FAULTY TRANSMISSION

The Myanmar Junta’s Reliance on Global Military Truck Supply Chains
Acknowledgements

About C4ADS
C4ADS (www.c4ads.org) is a 501(c)(3) nonprofit organization dedicated to data-driven analysis and evidence-based reporting of conflict and security issues worldwide. Our approach leverages nontraditional investigative techniques and emerging analytical technologies. We recognize the value of working on the ground in the field, capturing local knowledge, and collecting original data to inform our analysis. At the same time, we employ cutting edge technology to manage and analyze that data. The result is an innovative analytical approach to conflict prevention and mitigation.

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About Justice For Myanmar
Justice For Myanmar (www.justiceformyanmar.org) is a covert group of activists using research, data visualisation and reporting to expose the companies and criminals profiting from brutality, war crimes and mass-scale suffering.

One report at a time, Justice For Myanmar is going after the Myanmar military’s sources of funds and arms. As a result of our work and the work of many others across Myanmar and the world, multinational corporations have already divested hundreds of millions of dollars from business with the military, and targeted sanctions are beginning to disrupt the Myanmar military cartel’s global network.

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The mention of any individual, company, organization, or other entity in this report does not imply the violation of any law or international agreement, and should not be construed to so imply.

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Executive Summary

The Myanmar military junta’s continued campaign of repression and violence against the people of Myanmar is reliant on a fleet of military trucks that transport troops and weapons across the country. There is substantial evidence that the military obtains and assembles these trucks through the support of the Chinese state-owned company Sinotruk, which, in turn, benefits from the investment and collaboration of the German company Traton SE. Sinotruk claims to have never conducted business with the Myanmar military junta or sold trucks to the military. However, recent reporting and publicly available information indicate that Sinotruk’s vehicles are widely used during military operations and that the company has directly engaged with the Myanmar military through sales and manufacturing support. If so, Sinotruk should immediately cease business with the Myanmar military. Not doing so exposes the company to the risk of liability for aiding and abetting the junta’s war crimes and crimes against humanity. Traton should ensure that Sinotruk ends any and all business with the Myanmar military junta or divests from the company in accordance with its international human rights responsibilities.
Introduction

Over three years after the February 1, 2021, attempted coup in Myanmar,¹ the military junta continues to commit war crimes, crimes against humanity, and other human rights abuses against the people of Myanmar with impunity. This campaign of terror is only possible through the military’s continued access to weapons and military equipment, which they are still procuring despite arms embargoes and sanctions. Justice For Myanmar and the Süddeutsche Zeitung reported in March 2021 that trucks produced by Chinese state-owned manufacturer Sinotruk are a critical part of the Myanmar military’s logistical infrastructure, as they play a key role in moving troops, staging attacks against civilians, and transporting those arbitrarily detained.² Their investigation further concluded that MAN SE, a German manufacturing company merged into Traton SE as of August 2021,³ owns 25% of Sinotruk subsidiary Sinotruk (Hong Kong) and serves as a blocking minority shareholder with significant influence over Sinotruk (Hong Kong) operations.⁴

In light of this reporting, seven organizations wrote an open letter calling for MAN SE to conduct an investigation into Sinotruk’s value chain due to the possibility of its technology being used to perpetrate crimes against humanity.⁵ On September 16, 2021, Traton, which has held MAN’s shares since the merger, claimed, in response, to be exhausting all legal means to verify Sinotruk’s end-users in Myanmar, and cited the following statement from Sinotruk: “At present, Sinotruk has suspended all business in Myanmar.”⁶ Traton’s reply also stated that “Sinotruk does not cooperate with Myanmar’s current military regime in any way. Sinotruk clearly states that it has never sold any military or civilian vehicles to the Myanmar military.”⁷⁷ As the Myanmar military continues to commit war crimes and crimes against humanity, the need for international stakeholders and companies to prevent the junta’s procurement of military products is more important than ever. Our investigation reveals that Sinotruk and Traton have likely not kept their word nor upheld their international human rights obligations.
Methodology

