Global Protest Over Shwe Gas Project in Burma

Activists around the world protested at Daewoo International offices and South Korean embassies, calling for greater respect for human rights and the environment in Burma.

The third day of action since October 2005, protestors called for Daewoo International and the Government of South Korea to stop investments in the controversial Shwe gas project, and to stop propping up the Burmese military dictatorship with gas dollars.

Protests broke out in Korea, Japan, Malaysia, Thailand, India, Australia, USA, France, Netherlands, and the UK, while groups in other locations lodged letters of protest with embassies and company offices.

“As lead investors in this development, Daewoo International has a clear responsibility to avoid the

Continue to page-2
Editorial

Foreign Oil firms Block Change in Burma

While the EU and the US have imposed economic sanctions on Burma for almost a decade, foreign oil firms have simultaneously boosted billions of dollars to the Burmese military regime.

Oil and gas dollars are a major source of revenue for the Burmese military regime, prolonging its brutal rule and human rights abuses, especially in ethnic areas.

Burma is one of the world’s poorest countries under one of the world’s worst human rights offenders. The large investment of these oil and gas firms effectively push back the economic sanctions and halt Burma’s democratic movement, acting as a certain weapon against Burma’s ethnic people.

Burma’s gas exports in the end of financial year 2005-2006 amounted to 1 billion U.S. dollars from the sale of 9.138 billion cubic meters of gas, and foreign investment in the oil and gas sector reached 2.653 billion U.S. dollars since Burma opened its economy to foreign investment in late 1988. Than Shwe’s regime is expected to earn between US$12-17 billion from the Shwe gas project.

While the regime stands to profit, people in Burma live with two hours electricity per day, at best, and the general population of over 50 million have hardly been surviving under the regime’s weak economic policy, corruption, and human rights abuses. All this despite the country’s abundant natural resources.

In this context, foreign firms from Asia, the EU and the US, despite sanctions, have investments in the country’s oil and gas sector, and in recent years more and more foreign firms have signed with the regime for oil and gas exploration.

Most recently, Australia’s Danford Equities Corporation signed a production sharing contract with the regime-owned oil and gas enterprise for oil and gas exploration at the east block of the offshore Yetagun field.

Presently, foreign firms in Burma include France’s Total, Chevron (former Unocal) of the US, Malaysia’s Petronas, Thailand’s PTTP, Daewoo International and KOGAS of South Korea, India’s ONGC and GAIL, Nippon of Japan, JSC Zaruezhneft-Itera Oil and Gas company of Russia, and others from Canada and Indonesia.

Despite the US led September proposal to put Burma on the UN Security Council agenda, and despite international awareness of the severe abuses in Burma, the oil and gas industry seems to be getting along just fine.//

Continued from page- 1

inevitable human rights abuses that are already occurring around the project,” said Shwe Gas Movement spokesperson Wong Aung in Bangkok, referring to numerous reports of violence, forced labor, and restrictions imposed as a result of militarization in Arakan state, said to be connected to the project. “The project must be halted” he added.

The Shwe gas project will possibly result in the construction of two overland natural gas pipelines from Burma’s Bay of Bengal - one to India and the other to China – while earning the military regime up to US$17 billion.

Protests also focused on direct military support. “Daewoo International is now being dubbed by activists as ‘Dirty Daewoo’ in response to their investment, but also because of a Korean official investigation of the company over allegations of illegal arms sales to Burma’s military junta,” continued Wong Aung.

Daewoo International is under investigation in Korea for supplying military hardware to the military regime in Burma without necessary permits from the Government of Korea.

The Government of India, another investor in the Shwe project, has also stepped up its own supplies of military hardware to the military regime, from costly surveillance aircraft to field rifles and mortars.

Kim, coordinator of the Shwe Gas Campaign Committee India, said “not only will local people living along the pipeline routes not benefit from this project; they will be irreversibly impacted, suffering displacement and other imminent human rights abuses.” Continuing, he stated, “India must stop its involvement in the Shwe Gas Project and stop supplying arms to the Burmese military junta.”

The Shwe gas field, one of Southeast Asia’s biggest gas reserves, was discovered in late 2003 by Daewoo International off Burma’s western coast in Arakan State, and is being developed by the South Korean and Indian multinational companies. Daewoo International stands to earn US$190 million annually for twenty years.

According to the Shwe Gas Movement, there will be future protests against the Shwe gas project in Burma.//
Forced Labor and Other Abuses Mounting Along the Indo-Burma Proposed Pipeline Route

By K. Murn Aung  
Nov 20, 2006 (SGB)

Forced labor, torture and other human rights violations committed by local authorities have currently been increasing in Arakan and Chin states, especially along the proposed Indo-Burma Shwe gas pipeline route.

