



The

Shwe Gas

Bulletin

Volume 1, Issue 10

Feb 2006

Shwe Gas Pipeline Project to India: Another Yadana Begins?



Villagers from the proposed Shwe gas pipeline route were resently portered to carry rice and ammunitions for the Army LIB 289 at the India-Burma border.

(Feb 21, 2006) (SGB)

According to an Arakan Youth Network Group (AYNG) survey, over 500 people from Ponnagyun, Kyauk Taw and Paletwa Townships, Arakan State, who resided along the proposed Shwe Gas Project pipeline route to India, were relocated to the India-Burma and Bangladesh-Burma borders.

The forced relocations, according to the AYNG survey, were completed by local Tatmadaw (Burmese army) military personnel who also confiscated the people's farms. The Tatmadaw

also required the people to provide uncompensated forced labor on road construction.

Villagers at the India-Burma border told AYNG that the Tatmadaw personnel from Infantry Battalion No. 20 and LIB No. 550 recently confiscated locally owned private lands, paddy fields, and plantations in the villages of Taung NarWra, Pan Ni Lar and Kran Khun. The villages are located along the Sittwe-Kyauk Taw road, which is along the proposed Shwe

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Published by Arakan Gas Research Team, Thailand

Editorial

Myanmar to Lay Gas Pipeline to New Capital, Paper says

Tue 21 Feb 2006 (Japan Economic newswire)

February 20: Yangon: The Myanmar military government will lay a pipeline to its new administrative capital Pyinmana to supply natural gas to the city, a weekly newspaper reported Monday.

The 170-kilometer-long pipeline will connect Mi-Gyaung-Ye, a small town in the central Myanmar sedimentary basin, and Pyinmana, the Flower News reported, quoting the state-run Myanmar Oil and Gas Enterprise.

The planned pipeline is part of the MOGE's network expansion plan, which includes construction of several other pipelines across the country, with the lengths ranging from 160 to 320 kilometers, the report said.

The Myanmar junta started moving its administrative functions in November last year from Yangon to Pyinmana.

The relocation process is expected to finish by next month but it will take about two more years to complete the whole government infrastructure, according to official sources.

Foreign missions in Yangon were told in December last year that they can start building new embassies in Pyinmana by the end of 2007.

Analysts and observers from business circles, however, said the relocation of the capital will not change the status of Yangon as Myanmar's commercial hub as it has the best facilities for shipping, air travel and other business activities.

Yangon has a population of over 5.8 million according to official figures, while the population of Pyinmana is estimated at 100,000.//

As energy hungry foreign companies are searching for oil and gas, Burma with its abundant oil and gas resources becomes the hunting field for the oil and gas hungry companies. Thailand's PTTEP and Malaysia's Petronas were the two largest investors in Burma's oil and gas sector last year. Other companies came from Britain, Canada, Australia, China, India, South Korea, US and Indonesia.

Foreign investment in Burma's oil and gas resources brings in the most foreign income for the military junta. Through exporting 9.5 Billion cubic feet (TCF) of gas from Yadana and Yetagun gas fields to Thailand, Burma earned over \$US1 million during fiscal year 2004-05.

The Burmese military junta also has agreed to sell natural gas from Shwe gas Block A-1, the country's largest offshore gas field, to China and India.

Burma's gas Block A-1 is expected to yield up to 14 TCF (396.2 BCM) of gas.

Even though most of the cities in Burma are dependent on private generators for electricity, instead of utilizing the natural gas for Burmese citizens, the military junta is selling the gas to its neighboring developing countries in exchange for foreign currency.

According to a security analyst William Ashton's 2004 report, Burma's military arms-buying has been increasing since 2002, which roughly coincides with the time when Burma started receiving revenues from Yadana-Yetagun pipelines. The Burmese junta's arms partners are China, Ukraine, Serbia, Russia and North Korea.