This investigation examines the business activity of Sinotruk in Myanmar to provide a clearer picture of how the Myanmar military procures Sinotruk vehicles. One of the primary sources for this investigation is export data sourced from trade data subscription platforms; however, trade flows from China to Myanmar are typically underrepresented, and the data analyzed in this report should not be treated as comprehensive. Human sources serve as an additional source of information, providing specifics about the manufacturing process for Sinotruk vehicles under the name “Miltruk” and the history of Sinotruk’s involvement in the country. Additionally, prior media coverage, social media, and corporate information were used to explore and identify the patterns of previous and ongoing Sinotruk activity in Myanmar.

Atrocities Linked to Sinotruk and Miltruk

According to the United Nations Special Rapporteur on the situation of human rights in Myanmar, “The Myanmar military has a well-documented history of using internationally acquired arms in probable war crimes and other atrocity crimes for at least a decade. Thus, where Member States have authorized arms transfers, they knew, or should have known, that their arms would be used to target civilians.”

Soldier Firing Slingshot from a Sinotruk Vehicle. Source: Südendeutsche Zeitung
Dual-use supplies, such as trucks and truck parts, are widely considered military equipment when armed forces are the end user.\(^9\) Investigations have previously shown that Sinotruk vehicles facilitate the junta’s operations. Sinotruk trucks have been documented at multiple major protest sites following the Myanmar military’s coup attempt on February 1, 2021. A Süddeutsche Zeitung investigation found photos and videos of Sinotruk vehicles at protests in Yangon, Mandalay, and Naypyidaw.\(^11\) These vehicles are documented transporting troops to protest sites, where, upon arrival, the troops beat and shot civilian protestors. The Süddeutsche Zeitung reported that “Sinotruk vehicles can additionally frequently be seen in the background of images showing the injured and dead.”\(^12\)

In May 2022, in the context of prolonged and heavy fighting between Karenni resistance forces and the Myanmar military, local media reported at least four Sinotruk military vehicles that were lit on fire after having been captured by resistance fighters during an attack on a convoy in Karenni State.\(^13\) Violence in Karen and Karenni States surged in the wake of the junta’s military coup attempt in 2021 and further escalated from December 2021 to March 2022, killing hundreds of civilians and displacing more than 150,000. According to Amnesty International, the military committed war crimes in their 2021 and 2022 assaults in Karen and Karenni States in an operation that amounted to a collective punishment of the civilian population.\(^14\)

Reports of more recent seizures of military weapon caches by resistance groups in Myanmar indicate that Sinotruk vehicles—including those locally branded as Miltruk—are a significant resource for the Myanmar military.\(^16\) Evidence posted on Armada Rotta, a blog used to track vehicle losses in active wars, reported that, as of March 5, 2024, the resistance movement had either seized, destroyed, or captured seven Miltruk vehicles, 31 Sinotruk vehicles, and a Sinotruk water cannon.\(^17\)

All of this evidence indicates that Sinotruk vehicles are used to facilitate the Myanmar military’s war crimes and crimes against humanity against the people of Myanmar.
Sinotruk’s Business with the Myanmar Military

Despite Sinotruk’s claims that it does not cooperate with the junta and has never sold vehicles to the Myanmar military, new analysis indicates that Sinotruk has an extensive relationship with Myanmar’s military. Evidence for this relationship includes shipments and Sinotruk’s long-term involvement with the military to locally assemble Sinotruk vehicles, which are also branded Miltruk in Myanmar. Sinotruk Group, also known as China National Heavy Duty Truck Group, is a Chinese state-owned truck manufacturer that produces civilian and military vehicles. Beyond the publicly-listed companies Sinotruk (Hong Kong) and Sinotruk Jinan Truck Co., Ltd., the manufacturer has ownership stakes in more than 60 subsidiaries. According to Sinotruk’s website, German truck manufacturer MAN was a 25% shareholder in Sinotruk (Hong Kong) until it merged with Traton, which took over ownership of the Sinotruk (Hong Kong) shares. Traton, in turn, is a subsidiary of Volkswagen AG. While the Myanmar military’s use of Sinotruk vehicles has been previously reported, newer findings illuminate the history and depth of Sinotruk’s business with the Myanmar military.

