



The

# Shwe Gas

Bulletin

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**India signed US\$ 150 million contract for 3 offshore blocks despite unrest in Burma**

## Burma Crisis

## Monks Back on Streets, Protests Continue

*India's oil minister noted the contract was a very happy development between two countries.*

*See the Article on page-2*



India signs PSC with Burma on Sep 23 for 3 offshore blocks in Arakan State.

Sep 24, 2007 (SGB)

One of the world's largest democratic countries, energy hungry India, has recently signed a US\$ 150 million oil and gas exploration contract with the Burmese military regime. This took place during the repressive regime's murder and arbitrary arrest of monks and pro-democracy protesters.

Facing no pressure to withdraw or freeze operations in Burma, India's 100 percent state-owned Oil and Natural Gas Corporation (ONGC) signed a

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AFP



# Editorial

## More companies need to withdraw

Burma's natural resources have been a major provider of the military regime, enabling it to survive through over a decade of economic sanctions from the US and EU. But survival is getting more difficult.

Since the military regime began killing and arresting participants in the monk-led peaceful pro-democracy protests, the extractive industries in Burma are coming under added scrutiny. Several foreign companies engaged in Burma's natural resource sectors face pressure from their home governments, international NGOs and activists to suspend or stop their projects. Oil and gas companies have been the first target, as they are the largest boosters of the military regime, while other mineral companies such as gold and gem stone mining follow in a close second.

Pension funds have also weighed in. In the late October, Denmark's largest pension scheme ATP announced it will shed its US\$ 177 million share in French oil and gas giant Total, due to the company's investment in Burma, which is the regime's single largest source of revenue. The Norwegian Pension Fund-Global, one of the world's largest funds at over US\$ 323 billion, is actively monitoring its investments in 21 companies operating in Burma to determine whether or not those companies are complicit in human rights abuses. When a company is linked to human rights abuses, it is then excluded from the Fund's "investment universe." The Fund currently holds stakes in Daewoo International, Total, Chevron, China's CNOOC, and others.

In early October, two Canadian mining companies, Jet Gold Corp. and Leeward Capital, announced they were suspending their operations in Burma and withdrawing from the Set Ga Done Gold Property due to political instability and increasingly difficulties operating under the inflexible and bureaucratic rules imposed on their operations by the regime. Another Canadian mining company, Ivanhoe Mines Ltd, has recently transferred its interest in Burma's largest mine to an unnamed third party trust. Copper from that mine has been the regime's fourth largest export.

Chevron is under pressure at home in the US, with high level politicians like Senator John McCain proposing legislation that will force the company out of Burma. Just days ago in Bangkok, Chevron CEO David O'Reilly again maintained that the company's presence in Burma is a positive thing for the people, saying "Our commitment is to try to stay to be a positive influence." Total of France, Chevron's partner, likewise stands firmly behind their investment, refusing to withdraw while maintaining their positive influence.

The bottom line is that these oil, gas and mining projects not only provide millions of dollars to the military regime, but also result directly in environmental degradation and human rights abuses due to the regime's militant and inept governance.

While the US, the EU, Australia and other nations are extending sanctions and freezing the assets of the regime's financial supporters, the active participation of China, India and the Asean countries is crucial to prevent the regime's ongoing campaign of terror. Company shareholders, NGOs, citizens and activists need to put pressure on the private sector and their home governments. ■

## Monks Protest Again in Burma

Nov 1, 2007 (SGB)

Over one hundred monks took to the streets again yesterday in Burma, the first public dissent since the country's largest protests in twenty years were violently crushed by the military.

Marching and chanting in the central town of Pakokku, the monks reiterated their call for lower fuel prices, national reconciliation, and the release of all political prisoners.

The original protests began on August 19, after the regime unexpectedly increased the price of fuels, which led to an increase in the price of basic commodities. Hundreds of thousands of protestors took to the streets, led by the countries revered Buddhist monks.

