The Shwe Gas Bulletin

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# COSL Signs Deal with Daewoo to Provide Offshore Drilling Services

*(Nov 25, 2005 )*

China Oilfield Services Limited (COSL) announced on November 24 that it has signed a drilling contract with Daewoo International Corp. to provide offshore drilling services for Daewoo's Burma gas exploration. COSL's semi-submersible NH II drilling vessel will be towed to a specific drilling location belonging to Daewoo International in Burma.

Working at a water depth of about 150 meters, the vessel will be used by Daewoo for 60 days. The total contract is worth approximately US$ 6 million, according to the company.

Daewoo recently signed an agreement with the junta to explore Block A-3 in Arakan state, located south of the Shwe fields Block A-1 in Burma.

According to a Daewoo official, the company will start exploration of Block A-3 as early as December 2005. The initial tests showed the area may contain gases amounting to 3-10 trillion cubic feet.

Daewoo's test drilling of Block A-1 for the Shwe gas project was recently completed and confirmed the existence of a huge mine that may contain up to 18 trillion cubic feet of gas.

Daewoo is main the operator of blocks A-1 and A-3 and it won 60% stakes in each. Daewoo is expected to earn US$ 100 million annually from the Shwe gas field for 20 years after gas production commences.

China Oilfield Services Limited (COSLStock code:2883HK),is a leading oilfield services provider in the offshore China market. Its services cover each phase of offshore oil and gas exploration, development and production.

COLS also signed a drilling contract with Woodside Energy Ltd of Australia at the same time that it signed with Daewoo.

***(SGB)***

*COSL*

*COSL's semi-submersible Nanhai II drilling vessel.*

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# Editorial

As many people know, Burma is one of the most natural resource rich countries in the world and is especially known for its oil and gas reserves. Oil and gas exploration has been part of Burma's long history and it has been expected to become major energy exporter in the region since it discovered Yadana and Raytagun fields in 1987 and 1990, and the Shwe gas field, one of the biggest in the region, in early 2004.

Burma's three major offshore fields - Yadana, Yetagun and Shwe - are explored by foreign companies from western and regional countries with the cooperation of the ruling of military regime. There is evidence that the Burmese military gains hard foreign currency from the oil and gas explorations and and squanders it for increased arms purchases from the Ukraine, China, Russia and India.

In the current technical era, developing and developed countries are consuming oil and gas at increasing rates. As a result, they have been hunting broadly for new sources of oil and gas, especially in Africa and Asia; however, sometimes it takes hundreds of years to get a single barrel of oil in certain countries.

Most geologists today agree that crude oil forms over million of years from the remains of tiny aquatic plants and animals that are exposed to the combined effects of time and temperature. In other words, oil forms from organic matter that is either "cooked" deep within the earth for long periods of time at low temperatures, or "cooked" for short periods of time at high temperatures.

In present Burma, onshore and offshore blocks are being drilled by foreign companies cooperating with the regime under 20 or 30 year contracts, with plans to export to neighboring countries such as Thailand, India and China.

Although Burma exports gas to richer neighboring countries, it is facing increasing oil prices, which is leading to rioting within the country.

Analysts are concerned that after extracting the country's oil and gas resources over 20 – 30 years, Burma will face an energy shortage. One of Burma's most valuable resources will be depleted.

If the regime could manage the income from the resources and invest in the country's development, it would be advantageous for the people of Burma for many years.

Burma analyst, Aung Naing Oo said that the junta is not going to use the income from natural resources for country development. The resources become a curse because of the junta's miss management and miss use of the money from the mineral resources.

Although Burma has become one of the poorest countries in the world under the ruling regime, the military generals and their circles of family and friends can afford the most expensive cars and luxuries, while others hardly find enough food to survive.

The regime uses the money from energy resources for strengthening their military. This increased militarization is used to solve internal conflicts and crack down on ethnic revolutions, instead of solving the country's problems by political and peaceful means. The regime's increasing militarization has led to human rights abuses around the country, especially in ethnic areas.

The foreign investment does not only hurt the people of Burma, but also directly or indirectly becomes the regime's brutal weapon. There will be a time to invest in Burma for both the benefit of the people and the government; however, that time will come only after there is a democratically elected government in the country.

