Multinational corporations investing in Burma may find more stress than profit as they deal with the Slorc's growing international stigma, activist groups, corruption, red tape, punitive international policies, mismanagement and the government's unpredictability — all which are part of playing politics in Burma.

Information for Action +++ International Campaigns for Peace +++ Grassroots Education and Organizing
THE HIDDEN COST OF INVESTMENT: PLAYING POLITICS

To the multinational corporation, joint ventures and international partnerships provide valuable access to foreign markets, and in all but the rarest cases, such collaborations involve comprehensive dialogue, negotiation and planning. A successful joint venture relies on building a relationship with the right business partner. Likewise, partnerships have folded because one company could not meet the needs of the other, either in terms of physical capability or corporate protocol. For some companies, entering Burma has involved navigating through the sensitive area of international politics and the complexities of internal relationships.

by C.E.K.

International Politics

Unlike their Asian counterparts, many western corporations have been directly confronted by the SLORC’s stigma of repression and human rights violations. When entering Burma, companies such as Columbia Sportswear and Heineken probably did not predict that their investments would generate consumer outrage and boycotts. Even companies such as Total and Unocal, whose products do not cater to “socially active” segments of society, have been targeted by activists, and boycotts have resulted.

In the United States, activists successfully lobbied the state of Massachusetts to pass a selective buying law that prohibited the state government from supporting corporations with ties to Burma when alternatives were available. Such laws have the potential to reduce some of the financial gains created by investing in Burma. They also consume the time and energy of a corporation’s public relations department, reducing overall effectiveness.

Beyond the activist’s threat of boycott, corporations should be aware of the potential for punitive international policies. For example, the United States has not given Burma the trade preferences that it grants to imports from other lower-income countries. As a result, goods can be produced at a low cost, but face higher tariffs when imported into the US. Recently the EU has discussed removing Burma from its list of Generalized System of Preferences (GSP) and imposing sanctions against Burma while the US Congress has given their president permission to impose sanctions if repression worsens in Burma.

Corporations have already spent considerable funds lobbying against sanctions — sanctions that could nullify the benefits of investment in Burma.

Internal Relationships

As of March 1995 only 30% of foreign investors had found partners within the private sector in Burma — all other joint ventures involved the government. Why have few businesses chosen to operate within the private sector? Before 1988 the state controlled all industries within Burma. Since 1988 the government has retained a monopoly on all major industries (ex. rice, teak, minerals) barring tourism on which the government has only a heavy influence. In most cases, Burma’s economic structure has not privatized enough to sustain a private sector with which to form partnerships. Private enterprises have been crowded out and have difficulty obtaining export licences. In fact, private investment as a share of the GDP has declined since 1990.

Because the state dominates the vast majority of Burma’s economic structure, many businesses feel they must partner with the state in order to achieve a decent level of efficiency. Burmese banks loan more than 80% of their funds to state enterprises — a practice that crowds private borrowers out — and the state obtains the best access to utilities and government permits. Without government connections, even the most organized and efficient business cannot cut through the layers of red tape and compete against lower quality companies that have special preferences.

Declining government wages and an uneven distribution of economic growth have exacerbated corruption. In order to make a decent wage, many government servants have developed strategies, usually red tape in one form or another, to persuade corporations to give them a bribe. The necessary act of bribing raises costs and creates the expectation for future bribes, thus propagating more corruption.

In the areas of influence and preferences, doing business with the SLORC makes sense, but what about the realm of economics? The relatively young SLORC has greatly increased external debt, arrears and losses in financial assistance from international financing institutions. By the end of the 1995 financial year, Burma’s deficit had grown to more than 6% of the GDP while defence spending consumed more than 45% of the national budget. As a shortsighted remedy, the SLORC printed more money which simultaneously increased Burma’s foreign debt and destroyed Burma’s middle class. The SLORC’s economic policy has included personal interests and mismanagement with an overall negative effect on the country.

