



The

# Shwe Gas

Bulletin

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## Rights Groups Call for China to Halt Construction of Pipeline in Burma



Burmese nationals in Japan call for China to stop oil and gas pipeline projects in Burma during the global day of action on Oct 28, 2009

By Ron Corben (Oct 28, 2009)

Human-rights groups are calling on China's government to halt its investment in a multi-million-dollar gas project in Burma over fears of human-rights abuses and unrest. The group presented an open letter to China's President Hu Jintao in a petition at Chinese embassies in Asia, Australia and Europe.

More than 100 civic groups and political parties across 20 countries joined the petition Wednesday, asking China to halt a 980-kilometer pipeline in Burma. The Shwe gas pipeline project runs from Burma's Arakan state to China's Yunnan province.

Petition letters written by the Shwe Gas Movement were presented to Chinese embassies in Thailand, India, Japan, South Korea, the Philippines, Malaysia, as well as in Australia and some European countries.

"We are not anti-Chinese, Western, whatever, but this [petition] is right because any investment in Burma is not beneficial to the local people," said Wong Aung, a spokesman for the Shwe Gas Movement. "We are concerned about the human rights and the environment as well."

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## Editorial

# China must halt oil and gas pipeline projects in Burma

*With confiscation of indigenous peoples' rice fields without any compensation, at the end of October China National Petroleum Corporation (CNPC) started its more than US\$ 2 billion oil and gas pipelines project on Maday Island in Kyauk Phyu Township of western Burma.*

*Indigenous people now fear that their entire villages will be forcibly relocated as well without any compensation when the entire pipeline-related infrastructure projects will be implemented.*

*As a part of these oil and gas pipeline projects, construction has started on what will be one of the world's largest crude oil ports started on Maday Island. The isolated island lies in an inlet between the Ramree Island and the Arakan mainland, surrounded by pristine mangrove forests, is located at about 400 km from the capital Rangoon and can only be reached by boat. Over 800 households are presently living on the island and these indigenous people surviving on farming and fishing.*

*In addition to the port, the island will house planned crude oil refineries, storage tank farms, ship repair facilities and eventually petrochemical industries.*

*The inland oil pipeline will start from Maday Island and will cross central Burma and Shan State to China's Kunming city in Yunnan province. This pipeline will allow about 80% of China's import oil from the Middle East and Africa bypassing the Strait of Malacca and save them seven days of shipping time.*

*Parallel to the oil pipeline, the Chinese corporation is together with the Indo-Korean Shwe consortium led by Daewoo International also building a gas pipeline to transfer Arakan's Shwe Gas, the largest natural gas field in Burma, to Nanning in south-western China.*

*These multibillion dollar projects will provide China with energy, shipping security and development of landlocked Yunnan province while Burma's military regime will earn US\$ 80 million annually once the project has started in 2012 or 2013.*

*However, these million-dollar revenues are not expected to develop Burma's economy and the living standards of Burmese people. On the contrary; revenue is set to fuel the military regime's human right abuses and financially benefit individual generals in Burma.*

*While over 90 percent of Burma's 50 million inhabitants are currently living of less than US\$ 65*

*cent per day, according to the UN, the regime is lavishly spending the national budget on building a new capital, underground tunnels and even nuclear reactors. It reportedly squandered millions of dollars from the export of gas from the Yadana pipeline to Thailand on buying weapons and military equipments from Russia, China and other countries, with military expenditure reaching 40% of the national budget.*

*The environmental organisation, EarthRights International, recently accused general Than Shwe's regime of depositing over US\$ 5 billion of gas export money in personal accounts in two Singaporean Banks. The regime, infamous for being the third most corrupt regime in the world, has never disclosed the exact revenue income from gas exports or how they are using the revenues for the country's development.*

*While Burma's military regime is exporting its gas to Thailand and China, there is no electricity in Burma itself. The capital Rangoon does not even have 10 hours electricity per day and over 60 percent of rural people completely lack electricity. Arakan State, the source of the Shwe gas fields is not even connected to the national electricity grid and depend on diesel generators to fuel the main cities for up to three hours per day.*

*The Chinese Government, CNPC and other stake holders must be held accountable as they partner one of the world's most corrupt military regime and violator of human rights. These human rights abuses have been occurring since the initiation of the project and there are serious concerns for the local residents' security and livelihoods along the 990 km pipeline route.*

