

BLOOD MONEY
A Grounded Theory of Corporate Citizenship
Myanmar (Burma) as a Case in Point

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NICOLA M. BLACK

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ABSTRACT

Corporate Citizenship as a social phenomena spans a growing body of corporate initiatives, nascent policy frameworks, and global civil society action. Corporate engagement with fragile states, and other situations identified as contexts of conflict and/or weak governance, is the subject of scholarly and practitioner research by those with an interest in Corporate Citizenship. In this thesis I represent the corporation as a legal entity with significant political and socio-economic impacts. Responsibility for these impacts is the subject of ongoing social critique and contest. I consider the corporate form as a site of broad protest at the environmental devastation and social dislocation that has accompanied the globalisation and intensification of neo-liberal economic activity. My analytic focus is the range of social processes involving actors from the private, civil and political sphere, through which understandings of responsible, potentially 'constructive' corporate engagement in fragile states are created, contested and transformed. Further, efforts to embed Corporate Citizenship as the normative basis for global business practice broadly reflect aspirations for greater social justice. In identifying and describing intentions, aspirations and forms of corporate engagement in fragile states, and the social process through which these change, I critically examine the discourses of development, security and governance which underpin Corporate Citizenship efforts.

In this thesis I offer a grounded theory of Corporate Citizenship in Fragile States I have developed through an empirical case study of the oil and gas industry in Myanmar (Burma). Working within a social constructivist perspective in the grounded theory research tradition, I have employed an iterative analytic process to develop the theory presented. In this process the sampling of data was undertaken to challenge and develop concepts in the emerging theory, concepts identified using a method of constant comparison within and between sets of data. I continued these concurrent processes of data-collection, analysis and theoretical development until I judged the theory to be a sufficiently complete description of

the focus of inquiry. A total of seven broad sets of data informed the development of the theory presented. These datasets include over a hundred interviews in seven countries with stakeholders in three joint-venture offshore exploration and production projects in Myanmar (Burma) undertaken from July 2006 to August 2009. The datasets also draw from an extensive body of corporate and advocacy group publications regarding foreign investment in Myanmar, along with other secondary data sources.

In this inquiry I have explored the multiple interactions between corporate, state and civil society actors through which understandings of ‘responsible’ corporate engagement in Myanmar are created, enacted and transformed. I have identified and conceptualised four social processes at work in these interactions, which I describe in the grounded theories of:

- (1) Commercial Diplomacy (describing the use of enterprise as a conduit for foreign policy by states, particularly as it relates to ‘ethical’ business activity)
- (2) Stakeholder Activism (critiquing the aims and strategies of transnational civil society organisations who advocate for ‘responsible’ corporate engagement)
- (3) Corporate Engagement (explaining variation in the motivations and terms of corporate engagement, specifically different forms of divestment or engagement, as strategic responses to stakeholder activism, commercial diplomacy and other factors which influence the enterprise context)
- (4) Constructive Corporate Engagement (a conceptual framework, grounded in multiple stakeholder-views and drawing from the international development discourses of state fragility and human security, for considering the potentially constructive impacts of corporate engagement).

Working within and between these four theories, I generated an overarching grounded theory of (5) Corporate Citizenship in Fragile States. From these theories I offer a critical analysis of Corporate Citizenship as the normative basis for a new articulation between the economic, social and political spheres in pursuit of a more equitable global order.

NOTES

Names – National and Geographic

In 1989, the military government of the Union of Burma changed the name of the country to the Union of Myanmar, and altered many of the geographic names in the country. The military government claimed that Myanmar, sometimes spelled as Myanma, was ethnically a more neutral term and so would lead to greater harmony among the diverse ethnic groups of the state, as well as providing a break with the country's colonial past. As such it applied the term to the total history of the country (UoM, 1999 cited by Steinberg (2001, p.xi)). As these changes were imposed by a government considered illegitimate by the democratic opposition, they were rejected by the opposition and many of its subsequent international supporters. The use of the term has become highly politicised. Steinberg (2001, p. xi) notes that "the use of either term is a surrogate indicator of political persuasion", and suggests that Burma/Myanmar is perhaps the only country in which this dichotomy of national name is indicative of a political stance. The United Nations and most other countries use Myanmar, whilst the United States, the United Kingdom, Australia, Canada and France still refer to the country as Burma. As a compromise, the European Union uses Burma/Myanmar.

Following Steinberg (2001), I have tried to use these terms without political implications. In the text I have chosen to use Burma for the period up to the military coup of 1988, and Myanmar for the period since. I have not, however, altered interview transcripts or written material to reflect this choice, as use of one term or the other may be indicative of the political stance of the research participant. I use the traditional term "Burman" to refer to the major ethnic group, and employ "Burmese" to refer to any citizen of the country. "Burmese" is also used to identify the language spoken by the Burman ethnic group. I have chosen to use the revised geographic names, and provide these in brackets when traditional geographic names are used by research participants. The following list provides a translation of geographic names contained in this thesis;

Traditional Spelling/Name	Military Revised Spelling/Name
Union of Burma	Union of Myanmar
Burma	Myanmar; sometimes Myanma
Rangoon	Yangon
Burman	Bamar
Irrawaddy	Ayeyarwady
Tenasserim	Tanintharyi
Arakan	Rakhine
Akyab	Sittwe
Moulmein	Mawlamyaing
Karen	Kayin
Paan	Hpa-an
Salween (river)	Thalwin
Sittang (river)	Sittoung
Chindwin (river)	Chindwinn

Sources and Data Accuracy

Economic and health statistics for Myanmar are difficult to obtain and widely considered to be unreliable. The poor quality of official data stems from the use of outdated statistical standards, the lack of a reliable form of domestic or external oversight and a lack of transparency and credibility in official information and statistics (EC, 2007, p. 7). In describing the political and economic context within the country, I have used official Government of Myanmar data, along with assessments and statistics from analysts and international organisations. The limitations of the data should be held in mind by the reader when considering the analysis.

Energy Terminology

Units of energy

BCM	Billion cubic metres of natural gas
BSCF	Billion cubic feet of natural gas
MTOE	Million tonnes oil equivalent - a tonne is the metric equivalent of a ton
KTOE	Kilotonne of oil equivalent
TPES	Total primary energy supply - a measure of commercial energy consumption; made up of 'indigenous production + imports - exports - international marine bunkers - stock changes'
mmcf/d	Million cubic feet of gas per day - a volume measurement of natural gas produced/exported per day

Approximate conversion factors

Energy values reported in this thesis are drawn from a number of sources, references for which are provided. When conversion of reported values was required to allow comparison, the following conversion factors, provided in the *BP Statistical Review of World Energy June 2008* (BP, 2008; p44) were used:

Billion cubic metres (BCM) natural gas to million tonnes oil equivalent (MTOE):	0.90
Billion cubic feet (BSCF) natural gas to million tonnes oil equivalent (MTOE):	0.026
Kilotonne of oil equivalent (KTOE) to million tonnes oil equivalent (MTOE):	0.001

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International Energy Agency (IEA)	Figures 12 and 17
Stockholm International Peace Research Institute (SIPRI)	Data in Appendix 11
United Nations Development Programme (UNDP)	Appendices 10-13
World Resources Institute (WRI)	Appendix 13

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CONTENTS

Abstract	1
Notes	3
<i>Names – National and Geographic</i>	3
<i>Sources and Data Accuracy</i>	4
<i>Energy Terminology</i>	5
<i>Copyright Permissions</i>	5
Acknowledgements	6
Contents	7
Appendices	13
List of Tables	14
List of Figures	14
Abbreviations	16
Map of Myanmar	18
Prologue	19
1. Introduction	21
<i>Democracy and the Global Governance of the Corporation</i>	24
Dramatis Personae - Introducing the ‘Social Actors’	28
<i>A Case Study of Corporate Citizenship: Contesting Corporate Engagement With Myanmar</i>	32
<i>A Grounded Theory of Corporate Citizenship in Fragile States</i>	34
<i>Thesis Overview</i>	40
2. Corporate Citizenship in Fragile States – Context and Contributions to Theory	43
<i>The Corporation as a Site of Contest Over Contemporary Political-Economic Arrangements</i>	44
Challenges to Neo-liberal Globalisation	44
Corporations as Citizens and the Creation of ‘Sustainable Capitalism’	49
Corporations as Political Actors and the Democratic Deficit	51
<i>A Political Analysis of Corporate Citizenship</i>	53
Corporate Citizenship and Weak Governance Contexts	53
A Process-Focused Case Study of Corporate Engagement in Myanmar	55
A Critical Inquiry into Corporate Citizenship as a Form of Global Governance	58
(A): Democracy and Corporate Citizenship	62
(B): Corporate Citizenship and Multi-polar Globalisation	64
(C): Universalising Freedoms, Democracy and the Market?	66
<i>Informing Concepts from International Relations</i>	68
Fragile States: Engaging Difficult Partners	68
Human Security: Freedoms, Protection and Empowerment	72
Energy Security	77

3. Methodology: Introducing a Constructivist Grounded Theory Method	81
<i>The Methodological Orientation of the CGTM</i>	82
Methodological Tenets of the GTM – A break from the Positivist Tradition?	85
CGTM within the Critical Research Tradition	88
Application and Evaluative Criteria	90
<i>Analytic Procedures in the CGTM</i>	92
<i>Adoption and Adaptation: Applications of the GTM in Business in Society Research</i>	95
<i>Summary</i>	100
4. Method	101
<i>A Case Study of the Oil and Gas Industry in Myanmar</i>	101
Fieldwork	104
The Logic of Theoretical Sampling and Constant Comparison	104
Dataset 1: Advocates for E&P Dis/investment	111
Dataset 2: The Oil and Gas Industry (E&P Enterprises)	112
Dataset 3: Myanmar Civil Society	113
Dataset 4: International Development and Humanitarian Organisations (INGOs)	114
Dataset 5: Crisis Points and the Corporate Response	115
Dataset 6: Divestment Campaign - Company Correspondence	116
Dataset 7: Corporate Responsibility Advocates and Practitioners	120
<i>Data Collection</i>	120
Semi-structured Interviews and Focus Groups	120
Participant Observation	125
Written Communication Material	127
Computer Assisted Qualitative Data Analysis (CAQDA)	127
<i>Research Ethics, Safety and Gender</i>	129
Appropriate Research Procedures for Fraught Political Research Contexts	130
Risk Assessment Prior to Entering the Research Context	130
Making Contact and Arranging the Interview	131
The Interview	132
Security and Confidentiality	132
Analysis, Writing and Reporting	133
Ethical and Emotional Challenges	133
Disclosure	134
Mistaken Identities and the Challenge of Reciprocity	135
Sensitivity to Social, Cultural and Gender Issues	137
Anxiety and Risk	138
The Difficulties of ‘Leaving’ and ‘Staying Engaged’	140
<i>Summary</i>	141
5. State Fragility and Human Security in Myanmar	142
<i>A Contemporary History of Myanmar</i>	142
Armed Conflict – Continuing Ethnic Insurgencies	145
Political Instability – A ‘Disciplined’ Path to Democracy	146
Myanmar’s International Relations	151
<i>A Profile of Human Insecurity in Myanmar</i>	151
<i>Myanmar’s Classification as a Fragile State</i>	154
<i>Risks to Stability</i>	155
<i>Political Will</i>	157
Leadership and the Military Mindset	157
Public Spending	161
Forced Labour	162
Political Repression	164
Restrictions on Humanitarian and Development Assistance	166

Development Capacity	169
Capacities of the Myanmar State	169
Economic Management and Practice	170
Civil Society	172
Summary	175
6. Energy and Empire: A Political Economy of Oil and Gas Development in Myanmar	177
A.) <i>‘Domestic Demand’: Energy Insecurity and Economic Development in Myanmar</i>	178
Availability and Affordability	179
Reliability	181
Sustainability	184
The Limited Contribution of the Yadana and Yetagun Projects to Domestic Energy Security	187
B.) <i>‘Hard Currency’: Opaque Accounting for Oil and Gas E&P</i>	192
FDI and Export Revenues from Oil and Gas E&P	193
Opaque Accounting for Natural Gas Revenues	196
a) Signatory Bonuses	196
b) Production Revenue	197
c) Royalties and Taxes	197
d) Multiple exchange rates	198
C.) <i>Myanmar and the Resource Curse</i>	198
Foreign Involvement in Hydropower, Bio-diesel and Nuclear Energy Development	200
D.) <i>A History of the Oil and Gas Industry in Myanmar</i>	201
Prior to 1962: Industrialization and Empire	202
1962-1988: The Socialist Era	203
1988-1998: The Opening of E&P to Foreign Investment in the Post-Socialist Era	204
1998-2008: Natural Gas Exports and Accelerating Regional Investment	205
Summary	207
7. The Myanmar Oil and Gas Industry	209
<i>Foreign Direct Investment in Myanmar’s Oil and Gas Industry</i>	212
<i>The Case-Study Concessions –The Yadana, Yetagun and Shwe Projects</i>	216
The Yadana Project	219
The Yetagun Project	221
The Zawtika Project	223
The Shwe Project	224
Project Controversies	226
Summary	227
8. International Responses	228
<i>International Engagement with Myanmar</i>	229
‘Hard-liners’: Sanctions and Censure by Western Governments	229
‘Soft-liners’: Constructive Engagement and the Institutionalisation of ASEAN	231
Open Engagement: China, India and the Russian Federation	233
The Failures of a Divided Approach	235
<i>Transnational Advocacy for a “Free Burma”</i>	238
<i>Challenges to the Free Burma Movement Model of Activism</i>	241
<i>Arguments for Engagement with Myanmar</i>	248
‘Full Rice Bowls’ – Linking Economic Development and Democracy	248
Cultural transfer: Education, Political Interaction, Corporate Responsibility	250
‘Building Capacities’ – Humanitarian Assistance and the Development of Civil Society	252
Principle vs. Pragmatism	256
Summary	257

9. A Grounded Theory of Commercial Diplomacy	260
<i>A.) Efforts to Enhance Energy Security in the Asian Region through Foreign</i>	
<i>E&P Investment</i>	261
Energy Security Dynamics in the Asian Region	262
Energy Demand	262
Energy Supply	264
Diversifying energy sources	264
Energy market integration in the Asian Region	265
Access to Market	267
Security	268
Geo-Strategic State Security	269
Domestic Security: India's Northeast Region	269
Competition and Cooperation	270
Alignments in State Foreign Policy and Corporate Mission	270
<i>B.) Enterprise as a Conduit for State Foreign Policy</i>	273
<i>C.) Forms of State-Company Influence in the Use of Enterprise as a Conduit for</i>	
<i>State Foreign Policy</i>	277
Ownership structure	278
Commercial Regulation	279
Political Pressure	280
State Support	280
<i>D.) Energy Diplomacy: Energy Security and Myanmar's International Relations</i>	281
<i>Commercial Diplomacy in the Global Public Domain</i>	285
10. A Grounded Theory of Stakeholder Activism	289
<i>Stakeholder Advocates for E&P Disinvestment</i>	289
The Burma Campaign UK (BCUK)	290
EarthRights International (ERI)	291
The Shwe Gas Movement (SGM)	292
Burma Project, The Open Society Institute (OSI)	292
The International Trade Union Confederation (ITUC)	294
<i>The Strategic Goals of Stakeholder Activism</i>	295
"Cutting the Financial Lifeline" – Arguments for Divestment	295
Arguing for Divestment – Shifts in Advocacy Positions Within the FBM	297
Arguing for Constructive Corporate Engagement	299
<i>Forms of Stakeholder Activism</i>	301
Direct Action	302
Auxiliary Services	309
Shareholder Advocacy	310
Political Lobbying	312
Legal Action	314
Use of 'Corporate Citizenship' Initiatives	316
Strategic Framing	320
Coordination and Capacity-Building	321
<i>A Grounded Theory of Stakeholder Activism</i>	323
<i>Targeting the Enterprise Context</i>	323
Organisational Context	326
Institutional Context	327
Social Context	328
<i>Stakeholder Activism Within the Grounded Theory of Corporate Citizenship</i>	329
<i>Stakeholder Activism in the Global Public Domain</i>	331
11. A Grounded Theory of Corporate Engagement	336
<i>A: Corporate Engagement in Fragile States – A Preliminary Framework</i>	337
CSR in Developing Countries	338
CSR Activities and the Role of the Firm in Society	338

A Preliminary Framework for Corporate Engagement in Fragile States	342
<i>B: Firm Motivations and Terms of Corporate Engagement in Myanmar</i>	343
Firm Motivations	344
Social Responsibility – Doing the Right Thing	344
Expediency – Buying Hearts and Minds	345
Corporate Philanthropy – Getting in Position	348
Reputation – Playing with the Big Boys	348
Terms of Corporate Engagement	349
Unrestricted Engagement	350
Constructive Engagement	351
Principled Non-Engagement	355
Sanctioned Non-Engagement	356
A Conceptual Framework of Firm Motivations and Terms of Corporate Engagement in Myanmar	357
<i>C: Antecedents and Intervening Factors in Firm Motivations for Engagement: Strategic Responses to Changes in the Enterprise Context</i>	358
Exposure to Stakeholder Pressure	361
The Organisational Context and Exposure to Stakeholder Pressure	361
The Institutional Context and Exposure to Stakeholder Pressure	362
The Social Context and Exposure to Stakeholder Pressure	363
CSR Infrastructure and Integration	366
The Organisational Context for CSR Infrastructure and Integration	366
The Institutional Context for CSR Infrastructure and Integration	369
Modelling	371
The Organisational Context for Modelling	371
The Institutional Context for Modelling	372
The Social Context for Modelling	374
<i>D: Corporate Engagement and the Global Public Domain</i>	376
12. A Grounded Theory of Constructive Corporate Engagement	380
<i>Views from the Field on Constructive Corporate Engagement</i>	381
Forms of Constructive Corporate Engagement	384
Employment and Training	384
Socio-economic Programs	386
Modelling ‘Responsible’ Corporate Behaviour	389
Environmental, Social and Human Rights Impact Assessment and Mitigation	390
Human Rights Training and Engagement	391
Building Governance Capacities/ Modelling Open Engagement	392
Collective Business Leadership	394
Business Diplomacy	395
Leadership on Corporate Responsibility at Global Level	395
<i>A Grounded Theory of Constructive Corporate Engagement</i>	395
CCE as Engagement with Failures in Political Will and Weaknesses in Development Capacities	396
CCE as Protection and Empowerment	403
Empowerment: Economic Development and Humanitarian Action	404
Empowerment: Fostering a Responsible Business Culture	406
Empowerment: Supporting the Development of a Participatory Governance Culture	407
Empowerment: Increasing Civic ‘Space’	410
Protection: Advocacy	410
Protection: Accountability Mechanisms	411
Protection: Governance Norms and Capacities	411
<i>Corporations as Political Actors</i>	416
Views on the Political Activity of Corporations	416
The Challenges of Evaluative Criteria	423
<i>Constructive Corporate Engagement in the Global Public Domain</i>	425

13. A Grounded Theory of Corporate Citizenship in Fragile States	429
<i>Corporate Citizenship in Fragile States</i>	429
The Enterprise Context	432
Strategic Attempts to Alter the Enterprise Context by State and Civil Society Actors	432
<i>Terms of Corporate Engagement in Fragile States</i>	439
<i>Constructive Corporate Engagement? – Engaging with State Fragility and Human Insecurity</i>	441
 14. Reassessing Corporate Citizenship – Hope in Uncertainty	 444
<i>Corporate Citizenship and the Global Public Domain</i>	445
Four Grounded Theories of the Global Public Domain	447
The Landscape of the Global Public Domain	449
<i>Democracy and the Global Public Domain: Corporate Citizenship as a Progressive Platform?</i>	451
Corporations as Political Actors	451
Legitimacy and Political Self-Determination Through the Global Public Domain	453
<i>Universalising Freedoms, Democracy and the Market? Social Justice and Corporate Citizenship</i>	454
<i>The Challenge of Evaluation: Reflections on Global, Social Justice Research</i>	456
<i>Constructive Corporate Engagement in Myanmar - Hope in Uncertainty</i>	458
 Bibliography	 460
 Appendices	 494

APPENDICES

1:	Publications and Teaching Record, May 2004 - December 2009, Nicky Black	495
2:	Data-set Description	498
3:	Correspondence Timeline for the ITUC Burma Database between March 8, 2006 and May 24, 2008	508
4:	Size of ITUC and BCUK Burma Databases, and Rate of Company Turnover in BCUK Dirty List, December 2001- May 2008	509
5:	Research Information and Consent Form Submitted for Ethical Approval	510
6:	Provisional Interview Guide Prepared for Ethical Approval, 2007	512
7:	Regional analysis of companies listed in the Burma Campaign UK Dirty List of June 3, 2008, and the ITUC Burma database of March 8, 2006 and May 24, 2008	513
8:	Country Analysis of Companies Listed in the Burma Campaign UK Dirty List of June 3, 2008, and the ITUC Burma database of March 8, 2006 and May 24, 2008	514
9:	Industry Analysis of the ITUC 'Burma Database' on May 24, 2008, and the BCUK 'Dirty List' June 3, 2008	516
10:	Health and Social Development Indicators for Countries in the Asian Region	518
11:	Public Expenditure on Health, Education, and the Military for Countries in the Asian Region	520
12:	Electrification Rate and Telecommunications Use for Countries in the Asian Region, 1990 and 2005	522
13:	Primary Energy Supply Per Capita for Countries in the Asian Region, 1990 and 2005	523
14:	Table of Natural Gas Production and Export and Energy Consumption in Myanmar, 1988 – 2008	525
15:	FDI and Export Revenue from Oil and Gas, National Expenditure on Social Services and the Military in Myanmar, and Key Social Indicators, 1988 – 2008	526
16:	Table of Myanmar E&P Concessions Agreed 2000-2008	529
17:	Myanmar's Oil and Gas Industry: Offshore and Onshore Blocks, April 2009	531
18:	Foreign Companies Involved in the Oil and Gas Industry in Myanmar, April 2009	543

LIST OF TABLES

Table 1: Description of the case study joint venture consortia.....	112
Table 2: Regional composition for database analysis.	119
Table 3: List of interviews and organisations sampled.	123
Table 4: Selected social indicators for Myanmar and Neighbouring Countries	152
Table 5: Reported profile of Myanmar petroleum block concessions.....	213
Table 6: Profile of foreign company involvement in Myanmar E&P activity.....	216
Table 7: Zollo's (2004) three-part framework of the role of business in society.....	341
Table 8: Contrasting terms of global business engagement in ethically challenging environments (Schermerhorn, 1999, p.493)	350

LIST OF FIGURES

Figure 1: Four composite grounded theories of actor relationships for a grounded theory of Corporate Citizenship in Fragile States	36
Figure 2: A grounded theory of Corporate Citizenship in Fragile States (simple)	38
Figure 3: Thesis map of <i>Blood Money. A grounded theory of Corporate Citizenship. Myanmar (Burma) as a case in point</i>	42
Figure 4: Fernandez's (2004; p85) expanded research model of the GTM	92
Figure 5: Diagram of key theoretical sampling steps	107
Figure 6: Timeline of fieldwork, data-collection and theoretical development	110
Figure 7: Time-line of correspondence featured on the ITUC 'Companies with links to Burma' database (2006-2008)	118
Figure 8: Aerial image of Myanmar before and shortly after Cyclone Nargis	149
Figure 9: Under-five mortality rates in the Asian Region, 1970 and 2005	153
Figure 10: State propaganda billboards, Myanmar, January 2007 (taken by the author)	159
Figure 11: Public expenditure on health and education in the Asian region, 2002-2005 – percentage of GDP	162
Figure 12: Share of total primary energy supply in Myanmar, 2006	179
Figure 13: Electrification rate, Asian region, 2005	182
Figure 14: Primary energy supply per capita and GDP per capita in the Asian region	185
Figure 15: Energy use by sector, Myanmar and Thailand, 2006	186
Figure 16: Domestic energy supply and natural gas export values, Myanmar, 1999-2007	188
Figure 17: Total Primary Energy Supply (TPES) and energy production in Myanmar, 1971 - 2006	189
Figure 18: FDI and export revenue for Myanmar's oil and gas industry, 1989-2008	192
Figure 19: Future Myanmar gas production (MOGE)	194
Figure 20: Reported and projected natural gas revenues, Myanmar, 1999-2014	195
Figure 21: Timeline of E&P concessions, Myanmar, 2000-2008	206
Figure 22: Profile of foreign investors in E&P activity in Myanmar	207
Figure 23: Map of Myanmar's oil and gas fields and pipeline network	211
Figure 24: Map of Myanmar concession blocks for E&P activity	214
Figure 25: Key milestones in offshore project development, 1990-2008	218
Figure 26: The Free Burma Movement advocacy strategy	240
Figure 27: Challenges to the Free Burma Movement advocacy model	243
Figure 28: Energy security dynamics	262
Figure 29: Proposed TAGP route	265
Figure 30: The role of enterprise as a conduit for state foreign policy (basic framework)	275
Figure 31: The role of business as a conduit for state energy security agendas in relations with Myanmar	275
Figure 32: Multiple political agendas in the role of enterprise as a conduit for state foreign policy towards Myanmar	276
Figure 33: Forms of state-company influence	277
Figure 34: Energy diplomacy in Myanmar's international relations	283
Figure 35: The reciprocal use of enterprise as a lever of influence	283

Figure 36: Commercial Diplomacy – A conceptual framework of the use of enterprise as a conduit for state foreign policy	286
Figure 37: A grounded theory of Commercial Diplomacy in E&P enterprise in Myanmar	288
Figure 38: Forms of stakeholder activism	301
Figure 39: Free Burma Campaign graphics	303
Figure 40: Free Burma Movement E&P campaign logos	303
Figure 41: Relative size and regional composition of the ITUC and BCUK databases, 2008	305
Figure 42: Relative size and industry composition of the BUCK 'Dirty List' 2008, and the ITUC 'Burma Database', 2008.	307
Figure 43: Size of BCUK and ITUC company databases, 2001-2008	308
Figure 44: Schema of Stakeholder Activism for E&P Divestment	325
Figure 45: A grounded theory of Stakeholder Activism in E&P activity in Myanmar	330
Figure 46: A preliminary model of Corporate Engagement	343
Figure 47: Firm motivations and terms of corporate engagement in Myanmar	358
Figure 48: A grounded theory of Corporate Engagement in Myanmar	360
Figure 49: Company reply rate in the ITUC Burma Database, by region, 2006 and 2008	367
Figure 50: A grounded theory of Corporate Engagement in E&P activity in Myanmar	375
Figure 51: A framework of participant views on corporate engagement	383
Figure 52: Constructive corporate engagement, political will, and development capacities	398
Figure 53: Corporate activities oriented to the generation of political will and the enhancement of development capacities	399
Figure 54: Examples of business advocacy for human rights	401
Figure 55: Constructive corporate engagement, protection and empowerment	404
Figure 56: A grounded theory of Constructive Corporate Engagement in Myanmar	414
Figure 57: A grounded theory of Constructive Corporate Engagement in Myanmar	415
Figure 58: Four composite grounded theories of actor relationships for a grounded theory of Corporate Citizenship in Fragile States	431
Figure 59: Composite theories in Corporate Citizenship in Fragile States	433
Figure 60: A grounded theory of Corporate Citizenship in Fragile States	434

ABBREVIATIONS

ALTSEAN	Alternative ASEAN Network on Burma
ASEAN	Association of Southeast Asian Nations
ATCA	Alien Torts Claims Act
BCUK	Burma Campaign UK
CC	Corporate citizenship
CCE	Constructive corporate engagement
CDA	Collaborative for Development Action
CGTM/GTM	Constructivist grounded theory method/Grounded theory method
CNOOC	China National Offshore Oil Corporation
CNPC	China National Petroleum Corporation
CSR	Corporate social responsibility
DAC	Development Assistance Committee
Daewoo	Daewoo International Corp.
E&P	Exploration and production activity in the oil and gas sector
EITI	Extractive Industries Transparency Initiative
ERI	EarthRights International
EU	Economic Union
FBM	Free Burma Movement
GAIL	Gas Authority of India Ltd.
GONGO	Government-organised non-governmental organisation
GSA	Gas sales agreement
HDI	Human Development Index
ICG	International Crisis Group
ILO	International Labour Organisation
IMF	International Monetary Fund
INGO	International non-governmental organisation
ITUC	International Trade Union Confederation. (formerly known as the International Confederation of Free Trade Unions, ICFTU)
KOGAS	Korea Gas Corp.
MOGE	Myanmar Oil and Gas Enterprise Ltd.
MOU	Memorandum of Understanding
NGO	Non-governmental Organisation
Nippon Oil	Nippon Oil Exploration Ltd. (Myanmar)
NLD	National League for Democracy
NOC	National oil company
OECD	Organisation for Economic Co-operation and Development
ONGC	ONGC Videsh Ltd [Oil and Natural Gas Company]
OSI	The Open Society Institute
OSI	Open Society Institute
Petronas	Petronas Carigali Myanmar
Premier	Premier Oil
PSC	Production sharing contract
PTTEP	PTTEP International Ltd.
SC/SCUK	Save the Children/Save the Children United Kingdom
SGM	Shwe Gas Movement
SOE	State-owned enterprise
SPDC/SLORC	State Peace and Development Council/State Law and Order Council
SRI	Socially responsible investment
SWF	Sovereign wealth fund
TAM	Trillium Asset Management

TCG	Tripartite Core Group
TNC/MNE	Trans-national corporation/ Multinational enterprise
Total	Total E&P Myanmar Ltd.
TSM	Transnational/trans-local social movement
UN	United Nations
UNCHS	United Nations Commission for Human Security
UNDP	United Nations Development Program
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNGC	United Nations Global Compact
UNHCR	United Nations High Commission for Refugees
UNOCAL/Chevron	Unocal Myanmar Offshore Co./Chevron
USDA	Union Solidarity and Development Association
WBCSD	World Business Council for Sustainable Development
WTO	World Trade Organisation

MAP OF MYANMAR



Map No. 4160 Rev. 2 UNITED NATIONS
May 2008

Department of Field Support
Cartographic Section

Constructive Transform

adj. carefully considered
and meant to be helpful

vt. make a thorough or dramatic change in the
form, outward appearance, character, etc., of
vi. ... for the better

Hope

n. expectation and
desire combined

Unsettling

Uncertainty

n. the quality or state of being uncertain;
something that nobody can predict or guarantee

adj. producing a feeling of
unease or insecurity

Dialogue

vi. to take part in a
conversation, discussion, or
negotiation

PROLOGUE

Foreign involvement of any type in Myanmar (Burma) is a contentious issue. For some people who work on Burma issues, the words ‘engagement’ and ‘dialogue’ represent appeasement and defeat by apologists for a repressive and corrupt military regime. For those who have positioned themselves firmly on either side of the engagement/isolation debate, my research process and findings may be deeply unsettling. For this reason, I offer this explanation of my philosophical orientation, and the moral commitments from which I generated this work.

I believe that it is through questioning and disconcertion that the possibility of sustainable personal, political, social and economic transformation is created. This belief is reflected in my position as researcher committed to remain always in doubt, to bring a critical mind and a full array of research tools to my inquiry of the social world. This commitment to doubt may not make sense and may appear disingenuous, to those positioned as advocates on one side of the debate or the other. However, my decision to remain open to both is neither insincere nor simplistic, and my broader commitment to doubt is rarely comfortable. I make no claims of academic ‘objectivity’. I do not believe objective social science is possible and instead commit to explore, recognise and be transparent about the subjectivity of my own experience and scholarship.

I balance these personal and professional commitments with an awareness of the limitations, dilemmas and dangers inherent to dialogue across discrepancies in relative power and socio-cultural divides. I am very grateful for the honesty and courage of those who chose to participate in this inquiry, despite significant potential risk to themselves, their organisation or their cause. I offer this thesis as one form of accountability, an openness to the scrutiny of my peers, my research participants, and all interested parties. I have attempted to respectfully, and accurately, portray the passion and commitments of those active in this arena.

It is my assessment that the constant, careful work of communication will play a central role in shaping the future of Myanmar, whatever the incidence of radical political protest or social disruption. This thesis is intended to contribute to a nuanced, more informed debate about the potential roles foreign investment – particularly the activities of companies in the oil and gas industry – may play in realising that future.

CHAPTER ONE

INTRODUCTION

He looks down at the table. “Half the international development community here [in Myanmar] think we should keep working with the gas company, keep running the programs. The other half think that we should stop, that it’s **blood money**. But if we stop... I can count the number of children who won’t be fed, won’t have access to a doctor or education. Who will die. Who else is going to pay for it?... It’s so uncomfortable. These companies. The gas money is so much part of the problem. But for me it has to be about the children. What’s best for the children?” He looks up. “What would you do?”

(Interview, International Children’s Charity Director
Yangon, July 2006, emphasis added)

Exploration and Production activity (E&P) by companies in the oil and gas sector in Myanmar is highly contentious. A Southeast Asian country with estimated population of 48 million people (UNDP, 2008a, p. 245), Myanmar (Burma)¹ has been under military-rule for much of its contemporary history, following a coup in 1962. Pervasive human rights violations by the military authorities related to on-going civil strife and armed conflict in the country are the focus of international concern and attempted legal action (see, for example IHRC, 2009). International development actors operating in Myanmar consider the country to be in a state of chronic and silent humanitarian crisis (reported in Dalpino, 2009). An apparent lack of political will and development capacity on

¹ In 1989, the Myanmar government changed the name of the Union of Burma to the Union of Myanmar. As the government was considered illegitimate by the democratic opposition this change was rejected by it, and by its international supporters. As such, the name of the country is highly politicised (Steinberg, 2001. p.xi) and the use of Burma or Myanmar is taken as indicative of political stance. In this thesis I have attempted to use the name without political implications, and have chosen to use Myanmar for the period after the military authorities gained power, and Burma for the period before that. I explain my reasons for this choice more fully in the notes to this thesis.

the part of the Myanmar authorities to address this situation has prompted the international development community to deem Myanmar a ‘fragile’ or ‘failed’ state (see Browne, 2007).

Development of the energy sector is identified by commentators and advocates for political and economic transitions in Myanmar as instrumental in the continued poor governance practices by the military authorities (for example, see BCUK, 2005; ERI, 2008d; SGM, 2006; Turnell, 2008). Revenue from the export of natural gas to Thailand from two offshore fields was estimated by the IMF (2007, p. 9) to account for 55% of government revenue in 2006-07, and the energy sector has been the main recipient of foreign direct investment (FDI) in Myanmar since the country permitted foreign investment in 1989 (AP, 2007). In ongoing attempts to generate political and economic pressure on the Myanmar authorities to undertake desired political and economic reforms, international advocacy organisations (‘advocates’, hereafter) call for corporate divestment and disinvestment from Myanmar, particularly targeting E&P activity (BCUK, 2005). In these efforts, advocates directly challenge E&P companies and investors on their responsibilities for the fraught situation in Myanmar:

We picketed the AGM [Annual general meeting], handing shareholders five quid notes we’d painted red. The point was that through investing in Premier [a company formerly involved in E&P activity in Myanmar] **they had blood on their hands, they bore responsibility for financing an illegitimate and repressive regime which kills people.** They didn’t like it much (laughs). It made the papers, and increased the pressure on the company. They were getting a lot of heat from the government, who we’d been lobbying too. It worked. The company left Burma pretty soon after that.

(Interview, former divestment campaign director,
New York, October 2008, emphasis added)

These advocates have been extremely effective at raising and framing E&P activity in Myanmar as immoral and undesirable (Dale, 2003; Dudley, 2003). This aim, and their success in doing so is reflected in two metaphors used

above - blood money² and bloodied hands – in which those involved in E&P activities are cast as complicit in human rights violations by the Myanmar authorities.

In response to these challenges, a number of E&P companies from the West claim to make positive contributions in Myanmar as responsible companies. The French E&P company Total SA (Total) cites benefits to the population from its presence in the country through its socio-economic programs and from its promotion of “responsible behaviour”.³ These direct claims about the positive, transformational potential of responsible corporate engagement in Myanmar were summarised by an E&P executive formerly in Myanmar:

People used to say to me, “You are only reaching 40,000 people in the pipeline corridor through your programs. You should do more in the rest of the country”. But what if you had 1,000 companies like mine, doing programs like this all over Myanmar? Asking difficult questions, setting an example? What would the country look like then?

(Interview, E&P executive, London, July 2008)

This responsible form of engagement is identified as being more desirable to that practiced by other ‘less responsible’ companies. Total argues:⁴

To those who ask us to leave the country, we reply that far from solving Myanmar's problems, a forced withdrawal would only lead to our replacement by other operators probably less committed to the ethical principles guiding all our initiatives. Our departure could cause the population even greater hardship and is thus an unacceptable risk.

Further, proponents of constructive corporate engagement with Myanmar identify companies from the Western countries as being more responsible than those from elsewhere; “You need more companies like ours, not less, and sanctions and boycotts...(sighs). The West has abandoned this country to

² ‘Blood money’ commonly refers to compensation payments made by, or on behalf of, a killer to the next of kin of a person they have killed. Concise Oxford Dictionary (1990; p118); ‘Blood money’ Wiktionary Retrieved July 27, 2009 from http://en.wiktionary.org/wiki/blood_money.
^{3,4} Total SA. (2007). In light of recent events unfolding in Myanmar, Total would like to restate its position regarding its presence in the country [Electronic Version]. Retrieved September 26, 2007 from http://birmanie.total.com/en/news/p_5_4.htm.

companies who don't have an interest in behaving responsibly. That's the tragedy" (Interview, E&P executive, Yangon, January 2007, emphasis added).

The quotes presented above provide a window into contemporary contests over appropriate corporate activity under globalisation. These include - (i) the advocacy activities of the Burma Campaign UK; (ii) Total's claim to be a 'responsible' company; (iii) the transformational potential ascribed to responsible corporate activity in weak governance contexts, and; (iv) the variation in corporate motivation to act responsibly. Each is a focus in this enquiry. Through describing and analysing the dynamic connections between them, in this thesis I critically reflect on democratic processes within global systems currently being developed to govern corporate activity.

Democracy and the Global Governance of the Corporation

A study of global connections shows the grip of encounter: friction. A wheel turns because of its encounter with the surface of the road; spinning in the air it goes nowhere. Rubbing two sticks together produces heat and light; one stick alone is just a stick. As a metaphorical image, friction reminds us that heterogeneous and unequal encounters can lead to new arrangements of culture and power.

(Tsing, 2005, p. 5)

This is a study of 'friction' in global connection, Anna Tsing's metaphor for the diverse and often conflicting social interactions that make up our contemporary world. Tsing (2005, p. 5) uses the metaphor to describe "the awkward, unequal, unstable, and creative qualities of interconnection across difference" through which cultures are continually co-produced. My inquiry takes place within a context of increasing global economic integration dominated by the economic philosophy of neo-liberalism, and accompanied by the spread of liberal and/or democratic values (Held & McGrew, 2002; Lechner & Boli, 2000).

The practices and principles of this form of capitalism has prompted wide-spread public protest, challenging its lack of democratic control, the financialisation of capitalism, and the logic of commodification inherent to its philosophy (Fisher & Ponniah, 2003). Following Shamir (2008), I do not consider neo-liberalism as a concrete economic doctrine nor a definite set of political projects, but rather as a complex, often incoherent, unstable and even contradictory set of practices that are organised around a certain imagination of the ‘market’ as the basis for the universalisation of market-based social relations. It is this neo-liberal imagination, its expression, and alteration through often unequal encounters between civil society organisations, corporations and state actors that is at the centre of this study.

Processes of contemporary globalisation under the neo-liberal imagination have fundamentally undermined effective state-regulation of corporate activity. These processes create and expose intersecting governance vacuums at the global and local levels. For its proponents, Corporate Social Responsibility (CSR) such as that espoused by Total, is seen as an adequate correction of these governance gaps. In CSR, corporate activity is re-oriented to incorporate environmental integrity and social justice alongside economic prosperity, in a ‘triple-bottom line’ approach (Elkington, 1998). This approach is espoused as a means to transform contemporary political-economic arrangements in the creation of ‘sustainable capitalism’ (Birch, 2003). For alter-globalisation critiques, CSR is an insufficient response as currently manifested, failing to meet broadly shared principles of democratic participation and legal accountability (Blowfield & Frynas, 2005; CorpWatch, 2006; Frynas, 2008). This continued ‘democratic deficit’ regarding corporate activity is one entry point for a group of critical management scholars, who have recently called for a *politicisation* of the corporation through attention to the corporate entity as a political rather than a social actor (Matten & Crane, 2005; Matten, Crane, & Chapple, 2003; Moon, Crane, & Matten, 2005; Scherer & Palazzo, 2007; Scherer, Palazzo, & Matten, 2009). By political, they refer to activities:

in which people organize collectively to regulate or transform
some aspects of their shared social conditions, along with the

communicative activities in which they try to persuade one another to join such collective actions or decide what direction to take.

