



*The*

# Shwe Gas

*Bulletin*

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## *Burma's Oil and Gas: Events of 2007*

### **China Wins Rights to Myanmar's Gas**



*This is an undated handout photograph of a natural gas production platform operated by Daewoo International Corp. in Myanmar, released to the media on Dec. 5, 2007. Source: Daewoo International Corp. via Bloomberg News*

*Dec 12, 2007*

China won the rights to buy natural gas from Myanmar's biggest field, beating stakeholder India in the race for resources among the world's two-fastest growing major economies.

Daewoo International Corp., the operator of the field, said it picked a Chinese company as the preferred bidder. State-owned Indian companies own 30 percent in the area, which holds as much as 7.7 trillion cubic feet of gas.

India has lost out to China in more than \$10 billion of oil and gas assets in Nigeria, Kazakhstan and Canada in the last two years, depriving the resource-scarce nation as crude oil prices rose to a record. China's planned construction of a pipeline underscored its commitment to win the latest contest.

"The Indians showed interest but they haven't been so aggressive," said Tony Regan, a consultant for U.S. Nexant Ltd. based in Singapore. "The

Chinese were showing much more interest and they were looking at how to get it to China and they got a pre-approval from Beijing for a pipeline to China."

China, India, Thailand, South Korea and Japan are competing for a share of Myanmar's gas supply as discoveries increase. The Southeast Asian country had about 19 trillion

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# Editorial

## Gas-Rich Burma but harsh fuel price on citizens

### People Protest for “Freedom from Starvation”

Hundreds of ordinary people in Burma suffering from the effects of the junta’s gross economic mismanagement have defied the armed soldiers by taking to the streets and are demanding for “**freedom from starvation**”.

In one of the most significant demonstrations since the uprising in 1988, peaceful protests led by the 88 Generation group have been taking place around Rangoon calling for a reduction in fuel prices.

The army has reacted in a thoroughly predictable way. As of Aug 30, some 100 protestors including the 88 Generations leaders, such as Min Ko Naing, have been among those arrested.

The protests were a reaction to the decision by the junta to double fuel prices on Aug 15. Analysts said that Burma’s people who are already saddled with high inflation could face starvation with the latest round of fuel price hikes.

“It does not make sense that the country produces a large amount of natural gas whose price is now doubled,” the 88 Generation group said in a statement.

Ironically, as its citizens suffer, the world’s second most corrupt regime is in the midst of a cash bonanza with growing revenues in the billions of dollars annually from existing and new oil and gas projects.

The regime’s single largest source of foreign exchange - the oil and gas sector - touched US\$4 billion in fiscal 2006/2007.

Of this, US\$2.16 billion came from gas exports to Thailand, double the 2005/2006 amount of US\$1.08 billion.

Foreign Direct Investment in oil and gas sector has also grown from US\$2.7billion in fiscal 2005/2006 to US\$2.939 billion in 2006/2007.

#### Where does the money go?

Instead of utilizing its oil and gas revenue for its citizens, the military regime is only seeking hot dollar and squanders it for military expansion including building a nuclear reactor and a new capital Naypyidaw.

Burma’s military might has grown in tandem oil and gas revenue. Analysts estimate that military expenditure account for some 60% of total government expenditure; that’s roughly 12 to 15 times more than health (1.43%) and education (3.8%) expenditures combined.

Expenditure in building new capital estimated reached over US\$3 billion in 2005. While seventy percent of country’s total populations living in rural area have no access to electricity and urban citizens can access between 4 to 6 hours per day, the new military capital has access to 24 hours electricity.

Burma’s newly discovered offshore Shwe gas field (9.1 trillion cubic feet) and block M9 (estimated 8 tcf ) are expected to double the regime’s revenues from the sector when they come online in 2010-2012. The Shwe Gas Movement estimates that the Shwe gas fields are worth an estimated US\$40 billion.

The military regime has recently confirmed that Shwe gas would be piped to China and gas from block M 9 would be exported to Thailand.

