



global witness

JADE:

MYANMAR'S "BIG STATE SECRET"

OCTOBER 2015





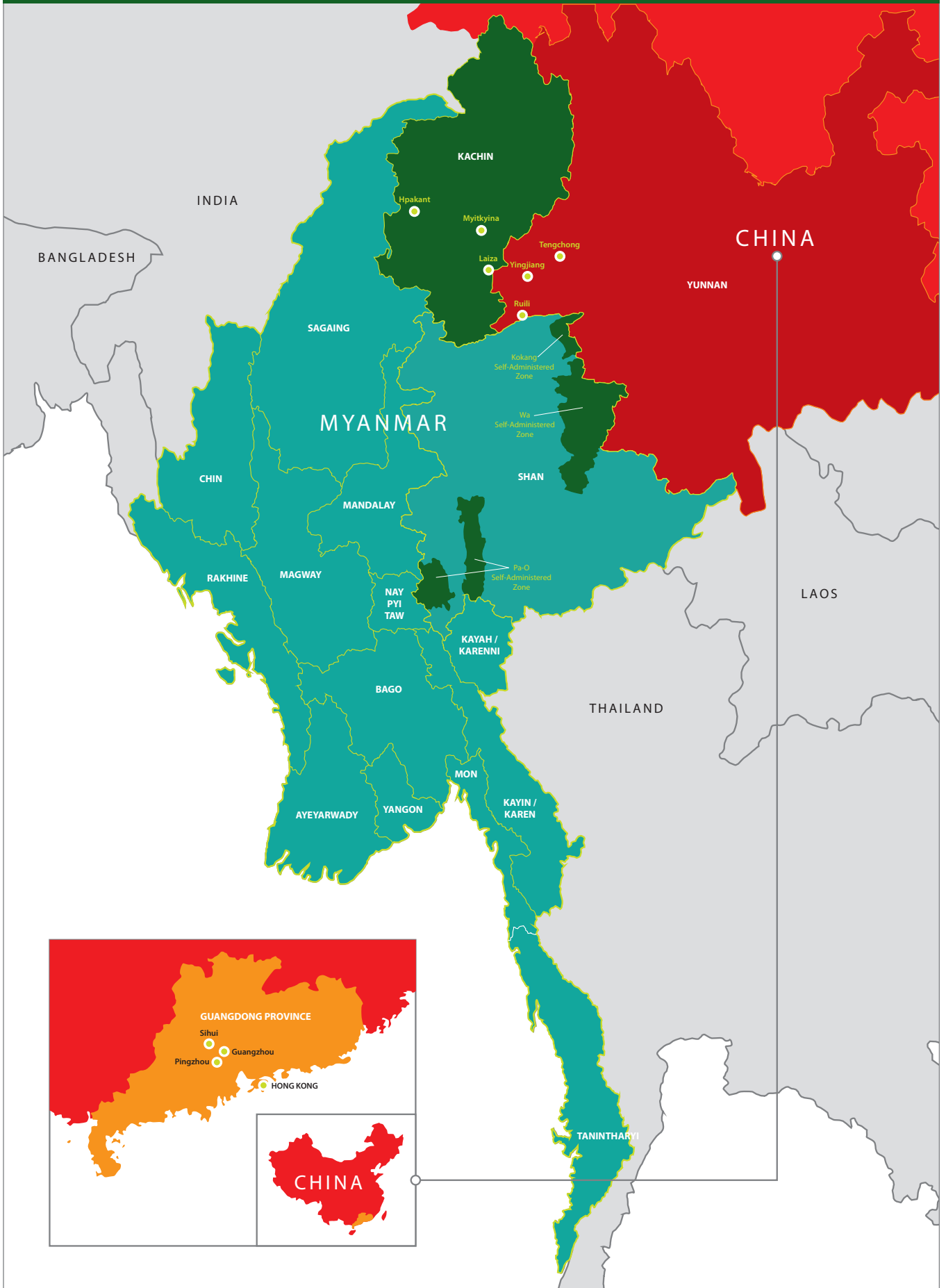
ACKNOWLEDGMENTS

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We also appreciate the assistance we have had from a range of expert contributors including Tom Kramer, Mathieu Pellerin, Bertil Lintner, Yeshua Moser-Puangswan and Kevin Woods.

Map of Myanmar and jade trading centres in China



EXECUTIVE SUMMARYⁱ

Since 2011, Myanmar's rebranded government has told the world it is transitioning from a pariah state run by a ruthless military dictatorship to a civilian regime committed to wholesale political and economic reforms.

In important respects, there has been real change. Oft-cited examples include the release of Aung San Suu Kyi and other political prisoners, and the government's peace talks with ethnic armed groups. But in other critical areas, the reformist narrative bears little scrutiny. Nowhere is this truer than in the jade sector.ⁱⁱ

Drawing on over a year of investigations, this report shows for the first time how a multi-billion dollar trade in one of the planet's most precious gemstones is tightly controlled by the same military elites, US-sanctioned drug lords and crony companies that the government says it is consigning

to the past. Companies owned by the family of former dictator Than Shwe and other notorious figures are creaming off vast profits from the country's most valuable natural resource, and the world's finest supply of a stone synonymous with glitz and glamour. Meanwhile, very few revenues reach the people of Kachin State, the site of the Hpakant jade mines, or the population of Myanmar as a whole.