(Young, 2004, p. 377 quoted in Scherer et al., (2006), p. 507))

Pointing to the involvement of corporations in global governance processes – inherently political activities - these scholars argue for the need to re-examine the theory of the firm to re-establish the legitimacy of corporate activity. This theory of the firm, which underpins the dominant corporate and economic model of investor capitalism (Waddock, 2004), frames corporations as private enterprises whose public impacts and associated responsibilities are delineated and regulated by territorially-bound nation-states. In the postnational constellation of globalisation (Habermas, 2001), the regulatory ability of states is weakened and the legitimacy of corporations as private actors – extensions of the private self – is argued to be fundamentally undermined (Palazzo & Scherer, 2008). This argument demands a re-assessment of the theory of the firm as an actor in the public domain, but from a theoretical consideration of the *political* rather than *social* responsibilities of the corporation. To contribute to this end, these scholars call for analysis of corporate engagement in processes of global governance, with particular attention to how the political activities of corporations intersect with the democratic self-determination of political communities (Scherer et al., 2009, p. 399). It is to this endeavor that I seek to contribute in this thesis.

In doing so I draw on work undertaken by political sociologists and international relations scholars in conceptualising new processes of global governance that have arisen with globalisation. Ruggie (2004, p. 519) defines the interactions of civil society organisations, corporations and states in global governance processes as occurring in a new global public domain; “an institutionalised arena of discourse, contestation, and action organised around the production of global public goods.” He argues that civil society organisations, corporations, and latterly states, have engaged in the production of global public goods in this arena in three ways. In the area of rule-making, civil society organisations attempt to counter-balance the influence of Transnational Corporations (TNC) in generating rules that favor global market expansion, and to develop rules that promote equally valid social concerns (e.g. defeating the Multilateral Agreement on Investment at the WTO).

Ruggie identifies accountability as the set of contests and other interactions between civil society, corporations and government actors to develop regulatory mechanisms to govern corporate activity. At present these are dominated by voluntary reporting and certification systems, although he notes the use of the Alien Torts Claims Act (ATCA) and other efforts to develop legally binding regulation. I focus on the third area of interaction in this inquiry – social capacity building. Ruggie describes a very different rationale for civil society engagement of companies in the global public domain, distinct from the imbalance between corporate rights and obligations, and the bad corporate behaviour which motivates civil society activism in rule-making and accountability exercises. Pointing to, “the sheer fact that [the MNE] has global reach and capacity, and that it is capable of making and implementing decisions at a pace that neither governments nor international agencies can match,” Ruggie (2004, p. 514) argues that, “[other social actors] increasingly are looking for ways to leverage this platform in order to build broader social capacity – to help fill global governance gaps and compensate for governance failures.” He cites the United Nations Global Compact, and companies providing HIV/AIDS treatment as two examples in this area, with companies playing public roles when states are unable or unwilling to do so often in partnership with, or in response to pressure from civil society organisations.

I have chosen to explore these ‘social capacity building’ efforts in relation to contexts of profound human insecurity - contexts in which people are unable to fulfil their basic needs and where the human experience is primarily one of fear and deprivation. In this thesis I refer to the processes of global governance through which civil, private and state actors articulate and contest appropriate corporate engagement with these contexts as Corporate Citizenship. Corporate Citizenship is a term used by some large corporations to describe their position in society; it is also used, and heavily debated, within academic communities (discussed in Chapter 2) (Matten et al., 2003; Morrison, 2003; Waddock, 2004; Zadek, 2001). In this thesis I use the term Corporate Citizenship to describe an emerging social phenomena that spans a growing body of corporate initiatives, nascent policy frameworks, and global civil society action, through which legitimate corporate activity and business-society relation under globalisation are

contested. My aim is to provide an initial conceptual description of the dynamics within this area of the global public domain, and to critically reflect on their ability to ensure the democratic self-determination of political communities. To this end I have developed a grounded theory of Corporate Citizenship in Fragile States, generated through the Constructivist Grounded Theory Method (Charmaz, 2006). Motivated by the research question – ‘To what extent, and how, might Corporate Citizenship promote the democratic self-determination of political communities?’ – I undertook an empirical case-study of Corporate Citizenship efforts related to three offshore, joint-venture, E&P projects in the oil and gas industry in Myanmar.

Dramatis Personae - Introducing the ‘Social Actors’

My research takes place within a tradition of social research which contends that reality is socially constructed (Berger & Luckmann, 1966), and that the processes and dynamics in that construction are open to social scientific inquiry. In this inquiry I identify, trace out and theorise social relations and interactions between broad groups of social actors, most notably ‘corporations’, ‘states’ and ‘civil society actors’. Working within the social constructivist tradition entails attention to the composition and characteristics attributed to these social actors. Contests over these attributes are at the heart of this inquiry.

Corporations are a significant legal entity and feature of modern day capitalism (Litvin, 2003, p. 6), recognised as a single entity in law through which a group of people are authorised to act as an individual (Concise Oxford English Dictionary, 1999). While the conditions for corporate practice were initially crafted by the law-makers of specific legal jurisdictions, Corporate Citizenship as a field of social contest arose in response to concerns that the legislative arrangements were insufficient to regulate the activities of TNCs in an increasingly globally-integrated economy (Muchlinski, 2003: p33). In light of the discussion above, I therefore consider the corporation here as a socially-constructed entity which operates within a normative and institutional regulatory framework which it in turn has the ability to influence and alter under the particular conditions of contemporary globalisation processes. It is this influence that makes the corporation a target of critique and protest, along with the institutional framework that governs TNC activity itself. Recognising that

commercial activity can be conducted by many different forms of organisation, of which the ‘corporation’ is one, in this thesis I refer to organisations conducting commercial activity related to oil and gas exploration and production as E&P Enterprises in the grounded theory I present. In the case study on which this theory is based all the E&P enterprises are, in fact, corporations, and as such I use the terms TNC and E&P enterprise inter-changeably in the text.

Mandated with the overall governance of populations, the state is understood to create and maintain all formal legal entities deemed to serve the ideals of a given nation. The Courts, Government Departments, Corporations, State Owned Enterprise (SOEs), public schools, and NGOs (non-governmental organisations), are all examples of organisational forms legally invested with particular characteristics, freedoms and responsibilities by the state. The state also provides and enforces the minimal prerequisites for economic activities. As explained by Scherer, Palazzo and Baumann (2006, p. 505), the state “determines regulations and delineates the sphere of private freedom, within which individual citizens and private institutions are entitled to conclude contracts with one another, to which the system of property and contractual rights compels obedience.” Further, in its various forms the state is entrusted to provide and guarantee the enjoyment of individual rights, termed citizenship rights by Matten and Crane (2005). Scherer et al (2006, pp. 505-506) describe these rights as follows;

In the development of modern nation states, the state has not only been the guarantor of *civil rights*, e.g., the right to own property, to enter into private contracts, and to engage in market activity. In its role as a democratic constitutional state, it has also been the guarantor of *political participation rights*, the right of the citizen to take part in the processes that determine public rules and issues of public concern. Finally, in its role as a welfare state, it has provided *social rights* for citizens, such as the right to education, to health care, and to other forms of welfare.

I refer in this thesis to ‘Home’ and ‘Host’ Governments, by which I mean the state authorities of the country in which an TNC is officially headquartered and registered, and the country in question in which it is operating, respectively.

Variation in the form and functions of these ‘state’ authorities is one of the key dynamics in global governance highlighted in this inquiry.

As ‘civil society’ features throughout this inquiry, a detailed explanation of my use of the term is required. A widely used and variously defined term, civil society is defined by the London School of Economics Centre for Civil Society as;⁵

the arena of uncoerced collective action around shared interests, purposes and values. In theory, its institutional forms are distinct from those of the state, family and market, though in practice, the boundaries between state, civil society, family and market are often complex, blurred and negotiated. Civil society commonly embraces a diversity of spaces, actors and institutional forms, varying in their degree of formality, autonomy and power. Civil societies are often populated by organisations such as registered charities, development non-governmental organisations, community groups, women's organisations, faith-based organisations, professional associations, trades unions, self-help groups, social movements, business associations, coalitions and advocacy groups.

In this thesis I identify ‘host civil society’ as the arena of un-coerced, collective action provisionally outside the state and the market that takes place in the foreign country in which an MNE has operations. Similarly, I identify civil society in the TNC’s country of origin as ‘home civil society’. Further, a ‘global civil society’ - that “slice of associational life that exists above the individual and below the state, but also across national boundaries” (Wapner, 1996, p. 4) - has been identified by scholars as emerging with the advent of contemporary globalisation.

I focus on two elements within this global civil society; international non-governmental organisations (INGO), and translocal social movements (TSM). INGOs are a very broad group of organisations which span national boundaries and express multiple, sometimes competing aspirations (e.g. the peace movement and terrorist organisations), but are generally characterised by their non-profit

⁵ Definition of Civil Society. London School of Economics, 2009. Retrieved August 8, 2009 from <http://www.lse.ac.uk/collections/CCS/introduction/default.htm>.

status and, in some cases, a value-based orientation or a cadre of volunteers carrying out the organisation's mandate (Hudock, 1999). I use the term INGO to refer to organisations working in the field of international development, such as the well-known organisations Save the Children and Christian Aid.

Social movements are “sets of strategically linked activities in which members of a diffuse principled network develop explicit, visible ties and mutually recognised roles in pursuit of a common goal (generally against a common target)” (Keck & Sikkink, 1997, p. 6). These networks are generally comprised of a range of advocacy and/or practitioner INGOs and domestic organisations in multiple countries. Given that these movements are not themselves bound by nation states I follow Fisher and Ponniah (2003) in considering ‘translocal’ social movements a more apt reflection of both the non-territorial character of these movements and their advocacy processes than the more commonly used term ‘transnational’ social movements. Advocacy organisations participating in a self-styled ‘Free Burma Movement’ have been instrumental in framing appropriate terms of corporate engagement in Myanmar. In this thesis I refer to organisations involved in translocal advocacy on corporate engagement in Myanmar (primarily calling for divestment) as ‘Stakeholder advocates’ as they have self-identified as holding a stake in TNC activity in the country. For brevity I refer to these organisations as ‘advocates’ in the text of this thesis.

Finally, whilst I identify these broad sets of social actors by the particular characteristics described I recognise a significant degree of variation within these groups. A ‘global’ and ‘local’ civil society organisation can be strikingly different in organisational form, function, resource-base and capacity; a ‘state’ may take many forms and may contain within it many different views of appropriate state action. In my use of these broad terms I do not intend to collapse the rich variation in the social entities they refer to. Rather I use these terms to draw attention to the dynamics through which these entities interact in creating broadly, loosely, more or less successfully shared understandings of appropriate corporate action in a globally integrating world.

A Case Study of Corporate Citizenship: Contesting Corporate Engagement With Myanmar

In developing the grounded theory of Corporate Citizenship in Fragile States presented in this thesis I have worked through an explicitly social constructivist perspective developed by Charmaz (2006) and others (Bryant, 2003; Mills, Bonner, & Francis, 2006) within the grounded theory research tradition (Glaser & Strauss, 1967). The Constructivist Grounded Theory Method (CGTM) is designed for the analysis of social processes through which self, identity and meaning are constructed and contested, situating them within broader social contexts and dynamics (Charmaz, 2006). The CGTM involves iterative analytic steps, through which the researcher moves back and forth between empirical data and increasingly abstract theoretical concepts. Through these steps the researcher can generate middle-range theory that is ‘grounded’ in the data – identified in, and developed in relation to, the interpretations of people experiencing the social phenomena (Gephart, 2004, p. 457). The resultant theory is thereby more readily accessible, relevant and of use to those experiencing the phenomena. I chose the CGTM for its strengths in theorising new areas of research and for this practical utility, in line with my desire to engage in applied, social-justice oriented research. This application of the CGTM is supported by theorists working within a critical perspective (Gibson, 2007; MacDonald, 2001) and in social justice studies (Charmaz, 2005).

Working with this method, I have developed a grounded theory of Corporate Citizenship in Fragile States. This theory describes the dynamic interplay between public, private and civil actors, across local and global contexts, through which understandings of appropriate corporate activity in fragile states are created, contested and transformed. Seven broad sets of data informed the development of this theory. These data-sets drew on over a hundred interviews in seven countries with stakeholders in E&P activity in Myanmar, undertaken from July 2006 to August 2009, and an extensive body of corporate and advocacy group publications regarding foreign investment in Myanmar.

From this grounded theory I offer an empirically-based critique of the global governance of corporate activity through Corporate Citizenship. As an initial conceptualisation in an under-studied area of research, I offer this theory

for subsequent assessment and theoretical development in other research contexts. In line with other grounded theorists (e.g. Bryant & Charmaz, 2007b, pp. 2-3) in this thesis I denote grounded theories – the conceptual frameworks generated through my application of the CGTM – as proper nouns. For example, in working through the constructivist grounded theory method I have generated the grounded theory Corporate Citizenship in Fragile States. To illustrate the relationships between the conceptual components of this grounded theory I make extensive use of figures and diagrams in this thesis. I do not present these illustrations as ‘models’ in the Modernist research tradition (Glaser & Strauss, 1967 as described by Mills, Bonner & Francis (2006)), but as heuristics to communicate my own interpretation and reflections on the transformational potential of Corporate Citizenship.

The CGTM emphasises the intrinsic engagement of the researcher in interpreting the social phenomena under study, and explicitly recommends a ‘reflexive stance’ (Mruck & Mey, 2007, p. 518). Charmaz (2006, pp. 188-189) defines reflexivity as;

The researcher’s scrutiny of his or her research experience, decisions, and interpretations in ways that bring the researcher into the process and allow the reader to assess how and to what extent the researcher’s interests, positions, and assumptions influenced inquiry. A reflexive stance informs how the researcher conducts his or her research, relates to the research participants, and represents them in written reports.

In line with my commitment to a reflexive stance, I discuss these issues in Chapters 3 (Methodology) and 4 (Method) and include vignettes and excerpts from my field-notes throughout this thesis. In acknowledgement of Charmaz and Mitchell’s (1996) exposition on the ‘myth’ of silent authorship in academic writing, in presenting this thesis I have also chosen to use the first person where appropriate.

A Grounded Theory of Corporate Citizenship in Fragile States

It is standard practice in the grounded theory tradition to briefly introduce a grounded theory, in full, at the start of a theoretical exposition (Charmaz, 2006; Locke, 2001). In this section I present an overview of the grounded theory of Corporate Citizenship in Fragile States. I elaborate on the theory and its composite parts in Chapters 9-13. The grounded theory presented in this thesis describes how different social actors interact in the global governance process of contesting appropriate terms of corporate engagement in fragile states. Corporate Citizenship in Fragile States incorporates four substantive grounded theories which each foreground a different social actor and a different set of political interactions. Figure 1 illustrates the five main groups of social actors considered, and the four composite grounded theories, which describe key interactions between them. These actors include enterprises involved in oil and gas exploration and production activities (E&P Enterprise); the government of the country they are headquartered in (Home Government); stakeholders in the operations of the enterprise who undertake advocacy to influence its engagement in the host country (Stakeholder Advocates); and government and civil society actors in the fragile state in question (Host Government and Host Civil Society, respectively). Corporate Citizenship in Fragile States is comprised of:

- (1) Commercial Diplomacy describes the use of enterprise as a conduit for foreign policy by states, particularly as it relates to ‘ethical’ business activity;
- (2) Stakeholder Activism details the aims and strategies of transnational civil society organisations advocating for ‘responsible’ corporate engagement;
- (3) Corporate Engagement explores the efficacy of stakeholder activism, commercial diplomacy and other contextual factors in explaining variation in the motivations and terms of corporate engagement, specifically different forms of divestment or engagement; and
- (4) Constructive Corporate Engagement presents a conceptual framework, grounded in multiple stakeholder-views and drawing on discourses of state fragility and human security prevalent in international relations, to

consider the potentially constructive impacts of corporate engagement in fragile states.

The dynamics described in these theories provide the basis for my subsequent critical reflections on political aspects of corporate activity, particularly that espoused as ‘constructive’ or ‘responsible’ in weak governance contexts.

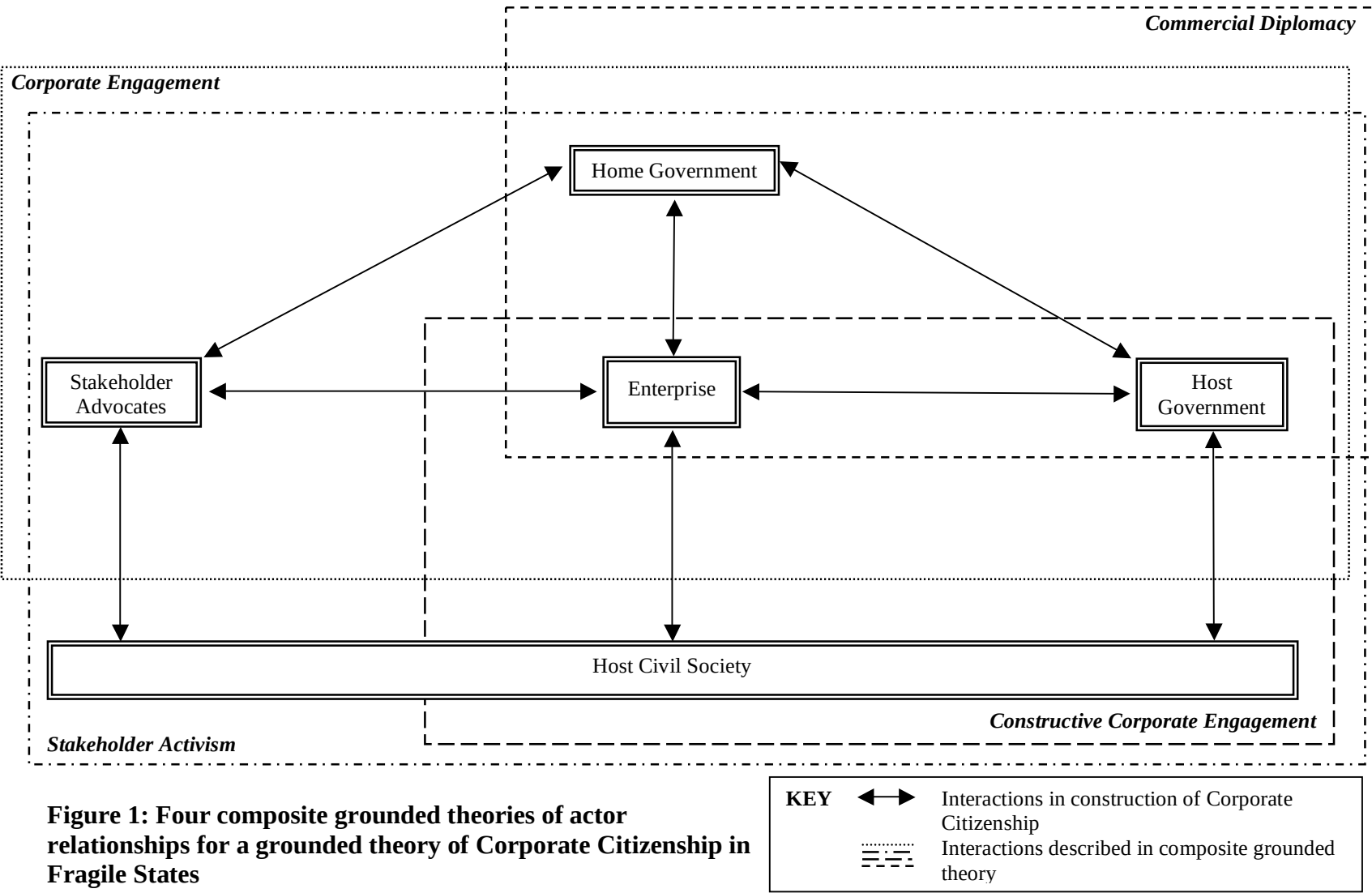


Figure 1: Four composite grounded theories of actor relationships for a grounded theory of Corporate Citizenship in Fragile States

In this chapter I provide an initial introduction to the four substantive grounded theories and their integration in Corporate Citizenship in Fragile States, illustrated in Figure 2. I posit the Enterprise Context as the foundational, or core category that draws these four theories together to explain the global social process of Corporate Citizenship. The enterprise context is comprised of three key sub-categories, spanning the organisational, institutional and social spheres of enterprise. As the strategic framework through which corporate actors understand and locate their operations, changes in the enterprise context result in different terms of corporate engagement in fragile states. The grounded theories of Commercial Diplomacy and Stakeholder Activism describe direct, strategic attempts by state and civil society actors to alter the enterprise context. Stakeholder advocates also lobby state actors to *indirectly* alter the enterprise context, aiming to alter political profiles and thereby prompt state actors to use enterprise as a lever of influence in achieving foreign policy goals. If successful, this form of stakeholder activism succeeds in altering the enterprise context through leveraging the multiple lines of interaction between state actors and enterprises.

Corporate Engagement describes strategic corporate responses to these efforts and other factors in the enterprise context. The theory describes corporate motivations for different terms of engagement in fragile states – open and constructive engagement, and sanctioned, principled, and strategic divestment - and the corresponding antecedents and outcomes associated with each motivation. Corporate Engagement in turn alters the policy profile states consider in their strategic use of enterprise as a conduit for foreign policy, and has a feed-back influence on the enterprise context. For example, the presence or absence of investing companies, and the terms of their engagement in a fragile state, alters the policy profile through which home states consider their foreign policy approach to that state, and their associated use of enterprise as a conduit for that policy (as described in Commercial Diplomacy). Equally, corporate divestment - whether sanctioned, principled or strategic – alters the enterprise context through its impacts on perceptions of operational or reputational risk associated with investment in the fragile state.

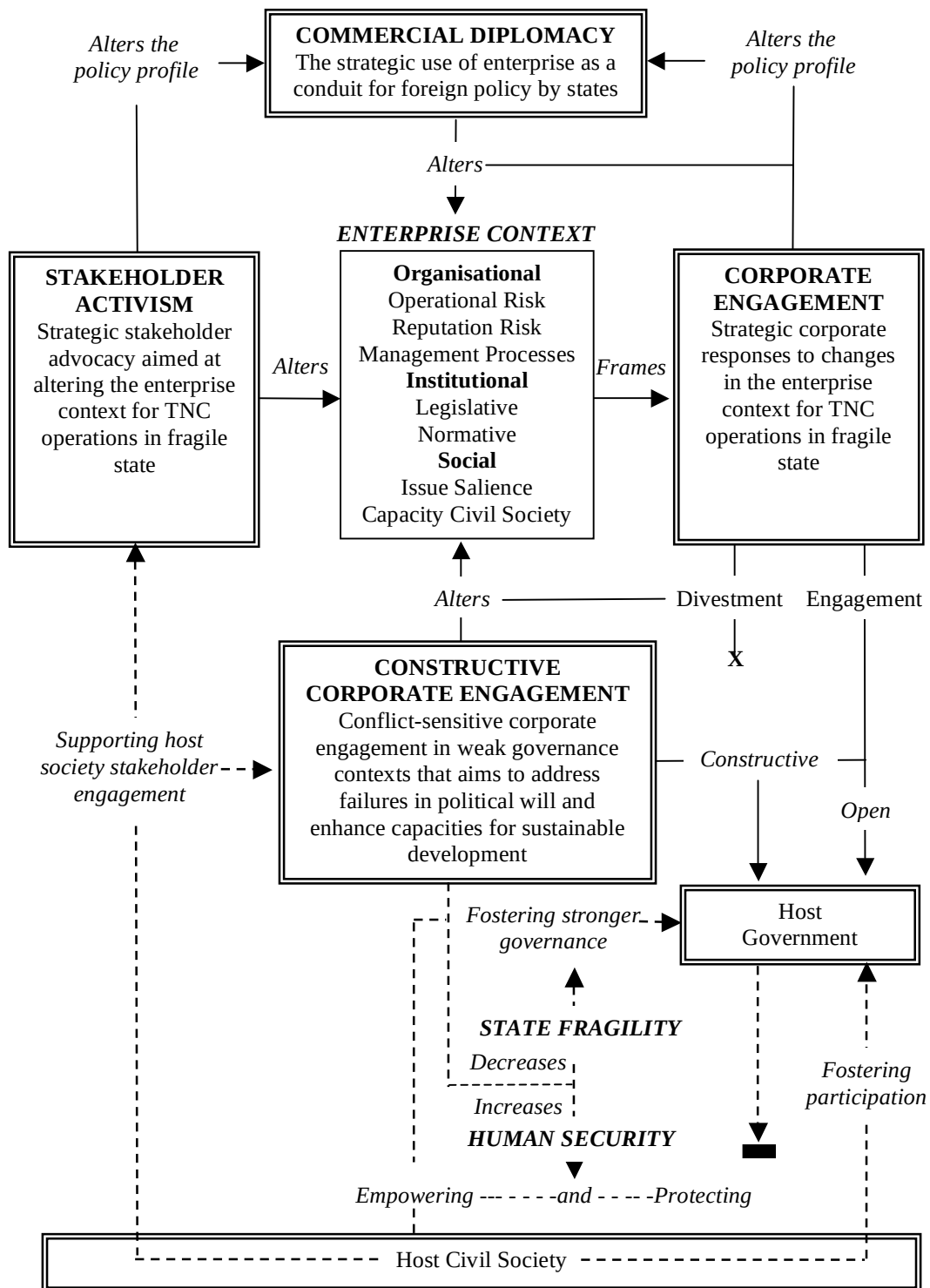


Figure 2: A grounded theory of Corporate Citizenship in Fragile States (simple)

Corporate engagement in fragile states that aspires or claims to be ‘constructive’ (i.e. through socio-economic programs and modelling alternative governance systems) is of particular relevance to the critical focus of this inquiry. Constructive Corporate Engagement presents an initial conceptual framework for evaluating the impacts of corporate engagement in fragile states, developed through extensive interviews with stakeholders in E&P enterprise activity in Myanmar and integrating the concepts state fragility and human security from the international development literature. Evaluation of the actual impact of these activities on the host country is beyond the scope of this research project. Hence Constructive Corporate Engagement is integrated into the composite grounded theory Corporate Citizenship in Fragile States in Figure 2 with broken lines, reflecting the conceptual nature of the theory. The broken lines illustrate mechanisms through which corporate engagement could be considered constructive. In this conceptual framework, constructive corporate engagement would decrease state fragility through fostering stronger governance systems in the host country, specifically through seeking to address failures in political will and enhancing governance capacities at the level of the state. It would also increase human security through a focus on the protection and empowerment of civil society, fostering the development of norms, processes and institutions that systematically address insecurities.

Constructive corporate engagements alters the enterprise context, influencing the adoption of such activities by other companies. It may also empower individuals and the host society as a whole, fostering greater participation in stakeholder engagement in both the domestic and international context. Further, although not illustrated in Figure 2, constructive corporate engagement may also alter expectations on the part of the host government of appropriate terms of corporate engagement, again affecting the enterprise context.

These theories provide a description of the dynamic global governance process of Corporate Citizenship, intended for subsequent theoretical development. They further provide an empirical basis from which to critically reflect on the potential of this governance process within the global public domain to secure the democratic self-determination of political communities.

Thesis Overview

The map of the thesis structure provided in Figure 3, illustrates both the logic of the grounded theory approach I have worked through in this inquiry, and the global-to-domestic dynamic that I have found to be central to this process of global governance. In the following chapter (Chapter 2), I introduce the context within which this inquiry was conducted and situate its contribution within current streams of academic inquiry. I next describe the Constructivist Grounded Theory Method (CGTM) (Chapter 3) and discuss my application of this Critical, Interpretive methodological approach, and describe the research procedures I followed in recognition of the considerable ethical and practical challenges presented by the research context (Chapter 4). I draw the analytic focus down into the domestic context in Myanmar by describing the fraught socio-political context in the country (Chapter 5), and discuss the development of Myanmar's energy resources as a central dynamic in the continued poor governance practices of the Myanmar authorities (Chapter 6). The historical development, structure, and profile of foreign investment in the oil and gas sector are of particular interest in this regard (Chapter 7).

The profile of foreign investment in E&P activity in Myanmar reflects different approaches within the international community for pursuing a commonly held goal of "improving conditions for the Burmese people and urging that the government undertake reforms" (Dalpino, 2009, p. 1). I next move from the domestic context to the international arena in a description of these different international approaches to engagement with Myanmar, with a focus on the translocal social movement for a 'Free Burma' (Chapter 8). The grounded theories of Commercial Diplomacy, Stakeholder Activism, Corporate Engagement and Constructive Corporate Engagement (Chapters 9-12) move progressively away from this international arena and closer to the domestic context in Myanmar. I combine the dynamics between government, civil society and private sector actors identified in these composite theories into an overarching grounded theory of Corporate Citizenship in Fragile States (Chapter 12). I then critically reflect on the democratic potential of this global social process, by which the appropriate terms of corporate engagement in fragile states and in

contemporary political-economic arrangements more broadly, is contested, enacted and transformed (Chapter 14).

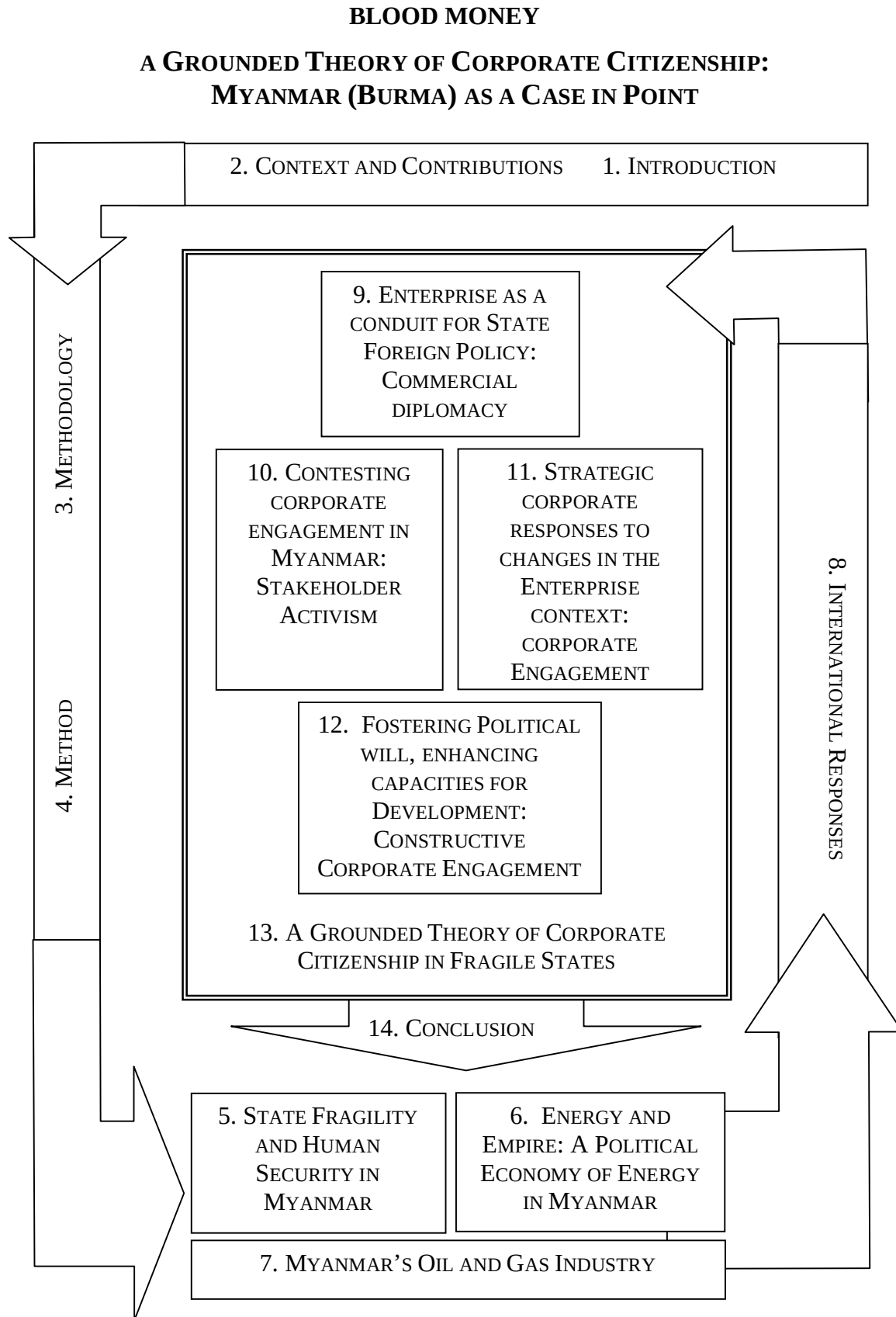


Figure 3: Thesis map of *Blood Money. A grounded theory of Corporate Citizenship. Myanmar (Burma) as a case in point*

CHAPTER TWO

CORPORATE CITIZENSHIP IN FRAGILE STATES – CONTEXT AND CONTRIBUTIONS TO THEORY

Total's commitment to meeting our corporate social responsibility is based on ethical principles and business practices. Our commitments are formally expressed in our Code of Conduct and based on support for and application of universal rules. Across our entire organization, in a variety of sometimes-sensitive business environments, we uphold human rights and transparent and fair business practices and we reject all forms of bribery and corruption.

Business Principles (Total, 2009)⁶

Total, the world's fourth-largest oil and gas company, describes itself as a 'Responsible Corporate Citizen' (Total SA, 2007a). As the above quote shows, in this the company recognises 'social responsibilities' which it commits to meet. Implicit in the statement is a portrayal of Total as a force for positive change in 'sometimes-sensitive' business environments through its application of 'universal rules', upholding human rights and conducting business in a transparent, 'fair' and non-corrupt manner. This statement contrasts markedly with economist Milton Friedman's (1970, para. 33) now-famous argument that "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits." Whilst not often recognised in arguments in support of the mantra 'the business of business is business', Friedman continues the sentence with "so long as it stays within *the rules of the game*, which is to say, engages in open and free competition without deception or fraud" (emphasis added). Since Friedman made this statement, the context within which business operates has been transformed. Globalisation has altered the basis on which the 'rules of the game' governing business-society relations are

⁶ Retrieved August 12, 2009 from <http://www.total.com/en/corporate-social-responsibility/Ethical-Business-Principles/>

created and enforced, drawing business enterprises such as Total into governance processes. The involvement of corporations in global governance processes – an inherently political activity - is at the centre of this inquiry.

The Corporation as a Site of Contest Over Contemporary Political-Economic Arrangements

Globalisation is understood across a range of literature to be primarily a process of international economic integration with multi-faceted political, economic and social effects (Daves, 2000). Facilitated by technological progress in information, communication and transport technology, contemporary globalisation has been accompanied by the global spread of liberal and/or democratic values (Held & McGrew, 2002; Lechner & Boli, 2000). This most recent process of global integration has been dominated by the economic philosophy of neoliberalism, considered to be reflected most definitively in the “Washington Consensus” (Williamson, 1990), a group of policies broadly adopted by Washington-based international economic institutions such as the IMF and the World Bank in the 1990s. These policies favour the liberalisation of trade and foreign direct investment, deregulation, and the privatisation of state enterprises, amongst other steps.

Challenges to Neo-liberal Globalisation

Challenges to the principles and practices of this form of capitalism have been wide-spread, including from former proponents of the approach. Joseph Stiglitz, former Chief Economist of the World Bank argues (2002, p. 214):

Globalization today is not working for many of the world’s poor. It is not working for much of the environment. It is not working for the stability of the global economy...what is needed is a policy for sustainable, equitable and democratic growth. That is the reason for development.

Global public protests also indicate that concerns are held by significant numbers of people. Targeting key instruments of contemporary globalisation - the free trade agreements and policies propelled by the WTO, the North American Free Trade Agreement (NAFTA) and other regional trade agreements, and the privatisation policies of corporations, the G8 countries, the World Bank and the IMF – an alter-globalisation movement first became globally visible at the World Trade Ministerial Conference in Seattle in 1999, and at the G8 summit in Genoa in 2001 (Klein, 2002). These protests reflect the less visible work of the World Social Forum⁷ and other alter-globalisation and global justice movements (Hawken, 2007; Humphries, Fitzgibbons, & Black, 2006). These movements are considered by their supporters to have “pointed to the degree of discontent generated by capitalism at the international level and demolished the illusions created by the simplistic idea of a harmonious progression towards a market society” (2003, p. 263).

The critiques of contemporary political-economic arrangements offered by these alter-globalisation movements include political, economic and philosophical objections to neo-liberal globalisation. The Latin American Social Observatory and the Latin American Social Science Council (OSAL & CLACSO, 2003, pp. 262-263), describe the political dimensions of this critique;

The emergence of this movement expresses the deep crisis of legitimacy of institutions and neoliberal policies across the globe. In this sense, the denunciation of, and the struggle against, the concentration of wealth created by the neoliberal order was closely linked to the struggle for a radical democratization of power on a global scale. A distinct feature of this movement was its great capacity to question, through its international campaigns, actions and debates, from Seattle to Genoa and Porto Alegre, the profoundly anti-democratic character of the institutions of global power, promoter of the free market ideology and world order.

Reflecting this lack of democratic participation, neo-liberal globalisation is described by members within the World Social Forum as a top-down process of ‘globalisation from above’, in which elite institutions impose neoclassical

7 World Social Forum, Accessed February 20, 2009 at <http://www.forumsocialmundial.org.br/>.

economic policies, consumerist cultural practices and technological risks. Fischer and Ponniah (2003, p. 11) explain; “The world’s public did not vote for the leadership of the WTO, nor for advertising billboards to dominate visual space, nor for research that produces genetically modified organisms.” In response, the diverse organisations within the World Social Forum movement share a desire for a new democratic process, a ‘globalization from below’ (Brecher, Costello, & Smith, 2000). Allied with this, the movement reflects concerns about the economic policies of neo-liberal globalisation (OSAL & CLACSO, 2003, pp. 262-263);

The emergence and consolidation of the movement expressed the gradual exhaustion of the capitalist model – in its neoliberal version – in the 1990s. This final stage of the crisis manifested itself in successive financial shocks, which sped across the globe beginning in 1997 and which have reached the advanced capitalist countries at a time of growing economic recession, a recession increasingly taking on international dimensions. In this light, the critiques formulated against the financialization of capitalism and against rising foreign debt expressed the attempt to find a different solution to the crisis.

The most recent global financial crisis associated with neo-liberalism began to unfold in mid-2007, prompting calls for a fundamental reassessment of the structure of the global economy and the economic principles that underpin it by both former stalwarts of the system,⁸ to persistent critiques.⁹ Sparked by rising defaults on sub-prime mortgages in the US and triggering a global crisis in the financial markets,¹⁰ from 2007-2009 the far reaching social and economic effects of financial crisis became apparent, with an economic recession of global

⁸ “Modern economic theory – Where it went wrong and how the crisis is changing it’ (Economist, July 18-24, 2009).

⁹ See ‘This is what denial does’ (Monbiot, The Guardian, October 14, 2008) Retrieved August 8, 2009 from <http://www.monbiot.com/archives/2008/10/14/this-is-what-denial-does/>; ‘Food, finance and climate’ (Shvia, Zspace November 22, 2008) Retrieved August 8, 2009 from <http://www.zmag.org/zspace/commentaries/3689>; ‘Capitalism, Sarah-Palin style’ (Klein, NaomiKlein.org, July 29, 2009) Retrieved August 8, 2009 from <http://www.naomiklein.org/articles/2009/07/capitalism-sarah-palin-style>.

¹⁰ “Global Financial Crisis” (FT) Retrieved August 8, 2009 from <http://www.ft.com/indepth/global-financial-crisis>.

proportions. The World Bank estimates that 55 million [more] people would live on less than US\$1.25 a day in 2009 than was expected pre-crisis.¹¹

Allied with these political and economic concerns, alter-globalisation advocates hold a set of profound objections to the ideology of neo-liberal globalisation as it relates to the individual, human, experience. These objections are described by Vandana Shiva (quoted by Fisher & Ponniah, 2003, p. 1);

As the globalization project unfolds, it exposes its bankruptcy at the philosophical, political, ecological and economic levels. The bankruptcy of the dominant world order is leading to social, ecological, political and economic non-sustainability, with societies, ecosystems, and economies disintegrating and breaking down.