Corporations should also consider the state’s commitment to ethical business dealings and overall trustworthiness. Currently the SLORC has a great interest in obtaining foreign investments and will offer promising opportunities to potential investors. However, the SLORC also has a track record of opaque operations and broken promises. For instance, the SLORC’s practice of withholding information such as national statistics may frustrate businesses that value an open exchange of information, and last year, the SLORC signed a ceasefire with the Karenni ethnic group only later to continued on page 3
COASTAL COMMAND AREA

In mid-1996 the Burmese military created a new division called the Coastal Command Area. Its command headquarters is in the Tenasserim Division which comprises the Mergui-Tavoy district of the Karen National Union (KNU).

Commander of the Coastal Command Area is Brigadier General Thiha Thura Sit Maung. Sit Maung has received high military awards while leading military campaigns against the Shan communists in 1977 and for the recent occupation of Three Pagodas Pass. He was educated at Rangoon University and is considered a very brave, cunning, and talented soldier.

According to local sources, Slorc created this new regional command headquarters:

- To divide the armed revolution forces.
- To build up military power in order to tightly control the local population.
- To develop Tenasserim division as an economic region.
- To make a preliminary operation so that all resistance will be countered for the smooth completion of the Ye-Tavoy railway and gas pipeline construction during the coming dry season.
- To completely stabilize the military’s power in the region.

Sit Maung has developed a harsh strategy to end ethnic self-determination movements in the Tenasserim area. On June 6 of this year, he called together the village headmen of The Yet Chaung Township, and outlined this strategy in some detail. The major tactics he announced were:

- If the insurgents fire a gun in any of the villages, this village is to be relocated within 7 days.
- If the insurgent groups attack inside Slorc territory, all the villages that the insurgent groups came through will have to move.
- If any Slorc soldiers die during the fighting, the village that is nearest the fighting, will have to pay compensation amounting to 50,000 kyats for each dead body.
- If the insurgents take military equipment or food, the nearest village will have to pay the full cost.
- If any Slorc arms are lost, the nearest village will have to pay compensation amounting to 15,000 kyat.
- The village where any battle takes place will be burnt down and any insurgent supporters exposed.
- Although the jungle hides the rebel groups, their soldiers can be seen. If they are invisible, people are hiding them, so the people who support them must be exposed and cleared out.

This is evidence of Slorc’s new “Cut and Clear” policy (see Burma Issues September, 1996).

Source:
Mergui/Tavoy District Report 961002

continued from page 2

launch a major campaign against the Karenni peoples. On the international level, the Slorc has been pushing the limits of acceptable behaviour, making sure to issue pacifying statements on a periodic basis to diffuse criticisms. As criticism subsides, repression escalates until the international community again pressures the Slorc to promise more changes.

To call investing with the Slorc risky while dismissing private investments as totally stable would be unfair. However, if a democratic government comes to power and privatises major industries, Slorc-based partnerships will undergo excessive strain as certain privileges will be lost -- privileges many corporations have grown to rely on. Before investing with the Slorc, one must access the stability of a self-imposed government that the majority of the population opposes.

Conclusions

The country of Burma has great potential for foreign investment; however, the decision to enter Burma presently involves more risks than should be necessary. Multinational corporations investing in Burma may find more stress than profit as they deal with the Slorc’s growing international stigma, activist groups, corruption, red tape, punitive international policies, mismanagement and the government’s unpredictability -- all which are part of playing politics in Burma.

Sources:
BP 960830
Far Eastern Economic Review 960815

October, 1996
LAND RIGHTS

WHOSE LAND?

