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### CIF Involvement in Narcotics Trafficking

The warlord armies known as the Chinese Irregular Forces (CIF) have been a power in narcotics trafficking in the Golden Triangle for over 30 years and, despite recent losses to competitors, remain significant suppliers to the world market. CIF armies were instrumental in expanding the regional opium trade and converting much of it to a heroin trade when the market for refined narcotics developed in Southeast Asia. Although the CIF armies have engaged extensively in other activities, including counter-insurgency, their greatest success has come in transporting, refining, and marketing narcotics. [REDACTED]

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### Early History

The 3rd and 5th armies of the CIF were assembled from remnants of the 93rd Kuomintang Division under the command of General Li Mi that fled Yunnan Province in 1949. General Li Mi's troops traveled overland to Burma and settled in the Kachin and Shan States, regions already beset by internal ethnic division. More organized than the localized resistance, Kuomintang (KMT) units quickly took political control of several areas and set up permanent bases. KMT units were supported primarily through tax collection and opium smuggling. [REDACTED]

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[REDACTED] The Burmese Government, fearing reprisals from Peking, fought the KMT but had little success. The actions did force the KMT to

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relocate some of its support facilities and dependents' villages into Thailand. In 1953, Thailand and the ROC, under pressure from the Burmese Government, agreed to repatriate KMT personnel to Formosa but the relocation program bogged down and only a few thousand refugees, including General Li Mi, were resettled.

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The late 1950's saw the emergence of the 3rd and 5th Armies as the dominant groups operating under KMT control. The 3rd Army was led by General Li Wen-Huan, formerly a wealthy merchant from Yunnan Province with strong ties to the opium trade. The 5th Army was led by General Tuan Hsi-Wen, a career military officer. Good weapons and solid organization allowed them to become the dominant opium traffickers in the region. Networks set up in Burma to carry out intelligence missions were ideal for distributing opium throughout eastern Burma and northern Thailand.

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In the early 1960's, three factors changed 3rd and 5th Army narcotics operations:

- o Increased friction with the Burmese Army forced the groups to move their headquarters to Thailand, the 3rd Army to Tham Ngop and the 5th army to Mae Salong. Operating from bases there proved to be a boon to their activities by allowing them to develop networks in Thailand.

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- o The 3rd and 5th armies began getting competition from a former Tuan lieutenant named Chang Chi-Fu (aka Khun Sa) who had deserted from the

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5th Army in 1960 and formed his own army in Loi Maw, Burma. After his group was deputized as a Self Defense Force by the Burmese Government, Chang Chi-Fu began moving large amounts of opium to Thailand. In 1964, he established a headquarters at Ban Hin Taek in Thailand. His expanded opium smuggling cut the revenues of the 3rd and 5th armies.

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- o The market for heroin in Southeast Asia grew dramatically and the CIF armies, especially the 3rd, moved rapidly to become leading suppliers. Establishing refineries both in Thailand and Burma, CIF traffickers developed networks to Bangkok for local and regional distribution.

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The 1960s were years of increased opportunity and competition in narcotics trafficking. Armed conflict between Chang Chi-Fu's Loi Maw group, since renamed the Shan United Army, and the CIF armies were frequent, with the biggest battle occurring in 1967. In order avoid CIF lines, Chang Chi-Fu moved a big caravan of opium through Laos. Upon learning of the caravan, Generals Li and Tuan dispatched several hundred troops to intercept the shipment. The two sides fought a pitched battle for several days until a Laotian Army general attacked both protagonists and took the opium for himself. Beaten, the CIF troops fled back into Thailand, arousing international concern over border security in northern Thailand.

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Dwindling CIF profits from narcotics trafficking were restored temporarily in 1969 when Chang Chi-Fu was arrested by the Burmese Government. Rejuvenated by the drop in competition, CIF trafficking activity increased. CIF narcotics activity was somewhat disrupted in 1970 by an agreement between CIF leaders and the Royal Thai Government that called for the integration of CIF personnel into Thai society and their resettlement away from the border. Only two new villages, however, were built in eastern Chiang Rai Province and most of the CIF refugees remained along the western border. Soon after the agreement the CIF turned over 26 tons of opium to the Royal Thai Government for destruction, but CIF trafficking activity resumed again almost immediately and met growing competition. The SUA, led by second-in-command Chang Su Chuan, continued to traffick heavily as did the Shan State Army and the Lo Hsing Han group. Strong ties with Chinese syndicates in Bangkok and Hong Kong allowed the CIF keep its leadership as the best trafficker to the international market.



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During the last decade CIF trafficking power has declined. Several factors account for this change:

- o Prosperity has made CIF members complacent. The organization no longer possesses the military cohesion of some of its competitors. Although the anti-communist ideology remains, the CIF membership is much more oriented toward business than politics. More an affiliation than an army now, control in the CIF is much less

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centralized than in the SUA. Many trafficking decisions are made at lower echelons independently of CIF leadership.

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o General Tuan of the 5th Army died in 1987. Without his leadership, the 5th Army has effectively dissolved, with most of its active members now working for the SUA.

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o Royal Thai Government actions against the 3rd CIF have weakened its networks on the border.

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o CIF members are aging rapidly, and the old line forms only the leadership of the 3rd Army. The actual fighting force is made up mainly of ethnic Haw, and in the case of the current fighting with the SUA, Wa.

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o The SUA has become dominant in trafficking in the Golden Triangle at the expense of the 3rd CIF, which has had its market share cut dramatically.

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#### **Present Involvement**

The 3rd CIF has lost ground to the SUA over the last several years but is fighting very hard to regain it:

o The 3rd CIF is currently battling the SUA to regain refining sites and trafficking route lost when the SUA overran its positions at Piang Luang in late 1984. With the help of the Wa National Army and

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other smaller insurgent-trafficking groups, the CIF is trying to break the SUA stranglehold on the border.

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o Traffickers affiliated with the 3rd CIF are running several small, mobile refineries inside Thailand. The increased use of refineries in Thailand is to make up for those lost to the SUA.

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o As a first step toward rebuilding its refining operations on the border, the CIF has run refineries at Kan Ti, Burma and in the Kayah State. The refinery at Kan Ti was closed recently.

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o The CIF is actively organizing and managing opium caravans from the northern Shan State to supply its refineries. The soldiers making up the caravans are mainly ethnic Wa. Much of the raw opium transported comes from BCP supplies. A recent CIF-WNA caravan was attacked by the SUA and the Burmese Army.

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o CIF members have been implicated in the recent assassinations of several SUA operatives in northern Thailand. These killing are retribution for the attempted assassination of General Li Wen-Huan in 1984 and recent CIF losses to the SUA on the border.

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The 3rd CIF is no longer the region's trafficking leader, but CIF members continue to supply regional and world heroin markets. If CIF forces are able to re-establish refineries on the border and clear routes into Thailand and north to the major growing areas of the Shan State, the

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**group will again become a major heroin pipeline out of the Golden Triangle.**



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