The philosophical and ethical bankruptcy of globalization was based on reducing every aspect of our lives to commodities and reducing our identities to merely that of consumers on the global market place. Our capacities as producers, or identity as members of communities, our role as custodians of our natural and cultural heritage were all to disappear or be destroyed. Markets and consumerism expanded. Our capacity to give and share were to shrink. But the human spirit refuses to be subjugated by a world view based on the dispensability of our humanity.

Global protest against, and critique of these contemporary political-economic arrangements has further intensified with wide-spread recognition of the severity of human-induced climate change (Monbiot, 2006).

A wide range of responses to this situation have been proposed by alter-globalisation advocates. A 'Third Way' (Giddens, 2001) had been the most widely-adopted response amongst policy-makers to the challenge of uneven, environmentally degrading globalisation prior to the most recent financial crisis. This approach entails the preservation of the free market, with a stronger commitment to understanding and ameliorating the negative social and

¹¹ Factsheet: Global financial crisis and impact on developing countries. Retrieved August 8, 2009 from <http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTGLOBALMONITOR/EXTGLOMONREP2009/0,,contentMDK:22152819~pagePK:64168445~piPK:64168309~theSitePK:5924405,00.html#crisis>.

environmental impacts of the system. A central plank of this stance is drawn from the ‘Brundtland Report’ definition of sustainable development, as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”(WCED, 1987). To this end, a global initiative to halve poverty by 2015 was launched by the UN in 2000 in the form of the ‘Millennium Development Goals’, re-orienting organisations and institutions involved in the international development endeavour behind the achievement of eight goals. These policy responses are seen as insufficient by many critics of neo-liberal globalisation (for example Klein, 2008; Monbiot, 2008; Pilger, 2006) who continue to express concern that global institutions governing commerce and trade favour corporate freedom of competition and the movement of capital, reducing the ability of states to regulate corporate action to ensure environmental protection and social security. Whilst policy proposals vary, many alter-globalisation proponents argue for the creation of ‘compassionate capitalism’, where contemporary development prioritises environmental protection, ethnic diversity and cultural sustainability (Brahm, 2004).

Contemporary political-economic arrangements, which are understood by many within the alter-globalisation movement as a form of ‘corporate capitalism’. As Fischer and Ponniah (2003, pp. 10-11) note, “The perception is that corporate dominion has been organised across global space by the most powerful Northern states in the world, in collaboration with Southern economic and political elites.” Multi-national corporations are a site of challenge to these arrangements: for not meeting widely held principles of democratic governance or social orientation (Bakan, 2004; Korten, 2001); as beneficiaries and agents of the financialisation of capitalism (Perkins, 2004); and for the “suppression of political, economic, cultural, racial, gendered, sexual, ecological and epistemological differences” (Fisher & Ponniah, 2003, pp. 10-11) through their promotion of consumerist market practices (Klein, 2000). From these challenges to the corporation, Birch (2003, p. 1) concludes that demands for ‘corporate responsibility’ are calls “upon contemporary capitalism (as expressed through business) to be environmentally and socially responsible; to be accountable and transparent; to be inclusive; to be ethical and stable; to be more equitable – to be sustainable.”

Corporations as Citizens and the Creation of ‘Sustainable Capitalism’

The corporate and policy response to alter-globalisation calls for greater corporate *accountability* through the creation of mandatory legal regulation mechanisms, has been to promote voluntary corporate *social responsibility* and corporate citizenship (Fox, 2004; Halme & Laurila, 2009). A landmark in the adoption of the term Corporate Citizenship by large TNCs was *Global Corporate Citizenship – The Leadership Challenge for CEOs and Boards* (World Economic Forum, 2002) a joint-statement by 34 CEOs of global companies at the World Economic Forum in 2002. Companies use Corporate Responsibility interchangeably with Corporate Citizenship, and generally use the phrase Corporate Social Responsibility (CSR) to refer to the subset of corporate responsibilities that deals with a company’s voluntary or discretionary relationships with its societal and community stakeholders (Waddock, 2004). The term Corporate Citizenship was taken up in the management literature after it became prominent in business practice, continuing a long tradition of academic inquiry into business in society variously termed corporate social responsibility, corporate responsibility, corporate social performance, business ethics, stakeholder management, relationships, and engagement.

Capitalism and business-society relations has been a subject of debate in this body of work since at least the 1940s (Birch, 2003), increasing in intensity throughout the 1990s. At the core of this debate are challenges to the dominant view of the firm as a “private, closed, enterprise, concerned only with maximising profit and shareholder return” (2003, p.4). Described by Waddock (2004) as the dominance of *investor capitalism* in economic and corporate thinking, this view privileges shareholder interests above, or to the exclusion, of any other stakeholders in a company’s operations. The challenge, therefore, is to transform the business from being seen, and seeing itself “as a purely profit making organization...to a socio-economic institution of society” (Brown, 1979, p. 6). This is a significant challenge as “the basic legitimacy of the corporation has been and is grounded on stockholder ownership” (Brown, 1979, p. 8), both normatively and in law through the incorporation of the company as a private enterprise. It is this division that people working with and within companies in what has recently

been termed the ‘Corporate Responsibility Movement’ (Waddock, 2009) have predominantly sought to undermine, attempting to re-cast the corporation as a form of ‘social enterprise’. Leading authors in this regard include Stuart Hart (2005), John Elkington (1998), and Paul Hawken (1993).

The dissolution of this economic/social divide is reflected in the promotion of the term corporate *citizenship*, given that it “foregrounds the need to broaden responsibilities to everyone involved in an organization [beyond shareholders]” (Birch, 2003, p. 4) and metaphorically embeds the corporation within society. One aspiration identified in the metaphor is that corporations will exceed minimum legal requirements placed on them, just as individuals have citizenship-related responsibilities over and above the law (Van Buren, 2001). Garriga and Mele (2004, p. 57) note that whilst there are noteworthy differences in corporate citizenship theories within the literature, there is a general convergence on corporate citizenship entailing “a strong sense of business responsibility towards the local community, partnerships, which are the specific ways of formalising the willingness to improve the local community, and for considerations for the environment.” These elements are reflected in the definition provided by Waddock (2004, pp. 9-10):

Corporate citizenship is manifested in the strategies and operating practices a company develops in operationalizing its relationships with and impacts on stakeholders and the natural environment. Some degree of corporate citizenship (on a scale from poor to excellent) is present in all of these relationships and in the ways that companies treat stakeholder/nature.

For its proponents, corporate citizenship is therefore about transforming views on the role of the firm in society in order to secure the survival of capitalism, and to transform it into a *sustainable* capitalism (Birch, 2003). This is mooted as achievable through stakeholder consultation in the integration of environmental quality and social justice alongside economic prosperity by business in a ‘triple bottom line’ approach (Elkington, 1998).

Corporations as Political Actors and the Democratic Deficit

Garriga and Mele (2004) locate Corporate Citizenship within *political* theories in the corporate social responsibility literature in a classification based on how interactions between business and society are focused (as opposed to a historical or conceptual view). In this they distinguish political theories from those which are: *instrumental* (focused on achieving economic objectives through social activities– i.e. the ‘business case’ for CSR, BoP approaches, cause-related marketing); *integrative* (focused on integrating societal demands - i.e. issues and stakeholder management, corporate social performance); and *ethical* theories (focusing on the right thing to achieve a good society – i.e. stakeholder normative theory, universal rights, sustainable development). Describing political theories in the CSR landscape as those “which concern themselves with the power of corporations in society and a responsible use of this power in the political arena” (2004, p.51), they include Corporate Constitutionalism (Davis, 1967), Integrative Social Contract Theory (Donaldson & Dunfee, 1994) and Corporate Citizenship within this group. However, a body of ‘critical corporate citizenship theory’(Jones & Haigh, 2007) has recently been developed whose authors challenge the extent to which Corporate Citizenship scholars have to date engaged with the political aspects of contemporary corporate activity (Matten & Crane, 2005; Matten et al., 2003; Moon et al., 2005; Scherer & Palazzo, 2007; Scherer et al., 2009). Through initially interrogating the concept of ‘citizenship’ within CSR scholarship, this group of scholars seek to “create more defensible and applicable foundations for a theory of the firm as a socially responsible *political actor in society*”(Scherer et al., 2006, p. 514 emphasis in original). Their consequent argument that the citizen metaphor is broadly inappropriate in theoretical inquiries into contemporary business-society relations has caused some controversy amongst CSR scholars (see Crane & Matten, 2005; Crane & Matten, 2008; Crane & Matten, 2008; Edward & Willmott, 2008; Neron & Norman, 2008a, 2008b; Palazzo & Scherer, 2008; van Oosterhout, 2005, 2008).

At issue for Palazzo and Scherer (2006) is the strong line drawn between *private* business activities and *public* political responsibility in the dominant economic theory of the firm. Through this distinction corporations are free from

immediate legitimacy demands and private businesses are therefore *depoliticised*. For Palazzo and Scherer (2008) however, legitimate corporate action as a private activity assumes effective market regulation by the state, but in an increasingly *detrterritorialised* global economy termed the post-national constellation, the regulatory power of national law is diminished. Whilst attempts have been made to extend the corporate citizenship metaphor to the global level (Logsdon & Wood, 2002), these scholars argue that attention to the political aspects of corporate activity at this level particularly reveals the inadequacy of the metaphor.

Noting the participation of corporations in processes of global governance regarding the appropriate conduct and regulation of corporate activity, some of which occurs entirely separate from traditional state-centric systems of global governance, these authors contest that the citizenship metaphor maintains the illusion of corporations as simple extensions of the private self. In their view, considering corporate acts of making global rules and producing public goods as political activities exposes the democratic deficit in contemporary political-economic arrangements. In so far as business firms engage in political activity, a legitimisation issue arises as business firms and their managers are neither elected nor democratically controlled (Friedman, 1970). Through bringing self-regulatory corporate activities into focus as political acts, the need to legitimise corporate actors and their activity vis-à-vis the public is revealed, demanding a more constructive engagement by management scholars in a revision of the theory of the firm and how to create democratic systems to govern corporate activity. The fundamental break of this approach from the dominant tradition in CSR inquiry is made particularly clear in differences between how the ‘public’ aspects of corporate action are framed by traditional corporate citizenship scholars and in this more critical approach to corporate citizenship. Within the traditional approach CSR transforms capitalist practice by bringing corporations into the public sphere through exposing their role as *social* actors; “The term ‘corporate citizenship’ may not survive...but the importance of it as a mechanism to put the company as a social – more public enterprise – will” (Birch, 2003, p. 4). In contrast, critical corporate citizenship scholars place corporations as *political* actors in the public sphere, and call for a new research agenda which examines

current democratic deficiencies in these political processes and which seek to contribute to their redress (Scherer et al., 2009).

A Political Analysis of Corporate Citizenship

In this inquiry I aim to contribute to this emerging body of work analysing the political aspects of corporate activity. Here I inquire into Corporate Citizenship as a political *process*, as a dynamic field of discourse and action through which the appropriate characteristics, freedoms and activities of the corporate entity are contested in an increasingly globalised world. As such, I do not attempt to contribute to definitions of Corporate Citizenship as a *quality* that a company has or manifests in its activities; neither do I directly engage in a philosophical exercise regarding what a company *should do* in order to be ‘responsible’ or ethical. My interest is in the processes through which these issues are contested as an arena of political action, which includes stakeholder activism, corporate initiatives, and policy frameworks that seek to alter corporate activity. I acknowledge the fierce debate over the utility of the term Corporate Citizenship in the literature and its contested use in practice; however I have chosen to use the term to refer to this phenomena as I consider it to foreground the political aspects of corporate activity and to expose the tensions between democratic process and corporate activity in the contemporary globalisation of economic activity highlighted by these critical corporate citizenship scholars. I use the term Corporate Social Responsibility (CSR) to refer to the activities undertaken by companies in the discharge of their assumed ‘social responsibilities’.

Corporate Citizenship and Weak Governance Contexts

Political aspects of corporate activity in the post-national constellation are revealed particularly in corporate engagement in contexts of weak governance, conflict and wide-spread human rights violations. Researchers and activists

continue to reveal the ways in which foreign investment and corporate activity can fuel and influence the dynamics of conflict and associated violations of human rights in these contexts (Mallone & Nitzschke, 2005), sometimes prompting translocal social movements for corporate divestment (e.g. Apartheid South Africa, currently Sudan¹² and Myanmar). A number of initiatives attempt to promote ‘responsible’ business engagement in these environments. In 2000, the International Business Leaders Forum published *The Business of Peace* (Nelson, 2000), a seminal report promoting the business and societal benefits of conflict-sensitive business practice. Subsequent initiatives include business practice dialogues at The Conference Board,¹³ and in the UNGC’s Zones of Conflict policy dialogue,¹⁴ and policy initiatives by the ILO (Luca, 2003), the World Bank (2001), and the Organisation for Economic Co-operation and Development (OECD) (2006a). The role of business in peace has recently begun to receive attention within the Academy of Management (Wessel, 2006) reflected, for example, in George Washington University’s ‘Peace through commerce’ initiative.¹⁵

Engagement by resource extractive industries in these contexts receives a great deal of attention given the large environmental and social impacts of their activities, and their record of involvement in rights violations in host countries (ESCR-NET, 2005). Two high-profile examples include the failure of the oil company Shell to intervene in the execution of Ken Saro-Wiwa and eight other Ogonis in Nigeria in 1995 (Chandler, 2003), and the identification of corporate complicity in the illegal exploitation of resources in the war in the Democratic Republic of Congo by a UN Panel of Experts in 2002 (UN, 2002). Self-regulatory initiatives in the extractive sector include the Voluntary Principles on Security and Human Rights,¹⁶ the Extractive Industries Transparency Initiative,¹⁷

¹² See the ‘Sudan Divestment Taskforce’, Accessed August 13, 2009 at <http://www.sudandivestment.org/home.asp>.

¹³ Held in partnership with the Business Humanitarian Forum, a consultancy/business association. Information on the working group can be found at <http://www.bhforum.ch/> accessed March 9, 2009.

¹⁴ Business and Peace (UNGC, 2009). Accessed August 12, 2009 at http://66.109.24.102:8080/opencms2/export/unglobalcompact/Issues/conflict_prevention/index.html

¹⁵ Peace through commerce home-page, accessed July 31, 2009 at <http://www.peacethroughcommerce.com/>.

¹⁶ The Voluntary Principles on Security and Human Rights. Accessed August 13, 2009 at <http://www.voluntaryprinciples.org/>.

and the Kimberley Process Certification Scheme.¹⁸ As corporate engagement in Myanmar is the site of concerted advocacy by a translocal social movement, it provides an opportunity to inquire into companies involved in oil and gas E&P activity as political actors in both local and global governance processes.

A Process-Focused Case Study of Corporate Engagement in Myanmar

Visser (2007, p. 150) notes that research into CSR in developing countries is still relatively underdeveloped, with very little extant empirical research on the nature and extent of CSR in developing countries. Further, research has generally focused at a national rather than a regional level, with few examples of analysis at the sector, corporate or individual level (Visser, 2008; p.476). Visser notes that Asia is the region most often covered in the small body of management literature on CSR in developing countries, but my own literature review reveals that Myanmar is not well represented in this group, with the location of only two academic studies of CSR activities in country.

In a doctoral thesis, Seppala (2006) compares the strategic responses of Premier Oil and Total to human rights concerns about their operations in Myanmar with those of Talisman and Lundin in Sudan, whilst LaFrance and Lehmann (2005) analyse an unsuccessful public-private partnership between Total and Unicef in Myanmar, attempted as part of the company's CSR program. However, corporate engagement in Myanmar has been used in the development of CSR tools, including in the assessment of human rights impacts (Maassarani, Drakos, & Pajkowska, 2007) and corporate risk (Bell, 2005), and there are a number of papers related to corporate citizenship in Myanmar but which do not directly focus on CSR activities. These include the ethics of corporate engagement (Chen, 2006; Holliday, 2005a, 2005c; Schermerhorn, 1999b; White, 2004), activism by international stakeholders (Bray, 1998, 2001; Dale, 2003; Spar & Mure, 2003), legal procedures against Total and Unocal associated with their operations in Myanmar (Kurlantzick, 2004; Olsen, 2002), and the potential impacts on home country CSR by investment in Myanmar (Frost, 2005).

¹⁷ Extractive Industries Transparency Initiative. Accessed August 13, 2009 at <http://eitransparency.org/>.

¹⁸ The Kimberley Process. Accessed August 12, 2009 at <http://www.kimberleyprocess.com/>.

Whilst the activities of TNCs operating in Myanmar's mining and timber sectors are also of concern to advocates (see (ERI, 2007c; Smith, 2007), the oil and gas sector has been the main focus of academic inquiry and international attention. Further, the majority of research (with the exception of Chen's (2006) article on the human rights impacts of Chinese oil companies) has focused on Western companies, particularly Total and Unocal (now Chevron), with less attention being given to the Myanmar operations of the Canadian mining company Ivanhoe.¹⁹ Whilst a few practitioner-focused reports have entailed research undertaken in Myanmar,²⁰ none of the academic inquires listed above entailed primary research in the country; when primary research was undertaken it has involved interviews with corporate executives or activists outside Myanmar. The case study presented in this thesis is a useful contribution to academic literature considering CSR in developing countries, particularly in its focus on CSR in the oil and gas industry in Myanmar, a sector level focus in a country which has been neglected by the field. Regarding academic work related to corporate engagement in Myanmar, this thesis is a significant contribution through its basis in primary empirical research conducted by the author in Myanmar and a further six countries, and in its focus on both Western and non-Western companies.

Further, the insights this approach has provided into potential 'drivers' for the adoption of a conflict- and/or development-sensitive approach by companies in Myanmar as a 'weak governance context' is a contribution to the field. In 2001 an International Peace Academy study found "a dearth of reliable empirical information on corporate decision-making in conflict settings", and a need to establish why some private sector actors and not others undertake policies which seek to promote human rights and to mitigate or avoid conflict in host communities (Sherman, 2001, p. 3). Schermerhorn (1999b, p. 424) has argued that a useful analysis of different terms of corporate engagement with ethically challenging environments would need to include:

¹⁹ See the Canadian Friends of Burma 'Heave-ho Ivanhoe!' divestment campaign. Retrieved August 11, 2009 from http://www.cfob.org/cdn_investment.html.

²⁰ See the series of reports on Total's Myanmar operations produced as part of Corporate Engagement Project at the Collaborative for Development Action (CDA), (Anderson, Fraser, & Zandvliet, 2002; Anderson & Ganson, 2008; Zandvliet & Fraser, 2003, 2004; Zandvliet & Nascimento, 2005) and the Total case study in *The Profit of Peace* (Bais & Juijser, 2005).

- (a) the identification of common ethical ground for principled business action;
- (b) attention to the role of moral business leadership; and
- (c) an appreciation of the realities of the global business context, including the commingling of government policies and business agendas, the evolving Corporate Responsibility agenda, stakeholder advocacy and the expanding membership base of TNCs beyond Western companies.

Empirical descriptions of companies adopting a conflict-sensitive business approach are few but increasing in number. In *The Profit of Peace*, Bais and Juijser (2005) present interviews with executives in Afghanistan, Myanmar and Rwanda about corporate responses to conflict, and the attributed commercial and societal benefits of attempts to contribute to conflict transformation. In a significant contribution to the field, the Collaborative Development Association (CDA) have published a volume of reflections on the Corporate Engagement Project. In this initiative, conflict and international development practitioners have worked with companies on ‘deepening their engagement in challenging operating environments’ (Zandvliet & Anderson, 2009). There remains a significant opportunity to contribute to this field of thinking and practice.

Finally, attention to the social processes within the case study (as opposed to a ‘content’ focus) and to the multiple actors involved in CSR activities (beyond a primary focus from within the company or particular stakeholders etc) especially the intended ‘beneficiaries’ of CSR activities, are significant contributions to the corporate citizenship literature more broadly and to the literature on CSR in developing countries specifically. Basu and Palazzo (2008, p. 123) note that an overemphasis on the content of CSR activities in management research (i.e. analysis of CSR reports, charitable contributions, codes of conduct or participation in CSR initiatives) has drawn criticism for neglecting institutional factors that might trigger or shape such activities in the first place. In contrast, these institutional factors are brought to the fore in this inquiry. In addition, a number of scholars have noted that there is scant research on the *social impacts* of CSR activities, particularly in developing countries (Blowfield, 2007; Halme & Laurila, 2009). Idemudia (2008, p. 103) argues that “focusing on ‘processes’ as

opposed to outcomes and privileging the voices and concerns of the intended beneficiaries of CSR initiatives in data collection and analysis” is one way to address the measurement difficulties of assessing the contributions of CSR in developing countries.

Proposed contribution to theory (1): This case study of different terms of corporate engagement in Myanmar by oil and gas sector companies involved in E&P activity is a contribution to: (a) the literature regarding CSR in developing countries through its empirical, sectoral focus on CSR in Myanmar, which includes non-Western companies; (b) meeting a gap in knowledge regarding corporate decision-making in conflict and weak-governance environments; and (c) a process over content focus which privileges the voices of the intended beneficiaries of CSR activities.

A Critical Inquiry into Corporate Citizenship as a Form of Global Governance

My main theoretical contributions to the emerging field of critical corporate citizenship studies comes through my analysis of Corporate Citizenship as a form of global governance. Traditional conceptions of international relations place state-interaction almost exclusively at the centre of systems of global governance, with the direction of influence predominantly flowing down from bi- and multi-lateral agreements between nations. Contemporary discussions of global governance describe a multi-actor, multi-directional dynamic process. Thomas Weiss, editor (2000-05) of the journal *Global Governance: A Review of Multilateralism and International Organizations*, defines global governance as;

the complex of formal and informal institutions, mechanisms, relationships, and processes between and among States, markets, citizens and organizations, both inter- and non-governmental, through which collective interests on the global plane are articulated, rights and obligations are established, and differences are mediated (quoted in UNESCO, 2006, p. 4).

Global governance is broadly based on rights and rules that are enforced through a combination of financial and moral incentives (Hurrell & Kingsley, 1992). Sets of these rights and rules can be considered as ‘international regimes’ - the “principles, norms, rules and decision-making procedures around which actor expectations converge in a given issue-area” (Wapner, 1996; p.132). Framing activities – “conscious, strategic efforts by groups of people to fashion shared understandings of the world and of themselves that legitimate and motivate collective action” (Goffman, cited in Wapner, 1996) - are central to this process. Corporate Citizenship is one example of an emerging international regime in systems of global governance.

Theories of new forms of global governance highlight the involvement of non-state actors in the creation, development and implementation in governance processes, characterised as a ‘new diplomacy’ (Cooper, English, & Thakur, 2002). Ruggie (2004) describes these new global governance processes as a fundamental reconstitution of the global public domain – away from one which equates the ‘public’ in international politics with sovereign states and the interstate realm to one with which the very system of states is becoming embedded in a broader and deepening transnational arena concerned with the production of global public goods. In an approach that has clear resonances with the intent of Sherer et al (2006), he foregrounds the political aspects of corporate action in this ‘public’ domain. Ruggie (2004, p. 519) defines the new global public domain as;

An institutionalized arena of discourse, contestation, and action organized around the production of global public goods. It is constituted by interactions among non-state actors as well as states. It permits the direct expression and pursuit of a variety of human interests, not merely those mediated (filtered, interpreted, promoted) by states. It ‘exists’ in transnational non-territorial spatial formations, and is anchored in norms and expectations as well as institutional networks and circuits within, across, and beyond states. Furthermore, it differs from anything in the past that might resemble it in its dynamic density, and by operating in real time.

Ruggie sees this distinctive public domain as “thinner, more partial, and more fragile than its domestic counterpart, to be sure, but existing and taking root apart from the sphere of interstate relations” (2004, p.522). Governance in this domain and at whatever level of social organisation it may take place, refers to conducting the public’s business – “the constellation of authoritative rules, institutions, and practices by means of which any collectivity manages its affairs” (2004, p.504). As public authority represents the fusion of power with legitimate social purposes (following Max Weber), the public domain may therefore “be thought of as the arena in which expectations regarding legitimate social purposes, including the respective roles of different social sectors and actors, are articulated, contested, and take shape as social facts” (2004, p.504). Ruggie goes on to note that the features of the new global public domain “vary across issue areas in ways we do not yet fully understand,” (2004, p.519), and that in international relations (as argued by Sherer et al (2006) for management) “no shared paradigmatic understanding at all exists of the place the massive global corporate sector occupies on the world political landscape” (2004, p.500).

Ruggie notes that the political activities of civil society organisations, and their involvement in global governance process through the practice of ‘world civic politics’(Wapner, 1996), has been the subject of more concerted inquiry in International Relations. In this field, the emergence of global civil society is seen to reflect the expanding dominance of liberal and democratic ideology and facilitated by the development of information and communication technology (O'Brien, Goetz, Scholte, & Williams, 2000). Global civil society organisations are argued to have successfully altered international regimes, particularly related to human rights, the environment, and women (Keck & Sikkink, 1997; Wapner, 1996) through the use of internationally coordinated campaigns in identifiable ‘social movements’. These social movements may target individual states, inter-governmental organisations or the public, and the goals may include discursive, policy, institutional, or behavioral change. Employing specific strategies to achieve their ends, termed information, symbolic, leverage and, accountability politics (Keck & Sikkink, 1997, p. 16), social movements attempt to mobilise both state and non-state actors.

One recent area of critical inquiry in International Relations highlighted by Ruggie describes MNE involvement in new global governance as ‘private authority’ and ‘private governance’ (Hall & Biersteker, 2002) in response to advocacy for corporate accountability by civil society actors engaging in world civic politics. Referring to the apparent assumption by TNCs and global business associations of roles traditionally associated with public authorities, ranging from instituting new accounting standards, reporting systems, and ‘private’ regimes such as eco-labelling and other forms of certification designed to impress consumers with the social responsibility of participating firms. Amongst this group of critical scholars (Cutler, Haufler, & Porter, 1999; Haufler, 2001), firms are seen to function like governments in these activities as part of an overall trend toward privatisation and the promotion of global markets and market-based regulatory systems. Ruggie (2004) suggests that this portrayal of ‘private governance’ as a shift away from public to private sectors does not accurately reflect what he describes as the creation of additional systems of governance by TNCs (p.503); “a new transnational world of transactional flows that did not exist previously”. Instead of seeing it as solely a subject of critical concern, Ruggie views this development as potentially being able to (p.503);

provide a historically progressive platform by creating a more inclusive institutional arena in which, and sites from which, other social actors, including [civil society organizations], international organizations and even states, can graft their pursuit of broader social agendas onto the global reach and capacity of TNCs.

This is a significant expansion of the view of the corporation as a political actor in processes of global governance offered by critical corporate citizenship scholars. In their ‘extended’ view of Corporate Citizenship, Matten and Crane (2005) describe corporations entering into the arena of citizenship when they assume state-like roles in administering citizenship rights. In these roles corporations are argued to provide social rights (e.g. managing health care issues for staff or providing education services to communities), enable civil rights (e.g. protection’s workers freedom of association in countries with repressive governments), and channel political rights (e.g. as a site for political activity by stakeholder activists, corporations respond through engaging in self-regulation).

Scherer et al (2006) contend that this largely descriptive theory of corporations as the administrators of citizenship rights does not adequately engage with the question of democratic legitimacy in global governance processes, and emphasise communicative processes in deliberative democracy models (Habermas, 1996, 1998, 2001) as a theoretical framework to bridge this legitimisation gap. Following Fung (2003), the Scherer et al (2006, p. 520) argue, “Only the democratization of corporate activities, through continuous discourse participation and enlarged mechanisms of transparency, monitoring, and reporting, can close the legitimacy gap of the corporation as a political actor in a globalized economy.”

Ruggie’s conception of the global public domain allows for the expansion of inquiry into political aspects of corporate activity beyond the framing of the issue offered by these scholars. Matten and Crane (2005), and Scherer, Palazzo and their associates (2006; 2008; 2007; 2006; 2009) focus on the assumption of state-like activities by corporations, which therefore require new processes of democratic control in order to be accountable and/or legitimate. Ruggie’s attention to corporate citizenship as a site for other social actors – including states and civil society organisations - to pursue their own broader social agendas *through the corporation*, particularly highlights global governance as a *dynamic political process* in which the corporation is embedded and engaged in multiple ways. This allows for a more holistic assessment of the democratic basis of political process in the global public domain, as called for by Scherer et al, through analysis of the *political interactions* between state, civil society and corporate actors in the production of global public goods. This expanded view exposes new lines of theoretical inquiry that may elaborate our understanding of the corporation as a public, political enterprise. These may include, for example, attention to when and under what conditions in relation to state and civil society action a corporation is likely to assume state-like activities.

(A): Democracy and Corporate Citizenship

Conceptions of new global governance broadly portray it as the outcome and process of interaction between three groups of actors, captured in a metaphor

that places global civil society as the citizen (advocating for expanded freedoms and social justice for the people) against the prince (symbolising governmental power and the maintenance of public order), and the merchant (who represents economic power and the production of goods and services) (metaphor by Marc Nerfin, cited in Friedman, 1970; Gordenker & Weiss, 1996, p. 19). In this conception ‘global civil society’ are seen to represent and champion the interests of the World’s people against the dominating forces of the Market and the State. This metaphor provides an entry point into critical analysis of the relations between state, civil society and corporate actors in the global public domain, through which appropriate corporate activity in the production of global public goods such as social justice is contested and determined as social fact.

I refer to this broad, global, multi-actor process as Corporate Citizenship. Attention to the ways in which the global public domain may provide a progressive platform within which other social actors, including states and civil society organisations attempt to pursue their own social agendas through corporate political activity, demands critical inquiry into the legitimacy of each of these actors. This includes assessments of the state in the global governance of corporate activity, including assertions that it is in decline through the processes of globalisation (Drucker, 1997; van Creveld, 1999) through the disengagement of law and state (Cutler et al., 1999). The metaphor also frames critical inquiry into potentially ‘dominating’ articulations between the social agendas of ‘market’ and ‘state’ actors over the citizen.

Further, stakeholder activism by civil society as a form of directly democratising the economy (Bendell, 2000) is brought into critical focus through this metaphor. Critical analyses of CSR in the development literature (see Fox, 2004, p. 30) and from civil society organisations in the global South (see *Corporate Social Responsibility: Whose voice is heard?* by Bais, 2008) as a ‘Northern’ project in which companies undertake CSR activities in the developing world mainly for the benefit of stakeholders in developed economies alerts me to the need to inquire into the legitimacy of stakeholder activism as a form of expanding the reach of civil society agendas through corporate activity. Each of these facets may contribute to the academic endeavour to politicise corporate

activity, for example in the theoretical development of Matten and Crane's description of the corporation as a 'channel' for political citizenship rights.

Proposed contribution to theory (2): The grounded theory presented in this thesis describes interactions between civil, private and government-based social actors in contesting appropriate terms of corporate engagement in fragile states as a *political* process. This contributes to a recent academic endeavour focused on the politicisation of the corporation (Palazzo & Scherer, 2008). Specifically, my insights from a critical inquiry of this global governance process furthers this field in exploring (a) the relations between states, corporations and civil society organisations in the production of public goods in the new global public domain, including through the administration of citizenship rights (Matten & Crane, 2005).

In addition, attention to (b) democratic aspects of Corporate Citizenship, highlighting issues of accountability, legitimacy and representation, allows critical exploration of Ruggie's (2004) contention that this process may provide a historically progressive platform in which other social actors pursue their own broader social agendas through attempting to alter the terms of corporate activity.

(B): Corporate Citizenship and Multi-polar Globalisation

The democratic control of corporate activity through Corporate Citizenship is further complicated under what has been termed 'multi-polar globalization'. Tripathi (2007) highlights the emergence of TNCs from newly industrialised countries such as India and China, often supported by their home governments and less exposed to civil society pressure at home. He argues that this presents a serious challenge to the corporate social responsibility movement, which has emphasised the ability of stakeholder pressure to drive the development of corporate citizenship. Whilst there was a surge in UNGC participation in 2007-

08 by companies from the South and Southeast Asian regions, TNCs originating from countries other than the global 'North' are poorly represented in CSR initiatives (Bendell, Ng, & Alam, 2009). The extractive industry is of particular concern in this regard; whilst the oil and gas sector has been an area of some of the greatest activity in the contemporary development of corporate citizenship initiatives, these initiatives have largely failed to integrate Chinese, Indian, Russian and Latin American companies and their corresponding governments (Morrison & Wilde, 2007, p. 5). Further, 90% of world oil reserves are under the control of state-owned companies (Lahn, 2007, p. 5), and there has been a recent expansion of E&P activity abroad by state-owned enterprises from the emerging economies of Southeast Asia (Kenny, 2004; Ziegler, 2008). Despite this, research into CSR in state-owned enterprise, and the involvement of SOEs in Corporate Citizenship more broadly, has not been a notable focus of inquiry in the CSR literature (Wee, 2008).

There has been considerable inward investment in E&P activity in Myanmar in recent years, with ten new oil and gas projects agreed between 2006-2007 (Human Rights Watch, 2007a). With two exceptions (Australia and the Russian Federation), the fourteen TNCs involved in these new projects are from the Asian region. Given this level of investment activity Total and Chevron claim that they would be readily replaced by a non-Western competitor if they were to withdraw from the country under pressure as happened when Britain's Premier Oil withdrew from the Yetagun Project in 2002. Half of the thirty companies currently involved in E&P in Myanmar are wholly or partially owned by their home state governments (see Appendix 18). In this inquiry I focus across the E&P sector in Myanmar, including non-Western TNCs and the dynamics of translocal civil society action in the global South agitating for E&P divestment from Myanmar. This provides an opportunity to inquire into aspects of Corporate Citizenship under the emerging conditions of multi-polar globalisation, in which E&P TNCs from newly industrialised countries are concurrently exposed to and influence the terms of corporate responsibility debates. It also allows insight into the multiple relations between state actors and corporations in the energy sector, so elaborating my description of the firm as a political actor.

Proposed contribution to theory (3): Attention to the evolving context within which Corporate Citizenship occurs – specifically the dynamics of multi-polar globalisation seen in the emergence of TNCs from newly industrialised countries – contributes to the field through (a) identifying potential limits to, and innovations in, civil society activity to promote more responsible corporate action, and (b) identifying and theoretically describing variation in drivers for the adoption of more ‘responsible’ terms of corporate engagement by Asian TNCs, particularly those which are state-owned.

(C): Universalising Freedoms, Democracy and the Market?

The CSR movement is founded on the premise that norms around the appropriate terms of corporate activity can be transformed, and that this requires the active engagement of business. Zadek (2001, p. 221) argues, “...corporate citizenship will only be effective if and when it evolves to a point where business becomes active in promoting and institutionalising new global governance frameworks that effectively secure civil market behaviour.” Further, Logsdon and Wood (2002) expect global corporations to join the ranks of human rights ‘enforcers’ as pragmatic pressures mount on them, some of which may be at some distance from their own commercial activity. For example, in defending its operations in Myanmar, Total claims to provide a “model for business and political leaders looking for ways to address the country’s human rights issues” and to enhance the well-being of the local people through their “defense of common values”.²¹ This normative argument offered for the societal benefits of ‘corporate responsibility’ to sustainable development are a subject of concern for critical scholars of the involvement of business in international development (Springett, 2003). For example, in *CSR and development: Is business appropriating global justice*, Blowfield (2004, p. 67) argues that a critical analysis of CSR reveals global corporations “to have a very particular set of norms, values and priorities that are projected as universal, and that define the boundaries which circumscribe any other negotiation of justice and well-being.” As such, “The

21 Total SA. (2007). In light of recent events unfolding in Myanmar, Total would like to restate its position regarding its presence in the country [Electronic Version]. Retrieved September 26, 2007 from http://birmanie.total.com/en/news/p_5_4.htm.

starting point for any debate about whether CSR is of benefit ...is therefore to consider if we accept these norms, values and priorities; in other words, the social, moral and economic dimensions of global capitalism.” Elsewhere Blowfield (2005, p. 520) describes these as the fundamental values and tenets of capitalist enterprise;

These include the right to make a profit, the universal good of free trade, the freedom of capital, the supremacy of private property, the commoditization of things including labour, the superiority of markets in determining price and value, and the privileging of companies as citizens and moral entities.

Blowfield contends that as CSR researchers and practitioners almost never acknowledge that these basic rights are claimed by companies, CSR adds to their unquestioned legitimacy and primacy over conflicting sets of norms, values and priorities which are considered to be negotiable. Continuing this structural analysis, Shamir (2008, p. 1) describes and theorises CSR as “the moralization of economic action that accompanies the economization of the political”. In this process local, national and transnational authorities – both state and non-state – increasingly follow the logic of ‘economic sustainability’ and operate in a corporate-like form, whilst commercial enterprises increasingly perform tasks once considered “to reside within the civic domain of moral entrepreneurship and the political domain of the caring welfare state” (2008, p.2). Through this process, Shamir sees CSR as an epistemological breakthrough in the evolution and adaption of the neo-liberal imagination, through its reframing of socio-moral concerns from *within* the instrumental rationality of capitalist markets. Together, these critical scholars draw my attention to the values and principles reflected in calls by advocates of competing terms of appropriate corporate engagement in fragile states. Specifically, they alert me to a normative blurring of the economic and political spheres within CSR endeavours, and sets these endeavours against a broader process in which the political is increasingly subject to, and mediated through, economic logic. This allows for critical reflection into the potential of the social process of Corporate Citizenship as theoretically described to fundamentally transform contemporary political-economic arrangements, dominated by the neo-liberal imagination.

Proposed contribution to theory (4): Critical inquiry into the normative basis of Corporate Citizenship processes allows reflection on the blurring relations between the economic and political spheres in neo-liberal globalisation. Attention to the forms and conditions for social justice contained in competing calls for ‘responsible’ corporate engagement with fragile states therefore contributes to the politicisation of the corporation.

Informing Concepts from International Relations

Three concepts currently in use in the fields of international affairs and international development have informed this inquiry – State Fragility, Human Security and Energy Security. I draw on the discourses of state fragility and human security to frame my political analysis of corporate engagement with aspects of weak governance in the Myanmar context, at both the level of the state and the citizenry. I use the concept of energy security in an analysis of the political economy of E&P activity in Myanmar’s domestic context and in the country’s international relations. I introduce each of these concepts below, before presenting a brief summary of the grounded theory of Corporate Citizenship in Fragile States developed throughout this thesis.

Fragile States: Engaging Difficult Partners

Various terms - fragile, vulnerable, weak, collapsed, failing, failed, recovering– are used by the community of international development donors, facilitators, providers and analysts to describe states which are identified as failing to provide their citizens with conditions that support socio-economic development and human security. In fragile states re-current violent conflict, political repression and weak governance institutions are often endemic, frustrating international efforts to foster socio-economic development undertaken within the

current global discourse of ‘sustainable development’. Proponents of sustainable development seek to balance economic growth with environmental protection and aspects of social justice, with a central focus on inter-generational responsibility (see for example the ‘Brundtland Report’ (WCED, 1987)). Within the group of states identified as being fragile, a number are considered to be ‘difficult partners’ by development donors. In these relationships, state authorities are considered to lack either the political will or development capacity to improve the life opportunities of their citizens, resisting or frustrating efforts to support development within the country by the international community.

State fragility became a particular focus for policy makers after the terrorist attacks on the World Trade Centre in New York on September 11, 2001 (Grono, 2007, p. 1). For example, in its focus on fragile states, the World Bank “resonates with global concerns such as international security and crime” (World Bank, 2005, p. 8). Fragile states are identified as a source of many of the most challenging global problems. These include seemingly intractable armed conflict (Sudan), terrorist networks (Somalia, Pakistan), narcotic drug production (Afghanistan, Columbia), rogue nuclear technology development (North Korea), and human trafficking and slave labour (Myanmar). The transnational nature of these problems prompts Browne (2007, p. 1) to note that current international concern with the plight of people in fragile states therefore reflects both altruism and self-interest; fragile states are considered a threat to global stability. Other scholars critical of development highlight complex dynamics associated with historical and contemporary processes of colonisation and exploitation (see for example Duffield, 2001; Shiva, 2007). This criticism of the development project clearly extends to efforts to ‘stabilise’ states identified as fragile and of particular concern to the global powers.