For the indigenous peoples in Asia, their current situation is one of persistent crisis as they continue to fall victim to colonial, neo-colonial and national vehicles for oppression. The struggles of the indigenous peoples, therefore, is for self-determination. It is a struggle to retain and to re-establish their sovereignty over a territorial base and to maintain a social order that they themselves determine. (Towards Self-Determination, AIPP August 1988)

by N. Chan

During the past two months American oil giant, Unocal, has been confronted with two separate lawsuits relating to its gas project in Burma. On September 3, the law firm of Cristobal Bonifaz filed a lawsuit in a California federal court against Unocal on behalf of the democratically elected government in exile of Burma (NCGUB). The lawsuit charges Unocal with "wide-scale human rights violations in its joint venture with the current military regime," and seeks a court order halting Unocal's role in producing natural gas and constructing a gigantic pipeline into Thailand, a deal worth an estimated US$1.2 trillion.

A month later the California-based law firm of Hadsell & Stromer, Inc. filed a class action lawsuit against Unocal on behalf of victims of the pipeline project. This lawsuit also names the military regime of Burma (Slorc), their French joint partner Total, and the executives of Unocal with "legal responsibility for violations of international human rights prohibitions against forced labor and crimes against humanity, torture, including rape, and unlawful conspiracy."

Unocal representatives have always maintained that absolutely no human rights abuses, including forced labour, are allowed along the route of their gas pipeline. Providing evidence to the contrary has proven difficult since no independent human rights observers have been allowed to accompany Unocal or Total into the area. At the same time, neither company has felt it necessary to visit refugees along the Thai/Burma border to seek out possible victims of alleged abuses and hear firsthand accounts of how the pipeline project has destroyed their communities and lives.

While Unocal and Total might argue their innocence based on their inability, or perhaps unwillingness, to see the terrible abuses going on around them, there is one other issue which they have failed to make even a weak rejoinder to. That is the issue of indigenous land rights. The pipeline they are building goes through land which has traditionally been the home of Karen and Mon indigenous people. Never have Unocal or Total attempted to talk to these indigenous folk to find out their feelings about the construction project. Supposedly it is difficult for them to do so since they have signed a contract with the military regime of Burma which has threatened, on many occasions, to "eradicate" these minority groups, and has placed a gag order over Unocal and Total, prohibiting them from having any contact with insurgent groups. What Total and Unocal officials have refused to recognize is that the great majority of the Karen and Mon people who have fled the pipeline area to seek refuge along the Thai/Burma border are simple peasants, not members of any insurgent group.

In a 1988 report entitled Indigenous Peoples in Asia: Towards Self-Determination, the Asian Indigenous Peoples' Pact (AIPP) highlighted the issue of indigenous land rights as one of the most important problems to be addressed in order to seek justice and the survival of the regions indigenous peoples. "Today, the indigenous peoples are, without exception, the most depressed sector in the nation-states in which they now find themselves a part of. They are largely landless, deprived of dignity, and discriminated against. Much, if not all, of their present predicament can be traced to their past dealings with invading and colonizing non-indigenous peoples, or to the present oppression by national governments and big business interest." Colonialism remains alive and well in our world today, but now it is carried out in a very different form. National governments, working hand in hand with multinational businesses, force their way onto lands traditionally occupied and used by the indigenous people, finally depriving these people not only of their livelihood, but also of their cultural roots, their communities, and possibly their very existence. Total and Unocal have aligned themselves with an illegal military regime to carry out just such a strategy, and this should not go unchallenged. (In fact, Unocal has been challenged on this point in Canada where it has built a sour gas processing plant on Lubicon Cree lands. That court case still remains unresolved. For details see Burma Issues, November 1995)

Unfortunately, there may not be any international law with which to challenge Unocal and Total on this point. In 1985 a United Nations committee drew up a declaration on indigenous people's rights, but it is still in draft form and has yet to be submitted to the United Nations General Assembly for proclamation. In part, the draft provides for "preservation and development of ethnic and cultural characteristics and distinct identities; protection against genocide and ethnocide; rights related to religious, languages and educational institutions; ownership, possession or use of indigenous lands and natural resources; maintenance of traditional economic structures, etc." (author's highlights) continued on page 5
PROTECTION OF THE PROTECTORS

Between August 4th and 29th, Burma army troops commenced activities in the Kyun Doe township area of Karen state. Small offensives of this kind continue throughout the civil war zone despite intentions on both sides to pursue ceasefire talks. The account documented here implies a serious violation of the protection of medical facilities and personnel as outlined by Articles 10 and 11 found in Protocol II of the Geneva Conventions.