As the country approaches an historic election, the importance of these findings to Myanmar's future is hard to overstate. Our investigations show that the elites who between them have most to lose from an open and fair future also have ready access to a vast slush fund in the shape of the jade sector. This raises urgent questions for reformers and their international partners. What is happening to all this jade money? Is it only being spent on real estate, fast cars and lavish parties, or is it being used for political purposes as well?



Traditionally associated with royalty in China, jade has long been valued above gold and silver and is now a status symbol for the expanding class of super-rich. In 2014, a 27 piece jadeite necklace sold in Hong Kong for a record-breaking US\$27.44 million after a seven-way bidder battle.

CREDIT: TYRONE SIU/Reuters/Corbis

ⁱ This document is the executive summary from a longer report. References for the points made in this paper are set out in the full report which can be found at <https://www.globalwitness.org/campaigns/myanmar/>. The pull-out quotes are all from interviews by Global Witness in 2014 and 2015.

ⁱⁱ 'Jade' is a generic term for two distinct gemstones: jadeite and nephrite. Jadeite is rarer and more valuable than nephrite. Myanmar is the world's dominant supplier of jadeite, and it produces the highest quality stones. The specific gemstone referred to in this report is jadeite, but we use the term jade throughout the text.

“Hpakant is one of the most valuable places on earth because you can earn billions from a very small area... and yet only a small number of people are getting advantages.”

Community leader, Kachin State



Kachin State in northern Myanmar is home to the world's largest and most valuable jade deposits. Instead of helping to drive much-needed local development, and improve infrastructure and healthcare for ordinary people, these riches are pocketed by a small and powerful elite.

The sums involved in what one industry representative calls “the government’s big state secret” are staggering. Until now the jade sector’s worth has been almost impossible to determine. However, based on new research and analysis, Global Witness estimates that the value of official jade production in 2014 alone was well over the US\$12 billion indicated by Chinese import data, and appears likely to have been as much as US\$31 billion. To put it in perspective, this figure equates to 48% of Myanmar’s official GDP and 46 times government expenditure on health.

Clearly, if openly, fairly and sustainably managed, this industry could transform the fortunes of the Kachin population and help drive development across Myanmar. Instead, the people of Kachin State are seeing their livelihoods disappear and their landscape shattered by the intensifying scramble for their most prized asset. Conditions in jade mines are often fatally dangerous, while those who stand in the way of the guns and machines face land grabs, intimidation and violence.



“Now jade mountains disappear in just a few days.”

Jade businessman

Government-licensed companies have brought in machines to carry out large-scale extraction in Hpakant, with operations ramping up massively over the past year. CREDIT: Minzayar

These injustices stoke unrest and resentment in one of the country's most volatile regions. The jade business is a significant driver of Myanmar's most intractable armed conflict, which pits the central government against the Kachin Independence Army / Kachin Independence Organisation (KIA/KIO). The industry generates funds for both sides in a war which has claimed thousands of lives and seen 100,000 people displaced since it reignited in 2011.

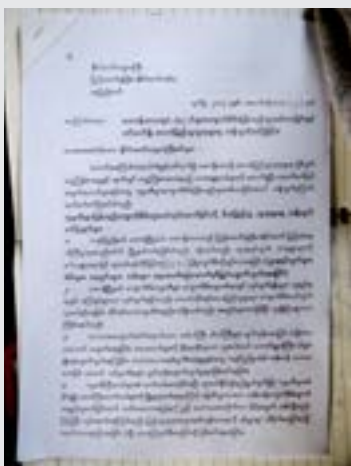
While the situation is dire, the opportunities for change are real. Government reformers have signed Myanmar up to the Extractive Industries Transparency Initiative (EITI), an international framework for combating corruption. They have

also initiated peace talks with the KIA/KIO. These are promising moves but both risk falling short if they do not address directly the need for a fairer and more accountable system of managing the country's most important natural resource.

Western governments that support the government, especially the US, have a key role to play here. With a range of sanctions imposed on individuals named in this report, and a leading role in the EITI process, the US is uniquely well placed to help take the jade trade out of the hands of military hardliners and crony companies. This report spells out precisely why it must use that leverage without delay.

A call for change from Kachin State

In October 2014, 4,923 people in the jade mining township of Hpakant signed a letter to President Thein Sein demanding an end to the abuses by jade mining companies. The letter details devastating environmental and social impacts caused by company activities:



"As part of jade mining activities in Hpakant, a limited number of capitalists have been granted permits for blocks, whereas local ethnic groups have been granted no jade blocks. Although certain companies are affiliated to ethnic groups, such affiliation is in title only and these companies are dominated by foreign nationals."