In what Browne (2007, p.2) terms a “new world disorder”, at least one-third of all developing countries are considered fragile by most definitions. These 30 to 50 countries are home to up to a quarter of the world’s population, an estimated 1.5 billion people. Definitions of fragility commonly describe some kind of significant state failure or dysfunction, and include reference to (a) lack of capacities for development, (b) vulnerability of the state to instability and/or conflict, or (c) a failure of political will on the part of the authorities to pursue a

development agenda. The World Bank (2005, p. 5) identifies fragile states, which it formerly classified and ranked as Low-Income Countries Under Stress (LICUS), as those countries which;

share a common fragility, in two particular respects; (a) State policies and institutions are weak in these countries: making them vulnerable in their capacity to deliver services to their citizens, to control corruption, or to provide for sufficient voice and accountability. (b) They face risks of conflict and political instability.

The Crisis States Research Centre (2006) defines fragile states as being “particularly vulnerable to internal and external shocks and domestic and international conflicts,” whilst the Failed States Index, compiled by the United States’ Fund for Peace and *Foreign Policy*,²² ranks countries in order of their vulnerability to internal conflict and societal deterioration based on 12 social, economic, political and military indicators. The OECD’s Development Assistance Committee (DAC) is more forthright in bringing the lack of political commitment to development to the fore in some countries. The DAC characterises fragile states as “those countries where there is a lack of political commitment and/or weak capacity to develop and implement pro-poor policies. In addition these countries tend to be characterised by poor governance and by being prone to violent conflict” (OECD, 2006b, p. 14).

A number of evaluative measures are used to identify aspects of state fragility. Three measures from the United Nations and categorisation by the World Bank are widely used to identify overall development performance and countries of concern. In 1971, the United Nations (UN) identified a category of 25 least developed countries (LDCs) defined by three sets of criteria: low income levels (less than gross national income per head of US\$775 per annum); a low human assets index (a composite of nutrition, health, education and adult literacy); and high economic vulnerability (volatility of agricultural production and trade, small economic size and proneness to natural disasters). LDC status was equated with a priority for aid. The UN monitors and ranks countries on their development performance using the Human Development Index (HDI), a

²² The Failed States Index, accessed on May 29, 2009 at http://www.foreignpolicy.com/story/cms.php?story_id=4350.

composite value based on measurements of longevity, knowledge and standard of living in a country.²³ Country progress on the eight Millennium Development Goals (MDGs) agreed by the international community at the Millennium Summit of world leaders in September 2000, which aim to halve poverty by 2015, provide another measure. In 2003, the UNDP identified 30 ‘top priority’ countries and a similar number of ‘high priority’ countries which are either making only moderate progress on the MDGs from acute poverty levels, or have medium poverty levels and are regressing (UNDP, 2003). The World Bank identified 26 countries as fragile in 2006,²⁴ all but two of which were post conflict or conflict-affected countries, highlighting the close association between conflict and state fragility. The Crisis States Research Centre and the Failed States Index, amongst others, also rank countries on their vulnerability to internal and external shocks

In a report on the European Commission’s approach to state fragility, Faria and Ferreira (2007, p. 33) note the organisation now favours the term “situations of fragility” to underline the point that institutional fragility must not be considered a permanent and unavoidable characteristic. However, the record of state fragility by any of the multiple measures used suggests the condition is chronic. The overall number of LDCs had now grown to 49 as of January 2009, with only two countries - Botswana (1994) and Cape Verde (2007) – having graduated out of least developed status. Given the glacial movement to date of countries out of ‘fragile’ status and the current interest in the identified consequences of state fragility, a significant body of work has recently been developed on the topic. One focus within this body of work undertaken by and for the international donor focuses on what forms of donor engagement are most constructive in supporting transitions to state stability. Browne (2007, p. 12) notes that the record of donor aid in assisting states to move towards stability is ambiguous. In attempts to improve these efforts, donors have identified two dimensions of state fragility which they seek to address, and which present specific challenges to development; a lack of political *will* and weak development

23 The Human Development Index is a composite measure of a country’s development, based on indicators of longevity (life expectancy at birth), knowledge (adult literacy rate, and the combined primary, secondary and tertiary gross enrolment ratio), and standard of living (the natural logarithm of gross domestic product (GDP) per capita at purchasing power parity (PPP) in United States dollars).

24 LICUS countries, World Bank, 2006, Retrieved on May 29, 2009 from http://www.worldbank.org/ieg/licus/licus06_map.html.

capacity. In reporting on challenges to engagement with fragile states by the European Union, Faria and Ferreira (2007, p.33-34) distinguish between:

States that are unable to or face great difficulties in meeting their minimum obligations in the provision of security and justice, or in granting access to health or education; and other States that are unwilling to shoulder their responsibilities according to good governance principles – the so-called “difficult partners”.

The DAC (2001, p. 4) identifies “difficult partnerships” as being those; [W]here development objectives play little role compared with prolongation of power, with the result that partner governments do not have credible commitment to effective policies and their implementation. Genuine participatory development is fundamentally compromised. Corruption and political repression, among other characteristics, are commonly associated with such regimes.

As such, the DAC notes, donors are reluctant to maintain a full government-to-government relationship or to base their assistance on commonly used and preferred partner development frameworks.

I draw on the concept of state fragility to frame challenges to development identified in the Myanmar context, particularly around governance. Efforts within the international development community to engage with ‘difficult partners’ also provide a framework for analysis of the efforts of people of good intent who aspire to contribute to a resolution to the profound insecurities experienced by the Burmese population. To frame these insecurities and to develop a vision for their resolution that goes beyond ‘stabilising’ or ‘strengthening’ the Myanmar state in isolation, I draw on another discourse current in international relations: Human Security.

Human Security: Freedoms, Protection and Empowerment

Hunter and Black (2008) note that ‘human security’ is a concept under fabrication among international development and security policy makers, analysts and activists. The first major statement concerning human security was made in

the United Nations Development Programme's annual *Human Development Report* in 1994 and the concept has been most notably developed by the United Nations Commission on Human Security established in 2001 established in response to a call by Kofi Annan, the UN Secretary-General at the time, at the Millennium Summit in September 2000 to achieve the twin goals of “freedom from fear” and “freedom from want” (UNCHS, 2003, p. 153). In the Commission's culminating report - *Human Security Now (2003)* – it defined human security as “to protect the vital core of all human lives in ways that enhance human freedoms and human fulfilment” (UNCHS, 2003, p. 4).

The Commission's definition of human security is dynamic, comprehensive and aspirational. Its dynamism comes from its emphasis on protecting the “vital core of life” – the “set of elementary rights and freedoms people enjoy” and its recognition that what people consider to be essential and crucially important in this “vital core” varies across individuals and societies. In contrast to the seven specific elements that comprise human security identified in the UNDP's 1994 report – encompassing economic, food, health, environmental, personal, community and political security - the Commission refrained from proposing an itemised list of what makes up human security. Instead, two general and mutually reinforcing strategies are offered by the Commission to realise these linked freedoms: protection and empowerment. Protection is given to mean shielding people from critical and pervasive threats and situations, and requires concerted effort to develop norms, processes and institutions that systematically address insecurities. Empowerment is described as the creation and use of processes that intend to build on people's strengths and aspirations, to enable them to develop their potential and become full participants in decision-making. The combined emphasis of these two strategies is on the creation of “political, social, environmental, economic, military and cultural systems that together give people the building blocks of survival, dignity and livelihood” (2003. p.4).

The concept of human security integrates the international community's main policy agenda items of peace, security and sustainable development. The comprehensive nature of human security was described by Kofi Annan (UNCHS 2003, p.4);

Human security in its broadest sense embraces far more than the absence of violent conflict. It encompasses human rights, good governance, access to education and health care and ensuring that each individual has opportunities and choices to fulfil his or her own potential. Every step in this direction is also a step towards reducing poverty, achieving economic growth and preventing conflict. Freedom from want, freedom from fear and the freedom of future generations to inherit a health natural environment – these are the interrelated building blocks of human, and therefore national, security.

In this conception offered by Kofi Annan, as head of the United Nations, human security is proposed as an overarching vision for human endeavour and international co-operation, representing a substantial and elegant re-visioning of the meaning of the concept of security. Advocates of the concept promote human security as a new paradigm of security for the 21st century, which complements state security whilst responding to the particular opportunities and threats present in a globalised world (2003, p.2). The paradigm of ‘state security’ that has been dominant since the 17th century invests the state with a monopoly on the rights and means to protect its citizens, whilst human security expands the traditional concept of security beyond state actors to the individual. In doing so, the concept is argued by its proponents to further human development, enhance human rights and complement state security by being people-centered and addressing insecurities that have not been considered as state security threats (2003, p.2).

An assertion by the Commission, shared by the UN more broadly and reflected in the Millennium Development Goals, suggests that the challenges to security and its protectors have become more complex in the modern era. Whilst the state remains the fundamental purveyor of security, it often fails to fulfil its obligations and may become a source of threat to its people (2003, p.2). The concept of human security reflects an acknowledgement of this, and requires the participation of other actors in society – particularly civil society organisations, business enterprises and people themselves– in realising (1) the protection of basic rights and freedoms and (2) the empowerment of people to act on their own behalf and on the behalf of others (2003, p. 11).

The fabrication and uptake of Human Security as a fruitful and affective concept in the discourse of justice has sparked a lively debate within security studies. Buzan (2004, p. 369) considers the concept “a reductionist, idealistic notion that adds little analytical value”; at the risk of idealising security as the desired end goal, he considers human security to add little to the human rights agenda and charges that it may only pander to efforts to collapse international and domestic security agendas for political ends. In this Buzan follows Paris (2001, p. 88) in emphasising the political currency of the concept. Paris argues that, similar to ‘sustainable development’, human security “appears to be slippery by design”, with the “expansive and vague” definition of the term enabling its use as a rallying cry for a coalition of actors pursuing a range of development objectives:

The idea of human security is the glue that holds together a jumbled coalition of “middle power” states, development agencies, and NGOs – all of which seek to shift attention and resources away from conventional security issues and towards goals that have traditionally fallen under the rubric of international development. As a unifying concept for this coalition, human security is powerful precisely because it lacks precision and thereby encompasses the diverse perspectives and objectives of all the members of the coalition.

Paris (2001, p. 88) goes on to note that whilst this “cultivated ambiguity” makes human security an effective campaign slogan it diminishes the concept’s usefulness as a guide for academic research or policymaking. For policy-makers the breadth of the concept, considered a strength by its proponents through the emphasis it places on the need for an integrated approach to peace and development (UNCHS, 2003, pp. 6-7), does not assist in the prioritisation of the multiple goals and principles covered in the concept, or propose specific solutions to political problems (Paris, 2001, p. 91). This ambiguity, alongside broader geo-political priorities associated with individual state security policies, may be responsible for the lack of broad adoption and application of the approach. The concept has only come into limited play at the UN, occupying a central place in the security discourse at the UNDP and the UNHCR (Waisova, 2003, p. 21), in

academia, and in the foreign policies of a number of countries but, as Timothy (2004) notes, with different emphasis and meaning.

Paris (2001, p.92) expresses concern that it is far from clear what academics should be studying from the “hodgepodge of principles and objectives associated with the concept”. He argues for a restriction of the term to describing the body of literature that considers military and/or non-military threats to the security of societies, groups and individuals, rather than its development as a concept for analytic inquiry. This view is not shared by researchers who have attempted to operationalise and measure human security (e.g. King & Murray, 2001). The theoretical underpinnings of the concept, its application and contradictions (for example, as noted by Waisova (2003, p. 63) the promotion of the rights of an ethnic minority may simultaneously weaken the coherence of the state or nation) are also the subject of active inquiry. Further, Liotta (2004, p. 363) counters that the meaning of security itself as a basic concept is more frequently disagreed than agreed upon, regardless of the descriptor applied to it, and calls for a larger examination of what forms of security “are relevant and right among communities, states, and regions, and which even might apply to a global rule-set.”

Through the analysis I present in this thesis I intend to contribute to this latter aim by bringing to view the different understandings about and the direction for ‘development’ and ‘security’ held by those who aspire to contribute to a resolution of the profound human insecurity experienced by the population. I have chosen to do this through my development of a grounded theory on corporate engagement with Myanmar; engagement that occurs within the country, with both the military government and Myanmar’s diverse peoples, and beyond its borders. I draw on the concept of human security, with full recognition of its contested meaning and positioning in the discourses for justice. I use the concept to identify and describe the context in Myanmar, as reported to be experienced by the population by analysts, advocates and international development organisations. I further use the concept to frame the potential impacts of current and future corporate engagement with Myanmar, as described by stakeholders. This approach complements the concept of state fragility discussed above. The discourse around fragile states places the state at the centre of consideration; aims

to stabilise the state through strengthening its governance capacity; and focuses on what is lacking in the context. It is also primarily, but not exclusively, concerned with state-to-state interaction. Human security complements the concept of state fragility through its focus on the empowerment of the individual; its emphasis on the need for an integrated development approach that incorporates actors from across government, civil society and the private sector; and the broad vision it offers of a development and security paradigm focused on human dignity and human flourishing.

Energy Security

The ‘energy’ required to sustain life is generated in many forms. Pertinent to this thesis are the material energies, formed from the combination of minerals and chemicals extracted from the earth and increasingly vital for the sustenance of human security and wellbeing. While life sustaining energies are also manifest in spiritual forms, and according to any holistic paradigms, these cannot be separated, I take my starting point in this work from the production and consumption of material energy, specifically natural gas. I draw on the concept of energy security to (a) analyse the social justice aspects of E&P in Myanmar through identifying the energy insecurity experienced by the Burmese.

‘Energy security’ is also a concept dominant in descriptions of the motivations and interactions between states on energy issues. I use the concept to (b) theorise the influence of energy politics in Myanmar’s international relations, particular as they relate to the engagement in Myanmar by state-owned E&P enterprises. Securing reliable energy supplies of this type has become a matter of increasing national and international importance, largely now framed in an economically focussed discourse. Growing energy demands continue to underpin the current dominant model of economic development, a model in which the economic aspects of development are privileged above and thereby constrain the range of possibilities for social and political development and deepen social injustice, as argued by writers such as Naomi Klein (2008), George Monbiot (2008), John Pilger (2006) and Vandana Shiva (2005).

To date, there is no internationally accepted, standard definition of energy security with which to generally refer to the ability of a country, an economy or a market, to obtain a *reliable* and *affordable* supply of energy. A number of definitions stress aspects of *sustainability* of supplies, referring to the longevity of a source, and/or its environmental impact. For example (cited in UNESCAP, 2008, p. 4), the Asia Pacific Energy Research Centre defines energy security as “the ability of an economy to guarantee the availability of energy resource supply in a sustainable and timely manner, with the energy price being at a level that will not adversely affect the economic performance of the economy”; the European Union considers energy security to be “the uninterrupted physical availability of energy products on the market, at a price that is affordable for all consumers, private and industrial, while respecting environmental concerns and looking towards sustainable development”; and the UNDP defines it as “the availability of energy at all times in various forms, in sufficient quantities and at affordable prices, without unacceptable or irreversible impact on the environment”.

According to the latter definition, very few countries could claim a sustainable supply of energy. Global energy consumption is dominated by non-renewable carbon-based fuels, the effects of which threaten the biosphere and humanity through potentially irreversible climate change as consistently argued by the Inter-Governmental Panel on Climate Change.²⁵ Work by economists such as Nicholas Stern indicate that the economic costs of not addressing the human-causes of climate change present a convincing argument for action. The *Stern Review* (2007) is credited with motivating political and business leaders in the United Kingdom and beyond to begin to engage with the need to address climate change. This is another illustration of the dominance of a ‘growth’-based economic model in contemporary political-economic arrangements. The energy security discourse provides further examples of the active framing of environmental damage within the dominant growth-oriented economic discourse, which links energy supplies (overwhelmingly carbon-based) to positive social developments. For example, the United Nations Economic and Social Commission for Asia (UNESCAP) (2008, p. 4) argues that;

25 Intergovernmental Panel on Climate Change. Accessed August 1, 2009 at <http://www.ipcc.ch/>.

To sustain economic growth and raise living standards, energy shortages could be met by increasing supplies. But there are two other important considerations: environmental sustainability and social development. The current pattern of economic growth has caused serious environmental damage – polluting the air, creating large quantities of waste, degrading biological systems and accelerating climate change – with many of these effects coming from the energy sector. At the same time, it is also vital to consider the impact on social development. The lack of access to energy services aggravates many social concerns, including poverty, ill-health, unemployment and inequity – and threatens the achievement of the Millennium Development Goals.

There are many conceivable ways in which environmental sustainability and social development, what I consider to be the ‘sustainability imperative’, can be compatible, making use of both market and non-market economic arrangements (see Monbiot, 2006). Given these multiple possible responses to the challenge of meeting the sustainability imperative, I propose a definition of energy security as;

The uninterrupted physical availability of energy for legitimate private and industrial activities that ensures environmental flourishing, supports social development, and meets the basic energy requirements for the wellbeing of every human being/living creature. When delivered through a market-oriented mechanism, energy prices must be affordable.

Within this definition the four central aspects of energy security are availability, reliability, sustainability, and affordability.

However, given the centrality of energy security within the contemporary discourse of economic development and vice-versa, energy and security priorities in international relations have become increasingly entwined. Smith and Htoo (2008, pp. 245-246) note that for some governments, such as the United States of America, energy security means independence from foreign suppliers, whilst for formerly self-sufficient states such as China, India or Thailand, it means relying more on foreign sources. For policy purposes energy security therefore varies

according a state's position in the global energy market as a supplier or buyer, domestic concerns (such as a strong environmental movement), and other strategic priorities. They further note that for resource-rich states such as Myanmar that rely on revenues from energy exports, energy security can involve maintaining a steady demand, using resources as diplomatic leverage, or negotiating with foreign companies for a favourable share of export revenue. Energy security therefore brings a new aspect of realpolitik into international relations, and is a site through which domestic and international politics powerfully intersect.

CHAPTER 3

METHODOLOGY: INTRODUCING A CONSTRUCTIVIST GROUNDED THEORY METHOD

The Constructivist Grounded Theory Method (CGTM) is one of the dominant traditions within the grounded theory approach to research. Grounded theory, according to Bryant and Charmaz (2007b, p. 1), is the most widely cited qualitative research method in the social sciences. Despite the popularity of grounded theory, there is considerable confusion and debate over the procedures and methodological orientation of the approach (e.g. Greckhamer & Koro-Ljungberg, 2005; Locke, 1996; Suddaby, 2006). Considering the diversity in how the method is described, practised and taught, Bryant and Charmaz suggest that it should be considered a ‘family of methods claiming the GTM [Grounded Theory Method] mantle’ which bear ‘family resemblances’ or similarities, rather than as a distinct group of methods which share clear and precise common attributes (2007, p.11). The contested nature of grounded theory has prompted calls for researchers to engage more actively with the methodological foundations of the approach and to be more transparent about how they inform their particular use of the method (Locke, 2001, p. viii).

In response to this call, in this chapter I introduce the procedural elements and philosophical underpinnings of the CGTM, and describe how they have informed my research process. In introducing the methodological orientation of the CGTM I locate it within the broader family of grounded theory methods that have emerged since the inception of the method in the 1960s, in response to paradigmatic developments in qualitative social science research. As I work with the CGTM in this study to inquire into a global social process with a critical, social-justice oriented intent, I next locate these aspects of my methodological approach within the CGTM tradition. I conclude with illustrations of some of the many ways in which grounded theory methods have been adopted and adapted within the academic work in the management disciplines, drawing on examples of grounded theories from the business in society field.

The Methodological Orientation of the CGTM

The ambiguity of the term ‘Grounded Theory’ is one reflection of the confusion around what are to be accepted as the principles and practices of grounded theory is and how they ought to be implemented. The term ‘Grounded Theory’ has been used to refer to: a research method of comparative data analysis, often applied in an inductive research process; the theoretical product of that method; and to the broader methodological orientation integral to the processes of the grounded theory method. Recognising this ambiguity I follow Bryant and Charmaz (2007b, pp. 2-3) in distinguishing between a Grounded Theory (GT) as it refers to the result of a research process, i.e. a grounded *theory*, and to the Grounded Theory *Method* (GTM) used in the development of that theory. I further extend this shorthand when referring to the Constructivist tradition within the Grounded Theory family of methods, distinguishing between the Constructivist Grounded Theory Method (CGTM) and resultant Constructivist Grounded Theories (CGT).

The GTM was initially conceived by Barney Glaser (1930 -) and Anselm Strauss (1916-1996), two sociologists working in America, and first published in *The Discovery of Grounded Theory: Strategies for Qualitative Research* (Glaser & Strauss, 1967). In this work the authors made explicit the research approach they had developed in *Awareness of Dying* (Glaser & Strauss, 1965), a study of hospital staff’s care and management of dying patients. In *Discovery*, the GTM was offered as an inductive, theory-discovery methodology that allows the researcher to develop a theoretical account of the general features of a topic, while simultaneously grounding the account in empirical observations or data. While often described, and ‘applied’ as a method, the philosophical orientation offered by the originators of the GTM suggests they intended it to be seen as a full methodological approach.

Morse (2001, pp. 2-3) identifies theories generated through the method as having a number of distinguishing characteristics. Grounded theorists focus on a process and trajectory, resulting in identifiable stages and phases. They use gerunds, indicating action and change (Glaser, 1978, 1996). They identify and

develop theoretical elements that are to be considered as a core variable or category (Strauss & Corbin, 1998), a *Basic Social Process* or *Basic Social Psychological Process* (Glaser, 1978) that are used to tie stages and phases of the theory together. The outcome of this activity is a grounded theory, which whilst being abstract (as is all theory), is unique in that it makes the synthesis of descriptive information by the theorist readily apparent through its concepts and relational statements.

Whilst grounded theorists working within the Constructivist tradition move away from the language of ‘social processes’ to focus on the use of the GTM to produce ‘a conceptual analysis of patterned relationships’ (Charmaz, 2006, p. 181), a focus on process is central to the GTM. Strauss and Corbin (1998, p. 179) explain that:

...bringing process into the analysis is essential. Process can be the organizing thread or central category of a theory, or it can take a less prominent role. Regardless of the role it plays, process can be thought of as the difference between a snapshot and a moving picture...Theory without process is missing a vital part of its story – how the action/interaction evolves.

Subsequent to their initial offering of the research approach, Glaser and Strauss developed the GTM along different methodological trajectories and disagreed quite strongly at points about the appropriate procedures and methodological basis of the approach. These differences, along with paradigmatic developments in social science research have led to at least three identifiable traditions within the GTM; one developed by Glaser (Glaserian), one by Strauss and his student Juliet Corbin (Straussian), and the Constructivist tradition, most strongly associated with Kathy Charmaz (1994; 1995; 2000a; 2000b; 2006). Given these different trajectories, Bryant and Charmaz (2007b, p. 1) define the GTM as comprising a “systematic, inductive, and comparative approach for conducting inquiry for the purpose of constructing theory”, leaving open the question of the use of the GTM as a method or a methodology.

Constructivist grounded theory differs from the Glaserian and Straussian traditions through its emphasis on “how data, analysis, and methodological strategies become constructed, and takes into account the research contexts and

researchers' positions, perspectives, priorities, and interactions" (Bryant & Charmaz, 2007b, p. 10). Identifying objectivist, positivist assumptions in the earlier formulations of the GTM, Charmaz (2006, p. 187) integrates a Constructivist methodological orientation (Berger & Luckmann, 1966) in the use of the GTM analytic procedures, which she describes as:

A social scientific perspective that addresses how realities are made. This perspective assumes that people, including researchers, construct the realities in which they participate. Constructivist inquiry starts with the experience and asks how members construct it. To the best of their ability, constructivists enter the phenomenon, gain multiple views of it, and locate it in its web of connections and constraints. Constructivists acknowledge that their interpretation of the studied phenomenon is itself a construction.

As such, Constructivism 'assumes the relativism of multiple social realities, recognises the mutual creation of knowledge by the viewer and the viewed, and aims toward interpretive understandings of subjects' meanings' (Charmaz, 2000a, p. 510). Charmaz (2000a) argues that traditional, 'objectivist' formulations of the GTM, view grounded theory as the discovery of categories inherent in data, observed in an external world by a neutral observer. Arguing that such a position is no longer tenable given the 'interpretive turn' (Denzin & Lincoln, 2000) in qualitative social scientific research, Charmaz (2006, p. 178) posits a Constructivist stance in which: "we can view grounded theories as products of emergent processes that occur through interaction. Researchers construct their respective products from the fabric of the interactions, both witnessed and lived."

Glaser (2002) strongly objects to the Constructivist tradition, claiming that the approach risks 'descriptive capture' (which seeks accurate descriptions of the data rather than transcending abstractions), and fails to remove 'researcher bias' in its privileging of the active interpretive role of the researcher. Reflecting on this exchange, Bryant (2003) argues it reveals misunderstanding of paradigmatic developments, between the distinct methodological positions within the GTM family. In line with this, Mills, Bonner, and Francis (2006) locate the GTM

tradition on a 'methodological spiral' though a variety of epistemological positions, reflecting particular underlying ontologies. Whilst the Constructivist approach has caused some consternation in the community of grounded theorist practitioners (i.e. concerns about 'erosion' of the GT method as expressed by Greckhamer & Koro-Ljungberg, 2005), its development reflects greater interest in the philosophical basis of the GTM in the late 1990s (see for example Annells, 1996; Norton, 1999). The methodological break of the CGTM in fact continues a strong tradition of methodological evolution associated with grounded theory; Glaser and Strauss developed the GTM as a specific challenge and alternative to the extreme positivism that characterised most social research in the 1960s.

Methodological Tenets of the GTM – A break from the Positivist Tradition?

Suddaby (2006, p. 633) notes that in developing the GTM Glaser and Strauss 'challenged prevalent assumptions of "grand theory", the notion that the purpose of social research was to uncover pre-existing and universal explanations of social behavior.' Instead, the GTM was orientated towards theorising social and social-psychological processes that arose from the interactions between people, their contexts and interpretations of self and meaning (Locke, 2001). Grounded theorists aim to generate middle range theories; theories which are 'intermediate to general theories of social systems which are too remote from particular classes of social behaviour, organisation and change to account for what is observed and to those detailed orderly descriptions of particulars that are not generalized at all' (Merton, 1968, p. 39).

In framing their challenge, Glaser and Strauss drew on the American philosophical tradition of Pragmatism, particularly the work of Charles Saunders Peirce (1839-1914) and early Symbolic Interactionists, particularly George Herbert Mead (1863-1931) and Charles Cooley (1864-1929). These social philosophers informed the methodological position claimed by Glaser and Strauss in at least two ways. First, Pragmatists rejected the idea that scientific truth reflects an independent external reality, and asserted that it results from both the act of observation and the emerging consensus within a community of observers as they make sense of what they have observed (Suddaby, 2006, p. 633) Second,

the Pragmatist and Symbolic Interaction traditions emphasised the symbolic and social character of human thought and behaviour, a position at odds with behaviourist notions that human behaviour could be explained through the observation of external stimuli alone which prevailed in the 1960s (Locke, 2001, p. 21). Putting the interpretive process through which individuals apprehend a subjective reality at the centre of social scientific inquiry, grounded theory was therefore proposed as a practical research method to analyse “the actual production of meanings and concepts used by social actors in real settings” (Gephart, 2004, p. 457).

Hood (2007) argues that the break brought by grounded theorists with the dominant positivist paradigm can be seen in three distinguishing features of the GTM. These are; (1) the constant comparison of data to theoretical categories, (2) theoretical sampling, and (3) a focus on the development of theory via theoretical saturation of categories rather than substantive verifiable findings.

In constant comparison, data are collected and comparatively analysed simultaneously, contradicting the positivist ‘myth’ of a clean separation between data collection and analysis (Suddaby, 2006, p. 634). Charmaz (2006, p. 181) describes this process of coding and categorisation to generate increasingly abstract theoretical descriptions, whilst remaining ‘grounded’ in the data:

Grounded theory involves taking comparisons from data and reaching up to construct abstractions and then down to tie these abstractions to data. It means learning about the specific and the general – and seeing what is new in them – then exploring their links to larger issues or creating larger unrecognized issues in entirety.

The process of ‘coding’ – the active description and categorisation of the data by the researcher – further highlights the emergent nature of the GTM. Unlike in quantitative research where preconceived categories or codes are applied to the data, a grounded theorist constructs (in the Constructivist tradition) or discovers (in the initial conception of the GTM) qualitative codes from/within the data (Charmaz, 2006, pp. 186-187).

Theoretical sampling breaks from hypothetico-deductive theorising in that decisions about data selection are determined on the basis of the theory that is

being developed, rather than on the basis of a pre-determined hypothesis. Theoretical sampling is informed by the logic of ‘abduction’, in which iterative processes of induction and deduction drive theory-development (Reichertz, 2007). The abductive reasoning process begins by examining the data, entertaining all possible explanations for what is observed, and forming hypotheses to confirm or disconfirm these explanations until the researcher arrives at the most plausible interpretation (Charmaz, 2006, p. 186).

Finally, the development of theory in the GTM occurs through the theoretical saturation of categories identified in the data by the researcher, rather than through the generation of substantive, verifiable findings. The GTM aims for analytic generalisability as opposed to the statistical generalisation sought in the positivist research tradition; grounded theorists make claims about the plausibility of the theorised elements, not their expression in a population. It is this logic that supports the use of theoretical sampling over, for example, randomised case-selection within a statistically representative population.

Whilst there is significant variation in the research practices and procedures of the GTM - such as coding, memoing, diagramming, and the use of computer software – Hood (2007) argues that these three features reflect an altogether different approach to theorising social phenomena from the positivist methodological position dominant at the time the GTM was developed. Bryant and Charmaz (2007a) agree that the GTM was a profound methodological innovation, but find that the initial formulation of the GTM maintained a positivist, objectivist direction. They, along with other Constructivist (Goulding, 2002; Locke, 2001) and Post-modernist grounded theorists (Annells, 1996), identify an epistemological stance in the traditional GTM that assumes reality is “unitary, knowable, and waiting to be discovered” (Bryant & Charmaz, 2007a, p. 34), reflected in a position that the veracity of a theory can be determined simply by recourse to ‘the data’. Bryant and Charmaz posit that the initial cloaking of traditional GTM in positivist-orientated claims to ‘scientific rigour’, often associated with the systematic analytic processes of the method, continues to fulfil a need to justify qualitative approaches against quantitative research, but contributes to the GTM’s reputation for “being positivist, philosophically naïve, and a refuge for the methodologically indecisive” (2007a, p. 49; see also

Suddaby, 2006, pp. 640-641). As such, they propose the Constructivist tradition as a more tenable methodological basis for the GTM.

CGTM within the Critical Research Tradition

In her exposition of the suitability of the CGTM for social justice research, Charmaz (2005, p. 510) identifies an interest in social justice as entailing ‘attentiveness to ideas and actions concerning fairness, equity, equality, democratic process, status, hierarchy, and individual and collective rights and obligations.’ Charmaz (2005, p. 513) suggests the CGTM is particularly well suited to exploring the disjunctures and connections between social justice realities and ideals as:

Not only are justice and injustice abstract concepts, but they are, moreover, *enacted processes*, made real through actions performed again and again. Grounded theorists can offer integrated theoretical statements about the conditions under which injustice or justice develops, changes, or continues (emphasis in original).

Charmaz (2005, p.512-514) argues that the CGTM can increase the precision and predictive ability of social justice research. The analytic power of the CGTM is proffered as taking social justice research beyond description, through establishing explicit connections between the theorised antecedents, current conditions, and consequences of major processes. It also treats extant concepts such as hegemony and domination as sensitising concepts to be explored in field settings, rather than pasted onto realities in the field. And it shows how inequalities are played out at interactional and organisational levels – so establishing the extent to which participants *construct* and *enact* power, privilege and inequality. In its emphasis on process, the CGTM is argued to complement the focus on structure in social justice studies by providing a dynamic, process-focused analysis of its enactment. This analysis creates the potential to identify, describe, and positively transform the influence of resources, hierarchies, and policies and practices on interactions and outcomes.

The critical stance towards actions, organisations, and social institutions, central to social justice research has a strong, if small, tradition in the Academy of

Management,²⁶ including a growing body of critical inquiry into international business (i.e. a dedicated journal *Critical Perspectives on International Business* (Emerald), was launched in 2005). Whilst there is great diversity in the disciplinary basis, subject focus, and research methods used by the group of management scholars who self-identify as ‘critical’ (Stookey, 2008), critical management scholars broadly share a premise that ‘structural features of contemporary society, such as the profit imperative, patriarchy, racial inequality, and ecological irresponsibility often turn organisations into instruments of domination and exploitation’ (Domain Statement of the CMS Division, AoM).²⁷ Critical management studies (CMS) therefore expresses ‘the desire to change’ the established social order, and ‘to generate radical alternatives’ to established management practice.

For Cunliffe (2008, p. 937), these alternative ways of thinking about taken-for-granted practices, structures and processes are the main contribution of CMS, reflecting the philosophical basis of the approach in the work of The Frankfurt School. This group of neo-Marxist scholars²⁸ proposed critical - as opposed to ‘traditional’ – thinking, as a means to reveal the assumptive bases of human existence and to simultaneously pose alternatives in order to improve “the human condition” (Carr, 2006a). In this tradition, critique is framed as a positive act, distinguished from traditional research endeavours which seek to mirror “reality” as it is, in its aim to positively transform that reality (Carr, 2006b).

I offer the following grounded theory of Corporate Citizenship in Fragile States as a contribution to critical inquiries into international business, specifically within the research domain of business-society relations. In line with Willmott’s (2008) contention that through situating corporations and managerialism within a wider context, CMS research can contribute to resonant forms of activism, I present the following grounded theory of Corporate Citizenship in Fragile States in the hope that it will have utility for those who seek to promote Corporate

²⁶ Cooke (2008, p. 914) notes that only 69 of the 3,855 individuals papers and symposia at the 2007 US Academy of Management meeting were in the main Critical Management Studies Program – 1.79%.

²⁷ Critical Management Studies Domain Statement. Retrieved August 24, 2009 from http://www.aomonline.org/peopleandcommunities/divisionsandinterestgroups/domains.asp?other_code=CMS#cms

²⁸ Notable scholars associated with the Frankfurt School include Theodor Adorno, Walter Benjamin, Erich Fromm, Jurgen Habermas, Max Horkheimer, and Herbert Marcuse.

Citizenship for social justice ends. These efforts may come from people working both within and outside the corporate entity. The theory may contribute to these endeavours by, for example, identifying points of social intervention for the broadening (to include more people from across geographic, social and other boundaries) and deepening (reflecting greater commitment to, and realisation of, democratic principles) of Corporate Citizenship.

Application and Evaluative Criteria

The three elements of the GTM process – the constant comparative method, theoretical sampling, and theoretical saturation - fundamentally challenge the positivist *direction* of theoretical development through the deductive testing of hypotheses (Hood, 2007). This orientation has significant ramifications for the types of research problems for which the method is suited, and the evaluative criteria by which the resultant theory should be judged.

Locke (2001, pp. 95-97) contends the GTM is particularly well-suited for theorising ‘new’ substantive areas in management studies, and for practice-oriented studies, as well as for exploring situated processes and issues associated with individual or group behaviour. Locke notes that in addition to generating new theory, the GTM can also be used to enliven mature theorising - keeping theories current through revealing new, or deepening existing, theoretical concepts.

Theories produced by the GTM are not suited to the traditional, positivist evaluative criteria of validity, generalisability, bias and reliability (Denzin & Lincoln, 2000). Glaser (1978) proposes evaluative criteria of: *fit* (the theory must fit the empirical world it seeks to analyse and be clearly grounded in the data); *workability* (provide a workable understanding and explanation of the world); *relevance* (address problems and processes of importance to those experiencing a phenomenon); and *modifiability* (be open to refinements to make the theory more precise and enduring). Strauss and Corbin (1990) emphasise *fit* (the theory fits the substantive area, and closely corresponds to the data), *understanding* (bridges theory and practice, making sense to people working in the area), *generality* (is abstract/general enough to be applied to the whole picture but maintains

sensitising aspects), and *control* (applying the theory enables understanding, analysis, prediction and control for people experiencing phenomenon – is a guide to action). Charmaz (2005; 2006) offers evaluative criteria for CGTM studies, particularly those in social justice research of:

Credibility (demonstrating intimate familiarity with the setting; the use of systematic comparison; and the sufficient grounding of claims in the data)

Originality (offering new insights or conceptual rendering of the phenomena; providing socially or theoretically significant insight to extend, challenge, or refine current ideas, concepts, and practices)

Resonance (portraying the fullness of the studied experience; revealing liminal and taken-for-granted meanings; drawing links between larger collectivities and individual lives as the data indicate; with analytic interpretations making sense to members and offering them deeper insights about their lives and worlds)

Usefulness (offering analytic interpretations that people can use in their everyday worlds; speaking to generic processes, examined for social justice implications; sparking further research in other substantive areas; contributing to making a better society).

Despite this range of evaluative criteria, Charmaz (2005, p. 527) notes that few grounded theorists offer explicit discussions about how their studies meet evaluative standards. She notes that statements on the logic of their decisions are increasingly provided by grounded theorists, along with claims to have achieved theoretical saturation. Working with Charmaz's explicitly Constructivist articulation of the GTM, I have aimed to meet the evaluative criteria offered by Charmaz above in undertaking this inquiry. Given the dearth of descriptions of how these criteria have been met by other theorists, I offer my own assessment of how well I have managed to do so in the concluding chapter.

Analytic Procedures in the CGTM

The differences between the GTM and more traditional social scientific research approaches becomes clear in a description of its analytic steps. In noting that a simple and correct explanation of a method that ‘happens sequentially, subsequently, simultaneously, serendipitously and scheduled’ is difficult, Fernandez (2004) provides a high-level model of the GTM. Provided in Figure 4, this model illustrates my own understanding and use of the approach.

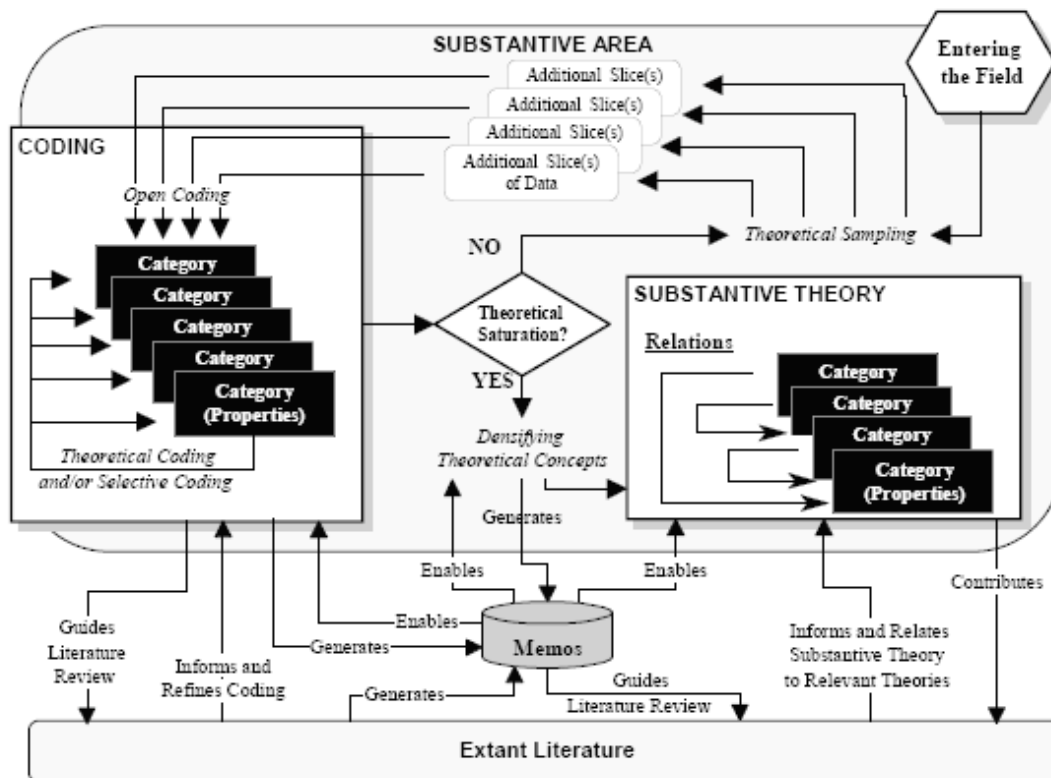


Figure 4: Fernandez's (2004, p.85) expanded research model of the GTM

An iterative spiral of purposive data gathering and analysis lies at the heart of the GTM. This spiral drives a process through which the researcher constructs, assesses and develops theoretical concepts from the data, up through increasingly higher levels of theoretical abstraction. This movement back and forth between the data, and the conceptual elements being developed is continued until a theory has been constructed which accounts for the variation in the data.

