



The

Shwe Gas

Bulletin

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Activists Demonstrate to Halt Shwe Gas Project



Shwe gas activists demonstrated in front of the South Korea embassy in London, UK to stop Daewoo's Shwe gas exploration in Arakan State, western Burma.

April 19, 2006

Activists around the world demanded on April 18 that South Korea's Daewoo International and its consortium partners halt the Shwe gas project in Arakan, western Burma.

Thousands of activists in 14 major cities around the world gathered at South Korean embassies and Daewoo International offices to protest the human rights and environmental abuses associated with the Shwe gas development project in Burma.

Shouting slogans such as 'Daewoo: Out of Burma' and 'No Way, No Shwe', activists exercised rights denied

to those living under military rule in Burma, the rights to assembly and expression in defense of human rights and the environment.

The protests broke out in Thailand, Malaysia, India, Bangladesh, the United States, the United Kingdom, Canada, France, Australia, the Netherlands, Hong Kong, Japan, and the Philippines.

Demonstrations in Malaysia and Thailand resulted in nearly 100 arrests of activists. After a short period of detention at the respective Immigration Bureaus, the protesters were released.

SGB

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Editorial

Foreign Companies Should Likewise Rethink Cooperation with the Regime

In early May the express postal company DHL, of Deutsche Postal, told the Burma Campaign UK that it will end its partnership with Burma's military dictatorship after its contract expires at the end of 2006. DHL's partner in Burma is the regime-owned enterprise, Myanmar Post and Telecomms. The partnership between the two began on 1st January 1997, one year prior to the pro-democracy uprising in Burma that left thousands dead in the streets.

The Burma Campaign UK has persuaded more than 100 companies to end their involvement in Burma, including British American Tobacco, Premier Oil, WPP, PricewaterhouseCoopers, Kuoni, and Carnival Cruises.

Yvette Mahon, Director of the Burma Campaign UK, said in the press release, "DHL have finally realised that it is not acceptable to have a military dictatorship as your business partner, especially one that is currently slaughtering its own population in a new military offensive against civilians."

However, hundreds of foreign companies are still doing business with the brutal Burmese regime. Among these companies, the biggest hail from democratic countries such the USA, UK, India, Japan and South Korea.

Burma's biggest investors in the energy sector include South Korea's Daewoo International and France's Total. These two companies and their respective governments, as well as Indian companies and the government of India, have been facing global pressure to cease their investments in oil and gas and pull out of Burma.

The Burmese military regime is one of the world's worst recorded human rights abusers and its largest source of revenue is hard currencies from foreign direct investment (FDI) in the energy sectors. Investing with the brutal Burmese regime perpetuates gross and severe human rights abuses, and boosts militarization that oppresses the people, especially in the ethnic areas. Companies have been found to be legally accountable for human rights abuses connected to investments with the regime.

Recently, the regime launched an offensive against the Karen and more than 15,000 innocent civilians have fled eastern Burma toward the border with neighbouring Thailand. Reportedly the worst offensive in ten years, people continue to flee the army's executions, torture and forced relocations, according to several human rights reports.

When DHL divested from Burma the company set an important example. All foreign companies working in Burma should likewise rethink their cooperation with the brutal Burmese regime. The future of over 55 million Burmese people depend on it. //

Sino-Myanmar Strategic Cooperation

As we have seen Chinese interest in Arabian Sea predominated by the energy security but in case of south and East Asia, its economic, energy security and old territorial disputes makes the Bay of Bengal region if not more at least equally important for long standing strategic requirement. For decades China has developed a long tested strategic relationship with Myanmar. Myanmar is viewed by the security experts of Beijing as part of China's soft belly. Myanmar provides easier access to Yangon through the recently upgraded Mandalay-Yangon road connecting Shewli, Myanmar border town to Kunming, capital of Yunnan province. This would also connect Sittwe (Akyab) on the West Coast. One may note that Bangladesh had planned to linkup to Kunming through Myanmar and strongly suggested a passage through the proposed Asian Highway snaking on through Myanmar, which would also facilitate shorter and direct connection with Kunming, in the Yunnan province of China..