U Rarpyin, an official from the Burma border security force (Sa Ka Kha) No. 9, located in Kyauktaw township in Arakan state, has forced up to 50 villagers daily to work in military fields without any compensation. This has been occurring since the beginning of last month, and these villagers come from Myarktaung, Kyaukloonkiy, Shwepyinthiet, Thazay villages.

“We have to do everything that they want us to do, especially ploughing, growing and harvesting paddy at military farms,” said Maung Tun Kyin, a porter from Myarktaung village. “We are tortured if we make mistakes.”

These farms do not belong to military troops. The land was confiscated from villagers in Nyaung Pyin Hla and Lanmadaw villages last year without any payments. “They are now working locals’ land, forcing the villagers to work land once theirs,” he continued.

The villagers are reportedly also facing threats to their freedom and physical security. “We will be arrested and sent to jail if we argue not to work at the military fields, and we are under a constant threat,” he added.

In addition to farms, forced labor has also been documented on the Indo-Burma road construction that will be used in the development of the proposed Shwe gas pipeline.

Beyond these threats and violations of the right to be free from slavery, the practice also puts an unsustainable economic pressure on local farmers. “We get up at 4 am, cook by ourselves, and have to go there to work at 5 pm, but they supply nothing to us.”

According to local sources, local authorities also extort money from locals on the basis of accusations they are affiliated with exiled groups. On October 1, 2006, Maung Aye, a shopkeeper, age 38, Kyaw Aye Thein, age 35, and Aung Kyaw, age 30 from Taryah village, Paletwa township were arrested by military Battalion No. 550, which was led by an official, Kyaw Myint. The three villagers were charged with being connected to exiled opposition groups. They were brought to Ponnygywan town for interrogation, where they remain in jail today, almost two months later.

“It is a normal case in our village. When [the battalions] need money, they will arrest us without any trail, and will ask for a large amount of money,” warns a local source.

In November, the United Nations International Labour Organization (ILO) announced its latest session, noting its “great frustration” at Myanmar’s failure to agree on how to deal with complaints of forced labor, seeking urgent cooperation from Belarus, and calling for stricter inspections worldwide to protect workers’ rights.

On Myanmar, delegates requested “that the Government conclude with the ILO such an agreement as a matter of utmost urgency and decided to place on the agenda of its March 2007 session a specific item to enable it to move on legal options, including involving the International Court of Justice (the UN’s highest tribunal),” ILO said in a news release.

Burma ratified the ILO Convention on Forced Labor, which requires them to “suppress the use of forced labor or compulsory labor in all its forms within the shortest possible period.”

But the Burmese military regime remains in silence, continuing the systematic practice of forced labor.

Furthermore, the local border security force (Sa Ka Kha) No. 19 has banned local access to the forests since September, putting an impossible economic strain on villagers and exacerbating a local food security problem, as the forest provides at least two meals a day for local people.

According to local sources, on September 6, over one hundred local people from Kyauktaw and Paletwa townships went to the Sa Ka Kha No. 9 to ask permission to work in the forest again, but the authorities ignored their demand and threatened them with physical harm and incarceration.
Burma and Its Neighbours: The Geopolitics of Gas


Shild Kols & Stein Tønnesson of the International Peace Research Institute, Oslo (PRIO) note that offshore natural gas is now the major source of income for the Burmese military regime. A wider concern is “the current Sino-Indian rivalry over Burmese natural gas from the Shwe field”, which, they suggest, “may give rise to further competition to assist the Burmese.”

The authors conclude that “while countries in the neighbouring regions - particularly India and Thailand, but also Australia and Japan - may have important roles to play, China wields far more leverage. For those who wish to influence Burma in a positive direction, it is therefore essential to consider ways that change could be stimulated with the active participation of China, whether through sanctions, constructive engagement and/or any form of dialogue.”

At present, no progress is being made in the direction of reintroducing democracy in Burma, or even in preparing the ground for a government with more civilian influence. Rather, the situation within the country seems to be deteriorating, with numerous new reports of violence, forced displacement and other signs of repression. The Burmese military regime recently moved its official capital from the commercial and cultural metropolis Yangon to a more protected, newly constructed internal capital at Pyinmana. Yangon was probably seen by the regime as too exposed from a security perspective.