*No efforts appear to have been made to obtain free and prior informed consent from affected people. To avoid human rights abuses and environmental damages, CNPC must facilitate and publish the findings of independent Environmental Impact Assessments (EIA), Social Impact Assessments (SIA) and Human Rights Impact Assessments (HRIA). CNPC must also protect local peoples' rights and livelihoods under international standards. If they cannot follow these standards in Burma, CNPC and other involved stakeholders must suspend the oil and gas pipeline projects. ■*

# CNPC starts China-Burma Oil pipeline construction with abuses

Nov 22, 2009 (SGB)

Indigenous people have lost approximately 50 acres of rice fields to the China National Petroleum Corporation (CNPC) since the initiation of the oil pipeline construction in Kyauk Phyu Township of Madaya Island in western Burma's Arakan state, say local villagers.

A local from Madaya Island said that the rice fields, which were ready for harvesting in the coming two or three months, were confiscated by the local authorities without any compensation. Some households that were located in the seaport project area were also forcibly relocated without any compensation.

A huge seaport as a facility for the China-Burma Oil pipeline project is being built by CNPC since October this year at Madaya Island.

The crude oil port will be used as a transit point for 80 percent of China's oil import from the Middle East and Africa. This route will allow China to avoid the Strait of Malacca by transferring crude oil through a 771-km inland pipeline which will connect Arakan State to China's Kunming across central Burma. The new port will be able to receive

vessels of up to 300,000 deadweight tonnage (dwt) and will have storage capacity of 600,000 cubic metres.

Initially, the pipeline will carry 12 million tons of crude oil per year. Ultimately, it will be able to carry 22 million tons per year. The completion of the pipeline construction is planned in 2012-2013, according to official sources. In addition, CNPC is conducting a feasibility study for the construction of a refinery with a processing capacity exceeding 10 million tons a year in Kunming.

Besides the oil pipeline project, CNPC has also secured rights to build a gas pipeline alongside with the oil pipeline. The gas pipeline will transfer Burma's Shwe gas from Arakan to China's Yunnan province carrying 12 billion cubic metres annually, starting from 2012-2013.

The Shwe Gas Movement calls for a stop or suspension of the oil and gas pipelines projects, fearing that the pipelines projects will result in human rights abuses while the Burmese military is involved in the protection of the project. Revenues from this project will only further boost the pockets of military generals rather than benefiting the people of Burma. ■



## Hyundai Heavy to build US\$ 1.4 billion Shwe Gas Plant in Burma

Nov 2, 2009 (SGB)

South Korea's Hyundai Heavy Industries (HHI) is planning to build a 40,000-ton class Shwe offshore gas platform, a subsea production system, subsea pipelines, an onshore gas terminal, a jetty and a supply base, according to the company.

Early November, HHI received a US\$1.4 billion order for SHWE Project in Burma from Daewoo International Corporation, operator of the Shwe project which was discovered in early 2004. Daewoo International and HHI will sign the official contract mid December 2009 with Myanmar's approval, the company's statement said.

HHI will serve the entire project on a turnkey basis including engineering, procurement, construction, installation and commission. The gas platform will produce 500

million cubic feet of gas per day after the project completion, which is expected in March 2013, the statement said.

The SHWE Project is preparing for the development of Block A-1 and Block A-3 at the Bay of Bengal, 70km west of Burma. It will install a huge gas production and processing platform to produce gas, transport the gas to Ramree Island through subsea pipeline and export the gas to China through an onshore gas terminal.

The onshore gas pipeline from Ramree Island to China's Kunming is expected to start this year. The main Shwe Gas buyer, China National Petroleum Corp (CNPC) holds 50.9 percent stakes in the pipeline project. Other stake holders are Burma's MOGE (7.37 percent), Daewoo (25.04 percent), KOGAS (4.17 percent), ONGC (8.35 percent) and GAIL (4.17 percent). ■

# Why Dealing with Burma Is a Very Bad Idea

By Sharan Burrow (Oct 1, 2009)

*Working in Burma may support a murderous regime, but some Australian companies still think it makes good business sense. They're very wrong, writes Sharan Burrow*

It is time that Australian businesses operating in Burma took a hard look at themselves.

Australian investors are helping to prop up a military dictatorship that has one of the worst human and labour rights records in the world. Undaunted by international revulsion at its brutal crackdown on the peaceful "Saffron Revolution" movement two years ago, Burma's military continues to repress the kinds of everyday activities that you and I take for granted. Only last week, monks and students issued a statement calling for international help, and for an end to the state-sanctioned use of violence against ethnic minorities.