China has developed both Yangon and Sittwe, as part of its upgrading of Myanmar naval facilities. These could be used as frequent ports of call by the Chinese navy, though it is reported that China has at will access to both the ports and developed observation posts for signal intelligence (SIGINT) in Coco Island off the cost of Sittwe, 30 NM from India's Andaman Island. Reportedly China built up this facility to monitor its missile testing. A deep sea port is under construction off Rakhain (Arakan) coast north of Andaman Island with Chinese assistance. Very recently on an agreed route China has completed constructing a pipeline to connect Yunan with the deep sea port at Sittwe. This route not only would transport oil brought from Africa and MiddleEast but would also shorten the distance and avoid Malacca Strait if need be. India has an air and small naval base with listening post much down south in Car-Nicobar Island. Nicobar island provides shorter distance to Malacca strait at 950 NM. India is also developing the deep sea port East of Andaman in Andaman Sea south of Sittwe; ostensibly for shortening land route distance up to Hanoi as part of Delhi's aggressive look East foreign policy.

According to available reports, apart from earlier road linkage, China had proposed another

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China's COSL Extends Contract with Daewoo for Nanhai II

May 20, 2006

Daewoo International Corporation recently signed a contract extension with China Oilfield Services Limited (COSL) to continue drilling in the Arakan offshore natural gas blocks.

According to the contract, worth approximately USD 6 million, COSL will provide drilling services using the Nanhai II, a semi-submersible drilling vessel, and will provide well testing to Daewoo international at a day rate of USD 100,000.

The contract extension will keep the Nanhai II working offshore through May 2006. The time frame of the overall contract between COSL and Daewoo International was not released.

The first contract between COSL and Daewoo International regarding the use of the Nanhai II was signed in November 2005. The Nanhai II was used by Daewoo for 60 days in Arakan's offshore blocks A1 and A3, where there is approximately 18 trillion cubic feet (TCF) of natural gas in A1 and 2 TCF in A3.

In related oil news, COSL also signed three oilfield service contracts with CNOOC Myanmar Limited (CML) for pre-drilling, drilling fluid and cementing operations in onshore oil block M located in Kyauk Phyu Township, Arakan. Under these three contracts, valued at USD 4.95 million, COSL will provide CML with services for exploration in M block, according to the company.

COSL 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. //



COSL's semi-submersible Nanhai II drilling vessel.

The Shwe Gas Project Requires an EIA Now

Part II: Daewoo International and KOGAS Are Required by their Corporate Policies and the Environmental Policy of South Korea to Prepare an EIA Now

By Lars Thompson

Daewoo International Industries, Co., Ltd., was founded in 1967, and was divided into three parts in December 2000, Daewoo International being formed to deal exclusively with trade and overseas investment with a variety of international businesses including trade, manufacturing, sales, distribution and resource development. Three of the four pillars that form Daewoo International's "core foundation," according to its President and CEO, are "transparency management, ethical leadership, and social commitment."

Daewoo has been investing in Burma since 1990. In addition to natural gas exploration and extraction as part of the Shwe Gas Project, Daewoo International has been involved in a car assembly plant, lumber and clothing

manufacturing in Burma. Out of a total of 474 foreign corporations which have been doing business in Burma, over 100 are from South Korea, Daewoo International being the largest.

Korea Gas Corporation (KOGAS) has been in part privately owned since 2003 while still remaining a largely public corporation and therefore subject to South Korean government policy. KOGAS announced in January 2004 that it was going to manage its business with a philosophy of "ethical," "transparent," "honest" and "righteous management," emphasizing safety in the production and use of natural gas and "making society cleaner by engaging in activities for protecting the environment."

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China-Burma Oil Pipeline Approved

April 18, 2006

In early April, The National Development and Reform Commission (NDRC) of China approved a feasibility study for a China-Burma oil pipeline route, Chinese media reported recently.

The oil pipeline will link Arakan's capital, Sittwe, in western Burma, with the city of Kunming, China, the capital of Yunnan Province, traversing central Burma and Shan State, Burma.

The 1,000 km long pipeline will cost over US\$ 1 billion, with construction set to begin in 2006.

If completed, the long-expected pipeline would provide an alternative to China's crude imports from the Middle East and Africa and avoid journeys of 1,820 sea miles along the Malacca route, experts have estimated. China imports its 80% of crude oil through the Malacca route.

The Sittwe-Kunming oil pipeline is part of China's energy plan to import oil from other Asian countries, including Thailand, Pakistan and Bangladesh. The project, proposed back in 2004, was put forward by three professors from southwestern Yunnan Province. Following that was a meeting on July 11, 2004 in Beijing between Chinese Premier Wen Jiabao and Burma's former Prime Minister Khin Nyunt, in which the two discussed the plans for the oil pipeline.

A consortium was awarded exploration rights in 2004 in the Kyauk Phyu area.

The China National Offshore Oil Company Myanmar Ltd, China Huanqiu Contracting and Engineering Corp, and Golden Pte Ltd of Singapore have been test drilling in Kyauk Phyu Township, onshore block M, southern Arakan State.