"The mining companies are dynamiting the hills and mountains to allow exploration activities prior to the expiry of their contracts, and they are acting solely for their own benefit in the excavation of valuable jade via short-term rather than long-term processes. This poses a serious potential health hazard to residents, and causes a wide range of diseases or fatalities."

"Companies do not systematically stabilise sites where they have undertaken deep excavations and created reservoirs. As a result, heavy rains cause reservoirs to burst, and reservoirs are also sometimes destroyed intentionally, leading to the death of cattle and loss of property. However, the companies never take responsibility for such incidents."

"The huge vehicles used by the companies have left the streets congested, and accidents are frequent."

"Although valuable resources, priceless gems, forests, and gold are all vanishing due to excavations by companies equipped with machinery, the public does not benefit from these activities. Conversely, people are suffering as a result of health hazards and are even dying due to the air pollution created by the dynamite mining of the companies."

"Issuing grants to these companies to work on blocks will lead to a rapid decline in the state of local residents' properties as well as the region's valuable jade, leading to serious repercussions for the next generation."

Life in the margins of Hpakant's jade rush

A single mother of three children who has lived in Maw Sizar – in the Hpakant area – since 1991, described to local researchers the impact of Kyaing International, a jade mining company owned by the family of former military dictator Than Shwe:

“Up until around 2005 I had good opportunities to make a living for my family through small-scale jade trading. When the company arrived, however, I was told I must leave my house and accept one million kyats compensation. I did not wish to accept, but then backhoe diggers came and destroyed my home. This was the rainy season and my family and I had no shelter. Many others were in the same situation. In 2012 the company had to suspend its operations and I had opportunities once again to trade small amounts of jade dug in the company’s concession by artisanal miners. But then in 2014 the suspension was lifted, the police came and chased the small-scale miners away and the company returned to exploit the area once more.”



Local people who traditionally made their living from jade have been systematically squeezed out by government-licensed concessionaires. Some make a living picking for pieces of jade in waste dumped by the companies. CREDIT: Minzayar

“Out of all the money made [from jade] if even 1% was spent on healthcare, education and infrastructure in Kachin, it would make an immense difference. But the benefits just go to a handful.”

Community leader, Kachin State

“The Kachin State government must have the right to manage the natural resources in the state. Moreover, the local government and the local people must get involved in the management.”

KDNG / Kachin State Natural Resources Development Policy Discussion Paper



As companies ramp up mining activity, life-threatening landslides are increasingly common. At this site, at least 20 people were killed in January 2015 when heavy rains caused a waste dump collapse. CREDIT: Minzayar



The colossal vehicles used by jade companies pose a daily threat to those living and working in Hpakant. Here, a mother holds the picture of her late son, killed in an accident while searching for jade in a company waste pile. CREDIT: Minzayar



Frantic jade extraction has destroyed Hpakant's environment, turning its mountains into craters, polluting its lakes and streams, felling its forests and – as shown in this picture taken in 2014 – causing flooding in Hpakant Town. CREDIT: KDNG



Drug user in Myitkyina, Kachin State – heroin and methamphetamine use is rampant amongst jade miners in Hpakant, and local people are increasingly taking a stand against the harm the spread of drugs is doing to their communities. CREDIT: Adam Dean

Who's who, and how much are they making?

For years, Myanmar's jade sector has been mired in secrecy. Ordinary people have been unable to access even basic data on which companies hold mining licences; who those companies' real owners are; how licences are allocated; what the terms of their contracts are; what they are paying the government; and how much they are producing.

Because of this, little attention has so far been paid to who is really benefitting from the jade rush, or how this sits alongside the reform efforts. This report aims to begin to change that, identifying for the first time key players behind the companies awarded jade concessions by the government.

Myanmar's jade licensing system is wide open to corruption and cronyism. The main concessions are in government-controlled areas of Hpakan Township, Kachin State, and blocks are awarded through a centrally-controlled process which multiple industry sources say favours companies connected to powerful figures and high-ranking officials. In the words of one jade businessman, "if there is a big hat involved [in a bid], they will surely get it". Our list of those involved in the jade trade today reads like a who's who from the darkest days of junta rule in Myanmar.

In addition to the family of former dictator Than Shwe, they include:

– **Senior ruling party figures**, notably:

- Minister for Livestock, Fisheries and Rural Development, and former army commander in Kachin State, Ohn Myint;
- former General Secretary of the Union Solidary and Development Party, retired army general Maung Maung Thein;
- Deputy Minister for Social Welfare, Relief and Resettlement and former army Brigadier-General Phone Swe;
- and Deputy Minister for Communications and Information Technology, and former major general and director of defence procurement at the Ministry of Defence, Win Than.