UN special envoy Ibrahim Gambari is scheduled to visit the generals in Burma on November 3 to urge them toward national reconciliation. This will be his second visit since the regime opened fire on peaceful protestors.//

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*Continued from page- 1*

*India signs.....*

production sharing contract with the Burmese military regime for oil and gas exploration. During the visit of India's oil minister Murli Deora, the company made deals covering western Burma's Arakan offshore blocks AD-2, AD-3 and AD-9. According to the contract signed on September 23, ONGC holds 100 percent stakes and will fully conduct exploration at the three offshore blocks.

The blocks AD2, A3 and AD3 extend over an area of 8100 sq. km, 9900 sq. km and 7800 sq. km respectively with water-depths of 1500 to 3000 metres in the Rakhine Coasts in Myanmar. The exploration period spread over four phases extends to 5 years for AD2; and 7 years for AD3 and AD9. Upon discovery of oil and gas, development and production operations shall spread over a period of 20 years. ■

# “Words” from Oil and Gas Companies: Refuse to Exit Burma



*“We have gas fields under production and three other fields under exploration, which are all long-time investments. They can’t be easily changed because of domestic issues.” “Politics is politics. Economics is economics.”* Cho Sang-hyun, spokesman for Daewoo International.

*“We are convinced that through our presence we are helping to improve the daily lives of tens of thousands of people who benefit from our social and economic initiatives.” Our departure could cause the population even greater hardship and is thus an unacceptable risk.”* Jean-François Lassalle, a vice-president for public affairs at Total.



man for Chevron

*“As a consequence of divesting our interest in Yadana, there would be a capital gains tax that Chevron would have to pay to the government of Myanmar. This would be hundreds of millions of dollars.”* Alex Yelland, spokesman for Chevron

*“We have invested in Burma over the past decade. Despite the political conflict, the benefits from the projects will go to people of both countries. The company is legally obliged to continue its investments. Mr Chitrapongse Kwangsukstith, an executive vice-president of PTTEP.*



*“The Burmese junta, responsible for years of murder, torture, massive forced labour and absolute repression of the population, is ripping off billions of dollars and every single business deal which is done helps line the pockets of the generals.*



Guy Ryder

*This corrupt and incompetent regime is responsible for a catastrophic fall in living standards across the country. , Foreign investment has done nothing to stop that. On the contrary, it fuels repression by enabling the regime to purchase weapons used against defenceless civilians: the army’s share in the national budget is 40%. Health and education combined amount to less than 7%! ‘Business as usual’ in Burma will only make the junta stronger.”* Guy Ryder, General Secretary of International Trade Union Confederation

*“To observe businessmen who come to Burma with the intention of enriching themselves is somewhat like watching passers-by in an orchard roughly stripping off blossoms for their fragile beauty, blind to the ugliness of despoiled branches, oblivious of the fact that by their action they are imperiling future fruitfulness and committing an injustice against the rightful owners of the tree.”* Aung San Suu Kyi



*“Outside investment in Burma’s oil and gas industry has thrown a lifeline to the country’s brutal rulers.” The businesses that help finance the military shouldn’t argue that the government’s crackdown is not their problem.”* Arvind Ganesan, director of the Business and Human Rights Program at Human Rights Watch.

*“Cnooc’s presence in Myanmar is making people’s lives better by developing resources that would otherwise go untapped. If we pull out, then we can’t successfully invest our money in terms of exploration success, Cnooc Ltd. won’t pull out of Myanmar and may increase its footprint in the gas-rich country”.* Yang Hua, Cnooc’s chief financial officer.



## EU Sanctions Fall Short on Burma's Major Revenue Earner, the Oil and Gas Sector

Oct 17, 07 (SGB)

The International Trade Union Confederation (ITUC) and the European TUC criticized the exclusion of Burma's oil and gas sectors in the European Union's (EU) recently extended sanctions.

"These new restrictions are welcome, but they don't go far enough. The oil and gas sector is the single largest source of revenue for the military regime, and we are extremely disappointed that the EU has left this huge revenue stream untouched," said ITUC General Secretary Guy Ryder in their statement.