Burma’s current demonstration is proof that investing in Burma’s oil and gas sectors does not support the people of Burma but instead provides the regime with weapon for killing its own people. Taking Burma’s gas is the same as sucking the Burmese blood: revenue from the oil and gas sector leads to the people’s suffering.

For restoring democracy in Burma, oil and gas companies must pull out. Engaging now in Burma’s oil and gas projects and cooperating with the military regime is not just a business issue. It is a moral and political issue. ■



*Continued From front page -*

cubic feet of reserves last year, BP Plc said in its annual energy report.

### Planned Gas Pipeline

The gas will be transported via pipelines, Daewoo said in a regulatory filing in Seoul today, without identifying the buyer.

The Korean company is the operator of the A-1 and A-3 offshore blocks, in which it has a 60 percent stake. Korea Gas Corp. owns 10 percent of the areas, GAIL India (Ltd.), the nation's biggest gas distributor, holds 10 percent and Oil & Natural Gas Corp., the biggest explorer, owns 20 percent.



“Gas from the field has to be sold and if Daewoo has chosen China, in principle, I see nothing wrong with it,” said R.S. Sharma, chairman of Oil & Natural Gas. “GAIL was dealing with the bit relating to getting the gas to India.”

Gas discoveries by Reliance Industries Ltd., owner of the world's third-biggest oil refinery, and Oil & Natural Gas may help India overcome the loss in Myanmar.

Reliance plans to start producing the fuel from its largest field off the east coast by the second half of the year ending March 2009. The company will produce 80 million cubic meters of gas a day, doubling the nation's current output. Oil & Natural Gas may produce 15 million cubic meters a day from 2012 in an adjacent area. ■

## CNPC and Yunnan sign refining agreement

### *China plans to build an oil pipeline from Yunnan to Myanmar*

Nov 30, 2007

China National Petroleum Corp. (CNPC) has signed an agreement with the south-western province of Yunnan to cooperate in oil refining, a step toward building a pipeline to neighbouring Myanmar, reports said.

The agreement, signed in Beijing, calls for CNPC and Yunnan to cooperate in building an oil refining base in Yunnan, a landlocked province that has suffered from fuel shortage partly due to its lack of refining facilities. If approved by the central government, the refining base would have an annual capacity of 10 mm tpy. State-owned CNPC is also planning to build a 1 mm tpy ethylene refining facility, the report said.

The agreement will play a significant role in coordinating plans for design and construction of an oil pipeline to neighbouring Myanmar,

according to an executive with PetroChina, CNPC's publicly traded unit. Initial plans call for the oil pipeline to run from Myanmar's western port of Sittwe to Kunming city in Yunnan. Its initial capacity will be 20 mm tpy, equivalent to around 400,000 bpd, the report said.

The crude oil pipeline is still in the design phase, and no timetable for construction has been fixed, a PetroChina official was quoted as saying.

The refinery project presumably would require approvals from China's economic planning agency, the National Development and Reform Commission, and from the State Environmental Protection Agency. The reports made no mention of endorsements for the plan from the State Council, China's Cabinet, or from those two agencies.

China, eager to reduce its growing dependence on oil shipped via the Strait of Malacca from the politically volatile Middle East, has been cultivating alternative supply routes.

China plans for the pipeline from Myanmar to eventually reach Chongqing, a huge industrial hub to the northeast of Yunnan. The refinery plan calls for construction of several oil products pipelines linking cities in Yunnan, which is a subtropical, largely agricultural province.

“This is a great event for the Yunnan people and for Yunnan's economic development,” top provincial officials were quoted as saying. //

CNPC also agreed to develop bio-diesel production in Yunnan, the reports said. ■

Source: <http://biz.yahoo.com>

# Than Shwe's Gas Powered Regime to Look now on China

By Jockai & PK

(Jan 20, 2006 )

The recent signing of a landmark deal between the SPDC and a Chinese state-owned company to supply natural gas from Arakan state to China reveals new depths of desperation for the Burmese military regime.