Global Witness research indicates that these figures are making vast amounts from jade. The Than Shwe, Maung Maung Thein and Ohn Myint families hold multiple concessions which between them generated pre-tax sales of US\$220 million at the 2014 jade emporium (the official government jade sale), and US\$67 million at the 2013 emporium. Another company which Global Witness believes to be part of the Than Shwe family group posted sales of another US\$150 million across the 2014 and 2013 emporiums combined. As the country heads towards election, when many fear hardliners may finance sectarian violence and dirty tricks, Myanmar's citizens urgently need to know where the jade money is going.



General Than Shwe



Minister Ohn Myint



Wei Hsueh Kang



Aike Htwe

Jade companies linked to former dictator Retired Senior General Than Shwe, former army commander of Kachin State and serving minister Ohn Myint, drug lord Wei Hsueh Kang and Ever Winner Company supremo Aike Htwe recorded around US\$430 million in pre-tax sales at the 2014 official government jade sale alone.

Unapologetic Minister will 'dare slap anyone'

By DVB
5 February 2014 [Print](#) [Email](#) [Like](#) [D](#) [Tweet](#) [D](#) [G+](#)



Burma's Minister of Livestock Breeding, Fisheries and Rural Development, Ohn Myint, is under fire in Parliament for vile threats to rural residents in Tenasserim and Magwe divisions. An emergency proposal has been submitted for the government to take immediate action.

Minister for Livestock, Fisheries and Rural Development Ohn Myint was previously Myanmar's Northern Commander, the top general in Kachin State. He became notorious for a public speech in 2014 in which he threatened to slap faces, and suggested that anyone who opposed the government would be jailed. CREDIT: DVB

– **Myanmar's army** – the Tatmadaw holds official stakes in the jade sector, primarily through its companies Myanma Economic Holdings Limited and Myanmar Economic Corporation. Global Witness' analysis of 2014 emporium data suggests these companies sold the highest quality jade, commanding an average price of over US\$13,000 per kilogram. Between them, official emporium sales of army companies amount to US\$180 million in 2014 and US\$100 million in 2013. These firms are regarded as an off-budget fund for the Commander-in-Chief. Many people in Kachin State believe jade revenues are helping to underwrite the army's war against the Kachin Independence Army / Kachin Independence Organisation (KIA/KIO).

– **'Crony' companies** – firms that emerged and prospered under the Than Shwe military junta are key players in the jade business. Most notable are the Asia World group established by Kokang drug lord Lo Hsing-Han and the Htoo Group run by 'number one crony' Tay Za, both of whom are subject to US sanctions. Much more significant but virtually unknown is the powerful Ever Winner group of companies, which appears to encompass 12 jade mining firms. The Ever Winner firms between them made around US\$190 million in official emporium sales in 2014 and just over US\$120 million in 2013. Global Witness research indicates that its owners are connected to politically influential tycoons including Aung Ko Win, the head of KBZ Group and Myanmar's biggest bank, and media mogul Kyaw Win, the operator of Skynet satellite TV.

"If military families do not have a jade mining company the others will kick them out. Those without one will be seen as black sheep. They will not be speaking the same language."

Former official

Narcotics Rewards Program: Wei Hsueh-Kang

BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS

WANTED



(Alias: Prasi Chwinnitpanya)

Date of Birth: 5/29/52

Place of Birth: China

Height: 5'6" Weight: 125 lbs

Eyes: Brown Hair: Black

Race: Asian Nationality: Chinese

Wei Hsueh-Kang, the commander of the United Wa State Army's (UWSA or WA) Southern Military Command, is wanted on Federal drug violations in the Eastern District of New York. The WA is currently the dominant heroin trafficking group in Southeast Asia, and possibly worldwide. Wei Hsueh-Kang is believed to be in hiding in Burma.

The U.S. Department of State is offering a **REWARD OF UP TO \$2 MILLION** for information leading to the arrest or conviction in the United States of Wei Hsueh-Kang.

If you have information, and you are outside the United States, please contact the nearest U.S. Embassy or Consulate. In the United States, please contact the DEA, FBI, or ICE office in your city.

ALL IDENTITIES ARE KEPT STRICTLY CONFIDENTIAL.

Global Witness research indicates that infamous drug lord Wei Hsueh Kang, a long time financier of the United Wa State Army ethnic armed group, is behind a group of jade companies that are arguably the most dominant in Hpakant.

– **Drug lords** – Wei Hsueh Kang is a narcotics kingpin and long-time financier of the United Wa State Army / United Wa State Party (USWA/UWSP) ethnic armed group who has a US\$2 million US government bounty on his head. There is strong evidence that he controls a group of companies that are now arguably the dominant players in Myanmar's jade industry. Companies run by Wei Hsueh Kang and other UWSA/UWSP-related figures have been heavyweights in the jade business since the 1990s. The introduction of US sanctions forced a shuffling of the pack in the mid-2000s, but Global Witness investigations have identified five firms we believe are now the front for Wei Hsueh Kang's jade ventures. These companies recorded pre-tax sales of US\$100 million across the 2013 and 2014 government gems emporiums.