Some Burmese analysts also are concerned that the military junta may be selling its energy resources to finance the acquisition of nuclear technology. Ian Bremmer, a senior fellow at the World Policy Institute and president of the Eurasia Group, which provides global political risk consultations, pointed out in his report that the riches generated by Burma's natural gas deposits may provide the junta with enough cash to realize its long-standing ambition to purchase nuclear technology. In 2002, the Russian government approved an agreement with Burma to help the junta build a civilian nuclear reactor. The deal was never consummated, according to the Russian foreign ministry, because Burma lacked the money to pay for it.

Burma's military junta also has a close relationship with authoritarian regimes North Korea and Iran. The United State and several other countries would like to move Burma onto the Security Council's formal agenda and pressure the regime into democratic reform and grater transparency.

By earning billions of dollars annually through selling natural gas, the Burmese junta could tighten their hold on power and refuse to buckle to international and regional pressure. Because of the increasing investment in Burma's oil and gas sector by foreign companies, the necessary revenue for nuclear technology and more weapons to one of the world's most brutal military regimes may likely be the end result.

South Korea: Burma's Biggest Investor

Daewoo international corporation president Lee Tae Young and former general Khin Nyunt were celebrating agreement.



By Herman (Feb 23, 2006)

Foreign direct investment (FDI) in Burma has increased at a 4.6 % rate. In fiscal year 2003-04, the value of new FDIs were \$US91.17 million in five sectors compared with new FDIs in fiscal year 2002-03 totaling \$US86.95 million, according to the latest government statistic on FDI.

The new investments are coming from Canada (\$US1.45 million in mining), China (\$US2.82 million in manufacturing), Hong Kong (\$US3 million in transport), South Korea (\$US32.3 million in oil and gas and \$2.6 million in fisheries), Thailand (\$US22 million in oil and gas) and the United Kingdom (\$US27 million in transport). According to the latest Burmese government statistics regarding FDI, South Korea had more new foreign investment in Burma in 2003-04 than any other country.

Burma only became open to foreign investment in 1988 when Ne Win was overthrown and a military junta came to power. Over one hundred companies from South Korea currently have investments in 34 projects in Burma, which includes investments in the oil and gas sector, textiles, trading, automobile, steel, electronics, construction, chemicals, multimedia devices, rubber products, heavy machinery and shipping.

Daewoo International is the biggest investor in Burma among the Korean corporations.. Daewoo International has invested in gas and oil, automotive components, chemicals,

electronics, machinery, steel and textiles. It also engages in construction.

Photo: ANC

Daewoo International owns a 60% stake in the Gas Blocks A1 and A3 in the Bay of Bengal off the coast of Sittwe, Arakan State. It is the major operating partner in a consortium with KOGAS, a Korean state owned company, which holds a 10 % interest in the Gas Blocks A-1 and A-3, and two Indian companies, ONGC and GAIL, which hold 20% and 10% interests respectively in each Gas Block.

The Burmese military junta has confirmed that the Shwe gas field in the A-1 Block contains 2.88 trillion to 3.56 trillion cubic feet of gas reserves valued at more than \$US80 billion. The military junta is waiting for assessments from several other gas fields in Gas Blocks A-1 and A-3. As part of the Shwe Gas Project, the junta is planning on selling the gas from Gas Blocks A-1 and A-3 to China and India.

Daewoo International will earn a profit at least \$US100 million annually from the Shwe Gas Project after the natural gas starts flowing in 2010, according to a Daewoo International official. According to Burmese watchers, it is estimated that the profits from the Shwe Gas Project will increase revenues for the Burmese military junta by at least \$US3 billion annually.