# Forced Labour In Burma's Arakan State Capital Sittwe

Nov 14, 2005 (DVB) - The local Burmese authorities at Arakan State capital Sittwe (Akyab) have been subjecting forced labour practices by forcing the children to clean the streets and wards of the town every weekend.

The children find it hard to find time to participate in the forced labour practices as they have been busy helping out their parents for the survival of their family. But the authorities are threatening to fine their parents if they do not take part in the 'volunteering' activities.

*Photo: Kaya*

'They force them to clean (stinking) gutters," a local resident from Sittwe told DVB. "As the parents have to do their jobs, mainly the children have to do those works. If they could not afford to pay 500-1000kyat, they (the parents) have to let their children be exploited thus. It is a deliberate action (from the part of the authorities). They are doing that deliberately so that the children have no time to have discussions and the like."

At the same time, civil servants from the municipal department have not been given holiday but forced to work overtime, and those who refuse to do so are threatened with a cut of 200 kyat each day from their salary.

*Daewoo out of Burma*

*(The Shwe Gas Movement)*

# Total's Settlement will not Quell Rights Campaign

*Photo: ANC*

*A lot of human rights abuses, such as forced labour, forced relocation, torture, rape and land confiscation happened during the Yadana gas pipeline construction from Burma to Thailand.*

*(Nov 29, 2005 )*

The French oil company Total announced on November 29 that it had reached a US$ 6.12 million out-of-court settlement with a group of villagers from Burma. In 2002, these villagers sued Total in Paris for their involvement with the use of forced labor during the construction of the Yadana gas pipeline, running from Burma to Thailand.

Under the terms of the settlement, Total will pay US$ 12,000 to each of the eight claimants, who have in turn agreed to drop the charges they brought against Total, the company said in a statement.

"We can't say that it's a totally fair settlement," said Htoo Chit, director of the Thailand-based Grassroots Human Rights Education, who testified against Total during the court case in France. "Our decision [to accept the settlement] is made in conjunction with the plaintiffs and the local population" he told Irrawaddy.

In 1992 Total launched a project in partnership with the US company Unocal (now Chevron), the Petroleum Authority of Thailand and the Burmese regime-owned Myanmar Oil and Gas Enterprise to build and develop a 1.2 billion gas pipeline from Burma's Andaman Sea, across the country and into neighboring Thailand.

Unocal, a US oil company and one of the biggest shareholders in the Yadana project, was also sued by EarthRights International in US courts over human rights abuses associated with the pipeline's construction. Eight years later, on April 2, 2005, they reached an out-of-court settlement amounting to about US$ 30 million.

Burma Campaign UK, a London-based rights organization, warned that it would continue its campaign to get Total out of Burma. "If they think that this agreement will help take the pressure off, they are making a big mistake," Yvette Mahon, director of the Burma Campaign UK, said in a statement on November 29. She added that Total's payment was "tiny compared to the hundreds of millions of dollars" the company makes in profits.

A group of people from Burma filed a separate lawsuit against Total in Belgium in May 2002. The case is ongoing.

***(SGB)***

**Please sign the petition on the www.shwe.org website.**

# Daewoo among the 474 Foreign Companies Supporting Burma's Military Regime

***One of the Daewoo sign boards erected at the military camp in the capital,Rangoon.***

***By Herman*** *(Nov 9, 2005 )*

On November 8, the International Confederation of Free Trade Unions (ICFTU) released an updated list of foreign companies doing business with the Burmese military regime as the United Nations International Labor Organization (ILO) prepares to hold a crucial debate over Burma's continued membership its agency.

The ICFTU represents workers from around the world and has 234 affiliated organizations in 154 countries.

Thirty eight new companies have been added to the updated list. These companies are based in the United States (6 companies), China (5), India and Thailand (4 each), Japan, Malaysia and Singapore (3 each), Germany (2), with one each in Bangladesh, Denmark, France, Germany, Hong Kong, Korea, Qatar, Turkey and the United Kingdom. While many of these companies are relatively small, others are major corporations, such as Japanese electronics producer Sanyo and Germany's Polyphon, a leading film and television production company.

The total number of foreign companies doing business with the Burmese military government is now 474. This includes long-standing business partners of the Junta such as Total Oil of France and South Korea's Daewoo International.

Total Oil is the world's fourth largest oil company, and also Europe's biggest corporate investor in Burma. Total Oil's Yadana offshore pipeline provides US$ 400 million annually to the Burmese military regime, according to Burma Campaign UK.