The extensive involvement of this range of individuals and organisations in the jade trade should sound alarm bells for all those with a stake in building a peaceful and prosperous future for Myanmar. These are not just political concerns, either. The secrecy and abuse at play in the jade

sector can also pose major problems for global businesses operating in the country.

For example, the Coca-Cola Company and Caterpillar Inc. have both recently been caught out as new information on their in-country partners and associates has come to light. Despite a seven figure due diligence process, Coca-Cola failed to identify their local partner's interests in the jade industry, including a long-running association with army company Myanma Economic Holdings Limited. The drinks giant stated in a letter that "The Coca-Cola Company has been transparent about our joint venture and operations in Myanmar and we continue to go above and beyond the Department of State's Reporting Requirements on Responsible Investment in Burma." Caterpillar, meanwhile, has hosted in at least five countries the front man for a group of jade companies Global Witness believes to be controlled by drug lord Wei Hsueh Kang. In a response to questions the company said that its due diligence had not demonstrated that the companies named by Global Witness are owned or controlled by "a sanctioned party".



Caterpillar Inc. is one of the many international machinery suppliers providing equipment for Hpakan's massive mining operations. Global Witness research reveals that its local dealership is linked to a group of companies which appears to be controlled by US-sanctioned narcotics kingpin Wei Hsueh Kang.



Stone marker on a bridge on the road to Hpakan, stating that it was built by jade mining firm Xie Family and US-sanctioned army company Myanmar Economic Holdings Limited (MEHL). Coca Cola's due diligence checks failed to pick up their local director's stake in Xie Family, or the jade company's long-running business relationship with MEHL.

Jade and armed conflict

Jade is inextricably linked to the conflict in Kachin State. Watching licensed companies controlled by their worst enemies gobble up their natural inheritance is a source of simmering resentment amongst the Kachin people. As some put it, "the tree is in our garden, but we are not allowed to eat the fruit". Such perceptions are deep-rooted and an important part of the nationalist narrative that drives Kachins to distrust or actively resist central government control. The relationship between jade and conflict matters for at least three other reasons:

- The army families and companies that own many of the jade mines would lose out in an equitable peace deal. They have the financial incentive and possibly the political reach to keep the conflict going until long-term central government control over Hpakant can be assured.
- The Tatmadaw officers in Kachin State are making

personal fortunes through extortion of the jade business, and so have a reason to justify their deployment and keep the money flowing.

- Jade is the main source of income for the KIA/KIO. This makes the battle for control of jade revenues a strategic priority for both sides in the conflict.

"All of this is a reason for the conflict. And it will happen into the future too because the government knows Hpakant is the biggest jade mining area in the world. Local people see jade but they get no benefit."

Jade company owner

It is very unlikely that a peace agreement that does not meaningfully address the question of who manages and benefits from Kachin State's jade will be a lasting one.



Locals' sense of injustice over their systematic exclusion from the jade sector feeds into the Kachin State conflict, as does the fact that both the KIA/KIO and the Tatmadaw (government army) see control of jade as a strategic priority.

Opportunities for reform and the role of Myanmar's international partners

International partner governments have invested heavily in supporting the reform process in Myanmar. This is the right thing to do, but donors need to make sure their efforts deliver results for Myanmar's people as well as warm relations with its leaders. Reform of the jade business is one of the issues that they should use as a benchmark for future aid disbursements. To date jade has not figured in the dialogue between Nay Pyi Taw and its new friends – this is a gaping blind spot which must be addressed.

In 2014 President Obama claimed that "if Burma succeeds, we will have gained a new partner without having fired a shot". Certainly the approach taken by the US government will be pivotal. In practice, the US is the ultimate international arbiter on Myanmar's political transition and both Washington and Nay Pyi Taw governments know it. US diplomats have spoken up strongly for ethnic minority rights, and sought to play a constructive role in resolving the conflict in Kachin State. It is

critical that they focus on what is happening in the jade sector.

The US and other donors have three main channels of influence to the jade sector: EITI, peace negotiations, and sanctions.

"Jade is the least transparent business in the world."

Local community leader, Kachin State

EITI

Under President Thein Sein, the Myanmar government has taken the important step of signing up to the Extractive Industries Transparency Initiative (EITI), an internationally recognised framework for opening up the oil, gas and mining businesses. The US, UK, Norway, Australia and EU countries have all strongly supported this move. How EITI is implemented in the jade sector will be a key test of the government's commitment to reform.



The EITI could bring much-needed transparency to the country's most valuable extractive industry, if the government implements its standards effectively. But locals have questioned whether the government is willing to live up to its promises when it comes to jade.

The EITI could allow the public to see which companies are being given access to jade concessions and who these companies are ultimately owned and controlled by. It could also reveal the amounts of jade being produced and the government take of jade revenues derived both from tax and royalty receipts and through arrangements with state-owned enterprises. The publication of such data, combined with requirements to protect civil society space, could allow local groups to hold companies and officials to account for corruption or financial mismanagement.

"That's why the government won't invite representatives of the jade business to join this discussion [about EITI] because they are afraid that all the corruption and misery will come out and the world will see."

