tangyan and Mong Yai.

In Hsipaw, Ngwe Yi Pale has expanded its existing Na Koon mine in Nam Ma, where the Directorate of Defence Industries (the Burma Army's weapons production division) has also started a large new coal mine under a 25-year concession. This is despite Nam Ma villagers' repeated calls to stop the mining due to pollution, loss of farmlands, and land collapse.

In Tangyan, Ngwe Yi Pale has dug mining tunnels directly beneath the village of Tak Liet, where underground explosions have shaken houses day and night, and caused land cracks. Waste water from the mine is blackening the Pang River, the main tributary of the Salween River. By mid-January 2021, all 82 households in Tak Liet had been forced to relocate to a site far from their fields. Villagers demanding their rights were threatened and tortured by the local pro-government Mong Ha militia.

In Mong Yai, Ngwe Yi Pale has expanded its two coal mines in Kho Sai tract, where Ngwe Yi Pale's subsidiary, Than Daung Oo company, is building a large sugar factory. Villagers have lost their farmlands, and mining waste is blocking irrigation.

Coal from Ngwe Yi Pale's mines is being trucked to their two sugar factories and cement factory in Nawng Khio township, as well as to factories in Mandalay and other parts of Burma. Ngwe Yi Pale – which produces Crown cement and Sinn Shwe Li sugar – is part of the Mandalay-based Win Brothers Group of Companies.

These mines all lie in active conflict areas, where villagers fear reprisals by the Burma Army and its militia allies if they resist mining operations. In 2016, villagers were tortured and killed during a ground and air offensive by the Burma Army to secure the Nam Ma mines in Hsipaw.

The experience of villagers impacted by these mines highlights the problem of mining in Burma under the 2008 constitution, whereby the central government has ownership, management and control of all natural resources in the country, and can authorize mining irrespective of the wishes of local communities. The government, its army and crony companies end up receiving all the benefits from the mines, while locals suffer all the losses.



This unjust exploitation of the rich mineral wealth in ethnic lands is a key factor fuelling the decades-long civil war. Yet the Naypyidaw government is continuing to grant large scale mining concessions in conflict zones.

With the Burma Army continuing armed aggression in Shan State, SHRF calls urgently for a moratorium on all mining projects throughout the country until there is a new federal constitution which can bring peace and give communities the right to protect their lives, lands and rivers from destructive mining.

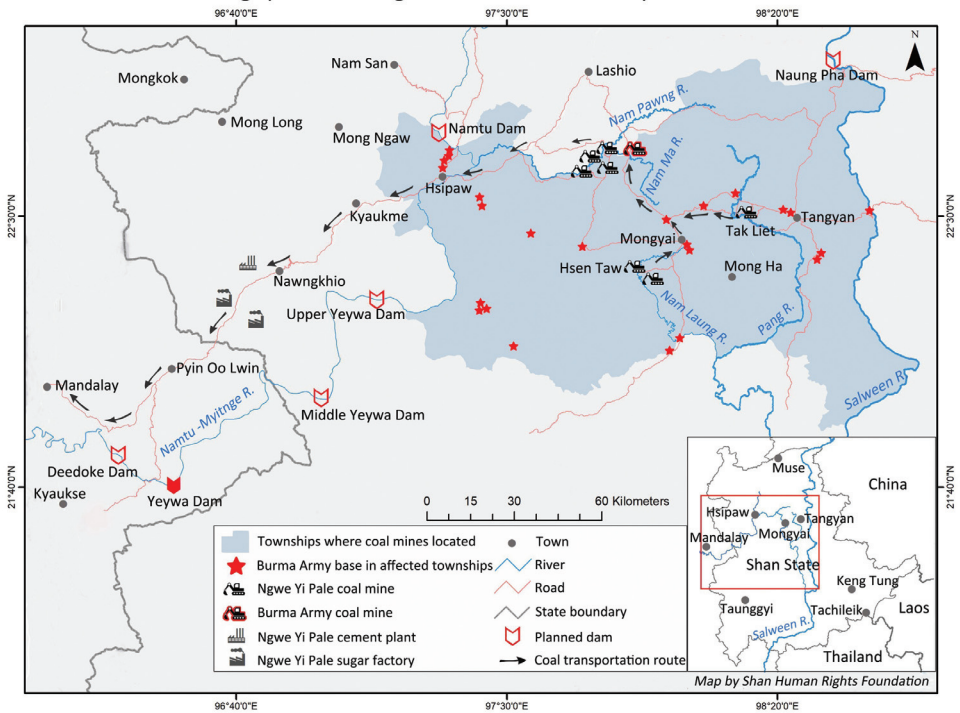


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Coal mining operations of Ngwe Yi Pale and Burma Army in N. Shan State