Last year, the consortium led by Daewoo International also signed a \$US12 million contract to establish a central information network for the Burmese military junta. Thirty-eight military ministries will be linked together over this information network. The contract also includes establishing a database management system. Under the terms of the

Daewoo' gas ring in Arakan State

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3 More Blocks in Myanmar Under Gas Exploration

www.newstoday-bd.com

YANGON, Feb. 26: Three more available blocks off Myanmar's southern Tanintharyi coast are under natural gas exploration with test wells being planned for drilling by Malaysia's Petronas Company, sources with the state-run Myanmar Oil and Gas Enterprise confirmed today, reports Xinhua.

A geophysical site survey at blocks M-16, M-17 and M-18, with areas ranging from about 13,000 square-kilometers (sq-km) to 14,000 sq-km, has begun this week and the survey will last over a month until late March, the sources said.

Petronas had earlier been involved in gas exploration at block M-15 in the same offshore area.

Recent years have seen foreign oil companies increase engagement in oil and gas exploration in Myanmar. Thailand's PTTEP, for example, has covered a number of blocks including M-3, M-4, M-7, M-9 and M-11 under contracts.

Besides, a consortium comprising South Korea's Daewoo International, South Korea Gas Corporation, the ONGC Videsh Ltd of India and the Gas Authority of India has also been engaged in gas exploration at block A-1 off Myanmar's western Rakhine coast since 2000. In early 2004, huge natural gas deposit, estimated to yield up to 14 trillion cubic feet (396.2 billion cubic-meters) of gas, was found at the block.

Myanmar is planning to sell gas produced from the area to India or China and negotiations are underway to reach formal agreements.

Another consortium made up of Chinese and Singaporean companies is also engaged in oil and gas exploration in some onshore and offshore areas.

Since Myanmar opened its oil and gas sector to foreign investment in 1988, oil companies from a dozen of countries have stepped in. Outstanding investment in the area include the Yadana gas field project in the gulf of Mottama and the Yetagun off the Tanintharyi coast.

The Yadana involves multi-national companies of PTTEP (Thailand), TOTAL (France), UNOCAL(now chevron) (United States) and MOGE (Myanmar), while the Yetagun involves PTTEP (Thailand), Petronas (Malaysia), Nippon (Japan) and MOGE (Myanmar).

With three large offshore and 19 onshore oil and gas fields, Myanmar possesses a total of 87 trillion cubic-feet (TCF) or 2.46 trillion cubic-meters (TCM) of gas reserve and 3.2 billion barrels of recoverable crude oil reserve, official statistics said.

The figures show that in the fiscal year of 2004-05 which ended in March, Myanmar produced 7.48 million barrels of crude oil and 10.69 billion cubic meters (BCM) of gas. Gas export during the year went to 9.5 BCM, earning over 1 billion U.S. dollars.

The statistics also indicate that since Myanmar opened to foreign investment in late 1988, such investment in the oil and gas sector had reached 2.61 billion dollars as of the end of 2005, dominating the country's foreign investment sectorally.

Foreign oil companies engaged in the oil and gas sector are mainly from Australia, Britain, Canada, China, Indonesia, India, South Korea, Malaysia and Thailand. //

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Gas Project pipeline route to India. The Tatmadaw will use the confiscated land as paddies for the military's basic rations, said Aung Chan, age 27, who arrived at the India-Burma border last year from Ponnagyun Township located between Sittwe and Kyauk Taw Townships.

Aung Chan was among a thousand villagers who were forced by local Burmese authorities to buy plants and grow them along the Sittwe-Kyauk Taw road at the beginning of 2005. Aung Chan stated that every household in several villages along the road was forced to buy five plants at a cost of 1,000 kyat (Burmese workers only earn an average of 500 kyat a day). None of the villagers were paid for planting and growing the plants, and each villager was required to provide his or her own food, water and tools.

According to Aung Chan, even older people, women, and children were required to provide uncompensated labor. The villagers were unable to disobey the Tatmadaw order because if they had, the villagers would have been fined or punished.