According to village leaders, on 4 August Store's LIB nos. 230 and 231, led by Major Aung Khaing and That Oo, attacked Kyun Doe township. On 8 August, they arrived in Eu Eu Khee Village. There, they detained most of the villagers, including women, children and elderly persons. They told the villagers to point out the hospital which was built by KNU and supported by the French aid organization AMI. The soldiers threatened that if the villagers did not take them to the hospital, they would kill them all. Not only did they threaten the people, but they beat the women and children. Finally, a ten year old boy led them to the hospital where the soldiers took all the medicines and equipment. Now, the villagers are afraid of the army and if they hear that they are approaching will flee into the deep jungle.

On 8 August, LIB 230 and 231 arrested villagers in Eu Eu Khee including two girls, Naing Naing Win (age 15) and Mu Pawn (age 18). They found Naing Naing Win's name in a register in the hospital listing the names of all the medics, but Mu Pawn was not a medic but just a friend of hers. The girls were beaten on the way to the column headquarters at Kan-Ni. The next day they were sent to the Intelligence Battalion No. 25's office in Kawkareik town. The girls were told that as KNU medics they could be killed, but that the Slorc would not kill them if they quit their jobs and stopped working with KNU in the future. If arrested again, however, they were told that they would be killed. The Slorc arranged to release them in exchange for the release of Paw Lar Pawn from Hpa Kya Village, whom the KNU had arrested as a Slorc military intelligence agent.

On 13 August, Kan-Ni and Kaw Lun village leaders guaranteed their release and paid 10,000 kyats, including 3,500 kyats for a new uniform for That Oo. Later information adds that by September 1 they were to meet and go to LIB 231 camp at Thi Ho Tun. No further information has been obtained on their status.

Source:
"Slorc Troop Activities in Kyun Doe Township", by Saw N.N. 960926

Should this charter finally be accepted by the General Assembly, projects such as the gas pipeline which passes through indigenous land would have to come under much more careful scrutiny before being allowed to go on. In the meantime, it is crucial that the international community raise this point with companies such as Unocal and Total, and demand that they state publicly what their position is on the use of indigenous lands to which their projects are associated. This is not just an economic issue, it is a human rights issue because the survival of indigenous peoples is often very closely linked with their ancestral lands. To deprive them of this land is to finally deprive them of life itself.

Sources:
Indigenous Peoples in Asia: Towards Self-Determination, AIPP, August 1988

Human Rights: The Rights of Indigenous Peoples, Fact Sheet No. 9, United Nations

Press Releases
TOURISM IN PERSPECTIVE

Next month the military regime of Burma will officially launch Visit Myanmar Year 1996. Probably few people around the world are aware of this new tourist destination despite strenuous efforts on the part of the military regime to advertise it. Strangely, the bulk of this advertising campaign has been aimed at the Burmese people themselves rather than at the international community. Perhaps the military needs something, even a false hope, to divert the people’s attention away from the economic woes they have to face every day. Whether this is the case or not, it seems likely that Visit Myanmar Year 1996 will not prove to be much of a success.

Following are a few issues concerning tourism in Burma which have surfaced during the past few months.

Gambling

Thai officials are concerned that the construction of two casinos in the Golden Triangle area of Burma will result in increased drug and weapon smuggling, money laundering, and gang activity while reducing the nearby villages to slum towns. Thai and foreign businessmen have invested in one of the casinos while Zamsuen, the son of Burma’s most famous drug lord, Khun Sa, has funded the second casino. Reports indicate that the Burmese military gave Zamsuen the land for his casino.