The new EU bans have been extended to include a ban on European exports to Burma of equipment for the metal, timber, minerals and gemstone sectors, as well as import and investment prohibitions covering these sectors.

Burma's gas export to Thailand last year was the largest of the country, earning US\$ 2.16 billion, which accounted for 43 percent of the total export. As the second largest FDI from last year, the oil and gas sectors reached US\$ 2.94 billion. Meanwhile the military regime has planned to export Shwe Gas from western Burma to China via a pipeline in 2010. Thailand's PTT, holding 100 stakes at offshore block M-9 at Morttama, plans to export to Thailand in 2012.

Burma watchers observe that the military regime is buying more weapons with the oil and gas revenue. The revenue also boosts the regime's plans to build a nuclear reactor and a new capital, Naypyidaw, while the country's economy is in shreds.

"People in Europe might rightly wonder why the European Union, having rightly extended sanctions to some products, has failed to do so for others, especially given the importance of oil and gas income to the junta", said ETUC General Secretary John Monks.

More than 400 foreign companies from the EU, US and Asia are currently operating in Burma. France's Total oil company is one of the largest investors in the country.

The ITUC noted in their statement that European companies in the oil and gas sector have come under particular pressure to sever their links as part of the global campaign for all companies to disinvest. While those in the new sectors covered by the revised EU sanctions will need to sever their links, the international trade union movement will continue to press for comprehensive global sanctions covering all sectors.

Founded on 1 November 2006, the ITUC represents 168 million workers in 153 countries and territories and has 305 national affiliates. ■



Video journalist Kenji Nagai, 50, a Japanese citizen was killed during the Rangoon protest in Sep 27, 2007.

## Japan Adds to Pressure on Burma

(Oct 16, 07/ BBC News)

Burma's military has ruled the nation of 51m for decades. Japan is halting \$4.7m ( 2.3m) in funding for a human resources centre in Burma, as economic pressure mounts on the military government there.

The move follows the death of a Japan's journalist during the Burmese military's bloody suppression of anti-government protests last month.

It reflected Japan's "strong concerns" over the situation, a minister said.

On Monday, the EU upped sanctions on Burma and the US urged "consequential" action against its leaders.

Japan is a leading aid donor to Burma and has been criticised in the past for failing to take a harder line against the military government.

The funding, promised in 2005, was to have been used for a centre at Rangoon University, where courses in economics, management and Japanese would have been taught.

But the shooting of video journalist Kenji Nagai, 50, sparked outrage in Japan and has led to a tougher position.

"Japan has to show its stance and we can't effectively be supporting the military junta at this point in time," said Foreign Minister Masahiko Komura.

The funding represented about one sixth of Japan's annual aid to Burma.

But Japan stopped short of ending all aid and remains one of the military junta's significant trading partners - leaving it unclear exactly what effect the cancellation might have. ■

# The Whole World must Act

By Gordon Brown ( Oct 24, 07/Guardian)



Gordon Brown

*“Even under the most crushing state machinery, courage rises up again and again, for fear is not the natural state of civilised man”*

These are words of compelling power, written by a woman of extraordinary courage. Today Daw Aung San Suu Kyi marks the end of her 12th year under house arrest. And that anniversary tells only part of the story: since she committed her life to a better future for Burma she has watched her children grow up in a faraway land, and she has survived an attack that left 80 of her supporters beaten to death. I had the

privilege of meeting her husband shortly before his death, as he faced with courage both his illness and the cruel Burmese policy that prevented him from seeing his wife in his last days.