In addition, earlier in 2004, over 100 people who had resided along the proposed Shwe Gas Project pipeline route to India in the Kyauk Taw Township area were forcibly relocated to the Bangladesh-Burma border when the local Tatmadaw officials confiscated their hillside farms. Some of the forcibly relocated settlers currently cultivate the hillside at the Bangladesh-Burma border to survive. Others work as daily woodcutters and casual laborers along the border.//

Anti-Gas Pipeline Campaign Voice Concern



The Anti Gas Pipeline Campaign in Mizoram (AGPCM) held a press conference on Feb 9 at the Aizawl Press Club, Mizoram, India.

From Khonumthung News
11 February, 2006

The threat arising from the proposed tri nations Gas Pipeline Project was discussed at length by the Conveners of the Anti Gas Pipeline Campaign in Mizoram (AGPCM) at a Press conference on February 9 at the Aizawl Press Club, Mizoram, India.

The nine conveners of the AGPCM told the press that the Tri-Nation Shwe Gas Pipeline Project of India, Burma and Bangladesh which is supposed to pass through Mizoram, poses a grave threat to the environment, culture and economy of the people of the state. The pipeline will affect 400 square kilometers and bring in its wake massive deforestation in the state while the governments and companies will enjoy the revenue earnings involved in the project.

The members of the committee are not sure about future strategies to block the initiation of the Shwe Gas Pipeline Project. A member told Khonumthung, "We have to conduct more meetings, closely observe government activities and plan our strategy."

In a Press statement, the AGPCM said that the Shwe Gas Pipeline will run through 400 kilometers and a stretch of 5 kilometers on its side will be reserved and fenced off for security. Mizoram will lose its authority and it will serve as a 'wall of division'.

The statement further stated that the government of India is under obligation to produce the Environment Impact Assessment and obtain a No Objection Certificate from the people of the areas to be affected. Meanwhile, the Constitution of India incorporates in part IV, article 46 that the "the state shall promote with special care the education and economic interests of the weaker section of the people and in particular the Scheduled Tribe (ST)/ Scheduled Caste (SC) and shall protect them from social injustice and all forms of exploitation."

"We admire and respect the activists fighting for democracy, sacrificing their lives and struggling against the despotic military junta in Burma. However, the move of the government of India, the largest democracy in the world, is ill timed as it favours the empowerment of the military junta. Freedom is much more favourable than wealth," said the AGPCM's statement in support of the democratic movement in Burma.

South Korea's Daewoo International Cooperation (DIC) and the Burmese junta signed an exploration contract for the right to carry out oil and gas exploration in Arakan coast in August 2000. A large gas deposit was discovered and confirmed later in December 2003.

DIC holds 60% stake, the Oil and Natural Gas Cooperation (ONGC) 20%, the Gas Authority India Limited (GAIL) 10% and KOGAS of South Korea 10% of the Shwe Gas Project respectively. //

Myanmar PM headed to China

Feb 12, 2006 (The Australian.news.com)

WITH Myanmar's military junta facing increasing international isolation, Prime Minister Soe Win heads to China this week expecting to expand ties with his nation's strongest and most loyal ally.

Even as Myanmar's fellow Southeast Asian neighbours show growing signs of unhappiness over the regime's political and human rights records, China has remained solidly behind the generals while looking to broaden trade links.

"We expect that this visit will further expand and deepen the traditional friendship between China and Myanmar," Chinese foreign ministry spokesman Kong Quan said last week when asked about Soe Win's trip, which begins on Tuesday.

Mr Kong said the two nations would sign trade agreements during Soe Win's four-day trip, while he is scheduled to receive red carpet treatment during meetings with President Hu Jintao and Premier Wen Jiabao.

However the United Nation's former envoy to Myanmar, Rizali Ismail, called on China to belatedly start pressuring the junta to reform.

"China has a critical role to play in the efforts to bring reforms and democracy in Myanmar," Mr Rizali, a Malaysian diplomat who resigned in frustration in December after being denied access to the country for two years said.