Shipments

According to human sources and photos and videos posted online, Sinotruk is a key provider of trucks for the Myanmar military. In addition to reportedly exporting complete vehicles, the company also exports truck components to Myanmar, where they are assembled in factories under the direct oversight and control of the Myanmar military’s Office of the Chief of Defence Industries (OCDI), also known as the Directorate of Defence Industries, the military unit in charge of overseeing the domestic manufacture and assembly of arms in the country. Trucks assembled in Myanmar, however, are labeled with a different brand, Miltruk, which, intentionally or not, obscures Sinotruk’s involvement. Human sources have reported that the assembly of trucks in Myanmar is made possible through parts shipped to the OCDI. These sources further reported that completed Sinotruk vehicles and parts for maintenance, meanwhile, are shipped to the Directorate of Procurement, the entity in charge of arms and military equipment procurement for the Myanmar military. Both the OCDI and Directorate of Procurement are sanctioned by the EU and the United States.

Export data further disproves Sinotruk’s September 2021 claims that it did not have a relationship with the Myanmar military junta and had suspended its business in Myanmar. This export data reveals that Sinotruk sent at least eight shipments to the military between April 2021 and March 2022. Shipped items include knock-down kits and truck parts. Trade data reveals that shipments are sent by Sinotruk Import & Export Co., Ltd, a fully-
owned subsidiary of the China National Heavy Duty Truck Group that specializes in exporting heavy-duty trucks, construction machinery equipment, and spare parts. The listed recipients of these shipments are OCDI and the military’s Directorate of Procurement.

Shipments to the OCDI are described as “CKD parts.” Unlike regular parts, CKD is an abbreviation for “complete knockdown” parts, whereby an entire vehicle is broken down into parts, typically without the engine, and then assembled on site. Numerous shipments made by Sinotruk from 2021 and 2022 to the Directorate of Procurement are labeled as containing “truk parts [sic].”
Faulty Transmission: The Myanmar Junta’s Reliance on Global Military Truck Supply Chains

**Manufacturing Support**

- **Directorate of Procurement**
  - **Completed Truck Parts** (SHIPPED)
  - **Complete Knockdown Kits (CKD)** (SHIPPED)

- **Tatmadaw Heavy Industries**
  - **Tatmadaw Heavy Industry No. 2** (MANUFACTURERS: ENGINE, TRUCK FRAME)
  - **Tatmadaw Heavy Industry No. 1** (ASSEMBLY)

- **Sinotruk vehicles**
  - **Sinotruk Import & Export Co., Ltd.**
  - **Directorate of Supply & Transport**
  - **Managed by**

- **Miltruk vehicles**
  - **Office of the Chief of Defence Industries**
  - **Directorate of Electrical & Mechanical Engineering**
  - **Maintained by**
Human sources report that local manufacturing is taking place under the purview of the OCDI at Tatmadaw Heavy Industries plants, referred to as TaKaSa in Burmese. These reports are supported by the Sinotruk exports of complete knockdown parts to OCDI, as explained above. As noted by the Special Advisory Council for Myanmar, Tatmadaw Heavy Industries is integral to the in-country manufacturing of military end-use products. According to human sources, Tatmadaw Heavy Industry No. 1 and Tatmadaw Heavy Industry No. 2 are particularly relevant for the military’s assembly of Miltruk vehicles and produce various trucks used to transport troops, supplies, rocket launcher systems, as well as tankers for civilian use.