The illegitimate and oppressive nature of the current Burmese regime has been a key concern in European and American policymaking on Burma, and has also represented a problem for Burma’s fellow member-states in the Association of Southeast Asian Nations (ASEAN). Several of the ASEAN countries, as well as India and China, have sought to downplay or even ignore this problem so as not to undermine their national interests in maintaining close relations with the Burmese power-holders.

The energy-security concerns of Thailand, India and China are key factors in the relations of all three countries with Burma. In principle, India and China have pledged to cooperate in the field of energy security in order to avoid costly rivalries. In practice, however, commentators expect that the two oil-importing giants will find it more or less impossible to avoid such rivalries. In relation to Burma, this seems difficult indeed. The immediate issue is competition between India and China over gas from Shwe, a newly discovered gas field off the coast of Arakan. An underlying Indian concern is China’s naval presence and intelligence-monitoring both in the Bay of Bengal and the Andaman Sea, where the Indian navy has been used to operating without interference, and in the Strait of Malacca.

For fear of losing influence with the Burmese regime, both India and Thailand have chosen a ‘pragmatic’ approach to the country’s State Peace and Development Council (SPDC), whereas China tends to support Burma’s rulers whenever they come under external pressure to undertake reforms. All three of Burma’s neighbours are set to maintain a strong strategic interest in Burma, but the importance of Burma to the Chinese security agenda deserves particular attention. China relies on its bases on Burmese territory to monitor the Indian Ocean and the entrance to the Strait of Malacca, a waterway of crucial importance for the provision of oil and other necessities to China, Taiwan, South Korea and Japan. The strategic importance of the Malacca Strait has become even greater over the last decade, with China’s growing dependence on imported oil. About 80% of all oil supplies to China are currently shipped by tankers through the Malacca Strait. Military planners in China fear an embargo in the event of war or an acute crisis in their relationship with the United States. Chinese assistance to port development in Burma is linked closely to China’s objective to reduce its dependence on tanker transports through the Malacca Strait and South China Sea. The current Sino-Indian rivalry over Burmese natural gas from the Shwe field may give rise to further competition to assist the Burmese regime in building deep-sea ports and maritime facilities, as well as connecting infrastructure such as roads and airstrips, and of course gas pipelines. Calls by the Burmese pro-democracy movement for a tightening of the current EU and US sanctions regimes are premised on the assumption that it would be difficult for the Burmese military regime to remain in power without foreign trade and investments. That may be so, but the likelihood that Burma could be economically isolated is currently growing ever...
more remote. Burma’s single most valuable export commodity is natural gas, which is becoming increasingly important to Burma’s neighbours and key trading partners. Thailand has already invested heavily in Burmese natural gas and is currently entering into new energy deals with the Burmese regime. China plays a key role as a trading partner. Its trade with Burma reached $1.2 billion in 2005, of a total Burma trade of $5 billion. China will further consolidate its economic ties with Burma with the building of two new pipelines through the country, one for oil and the other for gas. India is set to become a third major partner to the Burmese regime if its new gas pipeline plans are realized. Considering the vital significance of Burmese natural gas, both as a major source of revenue for the military regime and as an important aspect of the current energy security strategies of the neighbouring states, the present report takes a comprehensive look at the geopolitics of Burmese gas.

It describes the history of oil and gas exploitation in Burma, the political context and the main stakeholders involved, with a focus on the emerging rivalry between India and China over Burmese gas. In conclusion, the report outlines some basic policy implications of the analysis, suggesting issues to consider in a much-needed re-examination of how to ‘constructively engage’ the Burmese junta.

**Actors and Interests in Burmese Natural Gas**

In 2004, Burma exported natural gas (through the Yadana pipeline) to Thailand for nearly US$1 billion, which is claimed to be at least twice as much as Burma could have earned from trade with the USA and the EU if they had not applied sanctions. The oil and gas sector continued to grow in 2005, owing to Chinese, Thai, South Korean and Indian investments. Thailand’s imports from Burma, mainly consisting of gas from Yadana and Yetagun, rose by more than 50% that year. Gas is now by far the most important source of income for Burma, and one-third of foreign direct investment (FDI) in Burma is in the oil and gas sector. The combined FDI in Burmese oil and gas since 1988 is approximately US$2.5 billion, 33% of all of Burma’s FDI. From the newly discovered Shwe field alone, the Korean Daewoo International has predicted at least US$86 million in net profit annually for 20 years from 2010, while Burma is projected to earn a minimum of US$800 million a year, and potentially up to US$3 billion.