"The Chinese know if they exert the political will, they can get Myanmar back on the track towards reforms. China is extremely close with Myanmar."

However China has given no indication it will encourage the junta to reform, with Kong insisting his government will not deviate from its strict policy of not interfering in Myanmar's "internal affairs".

The director of the Honolulu-based Centre for Strategic and International Studies' Pacific Forum think tank, Ralph Cossa, said China's stance had become more important for the junta as other regional governments abandoned them.

The Association of Southeast Asian Nations for a long time followed a similar policy of "non-interference" with member Myanmar, but last year demanded it move towards democracy and release opposition leader Aung San Suu Kyi.

"China has become not only an important economic contributor, but also its political protector," Mr Cossa said.

Mr Cossa said this support had become "critical" in multilateral forums, with China lobbying other nations privately and publicly to avoid pressuring Myanmar's generals.

"You see the Chinese at every one of these meetings speaking out for Myanmar. No one else is carrying the flag for them. Politically it helps to take some of the heat off Myanmar," he said.

The United States said last week it was considering introducing a resolution at the UN Security Council to step up international pressure on Myanmar over its human rights abuses.

China, a permanent member of the Security Council, would likely veto any such move, with Myanmar so confident of the fact that Soe Win would not even raise the matter this week, according to a former Thai ambassador to the UN.

"Burma doesn't have to lobby," Asda Jayanama said, referring to Myanmar by its former name.

One of the reasons for China's steadfast loyalty is Myanmar's strategic importance on military, economic and geopolitical fronts, with the nation bordering India and giving Beijing access to the Indian Ocean.

China has been the junta's biggest military supplier, delivering more than one billion dollars worth of hardware during the 1990s, according to various academic reports.

Meanwhile, with Myanmar's economy suffering from the junta's mismanagement and Western sanctions, China's growing trade links are assuming an even greater importance in helping the junta remain in power, according to Thailand's Asda.

"China is the last refuge for Myanmar, not only in terms of political relations but also in terms of trade," he said.

Bilateral trade was worth more than 1.15 billion dollars in 2004, according to official Chinese figures, but the true figure is undoubtedly much higher taking into account the enormous informal border trade.

Environmental watchdog Global Witness last year accused China of being involved in the illegal trade of timber from Myanmar worth around 300 million dollars annually.//

*The Shwe Gas Bulletin is
also available online at
[http://www.rakharoma.org/
shwegasbulletin.html](http://www.rakharoma.org/shwegasbulletin.html)*



HelicoptersNZ, a private New Zealand company was currently contracted by the Daewoo consortium to transport senior officials and engineers between the Shwe fields and the main land, Rangoon and Sittwe. Two New Zealand men are piloting the helicopter.

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contract, Daewoo International and database management systems supplier KCOMS, a Korean company, will connect thirty-eight military agencies to broadband and computerize the junta's personnel management system.

In 2004-05, trade between South Korea and Burma reached \$US127.14 million: Burmese exports to South Korea totaled \$US38.86 million while South Korean exports to Burma totaled \$US90.28 million. Korea International Cooperation Agency (KOICA) also recently announced the approval of \$US200 million to Burma's military junta to use for development purposes. Since 1988, South Korea has sent 70 agricultural, IT, language and sports experts to Burma while Burma has sent over 700 people to South Korea for additional skills training.

In addition to South Korea being the largest foreign investor in Burma with a close relationship with the Burmese military junta, South Korea also has a strong and dynamic economic relationship with the US. In 2004, South Korea was America's seventh largest trading partner while the

US was South Korea's second most important trade partner, surpassed only by China, according to the Korea International Trade Association, "Korea's Foreign Trade Statistics" (Jan. 20, 2006)..

The United States' sanctions against Burma, which have been in effect since 1997, include a ban on imports of Burmese products into the United States and forbid all financial transactions between people in the US and Burma. The United States also opposes the extension of international assistance by financial institutions to Burma, prohibits military sales, and denies bilateral economic aid and all commercial assistance programs because of the Burmese military junta's crackdown against democracy activists in 1988 and the election of 1990 which was nullified by the junta.

