The Shwe Gas Bulletin

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No Breakthrough against Forced Labour in Myanmar: ILO

Tue 11 May 2010 (AFP)

Bangkok: Military-ruled Myanmar has made no breakthroughs against forced labour since the International Labour Office's 1998 inquiry, despite a looming sanctions threat, the UN's labour agency said Wednesday.

"While some improvements have occurred in central parts of Myanmar, forced labour continues to be imposed in various forms, in particular in remote areas under the authority of the army," the ILO said in a 90-page global report on the practice.

In two pages on the "special case" of Myanmar, the ILO said its Yangon-based liaison officer had received 72 complaints of forced labour by late 2004, 38 of which were sent to the authorities for follow up action.

Burmese forced workers building a road for the generals in Burma
photo:photographersdirect.com

Although Myanmar's laws prohibit the use of forced labour — and while the public is increasingly ready to use the legal remedy — the "legal prohibition on forced labour has not been effectively implemented," the ILO said.

Government orders forbidding forced labour have been translated into six ethnic languages, but there is no evidence the orders have been widely disseminated or posted in the ethnic areas concerned.

In February, a high-level investigation team sent by the ILO cut short its mission to Myanmar, after failing to meet top generals to assess their commitment to fighting forced labour.

In March, the ILO gave Myanmar until June to make progress, saying it was losing patience with the junta's incomplete pledges and calling on member states to reconsider economic sanctions.

The sanctions recommendation was suspended in 2001 amid promises from Myanmar's military leaders to stop forced labour and accept limited ILO surveillance.

But the ILO report said it had not been able to implement a plan agreed with the military in May 2003, which included promoting the forbidding of forced labour and a pilot project where the practice would be monitored at a road building site.

The plan fell apart two days after it was agreed upon, when the junta detained pro-democracy leader Aung San Suu Kyi.

"At the time of writing of this report, no real breakthrough for effective action against forced labour in Myanmar has taken place," the report said.

ILO Asia Pacific regional director Shinichi Hasegawa told a press conference discussions with Myanmar would continue.

The ILO's annual conference begins May 31 in Geneva, when the governing body will again consider its sanctions recommendation. ■

Editorial

Chinese Oil Companies Damages peoples' lives in Burma

China's Prime Minister Wen Jiabao's visit to Burma earlier this month has cemented China's energy security through oil and gas deals and has boosted the relationship between the two countries.

During his two-day visit, Prime Minister Wen Jiabao signed numerous major cooperation documents, including oil and gas pipeline projects between China and Burma.

Both nations are intensifying their economical and political ties. While Burma needs China as a trading partner to help it deflect the international sanctions put in place over its human rights records, China needs Burma in its pursuit for energy resources.

However, human rights abuses and environmental damages occurring due to China's investments in Burma have been completely neglected during the visit. As China's investment in Burma is growing, human rights abuses and environmental destruction from China's investment projects are becoming a big concern.

Most of China's investments are in the field of exploitation of Burma's natural resources such as oil and gas and mining and hydropower projects. These projects are reportedly leading to human rights abuses and environment destruction in Burma.

Forced land confiscation, relocations and human rights abuses are currently taking place due to China's crude oil port project at Maday Island in Arakan State. China has started construction of the oil seaport without any protection for community livelihoods and environment. Human rights abuses and destruction of peoples' livelihoods are at grave risk along the pipeline route where the Chinese are currently carrying out the oil and gas pipeline project.

As part of China's oil and gas pipelines project in Burma, China National Petroleum Corporation (CNPC) started the construction of a seaport at Maday Island in October 2009 without any protection of community livelihoods and the environment. As a result, the livelihoods of the indigenous people and the environment of Maday Island have been heavily affected.

Rice fields belonging to indigenous peoples have been forcibly confiscated without any compensation. Villagers have been forced to sign documents, which basically say that they agree to give up their land and rice fields for the oil and gas pipeline project.