The Yadana project was developed by a consortium consisting of Total (31%), Unocal (28%), PTT-EP of Thailand (26%) and Burma’s own MOGE (15%). It is operated by Total. Gas from Yadana is transported via a 346 km subsea pipeline and a 63 km onshore pipeline from the Yadana field to the border between Burma and Thailand at Ban I Thong. At the border, the Yadana pipeline connects with a pipeline built by Thailand, which carries the gas to its destination area near Bangkok, providing fuel to the Rathcaburi and Wang Noi power plants. Gas from the Yadana field covers an estimated 15-20% of Thailand’s demand for natural gas.

The Yetagun gas field was developed by a joint venture of Texaco (50%), the British oil company Premier Oil (30%) and Nippon Oil (20%). Following Texaco’s withdrawal in 1997 and Premier Oil’s in 2002, Yetagun is operated by Petronas in partnership with MOGE (20%), Nippon Oil (19%) and PTT-EP (19%). The gas is transported by 210 km of subsea pipeline and 67 km of onshore pipeline, linking up onshore to the Yadana pipeline. The Yadana pipeline was constructed and is operated by the Moattama Gas Transportation Company, which has been set up by the shareholders in the Yadana gas field project. In August 2000, the South Korean Daewoo International partnered with MOGE to explore and potentially develop offshore natural gas deposits in the Bay of Bengal off the coast of Arakan. Exploration commenced, and in 2004 Daewoo International announced the discovery of the Shwe field, off the coast of Sittwe, the capital of Arakan state. There are preliminary plans to explore for gas in several blocks in the Bay of Bengal, but so far test drilling has only been made in Shwe’s blocks A-1 and A-3. The A-1 block is the largest, estimated to contain between 2.88 trillion and 3.56 trillion cubic feet of natural gas. Partners in the project’s international consortium are Daewoo (60%), the state-owned Korean Gas Corporation (10%), and India’s ONGC (20%) and GAIL (10%). Production from the Shwe field is planned to start in 2009. Natural gas from Shwe has become a contentious issue in relations between India and China, and an obstacle to Sino-Indian energy cooperation. For more than two years, it was presumed that gas from the A-1 Block would serve uniquely the Indian market via an overland pipeline running through Burma’s Arakan and Chin states, across Bangladesh to Kolkata. However, using India’s growing demand for natural gas as a leverage point, Dhaka set forth a number of conditions for allowing any pipeline to cross Bangladeshi territory: establishing trade routes for commodities from Bangladesh to Nepal and Bhutan through Indian territory; allowing transmission of hydro-electricity from Nepal and Bhutan to Bangladesh through Indian territory; and pursuing measures to reduce Bangladesh’s trade imbalance with India. The project reached a diplomatic stalemate when India rejected these conditions. In December 2005, while India and Bangladesh deliberated to a standstill, Burma seized the opportunity to sign a Memorandum of Understanding with PetroChina for the sale of gas from the A-1 Block to China through an

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Continue to page-6
Burma and Its Neighbours: The Geopolitics of Gas

overland pipeline through Burma to Kunming, the capital of China’s Yunnan province.

The introduction of China into the Shwe gas picture was to be expected for several reasons. According to Burmese scholar Dr. Kyaw Yin Hlaing, the Memorandum of Understanding with PetroChina should be seen in light of the ever-growing trade relationship between Burma and China. When PetroChina indicated that it was ready to buy, the Burmese regime had no incentive to set aside the gas exclusively for India and patiently await the outcome of stalled bilateral negotiations with Bangladesh. With another buyer at hand, there is also added pressure on the Indians to find solutions to their problems, including alternative pipeline routes bypassing Bangladesh. Burma already gains substantial hard currency from the sale of natural gas through pipeline to Thailand, and the Burmese rulers are of course aware of the advantages they can reap from negotiating prices when selling gas from the same field to more than one country at a time. Following publicity on the PetroChina agreement, Burma assured the Indian petroleum ministry that it had sufficient gas reserves to meet the needs of both China and India, although India would have to wait until May 2006 for third-party consultants to confirm reserves before export deals were finalized. Burma was waiting for assessments of several deposits, including the Mya1 well in the A-3 block. The Burmese promise seems to have satisfied the Indian government. In early 2006, Brussels-based consulting firm Suz Tractebel was hired to conduct a feasibility study for overland pipeline routes to Northeast India, circumventing Bangladeshi territory.