Social media posts dating back to 2017 corroborate these reports. A Facebook post from Myanmar Defence Weapons notes that, according to news agencies, “the army has already installed Sinotruk trucks locally and is using them under the name of Miltruk.” Additionally, a Twitter post from 2017 from an apparent Sinotruk-associated company reads, “SINOTRUK equipped with Myanmar troops, debut this month’s parade!,” referring to the junta’s annual military parade in Naypyidaw. The attached photo, however, shows a truck branded Miltruk—not Sinotruk—further supporting Sinotruk’s ties to the Myanmar military and Miltruk.
Additional photographic evidence published by the military-published newspaper Myawady further evidences the military junta's oversight of Miltruk vehicle production. According to the article, the manufacturing of vehicles at Tatmadaw Heavy Industries is carried out “in accordance with the instructions of the Chairman of the State Administration Council,” Min Aung Hlaing, further reinforcing that Miltruk vehicles are manufactured under the junta and intended for military use. Given this information, it is reasonable to conclude that the Myanmar military’s fleet of Miltrucks would not be possible without substantial manufacturing investment and support conducted by Sinotruk, whose ongoing business with the military enables State Administration Council (junta) troops to continue committing atrocities against the people of Myanmar.

**An Enduring Relationship**

As described by human sources, the process of truck manufacturing at Tatmadaw Heavy Industry No. 2 reveals that Sinotruk is not the only Chinese company embedded in the Myanmar military’s truck manufacturing process. According to sources, Tatmadaw Heavy Industry No. 2 manufactures engines before completing assembly at Tatmadaw Heavy Industry No. 1, since complete knockdown parts do not ship with engines. The engines appear to be produced under license from Chinese company Weichai, a diesel engine developer and manufacturer whose parent company is Chinese state-owned multinational company Shandong Heavy Industry. Weichai actively engages with Sinotruk and provides engines for its trucks. Weichai and Sinotruk also have the same chairperson, Tan Xuguang, who has promoted stronger connections between the two groups and Traton throughout 2023.
Sinotruk has invested money and technology in this manufacturing infrastructure over the years, enabling the Myanmar military to produce Sinotruk and Miltruk vehicles. According to multiple sources, the Myanmar military began manufacturing Sinotruk parts and assembling trucks around 2010-2012 under Tatmadaw Heavy Industries, with a capacity of around 300 vehicles annually. Myanmar Chemical and Machinery Co., Ltd., Sinotruk’s representative in Myanmar, brokered the project. A source with firsthand experience of the junta’s manufacture and assembly of Miltruk vehicles reported that Sinotruk representatives visited Tatmadaw Heavy Industries in 2019 to tour the facilities and review the manufacturing requirements of the Myanmar military. Given this long-term investment and apparent dishonesty regarding ongoing business operations, the Myanmar military may still be benefiting from Sinotruk technology and involvement, even if direct shipments have stopped.
Faulty Transmission: The Myanmar Junta’s Reliance on Global Military Truck Supply Chains

Myanmar military entity

Myanmar
military entity

Myanmar
Military

Office of the Chief of Defence Industries

Directorate of Procurement

Volkswagen AG
89.7% SHAREHOLDER

Traton SE
25% SHAREHOLDER

Sinotruk Import & Export Co., Ltd.
61% SHAREHOLDER

Sinotruk (Hong Kong) Ltd.

China National Heavy Duty Truck Group Co., Ltd., a.k.a. Sinotruk

Weichai Holding Group Co., Ltd.

Sinotruk (Hong Kong) Ltd.