Since the beginning of the seaport construction in late October 2009, CNPC has conducted hundreds of mining operations on the riverbed around Maday Island. Due to the mining many fish have been killed and local fishermen have been facing difficulties of fishing.

Expected to finish construction within two or three years, the seaport on Maday Island would be busier than China's Shanghai seaport, as China's crude oil tankers carrying oil from the Middle East and Africa are planning to rest in Maday Island. Carrying 12 million tons of crude oil per year, the US$1.5 billion oil pipeline will travel 2,380 km starting from Maday Island to China's Kunming city through central Burma.

The Shwe gas pipeline will extend further, from Kunming to Guizhou province and the Guangxi Zhuang Autonomous Region, running a total of 2,806 km. It is expected to transport 12 billion cubic meters of gas to China every year. According to China Business News, China and Burma decided to officially start the construction of the China-Burma oil and gas pipeline project in June this year during Prime Minister Wen's visit.

China's oil and gas pipeline project, causing human rights abuses and environmental destruction, is a true nightmare for the millions of residents living along the pipeline route which runs from Arakan State to China's Kunming through populated areas of central Burma.

China's oil and gas pipeline project does not only affect farmers and fishing communities, Burma's second largest mangrove forest at Arakan's coastline is at grave risk as well. Incase of an accident with an Chinese oil tanker or the pipelines, there will be disaster for marine biodiversity, mangrove and people livelihoods.

The people of Burma are also not benefiting at all from these projects. While the military regime is selling out country's energy resources to neighboring countries, Burma's ordinary people, one of the poorest among the ASEAN countries, are still leading their lives with few hours of electricity a day in large cities, while rural areas have no electricity at all. But Burma's oil and gas project enrich Than Shwe's regime. ■

US Banks Involved in Shwe Gas Project

POSCO signs deal to buy Shwe Gas operator Daewoo International

May 25 (SGB)

US Bank of New York Mellon (BNY Mellon), which holds the largest shares in South Korea's POSCO will be involved in Burma's Shwe Gas project after POSCO's deal to buy Daewoo International will be sealed this September. Deawoo International is the operator of the Shwe Gas field and holds 51% stakes in the project.

South Korea's POSCO had signed a preliminary agreement to buy Daewoo International in late May this year and is planning to complete the deal in September this year, according to POSCO.

Established in 2007 from a merger between Mellon Financial Corporation and The Bank of New York Company, Inc., BNY Mellon is a leading asset management and securities services company, uniquely focused to help clients manage and move their financial assets and succeed in the rapidly changing global marketplace. Headquartered in New York, BNY Mellon has $22.3 trillion in assets under custody or administration and $1.1 trillion under management.

The major New York based American financial services company Citigroup Inc. holds the largest share in BNY Mellon, according to India based *Monthly Review.*

Citigroup, one of the Big Four banks in the United States, along with Bank of America, JP Morgan Chase and Wells Fargo, was formed from through one of the world's largest mergers in history by combining the banking giant Citicorp

and financial conglomerate Travelers Group on April 7, 1998. In early May POSCO, Asia's third-biggest steelmaker, beat retail-focused local rival Lotte Group to snap up Daewoo's 68.15 percent stake offerring 3.4 trillion ($2.8 billion), winning Lotte's 3.2 trillion bid.

By buying Daewoo, which also develops raw materials and ships, POSCO would give the world's No.4 steelmaker large resource assets such as an 8 trillion dollar gas development project in Burma, a nickel project in Madagascar and coal projects in Australia.

According to Shwe Gas Movment, the Shwe Gas Project has impacted people and environment negatively since the project started. The Shwe Gas Project will boost the military regime's coffer with more US$ 29 billion over 30 years after production starts in 2013. The Burmese military regime is accused of spending gas revenues for military equipment rather than for the development of the country's poor education and health sectors. ■

Shwe Gas Project Will be Completed by March 2013: Hyundai Heavy

Feb 23 (SGB)

According to the US$ 1.4 billion signing contract with Daewoo International, Hyundai will install a Shwe gas production and processing platform to produce gas, transport the gas to Ramree Island through subsea pipelines and export the gas to China through an onshore gas terminal.