It should be in the interest of Burma to diversify its foreign relations, but the military regime has done so only to a limited extent, favouring its relations with China. Burma has of course strengthened its economic ties with other neighbours, including Laos, Thailand and India, and with allies such as Vietnam and Russia. However, when Burma recently agreed to Chinese pipeline projects both for oil and gas, this drew Burma even deeper into the Chinese sphere of interest. On the other hand, if the current plans are realized, gas pipelines from Burma will extend into two new and significant markets for Burmese natural gas, India and China. Burma may then play its three gas customers against each other when negotiating for the best possible prices.

In the next issue, please continue to read Sino-Indian Interests and Rivalry in Burma and Policy Implicatons.

“Sino-Indian Interests and Rivalry in Burma” by PRIO Director Stein Tønnesson and Senior Researcher Ashild Kols, funded by the Section for East Asia and Oceania, Regional Department, Royal Norwegian Ministry of Foreign Affairs. The views expressed in this report are those of the authors and do not represent Norwegian government policy.”


Information about the author

Ashild Kols is Senior researcher and Program Leader of the Conflict resolution and Peace Building Program, at the International Peace Research Institute, Oslo (PRIO). She was the author (with Monika Thowsen) of On the Margins of Tibet: Cultural Survival on the Sino-Tibetan Frontier, Seattle: University of Washington Press, 2005.

E-mail: Ashild@prio.no

Stein Tønnesson is Director of the International Peace Research Institute, Oslo (PRIO), and is currently leading PRIO’s Eastern Mediterranean project (incl. the PRIO Cyprus Centre), and pursuing several small scale projects on terrorism, regional stability in the Middle East, and notably: energy, security and maritime conflict in Asia.

E-mail: Stein@prio.no

Australia’s Danford Equities Signs Oil-Gas Exploration Deal With Burma

Monday, Nov 13, 2006

Australia’s Danford Equities Corporation has signed a production-sharing contract with Burma’s state-owned gas enterprise for oil and gas exploration in the country’s Yetagun gas field off the southern Tanintharyi coast, the official newspaper New Light of Myanmar reported Saturday.

According to the contract, Danford Equities will help with production and exploration of oil and gas. The activities will be conducted at the east block of the offshore Yetagun field, the report said. It did not give further details.//

Sources: AP, Xinhua

The Shwe Gas Bulletin is available at: www.Shwe.org/publication
Actions of November 15 Global Protests against Daewoo’s investments in Shwe Gas project of Burma

Shwe Gas Bulletin Team
Jockai (Editor)
K. Murn Aung
Matthew (ERI) (Volunteer)
Lars Thompson (Volunteer)
Claudia (Volunteer)

Layout & Designed by
Herman

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Thailand’s PTTEP to Begin New Offshore Drilling in Myanmar

Thursday November 23, 2006, pm

YANGON (AFP) - Myanmar’s state-run oil company and Thailand’s PTTEP Exploration and Production are set to begin new exploratory drilling for natural gas in the Gulf of Martaban next week.

Myanmar Oil and Gas Enterprise and PTTEP, Thailand’s largest oil exploration firm, will begin drilling from Tuesday as part of a joint venture in offshore field M-9, the official New Light of Myanmar said.

A spokesman for PTTEP confirmed that the new drilling would begin next week and said it was part of a long-running project to search for new natural gas reserves in the Gulf of Martaban which opens out into the Andaman Sea.

“So far the exploration has not proved significant reserves but we still believe that M-9 has high potential for commercial production,” a PTTEP spokesman said in Bangkok.

He said PTTEP had several other exploration projects underway in the Gulf of Martaban but most of the company’s activities so far have been in the M-9 field.

PTTEP, a unit of Thailand’s largest energy firm PTT Plc, is also vying with India and China for rights to drill in the Gulf of Bengal off western Myanmar.

Thailand’s military-installed Prime Minister Surayud Chulanont paid a visit to Myanmar’s ruler Than Shwe on Thursday, and officials said energy was among the issues they were expected to discuss.

Natural gas from Myanmar currently accounts for some 20 percent of Thailand’s supply.

That gas comes mainly from the Yetagun field — operated by Malaysia’s Petronas, Japan’s Nippon Oil and PTTEP — and the Yadana field run by France’s Total, US firm Unocal and PTTEP again.

Myanmar is one of the world’s poorest nations and is subject to US and European economic sanctions because of human rights abuses and the house arrest of democracy leader Aung San Suu Kyi.

But the impact of the sanctions has been weakened by the eagerness of neighboring China, India and Thailand to tap Myanmar’s vast natural wealth to fuel their growing economies.//

Activists in S.Korea demonstrated on Nov 15 Global day of action against Daewoo International to stop its Shwe gas exploration in Arakan, western Burma.