But there is another reason to remember Burma today. Over the past few weeks we have seen the Burmese people once again display the tenacious courage of which Daw Aung San Suu Kyi was writing. In the face of a brutal regime they took to their streets in their tens of thousands, marching for their freedom and their dignity. They were met with batons and bullets. We cannot know how many were killed, but we believe it is many times more than the regime has admitted. We believe that more than 2,000 monks and other demonstrators remain in detention, on top of the more than 1,000 political detainees that the regime was already holding. The reports from eyewitnesses reaching us are horrific: monks stripped of their robes and beaten, prisoners left to die in their cells, hundreds crammed into rooms smeared with excrement and without basic sanitation, night-time interrogations, no medical care, novices as young as seven imprisoned. In the face of this horror, we must not and will not turn away.

The steps that the regime must now take are clear: end the violence; release prisoners; grant effective access to the UN special rapporteur on Human Rights in Burma, Sergio Pinheiro and the International Committee of the Red Cross; and engagement in a UN-led process of national reconciliation that involves leaders of all Burma's political opposition and ethnic groups, including Daw Aung San Suu Kyi.



Gambari

The regime now faces a sharper choice than it has ever faced. On the one hand there is growing international pressure. The UN security council has, for the first time ever, taken formal action on Burma by issuing a strong statement deploring the regime's actions, calling for an inclusive political process, and expressing strong support for the good offices mission of Ban Ki-Moon's special envoy, Ibrahim Gambari. The council will meet again to review the results - and if progress is insufficient will have to consider adopting further measures. The European Union has strengthened its sanctions against the regime, imposing new commercial bans on sectors which provide revenue to the regime's leaders. Should there be no progress, we will make those sanctions even

tougher, including through a ban on all new investment. On Friday, President Bush announced a similar increase in measures against the regime. And Asean have publicly expressed their revulsion at the regime's actions. Burma's neighbours clearly realise that, for the sake of the region as well as Burma's people, the regime must change course and allow genuine reconciliation and political reform. We also need the people of Burma, inside and outside the regime, to understand clearly that if there is a genuine political transition in Burma, the international

community stands ready to support the recovery of Burma with aid and other measures. Last week I wrote to G7 leaders, Prime Minister Socrates, UN Secretary General Ban, Prime Minister Manmohan Singh, Premier Wen Jiabao, the president of the World Bank and the managing director of the IMF, proposing discussion of a possible economic initiative to support recovery in Burma, to be implemented if and only if there is real, verifiable progress towards reconciliation and democracy. Over the weekend, Douglas Alexander hosted a meeting of interested countries at the World Bank Headquarters in Washington. The regime likes to portray itself as a victim of outside interference. But let's be absolutely clear: the only thing that is standing in the way of a more stable and prosperous Burma is the regime itself.

In an interview with Alan Clements, Daw Aung San Suu Kyi said: "It's no use standing there wringing your hands and saying my goodness, my goodness, this is terrible. You must try to do what you can." It is a message upon which on this day - whatever you choose to call it - the whole world should be acting. ■



## Region's Energy Needs Enable Burma Junta

By Thomas Fuller

Monday, October 1, 2007 (International Herald Tribune)

**BANGKOK:** For two decades, Asia's biggest powers have grappled with the question of how to respond to the unrelenting repression of Myanmar's junta. In neighboring Thailand, the answer comes each time Thais pay their electricity bill.

Natural gas from Myanmar, which generates 20 percent of all electricity in Thailand, keeps the lights on in Bangkok. The gas, which this year will cost about \$2.8 billion, is the largest single contribution to Myanmar's otherwise impoverished and cash-strapped economy.

Thailand's gas deal highlights the dilemma facing China, India, Singapore and Malaysia, among other countries, as they vie for Myanmar's hardwoods, minerals, gems - and access to its market of 47 million people.

At a time of spiraling energy prices, the prospect of extracting resources appears to override the embarrassment and shame of dealing with a junta that has attracted world notoriety. The countries that have the most leverage over Myanmar seem the most reluctant to use it, analysts say.

From the perspective of Myanmar's generals, the gas purchases by Thailand are only the beginning of what promises to be a significant infusion of cash. Myanmar will soon announce the winner of a concession in the even larger Shwe gas fields off the coast of western Myanmar. Companies from India, China and South Korea have put in bids for those contracts.