In related news, The Chinese National Corporation (CNPC) and its Hong Kong-based PetroChina signed a MoU last year with the Burma military regime to buy 6.5 trillion cubic feet of Burma's natural gas, which they plan to transport via a similar overland pipeline from Sittwe to Kunming. Commercial production on that project, named Shwe, is expected to commence from 2009.

CNPC will provide US\$85 million to Burma for the development of the natural gas wells and will also provide US\$500 million to Burma for building a specialized economic zone in Sittwe, Arakan State.

Analysts observed that if the oil and gas projects go ahead, the SPDC would be provided with a funding lifeline that could prolong its hold on power for a very long time. Human Rights and environmental activists have launched an international campaign to stop the Shwe gas project, urging investors to stop cooperating with the current military regime in Burma.// *SGB*

Sino-Burma Pipeline will Set off More Relocations

April 22, 2006 (Shan Herald Agency for News)

The 1996-98 forced relocations of 300,000 people from southern Shan State will pale into insignificance in comparison to the one this year when the construction of the oil pipeline linking Arakan State's port of Akyab (Sittwe) with China's Kunming is expected to start, warns a senior Shan ceasefire officer.

He was speaking in response to China Business' 18 April report that the oil pipeline has been given the greenlight by China's National Development and Reform Commission (NDRC) at the beginning of this month. The 1,000 km long conduit would provide an alternative route for China's crude imports from the Middle East and Africa and help reduce its dependence on traffic through the Strait of Malacca, says the paper.

"It will be passing through areas north of the Mandalay-Lashio highway", he told S.H.A.N. "Which explains why some of the ceasefire groups were forced to surrender and the SSA (Shan State Army-North) was forced to move south of the road last year."

Two ceasefire groups: Shan State National Army and Palaung State Liberation Army were pressured "to exchange arms for peace" in April 2005 and the SSA-North's Third Brigade was forced to relocate from its operational areas north of the highway in September by the Burma Army's Lashio-based Northeastern Region Command.

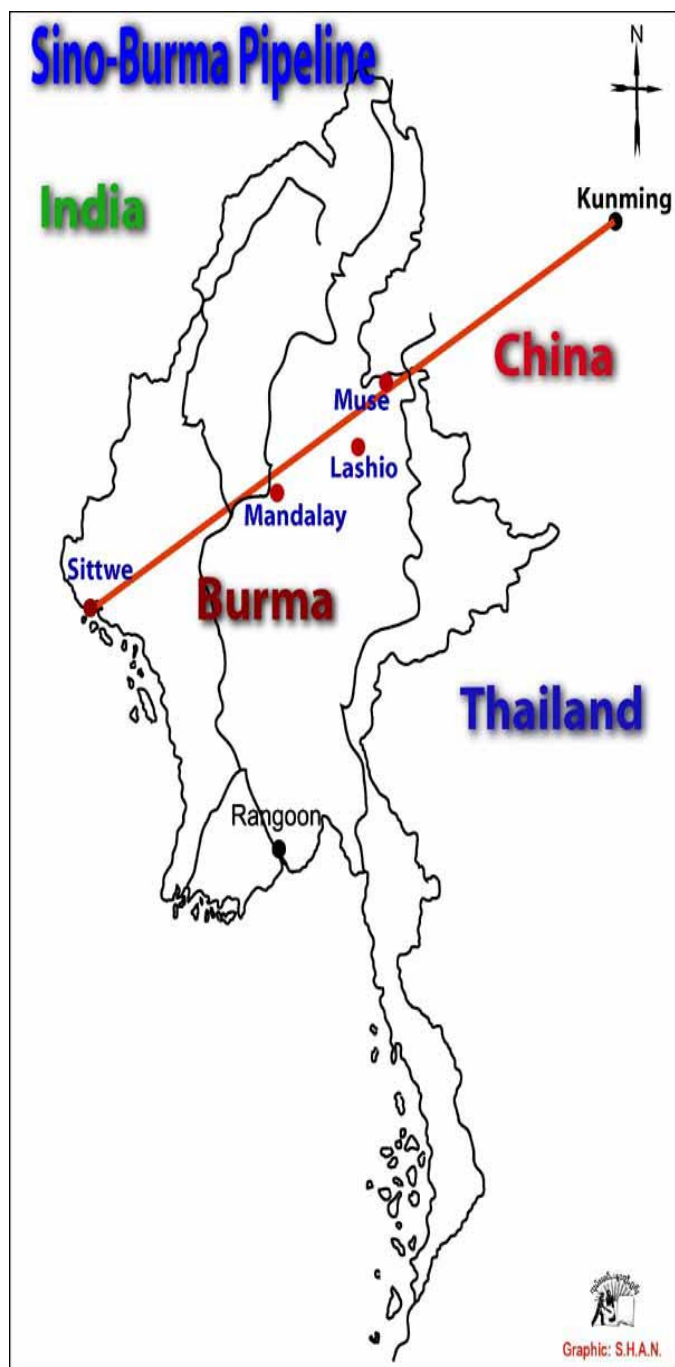
"At present, the only group that remains north of the road is the KIA (Kachin Independence Army)'s 4th Brigade," he continued. "That is why it is under pressure to relocate."