The junta – traditionally suspicious of the intentions of its giant northern neighbour – had been left with little choice but give in to the demands of China when it found its coffers empty after spending countless millions on the construction of its new capital city near Pyinmana.

The sale of Arakan natural gas to India was supposed to boost the junta's much needed income stream but haggling and disagreements over a proposed pipeline that would cut across Bangladesh threatens to delay the project: hence the new hastily-signed MOU with China.

If implemented, the new agreement would pave the way for the construction of a massive pipeline stretching from Arakan state across central Burma through mountainous Shan state and into China's Yunnan province, ending in its capital Kunming. For the SPDC, this pipeline means cash-flow that could sustain its stranglehold on power for many more years to come. It is estimated that the regime will earn in the region of over US\$1 billion from the gas sale to China, and approximately US\$500 million from the building of an economic development zone in Sittwe, capital of Arakan state.

But like all other similar projects in Burma, local communities directly affected by the project can only expect more hardship in the form of land confiscation, forced labour and displacement, greater poverty and environmental degradation. The fact that the pipeline would pass through politically unstable and topographically challenging areas only adds to the risk of an environmental disaster.

All these factors are unlikely to concern the Burmese junta that views the pipeline as nothing more than a moneymaking venture. But they should concern China, a country that's desperately hoping to gain acceptance as a responsible regional superpower.

"How will it look to the world if an increasingly rich China is seen to benefit directly from the suffering and human rights abuses perpetrated against the people of its neighbour?" asked a Bangkok-based human rights activist. "The Chinese are now more concerned than ever about their public image and it is an opportune time for Burma democratic groups to remind them that being associated with the SPDC in this way makes them look really awful," he said. There is little doubt as to why China is so interested.



The Arakan-Kunming pipeline will be crucial for the next phase of China's economic development that's focused on inland provinces. The route will not only supply Arakan gas but a parallel oil pipeline, if laid, would provide the much needed short cut to supply energy hungry China with oil imports from the Middle East. Tankers from the Arabian gulf to China could avoid the long route through the Straits of Malacca and South China Sea – saving several thousand kilometers and a couple of days' worth of sailing time – by docking and discharging their tanks at a port in Arakan state.

Analysts said the decision by the junta to open this militarily and environmentally sensitive route through Burma to China presented both an opportunity and a threat to the democracy movement.

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If the pipeline goes ahead, the SPDC would be provided with a funding lifeline that could prolong its hold on power for a very long time, they said. However, the fact that the deal was signed with China also suggested that the junta was left with few options left to earn foreign currency.

**“Arakan gas sale to China is proving that as the Burma regime is now in a desperate situation, it prefers to be closer to China rather than India because China’s pocket is deeper than India’s, and also because China’s influence in the region is bigger,” said Kyaw Htin, a Burma political analyst.**

Another analyst said that as money was currently the junta’s great weakness, Burma’s democracy forces needed to seize the opportunity to talk to China. “If we can convince China that their economic interests in Burma are better served in the longer term by a civilian government that would build a more prosperous society in the country, the SPDC are just as good as collapsed,” he said.

For now, China is probably the only rich friend the junta can count on. In terms of international relations, the military government has not been in such a precarious state before. Not only is the regime facing pressure from the US and EU, its traditional allies in Asean did an unprecedented about-face last year when they publicly vented their frustrations on the regime in Burma. In a speech to the Asean Inter-parliamentary Myanmar Caucus in Kuala Lumpur, a Malaysian government minister even likened Than Shwe’s regime to that of Hitler’s and Stalin’s!

Some Burma watchers see the China deal as a pay-off by the SPDC for future support. **“Arakan gas is a kind of bribe for China to help counter international and regional pressures,” said Toe Zaw Latt.**

He added that with Burma lobbyists pushing hard at the UN Security Council, as well as the inevitable pressure from Asean, whose envoy has still not been allowed to visit Burma, the SPDC needs all the support it can get from China.