According to the Hyundai Heavy, the company will serve the entire project on a turnkey basis including engineering, procurement, construction, installation and commission. The company will build a 40,000-ton class offshore gas platform, a subsea production system, subsea pipelines, an onshore gas terminal, a jetty and a supply base. The project will be completed by March 2013.

According to local people, local resident's rice fields and houses are being confiscated at the project area in Ramree Island with limited compensation or without compensation. Local people are not informed by the company or authority what the company is planning to do on their soil. ■

Joseph Stiglitz: Developing Nations Need to Attempt to Reverse Natural Resource Curse

by Joseph Stiglitz | Feb 25, 2010

Joseph Stiglitz

Even though the signs of recovery from the financial crisis are strongest in Asia and the region is touted to be the most likely source of economic growth globally, rural poverty remains rampant.

"The focus on agriculture is absolutely essential," says Nobel Laureate Joseph Stiglitz, referring to developing agrarian countries in Asia, in particular Myanmar (Burma), where he was invited by the United Nations Economic and Social Commission for Asia (ESCAP) to advise on the country's economic policy and rural poverty alleviation.

So why then has Myanmar, once touted as the 'rice bowl of Asia,' failed to achieve the growth that was predicted by many? Stiglitz believes it's partly because they've succumbed to what he calls the 'natural resource curse'.

Most countries with large (production) of natural resources do more poorly than those without, which is an irony," he told a press conference in Singapore organised by the Foreign Correspondents' Association. And he attributes this to "very big failures in the development and management of natural resources, (and) in agricultural development."

"Quite often, countries with large amounts of natural resources suffer from exchange rate appreciation and the result is when they sell the natural resource, the value of currency goes up – they produce natural resources but no jobs. You can see this all over the world where you have rich countries and poor people. That's why it's so important to manage the natural resources from a macro-economic point of view," he explains.

Emerging economies which fail to exploit the potential of the assets they have below the ground – such as oil and natural gas – are likely victims of the 'curse'. If you can't "re-create" these assets above the ground, he says, "you're poor, because you're destroying your asset base. If you squander your assets, you're jeopardising the future of your country."

The problems are further exacerbated in the agricultural sector, with farmers currently facing interest rates of up to 10 per cent per month. According to Stiglitz, this has resulted in many farmers not being able to get the credit they need to buy fertiliser and high-quality seed, so the full farming potential is not realised.

Trade finance has been a problem for emerging economies in Asia following the financial crisis, but has since 'ameliorated,' Stiglitz told INSEAD Knowledge. "Capital flows more broadly are down very markedly. And when I say capital flows, particularly foreign direct investment, and in some cases reverse capital flows. You saw that at the moment of the crisis, where money was flowing into the United States. Why? Because we had basically underwritten all our banks. If the government guarantees, where is it going to be the most strongest? They're going to be the strongest from the US government than a smaller developing country, so money flowed into the United States."

"More generally and more long lasting – foreign direct investment, trade in general. The lower economic growth means that trade is lower. The impact effect of trade finance is now being ameliorated. That is part of the reason why Asia is recovering. Another part of the reason Asia is recovering is that China is engaged in much stronger policies … and had prudent policies beforehand. So unlike the United States, which had a huge deficit as it went into the crisis which became bigger, China has built up a large reserve, so that they can engage in much stronger counter cyclical fiscal policy."

Another key issue for developing countries relates to remittances which are a major source of income for most emerging economies. "When the economy goes down, the first people to lay off are your immigrants, your migrant workers. So that is having an impact on many countries ... One of the interesting things is the complexity. Nurses don't get fired, people still get sick. So the countries that are exporters of nurses have been relatively insulated. Construction – some countries that send migrant's workers in construction – they've been devastated. So that's an example of the varied patterns."