Coal mining expansion in Hsipaw

Nam Ma -- Ngwe Yi Pale

Ngwe Yi Pale has been mining coal in Nam Ma since 2004. As documented in the 2017 report "Stop Coal Mining in Nam Ma"¹ by Nam Ma Shan Farmers, the coal mining has destroyed farmlands and irrigation sources, and caused water and air pollution, impacting over 3,000 people. The Nam Ma villagers have been calling for a stop to the mining since 2016, but Ngwe Yi Pale has failed to heed their concerns.

During the past five years, Ngwe Yi Pale has been mining at two main locations: at Na Koon and at Pang Nga (after their mine at Pieng Hsai was shut down). The mine at Na Koon is an underground mine which has caused land collapse and smoke from underground combustion. During the past year, land clearance and tunneling has expanded at this mine, impacting the hill-farms of five farmers from Koong Pao village, none of whom have received any compensation:

Name	Size of farmland lost
Nai Tawn	2.5 acres
Loong Mu	4 acres
Nai Mawn	2 acres
Loong Woondi	5 acres
Sai Pem Mong	n.a.

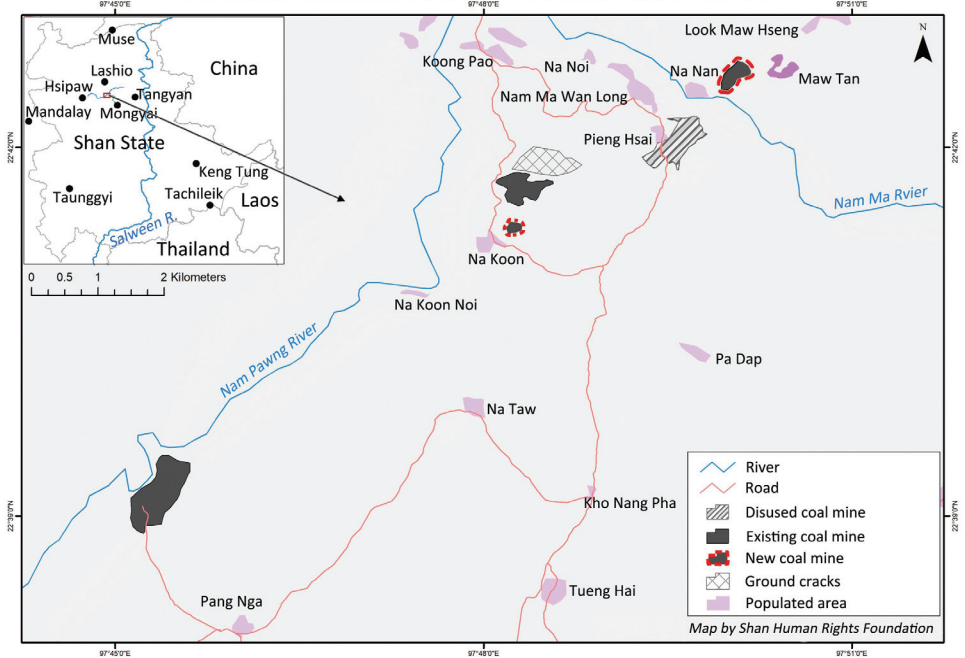
30 acres of land was also cleared for the accommodation of the Ngwe Yi Pale mine workers, and no compensation given to the owners of this land. There are about 55 workers at the Na Koon mine, including 25 Chinese nationals.