China has been helping the Burmese military since Ne Win’s day by providing military supplies, money and consumer goods, and it is tempting for the Burmese junta to think that China will continue to be their godfather.

However, the world has changed and so has China, which is now a major and highly visible player on the world stage, and whose geo-political interests are largely driven by development and trade with the developed West and the growing economies of Asia.

China cannot afford to be seen to be supporting such an obviously brutal regime in Burma – especially when even its neighbours in Southeast Asia do not tolerate it. It is surely not in China’s long term interests to do so. There’s never been a timelier reminder to China that if it truly believes in being Burma’s friend, it is the people – and not the military junta – of Burma they should be backing. ■

## Protests against Fuel Price Hike Break out Despite Junta Crackdown



Aug 27, 2007(SGB)

People’s protest demanding to reduce the military regime’s doubled fuel price without prior notice have been spreading around the country’s major cities since the protest broke out in Aug 19.

The price of petrol went from K1500 to k2500 a gallon, while diesel rose from K 1500 to k3000. The biggest jump occurred with compressed natural gas (CNG), which changed from 10 to K 50 a liter.

The military regime has attempted to crackdown peaceful protesters by brutal arrest. It is estimated that there are over 100 protestors who have been arrested in ten days. Min Ko Naing, the second-most prominent opposition figure after detained democracy icon Aung San Suu Kyi, was also among the lists. ■

# Gas Sales to Thailand Account for 43% of Burmese Exports

*June 5, 2007 (SGB)*

The Burmese military government earned \$US 2.16 billion from gas exports to Thailand during the 2006-2007 fiscal year, accounting for 43 percent of Burma's exports, according to a Myanmar Times report citing statistics released by the Burmese government's Customs Department.

Gas sales to Thailand doubled from \$US 1.08 billion reported during the 2005-2006 fiscal year. Energy Ministry officials attributed the increase to higher gas prices, and not to the total amount of natural gas exported, which

they claimed has remained virtually unchanged from the 9.13 billion cubic meters exported to Thailand from July 2005 through June 2006.

Thailand is Burma's largest foreign investor and its largest consumer of natural gas. The majority of Thailand's investments are concentrated in Burma's energy sector, where it holds substantial interests in oil and natural gas projects and hydropower plants.

Burma's total exports this year reached a record \$US 7.93 billion despite economic sanctions from the United States and the European Union.

Military-owned Myanmar Oil and Gas Enterprise (MOGE) controls most of the country's oil and natural gas industry and is the country's largest exporter.

The next-largest exporters in 2006-2007 were state-owned firms Myanmar Timber Enterprise (\$US 519 million), Myanmar Gems Enterprise (\$US 296.9), and Myanmar Ivanhoe Copper Co.—a joint venture between Canada's Ivanhoe Mines and Burma's Ministry of Mines (\$US 106.6).

Privately-owned Htoo Trading came in fifth, earning \$US 65.1 million in teak log exports. ■

# Burma's FDI more than Doubled: Thailand is the Largest Investor

*May 11, 2007 (SGB)*

During the 2006-07 fiscal year, Foreign Direct Investment (FDI) in Burma increased more than double from the previous year. The majority of the investment came from its neighboring countries, even though the US and EU have imposed economic sanctions against the ruling regime, citing human rights abuses and the detention of Nobel Peace Laureate Aung San Suu Kyi under house arrest.

Foreign investment in Burma has reached USD 14.4 billion in fiscal year 2006-07, with 408 projects from 29 countries. The majority is from ASEAN, Asia and the EU; leading countries include Thailand, Singapore, the United Kingdom, and Malaysia.

Investing USD 7,345.62 million in 57 projects, Thailand has become Burma's largest investor. The entire investment from the ASEAN countries has reached USD 9,864.44 million in 175 projects, according to the local Weekly Eleven News, citing the government's National Investment Commission.