To stimulate development, Stiglitz, a former chief economist of the World Bank advocates that the economic and political processes of a country must be viewed not as separate entities but as interlocking parts. "If one wants to achieve economic security, economic stability, sustainable development, one has to engage in participatory processes in trying to absorb some of the lessons that some of the (other resource-rich) countries have absorbed."

Investment in human capital and education, he adds, is also needed to keep the growth engine running. "You get older one year at a time, and no matter what innovations have occurred, that process of ageing has not stopped. So therefore if you don't renew your human capital, it depreciates just like physical capital depreciates … In economies, you have to run to stay still; that the world is changing, and you have to change even if nothing else is going on."

Stiglitz is hopeful though that for a developing country like Myanmar – which has never been integrated with the global economy, but unwittingly became an "innocent" victim of the financial crisis nonetheless – the tide is turning.

Perhaps it's the wake-up call that Cyclone Nargis induced. Not only did it obliterate entire villages, killing some 140,000 people and destroying 800,000 homes last year, it also devastated the credit system, destroyed fertiliser and livestock. In short, it ruined what was left of the economy.

"Globalisation has opened up their eyes at this point," Stiglitz says of Myanmar. "Once you get your eyes opened, you can't close them again … In general, there is the hope that this is the moment of change for the country and there is a hope that it would be a mistake to miss this opportunity at the moment in which things might work out." ■

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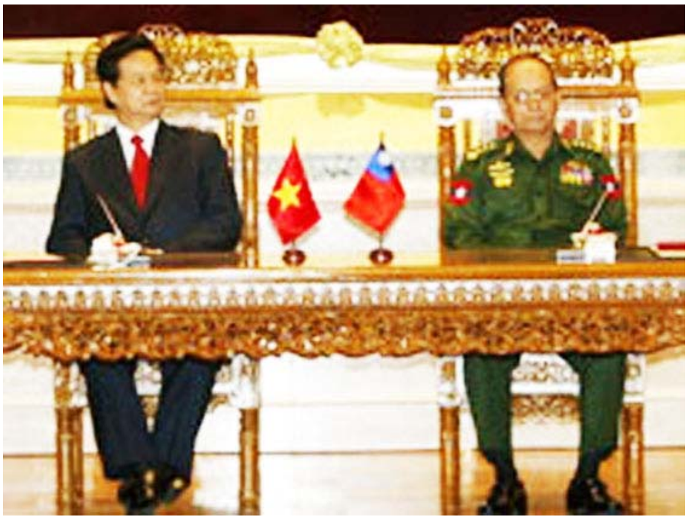
RESOURCES FOR THE PEOPLE

Vietnam & Myanmar sign Multiple Economic Pacts



Prime Minister Nguyen Tan Dung (L) and General Thein Sein, Prime Minister of Myanmar.

April 4, 2010

Vietnam and Myanmar have signed agreements in 12 key investment areas including agriculture, finance, communication and mining to boost bilateral cooperation between the two countries.

The agreements were signed during a three-day visit by Prime Minister Nguyen Tan Dung to Myanmar which ended Sunday.

According to one of the agreements, Myanmar has pledged to create conditions for the Vietnam Oil and Gas Group for offshore oil and gas exploration in the country.

The two countries have also agreed to work together to cultivate rubber plantations in Myanmar and in developing high-quality varieties of rice, coffee and tea.

Prime Minister Nguyen Tan Dung said the signing of economic cooperation agreements and business contracts, especially the launch of a direct air route by Vietnam Airlines and the opening of a representative office of the Bank for Investment and Development of Vietnam in Myanmar, will develop bilateral relations in tourism, trade and investment.

Two-say trade between Vietnam and Myanmar reached US$97 million in 2007 and rose to $108 million in 2008. Despite the economic difficulties of last year, trade between the two countries was still healthy at nearly $100 million.

"The Vietnamese people and government will welcome and create favorable conditions for companies from Myanmar to come and do business in our country," he said.

Source: Thanh Nien News, Agencies ■

Oslo-Listed Seadrill leaves Burma

May 26, 2010 (SGB)

Seadrill has left Burma and Twinza Oil, after receiving warnings from the Norwegian Foreign Ministry about working in Burma.