Since January 2020, Ngwe Yi Pale has also started a new open pit mine at Na Koon, in addition to the existing underground mine. The new mine, next to Na Koon village, is 5 acres in size, in a former "mawkjili" (cassia siamea) plantation, next to the farmlands of two villagers, Sai Ding and Loong Yee, who each currently earn about 1.5 million kyat (USD 1,170) a year from their crops, and who fear encroachment from the mine.

¹ <https://shanhumanrights.org/eng/index.php/shrf-archives/shrf-english-newsletter/323-stop-coal-mining-in-nam-ma>



Coal mining expansion by Ngwe Yi Pale and Burma Army in Nam Ma



On January 2, 2021, three Ngwe Yi Pale staff called a meeting of village leaders at Nam Ma temple, and pressured them to sign an agreement to allow the company to continue mining in the Nam Ma area for the next six months in exchange for total compensation of only 110 million kyat (approx. USD 82,600) and minimal restoration of some damaged lands and an irrigation weir.

Nam Ma -- Directorate of Defence Industries

Since the start of 2020, a company called Minn Shwe Lwa has begun a large new open pit coal mine about 500 meters north of the village of Na Nan, north of the Nam Ma River. This company is working for the Directorate of Defence Industries, which has a concession area close to the original Maw Taan coal mines, operated by the Burma Army since the 1980s, but inactive since 2010. According to the Myanmar EITI Annual Progress Report 2018-2019², the Directorate of Defence Industries' coal mining concession at Nam Ma is valid from 7.5.2010 until 6.5.2035, and covers an area of 2.22197 square kilometers.

The company has told the villagers that the mine will extend over half of Na Nan village. So far, the hillside has been stripped across an area of about 25 acres, and mining is taking place at a depth of about 30 feet. Three Na Nan villagers so far have lost their hill farms growing cassia and corn, and were compensated as follows:

Name	Size of land lost	Compensation provided
Loong Put	5 acres	7 million kyat (USD 5,200)
Loong Tun	3 acres	5 million kyat (USD 3,700)
Loong Tar	3 acres	5 million kyat (UDS 3,700)

The villagers asked for ten times as much compensation as they were given, but were told by the company to take what they were offered. A company official said to the villagers:

“Actually, we do not have to pay you anything, because we already got this permit from the government to dig here a long time ago, since before you were born. We do not need to ask permission from anyone. The money we are giving you is just to compensate for your hard work in growing crops on your farms.”

The coal being dug is uploaded onto 12-wheel trucks, which are driven to a site on the main road to Nam Pawng. The coal is then transferred onto 22-wheel articulated trucks, which are then driven in the direction of Nam Pawng. Villagers report that about 30, 22-wheel trucks leave the site each day. The coal in the trucks is uncovered, causing dust pollution along the way.

Burma Army troops regularly patrol through the Nam Ma area.

² Myanmar EITI Annual Progress Report 2018-2019 | Extractive Industries Transparency Initiative