Six members of the brigade in Muse, opposite Ruili, were shot to death by the Burma Army's Infantry Battalion 68 without provocation on 2 January. Maj-Gen Myint Hlaing, Commander of the Northeastern Region, had refused to take action on the unit despite protests from the KIA.

"You cannot expect the Army to punish (Maj-Gen) Myint Hlaing either," he said. "Instead, he's said to have been given a new command in Pyimana (where the military has moved its capital since November)."

The KIA's 4 other outposts in northern Shan State were stormed on 20 April, reported Mizzima News.//

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road link to connect Sinkham for access to Irrawaddy River flowing through Yangon to Andaman Sea. If materialised it would ease Chinese goods to move through river barges on and off from Chinese ships. It is noteworthy that as long as the Chinese fear of the blockade of Malacca Strait would remain and the final status of Taiwan is not determined; tension between China and US would grow in Bay of Bengal region. Apart from Taiwan, China has maritime boundary dispute with Japan in East China Sea and with South Korea in South China Sea. US presence in all these strategically important areas makes China jumpy about the future of the Malacca Strait status. As of to-day Malacca strait as important lifeline for China as for the rest of East Asian countries, therefore, to obviate discerning strategic set back China is compelled to develop alternative route as much it needs to its presence felt in the Bay of Bengal.

However, it is needless to suggest that due to the economic sanction on Myanmar's military junta, China has been the main source and power to develop infrastructure, economic strategy and military. Chinese investment in Myanmar's energy sector has been huge, particularly in the natural gas sector. Over the years, being the single source country, China has enjoyed monopolistic upper-hand in Yangon. But with the twist of world events, Chinese influence in Myanmar is now seriously being challenged by India as Delhi has been getting closer with the military junta dropping the vociferous support for democratic movement in that country. In recent presidential visit to Myanmar no protocol was extended to NLD (National League for Democracy) leader Aung Sung Su Ki, who once was considered to be icon of democratic struggle and used to be espoused by Indian government. It is also important to note India is second largest investor in Myanmar's energy sector in spite of US led western sanction to force democratic reform.

Like in the west, Indian strategists feel that having completed the development of Sino-Myanmar strategically important infrastructures, China would be in a position to encircle India from the East as well, as it has done in the West. It would be interesting to note what an Indian analyst Rahul Bedi wrote on this issue, "Pakistan and China were among the few countries to defy international opinion and forge close military ties with Yangon's junta in 1988, cleverly complementing their strategy of encircling of India." Based on this particular perception, Delhi views Sino-Bangladesh relations as yet another step towards augmenting that Chinese strategic encirclement. Yet what writers like Rahul Bedi overlooks is the Indian foreign policy when it comes to countering Chinese growth in the region is vis-@-vis US endeavour to keep its dominance through proxy.//

This article is a part of a report named the China-India-US strategic tangle: Challenges for Bangladesh

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Action of April 18 Global Protest against Daewoo in Japan.

Continued from page-3

KOGAS also has indicated a commitment to “serving the public interest by making a better world by offering better energy.” The President and CEO of KOGAS has stated that KOGAS strives to carry out all of its business activities efficiently and fairly with “sound management and transparency” which benefits the public and promotes environmental management “for a cleaner, greener future.”

Traditionally, people in Korea have sought to live a life in harmony with nature. During the Chosun Dynasty (1392-1897), environmental crimes in Korea were severely punished. In 1977, South Korea adopted its first environmental protection legislation. An Environmental Impact Assessment (EIA) was first required in 1981. In 1990, South Korea added the requirement that the opinions of local residents be collected with “follow-up measures” being mandated for matters arising subsequent to an initial EIA.