According to human rights organizations' records, many human rights abuses occurred during the construction of the Yadana gas pipeline as a result of security provided by the Burmese military in the pipeline region.

Daewoo International has become one of the major business partners of the Burmese military regime since their investment in Arakan gas exploration. Daewoo Motors also has a car assembly plant that is a joint venture with Myanmar Automobile and Diesel Industries (MADI), owned and operated by the regime. Additionally, Daewoo has timber manufacturing and clothing interests in Burma.

Recently a consortium led by Daewoo International has signed US$ 12 million contract to establish a central government information network. Thirty eight government ministries will be linked together over this new network. The deal also includes database management solutions.

Under the terms of the contract, Daewoo, along with database management systems supplier KCOMS, will hook up the different government agencies to broadband, and computerize the government's personnel management system.

Anna Malindog, Alumni Program Coordinator of the EarthRights International Southeast Asia Office, recently visited Burma and reported, "You can see a huge sign board of Daewoo in Rangoon. The sign board is so big and is located in the military camp on the way to Rangoon Airport. I thought that I would see the sign board of Daewoo only in Sittwe, the capital of Arakan. I think that if they can do something like that, if they can advertise their company in a city like Rangoon, the capital, then I think they must really have good relations with the General. Maybe they are paying the government too much, because the sign board is so big."

"All of the buses in Rangoon, I main transportation bus, and even some cars are made by Daewoo. This is really obvious because at the back of the bus you can see the name of Daewoo, as well as on a number of cars and almost all buses," she added.

A business man from Rangoon said that when doing business in Rangoon, you have to bribe officials and be friends with them if you don't want to pay exorbitant prices. If you don't have good relations with generals, they will not allow you to do business.

Daewoo International last month announced it had completed exploration drilling off the coast of Burma's Arakan state for the Shwe gas project, in the A1 field. According to analysts, Shwe gas production, scheduled to start in 2010, is expected to provide the Burmese military regime at least US$ 1 billion annually.

Concerned about the proposed Shwe gas pipeline project that will run from Arakan state to India, human rights and environmental activists held protests in October in front of South Korean embassies around the world as well as the Daewoo headquarters in Seoul. In their demonstrations, activists demanded "Daewoo out of Burma!"

According to ICFTU's detailed study released last year, it is impossible to do business in or with Burma without directly supporting its military regime. The document also explained how the government spent its revenue, with 40% of the national budget going to the military, compared to a mere 0.30% spent on health care.

Despite US and European sanctions imposed on military-ruled Burma, foreign investment in the country increased by more than 34 percent last year, according to government statistics.

Activists claim that cooperation with the Burmese military regime, one of the worst human rights abusers in the world, directly prolongs the country's militarization.

***(SGB)***

# Tankers Could Carry Gas to India

By Thet Khaing *(Nov 21, 2005 )*

INDIA said earlier this month it was considering using tanker vessels to import liquefied natural gas from Myanmar in a move which would avoid the need of having to build a gas pipeline linking the two countries.

India's Minister for Petroleum and Natural Gas, Mr Mani Shankar Aiyar, said in New Delhi on November 9 that using tankers to import the gas was an option worthy of examination.

He was speaking at the signing of an agreement under which the state-owned Gas Authority of India Ltd., is to acquire technology from a Belgian energy company, Exmar Marine, which would enable the gas to be transported in liquid form and reconverted into gas.

Mr Aiyar said the technology could be used to import natural gas from Myan-mar.

Myanmar agreed to sell India natural gas from the offshore A1 gas field in Rakhine State last January, when New Delhi proposed building a pipeline across Bangladesh to import the gas.

India, Myanmar and Bangladesh agreed in principle with the proposal. However, the planned signing in March of a memorandum of understanding on the pipeline project was delayed because of differences between New Delhi and Dhaka over conditions set by Bangladesh for allowing the pipeline to cross its territory.

The delay prompted India and Myanmar to reveal in July that they were considering other options to transport the gas, including using tankers or by a pipeline bypassing Bangladesh.