📍 *New expanded coal mining site at Na Koon*



📍 *Burma Army troops on patrol in Kyaukme, northern Shan State*



▲ New coal mining site at Na Koon



▲ Smoke from coal mining tunnel near Na Koon



📍 Ngwe Yi Pale trucks at coal mining site in Na Koon



📍 New coal mining site in Na Nan

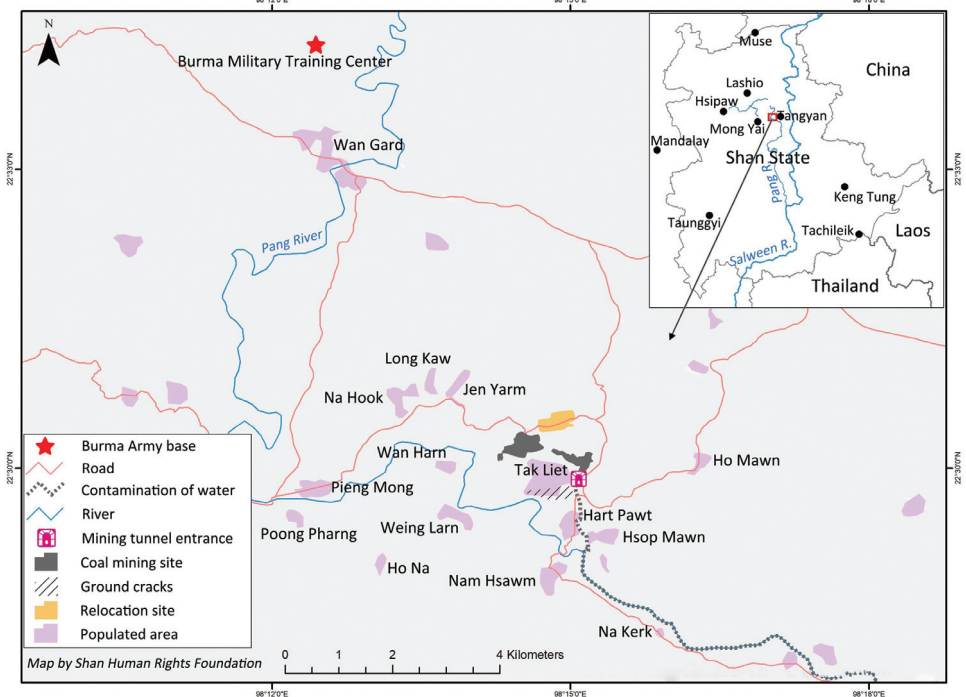
Coal mining expansion in Tangyan

Tak Liet -- Ngwe Yi Pale

Tak Liet is a farming community of 82 households in Na Hook village tract of Tangyan township. Villagers mainly grow rice and corn, as well as peanuts, tea and “mawkjili” (cassia siamea) trees. Formerly, the average annual income per household was 900,000 kyat (approx. USD 650) per year.

Coal mining began east of the village in 2002 after a visit by helicopter of General Khin Nyunt, then Secretary 1 of the ruling State Peace and Development Committee.

Coal mining expansion by Ngwe Yi Pale at Tak Liet, Tangyan



At first the mining was carried out by Padamya and Shwe San Lone companies. Fields were seized without compensation from local farmers. Farmers who lost their lands at that time are:

No.	Name	Size of lost farmland
1	Loong Na Ling	Over 2 acres
2	Loong Kaw	Over 2 acres
3	Loong Aww	Over 1 acre
4	Hsarng Lieng	Over 1 acre
5	Hsarng Lu	Over 1 acre
6	Hsarng Aww	Over 1 acre

Ngwe Yi Pale company took over the mine in 2008, using Chinese workers. Coal extracted was sent to its sugar factory in Nawngkhio and its cement factory in Mandalay.

The mining has impacted the water sources used by inhabitants of Tark Liet and nearby Hart Pawt village (80 households). Water wells in the villages have dried up. Mining waste has blocked streams which villagers formerly used for irrigation of their fields.

Water pumped from the mining pit and run-off from the mining waste flow untreated into a stream that runs past nearby Hart Pawt village into the Pang River. The company has provided some of this waste water to the villagers for agricultural use, but villagers say it is too polluted to use.

Villagers living downstream along the Pang River, say the mining waste has turned the river “black.”

The transport of coal from the mine has caused dust pollution in nearby villages, particularly Long Kaw (35 houses) and Jen Yarm (40 households). Up to 50 twelve-wheel trucks each day drive through their villages, carrying uncovered loads of coal.

In 2018, the situation worsened, when a new coal mine was started directly north of the village by Shwe Linggar company, on villagers’ tree plantations. Villagers received compensation for the cassia trees planted on the land, but only 10,000 kyat (approx. USD 7) per tree, about half of the amount villagers could earn from each tree per year.

In July 2019, the Shwe Linggar coal mine was taken over by Ngwe Yi Pale company.

In March 2020, underground coal blasting began directly beneath Tak Liet village. villagers heard and felt explosions beneath the ground day and night, and saw land cracks start to appear under their houses, cattle stalls and surrounding farmlands.



Impacts of coal mining at Tak Liet, Tangyan





^ Landcracks in villager's house in Tak Liet



⤴ Land cracks under Tak Liet villager's house



⤴ Coal mining site at Tak Liet village

Villagers complained to the tract headman, and in May 2020, Ngwe Yi Pale offered to build new houses for eleven families, on a piece of infertile land north of the village. The villagers said they wanted monetary compensation and wanted to move to a site west of the village, closer to their fields. The company agreed to give money to the villagers, but they were not allowed to move to the site they wanted. The villagers had no choice but to accept what was offered and agree to move to the designated site, as they worried that if they did not agree, they might get nothing.