In the 2005-06 fiscal year, Burma absorbed total FDI of USD 6.065 billion, which mainly came from Thailand. USD 6.03 billion of that total referred to the 7,110-megawatt Tarsan (Tasang) hydropower project on the Thanlwin River near Tachileik in eastern Shan State.

Other investments during the year included USD 30.575 million from

India in oil & gas, USD 4.4 million from Thailand also in oil & gas, and USD 700,000 in mining from China, the CSO figures indicate.

Oil and gas accounted for 34 percent, manufacturing 20 percent, real estate 13.7 percent and hotels and tourism 13.3 percent.

Other sectors include mining, livestock and fisheries, transport communication, industrial estate, construction, and agriculture.

Burma enacted the FDI Law in late 1988, when it began to adopt a market-oriented economic policy. The energy sector, comprised of oil & gas and hydropower, is seen as the main contributor to the increase in FDI in Burma in the future. ■

# Junta Proffers Entire Arakan Gas Reserve to China: Dual Oil, Gas Pipeline Plans Threaten Rights abuses in Burma

April 17, 2007 (SGB)

The Burmese military regime has recently signed an MOU with PetroChina Company Limited (PCCL) for selling the entire natural gas reserves from the A-1 and A-3 blocks in the Arakan offshore area, according to several Indian media reports.

The MOU, signed on March 14, says that the gas will be transferred to China's Kunming, the capital of Yunnan province, by a 2,380 km inland pipeline worth \$1.04 billion. The pipeline would travel from Arakan's Kyauk Phyu through central Burma. In return, China will provide the Burmese regime an annual transit fee of \$150 million for 30 years for the pipeline's 990-km stretch in Burma.

PCCL has been secured for completion of construction work on the pipeline within 20 months of signing the contract, according to Indian petro reports. Recently, Than Shwe directed the energy minister, Lun Thi, to award the contract for constructing and laying a dual pipeline to transport oil and gas from Arakan State to China. In March, Korea's Chosun Ilbo paper quoted an official from Seoul's energy ministry as saying that Burma had committed its gas to China, as Beijing had agreed to build pipelines for free.

Last year, China completed the survey for the 2,380 km oil and gas pipelines from Kyauk Phyu to Kunming across central Burma. An estimated 25 percent of the country's 50 million people reside along the Arakan-Kunming pipeline route.

International human rights activists urge that the pipeline will enhance the level of human rights abuses along the pipeline route, just as the Yadana pipeline construction resulted in unprecedented amounts of forced labor, forced relocation, execution, and rape.



An Arakan-Kunming oil pipeline would provide an alternative route to China's crude imports from the Middle East and Africa that would save over 1,800 nautical miles of sailing from the current routing via the pirate-infested Strait of Malacca. Currently, some 80% of China's crude oil imports are transported via the straits. The pipeline will transport 170 billion cubic meters of natural gas from the Middle East to southwest China in the next 30 years.

Vice mayor of southwest China's Chongqing municipality, Huang Qifan, said the China National Petroleum Corp (CNPC) had chosen Chongqing as the destination for the pipeline, noting that the city would build a 10-million-tonne capacity refinery to process imported crude. The facility is due to come on stream in three years.

Analysts observe that the Burmese regime offered its gas to China for support in the United Nations Security Council, where the United States has often been critical of

Myanmar's human rights track record. Observers also note that the stake holders of the two natural gas blocks, India and Korea, are keen to transport the gas to their own countries by pipeline or LNG form.

China National Petroleum Corp, the parent company of PetroChina, recently secured exploration rights for offshore blocks AD-1, AD-6 and AD-8, taking the Chinese tally to six offshore and five onshore blocks in Arakan State. CNPC, says the report, may also bag offshore block AD-2.