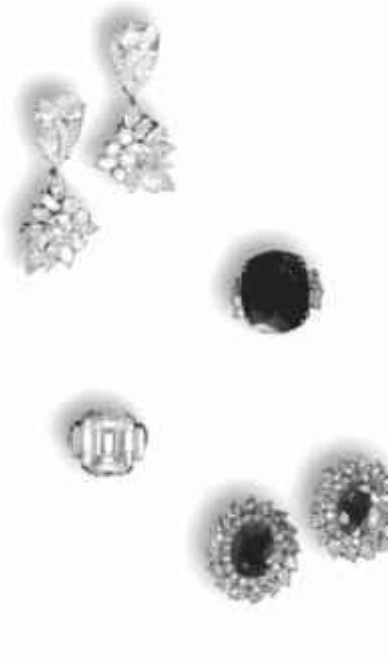
The A1 field is being developed by a consortium headed by the South Korean conglomerate, Daewoo International, which said in August last year it was considering building a US$3 billion processing facility in Rakhine State to produce liquefied natural gas for export.

In an interview with Myanmar Times on November 16, the operations manager of Daewoo International's Myanmar exploration and production office, Mr Jung Hwan Lee, said the facility was still under consideration. However, Mr Lee said any decision to proceed would depend on a forthcoming independent assessment of the field's reserves.

Daewoo International holds a 60 per cent share in the consortium, in which the state-owned Oil and Natural Gas Corporation has 20 per cent, and the Gas Authority of India and South Korea's state-owned KOGAS, each hold 10 per cent.

***www.mmtimes.com***

# Burma is Asia's Economic Basket Case



***World-class Burmese gems, such as rubies, sapphires and diamonds, and timber are among Burma's most valuable natural resources.***

*Photo: Susan*

November 4, Asia Pulse

(Analysis from Asia Today, Australia's regional business magazine.)

Yangon: Myanmar is indisputably the economic basket case of Southeast Asia. Despite claims by the military government that Myanmar's economy grew by 12.6 per cent in 2004, the Asian Development Bank says it cannot give any estimate for GDP growth because of incomplete and unreliable data.

Transparency and rule of law in the land formerly known as Burma are for all intents and purposes absent. Blessed with a wealth of natural resources - such as gems, timber and fossil fuels - Myanmar remains one of Asia's poorest.

Both the US and EU have applied economic sanctions to Myanmar because of its abysmal record on human rights.

Its enduring poverty can be blamed more on mismanagement by the generals than sanctions. However, investment still flows in, chiefly from neighbouring Thailand, India and China. A good deal of Chinese investment cannot be measured, though, as it is brought in by a wave of illegal immigrants who locals complain are turning the northern part of the country into an extension of China's Yunnan Province. Diplomats in Yangon (as the capital Rangoon is now known) estimate that Myanmar's black market economy is at least five times larger than its legal economy. Corruption is widely acknowledged to be rampant.

Most large-scale investments by Western firms are in the energy sector. Myanmar has rich deposits of natural gas off its southern coast. American firms will have to think twice, though, about partnering to develop energy projects there. Earlier this year, Unocal was sued in a US court and forced to reach a settlement for hiring the military to provide security for a gas pipeline project. The Myanmar army inflicted a reign of terror on villagers in the pipeline area.

Many foreign firms operating in Myanmar had formed partnerships with officers from Military Intelligence. But with the sacking of Gen. Khin Nyunt in late 2004, and the purging of his military intelligence division, foreign firms are finding they have new partners in the form of army officers who have less exposure to, and understanding of, modern and ethical business practices.