It was agreed to pay the following amounts of compensation to the eleven families who had cracks under their houses. The amounts varied according to the size of the villagers' original compounds.

No.	House owner	Area of original property in village	Compensation (Kyat)
1	Loong Pee (Ho Ya)	Nearly 2 acres	35 million
2	Hsarnng Lieng	Over 2 acres	35 million
3	Nai Marn	1.6 acres	20 million
4	Pa Moan	1.6 acres	20 million
5	Ai Hla + Aye Aung	1.6 acres	20 million
6	Ai Vila	3.2 acres	35 million
7	Loong Narling	3.2 acres	35 million
8	Nai Pee	3.2 acres	35 million
9	Nai Awn	1.6 acres	10 million
10	Sao Mong	1.6 acres	15 million
11	Khing Aww	n.a.	20 million

In June 2020, as underground mining continued, the situation became intolerable for the remaining villagers, who felt they had no choice but to move to the new location. They therefore requested compensation from the company, who agreed to pay up to 35 million kyat (approx. USD 25,000) per household, depending on the size of their property. This amount was less than what the villagers had asked for.



The value of our house and land is far more than what the company is paying, but we have no choice but to accept it and move,”

said a Tak Liet villager.

By early December 4, 2020, all but 30 of the households in Tak Liet had moved to the new location. However, the company had only paid about one third of the agreed compensation to these villagers, even though they had promised to give the full amount after the end of Buddhist Lent in October.

The 30 remaining households in Tak Liet therefore told the company that they refused to move to the new location. They demanded to be allowed to move to the location they had first requested: west of the village, close to their fields.

On December 15, 2020, about 20 soldiers from the local Mong Ha government militia came to Tak Liet and summoned all the remaining villagers. They singled out three men as ringleaders and beat them viciously with bamboo sticks until they bled. They then took the men away to their headquarters at Mong Ha, about 20 kilometers south of Tak Liet, in Mong Yai township. The villagers were further tortured with boiling water, before being released after 15 days. Following this incident, the villagers no longer dared push for their rights.

By mid-January 2021, the remaining villagers had all moved to the relocation site designated by the company.

The Mong Ha militia was set up by an ethnic Chinese called Ma Guowen (known as “Lao Ma”), a former officer in the Mong Tai Army, which surrendered in 1996. The militia serves as an auxiliary force for the Burma Army in the mountainous area straddling southwest Tangyan and eastern Mong Yai. The Burma Army has a heavy presence in Tangyan town, and operates a large military training centre at Wan Gard, seven kilometers north of Tak Liet.



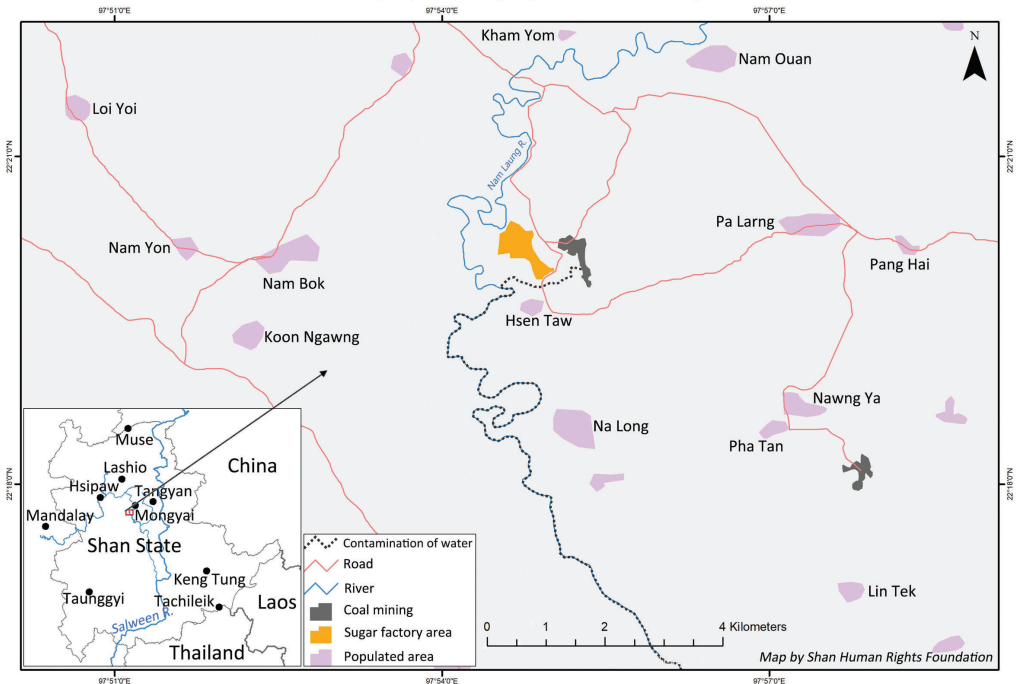
☛ Coal mining equipment at Tak Liet village