Currently there are 17 different development areas encompassing 63 different projects subject to EIAs. While natural gas development and natural gas pipelines are not specifically mentioned because South Korea does not have natural gas as a resource, included among the areas requiring EIAs are the comprehensive development of energy related to oil pipelines and oil storage, construction of roads of 4 km. or extension of a road of 10km., reclamation works, forest and land clearing works and development of mountainous areas. Any one of these areas would require an EIA for the Shwe Gas Project if it were being constructed in South Korea.

Opinions from affected residents “and relevant institutions in South Korea are canvassed through written documents or discussion and public forums.” The draft EIA is required to include “information about [the] area to be affected by development activity, present environmental conditions, consideration of alternatives, preliminary estimation of environmental impacts, and preparation of mitigation.”

According to the Director General of South Korea’s Environmental Policy Bureau, Ministry of Environment, in the 25 years since its implementation, the EIA system has effectively served as a balance weight between economic development and environmental protection, . . . the assessment system generally receiv[ing] positive evaluations for its contribution to sustainable, environmentally friendly development.

South Korea recognizes that the EIA process is “an essential policy measure for sustainable development” because it forecasts and analyzes any negative impact on the environment in advance, seeking alternatives.

Shwe natural gas activists contend that it is morally and ethically compelling that KOGAS, a largely state-owned South Korean oil and gas company, and Daewoo



Shwe Gas Pipeline project to India threatens the Kaladan river, one of the biggest rivers in Arakan on which almost half of Arakanese depend.

International, which is headquartered in South Korea, should abide by their country’s environmental protection laws and policies and be proactive in ensuring that the environment in Burma is protected and that any environmental and social impacts from the Shwe Gas Project be mitigated.

The activists agree that Daewoo International and KOGAS **must** ensure that an adequate EIA is prepared **now** before any further exploration, not later, and that the EIA meet the letter and spirit of the South Korean laws and policies which would apply if the Shwe Gas Project were in South Korea. This would be consistent with the enunciated policies of both of the South Korean corporations and statements by their Presidents and CEOs.

Part III of this six part series will discuss the corporate polices of the Indian consortium partners ONGC and GAIL in the Shwe Gas Project as well as the environmental law of India, each of which requires an EIA now.

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*Actions of April 18 Global Protests
against Daewoo*



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Arakan Gas Will Pipe Straight to India

May 15, 2006

Burma will sell natural gas directly to India through an overland pipeline, according to Burma's Ambassador to India, U Kyi Thein. The pipeline will be constructed along the Kaladan River in Arakan State and travel to Mizoram in north east India, bypassing Bangladesh.

Burma has enough gas to sell to India and China, said the Burma Ambassador on May 13th at an interactive session organized by the Confederation of Indian Industry (CII).

Last year Burma signed a MoU with both India and China, agreeing to sell natural gas to both countries. The agreement, however, has not been finalized with either country and negotiations on transporting the gas are continuing, the ambassador said.

According to the MoU between Burma and China, Burma will sell 6.5 trillion cubic of gas to China from the Arakan offshore blocks A1 and A3 at US\$4.85 per thousand cubic feet of gas. The gas will be piped from Arakan's capital of Sittwe to Kunming in China's Yunnan province for approximately 30 years.

The overall project is controlled by a consortium of two South Korean companies and two Indian companies



was discovered, also located in block A1, and is estimated to contain 5 TCF of gas. The whole block A1 is estimated to contain upwards of 18 TCF of natural gas. In the beginning of 2006, Mya field in Block A3 was estimated to contain 2 trillion cubic feet (TCF) of gas.

Human rights and environmental activists fear the Shwe gas project will mirror past pipeline projects in Burma, which involved forced labor, forced relocation and violence such as rape, torture and murder. According to the Arakan Youth Network Group (AYNG), human rights abuses such as forced labor, forced relocation and land confiscation are already occurring in Burma along the proposed pipeline route to India. // **SGB**

that were awarded exploration and drilling rights in the offshore blocks A1 and A3. Daewoo International of South Korea holds a 60% stake, the largest, while the South Korea Gas Corporation holds 10%, ONGC Videsh Ltd of India 20% and Gas Authority of India Ltd (GAIL) 10%.

In 2003 the consortium discovered a large natural gas deposit at A1, named the Shwe field, estimated to contain between 4-6 trillion cubic feet (TCF) of gas. In 2005 the Shwe Phyu field

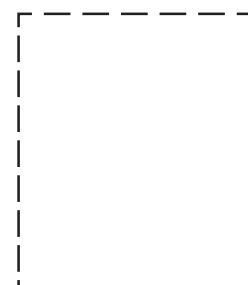
*Please Find
More
Information
about Shwe Gas
Project at
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