# News Diary

1. Paula J. Dobriansky, Under Secretary of State for Democracy and Global Affairs, U.S. State Department, stated earlier this week that Burma's oppressive military regime has created a deteriorating political and socioeconomic situation that threatens stability throughout the Southeast Asian region. (Nov. 1, Usinfo.State.Gov)
2. The United Nations has reported that Burma has decreased the amount of land used to grow poppies for making opium by 26% from last year; however, there remains a fear of a humanitarian disaster if poppy producing farmers are not provided with an adequate substitute for sustaining income. (Nov. 2, AFP)
3. Snr-Gen Than Shwe, the head of the Burmese military junta, discussed cooperation on security with Joginder Jaswant Singh, chief-of-staff of the Indian army on 3 November in Rangoon. India has stepped up cooperation with neighboring Burma as part of its "Look East" policy in recent years. (Nov. 4, India Daily)
4. Eight Shan leaders, including Shan National League for Democracy chairman Khun Htun Oo and Shan State National Council patron Gen Hso Ten, have been sentenced to lengthy prison terms of up to 106 years by Burma's military junta. (Nov. 6, DVB)
5. The recent economic crisis in Burma—including a drastic devaluation of the kyat—has led more Burmese women to turn to the sex industry to support themselves and their families. Many of these new sex trade workers are young girls earning money to pay for their school fees. (Nov. 11, Irrawaddy)
6. US Secretary of State Condoleezza Rice on Wednesday chided Southeast Asian nations for failing to speak out strongly enough against human rights abuses in Burma, calling the Junta one of the world's worst regimes. (Nov. 16, AFP)
7. Military-ruled Burma has backed off its threat to withdraw from the International Labour Organization, voicing its willingness to cooperate with the UN agency. (Nov. 18, AFP)
8. According to a Rangoon-based weekly paper, total foreign investment in Burma has reached US $7.646 billion in the 17 years since the military assumed power in 1988. Singapore tops the list of 27 international investors, with $1.572 billion spread across 72 projects. Britain ranks second with $1.431 billion across 38 projects, Thailand is third with $1.341 billion invested in 55 projects, followed by Malaysia and Hong Kong. (Nov. 18, Irrawaddy)
9. Malaysian Prime Minister Abdullah Ahmad Badawi has said that Southeast Asian nations will not take a confrontational stance towards Burma despite US pressure for stronger action. (Nov. 19, AFP)
10. The UN's AIDS Epidemic Update 2005 has reported that in Burma, limited prevention efforts led HIV to spread freely - at first within the most at-risk groups and later beyond them. Consequently, Burma has one of the most serious AIDS epidemics in the region. (Nov. 21, AFX)
11. The Shan Nationalities League for Democracy has not been invited to the upcoming session of the National Convention. This is the second time the party as well as its ally National League for Democracy have been left out by the organizers of the military-sponsored Convention. (Nov. 23, Shan Herald Agency for News)
12. Senior General Than Shwe, leader of Burma's military junta, the State Peace and Development Council, has called for increased patriotism in Burma to counter what he considers to be false accusations of human rights abuses that are being made by western nations in order to discredit Burma's government. (Nov. 25, AFP)

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***Contributions of pictures, articles, news, or research papers are welcome. Any suggestions or advice to improve the quality of news and information sharing from you are most valuable to us.***

# Myanmar Pipeline Back on Course as Delhi relents on sops for B'desh

Anupama Airy

New Delhi, Nov 10- The much delayed Myanmar-Bangladesh-India gas pipeline project would soon become a reality with New Delhi open to taking a more liberal view on the three issues raised by Bangladesh for signing the trilateral agreement on the gas pipeline project.

A senior government official told FE that on the issue of improving the trade imbalance between the two countries, the ministry of commerce has agreed in principle to provide increased market access to Bangladesh as a least developed country (LDC) under the South Asian Free Trade Agreement (Safta) and the Bangkok agreement.

As there is no bilateral FTA/ preferential trade agreement (PTA) on which the trade between India and Bangladesh, is based.

Petroleum minister Mani Shankar Aiyar, soon after his visit to Myanmar in the first week of October, had written to his counterpart in the commerce ministry on taking a liberal view on the trade issues raised by Bangladesh.

On the other two issues, a joint press statement is likely to be arrived at between India and Bangladesh on the sidelines of the forthcoming South Asian Association for Regional Cooperation (Saarc) summit in Dhaka.

The press statement proposed by the ministry of external affairs reads, "The foreign secretaries agreed that these issues would be pursued bilaterally, with appropriate initiatives, within mutually agreed framework, in the context of growing regional co-operation." The ministry has underlined the fact that "this would be a press statement and not an agreement".

The two issues are: transmission of hydro-electricity from Nepal and Bhutan to Bangladesh through Indian territory and on providing a corridor for supply of commodities between Nepal and Bhutan and Bangladesh through the Indian territory.

Five countries, China, India, Bangladesh, Korea and Sri Lanka, are members of the Bangkok agreement and so far three rounds of trade negotiations have taken place under this agreement in 1975, 1988 and July 2004. In the last round various concessions were extended to

Bangladesh which will take effect from January 2006.

Safta meetings take place every six weeks or so. A number of concessions have already been extended to Bangladesh under Safta.

*(From the Financial Express, India)*


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