Burma is an international pariah state which tolerates no dissent, represses its people and wields absolute power in the face of international condemnation and sanctions.

The country is notorious for its massive and systematic violations of human and workers' rights. There are numerous reports of the widespread use of forced and compulsory labour, with infrastructure projects linked to foreign investments also involved in this abhorrent practice.

Unfortunately the world can sometimes demonstrate a short attention span when it comes to longstanding human rights abusers, and the tendency to turn a blind eye is evident among those representing powerful business in countries outside Burma — which, sadly, includes Australian businesses.

But make no mistake: companies that do business in Burma are helping to fund the military dictatorship's long-term financial viability and its systematic human rights violations. Despite the international outrage and calls for sanctions that followed the crackdown, for some businesses, the resource-rich country with its vast reserves of natural gas, teak, gems and metals is still seen as a lucrative investment option.

Oil and gas brings the military dictatorship billions of dollars worth of income each year.

Human rights advocate Burma Campaign Australia has calculated that the Burmese Government could earn US\$2.5 billion through royalties, income tax and an equity stake in a joint venture project with one Australian company alone — Twinza Oil.

By itself, this contract with an Australian company promises the Burmese junta enough money to run roughly one quarter of its military — the world's 12th-largest — for a decade. Twinza Oil, a company associated with Western Australia's wealthy Clough family, signed a Production Sharing and Exploration Contract with the military-owned Myanmar Oil and Gas Enterprise (MOGE) in November 2006.

Other Australian companies with business interests in Burma include Andaman Teak Supplies Pty Ltd, Chevron, Gecko's Adventure, Jetstar Asia, Lonely Planet, Millers, and Sri Asia Tourism. This week Australian unions and

churches will write to each of these companies, urging them to wake up to the ongoing atrocities in Burma and withdraw all business interests.

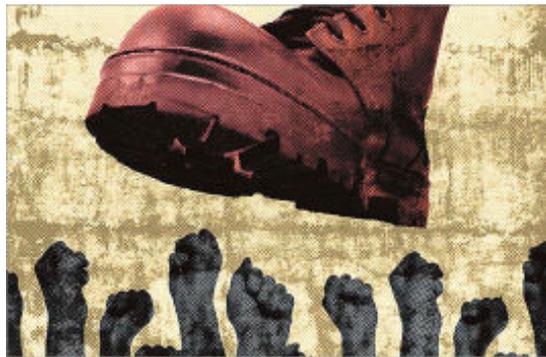
Some well-known Australian companies have already recognised that dealing with Burma is not best business practice, and have voluntarily withdrawn from investing in or sourcing from the country. They include QBE Insurance, Woolworths, and Downer EDI.

Apart from the moral reasons, there are also financial, reputational and investor risks for any company operating in Burma.

Key sectors of Burma's economy are controlled either directly or indirectly by the military regime and people connected to the regime. Corruption and economic mismanagement are widespread, and the country is at the center of the illicit drug trade, and is widely regarded as the world's second-largest opium producer.

Foreign companies that ignore these problems fail to meet international accounting standards as they are not able to ensure that financial transactions are carried out in a transparent and accountable manner.

Financial and investment risks are compounded by a lack of the rule of law in Burma. Companies that do business there run a heightened risk of having their assets taken away without compensation as a result of a deficient and unpredictable investment regulatory framework, irregular law enforcement and endemic corruption. The assets of any company doing business in Burma could be seized or



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# Army continues forced labour along gas pipeline in Burma's Mon State

November 17, 2009

HURFOM, Thanbyuzayat: Many villages in southern Thanbyuzayat Township, Mon State, who are located along the Kanbauk Myaing Kalay gas pipeline, have once again been ordered to perform pipeline maintenance by the Burmese Army battalions in exchange of the project's security.

According to HURFOM's field reporter, on the 13th of November of this year roughly 70 villagers, from 4 different villages located along the pipeline in Thanbyuzayat Township, were ordered to commence working along the pipeline. The villagers have been charged with building fences for the pipeline and reburying areas of pipeline that had become exposed by heavy downpours during the recently-ended rainy season.