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Contraventions of International Human Rights Guidelines

Sinotruk’s engagement with the Myanmar military indicates that regardless of any claims to the contrary, Sinotruk—and, therefore, its German partner Traton—remains connected to the atrocity crimes perpetrated by the junta. Export data proves that, despite its claims that it has never conducted business with the Myanmar military junta, Sinotruk continued to conduct direct business with multiple branches of the military after its coup attempt. Under international standards, including the UN Guiding Principles on Business and Human Rights, all companies in all countries are required to act in a manner that respects human rights. To do so, companies should conduct due diligence across their entire value chain to identify, mitigate, and remedy negative human rights impacts. The UN Guiding Principles stipulate that businesses must “prevent or mitigate adverse human rights impacts that are directly linked to their operations, products, or services by their business relationships, even if they have not contributed to those impacts.” In the case of Myanmar, Sinotruk’s apparent active collaboration with the junta indicates its disregard for these responsibilities. Furthermore, the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises and associated guidance make clear investors are expected to encourage their investee companies to act responsibly and divest from companies that have repeatedly failed to respect human rights. Traton, as a Sinotruk investor, should work to ensure via investigation and any other mechanism necessary that Sinotruk is not contributing to negative human rights impacts.

Since Traton is domiciled in Germany, it retains additional responsibilities. German companies must comply with European Union measures and sanctions relating to Myanmar that prohibit the selling of military end-use items to the junta. In December 2023, the EU Parliament and Council negotiators agreed on new rules legally codifying companies’ responsibility to mitigate their negative impact on human rights and the environment. Companies now have to identify, prevent, and remedy their negative impacts as well as those of their upstream and downstream partners. To do so, they will be required to—among other things—seek contractual assurances of compliance from their partners. Failure to follow through on these requirements could result in Traton facing enforcement action.
Conclusion

Despite previous public pressure to cease operations and its claims to the contrary, Chinese truck manufacturer Sinotruk and its partners’ technology and products are enabling the junta to commit atrocities against the people of Myanmar. This investigation demonstrates that Sinotruk has sent shipments to the Myanmar military after its coup attempt, including complete knockdown kits assembled by military factories before being fitted with Myanmar-built Weichai engines. The Myanmar military’s fleet of Sinotruks and Miltruks plays a critical role in enabling it to commit war crimes and crimes against humanity. German company Traton’s role as a partner of Sinotruk makes it complicit in these atrocities unless Sinotruk ceases business with the Myanmar military or Traton ceases business with Sinotruk. Until then, Traton and Sinotruk remain in contravention of international and European human rights laws and guidelines.

This case illustrates the role that European companies can play in the junta’s continued war crimes and crimes against humanity, despite the steps the EU has taken against it. It also underscores China’s significant and continued role in propping up the junta. In 2021 and 2022, China was the second largest supplier of weapons and dual-use goods to the junta, with the Myanmar military receiving US$267 million in arms and related material from China.56

Every company and government—including Sinotruk, Weichai, Traton, Volkswagen, the German government, the European Commission, and the Chinese government—has a responsibility to end its facilitation of war crimes and crimes against humanity in Myanmar. We urge each party to do so, and we encourage the international community to demand the same.
Recommendations

1. Sinotruk should adhere to its responsibilities under international law and the UN Guiding Principles on Business and Human Rights and cease all ongoing business with the Myanmar military and its partners, including licensing agreements. It should block the junta’s access to Sinotruk vehicles, parts, technology, and support.

2. Traton and its parent company, Volkswagen, should conduct a thorough investigation into Sinotruk’s business links to the Myanmar military and security forces under their command, including possible active license agreements. Traton must take immediate action to ensure it cuts all business ties to the Myanmar military. Failing that, Traton should divest from and end business relations with Sinotruk to avoid further complicity.

3. The German government and European Commission must exercise their authority over Traton and Volkswagen to ensure their products do not fall into the hands of the junta and their investment does not support war crimes and crimes against humanity in Myanmar.

4. The Chinese government should cut all support to the Myanmar military junta, including by imposing a ban on all military end-use exports to Myanmar.

5. Governments should impose coordinated, targeted sanctions to block the junta’s sources of funds, arms, military equipment, technology, and jet fuel.