Coal mining expansion in Mong Yai

Kho Sai -- Ngwe Yi Pale

In 2017, Ngwe Yi Pale started digging a coal mine about 15 kilometers southwest of Mong Yai town, near the villages of Nawng Ya and Pha Tan, in Kho Sai tract. Ngwe Yi Pale had tried to start mining in this area since 2015, but local residents strongly resisted this, fearing impacts on their farmlands and water sources. They requested help from a local MP, and in 2016 Ngwe Yi Pale was forced to withdraw all their equipment. However, Ngwe Yi Pale was finally able to start mining after villagers agreed to accept compensation. The mining is taking place in a forested watershed area south of Nawng Ya and Pha Tan, which is becoming denuded as the mine expands.

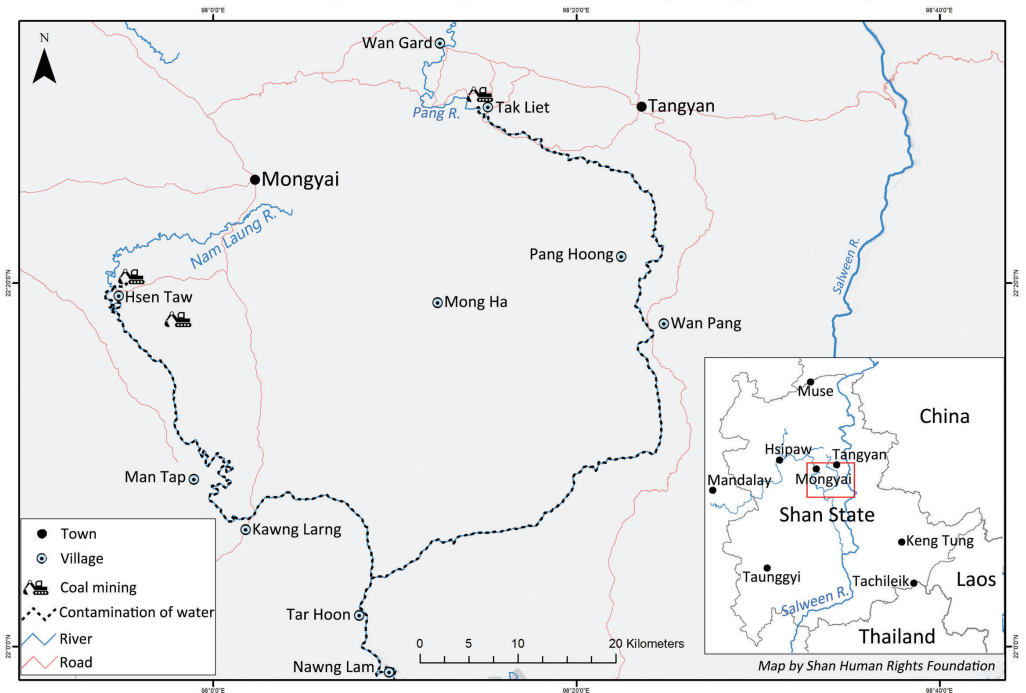
Coal mining expansion by Ngwe Yi Pale in Mong Yai