In this process, ‘slices of data’ within a substantive research area are coded to identify elements of interest (these may include single words, incidents, phrases, interpretations, etc). These data elements are then compared to each other in the constant comparative method. This method is used to identify theoretical categories that group elements together, the properties these elements share, and the relationships between different categories. As elements and relationships of theoretical interest are identified, the coding of the data becomes theoretically driven in a process of ‘theoretical or selective coding’. In this process the grounded theorist searches for elements within the data that support or disprove emerging hypothetical relationships about the identified dynamics in the phenomena under study. Additional slices of data are sought to further test these emerging relationships in the process of theoretical sampling.

The writing of memos is emphasised within the theory generation process of the GTM. Memos provide a space for reflective practice on the concepts and categories identified in the data exploring the similarities, differences and relationships between them (Lempert, 2007). This active, comparative and reflective analytic process enables the identification of further categories and their properties. These memos in turn may be treated as data, being coded and analysed through the constant comparative method in order to generate theoretical insight and elaborate the theory under development.

The researcher continues moving through this spiral until she is able to provide an adequate account for the variation in the data. At the point the theoretical categories are judged by the researcher to be sufficiently developed, ‘theoretical saturation’ has been reached. At this point the relationships between the categories will have been made sufficiently clear and dense to form a substantive theory, explaining the social process/patterned relationship under study.

The place of the extant academic literature in the analytic process is contentious within the GTM family. In initially proposing the GTM, Glaser and Strauss stressed the importance of approaching a social phenomenon with as few pre-conceptions as possible, in order to ‘discover’ what is of importance to the research subjects (Charmaz, 2006, p. 165). The extent to which the researcher can ever be a *tabula rasa* is contested within the GTM community (see Dey, 1999;

Layder, 1998), and seems at odds with associated discussions of the ‘theoretical sensitivity’ of the researcher. Subsequent to their initial presentation of the GTM, both Glaser (1978), and Strauss and Corbin (1990), separately developed the concept of theoretical sensitivity. For Strauss and Corbin (1990, pp. 41-43), this referred to the personal qualities of the researcher, indicating ‘an awareness of the subtleties of meaning of data,’ drawn from previous reading and experience with or relevant to the area. Along with an emphasis on entering the field uncontaminated by extant ideas in order to be open to discovery of concepts in the data, Glaser (1978, p. 72) also stresses the importance of prior knowledge of theoretical codes in order to be sensitive to ‘the subtleties of the relationships in [the] data.’ The extant literature is a clear source for these sensitising theoretical codes. In considering these issues I prioritise Glaser’s oft-repeated statement that every concept must *earn* its way into the theory, having been subject to scrutiny and assessment in relation to the field, rather than being imported wholesale from the literature (Glaser, 1992). As such I have attempted to maintain a stance of ‘theoretical agnosticism’ (Henwood & Pidgeon, 2003, p. 138), in being attentive to the source of sensitising concepts I brought to the field, and judicious in my use of concepts from the extant literature in constructing my understanding of Corporate Citizenship.

My theoretical sensitivity to Corporate Citizenship as a global process on beginning my inquiry into corporate engagement in Myanmar was already strongly shaped by my post-graduate studies. My masters research into new global governance processes in humanitarian advocacy (2003), and the eighteen months I had spent reading and engaging in the academic and practitioner discourse around corporate responsibility, particularly as it related to human rights (2005a; 2006), and poverty reduction (2005b; 2006a; 2006b), prior to my focus on Myanmar had equipped me with a large potential repertoire of theoretical concepts drawn from political sociology and management studies.

Following the advice of Charmaz (2006, pp. 165-168), I delayed a more comprehensive literature review of corporate engagement in fragile states, stakeholder activism, and critical analyses of the potential contribution of CSR until after my initial field-visit to Myanmar. I have subsequently sought and treated academic literature as a source of sensitising concepts with which to

develop my emergent theoretical categories and ascertain relationships between them. In writing this thesis I have followed the Constructivist approach of ‘weaving in’ the extant literature to my theoretical exposition (Chapters 9-13), but have also framed the overall study within current debates on the role of the firm under contemporary conditions of globalisation (Chapter 2). This ‘weaving in’ of the literature has informed my development of the substantive theory and relates it to relevant theories in the management, international relations and development fields, so ensuing that the resultant theory contributes to these relevant body/ies of knowledge.

Finally, as Locke (2001, p. 44) notes, in their first formulation of the GTM Glaser and Strauss (1967) do not provide instruction on some key elements in the overall research process, and assume a high level of training and expertise on the part of the researcher in the mechanics of undertaking research and gathering data. Having *discovered* the ‘problem’ to be studied from the accounts of participants in a substantive area, (the identification and nature of which is not proscribed by the method), the researcher is assumed to be able to frame an appropriate research question, identify a suitable initial sample, and to have been trained in appropriate data-collection techniques. Subsequent grounded theorists have attempted to fill these practical gaps in describing the method (Charmaz, 2006; Goulding, 2002; Locke, 2001), with the Constructivist tradition emphasising the active interpretive role of the researcher, and the importance of reflexive research practice (Orland-Barak, 2002). In my own case, I took up a grounded theory approach having received training in research methods during my Masters in political sociology at McGill University, reflected in Figure 4 through Fernandez’s (2004, p. 85) incorporation of research problem definition, case study methods, and data collection techniques, noted in Figure 4 as ‘Entering the Field’.

Adoption and Adaptation: Applications of the GTM in Business in Society Research

Suddaby (2006) identifies confusion over the differences between the various traditions in the GTM family and over the basic elements of the approach,

as underpinning the popularity and misappropriation of the grounded theory label in management studies. The adoption and adaptation of the GTM in combination with other research methods, and its application within a broad range of disciplines and methodological traditions (as illustrated in the edited volumes Bryant & Charmaz, 2007b; Schreiber & Stern, 2001), has been the cause of concern for scholars wary of “methodological slurring” (Suddaby, 2006, p. 637). Some scholars fear the use of the term as a legitimacy claim to credible, scientific qualitative research, given its positivist undertones of coding, comparison and clearly proscribed (at least in theory) analytic steps (Greckhamer & Koro-Ljungberg, 2005). Others cite flexible uses of the GTM as evidence of the rich and varied tradition of qualitative research methods, and the analytic power of the tools of the approach (Charmaz, 2005, p. 531).

A number of texts within management and organisational studies describe the GTM principles and procedures (Douglas, 2003; Fernández, 2004; Goulding, 1998, 2001; Langlely, 1999; Partington, 2000; Rothwell, 1980; Rowlands, 2005; Smith, Thorpe, & Lowe, 1991), and there are a few reviews of its adoption in the discipline (Goulding, 2002; Locke, 2001; Martin & Turner, 1986; Turner, 1983). In an impressive analysis of the use of grounded theory in management research Locke (2001, p. viii) observes that management scholars have ‘selectively taken up grounded theory’s logic and procedures, adapting and integrating them with the logic and practices of other qualitative analytic styles’. Locke (2001, pp. 98-111) subsequently describes the adaptation of the GTM by management researchers through the combination of selected parts of the approach with a range of research procedures, and within a number of theoretical schools of thought, to produce both static and stage/phase process models, at the organisational, individual and group levels. In this section I briefly describe a number of grounded theories from the Business in Society field to illustrate Locke’s review, and to extend it to include grounded theories developed in studies of international business and global governance. I also provide these examples to inform readers unfamiliar with the theoretical products of the GTM, and to indicate the form and application of the CGTM to which I have aspired in undertaking this project.

Robert Miles’s (1987) grounded theory of how companies manage the Corporate Social Environment is a seminal text in applications of the GTM within

the Business-Society field. In this faithful adoption of the GTM principles and procedures, Miles presents a practical framework for executive leaders to understand and manage the corporate social and political environment (1987, p.xi). In a cross-industry study of large corporations in the USA, Miles theoretically samples high performing, then low performing, and finally average performing companies to develop theoretical categories of ‘business exposure’, ‘top management philosophy’, ‘external affairs strategy’, ‘external affairs design’, ‘line-manager involvement’, and ‘corporate history and character’. Miles carefully draws out the links between these theoretical categories in his overall framework.

Efferin and Hopper’s (2007) study of management control, culture and ethnicity in a Chinese-Indonesian company provides an example of the combination of GTM analytic processes (Strauss and Corbin’s (1998) transcription and micro-analysis) with other research procedures, in this case ethnographic data collection methods. The study also illustrates the application of the GTM approach within a critical orientation, generating a grounded theory which draws structural issues to the fore, through linking overseas Chinese businessmen’s values to company organisational controls, Confucian values, socialisation by parents, ancestral history, schooling, and formative experiences in the local Javanese community, especially ethnic stigmatisation.

Another critical application of the GTM is Alison Cliath’s (2007) study, set within the neo-Marxist tradition, of product labelling for ecological and social-justice ends. In this study Cliath (2007, p.413) employs techniques of visual sociology in a ‘grounded-theory style’, to explore labelling technology’s potential to facilitate conscientious consumption.

The range of analytic levels and theoretical products from grounded theory studies can be seen in Davies’ (2007) development of a four-stage model to describe the evolution of the fair trade industry, based on participant observation in two organisations and interviews with fifteen others. At the organisational level, Murillo and Lozano (2006) and Hine (2007) provide grounded theories of how CSR is understood and enacted in large corporations and small-to-medium enterprises (SMEs), respectively. Denis Collin’s (1995) longitudinal case study of workplace democracy is an interesting application of the GTM in analysis at

the level of the group, exploring group processes and class conflict in the adoption of a Scanlon-type gain-sharing system. This study is also of interest in its novel synthesis of empirical political science, normative political philosophy and human resource management literature. Applications of the GTM for institutional analysis include GTM studies of CSR disclosure and auditing by Solomon and Solomon (2006) and Morimoto, Ash and Hope (2005).

There are fewer examples of the application of the GTM to study global processes. Westley and Vredenburg (1997) provide an instructive grounded theory of global governance processes in their four-year, longitudinal study of inter-organisational collaboration on the preservation of global biodiversity. Through a focus on the processes initiated and convened by a subgroup of the Swiss-based International Union for the Conservation of Nature, the authors develop a new model of collaborations, involving linkages of technology, information and intent. Rachel McCormick's (2006) employment of the GTM in a qualitative analysis of the WTO's role on Trade and Environment Issues is of particular interest due to her engagement of WTO policy-makers, corporate executives and NGOs in interviews on the global governance role of the WTO.

In familiarising myself with the products of GTM processes I looked for grounded theories in management beyond the business-society field (e.g. Hunt & Ropo, 1995; Isabella, 1990), and the management discipline entirely (particularly in nursing studies, where the GTM is a popular approach, see McCann & Clark, 2003; Schreiber & Stern, 2001). Kristin Luker's (1984) exceptional analysis of the abortion debate in America from the early 19th century through to the mid 1980s - *Abortion and the Politics of Motherhood* - was instrumental in shaping my understanding of the analytic power of grounded theory. Luker's careful and respectful description of the world-views of people in the pro-choice and pro-life movements, set against developments in medical technology and social changes over that period, provided an example of how to conduct my own research into a politically contentious issue and the scope of analytic insight/social process to which I could aspire. I developed my understanding of the constructivist grounded theory method within the GTM family through reading Charmaz's (1994; 1995) grounded theories of the experience of illness, and Christina Goulding's (2000) work on heritage tourism.

I have also drawn on a number of empirical studies within the management field that do not explicitly use the GTM, to inform my methodological approach and my research design. Informative constructivist studies from within the business-society field include Conley and Williams' (2005) business ethnography of the CSR movement, a field-based study of the meaning of CSR to corporate executives and stakeholders, and the potential impact of a firm's undertaking of CSR initiatives as a new governance process; Dashwood's (2007) study of the dynamic evolution of global CSR norms within the Canadian mining sector; and Glazebrook's (2005) study of the social construction of corporate citizenship at BP Australia. Empirical studies of global to local dynamics in the development of CSR in Argentina (Newell & Muro, 2006), Mexico (Weyzig, 2006) and Nigeria (Amaeshi, Ogbechie, Adi, & Amao, 2006), informed my understanding of this global-local interaction.

These examples of how the GTM has been adopted and adapted within the Business in Society field illustrate the flexibility of the approach. They also position the study reported in this thesis as a unique application of the method within this field. My focus on conceptualising a global governance process mirrors that of Westley and Vredenburg (1997) and McCormick (2006), but extends the analytic lens beyond one organisation (the International Union for the Conservation of Nature, and the WTO, respectively) to an industry. Similar to Murillo and Lozano (2006), and Hine (2007), I have employed the CGTM to identify understandings of CSR held by corporate executives, but extend my inquiry to include the views of stakeholders on corporate engagement in Myanmar. I have then explored the links and interactions between these views, in a theoretical sampling process informed by empirical studies of the development, adoption and adaptation of global norms around CSR (Amaeshi et al., 2006; Dashwood, 2007; Glazebrook, 2005; Newell & Muro, 2006; Weyzig, 2006), and with attention to the analytic power in providing a context for the competing world-views and actions of corporations and social movements (as demonstrated by Luker, 1984). I have undertaken the inquiry within the critical, social-justice oriented tradition in management and organisation studies described above (and illustrated by Cliath, 2007; Collins, 1995; Efferin & Hopper, 2007).

Summary

In this chapter I have introduced the Constructivist Grounded Theory Method (CGTM). I have set the CGTM within a methodological spiral (Mills et al., 2006) of the grounded theory family of research approaches, and the qualitative research tradition more broadly. I have described the evaluative criteria of credibility, originality, resonance and usefulness (Charmaz, 2005) I have aimed to meet in this study, which I have situated within the critical management studies tradition, and within the application of the GTM approach within management studies. Having provided a methodological orientation for this inquiry, in the following chapter I describe my data-collection and theory-development process in working through the CGTM, and discuss how I address key ethical and emotional challenges presented by the fraught research context.

CHAPTER FOUR

METHOD

In this chapter I present the process of data-collection and theoretical development in my adoption of the Constructivist Grounded Theory Method (CGTM), within a multiple-case study of the Oil and Gas industry in Myanmar. In the chapter I discuss the strengths and suitability of the case study approach for this project. I describe the seven datasets on which I drew in generating the grounded theory of Corporate Citizenship in Fragile States, and discuss how the logic of theoretical sampling informed the selection of these datasets. I further describe the process of data-collection and analysis. Given the risks presented by the research to both participants and researcher I conclude with a discussion of how I undertook the research to meet professional standards of ethical research practice.

A Case Study of the Oil and Gas Industry in Myanmar

I undertook this research with the aim of generating theory with practical utility about corporate engagement in fragile states. The case study approach is a research strategy which focuses on understanding the dynamics present within particular settings (Eisenhardt, 1989, p. 534). The approach was suited to the aims of this project as it is theory-building approach which, according to Eisenhardt and Graebner (2007, pp. 25-26), is likely to produce theory which is accurate, interesting, and testable. Further, Edmondson & McManus (2007) consider the case study approach particularly well suited to answer research questions that address “how” and “why” questions in unexplored research areas.

Case studies can involve single or multiple cases and numerous levels of analysis, and typically involve a combination of data-collection methods such as interviews, observations and archive analysis (Yin, 1989). In this inquiry I selected the oil and gas industry in Myanmar as the umbrella case study for this project, focusing on three joint-venture projects involving twelve E&P companies, and the translocal social movements that targeted these companies in divestment campaigns.

The oil and gas industry in Myanmar was selected for both theoretical and practical reasons. Myanmar is considered to be a fragile, weak governance state. Its foreign relations are characterised by a regionally divided response to internationally expressed concerns about governance failures and rights violations by the Myanmar authorities. Translocal advocacy has politicised the issue of foreign investment in Myanmar, particularly in the financially significant extractive sectors. As such, the oil and gas industry has been the target of calls for divestment by translocal pro-democracy and/or corporate responsibility advocates. The case also provided an opportunity to gain longitudinal insight into the development of the discourse of corporate responsibility in relation to Myanmar. Beginning commercial production in 2000, the Yadana and the Yetagun Projects were the only natural gas projects in production phase in Myanmar at the time of the study and had been advocacy targets since the late 1990s. A third project - the Shwe Project – was under commercial development and expected to begin commercial production in 2013.

The oil and gas industry in Myanmar presented an opportunity to analyse corporate citizenship as a global governance process due to:

- (a) the salience of the debate around corporate engagement with Myanmar by E&P companies as a result of;
- (b) actions by external, transnational campaigners for divestment by companies in the oil and gas industry;
- (c) differential responses by companies to this external advocacy, and;
- (d) variation within the industry by company size, country of origin, ownership structure, and type of investment.

These characteristics of the chosen case allowed theoretical insight into:

- (i) the dynamics and efficacy of stakeholder advocacy;
- (ii) strategic corporate responses to societal demands;
- (iii) the commingling of state and private sector interests; and
- (iv) the potential contribution of CSR activities to sustainable development.

Practical considerations also strongly influenced the selection of the case. In 2006, I was approached by members of a peace-building organisation that had been working in Myanmar since 1999. They invited me to undertake research into the potential contribution of international business, to transforming the conflict in the country. They offered to travel with me to Myanmar on an initial visit and to introduce me to their network of contacts within Myanmar civil society. Given the politically fraught context within Myanmar, this initial introduction was crucial in facilitating access to the host country research setting, and in providing an orientation to the conflict. Having been raised in Southeast Asia, I was confident I could successfully navigate the cultural and logistical challenges of the research project, and draw on my own networks in the region.

I employed an embedded case study design, as described by Yin (1989), within this global research setting, undertaking analysis at multiple levels. Adopting the CGTM processes of constant comparison and theoretical sampling in the analysis of the umbrella case of the oil and gas industry in Myanmar, resulted in the selection of seven broad sets of case studies (each referred to as a dataset). The datasets included:

- (a) organisations involved in advocacy activities aimed at encouraging corporate divestment from the three projects;
- (b) the oil and gas sector, particularly the twelve companies involved in the Yadana, Yetagun and Shwe project consortia;
- (c) Myanmar civil society actors;
- (d) international development organisations operating in Myanmar;
- (e) the two ‘crisis points’ of the September 2007 popular protests and Cyclone Nargis which occurred during the period of research;
- (f) a database of divestment campaign-company correspondence; and
- (g) corporate citizenship ‘experts’ and practitioners.

Within the datasets multiple data-collection methods were used, including interviews, observation and archive analysis. These methods allowed for triangulation and the substantiation of the constructs and hypotheses being developed. The evidence compiled was primarily qualitative, supported by some simple quantitative analysis, in recognition that a combination of these data types can be highly synergistic (Eisenhardt, 1989, p. 538). I describe my fieldwork,

discuss my application of the CGTM analytic processes, and introduce the seven datasets below.

Fieldwork

The process of data-collection and theoretical development occurred from July 2006 to August 2009. During this time I conducted interviews and focus groups with 106 people in seven countries. This included: two main research trips to Australia and Southeast Asia in July 2006 and January to February 2007; a research trip to the United Kingdom and the United States of America in September and October 2006; extended stays in the United Kingdom (March 2007 to August 2008) and New York, U.S.A. (September to November 2008); and two trips to Continental Europe (July 2007 and February 2008).

From November 2008 to submission of the thesis in September 2009, I consolidated and saturated the theoretical models in correspondence and dialogue with research participants. Two events were instrumental in this process; the Swiss Master Class in CSR²⁹ in Geneva in December 2008, and a series of stakeholder meetings in Cambodia in March 2009. At the Swiss Master Class I discussed aspects of the developing theory relating to global Corporate Citizenship processes with six ‘Masters’ - current practitioners and thought-leaders in the field of Corporate Social Responsibility. In Cambodia I challenged and developed elements of the emerging theory specifically related to the Myanmar case, in discussion with Burmese civil society actors. A full record of publications, and teaching experience, through which the ideas presented in this thesis were developed is provided in Appendix 1 - Publications and Teaching Record, May 2004 - December 2009, Nicky Black.

The Logic of Theoretical Sampling and Constant Comparison

GTM practitioners emphasise that within applications of the method, data-collection and theory generation are concurrent (see for example, Eisenhardt,

²⁹ I participated in the Swiss Master Class in Corporate Social Responsibility after selection through a competitive process, joining four other young scholars in a workshop with six such Masters in Lausanne, Switzerland on December 11 to 12, 2008, Swiss Master Class homepage, http://www.hec.unil.ch/csr/SMC_in_CSR accessed March 11, 2009.

1989; Pettigrew, 2000). Case analysis is driven by the process of constant comparison within and between elements, concepts and themes identified in data-collection, and cases are sampled for their potential contribution to the theory being developed (Charmaz, 2006; Glaser & Strauss, 1967). These iterations of data-collection and theoretical development are continued until the researcher decides that theoretical saturation has been achieved, which is the point at which the researcher perceives the differences between the collected data and developed theory to be small.

Figure 5 presents a simplified illustration of how the logic of theoretical sampling informed my selection of cases and the focus of research interviews, highlighting key sampling junctures within the iterative process of data-collection and analysis. In selecting cases I aimed to elicit multiple views on corporate engagement in Myanmar, rather than seeking organisational representation through interviewing multiple people from different positions within specific organisations. On my first trip to Southeast Asia in July 2006 I entered the field with the broad research question of ‘How are the responsibilities of TNCs in Myanmar understood? What influences these understandings?’ In my first set of interviews, E&P activity was identified as one of the few areas where significant foreign investment continued, and issues of corporate responsibility were particularly pronounced. Through these conversations, the initial research question became three theoretical lines of inquiry around the impacts and responsibilities of oil and gas companies in Myanmar. The first line of inquiry was prompted by statements by both corporate executives of Western companies and INGO personnel, which identified external campaigning groups as influencing their actions. From these statements I focused on the strategies and efficacy of stakeholder activism. The second line of inquiry focused on how companies understood their own responsibilities and the motivating factors associated with this. A third line of inquiry was concerned with how CSR activities were understood by stakeholders.

I developed these three lines of inquiry concurrently through subsequent interviews and data-collection across the seven datasets, resulting in three inter-related theories of Stakeholder Activism, Corporate Engagement and Constructive Corporate Engagement respectively. Upon working with these theories from

May-August 2009, I constructed a fourth theory – Commercial Diplomacy – from secondary data sources and analysis related to energy security and Myanmar’s international relations. These four theories in turn contributed to a broad, empirically-grounded theory of Corporate Citizenship in Fragile States.

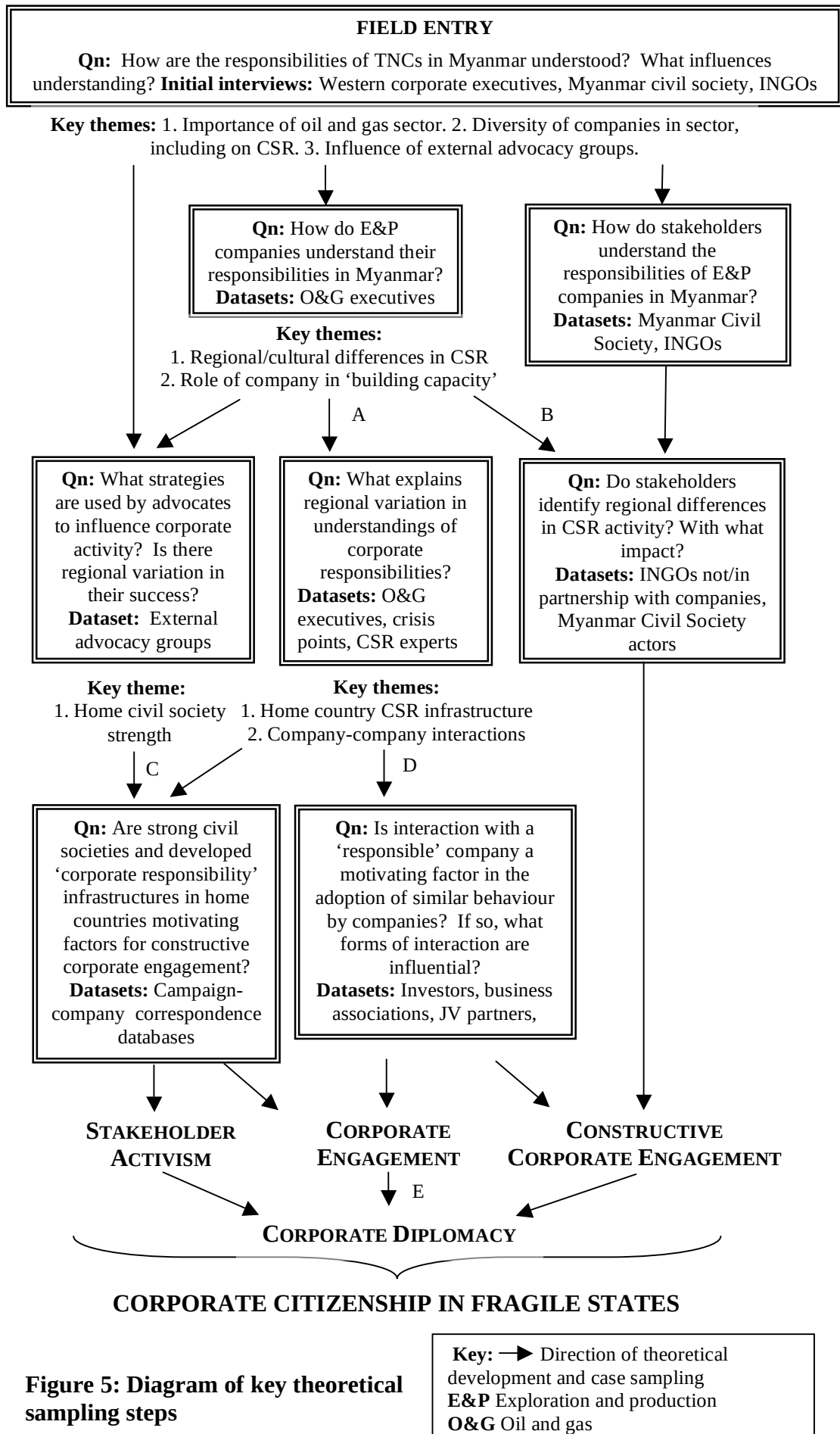


Figure 5: Diagram of key theoretical sampling steps

One example of how the logic of theoretical sampling informed my development of these theories is illustrated by the letters in Figure 5. In interviews with gas executives in Myanmar in July 2006 and February 2007 three main conceptual themes were identified which drove subsequent sampling iterations within and across datasets. These concerned descriptions by Western executives of: (a) regional variation in the adoption of a ‘socially responsible’ position by companies; (b) the contribution made by their companies to ‘capacity building’ within Myanmar civil society; and (c) company-company interactions as a motivating factor for corporate adoption of CSR practices. I pursued the theoretical line of inquiry around the relationship of regional variation in company approaches to CSR in all subsequent interviews with executives (A in Figure 5). This line of inquiry also prompted the analysis of: two databases of divestment campaign-company correspondence (Dataset 5) (C in Figure 5); the analysis of the popular protests in September 2007 and Cyclone Nargis in May 2008 (Dataset 6); and interviews with CSR experts and practitioners working on global initiatives or in the Southeast Asian region (Dataset 7).

To explore the theoretical dimensions of potential ‘capacity building’ by E&P companies, I identified and interviewed Myanmar nationals who had worked for TNCs and local civil society organisations (Dataset 3), and INGOs who had worked with companies in development projects (Dataset 4) (B in Figure 5). The concepts and categories identified in these interviews contributed to the emergent theory of Constructive Corporate Engagement.

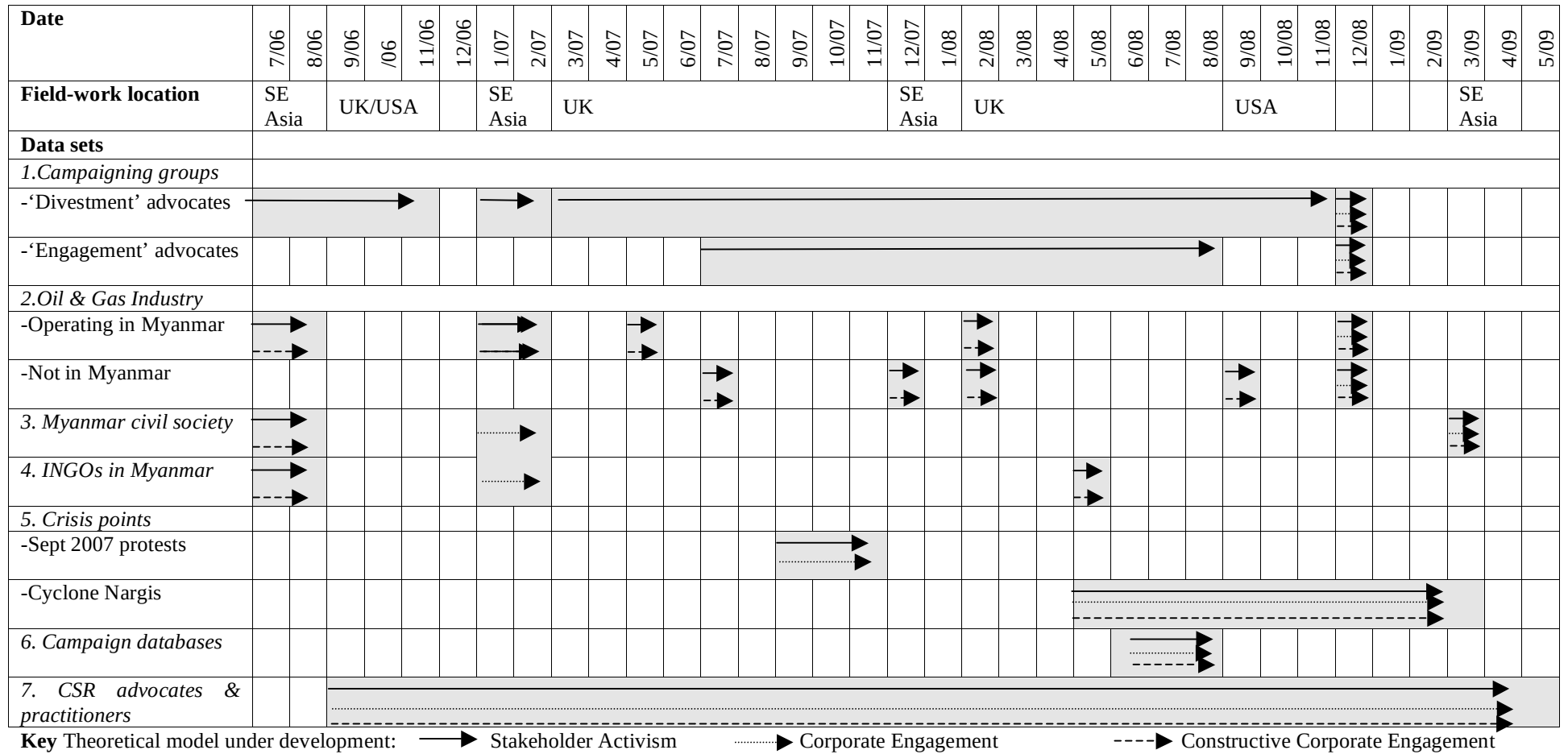
To conceptualise the influence of company to company interactions as a key motivating factor in the adoption of corporate citizenship initiatives, I looked for other points of contact between companies in the oil and gas sector (D in Figure 5). From these I located and interviewed local Myanmar companies that provided services to multi-national companies, and interviewed executives at a large institutional investor that had a stake in at least one of the companies in a consortium and had itself taken a position on corporate citizenship (Dataset 2). I also re-interviewed a number of executives in the sample on this theme.

In working between and within these three grounded theories from January-August 2009 in the development of the overarching model of Corporate Citizenship in Fragile States, I developed Commercial Diplomacy (E in Figure 5).

The theory was developed from secondary sources and academic literature regarding energy security in Myanmar's international relations. These sources are not included as a separate dataset, forming part of the overall body of literature reviewed for this project.

The analytic process of constant comparison, central to the GTM, was followed at all stages of the research. Interviews and written communication material were analysed and coded to identify theoretical elements from which theoretical concepts were developed. These concepts were subsequently tested and developed in later iterations of theoretical sampling. For example, in pursuing the line of theoretical inquiry around the motivations of companies to engage in CSR activities, I made comparisons within and between interviews with corporate executives and corporate communication material, between companies within the joint-venture consortia, between the joint-venture projects, and between the advocacy activities each project attracted.

The above description may suggest that dataset selection and theoretical development was a neat, linear process. It was not. As Figure 6 illustrates, the process of theoretical sampling and theory development was at times concurrent or disjointed, depending on questions of access and stage of development. The two research trips to Southeast Asia were periods of intense data gathering, which sustained a process of analysis and theoretical development for the remainder of the research project. Equally, as Figure 5 (Diagram of key theoretical sampling steps) illustrates, a dataset may have contributed to all three main lines of theory development, and to the integration of these models into the broader grounded theory of Corporate Citizenship in Fragile States.

Figure 6: Timeline of fieldwork, data-collection and theoretical development

I describe the seven datasets below. A full description of the datasets, including a list of interviewees, the date and location interview took place, and additional data sources is provided in Appendix 2 – Data-set Description. A summary of the interviews conducted is presented in Table 1 (p. 110). Where it is not safe or ethically appropriate to identify the interviewee or organisation I have not done so.

Dataset 1: Advocates for E&P Dis/investment

The first dataset included fifteen organisations involved in advocacy activities related to Myanmar, headquartered in five different countries. Organisations in the dataset were selected to analyse the motivations, content and actions of campaigns for corporate divestment and their impact on corporate activity. Of these organisations, thirteen were involved in campaigns for corporate divestment from the Myanmar oil and gas industry and two advocated for engagement (including investment) with Myanmar.

Individual cases for this dataset were identified in initial interviews in Myanmar as being particularly influential, through an on-line search for campaign materials and reports, and from identification in subsequent interviews where advocates were asked to recommend other organisations or individuals who were active on these issues. The organisations in this dataset were theoretically similar in their focus on Myanmar and in their aims to influence corporate behaviour in relation to the country. Variation amongst the dataset by location, strategy, constituency, and advocacy target allowed for theoretically interesting comparisons in developing Stakeholder Activism. The main organisations and campaigns in this dataset are described in detail in Chapter 11.

I deepened the emerging model of Stakeholder Activism by expanding the dataset to include advocacy organisations proposing increased engagement with Myanmar, including foreign investment. From July 2007-August 2008 I undertook a period of participant observation with Network Myanmar, an organisation established in July 2007 to “assist the process of reconciliation and rehabilitation’ in Myanmar through ‘dialogue and people to people contact.”³⁰ Participating in Network Myanmar facilitated the identification and interviewing

³⁰ Network Myanmar (2008). *About us*. Retrieved on March 31, 2009 from http://www.networkmyanmar.org/index.php?option=com_content&task=view&id=14&Itemid=27.

of additional individuals supportive of engagement with Myanmar, including Voices for Burma, an organisation that promotes informed tourism to Myanmar.

Dataset 2: The Oil and Gas Industry (E&P Enterprises)

Eighteen companies comprised the second dataset. Twelve of these companies were involved in the three joint-venture project consortia. Key information on the Yadana, Yetagun and Shwe Project consortia is provided in Table 1; a more detailed description is provided in Chapter 7.

Table 1: Description of the case study joint venture consortia.

Yadana Project Consortium	Yetagun Project Consortium	Shwe Project Consortia
Total E&P Myanmar Ltd. (31.2375% interest, Operator) <i>France</i>	Petronas Carigali Myanmar (40.9102% Operator) <i>Malaysia</i>	Daewoo International (51% Operator) <i>South Korea</i>
Unocal Myanmar Offshore Co. (Chevron) (28.2625 %) <i>U.S.A.</i>	PTTEP International Ltd. (19.3178%) <i>Thailand</i>	ONGC Videsh Ltd [Oil and Natural Gas Company.] (17 %) <i>India</i>
PTTEP International Ltd. (25.5%) <i>Thailand</i>	Nippon Oil Exploration Ltd. (Myanmar) (19.3178%) <i>Japan</i>	Gas Authority of India Ltd. (GAIL) (8.5 %) <i>India</i>
Myanmar Oil and Gas Enterprise (MOGE) Ltd (15%) <i>Myanmar</i>	MOGE (20.4541%) <i>Myanmar</i>	Korea Gas Corp. (KOGAS) (8.5 %) <i>South Korea</i>
		MOGE (15%) <i>Myanmar</i>
Discovered 1982 by MOGE, production started 1998. Blocks: M-5 and M-6. Reserves: 6.5 Trillion Cubic Feet (TCF). Production: 600 million cubic feet of gas per day (mmcf) to Thailand, 125 mmcf for domestic use.	Discovered by Texaco (US) in 1992, ownership changed to Premier Oil (UK) in 1997 and then Petronas in 2002. Production started in 2000. Blocks: M-12, M-13 & M-14. Reserves: 3.2TCF. Production: 450mmcf.	Discovered 2004 (block A1) and 2006 (block A3) by Daewoo. Blocks: A-1 & A-3. Reserves: Estimated recoverable reserves approx 5 TCF. Production: expected 2013. Gas Sales Agreement signed with China National Petroleum Corporation (CNPC) regarding the sale and transport of the gas on June 20, 2008.

As Table 1 demonstrates, this sample provided an opportunity to assess how a range of factors influenced the nature of corporate engagement in Myanmar, including: country of origin (France, USA, UK, South Korea, India, Japan, Myanmar, Thailand, Malaysia, China); ownership structure (state-owned, private, publicly-listed); size; and position within the joint-venture (owner-operator, operator, non-operator). The sample also included diversity in the stage of development of the E&P project (production, commercial development) and level of CSR activity. As the government-owned Myanmar Oil and Gas Enterprise (MOGE) was a joint-venture partner in each of the consortia, the three projects also offered the opportunity to analyse this aspect of host country-company relations.

The dataset also included three other trans-national oil and gas companies not in the consortia. Two of these (Shell International and BP Ltd.) were included to test theoretical categories related to the efficacy of stakeholder advocacy, and the importance of having taken a position on corporate citizenship. Both companies are active ‘corporate citizens’ and neither have investments in Myanmar. A third company (Twinza Oil/Danford Equities Ltd.) has an interest in Myanmar but is not a member of the three main project consortia. This case, an Australian company developing the offshore Yetagun East Block in joint-venture partnership with MOGE, offered an opportunity to triangulate information gathered in interviews within the three main consortia. As Twinza Oil/Danford Equities Ltd became the target of an independent divestment campaign based in Australia during the study it also contributed to the stakeholder advocacy and corporate motivation models.

Dataset 3: Myanmar Civil Society

This dataset included a cross-section of people within Myanmar civil society. I interviewed approximately 100 people during the research trips to Myanmar in July 2006 and February 2007. Interviews with approximately 30 of these Myanmar nationals were particularly influential for theoretical development, and I have chosen them for inclusion in this dataset. These included: individuals who were currently and formerly employed by TNCs; the owners of small to medium enterprises; journalists; local development or humanitarian organisation actors; researchers and educators.

Initially, I met with civil society actors to explore their reflections on the nature and impact of foreign investment in Myanmar and the responsibilities they understood TNCs to bear. As the theoretical models were developed, more individuals were actively sought, and conversations directed to:

- (a) analyse their experience of working for TNCs from different countries and cultures;
- (b) compare local and foreign understandings of CSR;
- (c) explore the adoption, adaptation and translation of CSR practices by local companies; and
- (d) analyse the motivations and restrictions experienced by local development-focused organisations when considering a partnership with an TNC.

In addition, I conducted interviews with people in the communities directly adjacent to the projects' operations on:

- (e) their experiences with the impact of the operations of the companies; and
- (f) what they understood the responsibilities of the companies to be.

I interviewed approximately twenty people during my visit to the 'pipeline corridor' through which the Yadana and Yetagun gas production is exported to Thailand, and approximately thirty people in Sittwe in January 2007. As many of these discussions were informal and in small groups, it is not possible to report precise numbers of participants.

Dataset 4: International Development and Humanitarian Organisations (INGOs)

This dataset included twelve individuals who worked for non-governmental and inter-governmental international development and/or humanitarian organisations (INGOS) with operations in Myanmar. Development experts and practitioners were initially approached to develop a grounded understanding of the context in Myanmar. Subsequent organisations and individuals were sampled to inform theoretical concepts around:

- (a) the potential contribution of TNCs to development;
- (b) variations in company engagement with INGOs; and
- (c) the impact of external advocates on INGOs and their willingness to work with TNCs.