Jade industry representative



The companies licensed by Myanmar's government to mine jade make billions of dollars, both through official sales at this government gems emporium and through smuggling direct to China. Even basic information on who these companies are and where jade revenues are really going is kept under wraps, however.

Conversely, if the scheme's principles are not applied to the jade business as a matter of urgency, the opportunity would be lost and EITI's credibility in Myanmar severely damaged. There are signs of positive movement, and from some unexpected quarters. Some government officials have begun to show a commendable willingness to make the sector more open, sharing data on policies, practices and, most significantly, which companies control which mines. This is an important first step towards the EITI goal of publication of the identities of the individuals who ultimately control jade and other extractive companies.

Some of the big companies, too, have provided data that needs to be released under EITI. A surprising early champion of transparency is Htoo Group, owned by Myanmar's most famous crony tycoon, Tay Za, which has made an early disclosure of data on its jade mining business,

detailing its sales revenues and the taxes it has paid in respect of each of its jade concessions, in line with EITI standards. Another major jade mining player, the Ruby Dragon Group, has disclosed limited information on its ownership, including the names and national identification numbers of its shareholders; details which allow the backgrounds of these individuals to be checked.

These chinks of light show that there is nothing to stop jade companies in Myanmar from being more transparent, as long as they have necessary support and incentives to do it. In the coming months Myanmar will publish its first EITI report, and the government has the chance to show that it is serious about reform by making public key data on jade licence terms, licence holder identities, production levels and revenues received. The US and other donors, including the World Bank and the UK, should use their influence to help support this outcome.

Peace negotiations

Another key potential opening concerns the peace negotiations between the central government and the KIA/KIO. As with EITI, the US and other western governments are heavily invested in this process. Given the current situation and the history of jade and armed conflict in Kachin, the government and its partners need to recognise the reality that a peace deal that once again avoids this question will not last.

To his credit, the minister overseeing peace talks, Aung Min, has publicly highlighted the need for wealth sharing to resolve armed conflict in Myanmar. To date, however, there has been no meaningful discussion of what this would mean in the Kachin context.

While the onus is on the government and the KIA/ KIO to take the initiative, it is crucial that local voices can feed into this debate. Kachin civil society organisations have already begun developing ideas

on what future natural resource management policies might look like, and an excerpt from a recent proposal by the Kachin Development Networking Group is included as an appendix to this report. Both sides in the conflict should urgently build on these foundations by consulting with a diverse range of civil society groups across Kachin State, and beginning a dialogue on a new model of shared ownership, management and revenue distribution for jade.

“A ‘bottom to up’ development process engages local people in decision making and provides benefits to the local citizens. If people are not engaged in the process of managing their own natural resources, more political problems will emerge and peace in the country may be affected.”

KDNG / Kachin State Natural Resources Development Policy Discussion Paper



In November 2014 around 2,000 people in the jade town of Hpakant staged a protest against abuses by the government-licensed mining companies. Some demanded that all company operations be suspended until the conflict in Kachin State is resolved. CREDIT: KDNG

photo: KDNG

US sanctions

Both the peace process and the EITI are magnets for western donor funding. This brings with it excellent opportunities for donors to push for substantive change, but also risks of them ducking difficult issues that get in the way of the positive narrative of Myanmar's transition that some western capitals want to broadcast. Both the Kachin conflict and jade are difficult issues. Neither can be dodged or deferred.

The US also has the unique leverage of sanctions. Its JADE Act, which prohibits the import of jade, was originally designed to stop members of "the Burmese [Than Shwe] regime and its supporters [financing] their ongoing violations of human rights, undemocratic policies and military activities". Our investigation shows that some of these same people remain the main beneficiaries of the jade business. The US Treasury also has sanctions on 'crony' tycoons as well as sanctions targeting drug lords. Again, both groups are well represented at jade's top table.

Global Witness does not believe that all of these sanctions should be maintained forever. But neither should they be discarded too hastily; nor treated as a giant 'on/off' switch whereby stringent measures suddenly give way to no safeguards at all. As the US government knows well, from its experience in Liberia for example, a process of measured, incremental lifting of sanctions in post-conflict countries can provide one of the best guarantees of meaningful reform of natural resource industries that are enmeshed with armed violence and corruption.

The opportunity is there for the US, other governments and international donors and their reformist partners in the Myanmar government to agree a set of measures and milestones by which, as the jade industry becomes more open, and the benefits are shared far more equitably, the sanctions are progressively scaled back. Some suggestions on what these specific measures should include are set out in the recommendations section below.



It is yet to be seen whether Myanmar will become a foreign policy success for President Obama's administration, but if the US uses its influence to support a more transparent and fair approach to jade this could make an important contribution to development and prospects for peace.