U Tar\*, a 50 year-old Karen resident of Waekhami village, told HURFOM's field reporter that the headman of his village received the orders from gas pipeline security battalions Infantry Battalion (IB) No 62, and Artillery Regiment No.315, to take responsibility for pipeline maintenance. In Waekhami village, every household has been ordered to provide one individual for pipeline labor. Each worker has



Kanbauk Myaing Kalay gas pipeline

also been commanded to supply his own materials for covering and fencing the pipeline, such as bamboo and coconut branches. Missing a day of pipeline labor results in a 3,000 kyat fine.

“We villagers have had to take responsibility for these kind of activities every single year [after rainy season ends] since the gas pipeline arrived [in 2001]. Even though we are busy on our farms we have to work on it [the pipe-

line] first,” said U Tar.

According to Mi Aye Kyi\*, a Waeyet villager, both men and women from her village are being forced to work on the gas pipeline; many must bring their small children with them to the pipeline, since failure to arrive for a day of work means paying a fine of 3,000 kyat to Sergeant Sa Yar Kyi, from the Thanbyuzayat-based IB No. 62.

“Villagers in Waeyet have to work on the pipeline nearly every single month. Even though we pay for security, 2,000 kyat a month, every month we still have to work on it. This gas pipeline is a kind of hell for the villagers. Since it arrived [in 1995] it not only fails to benefit them, it also harms them,” complained a second Waryet resident. ■

\*Name changed by editor.

*Continued from page 4-*

the company could be forced by the military regime to leave the country.

Such companies also face a financial risk arising from litigation or sanction-busting. For example, the US Office of Foreign Assets Control (OFAC) closely monitors Burma's financial transactions, along with those of other countries it maintains sanctions against. And it uses these powers — recently, the OFAC fined ANZ Bank US\$5.75 million for money transfers and finance transactions with Sudan and Cuba.

Those Australian companies doing business in Burma, and their stakeholders, need to face up to their part in Burma's plight. Unconditional investment in Burma reduces any incentive for the regime to implement urgently needed reforms. The people who benefit from these business dealings are the military junta, not the 90 per cent of the population that the UN estimates is subsisting on less than 65 US cents a day.

The US, Canada and the EU have longstanding and broad trade and investment sanctions against Burma, but Australia maintains only targeted financial sanctions against members of the regime.

In a situation like this, how can the companies that stay in Burma expect their reputations to remain untarnished, and their business unaffected, when the money and expertise they bring offers a lifeline to an internationally reviled military regime? ■

*Sharan Burrow is President of the Australian Council of Trade Unions and of the International Trade Union Confederation. ITUC represents 168 million workers in 153 countries and territories and has 304 national affiliates.*

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The gas field lies off the coast of Arakan State. State-owned China National Petroleum Corporation holds a majority stake in the project to develop the field. South Korea's Daewoo International is also an investor in the project.

The pipeline will transfer oil shipped from the Middle East and Africa as well as natural gas from the Shwe gas fields to China. Rights groups expect the project to provide Burma's military with at least \$29 billion over 30 years.

The Alternative ASEAN Network rights group says energy projects in Burma have led to thousands of people being displaced and increased militarization of the country.

"People often overlook the economic costs of human rights violations," said Debbie Stothardt, the network's spokeswoman. "In the case of the Shwe gas twin pipelines, which are going to slice throughout the length of Burma, it is pretty clear that those long-term and mid-term economic costs are going to be very high; not just in Burma, but on the entire region."

The United States and many other countries have imposed economic sanctions on Burma's government because of widespread rights abuses. But China, India and Southeast Asian nations such as Thailand continue to invest in the country.

Economist Somphob Manarangsan, of Bangkok's Chulalongkorn University, says Thai and Chinese investment has aided Burma's military government.

"Frankly speaking the Burmese government has become stronger economically on the foreign exchange they obtain in selling the natural gas to Thailand," said Somphob Manarangsan. "You can see that China has been aggressive moving to invest in Burma, including the energy, like natural gas or petroleum and particularly the hydropower."

Shwe Global said abuses appeared to have started in the project area, including attacks on local fishermen. It says authorities are confiscating private land along the pipeline in Arakan and there are fears there could be violence between the army and ethnic militants as the pipeline is stretched into border areas. (VOA news)

**On Oct 28 Rights Groups in many countries call for China to stop pipeline projects in Burma**



Protest in Manila, The Philippines



Protest in India



Protest in Japan



Protest in Thailand

# Singapore firm inks massive Myanmar gas deal

AFP - Friday, November 27

SINGAPORE (AFP) - - A Singaporean marine engineering company has signed a multimillion dollar contract with a Myanmar firm, and will lay gas pipelines off the shores of the military-ruled nation next year.