This dataset comprised individuals from four INGOs who partnered with companies in the development and delivery of socio-economic programs and included interviews with European head-quarter and Myanmar field staff, as well as three INGOs who did not partner with TNCs, and stated that they would not do so under any circumstances; and three UN agencies.

Dataset 5: Crisis Points and the Corporate Response

Two sets of events occurred during the research period, the ‘crisis points’ of the popular protests of September 2007 and Cyclone Nargis in May 2008, that provided opportunities to develop theoretical categories around the form and motivation of corporate engagement with socio-economic, political and humanitarian issues.

The Myanmar Government’s violent repression of the popular protests of September 2007 prompted renewed calls for foreign companies to divest from Myanmar. This provided another opportunity to analyse (a) external advocacy strategies and (b) company engagement on the responsibilities of gas companies in Myanmar, drawing on advocacy group and company press statements relating to the protests.

Data on corporate participation in the humanitarian response to Cyclone Nargis was sourced from company and advocate websites, press statements, and through direct correspondence with research participants. The online Financial Tracking System provided by the Office for the Coordination of Humanitarian Action at the United Nations³¹ also enabled tracking of private sector donations to the official disaster relief appeal. The activities of three US-based business associations that were active in organising relief supply donations amongst their corporate members were also included in this dataset. I drew on press releases, website updates, and participated in conference calls hosted by these associations for their members with organisations involved in the Nargis relief operations. I compared the response of these three US business initiatives to Cyclone Nargis in which an estimated 140,000 people died (Black, 2008h), to their response to the earthquake in Sichuan province in China on May 12, 2008 in which

³¹ *Myanmar. Funding received, 2009* (UNOCHA FTS, 2009). Retrieved May 19, 2009 from <http://www.reliefweb.int/rw/fts.nsf/doc105?OpenForm&rc=3&cc=mmr>.

approximately 30,000 people died.³² This allowed insight into the importance of corporate investment and operational profile in the size and nature of a corporate humanitarian response.

Dataset 6: Divestment Campaign - Company Correspondence

The sixth dataset was composed of two on-line databases, which contained 139 items of correspondence, between more than 600 companies and two organisations campaigning for corporate divestment from Myanmar. These databases were the *Burma Database* run by the International Trade Union Confederation (ITUC),³³ which I accessed on March 8, 2006 and May 24, 2008, and *The Dirty List* and *The Clean List* released by the Burma Campaign UK (BCUK)³⁴ on June 3, 2008. Companies on the Dirty List are those identified as having ties to Burma, whilst companies on the Clean List are deemed to have ended their connection or have ‘made a principled decision not to become involved in Burma.’³⁵

The BCUK ‘Dirty’ and ‘Clean’ lists of June 2008 included 154 and 62 companies respectively. For each company listed, contact details and a description were given from which it was possible to classify the companies by country and by industry. Companies are identified for the list from publicly available sources of information, but no supporting evidence of company involvement or full correspondence is given on the BCUK website. For this dataset, I also drew information from press-statements from 2002-2009 announcing the annual release of previous ‘Dirty Lists’.

Between the dates I accessed the ITUC Burma Database for this dataset, total of 546 companies were listed.³⁶ The Burma Database provided the name, country of origin, industry, website, name of a contact person, address and fax

³² AFP. (2009). China remembers deadly Sichuan earthquake [Electronic Version]. *Agence France Presse*. Retrieved May 29, 2009 from

<http://www.google.com/hostednews/afp/article/ALeqM5gtytN2RBei5CjoEIFmpUevKCKvxQ>.

³³ Burma database (ITUC, 2008). Retrieved on May 22, 2008 from <http://www.global-unions.org/spip.php?page=burma>. The database was formerly found at <http://www.global-unions.org/burma/>.

³⁴ The Dirty List (BCUK, 2008). Retrieved on June 5, 2008, from http://www.burmacampaign.org.uk/dirty_list/dirty_list.php.

³⁵ The Dirty List (BCUK, 2008). Retrieved on June 3, 2008, from http://www.burmacampaign.org.uk/dirty_list/clean_list.html.

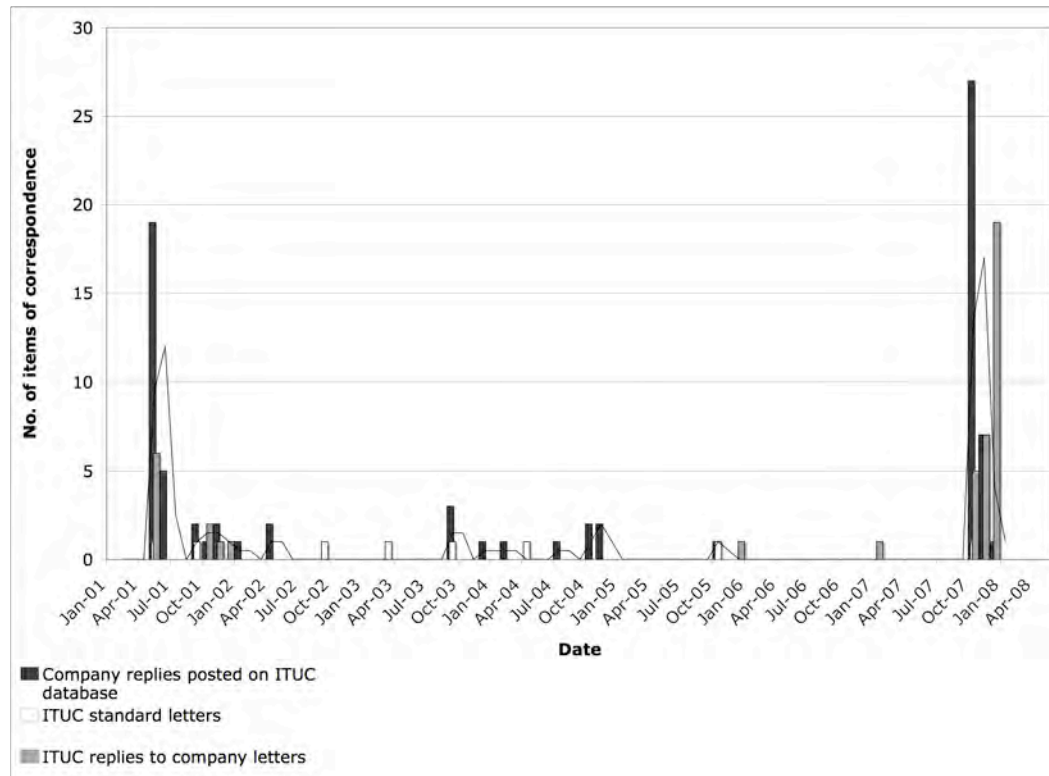
³⁶ Four hundred and sixty-seven companies were listed in the database in March 2006 and 427 in May 2008. However, analysis of the lists show that 89 companies were removed from the list over this period, and an additional 49 added, totalling 549 companies.

number, and source and date of evidence for companies included in the database, with supporting web-links. The Burma Database also included all correspondence between the ITUC and the company, which I coded and analysed quantitatively for reply rate and company turnover by geographic region. The 139 items of correspondence listed comprised seven successive mailings from the ITUC to companies identified as having links to Burma, sent from May 2001 to October 2005. Companies are identified through newspaper articles, company websites, and by referral from the highly networked Free Burma Movement through initiatives such as the Burma Action Group.³⁷ An additional letter was sent to every company in the database after the military government's violent suppression of the popular protests of September 2007. In total, 51 items of correspondence from the ITUC and 78 replies from 70 companies (some companies sent multiple items) were featured on the database and down-loaded for analysis. Figure 7 presents a time-line of this correspondence. It clearly illustrates the mass mailing of October 2007 and the strong response it received.³⁸

³⁷ Details from interview with the Burma Campaign Director, ITUC, June 9, 2008.

³⁸ This graph illustrates data found in Appendix 3: Correspondence Timeline for ITUC Burma Database between March 8, 2006 and May 24, 2008, and Appendix 4: Size of ITUC and BCUK Burma Databases, and Rate of Company Turnover in BCUK 'Dirty List', December 2001- May 2008.

Figure 7: Time-line of correspondence featured on the ITUC ‘Companies with links to Burma’ database (2006-2008)



I analysed the contents of the BCUK Dirty and Clean Lists, and the Burma Database to develop theoretical categories relating to:

- (a) the world-views of advocates and corporate executives;
- (b) the efficacy of stakeholder activism, through analysis of the reply rate and turnover of companies in the ITUC database;
- (c) variation in the adoption of CSR, including how companies described their corporate responsibilities and impact in Myanmar, reference to participation in established CSR initiatives, and stakeholder engagement (as seen in reply rate); and
- (d) contextual factors motivating the adoption of CSR, including the strength of home civil society and the importance of a home CSR infrastructure.

Further, the ‘Clean Lists’ provided examples of corporate statements that demonstrated motivations for divestment in order to assess:

- (e) principled non-engagement as a category within corporate engagement.

To allow these comparisons, the companies in the databases were grouped into regional sets, described in Table 2. The analysis of companies by region is presented in Appendix 7 – Regional Analysis of Companies Listed in the BCUK ‘Dirty List’ of June 3, 2008, and the ITUC ‘Burma Database’ of March 8, 2006 and May 24, 2008. Appendix 7 aggregates the country classification and turnover rate of companies in the two databases presented in Appendix 8- Country Analysis of Companies Listed in the BCUK ‘Dirty List’ Company Database June 2008, and the ITUC ‘Burma Database’ March 8, 2006, and May 24, 2008.

Table 2: Regional composition for database analysis.³⁹

Region	Countries
Oceania/Southern Africa	Australia, New Zealand, South Africa.
Eastern Asia	China, Hong Kong Special Administrative Region China, Japan, Democratic People’s Republic of Korea, Taiwan.
Europe	Austria, Belgium, Denmark, Finland, France, Germany, Italy, San Marino, Netherlands, Norway, Serbia/Yugoslavia, Sweden, Switzerland.
Great Britain	Great Britain.
Northern America	Bermuda, Canada, United States of America.
Southern Asia	Bangladesh, Bhutan, India, Sri Lanka.
South-Eastern Asia	Indonesia, Malaysia, Myanmar, Singapore, Thailand, Vietnam.
Western Asia/ Eastern Europe	Israel, Qatar, Turkey/ Russian Federation, Ukraine.

Within this classification I have kept Great Britain as a separate entity, given its size in both databases and somewhat unique position given the activities of BCUK. I have also kept the Chinese Special Administrative Region of Hong Kong as a separate country from China in the East Asia region, given its distinct historical and economic position relative to China. Finally, both Yugoslavia and Serbia are listed as Serbia became an independent state in 2006, and the country of origin for the company from Yugoslavia in the ITUC database then became Serbia.

³⁹ The regional groupings used are based on those identified in *Composition of macro geographical (continental) regions, geographical sub-regions, and selected economic and other groupings* (United Nations Statistics Division, April 15, 2009). Retrieved May 1, 2009 from <http://unstats.un.org/unsd/methods/m49/m49regin.htm#developed>. In this classification Taiwan is included in the Eastern Asia region.

Note that these databases are not representative of foreign investment in Myanmar. Company inclusion may reflect significant differences in the identification of companies or strategic decisions on the part of the campaigning organisation (however, in an interview on June 9, 2008 the Burma Campaign Director at the ITUC clarified that apart from the tourism industry all companies that come to its attention are included on the database). Removal from the databases may be a reflection of factors independent of the campaign, not least the difficult operating conditions in Myanmar, new legislation, or set contract periods. In this the figures of inclusion and turnover by industry and region must be considered indicative rather than accurate or statistically significant findings.

Dataset 7: Corporate Responsibility Advocates and Practitioners

Finally, a dataset of sixteen corporate responsibility advocates and practitioners were sampled to assess and develop the emerging theoretical categories around company motivations to undertake CSR activities, particularly regional variation in these motivations. The dataset included: seven senior academics working on corporate responsibility and sustainability issues; three consultants and/or research-based corporate responsibility advocates; four individuals working in conflict-transformation and humanitarian action; and two TNC CSR practitioners specialised in the Asia-Pacific region.

Data Collection

I collected data in semi-structured interviews, through participant observation, and from websites and archival documents relating to divestment campaigns and corporate engagement in Myanmar. I also took extensive field-notes and kept a research journal as a component of reflective research practice.

Semi-structured Interviews and Focus Groups

I identified research participants from organisational literature, press releases, and by referral. I contacted them by email or phone, informing them

about the research project and requesting an interview at a time and location of their choice. If it was feasible and safe, I sent the participant a research information sheet and consent form prior to the interview (provided in Appendix 5 – Research Information and Consent Form Submitted for Ethical Approval).

I approached the interviews as guided conversations (Lofland & Lofland, 1995, p. 85), where interviewees were encouraged to ‘speak freely in their own terms about a set of concerns the interviewer brings to the interaction, plus whatever else they might introduce’. The interviews therefore followed a semi-structured format. Initial interviews drew on a question guide (Appendix 6 – Provisional Conversation Prompts for ‘An Inquiry into Corporate Involvement in Community Development in Myanmar’) prepared as part of the process to gain Ethical Approval from the University of Waikato to conduct this fieldwork. The focus of subsequent interviews was determined during the process of theoretical development.

In total, interviews with 106 people directly contributed to this thesis. They are listed by dataset in Table 3 below. More detailed information is provided in Appendix 2 – Dataset Description. The total sample includes 19 women and 35 Myanmar nationals. Over half of the interviews – 56 – occurred in Myanmar. I met or corresponded with 30 of these participants on multiple occasions over the three-year duration of the study.

Each interview generally lasted between one and a half and two hours. The interviews were not digitally recorded. In Myanmar this situation reflected security concerns; in other countries most interviews were in public places where recording was unfeasible. Further, as a number of the initial participants requested the recorder be switched off during the interview I decided not to record subsequent interviews. I took longhand notes during interviews from which I created typed transcriptions for analysis. Interviews and notes from the two trips to Southeast Asia were transcribed on return to New Zealand, as electrical supply irregularities in Myanmar prevented the use of a laptop.

I approached the interviewing relationship as a research partnership as described by Weiss (1994, p. 65). Given the sensitivity of the topic I began each interview by re-stating the objectives and focus of the project, introducing myself and my interest in the topic, and outlining how the information would be stored

and used to protect the identity of the participant. During interviews I practised active listening (Gorden, 1992, pp. 94-95), mentally summarising what was being said in relation to the objectives of the interview and noting what needed to be probed further to make it more relevant, valid and complete. I paid attention to the participant's verbal and nonverbal communication to monitor their comfort with the pace, focus and progression of the interview, in order to establish and maintain a communicative atmosphere (1992, pp. 47-57). A number of the interviews in Sittwe, Myanmar, required an interpreter; the majority were conducted in English.

At several points during the research I gathered data from focus groups; group interviews in which interaction within the group on topics supplied by the researcher replaces the interaction between researcher and interview participant (Morgan, 1988, p. 9). In Myanmar I considered spontaneous group discussions with community members in the pipeline corridor, Sittwe, and in Yangon as focus groups for the purposes of this study. I then held separate focus groups with Myanmar civil society organisation actors, and regional peace-builders in order to gain participant's interpretations of these findings to contribute to further theoretical development in Phnom Penh, Cambodia in March 2009. Both the use of an interpreter and the group conversations placed restrictions on the type of conversation that was possible, given the domestic context.

Table 3: List of interviews and organisations sampled.

Organisation	No. of Interviewees
Dataset 1: The ‘Free Burma Movement’: Advocates for oil & gas company divestment and engagement	
Organisations Associated with Divestment Campaigns	
Burma Campaign UK (BCUK)	2
EarthRights International	3
Shwe Gas Movement	-
Arakan Oil Watch	-
Human Rights Watch	-
Trillium Asset Management Corporation	1
Interfaith Center on Corporate Responsibility	1
International Trade Union Confederation (ITUC)	1
US Campaign for Burma	1
ALTSEAN Alternative ASEAN Network on Burma	2
Open Society Institute, Burma Project	3
Free Burma Coalition	3
Burma Economic Watch	1
Organisations advocating engagement	
Network Myanmar	2
Voices for Burma	2
Total number of interviews with advocates	22
Dataset 2: The oil and gas industry	
Companies involved in Myanmar joint-venture consortia	
Total E&P Myanmar Ltd. (Operator, Yadana Project)	8
Chevron (formerly Unocal Myanmar Offshore Co.)	1
PTTEP International Ltd.	2
Myanmar Oil and Gas Enterprise (MOGE) Ltd.	1
Premier Oil (former Operator, Yetagun Project)	3
Petronas Carigali Myanmar (Operator, Yetagun Project)	2
Nippon Oil Exploration Ltd. (Myanmar)	-
Daewoo International (Operator, Shwe Project)	1
ONGC Videsh Ltd [Oil and Natural Gas Company]	-
Gas Authority of India Ltd. (GAIL)	-
Korea Gas Corp. (KOGAS)	-
Companies in Myanmar not in consortia	
Twinza Oil/Danford Equities Ltd.	2
Oil and gas majors not in Myanmar	
Shell International	1
BP Plc, UK.	2
Other	
Local service companies in the Oil and Gas sector	3
Business-Humanitarian Forum	-
Mainstream Investment Fund Company	2
Total number of individuals in oil and gas sector	28

Dataset 3: Myanmar civil society	
Myanmar nationals currently or formerly employed by TNCs	3
Owners of Small to Medium Enterprises	3
Journalists	6
Local development or humanitarian organisations	12
People in Research & Education	5
(Others. Not included in tally)	(~50-60)
Total number of Myanmar civil society actors	29
Dataset 4: International development and humanitarian organisations with operations in Myanmar	
Organisations with an association with TNCs	
Collaborative for Development Action	1
Save the Children	3
Other	2
Organisations with no direct association with companies.	
International Labour Organisation	1
Economic and Social Commission for Asia & Pacific, United Nations	1
United Nations Development Program	1
Other	3
Total number of development and humanitarian actors	12
Dataset 5: Crisis points and the corporate response	
Popular protests of September 2007	-
Cyclone Nargis May 2008	
US ASEAN Business Council	1
Partnership for Disaster Response, US Business Roundtable	
Business Civic Leadership Center, U.S. Chamber of Commerce	-
United Nations OCHA Financial Tracking Service	-
Total number of actors	1
Dataset 6: Divestment campaign - company correspondence	
ITUC 'Burma database	
BCUK 'Clean' and 'Dirty' Lists	-
	-

Dataset 7: CSR advocates and practitioners	
Corporate Responsibility Actors and Advocates	
Academia (School of Oriental and African Studies, Boston College, Harvard University, George Washington University, Georgetown University, Coventry University and City University of Hong Kong)	7
CSR-Asia	1
Control-Risks	1
Tellus Institute	1
International Alert	1
International Federation of the Red Cross and Red Crescent Societies	1
International Crisis Group	1
Transnational Institute	1
MTR Ltd	1
Unilever	1
Total number of stakeholders and experts	16
Total number of actors interviewed	106

Participant Observation

I employed the research method of participant observation at a number of points in this inquiry. Participant observation is an ethnographic research approach in which the researcher participates in the daily routines of a research setting, develops ongoing relations with the people in it, and observes and actively reflects on what is going on (Emerson, Fretz, & Shaw, 1995, p. 1). Accordingly, this form of research often focuses within a specific community. This anthropological method traditionally calls on the researcher to immerse themselves in the world of others in order to grasp what they experience as meaningful and important, and the constraints and pressures to which their lives are subject, in order to render rich descriptions of that lived experience (Goffman, 1989, p. 125). However, in grounded theory studies participant observation prioritises the studied phenomenon or process rather than the description of a setting, therefore a grounded theory ethnographer is likely to move across settings to gain more knowledge of the studied process (Charmaz, 2006, p. 22), as I have done.

To develop an understanding of the motivations and activities of organisations campaigning for corporate divestment I attended a series of Burma events in the US and the UK during 2006 and 2007, spent several days at the Open Society Institute in New York, using their Burma Project library and meeting with staff members, and visited the offices of three of the main divestment campaigning organisations (BCUK, ERI and US Campaign for Burma). I deepened my understanding of the role and motivations of advocacy groups I was also an active participant at Network Myanmar, a pro-engagement advocacy organisation from July 2007 to August 2008, attending five meetings during this time.

To develop an understanding of global variation in corporate motivations to undertake socio-economic initiatives I spent 18 months (February 2007 to August 2008) as a Research Fellow at the Applied Research Centre in Human Security at Coventry University. Whilst there I co-ordinated a series of Roundtables on Sustainable Enterprise, attended by a cross-section of private sector actors in London, Toronto and Cape Town. I also attended four Corporate Responsibility conferences with business participation. Deepening my understanding of these issues within the Myanmar context, I was a participant at a Business-Humanitarian Forum workshop in February 2008 where Total and Unocal representatives and former pro-divestment campaigners discussed the role of the oil and gas industry in Myanmar. I also participated in two conference calls between corporate members of business associations and international humanitarian agencies hosted to facilitate private sector support of the Cyclone Nargis relief effort in May 2008.

To gain an appreciation of the context within Myanmar - including the exigencies Myanmar nationals experience, the nature of the civil space, and the relations between organisations inside and outside the country - I attended a number of events and travelled outside the former capital Yangon when in Myanmar. Events at which I was a participant observer included the Burma Studies Conference in Singapore and a peace-building workshop for local civil society organisations in Myanmar in 2006. I travelled to the Bago Division, Mon and Karen States in July 2006, and Sittwe in the Arakan State in January 2007. On both these trips I travelled with Myanmar nationals, visiting local civil society

organisations including medical, educational and religious facilities. I also travelled to the 'pipeline corridor' in Tenasserim Division as part of a two-day tour of the Yadana Project Socio-economic Program facilities at the invitation of Total.

Throughout the study I made notes and kept a research journal in which I actively reflected on the events I observed and the concepts I identified as being relevant to the developing theory. I then coded these reflections and created memos on the emerging themes and concepts.

Written Communication Material

A large body of written communication material was used as data in addition to interview and focus group transcripts, extensive notes from participant observation and my research journal. A full list of the written communication material in each dataset is provided in Appendix 2. These include 36 press releases, 18 reports, and 84 e-bulletins produced by campaigning organisations; 97 annual or social/environmental responsibility reports, 17 press releases and four internal communications letters by companies in the three joint-venture consortia; and a total of 46 websites of the organisations in the seven datasets.

Computer Assisted Qualitative Data Analysis (CAQDA)

I used the CAQDA software program NVivo 7 for much of the CGTM analysis. NVivo is a later version of NUDIST (Non-numerical Unstructured Data Indexing, Searching and Theorizing), a programme designed by sociologists Tom and Lyn Richards (1991b), with the aim of supporting the analytic methods used to build and test grounded theory from unstructured qualitative data. NVivo is one of two dominant CAQDA software programs, the other being Atlas ti.

According to Bong (2007, p. 269), the benefits of CAQDA include the expedition of essentially mechanical tasks such as coding and retrieving, allowing more rigorous, thorough, creative and fun data analysis. My use of NVivo facilitated seven tasks in the grounded theory analytic process identified by Dohan

and Sanchez-Jankowski (1998) as being well supported by software use, including data entry, organisation, searching and retrieval, coding, code analysis, data linking and link analysis. I analysed all written material generated through data-collection, including all interview and focus group transcripts, participant observation notes, research journal entries and memos, and some other written communication material from organisations in the datasets using NVivo.

The use of CAQDA for qualitative research in general, and in its application within the GTM is the subject of critique. Criticisms of the use of CAQDA in qualitative research express concern about ‘dehumanisation, mechanisation, quantification and sterilisation’ (Pfaffenberger quoted in Weaver & Atkinson, 1994, p. 9) from the use of software based on code and retrieval procedures. There are concerns that these procedures fail to incorporate situational and contextual factors (Denzin & Lincoln, 1994), leading to superficial, circumscribed analysis. There are also concerns CAQDA may force qualitative data into a single research method (Coffey, Holbrook, & Atkinson, 1996; Lonkila, 1995). More broadly CAQDA is seen as attempting to confer the ‘authority of science and the prestige of technology’ on qualitative research in an unwelcome attempt at “destigmatisation” (Weaver & Atkinson, 1994) of non-quantitative research approaches within social science. Within the community of GTM practitioners these critiques are reflected by Debrowski and Hammer-Lloyd’s (1995) concern that the computer in CAQDA may ‘take over’ to the detriment of the thinking process central to qualitative analysis, and may lead to privileging the coding process over theory emergence.

Richards and Richards (1991a, p. 260) counter that concerns about theoretical development using CADQA reflect a misconception of the GTM process. They argue:

The process of theory emergence requires a different ability: to see the data as a whole, then to leave data behind, exploring the lines of this segment of that text. To code and retrieve text is to cut it up. The ‘grounded theory’ method leaves text almost untouched. The researchers’ contact with the data is light, hovering above the text and rethinking its meanings, then rising from it to

comparative, imaginative reflections. It is the difference between the touch of scissors and that of a butterfly.

Richards and Richards have also responded to broader criticisms with the incorporation of more sophisticated indexing and categorisation tools, search functions and visual modelling in subsequent generations of the NVivo software.

I understand computer software as a tool through which to interact with qualitative data. Ultimately, the researcher and her understanding of the principles and process of the GTM, rather than the software, determine the quality of the GT produced. As Konopasek (2007, p. 277 emphasis in original) argues;

It is always you, as the analyst, who has to do the real analysis. Because only human researchers can *think*. The software only provides more or less useful *assistance* and *support* to the thinking subject. It extends the researcher's mental capabilities to organise, to remember, and to be systematic. But while doing so it essentially remains a stupid instrument, which cannot do things such as determining the relevance of a text passage

I found my use of NVivo supported my analytic process primarily through the organisation and cataloguing functions. In building the theory presented in this thesis, I experienced my break-through moments in teasing out the relationships between concepts through the use of pens, paper and scissors to create moving 'jigsaws' of data-codes.

Research Ethics, Safety and Gender

Given the significant potential risks presented by this research project, particularly to research participants in Myanmar, issues of safety and research ethics were at the forefront of how I undertook this work. Below I describe steps I took to mitigate potential risks to myself and research participants, reflect on some of the ethical and emotional challenges I experienced, and discuss how I understand these to have informed the process of fieldwork, analysis and presentation of findings.

Appropriate Research Procedures for Fraught Political Research Contexts

The Myanmar context presents many of the methodological and ethical challenges of field research in conflict regions noted by Wood (2006). These include the absence of unbiased data from sources such as newspapers, logistical difficulties including travel restrictions, political polarisation, the presence of armed actors, the precarious security of most residents, and the traumatisation through violence of the population. Whilst I did not travel to areas of open, violent conflict in Myanmar, the work of Wood and other scholars of violent conflict (see the collection of essays in Nordstrom & Robben, 1995) informed my understanding of appropriate and ethical research practice in this fraught research context. Wood (2006, p. 374) notes that many of the ethical dilemmas presented by these contexts can be addressed by appropriate research procedures, particularly those ensuring informed consent and confidentiality. She further notes that ethical research always depend critically on the judgment of the researcher.

Risk Assessment Prior to Entering the Research Context

Before undertaking research in Myanmar I sought expert advice on potential risks and appropriate research procedures. I consulted conflict-transformation colleagues about safety and culturally appropriate behaviour, and talked to researchers with experience in Myanmar on managing informed consent and confidentiality. I was assured that with sensitive and careful research procedures the risks of participation to Myanmar nationals were minimal. In support of my application for ethical approval for the field research by Waikato University, one of these researchers attested that, “Despite the often very sensitive work being done, I am not aware of a single incident in the past ten years where people have got into trouble for speaking to foreign scholars” (correspondence, January 25, 2007).

I also undertook background research on Myanmar. Skidmore’s (2004) study of the politics of fear and other written accounts of life in Myanmar (Fink, 2001; Larkin, 2005; Olszewski, 2005), coupled with economic and social analysis (see Chapter 3) alerted me to the context and restrictions within which the

Burmese live. I entered the research context expecting high levels of fear and insecurity, and judged the steps I took to ensure the confidentiality of research partnerships against the possibility that interview transcripts and analysis could be seen by the Myanmar authorities.⁴⁰

Making Contact and Arranging the Interview

Knowledge of high reported levels of internet and phone surveillance by the authorities (OpenNet Initiative, 2005) informed how I made contact with research participants. With one exception (Total E&P Myanmar Ltd), I did not make any arrangements for interviews prior to entering Myanmar. When contacting potential participants by telephone on arrival, I was careful to frame the reason for my call in open terms I considered less politically sensitive in the context, following prior discussion with Burma-studies colleagues. In identifying and contacting Myanmar participants I sought referrals and only in two instances directly contacted organisations. These included a service company in the oil and gas industry and a local organisation that frequently worked with INGOs. As both of these organisations were already in contact with foreigners I did not judge direct contact to be inappropriate. In seeking referrals, I would establish the preferred way to contact the suggested individual or organisation, and followed this advice. In securing these referrals a number of individuals were significant sponsors or gatekeepers (Burgess, 1991, pp. 45-48), vouching for my integrity and introducing me to their networks.

In making contact with participants I was careful in my phrasing and description of the project, framing the topic as ‘An Inquiry into Corporate Involvement in Community Development in Myanmar’, which I judged to be less politically sensitive than using words such as ‘citizenship’, ‘responsibility’, or any terms from international development such as ‘human security’, ‘empowerment’ or ‘capacity-building’. In requesting an interview, I asked participants to set a location and time that was convenient for them and did not discuss these arrangements with anyone else.

⁴⁰ N. Black (2007, p. 6) Application for Ethical Approval of Research, University of Waikato Management School, January 27, 2007.

The Interview

For field research to be considered ethical, research subjects must consent to their participation in full understanding of the potential risks and benefits (Kelman, 1972). I had been advised that it would be inappropriate to provide an information sheet to participants in Myanmar and expect them to sign a consent form. As such I took care at the beginning of each interview to obtain verbal informed consent, by clearly explaining the aims, motivations and expected outputs of the research project, along with the steps I would take to ensure the confidentiality of the research participant. Before proceeding I checked that the participant understood and was happy to continue.

The interviews followed a fluid, semi-structured format. I aimed to establish a good rapport with participants through open questions, attention to my body language and active listening. Given the political sensitivity of the topic, I was particularly careful not to question the respondents' appraisals, choices, motives, right to observations, or personal worth (as discussed by Weiss, 1994, p. 65). In feedback from participants I found that these efforts to respect the respondent's integrity were central to my success in establishing confidence and rapport. In closing the conversation I would re-iterate how the information would be stored and used, provide my contact details and remind participants they could withdraw from the study or amend their interview at any time, and inquire if they would like to be informed of the research findings and how this might be arranged. I would then ask if they had any questions for me. This question often sparked a new, lengthy and informative discussion.

Security and Confidentiality

To protect confidentiality I assigned each participant a code to be used on all related documents, and used a coded shorthand in my interview notes. Interview notes were locked in a box at a private residence at the end of each day. After transcription, these notes were stored in a locked box in New Zealand. All files related to the project were stored in a password-protected computer, with additional password-protection of the NVivo file of transcript analysis. No transcripts or primary analysis were sent by email.

Analysis, Writing and Reporting

When possible, participants were given the opportunity to comment on written products from the project. In published work care was taken to protect the identity of individuals and organisations unless their explicit consent was obtained.

Ethical and Emotional Challenges

Undertaking qualitative research is stressful. As Shaffir and Stebbins explain “Fieldwork ...is usually inconvenient, to say the least, sometimes physically uncomfortable, frequently embarrassing, and, to a degree, always tense” (1991, p. 1). In addition, all research involving human participants presents ethical challenges, but these are magnified when the topic is sensitive or the context fraught, particularly in zones of conflict or high politicisation (Smyth, 2001). Wood (2006) notes that in addition to the emotional reserve necessary in any field research (to engage subjects empathetically while retaining one’s scholarly purpose – what questions must I be sure to ask, to what extent should I steer this interview) inquirers in these settings are likely to experience intense emotions including fear, anger, outrage, grief, and pity. Additionally they may feel tremendous stress in their efforts to keep their data secure, and anxiety ‘managing’ information between polarised groups. Wood warns (2006, p.384) that inadequate attention to these emotional dynamics can lead field researchers to make errors in judgement that may have significant consequences for their research subjects as well as themselves, and cautions researchers to ‘take care to shelter their ongoing research from their emotional vagaries’. Further, disengagement from the research setting can be challenging. Qualitative researchers, particularly ethnographers, report feelings of alienation, guilt, ambivalence, and sadness upon leaving ‘the field’ (Gallmeier, 1991, p. 229).

I experienced all of these dynamics in the course of my fieldwork, especially when in Myanmar, and reflected on them in my field journal as a means to identify and manage their impacts on the research. In this section I

discuss some of the dilemmas I faced in conducting this research, including issues of disclosure, mistaken identity and reciprocity, sensitivity to social, cultural and gender issues, and the emotional challenges I encountered, particularly when in Myanmar and on leaving the field. I illustrate these dilemmas with edited excerpts from my field-journals.

Outside my skin

Field journal, July 2006. Karen State, Myanmar

Everything feels heightened. The soldier carrying the box of Johnny Walker Blue Label into the hotel foyer, the boys killing the snake on the side of the road, the frightened doctor in the village, asking “Why is she here? Who knows she is here?” How do I balance inquiry with safety when I can’t fully know the risks; when the assessments and motivations of other people can be so different? Today KP clearly put the doctor in an uncomfortable position by taking me to the clinic. It was almost like he was showing me off. The doctor was so afraid. It’s shaken my confidence in KP’s judgement. This is extremely difficult. I feel on edge, but not frightened. It is more like I’m drawn out, living 2 inches beyond my skin.

Disclosure

Foreign investment in Myanmar is highly contentious and the field is polarised. Throughout the research I was frequently asked where I stood on the issue of corporate engagement in Myanmar, especially as the project progressed. In an admittedly atypical statement, a research participant contacted by phone challenged, “So what is your position on this [corporate engagement in Myanmar]? You have to take a view. Tell me where you stand or we can’t continue this conversation” (Phone interview, September 2007). In responding to these inquiries I avoided making any comment on the morality of foreign investment in Myanmar, on specific companies or individuals, or external

advocacy groups. My choice of language and emphasis varied, but I would explain that foreign companies clearly played a role in Myanmar and I was exploring how that role was understood by multiple stakeholders with an interest in whether, and, if so, how companies could play a more constructive role.

Locating the study in a wider context, I highlighted the variation in company adoption of corporate responsibility practices and explained that the Myanmar case could make a significant theoretical contribution to how we understand the responsibilities and impacts of foreign companies in other countries. This position was considered disingenuous by some research participants, but reflected the philosophical position I have taken in conducting this research (discussed in the Prologue). Taking this position established my interest and intent, but also served to frame me as an academic with the professional discretion and stature that position carries. My status as a management scholar rather than a political scientist or anthropologist also conferred objectivity, and certainly made my interest more acceptable to potential corporate participants.

The polarisation of the field exerted considerable influence on how I undertook the research and the way I have framed my analysis. I was advised by a scholar of Burma not to publish under my own name. He had been vilified by external pro-democracy activists for advocating engagement with the regime. I was also warned that I should be careful what I publish and in what medium (newspapers being monitored, academic articles and books generally not) if I did not want to be put on a visa 'black-list' by the Myanmar authorities. Self-censorship both within and outside Myanmar is an issue of discussion within the community of scholars who work on Myanmar, and requires careful weighing of professional ethics with the potential contribution of the research to the public sphere (Reynolds, 2000). I have decided to publish in my own name, but these concerns certainly influence where and what I publish.

Mistaken Identities and the Challenge of Reciprocity

As with other researchers in sharply polarised settings (Wood, 2006, p. 384), I found it stressful to engage in interviews with all parties and to 'manage' information between parties. Particular dilemmas around managing information

from and between participants occurred in the field, as this excerpt from an interview transcript with a civil society organisation in Myanmar demonstrates:

RP: When you go back to the company, tell them that we want them to give us electricity. Tell them we want the electricity and then we can look after ourselves. Our labour is cheaper than Bangladesh, we can build garment factories. Tell them.

NB: I am not from the company. I told you, I am a student. I am not here from the company.

RP: Yes, yes. But when you talk to the company tell them. Tell them that it will only take one hot-headed young person to make trouble for them, only one. It would take only a small bomb and the pipeline would be damaged. And the young people are so unhappy. We worry for them, they need jobs, a future. Tell them.

NB: I understand, but I am not from the company.

RP: Yes, yes. But you can tell them.

(Interview transcript, January 2007, Sittwe, Myanmar)

Exchanges like these presented significant dilemmas. I made it clear to the participant that I was not working for the oil and gas companies. However, I was in contact with the company, I could communicate this request, but I would have absolutely no control over how it was received or what action would result. Would the company consider it a direct threat? Would the authorities become involved? Would this create more or less risk for the research participants? I did not communicate this statement to the company, but negotiating my own response to this and other requests forced me to constantly re-evaluate my position and engagement with the topic and my responsibilities to the participants.

The issue of reciprocity was a key dynamic in negotiating my relationship with participants. That rapport with respondents is maintained through exchange relationships has been noted by experienced researchers (Gurney, 1985, p. 43); however issues of reciprocity can present challenges. Despite stressing confidentiality, I note that in some relationships with participants there was a mistaken expectation that the sharing of information would be reciprocated. On one occasion when I refused to recount an interview with another participant he

had helped arrange, an executive shouted; “I’ve lifted my skirts for you, now it’s your turn!” (Yangon, January 2007).

On my part I found it difficult to navigate my own contribution to the relationship with Myanmar nationals. For example, I struggled with how to share information that was publicly available outside Myanmar with national participants so as not to inadvertently endanger anyone else I may have spoken with (who may be mistakenly identified as the source) or to shut down their willingness to speak freely with me as an equally valid ‘expert’. I also struggled with finding a way to thank the people who made the research possible, to reciprocate the generosity I received in time, insight, and hospitality, at what may have been a considerable risk to themselves.

Sensitivity to Social, Cultural and Gender Issues

Social, cultural and gender issues informed this research process in multiple ways. I sought advice on culturally appropriate ways to conduct the research, including appropriate attire, interview settings and gender relations. I found the Burmese people extremely hospitable, generous, and concerned for my wellbeing as a young unaccompanied woman. I tried in all my conversations to recognise the knowledge of the people I was speaking with, in how the issues affected their lives. I was also acutely aware of the significant differences in freedom and opportunity between myself and the participants, particularly around the differential risks the research presented, and acted accordingly.

In her discussion of the female researcher in a male-dominated setting, Gurney (1985, p. 43) notes that “Female researchers must work especially hard to achieve an impression combining the attribute of being non-threatening with that of being a credible, competent professional”, and may need to overcome various forms of exclusion and sexual abuse. I found this to be the case in a few of my research interactions. Working within these dynamics and recognising that they were, on occasion, to my advantage (as noted and discussed by other female researchers including, Horn, 1997) raised ethical dilemmas and certainly influenced the data I collected.

Anxiety and Risk

In reflecting here on undertaking research in Myanmar, including my anxieties and those expressed by research participants, I do not wish to glamorise or exaggerate my experience. Development and conflict work can be overly dramatised as dangerous, romantic work carried out in exotic locations (see for example *Emergency Sex and Other Desperate Measures* by Cain, Postlewait, & Thomson, 2004). I do not want to contribute to this sensationalism, or to the exoticism of the politics of Myanmar or the country more broadly, identified by Thant Myint-U (in Pedersen, 2007, p. vii). Equally, I have spent less than a month in Myanmar, and do not claim expert knowledge of the lives of people there. However, my short visits to Myanmar profoundly affected my understanding of the multiple insecurities the Myanmar people live under, which has determined my subsequent engagement with this field of inquiry.

Prior to beginning the project, I was assured by experienced researchers that the personal risks were minimal, and that in the unlikely event that I were to fall foul of the authorities I could expect to be deported but not incarcerated. I was warned that I might be under surveillance when in Myanmar but that in general the research posed much greater risks for national participants than for myself.

SOS calls only

Field journal, January 2007. Yangon, Myanmar

We touched down from Bangkok late this evening. As the plane stopped the power went off. A wry, muttered “Welcome to Myanmar” from behind me caused a short ripple of laughter as we sat in the dark. I turned on my mobile phone and looked out at the new airport terminal. My phone display lit up with “SOS calls only”. For some reason that freaked me out. It shouldn’t have surprised me. I found it funny last time. But this time I’m on my own, I’m very tired already and the next two weeks are unformed and daunting. I suddenly remembered how hard it was not being able to communicate with anyone outside, how stressful it was

being here and doing this. I sat there wondering, if I ring, who comes?