The current stakeholders of the A-1 and A-3 blocks are Daewoo International (60%), the state-owned Korean Gas Coporation (10%), and India's ONGC (20%) and GAIL (10%). The consortium has discovered up to 10 trillion cubic feet of natural gas in the A-1 block, while in the block A-3 the reserves would be established after the current appraisal drilling is completed in May this year. ■

# Burma, China, Russia: Oil and Arms

## *China, Russia rejected Burma at UNSC*

Oct, 2006 (SGB)

Burma, ruled by a succession of military juntas for almost five decades in September has drawn international condemnation for its gross human rights violations that include imprisoning hundreds of political opponents, including Nobel peace laureate Aung San Suu Kyi, use of child soldiers, rape, forced labor and production of illegal drugs.

The US led proposal was supported by the US, UK, France, Argentina, Denmark, Greece, Japan, Ghana, Peru, and Slovakia. But two permanent members of the UN Security Council, China and Russia along with Qatar and Congo opposed the motion saying it amounted to unwarranted interference and the situation in Burma does not pose a threat to international security.

The two largest supporters of Burma, China and Russia are major arms suppliers of the Burma regime and have energy interests in the country. Burma's largest trading partner, China, has been the major arms supplier of Burma since 1990s while Russia has started providing weapons in 2000.

### ***China's Arm Supplies***

*Throughout 1990, China sold Burma 100 medium sized tanks, 100 light tanks, 24 dozen fighter planes, 250 armored personnel-carriers, multiple-launch rocket systems, howitzers, anti-aircraft guns, and several military equipments. (Genser, Jared. Testimony to U.S.-China Economic and Security Review Commission. Aug 3, 2006)*

*In 1994, Burma signed another phase of arm deals with value of \$400 million in which Burma received naval vessels and armored vehicles including helicopters, small arms, and artillery.*

*In 2002, China sent Burma 200 military trucks and 5 new warships. From 2002 to 2004, China trained navy officers and conducted joint naval exercises along Burma's southern coast.*

*In 2005, China sold 400 military trucks to Burma, bringing the total sales of 1,500 military trucks. Sources: (Asia Time Feb. 11, 2005. Burma Issue. 2005. Irrawaddy. May 26, 2005. Genser, Jared. Testimony to US china Economic and Security Review Commission. Aug.3, 2006).*



### ***China's Oil Interests***

*Two Chinese companies, The China National Offshore Oil Company (CNOOC) Myanmar Ltd. and China Huanqiu Contracting and Engineering Corporation and Goldern Aaron Pvt.Ltd of Singapore signed a PSC with MOGE for gas and oil exploration rights in the onshore Block M (3,007 square mile) in Kyauk-Phru Township and offshore Block A-4, Arakan State. (Oct 2004, The New Light of Myanmar)*

*Chinese National Corporation (CNPC) and its Hong Kong-based PetroChina signed MoU with the Burmese military regime on December 7, 2005 to build an inland gas pipeline from Arakan A-1 and A-3 block to Yunnan Province. According to the contract, the Arakan gas will be conveyed to Kunming, Yunnan Province for 30 years. (Independent Bangladesh News)*

*China Oilfield Services Limited (COSL) announced, on November 24 2005, that it has signed a drilling contract with Daewoo International Corp. to provide offshore drilling services for Daewoo's Burma gas exploration. (November 24, 2005/ The Shwe Gas Bulletin)*

*China Oilfield Services Limited has secured three new oilfield service contracts for pre-drilling, drilling fluid and cementing operations in M (Onshore) block with CNOOC Myanmar Limited. The total amount of*

the 3 contracts reached RMB40 million (approximately USD 4.95 million). Under these contracts, COSL will provide the captioned well services to 1 to 2 exploration wells in M block to CML in Myanmar. These contracts could be extended for 1 year upon expiration subject to client's request. (January 16, 2006/ The Shwe Gas Bulletin)

The Myanmar Oil and Gas Enterprise of the Ministry of Energy and CNOOC Myanmar Limited of the People's Republic of China signed a production sharing contract on exploration of oil and natural gas at Block No C-1 (Indaw-Yenan Region), and Block No C-2 (Shwebo-Monywa Region) in the inland areas and Block M-2 in Mottama Offshore region in Rangoon. (Jan, 26, 2005/ The New Light of Myanmar)