The casinos expect to be open within one year, and the checkpoint on the Thai side at Ban Wang Lao in Chiang Saen district has been reopened to facilitate transportation of construction materials. A steel bridge has been built across the Ruak River; security risks in the area are high; and soldiers have been stationed at the checkpoint because the new border crossing may increase drug trafficking in the area.

Economic or Moral Issue

A debate is presently going on among international organizations as to whether the Visit Myanmar Year should be boycotted or not. Much of this debate centers around the economics of tourism. Those supporting the boycott say that money earned from tourism will not benefit the common people, but will rather be used to beef up the strength of Burma’s growing military. This will lead to more suppression of the democratic movement in the country.

Others, however, say that economic benefits do reach the people, and that a tourism boycott will only bring more economic hardships to people already suffering so much. Some of these advocates claim to have visited many parts of Burma and found no Burmese who agreed with the call for a boycott.

Cruising

One of the biggest tour companies currently operating in Burma is Orient Express Ltd, which has already earned approximately US$2.5 million in advance bookings for cruises on their luxury liner, the "Road to Mandalay". James Sherwood, President of Orient Express, has stated on camera that he considers that the Orient Express is not benefiting from the use of forced labour as he has not personally witnessed it occurring during any of his visits to Burma. This form of assurance is inadequate, either for a reputable company or for the general public.

You are asked to write letters expressing concern that Orient Express is benefiting from the use of forced labour to: Mick Varian, Chief Executive, Venice Simplon Orient Express Ltd., Sea Containers House, 20 Upper Ground, London SE1 9PF England. (Anti-Slavery Reporter, 960700)

The Alternative Guide

Burma Action Group (BAG) in the United Kingdom has produced an alternative travel guide to Burma. This book provides background information on the political, development, and ethnic issues which all potential tourists to Burma should study carefully before making their final vacation plans. The book has also been translated into Burmese, Thai, and Japanese.
REGIONAL SELECTIVE PURCHASING LAWS

"One law passed by one state will not end the suffering and oppression of the people of Burma, but it is my hope that other states and Congress will follow our example, and make a stand for the cause of freedom and democracy around the world." — Massachusetts Governor William Weld

"Apple has suspended business dealings in Burma to comply with the Massachusetts legislation." — Apple spokeswoman, Nancy Keith Kelly

by C.E.K.

The popular idiom 'think globally, act locally' can be frustrating when local efforts do not seem to produce significant results; conversely, the success of a grassroots movement in one region will inspire similar movements around the world. On October fourth, Apple Computer announced it would withdraw from Burma to comply with a selective purchasing law drafted by the US state of Massachusetts. While Apple had a relatively small investment in Burma, the decision to divest represents a breakthrough for local-level grassroots movements.

In the US, Burma activists have learned from the effectiveness of selective purchasing legislations drafted in the 1980s to oppose the practice of apartheid in South Africa. Localities, disgusted with apartheid and a lack of movement on the national level, began to enact selective purchasing policies on the city, county, and state levels. The first localities to adopt selective purchasing legislations established legal precedents that influenced similar localities, and the passage of local-level policies raised awareness of the situation in South Africa which helped build momentum for a national movement.

According to Simon Billenness of Franklin Research, selective purchasing policies represent the "most powerful tactic" used by Burma activists. Concerned college and university students moved from urging general boycotts of businesses with ties to Burma to tackling the way in which their tuition dollars were spent by academic administrations. High-profile, campus-based selective purchasing campaigns proved successful at Harvard University and soon spread to other universities and colleges. As Burma awareness spread, small, liberal communities, such as Ann Arbor, Michigan, began to pressure for similar legislation. Larger communities joined the effort and selective purchasing policies have been enacted in the state of Massachusetts and seven cities, including San Francisco and Oakland, California. While the earlier, university-level campaigns affected several million dollars, Billenness thinks that by the end of 1997 selective purchasing laws will prohibit Burma-engaged businesses from bidding on contracts worth several billions of dollars.