Singapore-based firm Swiber Holdings will construct 150 kilometres of gas pipelines after signing a 77 million US dollar contract with "a Myanmar oil and gas company," the company said in a statement Friday.

The statement did not give the name of the Myanmar company involved.

The project will start in the first quarter of 2010 and will last six months, it added.

"We are honoured and excited to kick-start the offshore installation job in Myanmar," said Raymond Goh, group chief executive officer of Swiber Holdings.

The agreement comes as foreign investment in military-ruled nation soared more than fivefold to reach almost one billion dollars last year, official statistics showed.

Total foreign investment in Myanmar increased from 172.72 million dollars in the 2007-2008 fiscal year to 985 million dollars in 2008-2009, the Ministry of National Planning and Economic Development said earlier this year.

Myanmar has been ruled by the military since 1962, and sanctions by the United States and Europe coupled with fiscal mismanagement during decades of military rule have battered its economy. ■

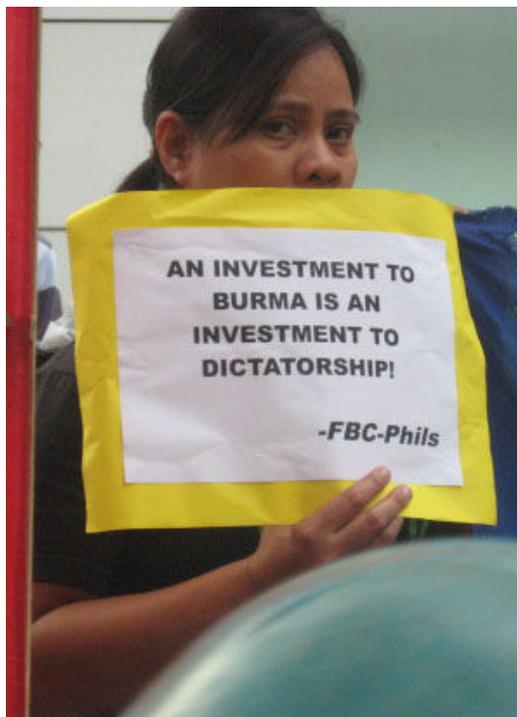
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"The [authorities] have also ordered the villagers not to dig oil wells on any lands, and anyone who doesn't follow their orders will face legal action and be jailed," he said, adding that no villager was compensated for their confiscated property.

Farmlands around the evicted hand-dug oil wells are also being targeted for further confiscations by the authorities, the source added.

Most of the residents on Arakan's Rambree Island have been dependent on their traditional oil wells as a main source of income for ages. Their livelihoods have been in danger since 2005, when a consortium led by China National Offshore Oil Company Ltd. arrived to explore for onshore and offshore oil on their island.

According to a report by environmental and human rights group formed by Arakanese, Arakan Oil Watch, the Burmese military regime has been seizing or destroying their lands and traditional oil wells with little or no compensation for the benefit of Chinese companies. ■



A protester in Manila during the protest calls for China to stop oil and gas pipelines projects in Burma

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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).

# Burmese Junta Confiscates Public Oil Wells and Refinery for Chinese Company



AOW

Local's traditional hand-dug wells in CNOOC's onshore block area in Kyauk Phyu Township in Arakan State

Nov 19, 2009 (Narinjara news)

Burmese military authorities have recently seized publicly-owned oil wells that were dug by hand and a refinery on oil-rich Rambree Island in western Burma's Arakan State for the benefit of Chinese company, reports a local resident.

The resident said a special team that was sent from the new Burmese capital Naypyidaw and local police forces confiscated the hand-dug oil wells along with a refinery in the areas of Renandaung and Munprun under Kyaukpru Township on 10 November, 2009.

"Villagers were ordered to vacate all traditional hand-dug oil wells from their own lands near their villages by a special team led by Brigadier General Myo Thant and local

police officer Hla Tun on November 10. They were also told by the authorities during the confiscation that no one is allowed to operate drilling in those sites as they have already been leased to CNOOC Ltd.," he said on condition of anonymity.

The confiscated oil wells are from Kalarba, Chaungfyar, and Chaungwa Villages in the Renandaung area, as well as from Ngaoak, Kyauksalae, and Wamyauung Villages in the Munprun area.

The villager said that one refinery from Munprun Village, which was owned by a local villager named U Nyein Chan Maung, was also confiscated along with the wells.

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## The Arakan Oil Watch

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