6. The United Nations Security Council should impose a global arms embargo on the Myanmar military junta, targeted sanctions on the junta’s business interests, and refer the Myanmar situation to the International Criminal Court.
Endnotes

1 While frequently referred to as a “coup” in the public domain, human rights groups prefer “attempted coup,” as the fight for governance and power in Myanmar is ongoing.


4 Fromm et al., “Motoren fur de Murder.”


6 Response letter to Justice for Myanmar and civil society groups from Traton.

7 Response letter to Justice for Myanmar and civil society groups from Traton.


9 Fromm et al., “Motoren fur de Murder.”

10 The EU common position states that “where there are serious grounds for believing that the end-user of dual-use goods and technology will be the armed forces or internal security forces or similar entities in the recipient country,” such goods are considered military technology or equipment for the purposes of export control. https://www.ohchr.org/sites/default/files/HRBodies/HRC/RegularSessions/session42/Documents/A_HRC_42_CRP_3.docx#:~:text=Moreover%2C%20the%20EU%20common%20position,purposes%20of%20export%20control%2C%20military

11 Fromm et al., “Motoren fur de Murder.”

12 Fromm et al., “Motoren fur de Murder.”


17 Elmustek, “What is Happening in Myanmar.”

18 Response letter to Justice for Myanmar and civil society groups from Traton.

19 In 2007, Sinotruk listed the subsidiary Sinotruk (Hong Kong) Limited on the Hong Kong Stock Exchange.

20 Sinotruk also has a subsidiary listed on the Shenzhen Stock Exchange, Sinotruk Jinan Truck Co., Ltd.


23 Sensitive Human Source.


25 The Office of the Chief of Defence Industries (OCDI) has always remained under the firm control of the military,
including during the years of the National League for Democracy-led government. As part of the military's structure, the OCDI reports to the Office of the Commander in Chief of the Myanmar Army. Made in Myanmar: Mapping the Military's In-Country Weapon Production, Special Advisory Council Myanmar, https://specialadvisorycouncil.org/fatal-business/made-in-myanmar/, accessed April 3, 2024.

The Directorate of Procurement falls under the direct authority of the Commander in Chief of the Myanmar Army.

The OCDI is sanctioned by the EU, the UK, the United States, and Canada, and the Directorate of Procurement is sanctioned by the EU, the UK, the United States, and Canada.

Sensitive Human Source.


Response letter to Justice for Myanmar and civil society groups from Traton.

Global trade records.

Trade data from April 2023 indicates that Sinotruk sent two shipments of trucks to Golden Mega Power Co. Ltd., a private Myanmar company established in February 2022. San Aung controls Golden Mega Power and is also a director of Myanmar Amethyst Trading Co., Ltd. Both Myanmar Amethyst and its parent company, Myanmar Chemical and Machinery Co. Ltd., have a reputation as Myanmar military arms brokers. Myanmar Chemical and Machinery is under EU and U.S. sanctions and previously served as a representative for Sinotruk in Myanmar. According to a response from Traton in February 2022, Sinotruk had ceased all sales to Myanmar Chemical and Machinery. However, shipments to Golden Mega Power suggest that the military could also be the end user of the trucks supplied to Golden Mega Power and that Sinotruk has continued its relationship with Myanmar Chemical and Machinery through a proxy company.

Global trade records.


Sensitive Human Source.


Sinotruk, X (formerly known as Twitter) post, March 27, 2017.


"CV of Mr. Tan Xuguang," Myawady, https://myawady.net.mm/node/17784, accessed April 24, 2024.

https://myawady.net.mm/node/17784, accessed April 24, 2024.

Sensitive Human Source.


board/christian-levin.html, accessed April 8, 2024.


54  European Parliament, “Corporate due diligence rules agreed to safeguard human rights and environment.”

55  European Parliament, “Corporate due diligence rules agreed to safeguard human rights and environment.”


57  Fromm et al., “Motoren fur de Murder.”