Several billions of dollars represents a substantial purchasing power. For example, the Massachusetts selective purchasing law, stated by Apple Computer as the reason for its divestment, affects only 40 million dollars. In the case of Apple: To establish uniformity in applications and avoid conflicts from differing technologies, Khin Nyunt, Chairman of Myanamar Education Committee and Secretary of the Slorc, established Apple computers as the sole educational standard for Burma, and last December the Slorc purchased 3000 Apple computers. Yet Apple computer decided to cease its business in Burma, where Apple had a monopoly on the educational computer market, to preserve a fraction of its domestic sales.

Campaigns for local-level selective purchasing policies have an interesting advantage over national-level efforts -- local-level legislations can usually be passed more rapidly, with less opposition. Typically city and state governments will listen more to the concerns of a group of activists and have less bureaucracy than national governments. The large multinational corporations have intense lobbyists at the national level who will try to defeat or water-down a selective purchasing policy. On the city and state levels, large corporations have not bothered to fight selective purchasing policies because it would not be economically advantageous to lobby against numerous proposals that, when considered individually, affect a relatively small amount of funds.

Selective purchasing policies, even on the local level, are beginning to apply a significant amount of pressure on multinational corporations that retain interests in Burma. And beyond their punitive effects, grassroots initiated selective purchasing policies have helped spread awareness about Burma and fueled international pressure for reform. Thinking globally and acting locally has had international ramifications.

Sources:
- Apple Computer Press Release 961004
- BP 960421 960425 961006
- Commonwealth of Mass. Executive Department Press Release 960625
- Investing For A Better World 960415
- NLM 951210
- The Boston Globe 960626

October, 1996
NEWS ITEMS OF THE MONTH

On Sept. 27, armed riot police sealed off University Ave. leading to ASSK’s house and prevented an eighth anniversary NLD congress from taking place there. The Slorc’s international image was beginning to improve, but the recent actions brought complaints from many countries. FER961010

As offices in Rangoon were ordered to remove NLD signboards and the owners told that the NLD will be declared illegal, the blockade to University Ave. was removed. ASSK told a crowd of reporters that her weekend meetings would resume as long as the people want them and are free to come. TN961009

According to Abdullah Badawi, Malaysia’s foreign minister, ASEAN is concerned about Burma’s crackdown on the NLD and will discuss the issue of admitting Burma into the regional grouping. However, Badawi mentioned that the discussion of Burma didn’t necessarily mean that the group was going to review its constructive engagement policy. Philippines president Fidel Ramos earlier said that ASEAN might review its constructive engagement policy. TN961004

Prof. Plamsak Menasveta, a marine scientist at Chulalongkorn University, carried out a survey of marine fish on Unocal’s behalf. He found that 3 out of 4 fish examined at Unocal’s Erawan platform have unnaturally high concentrations of mercury and nearly 12% have levels above the standard for human consumption. TN961009

All three Slorc-run newspapers in BU carried commentaries that said, "In the not too distant future she [ASSK] will be accused as a political criminal... because her decisions and wrong deeds have led to many events which can not be redeemed politically.” The articles also discredited ASSK by claiming that she wasn’t aware of the prevailing situation in BU and doesn’t have the experience necessary to run the country. TN 960926

Burma’s military government has made owning, using, importing, or borrowing a modem or fax machine without government permission a crime punishable by up to 15 years in prison. The Slorc has imposed "The Computer Science Development Law" which empowers the Ministry of Communications, Posts, and Telegraphs to specify what can be restricted. TN 961001

Burma’s failure to pay its crude oil debt (estimated at US$30 million) to Mitsui has forced the country to rely on its own reserves which are running low. As a result, petrol prices in Rangoon rose from 50 Kyat to 110 Kyat per gallon in Sept. and the price increases were greater outside Rangoon. Slorc officials tried to defuse the public concern by blaming the price rises on rumours created by people who are trying to take advantage of the country’s political and economic position. FER 961003