

Cassiterite from Special Zone 2 (Wa area), Myanmar

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The Self-Administered Division of Special Zone 2 in Myanmar allocated to the Wa ethnic people is an important contributor to the world's tin supply. While there has been on-going consideration of potential risks associated with that production region, including US anti-narcotics trafficking sanctions, the highly complex situation prevailing in Myanmar at both the national and sub-national level makes assessment challenging.

Since the emergence of Special Zone 2 as a major production area the International Tin Association (ITA) has sought to share the best available public information with all stakeholders and is committed to developing understanding and encouraging any necessary actions. ITA has made available a detailed report *High-level desk-based assessment on OECD Annex II risks in Special Zone 2 Wa area in Myanmar* (2021) which updates a previous 2015 version, key points from which are summarized below;

- The Myanmar constitution provides for, and recognises, a Self-Administered Division for the Wa ethnic people (Special Zone 2). This Zone borders, and has close ties with, the Yunnan Province of China including connections between ethnic Wa living in each country.
- The major tin mine (Man Maw) is within the recognised Special Zone 2 and produced around 32,000 tonnes of tin-in-concentrates in 2020. This tin is generally smelted in China and mining investment is thought to be sourced from China.
- Less significant tonnages of tin are also mined in Myanmar government administered areas including the Mawchi mine in Kayah State and the Heinda mine in the Tanintharyi Region of southern Myanmar. Various ethnic groups are present in both regions.
- Special Zone 2 is governed by a political organization called the United Wa State Party (UWSP), which is supported by the United Wa State Army (UWSA) through an authority structure similar to that in China.
- The Wa also control areas along the Thai border granted by the Myanmar Government in exchange of military cooperation which are separate to Special Zone 2 and in which there is no known tin production.
- The UWSP continues to seek increased recognition for their administration within Myanmar and have stated they have no ambition to secede from the Union of Myanmar. UWSA and the national government agreed a ceasefire in 1989, which has been upheld and the UWSP continue to declare support for peace and to engage in dialogue with the central government.
- US anti-narcotics sanctions arising from US domestic drug trafficking controls listing the UWSP and UWSA and various related individuals¹ previously raised in the media have been in place since 2003 and remain in force although it has been separately reported that UWSP have taken positive steps to replace heroin poppy fields with new types of income from agriculture (rubber and tea), as well as mining. UWSP announced a ten-year plan to eradicate methamphetamines from its areas, including in the higher risk southern areas, by 2024.
- All ITA members have been participating in the Responsible Minerals Assurance Process (RMAP), with Myanmar sources identified to the supply chain as part of RMAP processes.
- ITA fully supports the international multi-stakeholder agreed approach of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (DDG) designed to promote progressive improvement in circumstances of mining. The DDG makes recommendations for mitigating any illegal involvement of either state, or non-state, armed groups in mining, and explains that non-state armed groups can be identified by reference to UN Security Council Resolutions. In this case, there are no UN resolutions targeting the

¹ <https://sanctionssearch.ofac.treas.gov/Details.aspx?id=7825>

UWSA although the UN has referred to them under the general nomenclature 'ethnic armed group'. As explained, the UWSA provide security for areas governed by the UWSP.

- Consultants contracted by the European Commission published an Indicative and Non-Exhaustive List of Conflict-Affected and High-Risk Areas (CAHRA)² according to administrative areas. To date the list has not included Kayah State or Tanintharyi Region. Shan State in which Special Zone 2 is geographically located is listed, however, the methodology does not evaluate the separately administered Special Zone 2.
- Since 2015 a marginal amount of public information relating to potential risks associated with Special Zone 2 has emerged. There are continued reports linking UWSA to human rights abuses including worst forms of child labour (use of child soldiers), forced labour (forced conscription), persecution of religious minorities (gross human rights abuses) and forced confiscation of land. No new evidence was found directly linking abuses to the tin mining sector in Special Zone 2.
- The Myanmar Mayflower Group previously targeted by different US sanctions for money-laundering concern no longer appears active.
- Due to the separate administrative arrangements for Special Zone 2, the military coup of February 2021, which saw the Myanmar military take control of the national government, does not appear to have affected the situation in Special Zone 2. International sanctions including US OFAC sanctions issued since February 2021 targeting the Myanmar military for conflict and human rights abuses do not include UWSP/UWSA.
- Notwithstanding uncertainty over interpretation of the DDG, including for a recognised self-administered zone, ITA recommends its use to all ITA members and has active projects working to practically implement recommendations utilising this approach to ensure responsible tin supply. An important step in due diligence for high-risk areas is to obtain sufficient information to make appropriate follow up decisions, and ITA is continuing to work with members to learn more about tin mining in Special Zone 2. We aim to achieve a good understanding of local risk scenarios through local consultation to avoid negative impacts of potential disengagement and embargo from sudden actions that may turn out to be inappropriate and harmful.
- ITA continues to actively engage with members including Yunnan Tin Company (YTC) to assess the situation and support potential actions in alignment with the recommendations of the DDG and progressive improvement in practices relating to responsible sourcing, as necessary.

We welcome further discussions with engaged stakeholders to obtain greater clarity on the points above, and to contribute to positive and practical solutions to address any identified risks related to the mineral trade if these risks are verified to exist. Feedback or questions can be addressed to Kay Nimmo, Head of Sustainability, kay.nimmo@internationaltin.org.

² See www.cahraslist.net