In relation to conducting fieldwork in Myanmar, I was concerned about carrying out the research in a safe and ethical manner. My daily interactions with people about their lack of freedom and fear, in which they often emphasised the unpredictability of their context was unsettling. In trusting that the participants were the experts, best placed to assess the risks of participation, I had to manage my own anxiety when that assessment was verbalised, or re-considered:

Interview transcripts

Field journal, July 2006. Yangon, Myanmar

...it had been a very good interview. We had talked for 2 ½ hours, breaking for lunch (pork buns) in the office. The office was being renovated, and each time a workman came in KSM stopped talking and we waited until he left. When we were finished I packed my notebook and pens away and stood up to leave. Shaking KSM's hand I thanked him for his time and explained again that nothing he had said would be attributable to him and that our conversation had been in confidence. Still holding my hand between his, he looked me in the eye saying, "You understand, I have three children."

...he had been clearly agitated when he arrived at my hotel yesterday. Five minutes into the interview TTU stood up, saying "I have to go, it's not safe here." Unsure if it was the location or meeting me that was the concern I asked him if there was another time or place he would rather meet. He said he would come back this morning at 10am. It's now 2pm and he hasn't come. I have to go to another appointment. I feel terrible. I hope nothing has happened to him.

Given the perceived risks these excerpts reflect, I was surprised by the willingness of people to meet and talk with me, and discussed with some of them why this was. Their responses are similar to the findings of Wood (2006, p. 377) during her 26 month field research during the El Salvador civil war;

Residents acted on a willingness (perhaps even a need in some sense) to discuss with an outside researcher their own history and that of their families and communities. Perhaps this willingness is a measure of the trauma and change brought by the war. Those interviewed frequently expressed a desire for their story to be told, that some account (or accounting) be made of the local history of the civil war. For example, one Tenancingo resident ...told me "The people here are suffocating from the cries and shouts that we cannot speak. It suffocates. It does me good to talk to someone – I can't speak to people here about these things."

Burmese research participants I spoke with considered the research important in telling this part of the history of Myanmar, and were distressed that so much knowledge was being lost in their country through restricted freedom of information and the collapse of the education system. A number of the participants said that it was good to talk freely, and that they were not able to express what they really thought with people, some even within their own families.

The Difficulties of 'Leaving' and 'Staying Engaged'

Finally, I have found clarifying my on-going interest and relationship to the field difficult. Given the global focus of my inquiry, I cannot entirely leave 'the field', and I currently remain deeply engaged with the situation in Myanmar. Concerns about reciprocity and a commitment to the well-being of research participants, some of whom I have established close relationships with, have made the research process of 'disengagement' (Lofland & Lofland, 1995, pp. 61-63) from the context in Myanmar difficult.

The September 2007 protests and Cyclone Nargis both occurred after my second visit to Myanmar. Whilst extremely concerned for my friends, colleagues and participants there I felt impotent and somewhat voyeuristic in my interest in

how these events impacted my own research. These feelings were particularly acute with Cyclone Nargis. As a result I compiled eight web-based updates on the relief effort and distributed them by email to colleagues and research participants both in and outside Myanmar (Black, 2008a, 2008b, 2008c, 2008d, 2008e, 2008f, 2008g, 2008h).

Summary

Having introduced the Constructivist Grounded Theory Method (CGTM) in Chapter 3, in this chapter I have described how I have worked with the logic of theoretical sampling and the constant comparative method central to this research approach, in a case study of the oil and gas industry in Myanmar. I collected data from within seven broad datasets within this umbrella case study using semi-structured interviews, participant observation and communications material analysis, and generated theory through analytic reflection, supported by memo-writing and the use of the CAQDA software NVivo 7. I undertook the research with careful attention to the ethical and emotional challenges presented by the research context. I now turn to describe the research context in Myanmar in greater detail in the next three chapters. In Chapter 5 I describe the lack of human security in this fragile state; I discuss energy sector development in the country and the part it has played in generating and maintaining the fraught context in Myanmar in Chapter 6; and in Chapter 7 I describe the oil and gas industry in depth.

CHAPTER FIVE

STATE FRAGILITY AND HUMAN SECURITY IN MYANMAR

The history of insurgency and political failure in Myanmar are closely linked. Since independence in 1948, and especially following the military takeover of 1962, representatives of Myanmar's ethnic nationalities have been excluded from meaningful participation in national politics. Historically, the "ethnic question" has been at the heart of Myanmar's protracted political, social and humanitarian crises.

(South, 2004, p. 238)

I provide a brief contemporary history of Myanmar in this chapter, foregrounding the interlinked history of ethnic division and political failure in the country. In this chapter I also discuss Myanmar's classification as a fragile state, and describe the widespread lack of human security experienced by the Burmese. I draw on the three defining aspects of state fragility (OECD, 2006b) to frame my description of the fraught domestic context in Myanmar: (a) vulnerability to political instability and/or violent conflict; (b) failures of political will; and (c) weak capacities for development.

A Contemporary History of Myanmar

Prior to British colonial rule (1885-1948), Burma existed as a collection of territories ruled by different ethnic groups. Smith (2002, p. 6) notes a broad historical distinction between the valley-kingdoms of four peoples (the Burman, Mon, Rakhine, and Shan) who were wet-rice farmers, literate and practised Theravada Buddhism, and the diverse hill peoples, such as the Chin, Kachin,

Karen and Wa, who were mostly spirit worshippers, had oral traditions and practised 'slash and burn' dry-rice cultivation. The hills in which the latter live include the ring of mountainous ranges which present a natural barrier between Myanmar and its neighbours; China, Laos and Thailand to the East, India and Bangladesh to the West. The vast majority of the ethnic minorities who live in Myanmar – almost a third of the population – live in these mountainous ranges (CPCS, 2009, p. 13). The ranges form a horseshoe around the fertile plains and delta region of the Ayeyarwady River which bisects the country. In total, the territory of Myanmar covers 676,578 square kilometres (Ministry of Health, 2001).

One hundred and thirty five ethnic minorities (Ministry of Health, 2001, p. 2), are classified in the estimated population of 48 million people who live in Myanmar (UNDP, 2008a). Of these peoples, the Shan (8% of the population) and Karen (6.8%) are the largest, with the Kachin, Mon, Chin, and Kayah each comprising around 2% of the population. The remaining ethnic minorities, including the Akha, Danu, Karenni, Kokang, Lahu, Naga, Palaung, Pao, Rakhine, Rohingya, Tavoyan and Wa peoples, together comprise around 10% of the total population. The Burmah ethnic majority (68%) dominate the military forces and government. The country is currently divided into fourteen administrative units, comprising seven states (Kachin, Kayah, Kayin, Chin, Mon, Rakhine, and Shan) and seven divisions (Ayeyarwady, Sagiang, Tanintharyi, Magway, Bago, Yangon and Mandalay). Around 70% of the population live in rural areas, concentrated in the central plains, with 50% living in the four divisions of Bago, Magway, Yangon and Ayeyarwady (Ministry of Health, 2001, p. 2). Over 90% of the population are classified as Buddhists, with Christians (5%), Muslims (3%), 'animists' (1%) and Hindus (0.5%) comprising the remainder (cited in Smith, 2002, p. 7).

Failures to ensure meaningful political participation by ethnic minority peoples stems back to before independence, even before administration was handed back by the British several ethnic rebellions had begun (M. Smith, 1999a). Arrangements for political participation at independence were initially outlined in the Panglong Agreement of early 1947. This agreement was created by Aung San (who had led the fight against the Japanese occupiers in World War II and the

subsequent independence movement), in cooperation with many of Burma's ethnic groups. Whilst providing an initial framework for a federal union with political autonomy for ethnic nationality areas, the agreement and *The Constitution of the Union of Burma* that followed, did so in an uneven and, ultimately, unsustainable manner. The powers and degree of autonomy delegated to the ethnic states varied considerably or, in the case of the Karen, were unresolved, with several major groups (the Mon, Arakanese, Wa and others) left out entirely (ICG, 2009). Despite the assassination on July 19, 1947, of General Aung San and a number of other key leaders of the independence movement, a multiparty democratic system was established with elections in 1947 (ICG, 2009).

A decade of civil strife followed independence, with ethnic insurgencies and political infighting amongst the urban elite, rapidly undermining the arrangements for democratic governance (ICG, 2009, p. 2). In 1958, the military staged a coup d'état under the leadership of General Ne Win, and restored civilian rule through elections in 1960 (Callahan, 2005). Renewed political infighting in Rangoon, and continued insurgencies in the countryside prompted the military to seize power again in 1962. Abrogating the 1947 constitution, all judicial, executive and legislative power was handed to General Ne Win, as leader of a newly established 'Revolutionary Council' (ibid, p.3).

There has not yet been a return to civilian rule, with the military authorities continuing a two-fronted assault against ethnic insurgencies and a broader movement for greater democratic participation. These two struggles, for (i) recognition within a federal system of governance by the ethnic minorities, and (ii) for democracy, led by the National League for Democracy (NLD) political party, overlap at points, but the political groups involved have maintained a distance from each other. The International Crisis Group (ICG) (2001b, p. 25) notes that the NLD is not the representative of the majority of anti-government forces, and "does not command the support of the main ethnic opposition groups in a way that constitutes significant pressure on the SPDC". There has not, to date, been a co-ordinated political strategy between the NLD and independent ethnic political groups to overthrow the SPDC.

Armed conflict – Continuing Ethnic Insurgencies

Upon seizing power in 1962, the military continued to engage ethnic insurgents in combat, and has pursued a policy of “ethnic assimilation”, with the aim to resist calls for devolution through culturally and religiously assimilating minority groups (ICG, 2001b, pp. i-ii). Until 1989, the *Tatmadaw* - the Myanmar military forces - had been fighting two inter-connected civil wars, one against the ethnic nationalist insurgents and another against the Community Party of Burma (South, 2004). With the withdrawal of support by China, the latter collapsed in 1989. The *Tatmadaw* subsequently concentrated its forces against the ethnic insurgent groups and through pursuing a ‘divide and rule’ strategy, negotiated cease-fire agreements with fifteen insurgent organisations from 1989-1995 (South, 2004, pp. 238-239). These ceasefire agreements are not uniform in character, and are not peace treaties (lacking all but the most basic accommodation of the ex-insurgents political and developmental demands). In all cases the ex-insurgents have retained their arms, and still control sometimes extensive blocks of territory. In fighting these insurgencies and in an effort to quell any further uprisings, the *Tatmadaw* vastly increased its ranks from approximately 180,000 in 1988, to an estimated 400,000 troops in 2001, disbursed in bases throughout the country (ICG, 2001b, p. 9).

The *Tatmadaw* continues offensives against the remaining ethnic insurgent groups, particularly in the Eastern states. The Stockholm International Peace Research Institute listed the conflict in Karen state as one of the fourteen major ongoing conflicts in the world in 2007, and one that increased in intensity that year (SIPRI, 2008, p. 6). Numerous human rights abuses have been documented in relation to the conduct of these conflicts, particularly the ‘Four Cuts’ policy pursued by the *Tatmadaw* since the 1960s. This policy aims at cutting off armed ethnic nationalities groups from food, money, intelligence, and recruits (Fink, 2001, p. 48). It has led to thousands of civilian deaths, and the destruction of food, crops and more than 3,000 villages (IDMC, 2009, p. 5). Whilst the policy is now denied by the government, evidence compiled by UN agencies and human rights organisations suggests it was still practised in the Eastern region offensives underway in 2008-09 (IHRC, 2009, p. 10). This policy and other dimensions of

the conflict had displaced an estimated 450,000 people within Myanmar as of October 2008 (IDMC, 2009, p. 1), with high numbers of Karen, Karenni, Shan and Mon ethnic groups amongst the internally displaced and the refugees who have fled into neighbouring countries.

Political Instability – A ‘Disciplined’ Path to Democracy

From 1962-1988 the military leadership pursued an isolationist, socialist ideology, and centralised state administrative control. A new constitution established a socialist one-party state in 1974 under the rule of the state-sponsored Burma Socialist Programme Party (BSPP). Soviet-style elections were held in 1974, 1978, 1981 and 1985, continuing under the chairmanship of Ne Win (ICG, 2009, p. 3). Protests in 1988 - initially triggered by the government’s decision to de-monitise much of the currency without warning or compensation - were violently repressed by the government, with a death toll in the thousands. On September 18, the army seized power, establishing the State Law and Order Restoration Council (SLORC). SLORC subsequently dissolved the BSPP, abrogated the 1974 constitution, and, surprisingly, announced multiparty elections.

ICG (2009, p.4) reports that the elections were held on May 27, 1990, with 93 political parties (of the 235 which registered) participating on the day. The BSPP reformed as the National Unity Party (NUP), and many of the most prominent anti-government figures of 1988 formed the National League for Democracy (NLD). Aung San Suu Kyi, the charismatic, Oxford University-educated daughter of the independence hero General Aung San, was the General Secretary of the NLD. The elections were conducted under martial law, in an environment in which basic freedoms were restricted and parties opposed to the regime were prevented from campaigning (with many of the leaders of the NLD, including Aung San Suu Kyi, having been in prison since July the previous year). However, voting on the day was considered to be fair and there was apparently no manipulation of the count. In a surprising result, the NLD received almost 60% of the vote and won over 80% of the seats in the legislature, with a turnout of 72%. The NUP won only 21%, equating to only 2% of the seats. The military

had warned, prior to the elections, that it intended to stay in power until after a new Constitution was drafted and a government formed, and re-iterated this position after the shock defeat of the NUP.

The drafting of the new Constitution began January 9, 1993, and was finalised February 19, 2008 - fifteen years later. In the interim, SLORC remained in power under the leadership of General Than Shwe, restyling itself as the State Peace and Development Council (SPDC) in 1997. The long and halting constitutional drafting process is considered to have been tightly controlled, with little representation by ethnic minorities (ALTSEAN, 2009d). The NLD was expelled from the process when it withdrew in protest in 1995. Aung San Suu Kyi has remained under house arrest for fourteen of twenty years since her initial incarceration during the election campaign of 1989, becoming one of the most widely known prisoners of conscience (ALTSEAN, 2007). During a period of freedom in 2003, her motorcade was attacked by a suspected government-sponsored mob in the 'Depayin massacre' of 'Black Friday', killing a number of her accompanying supporters and seriously injuring her (ALTSEAN, 2003).

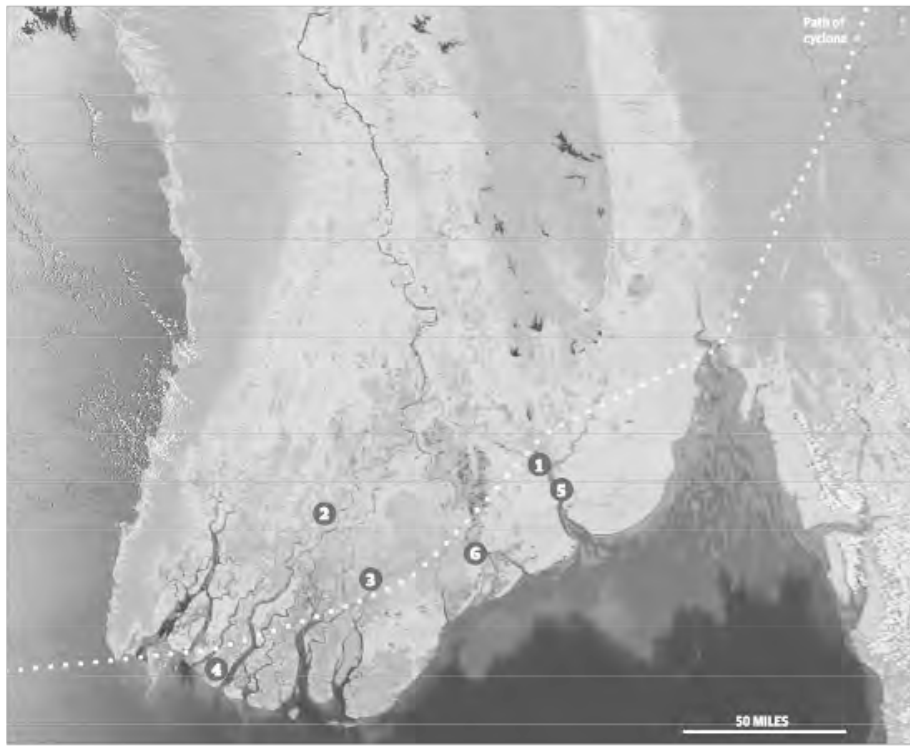
In 2003, the SPDC announced a seven-step road map to "disciplined democracy", designed to achieve "stability of the state, community peace and tranquility, national reconsolidation, and a new modern developed nation" (NLM, 2003), and culminating in national elections. With the completion of the *Constitution of the Republic of the Union of Myanmar* in February 2008, it was announced that a referendum on the draft constitution would be held in May, with elections scheduled for an undetermined date in 2010. The reservation of substantial blocs of seats in the national and local legislatures for the army, the creation of strong new national defence and security councils, and the vesting of extraordinary powers in the commander-in-chief through the constitution, has been condemned by internal and external democracy advocates, and foreign governments (ALTSEAN, 2009a).

A week before the planned constitutional referendum, a category 4 Cyclone - Cyclone Nargis - devastated much of the Ayeyarwady Delta region and the former capital Yangon, on May 2, 2008 (the scale of flooding is illustrated in

Figure 8⁴¹). High winds and a four metre tidal surge left an estimated 138,000 people dead or missing, displacing as many as 800,000 people out of the 2.4 million people severely affected by the Cyclone (TCG, 2008, p. 1). Eight hundred thousand homes were destroyed or damaged, and the destruction of up to 600,000 hectares of farmland severely impacted agricultural supply to the rest of the country. The financial cost of the cyclone was estimated to be US\$4 billion (TCG, 2008, p. 1). The referendum was held in all but the 47 worst cyclone-affected areas as planned (ICG, 2008a). With an official turnout of 99%, the constitution was approved by 92.4% of the 22 million eligible voters on May 10 (Black, 2008e, p. 2), an approval rating replicated on May 24 when 26 out of the 27 million eligible voters in the 47 affected townships reportedly overcame extreme logistical challenges to cast their vote (Black, 2008g, p. 7). The SPDC's decision to continue with the referendum despite the disaster - subsequently established to be of a similar magnitude to that suffered by Indonesia during the tsunami of 2004 - drew strong international condemnation (Belanger & Horsey, 2008)

⁴¹ Burma before and after Cyclone Nargis. *The Guardian*. Retrieved on May 5, 2008 from <http://image.guardian.co.uk/sys-files/Guardian/documents/2008/05/06/BURMA.pdf>.

Burma before Nargis, April 15



Burma after Nargis, May 6

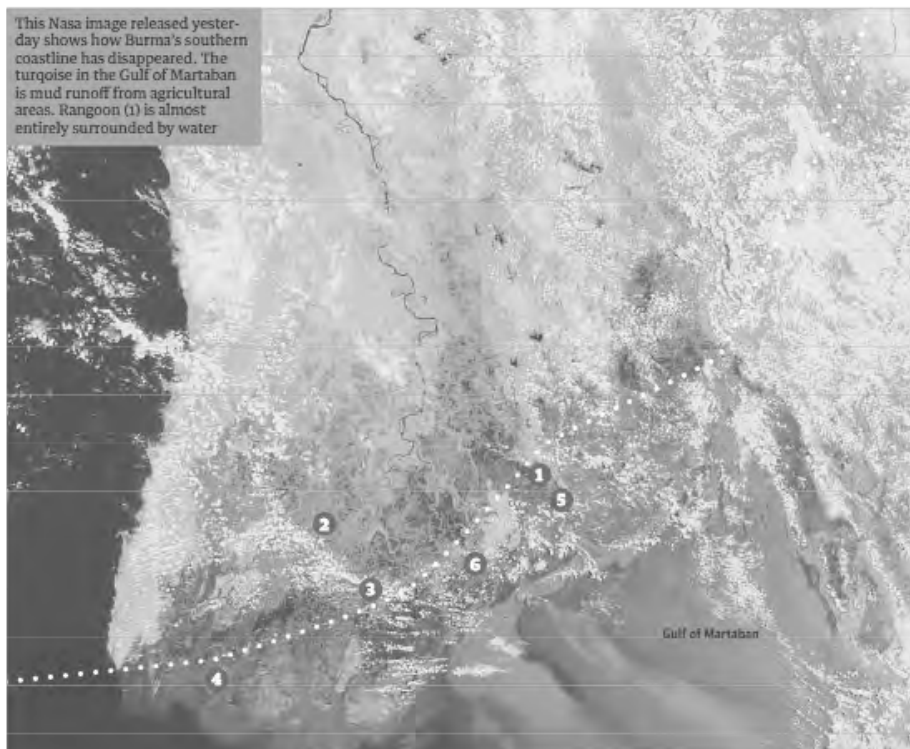


Figure 8: Aerial image of Myanmar before and shortly after Cyclone Nargis

Key: 1: Rangoon, Population 2.5 million. At least 671 dead, 1,435 km² flooded
2 Irrawaddy region. Population 6.8 million, over 10,000 killed
3 Bogalay, Population 41,980. 10,000 people estimated dead. 1,202km² flooded
4. Laputto. 1,505 km² flooded. 5. Thilawa. Country's main port closed. 6. Dedaye.

Increases in economic insecurity for the Burmese are closely linked to public protests against the military authorities. Under SLORC, the socialist era ended in 1988 with the introduction of a more open, market-oriented economic system, although considerable structural restrictions remain on foreign investment and domestic commerce, but economic and social conditions in Myanmar continued to deteriorate. According to government household surveys, the proportion of people living under the poverty line increased from 23% to 32% from 1997-2001 (ICG, 2006, p. 2). Similar to the 1988 uprising which were sparked by a mass de-monetisation, in September 2007 mass protests in the main city of Yangon and elsewhere in Myanmar were initially sparked by an unannounced hike in the official fuel prices. These protests, rapidly becoming calls for greater political participation, were violently repressed by the military (ICG, 2008b). The official death toll was put at nine by the government, including a Japanese photographer, with eleven wounded; the UN special rapporteur on human rights in Myanmar received “credible reports” of 16 additional deaths with 74 persons unaccounted for (ibid, p.3). Hundreds of persons who had “disappeared without trace” during and after the protests remained unaccounted for in December 2007, with several hundred still in detention (HRW, 2007b, p. 11). Charges associated with participation in the protests have subsequently been used in the arrest and sentencing to lengthy prison terms of prominent political dissidents, which occurred during late 2008 and early 2009 in what is considered by observers as the authorities “clearing the decks” for the 2010 elections (2009, p. 14).

Myanmar’s International Relations

The SPDC’s international relations are strained, as I discuss in detail in Chapter 8. Western governments have levied increasingly targeted sanctions against the military regime and the country as a whole. Whilst this position of censure does not enjoy multilateral support, some governments in the region, through the ASEAN block, have gradually become more vocal in their criticism of the authorities (see ICG, 2008b). In the wake of Cyclone Nargis, the Myanmar authorities restricted the entry of international disaster relief personnel and

humanitarian supplies, again drawing widespread criticism from the international community (Black, 2008a, 2008b, 2008c, 2008d). The trial and subsequent sentencing in August 2009 of Aung San Suu Kyi to a further period of house arrest, following an unsolicited visit by an eccentric American man to her house, has frustrated attempts to encourage a re-consideration of policy towards Myanmar in Western centres of power (ICG, 2009).

However, the ICG (2009) argues that the elections are significant, as the constitution on which they are based involves the most complete reconfiguration of the political structure in a generation. The constitution establishes a presidential system of government with a bicameral legislature, as well as fourteen regional governments and assemblies. The ICG (2009, pp. 25-26) argues that these wide-ranging changes, whilst not necessarily or inevitably for the better, do offer an to attempt to influence the future direction of the country:

Myanmar's many ills are rooted in poor government policy, massive and longstanding under-investment in social services, chronically weak institutions, highly limited rule of law, brutal repression and a climate of impunity. Regardless of what constitution is in force, progress on these issues will only be possible if there is sufficient political will and capacity. Both are lacking at present. But if the opportunity arises, it is crucial that donors and international and non-governmental organisations rise to the huge capacity-building challenge across all sectors.

It is to this challenge, and these weaknesses in capacity and political will that I now turn.

A Profile of Human Insecurity in Myanmar

As a result of this civil strife, repression and economic mismanagement by the SPDC, Myanmar is one of the poorest countries in the world, despite having been considered to have the brightest future of any of its Asian neighbours at independence (Smith, 2002, p. 4). A comparison of key socio-economic indicators for Myanmar and neighbouring countries (Table 4) illustrates the

significantly lower life chances – on measures of longevity, knowledge and standard of living - experienced by the Burmese.⁴² With the exception of Laos (listed by the World Bank as a core, non-conflict-affected fragile state), Myanmar’s neighbours are not considered fragile.⁴³

	Bangladesh	Myanmar	Lao PDR	India	China	Thailand
HDI Rank (2008)	140	132	130	128	81	78
GDP per capita (PPP US\$) (2005)	2,053	1,027	2,039	3,452	6,757	8,677
Life expectancy at birth (years) (2005)	63.1	60.8	63.2	63.7	72.5	69.6
Combined gross education enrolment ratio (%) (2005)	56	49.5	61.5	63.8	69.1	71.2
HIV prevalence (% aged 15-49) (2005)	<0.1	1.3	0.1	0.9	0.1	1.4

Table 4: Selected social indicators for Myanmar and Neighbouring Countries

The UNDP (2005, p. 24) notes that there is no more powerful – or disturbing – indicator of deprivations in human capability than infant mortality. The different development trajectory followed by Myanmar, compared to its neighbours from 1970 to 2005, can be seen in the fall in infant mortality rates shown in Figure 9.⁴⁴

⁴² This table is drawn from Appendix 10 – Health and Social Development Indicators for Countries in the Asian Region. Data sources are provided in this appendix.

⁴³ However, the ongoing political turmoil in Thailand following the 2006 military coup and 2008 political crisis, and the terrorist attacks in November 2008 in Mumbai, India illustrate that fragility and stability are relative terms.

⁴⁴ Data sources for this figure are provided in Appendix 10 – Health and Social Development Indicators for Countries in the Asian Region.

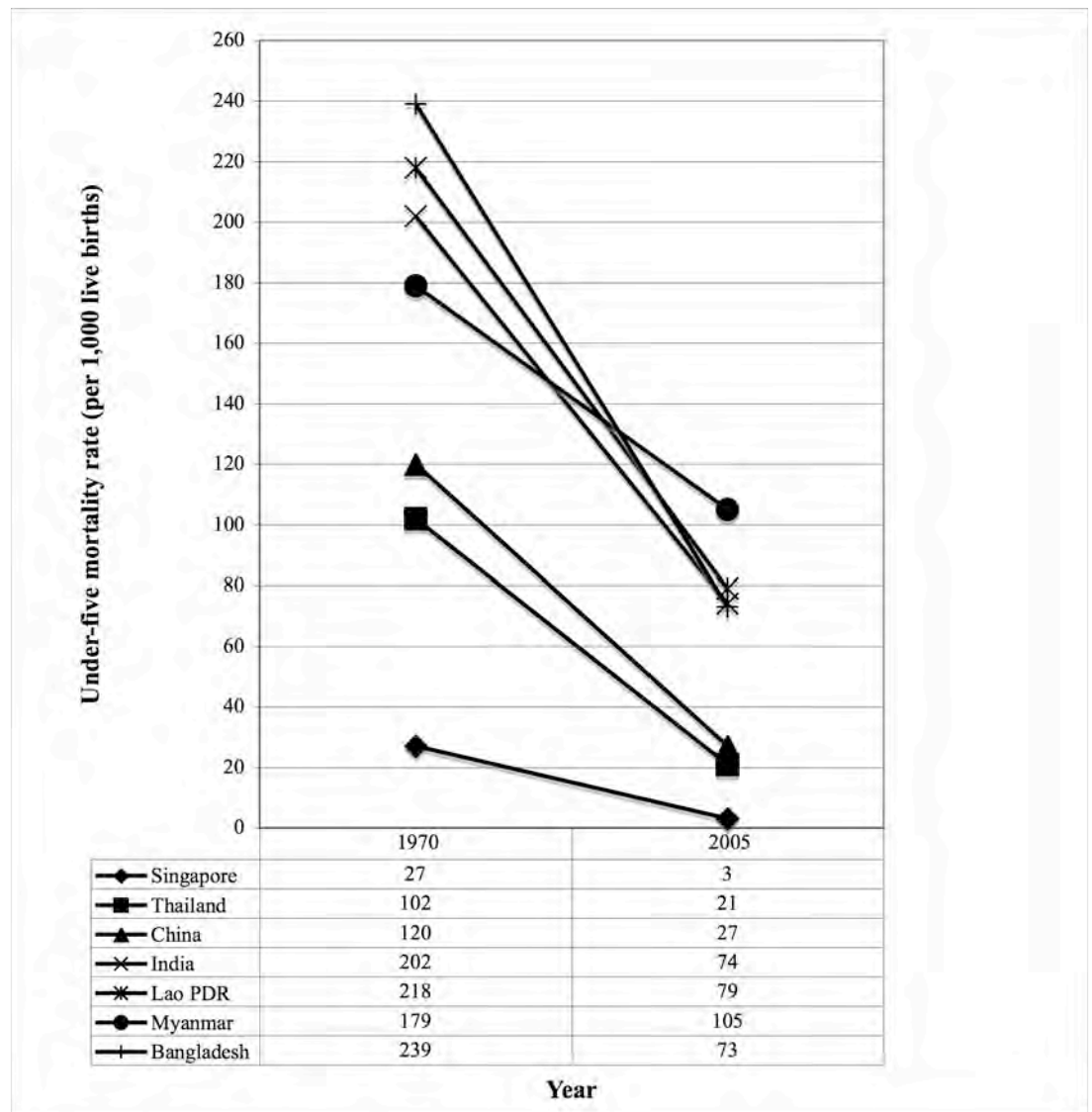


Figure 9: Under-five mortality rates in the Asian Region, 1970 and 2005

Whilst under-five mortality rates in the neighbouring countries fell by a factor of three to five times over this period, in Myanmar it fell by less than a factor of two. As a result, a child born in Myanmar in 2005 was five times more likely to die before its fifth birthday than a child born in Thailand. When compared to the more economically developed Singapore (ranked 25th on the UNDP Human Development Index in 2007), infant mortality is 30 times higher in Myanmar. The leading causes of premature death are malaria, HIV/AIDS, acute respiratory infections and diarrhoea diseases (EC, 2007, p. 10), all preventable and treatable (Tegenfeldt, 2001, p. 112). Over 35% of children in the country were estimated to be malnourished in 2005 (SCUK, 2005).

State fragility in Myanmar has impacts beyond the country's borders, particularly in the areas of health, the movement of people, and drugs. The European Commission (2007, p. 10) notes that Myanmar has the third highest reported incidence of HIV infection in Asian region but while prevalence rates in Cambodia and Thailand are falling, they continue to rise in Myanmar. The Commission argues further that with a chronically weak public health system, entirely absent in many of the border regions, Myanmar is poorly prepared to monitor or respond to potentially pandemic diseases such as avian or swine flu.

Political persecution, conflict, and economic insecurity have caused more than a million Burmese to seek refuge in Thailand, China, Bangladesh, Malaysia and India (WatchList, 2009, pp. 19-22). An estimated diaspora of one million Burmese work in low paid jobs in Thailand (EC, 2007, p. 33), and there are reports of trafficking of significant numbers of women and children, primarily for sexual exploitation in China, Thailand and other countries (HT.org, 2009).

In its 2007 report on drug production in Myanmar, the United Nations Office on Drugs and Crime (UNODC), ranked Myanmar as the second largest producer of heroin after Afghanistan (which held 82% of the market in 2006) (p. 40). The UNODC noted that whilst cultivation in Myanmar had fallen to 21,000 hectares in 2006, down from 100-150,000 hectares throughout the 1990s (p. 40), almost a million people were still estimated to be involved in opium poppy production (p. 212). Myanmar is also a major source of methamphetamines, with production concentrated in the Shan State bordering China and Thailand. This production supplies markets in neighbouring countries and Oceania, particularly China and Australia. Thailand reports that most of the methamphetamine on its markets originates in Myanmar and is trafficked across the border or via the Lao PDR and Cambodia (p. 128).

Myanmar's Classification as a Fragile State

According to the international discourse around state failure, weakness, and fragility described in Chapter 2, Myanmar is a failed or fragile state on most evaluative criteria (Browne, 2007). Amongst fragile states, Myanmar is

considered to be a 'difficult partner' by the international donor community, a state with whom donors are reluctant to maintain a full government-to-government relationship, primarily due to a lack of political will to alleviate poverty (OECD/DAC, 2001). In addition to the contributing factors for state fragility of political instability and/or a high incidence of violent conflict, weakness in governance capacities to support development processes, and low political will to alleviate poverty, 'difficult partners' are also identified as having high levels of corruption and political repression (OECD, 2006b). I consider below how each of these contributing factors is discussed in current descriptions of state fragility in Myanmar below.

Myanmar was ranked 132 out of 177 countries in the UN Development Program's Human Development Index in 2007/08 (UNDP, 2008b), and grouped with fragile states considered 'severe' by the World Bank in 2006 - the most extreme out of its 'severe/core/marginal' ranking.⁴⁵ Myanmar was also ranked, alongside Iraq, 178 out of 180 countries in the 2008 Corruption Perception Index.⁴⁶ Classified as a Least Developed Country by the UN in 1987, Myanmar is not currently recognised by the UN as an under-performer on the MDGs, although Browne (2007, p.5) notes that this classification is more likely to reflect shortfalls in the data than actual development performance.

Risks to Stability

Political instability and incidence of violent conflict are identified as central factors in chronic state fragility. As described above, the contemporary history of Myanmar has been one of political instability, civic strife and armed conflict. Ongoing fighting between ethnic insurgents and the military in the Eastern states continues to generate refugee flows into Thailand (Fuller, 2009), whilst the plight of the Muslim Rohingya in the North-west, became internationally known when refugees on boats were reportedly turned back by

⁴⁵ LICUS countries, World Bank, 2006, Retrieved on May 29, 2009 from http://www.worldbank.org/ieg/licus/licus06_map.html.

⁴⁶ 2008 Corruption Perception Index, Transparency International. Retrieved on May 26, 2009 from http://www.transparency.org/news_room/in_focus/2008/cpi2008/cpi_2008_table.

Thai naval vessels (ALTSEAN, 2009b). The Rohingya and other minority groups experience harsh discrimination, considered by Amnesty International (2004) to be the amongst the most extreme in the country.

The popular protests of September 2007 further illustrate the political instability in the country. The elections announced for 2010 are considered a potential source of further political instability, and potentially armed conflict. The ICG (2009, p. 14-17) reports that the disarmament and the incorporation of former insurgent forces into the national military has already increased tensions. Whilst most ceasefire organisations will not themselves take part in the elections, they will not oppose the establishment of political parties by others in their communities. However, the Constitution on which the elections are based appears to prohibit these groups from retaining arms. The current administration had agreed that conditions for surrendering their arms should be discussed with the new government when it is in place, and it is on this basis that a number of the armed groups, including the Kachin Independence Organisations and the Shan State Army (North) agreed to participate in the constitutional referendum in 2008. These groups have been unnerved by the issuing of an instruction in April 2009 by the regime, which detailed how cease-fire groups should transform their armed units into “Border Guard Forces” under the partial control of the Myanmar military. As acceding to this request represents a potential loss of autonomy for the groups, with few political concessions, the groups have so far (as of August 2009), not given definitive responses to these instructions.

In these and other elements of the election process there is considerable potential for instability and a return to violent conflict. As stated by the ICG (2009, p. 23) a possible scenario from the elections (in addition to ‘status quo’, and ‘gradual transition’ away from military rule) is that of ‘chaos and crisis.’ In this scenario of radical failure, the regime would be unable to peacefully keep control of the process that it has initiated; the difficulty of establishing stable new political structures from the extremely complex existing networks of patronage and loyalty proves too great, and spoilers within and outside the regime undermine the process. The risks from spoilers are particularly significant, raising the prospect of, “civil unrest, increased insurgency by non-ceasefire groups, terrorist-type actions or even the (unlikely) possibility of renewed fighting by

some cease-fire groups.” The ICG notes further that, “in ethnic areas, there is a real risk of “failed local regions” or the emergence of violent criminal economies.”

Political Will

In Myanmar there appears to be little ‘political will’ to prioritise development (Browne, 2007, p.12-15). In this section I discuss academic commentary on the mindset of the military authorities that may account for this (see James, 2004; Min, 2008; Myoe, 1999, 2006a, 2006b; Selth, 2002, 2008a, 2008c), and describe four areas advocates and analysts highlight as demonstrating a failure of political will. These include; (a) public spending priorities, (b) the widespread use of forced labour, (c) political repression, and (d) restrictions placed on international development and humanitarian assistance.

Leadership and the Military Mindset

The ICG (2001a, p. 1) argues that the military junta’s perspective on the world is mistakenly often overlooked in discussions about Myanmar’s future, yet “in a highly centralised state ruled by a relatively united force, nothing matters more than the goals, attitudes, values, and beliefs of the top leaders.” The ICG describes the world view of the SPDC leaders as having several operational dimensions (p. 9):

Their political and intellectual heritage is one of nationalism, independence and self-reliance. They see themselves as the last and only defenders of the country’s national unity, on behalf of which they have scored important political and military successes and continue to struggle. Their collective psychology is tinged with paranoia, and their personal security depends on profit from the national economy and state enterprises, on an illegal trade in drugs, and a continuation of their own authoritarian rule.

More recent analyses continue to identify a conflation between regime and national security, with national security understood as the preservation of national unity (Myoe, 2006a, p. 3). Will (2007, p. 27) describes the military leadership's view of itself as the engine of social transformation and economic development in Myanmar, the decisive force leading the society to a disciplined and mature democratic system. The necessity of this historic mission, and the singular ability of the military to accomplish it is, according to Will, the crucial point in the self-legitimisation of the military's autocratic and often draconian rule. In this, the regime draws on traditional understandings of power – specifically strong social hierarchies based on status (determined by age, position, occupation, wealth and gender) – in order to justify its right to decide on behalf of the people (as noted in ICG, 2001b).

This conflation of regime and national security is accompanied by a mindset that foreigners are to blame for the country's many problems (ICG, 2001a), and that there continues to be a real threat of invasion by the United States, or a UN-endorsed coalition. Whilst most foreign observers dismiss an invasion as a regime fantasy, Selth (2008c) argues that these fears are a strategic reality and deserve more attention in international engagement with Myanmar. Citing three invasions of the country within living memory,⁴⁷ and calls to the international community for help in ousting the regime by protesters in the 1988 uprising, Selth argues convincingly that these concerns are re-enforced through contemporary interactions with the international community. For example, concerns of invasion and external interference are reflected in restrictions placed on INGOs operating in Myanmar, with Senior General Than Shwe and General Maung Aye reported to view them as potential foreign spies (Min, 2008, p. 1031). These views underpin a doctrine of 'self-reliance', reinforced by successive regimes since the 1960s, which stresses the view that the country and its population must take care of themselves and eschew outside assistance, even if it entails hardship. Belanger and Horsey (2008, p. 2) suggest the self-reliance doctrine stems partly from nationalistic pride, and partly from a keen sense of geo-strategic self-preservation.

⁴⁷ By Japan in late 1941 and early 1942; re-invasion by allied forces in late 1944 and 1945); and by remnants of the Chinese Nationalist Party – the *Kuomintang* – in 1948.

Principles of stability, unity and development therefore underpin both the domestic and international policy agenda in Myanmar (James, 2004), with a focus on resisting external intervention of any kind. This position is encapsulated in state propaganda (Figure 10), and “The People’s Desire”, which is prominently displayed on bill-boards and in government-sponsored media;

Oppose those relying on external elements, acting as stooges, holding negative views. Oppose those trying to jeopardise stability of the state and progress of the nation. Oppose foreign nations interfering in internal affairs of the state. Crush all internal and external destructive elements as the common enemy.



Figure 10: State propaganda billboards, Myanmar, January 2007 (taken by the author)

Analysts are divided on the extent to which the top members of the regime are xenophobic, shielded from reality by underlings fearful of retribution for bearing bad news, and so unaware of conditions in the country; or whether these political leaders are rational, informed and well-connected to the outside world (Dalpino, 2009, pp. 5-6). In a similar vein there is a lively debate on the extent to which the Myanmar authorities are “masters” of their diplomatic relations, particularly with China (see Egreteau, 2003, pp. 207-215).