In eastern Myanmar, Thai companies are building hydropower plants and have contracts to pay the government billions of dollars for the electricity generated there.

"For a country that's used to a hand-to-mouth existence there is suddenly a bonanza of foreign exchange," said Sean Turnell, a specialist on the Myanmar economy at Macquarie University in Australia. "Burma is now getting the wherewithal to tell the world to bug off. It strengthens their position immeasurably."

The cash has allowed the generals who run Myanmar to buy weapons from China and helicopters from India, order a nuclear test reactor from Russia and construct their new capital at Naypyidaw, north of Myanmar's main city, Yangon. "The natural gas drastically changed the military government's fiscal position," said Toshihiro Kudo, director of the Southeast Asian Studies Group at the Institute of Developing Economies, a research organization run by the Japanese government.

Myanmar's gas reserves are small by global standards. BP, the oil company, estimates that Myanmar's total reserves are 538 billion cubic meters, or 19 trillion cubic feet, far less than the reserves of nearby Malaysia or Indonesia. But the billions of dollars these gas fields will produce is very valuable to the ruling generals, whose sources of financing are extremely limited due to U.S. sanctions.

Last year Myanmar sold \$2 billion worth of gas to Thailand, which amounted to more than 40 percent of the country's total exports for that year. Largely because of the gas deal, Thailand is Myanmar's biggest trade partner, not China, as is widely reported.

"Thailand and Myanmar are increasingly integrated, increasingly dependent on each other," Kudo said. As a result, he said, "I don't think that Thailand is applying any very serious pressure on the military government."

There is a stark contrast in Thailand between public anger over the beatings and the business-as-usual attitude that underlies Thai policy toward Myanmar. At the United Nations last week, the Thai prime minister, Surayud Chulanont called the Myanmar crackdown "unacceptable." Newspapers have run scathing editorials about Myanmar's generals. And Thailand remains a refuge for Burmese dissidents.

But the bottom line, Thai officials say, is that Thailand is competing for the world's energy resources, and if it doesn't buy the gas, someone else will.

"We need power," said Suthep Chimklai, director of the system planning division at the electricity authority. "We need to balance our sources by importing more power from

our neighboring countries.” Thailand also buys small amounts of electricity from Laos and Malaysia.

To keep up with its demand for electricity, Thailand is building four power plants, all of which are designed to run on natural gas. If the supply of gas from Myanmar were disrupted, Suthep said, “it would be a serious problem.”

The natural gas reaches two power stations on the outskirts of Bangkok by way of a pipeline laid a decade ago by Total, the French oil company; Unocal, the American oil company which has since been absorbed by Chevron; and PTT Exploration and Production, Thailand’s leading company in the field.

According to Thailand’s Power Development Plan, the government plans to ramp up energy imports from Myanmar, thus further bolstering the financial position of the junta.

Thailand’s policy calls for buying an additional 8,200 megawatts from Myanmar over the next 14 years. Most of this is likely to come from hydroelectric power plants on the Salween River. The Electricity Generating Authority of Thailand has completed feasibility studies on a dam at Hat Gyi in Myanmar’s Karen state. A private Thai company, MDX, has been given a contract to complete a larger dam at Tasang in the Shan state. Thailand’s PTT Exploration and Production has won the rights to explore three potential off-shore sites in the Gulf of Martaban, south of Yangon. Sondhi Boonyaratglin, the army chief who led Thailand’s military coup last year, said last week that Thailand should stay engaged with Myanmar. “There are many friendly nations who help Myanmar like China and Korea because Myanmar is a country with plenty of natural resources that the powerful nations want to obtain,” Sondhi said.

For China, the attraction of Myanmar is both economic - China is Myanmar’s biggest importer - and geostrategic. As part of its bid for the gas fields in western Myanmar, China has proposed building a pipeline running from the Indian Ocean to Yunnan Province. An additional pipeline could carry crude oil, allowing ships coming from the Middle East to pump oil directly into China without making the long journey through the Straits of Malacca.