China's Sinohydro signed an agreement with Burma's military regime and the Electricity Generating Authority of Thailand to build a US\$1 billion dam at Hat Gyi in Karen State. (China Digital Time, September 13, 2006) As of March 2006, there are eleven major on going hydro-power projects, with a total generating capacity of 1734 MW. Contracts were signed for seven projects and all of them were with Chinese enterprises. ( The Institute of Developing Economies, JETRO)

### **Russia Arm Supplies**

In late 2002, the SPDC purchased eight MiG-29B-12 air superiority combat aircraft and two dual-seat MiG-29UB trainers from Russia, at a reported cost of about US \$130 million. (DVB)

Some MIG-29 fighter planes bought from Russia have arrived at Shante Air Base, Meikhtila in central Burma. (DVB, January 2003)

Two MIG-29 fighter jets were purchased from Russia arrived at Mergui Air Force Base in Tenasserim Division. (DVB, March 2003)

The Ministry of Defense and the Ministry of Science and Technology have been sending more than 1,500 technicians for training in Russia since 2001. (DVB)

Burma signed an agreement with Russia in 2002 for assistance in building a research nuclear reactor despite reported safety concerns. (BBC World Service)

212 Burmese soldiers secretly went to Russia on 11 September 2003 to study military science and returned to Mandalay international airport on 6 July 2004 after 10 months of study. (DVB)



### **Russia Oil Interest**

Moscow, Apr 04: Russia and Myanmar in April 2004 agreed to step up cooperation, including in the oil sector, during the highest-ranking visit. (From Bureau Report)

Russia and Myanmar signed agreements on cooperation in the oil sector, the fight against drug trafficking and the protection of secret information. (From MOSCOW April 3, 2006)

JSC Zarubezhneft-Itera Oil and Gas Company of Russia and Sun Group of India signed production sharing contract with Burma's state company on Sep 15, 2006 to explore, drill and extract oil and gas found in the Mottama Offshore Block M-8. At the same day, China, Congo, Qatar and Russia didn't agree to place Burma on the UN Security Council and Tanzania abstained from the vote. (The new light of Myanmar and SGB) ■

# Burma Cashes up on Energy, But Locals in the Dark

April 15, 2007 (AFP)

Military-ruled Burma has recently signed off on a raft of energy deals with its power-hungry neighbours, winning the junta a desperately needed income stream.

But Chinese and Thai dams to be built on Burma's rivers to power their own economies and Asian companies drilling for natural gas off the coast to boost fuel exports are cold comfort for impoverished locals.

Most have been left in the dark as blackouts stretch through most of the day, even as reclusive officials in the new administrative capital Naypyidaw in central Burma enjoy an abundance of energy.

The sprawling capital, once a mountainous backwater and home to government and military offices since last year, boasts 24-hour electricity, amply lit streets with few cars and fairy lights that twinkle around ministry buildings. That contrasts starkly with Yangon, Burma's biggest city, where people and businesses do without electricity for most of the day, and they are hurting.

"Now we average about four hours per day with power in our industrial zone, about a 50 percent decline from eight hours per day in March," a businessman, who spoke on condition of anonymity, told AFP.

"Many factory owners have to rely on generators mostly. The price of diesel is also going up now. But we have no choice," he added.

"We were informed that the electricity distribution department has some technical problems. But we don't know when it will be in a normal condition."

As of September last year, Burma had an installed capacity of 1,775 megawatts. Just one of the dams Thailand is building on the Salween

River has a capacity to produce three times that amount.

"We had good sales in previous months... but they have declined over the last three weeks because of the



daily blackouts," said one electronics shop owner.

Burma's official energy statistics provide some insight though many questions are left unanswered by bureaucrats responsible for administering one of the world's most isolated states.

According to the Myanmar (Burma) Electric Power Enterprise, 40 percent of the electricity generated in 2005 was never sold to consumers or businesses.