Burma is also the only country in the world for which the international trade union movement calls for disinvestment. According to the 2005 report of the International Confederation of Free Trade Unions, "[t]he Burmese [military] junta doubled the size of the its army during the nineties and uses it as a tool to hang onto power. The army carries the main responsibility for egregious human rights abuses, such as forced labor, population displacements, arbitrary detention, torture, etc." Even though a few western companies left Burma after the sanctions were imposed, some companies from member nations in ASEAN have actively sought Burma's oil and gas resources and trade with Burma. Burma's foreign investment totaled \$US7.76 billion at the end of 2005. Some experts on Burma observed that billions of dollars in foreign investment has helped the Burmese military junta to promote militarization and prolong its hold on power, which has resulted in the oppression of ethnic people and democratic activists in Burma.

At present, 474 foreign companies are doing business with the Burmese military junta. Major multinational corporations investing in Burma include Petronas (Malaysia), Chevron (US), Total (France), Ivanhoe Mines (Canada), PTT, Plc. (Thailand), Shin Satellite (Thailand), Keppel Land (Singapore), Daewoo International (South Korea), China National Construction and Agricultural Machinery Import and Export Co. (PRC) and the China International Trust and Investment Corporation (PRC). //

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Thanks to BRC for Their Support

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.

India Hires Belgium Company to Conduct Feasibility Report for Shwe Pipeline

(Feb 7, 2006) (SGB)

The Gas Authority of India Ltd (GAIL), a 100% government-owned company, has commissioned the Belgian company SUZ Tractebel to consult on building a natural gas pipeline bypassing Bangladesh from Burma to north-east India as part of the Shwe Gas Project. SUZ Tractebel is a well known international consulting company which has prepared various feasibility studies on transnational pipelines for oil and natural gas.

The new construction route for the proposed Shwe gas pipeline at the India-Burma border.



SUZ Tractebel has been instructed by GAIL "to carry out a study for preparing the detailed Feasibility Report, Environment Management Plan and Rapid Risk Analysis study report for the Burma-India gas pipeline project," according to a GAIL statement. The proposed pipeline is expected to be routed through the Indian states of Mizoram, Assam, West Bengal and Bihar. The proposed pipeline is also expected to be able to transport gas from developing gas fields in the Indian states of Tripura and Assam. The Belgian company has been given three months to submit the detailed Feasibility Report.

GAIL has a 10% stake in Burma's Block A-1 and A-3 in the Bay of

Bengal. There are three options to bring natural gas from Burma: an onshore pipeline to north-east India, in compressed natural gas (CNG) form via ship, and in liquefied natural gas (LNG) form via ship. Burma, India and Bangladesh initially agreed in principle to build the Shwe Gas Project in January 2005. India and Bangladesh are still negotiating to allow Bangladesh to use Indian Territory to develop trade links with Nepal and Bhutan and to import electricity across India from these two Himalayan Kingdoms. However, Burma agreed to sell natural gas from Block A-1 to China in December 2005. Burma has been pressuring the Indian government to come up with alternate routes for the

pipeline that do not involve crossing through Bangladesh.

Burma has confirmed that the Shwe gas field in A-1 Block in the Bay of Bengal contains 2.88 trillion to 3.56 trillion cubic feet of gas reserves valued at more than \$US80 billion. Burma is waiting for assessments from several other gas fields in Blocks A-1 and A-3. Blocks A-1 and A-3 are being developed by a consortium led by South Korean Daewoo International which holds a 60% stake in Blocks A-1 and A-3. Indian Oil and Natural Gas Corporation holds a 20% stake in each block, South Korea's KOGAS holds a 10% stake in each block, and Gail holds the remaining 10% stake in each block.

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Monthly Bulletin

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