The Norwegian Ministry of Foreign Affairs told Norwatch "We encourage companies to refrain from trading with or investing in Burma because we do not want either Seadrill nor other Norwegian companies to contribute to financing a military dictatorship".

Oilinfo reported that Seadrill's dirll had left Burma. The site quoted Seadrill press spokesperson Hilde Waaler as having said "We've had a rig in Burma, but the job is done and the rig is now on its way to new gigs in Indonesia".

Oilinfo also reported that Waaler said Seadrill has no plans of signing any new contracts for work in Burma.

Seadrill, a Norwegian company, was providing Twinza Oil with a jackup drill, the West Triton, for their oil and gas project in Burma.

The drill, which Twinza Oil has paid $6.96 million to rent for 60 days, enabled Twinza Oil to further explore their offshore block in Burma.

Burma Campaign Australia spokesperson Zetty Brake said she was pleased that Norway had taken such a strong stance.

"Whilst it is great to see Norway taking a stance, it is sad that the Australian Government has taken no steps to stop Twinza Oil from investing in Burma," Ms Brake said.

"Twinza Oil's project will provide the regime in Burma an estimated US$2.5 billion – that money will be helping fund one of the world's most brutal military dictatorships".

Burma is one of two countries that Norway encourages Norwegian companies not to invest or operate in. The other is West Sahara. Seadrill is a Norwegian-Bermudan offshore drilling company with operations in Angola, Brunei, the Republic of Congo, Indonesia, Malaysia, Nigeria, Norway, Thailand and the United Kingdom. ■

source: Burma Campaign Australia

India's Essar Arm Gets Govt. Contract for 'Kaladan Muli Modal Transit Transport Project'

May 14, 2010

MUMBAI (Commodity Online): India's leading engineering, procurement and construction (EPC) contractors, Essar Projects (India) Ltd has signed a contract with the Ministry of External Affairs, Government of India to execute Port and Inland Water Transport components of the "Kaladan Multi Modal Transit Transport Project" to be executed in Myanmar.

The Contract involves construction of two jetties at Sittwe and Paletwa in Myanmar, dredging and construction of cargo barges etc. to facilitate cargo movement along the river Kaladan. Construction of a port at Sittwe is a major component of the contract.

This project is being executed by the Government of India under a Framework Agreement between the two countries to ease the movement of goods from the mainland India to the North-Eastern states of India. The route will offer an alternate access to the North –East and therefore is strategically also important. It would also in turn help Myanmar develop their infrastructure and port facilities for accelerated development of the country.

The multimodal transit transport project has a component of 120 kms road also to be constructed in Myanmar from the river terminal to the Indo-Myanmar border. The construction of road will be taken up under separate contract. The present contract for Port & Water Tansport is worth Rs. 342 crores and the same is to be executed within 36 months.

A formal contract was signed by TS Tirumurti, Joint Secretary, Ministry of External Affairs on behalf of the Government of India and Vishwesha K Bhat, Vice President, Ports and Jetties, Essar Projects India Ltd. ■

China Signs Myanmar Pipeline Deal to Boost Oil Supply

Chinese Premier Wen Jiabao's Myanmar visit siged 15 business contracts including oil and gas pipelines

Saturday, June 5, 2010 (Asia Energy News)

China and Myanmar on Thursday signed a deal to begin construction on an oil and gas pipeline linking the two countries, and also reached an agreement to maintain stability along the border areas following tensions last year.

The oil and gas pipeline will give China much-needed access to an Indian Ocean oil port in Myanmar, part of Beijing's larger plan to secure alternate energy routes to reduce its heavy dependence on the narrow Malacca Straits for most of its oil supplies.

In October, the State-run China National Petroleum Corporation (CNPC) signed a deal to build a crude oil part in Myanmar. Reports said Thursday's deal gave the green light for the two countries to begin work on the pipeline project, though the Chinese government released little information on the specific nature of the new agreement.