While some electricity is normally lost during transmission and distribution, the enormous shortfall has never been explained and electricity officials could not be reached for comment.

In Yangon, the nation's former capital and commercial hub, the power shortage is hammering a moribund economy and for many, the lack of

power also means a lack of water as most pumps are electric.

"We normally get about six hours per day, but we can't do anything since it usually comes on at night," said Htwe Htwe, a 50-year-old Yangon housewife, who complained that the outages prevent her from cooking or cleaning.

"My family has to eat the leftover rice and curry. Our priority is to get water first whenever the power comes back," she said.

"For the last two weeks, we only get three hours a day."

The Southeast Asian nation is under a series of US and European economic sanctions imposed over the junta's rights abuses and the house arrest of 61-year-old democracy icon and Nobel peace laureate Aung San Suu Kyi.

But the impact of the sanctions has been weakened as Burma's neighbours such as China, India and Thailand are spending billions of dollars for a share of its vast energy resources. According to 2006 official figures, 13 foreign oil companies are working on 33 energy projects in Burma but none of the benefits appear to have filtered through to the general population.

Residents are especially chafed over the outages because the government hiked electricity charges 10-fold last year, earning authorities an extra eight million dollars in the first half of the 2006 fiscal year.

For those who can afford it, generators have become a necessity. But soaring demand for fuel has sent prices surging and created further shortages in an already unstable market, petrol dealers said. This has forced frustrated consumers onto the black market where prices are up about seven percent for petrol and diesel — when it is available at all. Otherwise, people continue to buy for

"Many residents come to buy for their generators. But sometimes we have no petrol to sell," one black market dealer said.

# World Wide Protests against the Shwe Gas Project

March 26, 2007 (SGB)

Human rights and environment activists in 15 countries protested against Burma's Shwe Gas Project, demanding that Daewoo and the Government of India stop investment in Burma's gas and stop arms supplies to the Than Shwe regime.

The protesters appeared shouting a slogan of "No More Gun for Gas" in front of South Korean and Indian embassies and Daewoo offices on March 26. The protests were marked as the 4<sup>th</sup> global day of action against the Project. Further actions will be continued concerning human rights abuses and environmental degradation from the oil and gas projects.

Shwe gas activists also claimed that this oil and gas project will provide a boost of 17 billion dollars to the Than Shwe, regime which is committing several rights abuses in the country, instead of benefiting people of Burma.

A consortium led by Daewoo and Indian companies has discovered gas in A-1 and A-3 blocks off Arakan coast. The gas will be sold to the largest bidder through a pipeline or LNG.

Japan, Korea, China, India and Thailand are participating in the bid and the winner will be officially announced in mid or later this year.//



**No Killing  
for  
oil&Gas**

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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).*

# Foreign investment in Myanmar dominated by oil, gas and power

April 27, 2007 (AP)

Foreign investment in Myanmar's oil and gas sector hit a record \$471.5 million in the fiscal year 2006-07, accounting for more than 60 per cent of the total newly released government statistics show.

Oil and gas, together with the power sector, accounted for more than 98 per cent of all foreign investment, said the Ministry of National Planning and Development in its latest statistical survey report, seen Monday. The remainder was in the fisheries sector.

The report said there was no new investment in mining, real estate, hotels, transport or manufacturing, which have attracted foreign investors in the past. Myanmar's financial year begins April 1, and ends March 31.

Myanmar liberalized its investment code in late 1988 and has attracted its largest investments in oil, gas and power.

The largest share - \$240.7 million - of the total investment in the oil and gas sector came from the United Kingdom. Singapore was next with more than \$160 million, the report said.

Russia and South Korea also had large investments in the sector, the report said. It did not give details of



the investments. Companies registered in the listed countries, though, signed production-sharing contracts with the Myanmar government during the period covered.

China, with spending of \$281.2 million, accounted for the entire 36.8-per-cent share of foreign investment represented by the power sector, the report said. ■

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

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 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. ■

### The Arakan Oil Watch

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