For Myanmar, the gas fields would mean more cash. Turnell estimates that gas pumped from Shwe platforms would have a value of \$2 billion a year. ■

## Exploration proceeds off Myanmar as crisis boils

*By an OGJ correspondent, Oct 17, 07*

Exploration work on Myanmar’s Block M9 in the Gulf of Martaban is progressing “normally,” according to Thailand’s majority state-owned PTT Exploration & Production PLC, despite Myanmar’s biggest street protests in 20 years. A major natural gas discovery was made on the block, which lies 300 km south of Yangon, just a week before the violent crackdown on demonstrations began.

Four exploration and four appraisal wells have already been drilled on Block M9, and plans are afoot to drill an additional four to five appraisal wells to confirm petroleum reserves. Drilling will take place between December and April 2008 (OGJ Online, Aug. 15, 2007).

Exploration results have confirmed the commercial potential of Block M9, and PTTEP executives indicated earlier that 300 MMcfd could be brought on stream in 2011 or 2012 (OGJ Online, May 23, 2007).

PTTEP has held a Block M9 production-sharing contract with Myanmar since 2003 and holds 100% interest in the block.

Meanwhile, Thai Energy Minister Piyasvasti Amranand has postponed talks with the current Myanmar regime for purchase of gas from the block. The crisis is complicating negotiations, which are not expected to begin any time soon.

However Piyasvasti reiterated Thailand’s intention to secure more gas supplies from Myanmar when the kingdom can ensure that any deal will be secure.

Thai officials indicated the talks could wait until PTTEP fully completes its exploration program. ■

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### The Shwe Gas Movement (SGM)

*SGM includes regional and international NGOs. The 5 core members are SGM Bangladesh, SGM India, the All Arakan Students and Youths Congress (AASYC), the Arakan Oil Watch (AOW), and EarthRights International (ERI); partner organizations include the Korean House for International Solidarity (KHIS), the Korean Federation for Environmental Movement (KFEM), The Other Media in New Delhi, and a global network of activists. For more information and to download the full-length report “Supply and Command,” please visit [www.shwe.org](http://www.shwe.org).*

# ICRC 'Deeply Worried' About Burmese Detainees

By VOA News /17 October 2007

The International Committee of the Red Cross says it is "deeply worried" about the fate of thousands of people arrested during the recent government crackdown in Burma.

Pierre Kraehenbuehl, director of operations of the International Committee of the Red Cross

In an interview posted on its Web site Tuesday, a senior Red Cross official, Pierre Kraehenbuehl, said the humanitarian group is seeking access to the detainees, but noted that efforts to reach them have not produced results.

Hours later, Burma's military leaders said in a front page story in the country's official New Light of Myanmar newspaper that nearly 3,000 people have been detained in the crackdown. The report said hundreds remain in custody.

Wednesday's report also said the military government is interrogating those who are still in custody and searching for others. It said that those who "should be released, will be released."

The newspaper also said those who have been released signed pledges.



Pierre Kraehenbuehl, director of operations of the International Committee of the Red Cross

Detained protesters in Burma are frequently asked to sign pledges to not participate in future protests before being freed.


The government's release of numbers detained is the most detailed to date.

In other developments, U.N. special envoy to Burma, Ibrahim Gambari, is in southeast Asia to coordinate efforts in the region to resolve the crisis. He meets Wednesday with Malaysian Prime Minister Abdullah Ahmad Badawi.

Malaysia said Tuesday that the Association of Southeast Asian Nations will never suspend Burma from the 10-nation bloc.

Burmese authorities put down pro-democracy demonstrations in Rangoon last month, killing at least 10 people. Since then, thousands of monks and activists have been arrested, and many are believed to have been killed.

**"In Myanmar, there are rather dumb generals when it comes to the economy. How can they so mismanage the economy and reach this stage when the country has so many natural resources?"** Lee Kuan Yew, Singapore's founding minister



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