Myanmar's international partners have the opportunity to support reform of the country's most valuable natural resource industry so that it benefits local people and supports sustainable development. CREDIT: Minzayar

Recommendations

To the Government of the Republic of the Union of Myanmar:

- Develop new ownership, management and revenue sharing arrangements with Kachin State for jade and other natural resources in conjunction with the KIA/KIO and local civil society groups, as part of a comprehensive peace agreement. Ensure that these arrangements maximise the social and economic benefits for the local and national population, taking account of the needs of both current and future generations.
- Prioritise full implementation of EITI in the jade sector. As such, publish data on: jade licence bidding processes; who current licence-holders are and what licences they hold; jade production volumes; government revenues from jade concessions (broken down by project); other revenues from jade, including revenues from government shares of state-owned enterprises; full contract and licence terms (including environmental and social protections); and arrangements with state-owned enterprises.
- In line with EITI recommendations, require jade concession holders and companies bidding for concessions to disclose publicly the identities of the individuals by whom they are ultimately owned and/or controlled (the 'ultimate beneficial owners'). In addition require disclosure of any associations with public office holders (past or present), and any past record of corruption or environmental or human rights abuse together with details of measures taken to address such issues.
- Make the above EITI provisions on data disclosure a requirement of new mining, gemstone and other laws governing the jade business.

- Immediately review and revise bidding processes for jade concessions in consultation with Kachin and Myanmar civil society to make them open and fair. This should include introducing explicit protections against conflicts of interest and corruption which take account of the identities and histories of bidders.ⁱⁱⁱ
 - Reinstate the company shareholder details in Myanmar's company registry, and publish additional information on the ultimate beneficial ownership of companies.
 - Require the accounts of state-owned enterprises (including entities that are partly or wholly owned by the army) to be independently audited and details of all jade revenue receipts and transfers to the government to be published.
 - Publish a detailed breakdown of government expenditure so as to allow local people to track where jade money ends up.
 - Review and revise existing laws to bring them into compliance with the EITI Civil Society Protocol and to ensure that civil society and the media are free to hold the government and companies to account over jade sector management and operations without fear of physical, legal, or other forms of retribution.
 - Simplify and clarify taxes on jade, with input from the private sector, local government and civil society and strengthen revenue collection systems to reduce tax evasion, particularly at the mine site.
 - Investigate jade-related corruption involving army, police, government officials and companies; prosecute perpetrators and hold to account those with command responsibility.
 - Cancel any jade mining licences obtained through corruption or held by companies that have broken the law or contributed to human rights or environmental abuses.
 - Review and revise laws, regulations, policies governing the jade sector, and the terms of licences and contracts for jade concessions
- to ensure they include environmental and social protections in line with international standards including: the UN Human Rights Council's Guiding Principles for Business and Human Rights; the Voluntary Principles on Security and Human Rights; the International Finance Corporation's Sustainability Framework; and the International Council on Mining and Metals' Sustainable Development Principles. Amongst other measures, a grievance redress mechanism should be established, in a form agreed after public consultation within Kachin State, with effective penalties for companies which fail to comply with environmental and social protection requirements.
- Establish an independent monitor to ensure that environmental and social protections are implemented promptly and fully, with regular public reports on breaches identified and how they are being addressed.
 - Pass legislation that prohibits the military, police and other security services, and their individual serving officers, from establishing, operating, or exercising beneficial ownership over companies.
-
- To all donor governments, international financial institutions, and other partners of the Myanmar government:**
- Make funding and other forms of support to the Myanmar government and (in the case of the US) the lifting of sanctions conditional on delivery of the above reforms.
 - Provide technical support to the government's efforts to implement EITI, particularly with reference to reforms of the jade sector, and to efforts to incorporate EITI principles into laws on natural resource management.
 - Provide technical support to the government, KIA/KIO and Kachin civil society's development

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ⁱⁱⁱ For detailed recommendations on preventing corruption in the award of oil, gas and mining licences, see the 'Citizens' Checklist' set out in Global Witness, 'Rigged', January 2012; available at <https://www.globalwitness.org/reports/rigged/>.

of new ownership, management and revenue sharing arrangements for the management of jade and other natural resources as part of a comprehensive peace agreement.

- Support, financially and politically, civil society organisations in Kachin State and across Myanmar that are working to increase accountability in the management of natural resources.

To the KIA/KIO:

- Publish data on management of the jade sector by KIA/KIO authorities, in line with EITI, including details of the KIA/KIO taxation regime, expenditure and oversight.
- Draw up policy proposals for how Kachin State would manage the jade sector under a federal system, with input from a diverse range of civil society groups in Kachin State.
- Investigate jade-related corruption involving KIA/KIO officers and officials, prosecute perpetrators and hold to account those with command responsibility.

To jade mining and trading companies:

- Disclose data in line with EITI requirements. This includes: tax and other payments to government from jade concession holders (broken down by project); names and identifying information (including national identification numbers) of the individuals who own and/or control them; and jade contract and licence

terms (including any environmental or social provisions). State-owned enterprises, including army companies, should disclose their stakes in jade mining and trading ventures and transfers of money to other branches of government in line with EITI.