In 2018, Ngwe Yi Pale started a second coal mine in Kho Sai tract, next to Hsen Taw village (19 households), about six kilometers northwest of the first mine. The new coal mine is directly beside a large sugar factory being built by Ngwe Yi Pale subsidiary Than Daung Oo. Mining waste has been dumped on villagers' farmlands and blocked irrigation of their fields. At least 25 trucks transport coal from the mine each day. During September 2020, Hsen Taw villagers reported that the original coal mine had become waterlogged, so digging had been extended into the surrounding area. Water pumped from the Hsen Taw coal mine flows into the Nam Laung River, which flows into the Pang River.

The Than Daung Oo sugar factory is due to be completed in 2021, when the coal being dug nearby will be used to power the factory. Villagers worry about water and air pollution once the factory becomes operational.

Contamination of Pang River from Ngwe Yi Pale coal mining in Tangyan and Mongyai





⬆️ Coal mining near Hsen Taw village



⬆️ Crown Cement truck at sugar factory construction site at Hsen Taw



⤴ Sugar factory construction at Hsen Taw

⤵ Signboard to Hsen Taw coal mining site



⤵ Coal extraction tunnel at Hsen Taw

Ngwe Yi Pale and Burma Army dominate coal production in N. Shan State

The Burmese government mining website's September 2020 report shows³ that Ngwe Yi Pale and the Directorate of Defence Industries produced over 60% of the total coal output in Northern Shan State in the previous twelve months.

No.	Company/entity	Coal production in September 2020 (Metric tons)	Coal production Oct 2019 to Sept 2020 (Metric tons)	Township
1	Triple A Cement (Sanlaung)	-	5,894	Hsipaw
2	Ngwe Yi Pale (Mandalay distribution) (Koon Pao)	-	32,661	Hsipaw (Nam Ma)
3	Ngwe Yi Pale mining (Hart Pawt)	1,490	17,358	Tangyan
4	Mine Htet Co. Ltd.	5,000	20,000	Tangyan
5	Htoon Kywe Bor (Large) Myanmar Htun Ahteit	200	12,200	Tangyan
6	Aling Thit Khunit Company (1,2,5,6)	-	1,100	Tangyan
7	Nyeinchan Kaung Kin (Tangyan – Mong Ma) (1)	150	6,350	Tangyan
8	Directorate of Defence Industries (Land)	3,731	21,731	Hsipaw/Lashio (Nam Ma)

However, production figures are only listed for Ngwe Yi Pale's coal mining operations in Hsipaw and Tangyan -- not Mong Yai, meaning that Ngwe Yi Pale's actual output is being underreported.

The Burmese government report for October 2020⁴ shows the output of Ngwe Yi Pale and the Directorate of Defence Industries had increased to over two-thirds of the total coal output in northern Shan State. However, Ngwe Yi Pale's coal production is only shown in Tangyan, not in either Nam Ma or Mong Yai, meaning ongoing underreporting.

3 http://www.mining.gov.mm/ME-1_mm/1.ME-1_mm/2020%20Sep.pdf

4 http://www.mining.gov.mm/ME-1_mm/1.ME-1_mm/Website%20Oct%202020.pdf

No.	Company/entity	Coal production in October 2020	Coal production Oct 2019 to Sept 2020 (Metric tons)
1	Ngwe Yi Pale (Mandalay distribution) (Koon Pao)	-	Hsipaw (Nam Ma)
2	Ngwe Yi Pale mining (Hart Pawt)	1,510	Tangyan
3	Ngwe Yi Pale mining (Nawng Yae)	-	Mong Yai
4	Mine Htet Co., Ltd.	1,000	Tangyan
5	Aling Thit Khunit Company (1,2,5,6)	-	Tangyan
6	Nyeinchan Kaung Kin (Tangyan – Mong Ma) (1)	2,000	Tangyan
7	Directorate of Defence Industries (Land)	5,000	Hsipaw/Lashio (Nam Ma)
8	Shwe Linggar	-	Tangyan

The other companies listed as producing coal in northern Shan State all operate in government militia-controlled areas of northern Tangyan. SHRF has not yet been able to document details of mining impacts in these areas.



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