Fourth route for oil imports

The project will give China a fourth route for its oil and natural gas imports, in addition to the Malacca Straits, and pipelines from Kazakhstan and Russia. The pipeline is expected to run from the Kyaukryu port on Myanmar's west coast to Ruili in China's south-western Yunnan province.

The 2,380 km pipeline will run to Kunming, Yunnan's capital, and will have the capacity to transfer 20 million metric tons of crude oil to China, mainly from the Middle East and Africa. The natural gas pipeline will run beyond Kunming to inner Guizhou province, and will transport 12 billion cubic metres of gas annually.

On Thursday, Chinese Premier Wen Jiabao held talks with Senior General Than Shwe, the head of Myanmar's military government. During his visit, the two countries also agreed a deal to ensure stability in border areas, following last year's unrest in Myanmar's northeastern border with China last year.

Last year, ethnic minorities from Myanmar flooded into the bordering Yunnan province in China in thousands, following clashes with the military. Elections scheduled for later this year have prompted fears of renewed unrest.

This week, China signed an agreement to continue supporting Myanmar with financial assistance. Deals were also signed for a hydropower project and to boost trade.■

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SGM *includes regional and international NGOs. The core members are SGM Bangladesh, SGM India, the All Arakan Students and Youth's Congress (AASYC) and the Arakan Oil Watch (AOW); 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 infomation of Shwe gas campaign and Burma's oil and gas projects please visit to www.shwe.org and www.arakanoilwatch.org*

First Village Forcibly relocated for Irrawaddy Dam Project

May 28, 2010 (Kachin News Group)

Things at the contentious Irrawaddy Myisone dam project in northern Burma have come to a head with the Burmese military junta forcibly relocating the first of the ethnic Kachin villages, said village sources.

The move comes a day after the Kachin Development Networking Group (KDNG) in an open letter to Hu Jintao, President of People's Republic of China, requested yet again to put a stop to the dam project. He was urged to halt the project given apprehensions of the negative impact on millions of people downstream of the river.

The entire villagers in Mazup was forcibly relocated today to the junta's new place in Lungga Zup village, 18 miles north of Myitkyina by Burmese junta. Photo: Kachin News Group.

In a surprise move, the axe fell on Mazup Village, or Mazup Mare in Kachin, which houses 63 households, with over 150 people. All the villagers were shifted to the new house blocks of 40 x 60 sq-ft constructed by the authorities in Lungga Zup village, 18 miles north of Myitkyina, the capital of Kachin State, according to the sources.

Mazup village was located between Mali Hka River and N'Mai Hka River, near the confluence (Myitsone in Burmese) of the two rivers, 28 miles north of Myitkyina. The soil here is fertile and yields good crops, said villagers.

About 200 people— dozens of government employees from different departments in Myitkyina, members of the junta-backed Union Solidarity and Development Association (USDA), Burmese Army officers and dozens of civilian workers, who have been ordered to help in the relocation, threw in their lot on the relocation activities, eyewitnesses told Kachin News Group.

Following frenetic activity they forcibly relocated all the villagers in trucks to the new place, added eyewitnesses.

The junta has already constructed 600 houses in new places in Lungga Zup for villagers to be relocated from the project site, said residents of the dam site.

On May 1, the junta's Kachin State Administrative Office (Ya-Ya-Kha) or Kachin State Peace and Development Council (KSPDC) announced the relocation of all villages in the dam site in the wake of the serial bomb blasts at the site on April 17.

Meanwhile the junta is yet to identify the perpetrators of the blasts. Sources close to investigators in Myitkyina said "the perpetrators will never be identified." Many people believe that the junta triggered the explosions to help it relocate villagers from the dam site amidst heightened security.

The Irrawaddy Myitsone dam is being constructed by state-owned China Power Investment Corporation (CPI) with financial and technical support jointly with the Burmese firm Asia World Company and the Ministry of Electric Power-1 since December 21, last year. ■

www. arakanoilwatch.org/www.shwe.org

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