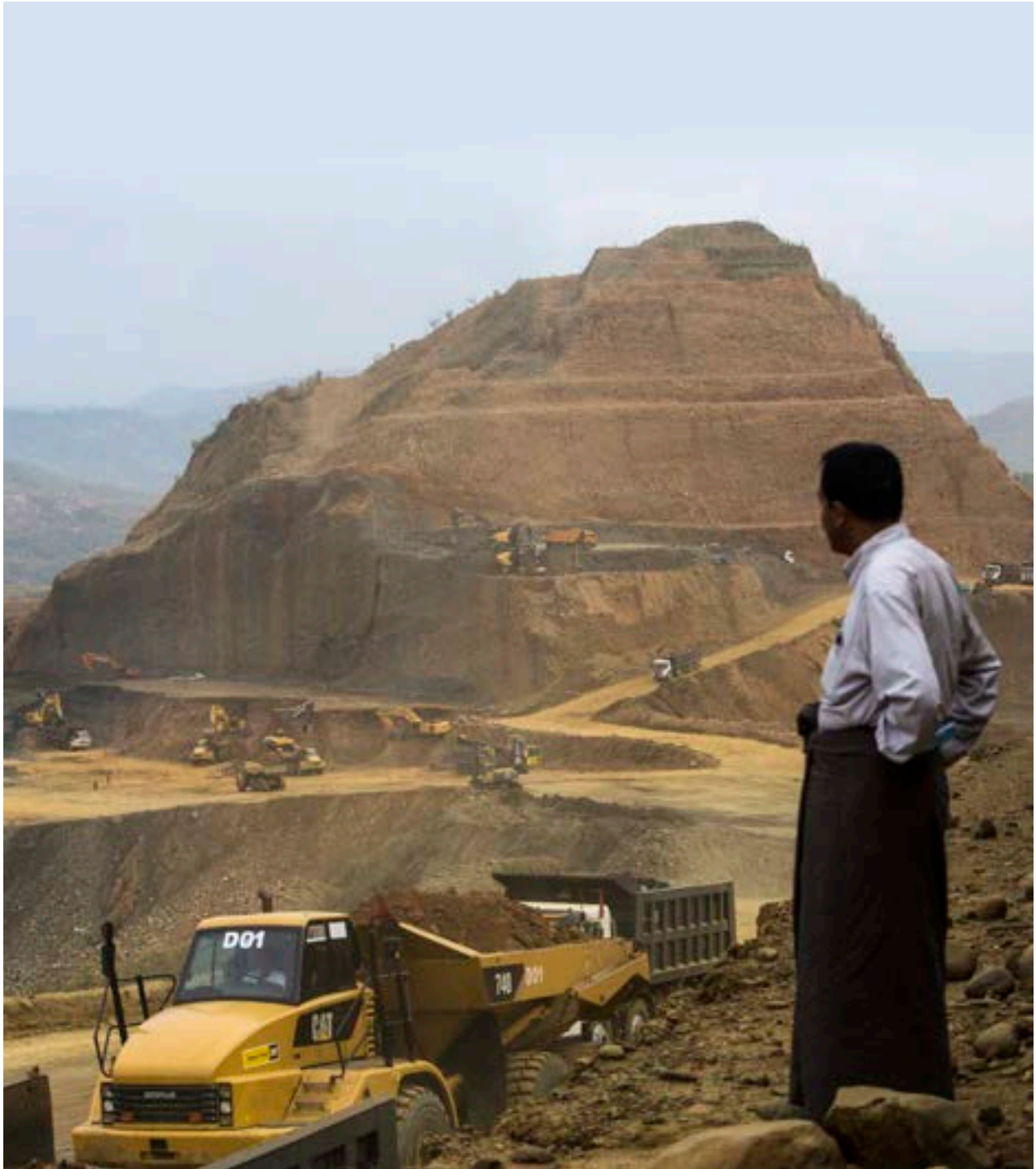
- Immediately review existing mining operations and halt activities that breach national or international laws and standards on environmental, social, human rights and worker rights.
- Establish and implement policies and procedures to minimise and mitigate environmental, social and human rights impacts of jade mining operations, in line with international standards including: the UN Human Rights Council's Guiding Principles for Business and Human Rights; the Voluntary Principles on Security and Human Rights; the International Finance Corporation's Sustainability Framework; and the International Council on Mining and Metals' Sustainable Development Principles.

To current or prospective international investors in Myanmar:

- Carry out rigorous due diligence on existing or prospective local partners particularly those with potential connections to the gemstone sector.
- Publish the names and national identity numbers of all individuals who own and/or control stakes in local ventures, together with background information on these individuals.



One of the sites mined for jade by Ever Winner, near Nam Maw, Hpakant. The Ever Winner group is one of the most powerful players in the business, and is connected to politically influential tycoons; yet the group's origins, ownership and operations remain obscure. CREDIT: Minzayar



A villager looks on as dump trucks from the Than Shwe family's Kyaing International mine site pass by, Seng Ja Bum village, Hpakant.
CREDIT: Minzayar



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