The European Commission provides a snapshot of how the military mindset has affected governance in Myanmar (2007, p.5):

...the domestic policy agenda is dominated by the SPDC's aim to realise its vision of national unity. Alleged threats to national unity are commonly used as a justification for the military's dictatorial hold on power. The subordination of public administration to a system of tight surveillance and control has led to deficiencies in all aspects of public life.

Duffield (2008, p. 8) describes how surveillance and the arbitrary power of the leadership *within* the bureaucracy of government creates uncertainty and fear, producing a hierarchical follow-the-leader culture of government that stifles innovation. The ICG (2008b, p. 18) contends that this style of governance may shield the top leaders from a full understanding of the dire economic and humanitarian situation in the country:

The top leaders rarely ask for advice, and few of their subordinates offer it, fearful of being blamed for bad news or given responsibility for solving insolvable problems. Instead the leadership is fed carefully manufactured reports which reinforce its self-image and ignore the mounting problems.

However, a number of analyses and reports stress that whilst the Myanmar government is authoritarian, it is not totalitarian: gaps exist in both the constraints the state places on civil society, and within the state apparatus itself (Lorch, 2007b; Wischermann, 2007). These spaces are dynamic, and their creation, duration and dimensions are poorly understood.⁴⁸ One example is the expansion of the space available to humanitarian actors which accompanied the ascendancy of General Khin Nyut to Chief of Military Intelligence in the early 2000s (ICG, 2006). In a fascinating account of the development of the Tatmadaw, Win Min (2008) describes successive purges resulting from power struggles internal to the Tatmadaw, of which Khin Nyut's is the most recent. After supporting increased engagement with the international community and the opposition, General Khin

⁴⁸ See for example, Igboemeka (2005, p.14) on the need for better understanding of changes in the 'space' for humanitarian assistance in Myanmar and other fragile states, and the development of strategies to assist in its expansion.

Nyut and other high-ranking officials were subsequently purged in late 2004, and this humanitarian space was subsequently restricted (ICG, 2006).

Public Spending

There is a broad consensus in the international development and security community that the Myanmar Government prioritises military expenditure over social development. The IMF estimates that in 2005/06, twice as much, 19.6% to 9.2% of total Government expenditure, was spent on defence over social development (2007, p. 28).⁴⁹ The UNDP reports that between 0.7% and 1.7% of GDP were spent on health and education combined from 1998 to 2005 (as detailed in Appendix 10). Figure 11⁵⁰ compares this level of expenditure with Myanmar's immediate neighbours and Singapore, illustrating that proportionate public expenditure across this group was higher than in Myanmar, regardless of level of development.

⁴⁹ Andrew Selth (2002), a scholar of military developments in Myanmar, notes however that no one can say with any confidence how much is spent on defence in Myanmar each year, including the Myanmar military leadership. In the IMF estimates, social spending excludes pensions, and is measured as both a percentage of GDP and a percentage of total Union Government expenditure. Public expenditure on social services increased significantly in 2006/07, doubling in health and tripling in education. This was largely due to a hike in civil servant wages in April 2006 which in turn fuelled inflation. The IMF (2007, p.7) report that when this wage increase is taken into account public investment on health and education remained low at 0.1% and 0.2% of GDP, respectively.

⁵⁰ This table is drawn from Appendix 10 – Public Expenditure on Health, Education, and the Military for Countries in the Asian Region. Data sources are provided in this appendix.

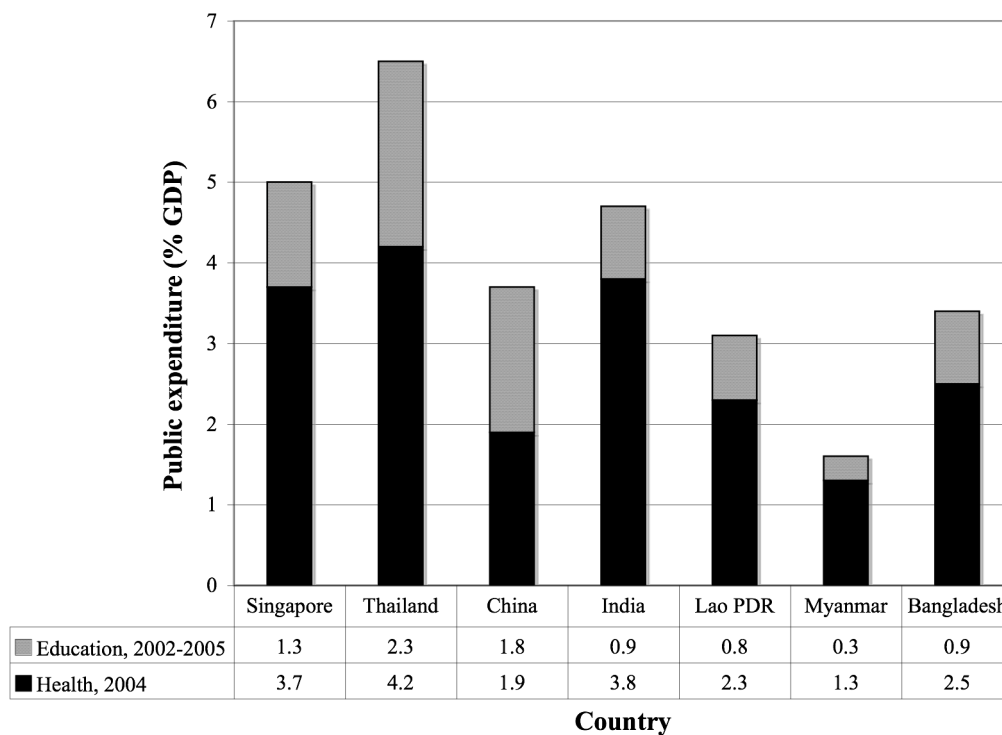


Figure 11: Public expenditure on health and education in the Asian region, 2002-2005 – percentage of GDP

The Myanmar Government is also criticised for favouring large infrastructure developments with questionable utility for the larger population, over broader support of health and education. In 2004, the authorities relocated the capital from Yangon to Nay Pyi Daw, providing no official explanation. The IMF (2007, p. 8) estimate that the development of the new capital in 2006 was equivalent to 2.4% of GDP. Parker (2006) estimates that labour costs for the 80,000 workers building the city in 2006 amounted to US\$32.32 million a year, and suggests the capital is being paid for through borrowing from the Central Bank of Myanmar and loans from China and Thailand, along with gas revenue.

Forced Labour

The wide-spread use of forced labour by the state has been well documented. In 1998, an International Labour Organisation (ILO) Commission of Inquiry on forced labour in Myanmar reported that (para. 528);

[T]here is abundant evidence before the Commission showing the pervasive use of forced labour imposed on the civilian population throughout Myanmar by the authorities and the military for portering, the construction, maintenance and servicing of military camps, other work in support of the military, work on agriculture, logging and other production projects undertaken by the authorities or the military, sometimes for the profit of private individuals, the construction and maintenance of roads, railways and bridges, other infrastructure work and a range of other tasks.

Describing the impacts of these practices on the population, the Commission noted (para. 530);

In actual practice, the manifold exactions of forced labour often give rise to the extortion of money in exchange for a temporary alleviation of the burden, but also to threats to the life and security and extrajudicial punishment of those unwilling, slow or unable to comply with a demand for forced labour; such punishment or reprisals range from money demands to physical abuse, beatings, torture, rape and murder.

The Commission concluded that (para. 542):

[T]he impunity with which Government officials, in particular the military, treat the civilian population as an unlimited pool of unpaid forced labourers ... is part of a political system built on the use of force and intimidation to deny the people of Myanmar democracy.

The Commission's report prompted the ILO to bar Myanmar from attending ILO meetings until it took action to address the situation. In 2000, the ILO took the unprecedented decision to recommend that its members (governments, employers and trade unions) review their economic ties with Myanmar and take appropriate action to ensure they did not abet the widespread and systematic use of forced labour (ILO, 2008c).

There has been some progress on the issue since. In March 2002 the ILO and the Myanmar Government agreed on the appointment of an ILO liaison officer in Yangon, leading to agreement in February 2007 on a mechanism

through which victims of forced labour could be able to seek redress, in confidence, through this officer to the relevant Working Group in the Myanmar Government (ILO & UoM, 2007). Under this agreement, 121 complaints were received between February 2007 and November 2008, of which 70 were assessed to fall within the forced labour definition and taken on to the Government Working Group (ILO, 2008a, p. 1). The ILO recognised in November 2008 that knowledge of the laws against forced labour in the general population remained very low, that lodging a complaint remained physically difficult for those beyond Yangon,⁵¹ and that administrative penalties against military personnel continued to be disproportionately light (ILO, 2008a). Whilst noting that there had “no doubt been some progress” since the 1998 report, the ILO has stated there “is still, however, an evident and persistent disconnect between this acceptance in principle [of the complaints practice, and the eradication of forced labour] and the practice at grass-roots level” (2008a, p. 5).

With the government agreeing to extend the complaints mechanism for another year, in 2008/09 the ILO was focusing on forced labour associated with Cyclone Nargis reconstruction, and underage conscription into the *Tatmadaw* (ibid). The forced recruitment of children into the *Tatmadaw* is thought to have accelerated since mid-2004 in the face of increasing desertions and ambitious recruitment targets; the use of child soldiers by both the *Tatmadaw* and non-state armed groups is an issue of international concern (e.g. HRW, 2007c; WatchList, 2009).

Political Repression

Documented human rights abuses in Myanmar include accounts of forced labour, child labour, human trafficking, and the lack of an independent judiciary, press freedom and freedom of speech, assembly or association (Adams, 2004, p. 31). The judicial system in Myanmar is considered heavily flawed, with a lack of due legal process and the imposition of long, harsh sentences. The UK’s Foreign and Commonwealth Office estimates that in 2008 over 2,000 political prisoners

⁵¹ Although the ILO had launched an internet page for the complaints mechanism, (<http://www.ilo.org/public/english/region/asro/yangon/labour/index.htm> accessed June 5, 2009) and complaints can be lodged via telephone, fax, email, post or in person, access to these mechanisms is restricted in many parts of the country.

(prisoners of conscience) were imprisoned in Myanmar (2009, p. 125). Tomás Ojea Quintana, the UN Special Rapporteur on the situation of Human Rights in Myanmar, notes that from September to December 2008 some 300 people were sentenced for crimes related to their participation in popular protests in late 2007, or for activities associated with relief activities following Cyclone Nargis in May 2008 (UNHRC, 2009). Failures in due process noted by Quintana include observations that “many prisoners of conscience have been sentenced in closed-door hearings within prison compounds, without legal representations, without the presence or knowledge of their family members, and without proof of evidence or with flawed evidence” (ibid, p.8). For example, a dozen of the 300 detainees were sentenced to 65-year prison terms, whilst on January 14, 2009 a 20-year-old student was sentenced to 104 years of imprisonment for activities associated with Cyclone Nargis relief (ibid, p.4). Of the prisoners the Special Rapporteur spoke with on visits to Hpa-An and Insein prisons in Myanmar in February 2009, none had been represented in court by legal counsel, some were under 18 years of age, and two were imprisoned for attempting to run away from serving as unpaid porters for the military (ibid, p. 6).

Press freedom and freedom of information is heavily restricted. Considered the worst country in which to be a blogger by the Committee to Protect Journalists (2009), Myanmar was ranked 170 out of 173 countries in the 2008 Reporters Without Borders (2008) Press Freedom Index (slightly above Turkmenistan, North Korea and Eritrea). Newsprint, academic work, literature and popular music are all subject to state censorship through the Press Scrutiny and Registration Division of the Ministry of Information. In 2005, the OpenNet Initiative (p. 3) stated the Myanmar authorities employed one of the ‘most extensive’ internet censorship regimes, providing access only to the limited Myanmar Internet, monitoring email correspondence and blocking access to websites with content sensitive to the regime. However, the online posting and international distribution of real-time images and commentary during the popular protests of late 2007 suggest that with ‘subversive’ technological developments, the cyber-reality in Myanmar has become somewhat less restricted (Crispin, 2007).

Reading into the spaces

(Interviews, Yangon July 2006)

WU: Each week the paper comes back from the censor with articles circled and words scribbled out. The things that have to be cut.

NB: How much of each edition?

WU: That depends on them. And on what's going on. If they are having a disagreement with the Thai generals they pull everything that mentions Thailand. Even the ads, sometimes.

NB: What do you do with all the space? Do you send another proof back to the censor? Is there time each week to do that?

WU: No. We have some articles they have seen already, so we use them. And then we just put in more advertisements. Sometimes there are more advertisements than articles [laughs]. In Burma everyone reads the newspaper for what is missing. If it's not mentioned, the government doesn't want you to know about it, so it must be important [laughs].

Restrictions on Humanitarian and Development Assistance

Arguments for a systematic failure in political will to support development also highlight restrictions put on INGOs operating in Myanmar by the authorities. Phillip Humphris (2008), the Program Manager for MSF Switzerland which has operations in Myanmar, describes a complex system of administrative constraints that limit humanitarian access and data collection in the country. These restrictions result in import lags for medicines of eight months, three months to process visa applications for personnel, and high taxes on INGOs (for example, a 300% import tax on vehicles). Some parts of the country are still off-limits to humanitarian organisations, including areas of Kayin State. Humphris (2008, p. 12) does not attribute travel restrictions to the government wanting to hide atrocities along the eastern border areas of the country, but suggests it reflects “a fear of foreign presence among populations that may not be fully under the

control of the regime.” In addition, as detailed in an ICG report of 2006 – *Myanmar: New threats to humanitarian aid* – the Myanmar government has at points aimed to curtail or control assistance programs for political gain, for example in attempting to force agencies to work with government-affiliated organisations. Whilst recognising these challenges, Humphris argues that direct and accountable delivery of humanitarian assistance to the people of Myanmar is possible with careful planning and well-designed projects, and calls for a de-politicisation of humanitarian assistance to the country on the part of external donors and advocates.

The politicisation of humanitarian assistance to Myanmar is such to that the country is considered an “aid orphan” (Duffield, 2008). According to the UNDP (2006, pp. 344-347), in 2004 Myanmar was receiving US\$2.4 per capita in overseas development assistance, multiple times less than Laos (US\$46.5), or Bangladesh (US\$10.1), despite the equally or more severe humanitarian conditions in the country. Government restrictions on international involvement in providing development and humanitarian assistance achieved international notoriety and drew widespread criticism in the immediate aftermath of Cyclone Nargis (Black, 2008a, 2008b, 2008c, 2008d). As a result, international donors to the Nargis relief effort made two major demands: the provision of full and unfettered access for relief workers; and the preparation of an objective and credible needs assessment (Creac'h & Fan, 2008), with some Western donor governments insisting that aid was not distributed by government-associated organisations (Black, 2008e). The United Nations and ASEAN eventually brokered an agreement under which a ‘Tripartite Core Group’ (TCG), comprised of ASEAN, the Government of the Union of Myanmar, and members of the international humanitarian community coordinated the humanitarian response to the Cyclone (TCG, 2008). The innovative leadership of ASEAN in creating the TCG to is credited with opening up an unprecedented level of humanitarian space in the country (Creac'h & Fan, 2008).

Resistance on the part of the Myanmar authorities to humanitarian assistance may not directly reflect a lack of poverty awareness or concern for the populace, but may reflect broader aspects of the collective psychology of the Myanmar authorities, and weak capacity brought about by intentional and

enforced isolation. For example, Belanger and Horsey (2008) note that the senior leadership is suspicious of international humanitarian assistance, seeing it is an instrument used by the West in pursuit of its political agenda. These concerns are amplified by the use of the humanitarian situation in the country as part of the justification for UN Security Council action, and were heightened further when the possibility of coercive action under the 'Responsibility to Protect' (R2P) principle was mooted by France in the days immediately after Cyclone Nargis.

Selth (2008c) observes that the military regime viewed Nargis more as a potential security threat than a humanitarian disaster from within its "paranoid" world-view. Perceptions of the threat of invasion or foreign interference were heightened by calls in some Western media for invasion; the invocation of R2P; the (coincidental) awarding of a US Congressional Gold Medal, its highest civilian honour, to Aung San Suu Kyi the same day the US President called for US access to the cyclone-affected areas; and the positioning of American, French and British naval vessels carrying humanitarian supplies just off the Myanmar coastline. As such, Selth notes (2008c, p. 394); "Cyclone Nargis thus posed a major challenge to the SPDC, not just in terms of relief, reconstruction and economic recovery, but also in relation to Myanmar's independence, sovereignty and self-reliance."

The perceived threat of foreign intervention is exacerbated by decades of relative isolation of the regime and peoples of Myanmar. A 2005 survey of perceptions amongst humanitarian actors on aid effectiveness in Myanmar (Igboemeka, 2005, p. 14), reported several respondents' views that the government had very little understanding of what aid is about, what it can do, and what it is presently delivering. They saw this as reflecting the government's isolation and lack of experience in working with international partners. This ignorance is one example of 'development capacity weakness' at the state level in Myanmar that, whilst difficult to disentangle from failures in political will, present a distinct and highly significant challenge to the prospects for greater human security for the Burmese.

Development Capacity

Development capacity in Myanmar is considered poor and deteriorating (Browne, 2007, pp.12-15). Below I discuss deficiencies in capacity identified at the level of the state and in economic policy and activity, and profile current debates on the development of civil society.

Capacities of the Myanmar State

The Asia Development Bank (2009, p. 247) explains the lack of “enhanced policy making” at the level of central government in Myanmar as being due to poor economic assessment capabilities from weaknesses in human and financial capacity. The IMF (2007, p. 5) stresses the negative impacts of the non-transparent governing environment. In regard to health and education provision, the European Commission (2007, pp. 5-6) notes chronic under-funding and a lack of trained staff undermine the ability of the Myanmar civil service to meet government plans for combating the main public health and education challenges; plans which in fact reflected a high level of technical expertise.

The broader system of government in Myanmar provisionally consists of the State Peace and Development Council (SPDC) as the top rule-making executive body, with military Regional Commanders enjoying a limited autonomy granted by the regime at the state and division level, and local Peace and Development Councils at the village and township level. However, the European Commission (2007, p. 5) notes that whilst the system of government in Myanmar appears to be centralised from the outside, in reality the governance system is highly fragmented and opaque. This system reflects both a lack of authority and the ineffective exercise of political power on the part of the government. As described by Mutebi (2005, p. 156), “in the frontier provinces...but also elsewhere in provincial Myanmar, there is an almost personal form of sub-national rule where local *Tatmadaw* commanders and ceasefire group leaders wield all but complete power.”

Economic Management and Practice

Agriculture is the dominant sector in the economy, contributing an estimated 44% of GDP in 2008, with industry - including the export of natural-gas - accounting for a further 20% (Asia Development Bank (ADB), 2009, p. 246). The IMF (2007, p. 3) argue that sustained growth in real income in Myanmar is constrained by high inflation, structural rigidities, weak economic policies and a weak investment climate, resulting in low inward investment. Macro-economic policy-making in Myanmar is described by Sean Turnell, Director of Burma Economic Watch (2008 para. 5), as “capricious, unpredictable and ill-informed”. A fiscal deficit of around 3-4 % of GDP fuels inflation (IMF, 2007, p.13), estimated in 2007 at around 30% (ADB, 2009, p. 246). The IMF estimates the annual growth in real per capita GDP for the years 1999-2006 at 3.6%, smaller by a factor of three than the official Myanmar figure of 11.4% (2007, p. 4).

“Structural rigidities” noted by the IMF (2007) include a multiple exchange-rate system in which an official rate is applied to transactions undertaken by the government and state enterprises, and government issued foreign exchange certificates used for external transactions, exchangeable at market-determined rates. As a result, a parallel market exists which exchanges US dollars for kyat, the local currency, at a small premium over the rate for foreign exchange certificates. Turnell (2008) describes the legal economy as being heavily restricted, characterised by corporate cronyism and the allocation of privileges such as car import and telephone licenses to those close to the regime. Involvement in business by the military leadership is institutionalised through the Union of Myanmar Economic Holdings (UMEH) - jointly owned by the Directorate of Defence Procurement and serving and retired military personnel - and the Myanmar Economic Corporation (MEC) – under the Ministry of Defence (ICG, 2001a). Both of these business interests are very large enterprises (in 2001, UMEH was the largest indigenous enterprise, with registered capital of US\$1.4 billion at the official exchange rate), and are the principle commercial vehicles through which joint-ventures are agreed for foreign investment in Myanmar (ibid, p.8-9). The regime is also believed to have important personal and political interests in the extra-legal economy.

Whilst the Asia Development Bank (2009, p. 246) notes that the government continued modest steps to liberalise agriculture in 2007, ending most production controls and mandatory procurement and privatising some state enterprises involved in processing and supplying inputs to agriculture, the IMF (2007) considers these and other steps to liberalise the economy as tardy and insufficient. Rent-seeking behaviour results from the unpredictable regulatory environment, and in the public sector employees including teachers and civil servants engage in corrupt practices to bolster inadequate salaries. Poor macro-economic policy and weak-governance capacity is reflected in environmental degradation caused by the unsustainable exploitation of natural resources found in Myanmar, particularly logging and mining activities (ERI, 2007c).

These and other factors contribute to a weak investment climate. International financial institutions are largely absent from Myanmar: the World Bank has not approved any new lending since 1987 and has no presence in the country, whilst the ADB has not provided loans or technical assistance since 1986/87. The IMF conducts annual visits to assess the country's economic situation. Commercial infrastructure is extremely poor. In 2005, Myanmar had an electrification rate of 11%, with supply intermittent even in areas with commercial energy infrastructure, and less than one telephone line per hundred people.⁵²

Bucket telephones

(Field-notes, Yangon, July 2006)

We're sitting in a 3rd floor apartment in residential Yangon. I was invited for lunch but no one else is eating, so I'm tucking into noodles watched by seven or eight dynamic young Chin and Karen. I'm reminded of an article I read on a plane about not eating spaghetti on a first date.

I hear a bell and one of the young women gets up and walks to the balcony. I watch her pull up a rope and unclip a piece of paper

⁵² Data sources for these figures are provided in Appendix 12 – Electrification rate and telecommunications use for countries in the Asian region, 1990 and 2005.

from the end. She walks back in, hands the note to her friend and tells me it's a telephone message. I ask where the phone is. "At the end of the street. When there's a message they attach it to the rope and pull to ring the bell." She points to the bell hanging on the balcony, laughing. "A Burmese answering machine. No batteries."

This explains the ropes I've seen jumbled against Yangon's buildings, some with buckets on the end. They trace up apartment blocks into windows and balconies, around electrical wires, pot-plants and drying washing. Bucket telephones, no batteries.

Civil Society

Civil society in Myanmar is of interest to external policy-makers, commentators and academics, due to the strong link between vibrant civil societies and vibrant democracies, and the role civil society is understood to play in driving transitions to liberal, democratic arrangements from autocratic rule (ICG, 2001b, p. 25). In the mid-2000s, analyses of civil society in Myanmar detailed severe restrictions on the 'civic space' available to organisations independent of the military authorities, with the result that few independent religious, cultural and social welfare organisations exist (Burma Center Netherlands & Transnational Institute, 1999; ICG, 2001b; Liddell, 1997, 1999). Steinberg (1997) describes civil society as having "disappeared" under measures by the BSPP, and subsequently SLORC, aimed at restricting the development of a pluralist society. These measures include the undermining of the rule of law, outlawing independent organisations or failing to clarify their legal status, intimidation of political parties, and state censorship.

The history of civil society presented is one in which the relative pluralism of 1948-1962 (see ICG, 2001b, pp. 3-4), was replaced by state-sponsored nationalism under General Ne Win. State-society relations were further centralised from 1988 onwards with the elimination or co-optation of the majority of independent civic organisations; the indoctrination of civil servants;

reformation of local militias; and the creation of new mass organisations led by the military (South, 2004, p. 244). These state-sponsored organisations include the Union Solidarity and Development Association (USDA), established in 1993 under the patronage of Senior General Than Shwe, and now the largest Government-Organised NGO (GONGO), with a stated membership of 24 million (around half the population).⁵³ Efforts by the USDA and other GONGOs to directly provide social welfare services, and SPDC demands that INGOs partner with these organisations, are interpreted by analysts as attempts by the SPDC to gain legitimacy with the populace (ICG, 2006).

A number of structural, cultural and social factors are identified in descriptions of civil society in Myanmar. The ICG (2001b) describes a lack of understanding of the democratic process, and the role of civil society therein, in Burmese culture. This lack of understanding has been, they argue, exacerbated by restrictions of telecommunications and freedom of information by the SPDC, providing scant exposure for the population to examples of participatory governance processes abroad. The ICG further argues that cultural understandings of a strictly hierarchical social structure (divided along status lines of age, position, occupation, wealth and gender), fatalist conceptions of karma associated with the dominant Buddhist religious tradition, and poor educational opportunities, based on rote-learning and regurgitation, combine to undermine the confidence of individual Burmese to challenge authority. Further, the deep political divides played out at the national level are reflected within civil society; the Centre for Peace and Conflict Studies (CPCS) (2009, p. 14) describe the conflict dynamics within the society as follows;

In addition to the political regime, which oppresses the ethnic minorities but also the main Burmese ethnic group, a series of conflict lines within Myanmar's shattered society, make a process of peace and reconciliation considerably more difficult. Conflict lines run between; the main ethnic group of the Buddhist Burmese and the ethnic minorities who are Christian or of other faiths;

⁵³ *Union Solidarity and Development Association*, retrieved September 3, 2009 from <http://www.usda.org.mm/eng/>.

between the various ethnic minorities; and within individual ethnic groups themselves whom frequently denounce one another.

CPCS (2009) also describes how non-democratic, hierarchical social relations are replicated within civil society organisations, even those working for and based on democratic participation.

More recently there have been reports of an increased amount of civic space in Myanmar. Wischermann (2007) reports a diversification of social and political practices at the local level, with the emergence of different types of civic organisations in recent years; mostly issue-oriented, limited to affecting conditions in their locality rather than a focus on effecting political change. Emerging from gaps left by the state welfare and social services, these organisations may be formal or informal, emerging from religious and village traditions (e.g. rice associations of the Buddhist pagodas and temples) or associations (e.g. burial organisations). Wischermann (2007, p.14) notes that the prominent motive of the state decision-makers and military rulers in allowing the emergence and development of the various organisations – simple tolerance, ignorance or a tactical calculation – he argues that the potential contribution of these organisations to the development of Myanmar should not be underestimated.

Most recently, CPCS (2009) found civic space to be bigger (with more organisations emerging and allowed greater freedom to operate), more complex (with multiple interactions between state and civic actors, and with international organisations) and more integrated (involving more cooperation within and across ethnic, religious and geographic divides) in a survey of the impact of Cyclone Nargis on civil society organisations. The elections may increase this new complexity of civil society, with the emergence of new political parties as allowed by the SPDC. The USDA was widely expected to transform itself into a political party for the upcoming elections, but the ICG (2009, p. 13) suggests current indications are that it will not do so, but may set up and support one or more “spin-off” parties through its vast network of more than 15,000 offices across the country.⁵⁴

⁵⁴ *Union Solidarity and Development Association*, retrieved September 3, 2009 from <http://www.usda.org.mm/eng/>.

Summary

In the preceding discussion of state fragility and human security in Myanmar, I have highlighted a number of aspects in the domestic context that I consider significant in analysing corporate engagement in Myanmar, the focus of this inquiry. In identifying apparent failures in political will to alleviate poverty on the part of the Myanmar authorities, I discussed a military mind-set identified by commentators on Myanmar affairs (including xenophobia and international isolation, a doctrine of self-reliance, a concern about invasion and external intervention in Myanmar's domestic affairs), public spending priorities skewed to defence and military spending, the systematic use of forced labour by the military, wide-spread political repression, and restrictions on international humanitarian assistance. I also considered the weak governance and development capacities of the Myanmar state, its reflection in economic management and practice, and described current commentary on the structure and strength of civil society in Myanmar.

The picture that emerges is one of a largely isolated country, in a state of profound humanitarian crisis after almost a half-century of civil conflict and repressive military rule. The multiple and complex challenges to conflict-transformation and development facing the Burmese ultimately require a political solution (ICG, 2009). Failures to include ethnic minority peoples in successive political processes lie at the heart of Myanmar's protracted political, social and humanitarian crises (South, 2004, p. 238). Actions on the part of the Myanmar authorities to quell the resulting ethnic insurgencies, and to repress movements for greater democratic participation amongst the majority Burman population, have resulted in the profile of profound human insecurity in the country presented above.

The election planned for 2010 is widely expected by the international community to fail to meet standards of free and fair democratic practice, whilst the constitution on which it is based secures the privileged administrative position of the military (ALTSEAN, 2009d). However, the constitution on which the elections are based, and which will come into force on the establishment of the

elected government, represents a significant transformation of the administrative structure (ICG, 2009).

Myanmar is not, however, a totalitarian state (Lorch, 2007b). Leading into the election, civil society is extremely weak in a pluralist sense, although recent commentary emphasises a greater diversity of organisations, with more ‘space’ to operate for non-political organisations (CPCS, 2009; Hedlund & Su, 2008; Heinrich Boll Foundation, 2007). Equally, the military government should not be considered a monolithic institution. The influence of changes within the leadership (specifically the ascent and descent of Khin Nyut) on Myanmar’s international engagement and political dialogue, and the new openings in civil space discussed above, illustrate that ‘openings’ in political and civic space can emerge in ways that are not yet fully understood (Igboemeka, 2005), but are significant for those of good intent who wish to encourage a transition to greater human security for the Burmese. I discuss attempts to support such a transition, including political dialogue, by external actors in Chapter 8.

Corporate engagement in the energy sector has been identified as a central dynamic in the aspects of state fragility discussed above (ERI, 2008d; HRW, 2007a). Considering this claim, I present a political economy of energy in Myanmar in the following chapter, and describe the development of the oil and gas industry in Chapter 7.

CHAPTER SIX

ENERGY AND EMPIRE: A POLITICAL ECONOMY OF OIL AND GAS DEVELOPMENT IN MYANMAR

The overall objective of [collaboration with foreign oil companies in the oil and gas sector] is to increase the indigenous production of crude oil and natural gas **to fulfil domestic demand and to export the excess to gain hard currency.**

-Soe Myint, Director-General, Myanmar Ministry of Energy
(2002, p. 9, emphasis added)

Taking the above statement made by Soe Myint, the Director-General of the Ministry of Energy for Myanmar in 2002 as the formal position of the Myanmar Government, in this chapter I consider the contemporary and historical development of the oil and gas sector in Myanmar. I have divided this chapter into four parts. In section 'A' I explore the inter-related factors of energy security and economic development in the 'domestic demand' identified by Soe Myint. I describe the current profile of energy insecurity in Myanmar, provide a regional comparison of energy use and economic development, and consider the limited impact of the commercial development of the offshore Yadana and Yetagun natural gas Projects on the domestic profile of energy availability.

The economic significance of the oil and gas industry in the Myanmar economy is the focus of section 'B'. Here I describe levels of foreign investment and export revenue, and opaque accounting practices regarding the "hard currency" generated from natural gas exports.

Myanmar's profile of ongoing energy insecurity and poor governance in energy resource development suggests that, as discussed in section 'C', Myanmar is suffering from the 'resource curse' described by Auty (1993). In this part of the chapter I identify a pattern of energy sector development more supportive of foreign export than the fulfilment of domestic demand, and trace how

contemporary natural resource development in Myanmar, particularly in the oil and gas sector, contributes to conflict dynamics, political repression and poor governance practices in the country.

In section ‘D’ I set the current profile of oil and gas exploitation for export within the historical development of the oil and gas industry in Myanmar, traced from industrialisation under British colonial rule through to the contemporary dominance of E&P activity by companies from the Asian region. Overall, this analysis indicates that on the criteria of reliability, affordability and sustainability identified in Chapter 2, the contemporary energy policy pursued by the Myanmar authorities has not improved the energy security of the Burmese, and is directly associated with the continued poor governance practices of the Myanmar authorities described in the previous chapter.

A.) ‘Domestic Demand’: Energy Insecurity and Economic Development in Myanmar

Thailand gets the gas; we are here in the dark

(Burmese respondent, February 2008)⁵⁵

In Chapter Two I proposed a definition of energy security as:

The uninterrupted physical availability of energy for legitimate private and industrial activities that ensure environmental flourishing, supports social development, and meets the basic energy requirements for the wellbeing of every human being/living creature. When delivered through a market-oriented mechanism, energy prices must be affordable.

Considered against this definition, the Burmese experience profound and chronic energy insecurity. The Burmese authorities have yet to fulfil their commitment to meet domestic demand in collaborating with foreign companies in the

⁵⁵ Statement by resident in the Total ‘pipeline corridor’, reported by the Collaborative for Development Action (Anderson & Ganson, 2008, p. 15).

development of the oil and gas sector, on any of the four energy security aspects of availability, reliability, sustainability, and affordability.

Availability and Affordability

In 1997 Myanmar had the lowest per capita primary energy supply in the world (OECD/IEA, 1999, p. 57). Whilst per capita energy supplies increased over the following decade, in 2006 the country was still ranked amongst the 30 energy-poorest countries world-wide (EIA, 2008). Combustible renewables and waste accounted for almost three-quarters of the total primary energy supply in Myanmar in 2006, with commercial sources comprising the remainder (Figure 1).⁵⁶ Although Myanmar was net exporter of oil in 1990, by 2007 almost half of the oil consumed in the country was imported (ASEM, 2009), exposing Myanmar to international fuel price fluctuations. Over half of commercial energy is consumed in Yangon, and commercial supply outside Yangon is reportedly much more expensive.⁵⁷



© OECD/IEA, 2008. *Share of total primary energy supply in 2006, Myanmar.*

Figure 12: Share of total primary energy supply in Myanmar, 2006

⁵⁶ Figure 12 is reproduced with the permission of the International Energy Agency. Retrieved on May 12, 2009, from http://www.iea.org/Textbase/stats/countryresults.asp?COUNTRY_CODE=MM&Submit=Submitdata.

⁵⁷ During interviews in Sittwe, Northern Myanmar, in February 2007 electricity costs of 300 kyat per unit were reported, against 25 kyat per unit in Yangon. Supply in this area was limited to three hours each evening.

In the former capital and commercial centre supply falls far short of demand; the Myanmar government reports that only 50% of Yangon's 500 megawatt electricity needs were being met in July 2008 (Xinhua, 2008c). To cope with failures in the commercial power supply, diesel-powered generators are common, providing a more expensive energy source. A photocopy-shop owner quoted by Reuters (Tun, 2007) explains, "I now charge two different prices for photocopying: 20 kyat per page with government-supplied power and 50 kyat with my own generator."

The energy market in Myanmar is limited and centrally controlled. Fuel is rationed, with each registered car in Yangon allocated 60 gallons of gasoline a month. There is an active black market in fuel. Although a partial liberalisation of the centrally-controlled market in fuel was reported in early 2008, the extent to which this represents a genuine break from government control has been questioned.⁵⁸ Corruption in the delivery system may also affect the availability and affordability of commercial energy. The following interviews with expatriates living in Yangon demonstrates their experiences of corruption in the energy sector:

Power bill

(Interview medley, Yangon, July 2006)

NB: How much is your power bill?

JT: [Laughs] Well that depends. There's the bill and there's what we pay ... When we first moved in, a man arrived and we came to an arrangement.

NB: An arrangement?

JT: Yeah, an arrangement. Who knows if the bill is real, the guy takes a cut... it's how things work. And it's not like we have a reliable supply. It was much better before the Generals moved to Nay Pyi Daw. You could expect a decent supply if you lived near

⁵⁸ See Lwin (M. Lwin, 2009). The government was reported to have granted two companies permission to import fuel in 2008; analysts note that Myanmar Holding Ltd. is owned by the military, and Htoo Trading Company is owned by Tay Za, a close associate of leading figures in the military establishment.

them. But now we're lucky to get 4-5 hours a day, less in the rainy season. That's why everyone has a generator.

NB: And how did you get your generator?

JT: It was with the house when we arrived. Arranging one from scratch... [laughs]... that's a whole different story. You need a licence to get a licence to get a licence. Or you need to know who to pay.

Reliability

The resilience and reliability of this limited energy supply is tenuous due to inadequate and antiquated infrastructure for refining oil and gas, and a chronically underdeveloped electricity transmission grid. Of the three oil-refining facilities in Myanmar two were built in 1872 and 1925 and rehabilitated after World War II in the mid-1950s. A modern refinery was constructed in 1982.⁵⁹ Facilities for refining natural gas include a gas-turbine power station and two urea fertiliser factories constructed in the early 1970s, a third urea fertiliser factory built in 1985, and a methanol plant built in 1986 (Myint, 2002, p. 10).⁶⁰ Additional gas refining facilities include two LPG plants and a bitumen refinery (Kyi, 2006). These facilities run well below capacity due to their age. Together the three oil refineries have a total refining capacity of 51,000 barrels per day (Myint, 2002) but ran at roughly one third of their initial capacity in 2001 (UoM, 2001, p. 11). The urea fertiliser plants were also running at half their original production capacity in that year (ibid). By comparison, in 2008 Thailand had seven oil refineries, with a combined capacity of approximately one million barrels per day (Thai Ministry of Energy, 2008a, p. 10).

The lack of refining capacity forces Myanmar to import refined gas products at high prices, whilst it exports large quantities of unrefined natural gas

⁵⁹ The Chauk (No.2) Refinery on the Ayerwaddy River and the Thanlyin (No. 1) Refinery in Yangon were originally built in 1872 and 1925 respectively. The Mann Thanbayakan Petrochemical Complex - was constructed in Central Myanmar in 1982.

⁶⁰ Natural gas refining facilities include a gas-fired power station at Kyunchaung; three fertiliser factories built in 1970, 1971 and 1985; a methanol plant was built in 1986 in Seiktha in the Ayerwaddy Division (S. Myint, 2002, p. 10); an LPG Extraction Plant at Minbu, a Skid-mounted LPG plant at Nyaung-Don, and a Bitumen Plant (No. 1) Refinery at Thanylin (Kyi, 2006).

(Oehlers, 2007). Weaknesses in the distribution infrastructure also reduce reliability. Gas pipeline leaks in January 2009, and gas-turbine failures in power plants in March 2009 severely disrupted the supply of electricity and LPG to Yangon, reducing the electricity supply to an hour a day, from the four to five hours normally available (Xinhua, 2009a). Myanmar has very poor grid transmission infrastructure (as noted in Boot, 2008e); according to figures reported by the International Energy Agency the rate of electrification in Myanmar in 2005 (at 11%), was three to five times lower than its neighbouring countries, as Figure 13 illustrates.⁶¹

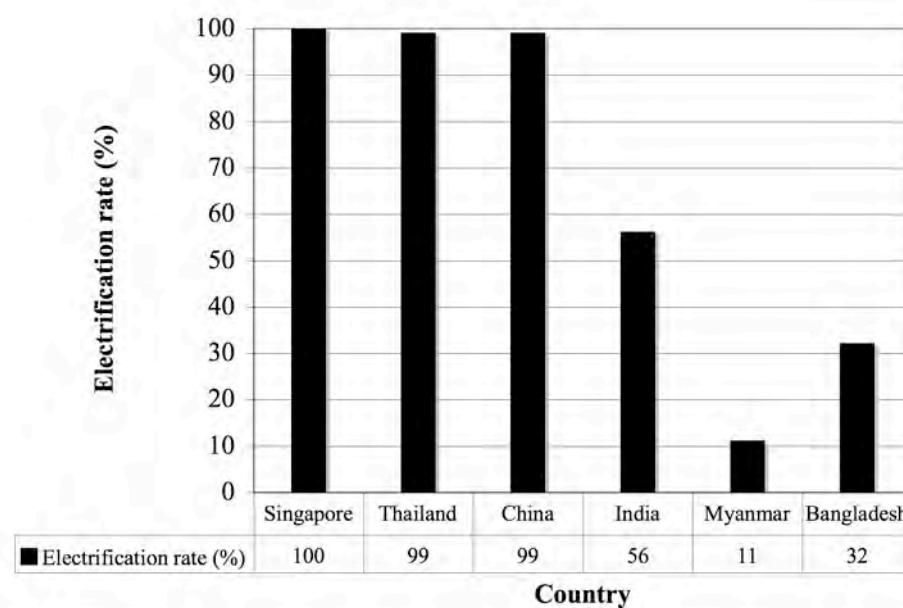


Figure 13: Electrification rate, Asian region, 2005

Power to the peaceful

(Field journal, Inter-faith Peace-building conference,
 Yangon, July 2006)

She leans into me as we walk into the room, whispering, “*You* are really the minority today.” And I am, one of only two Europeans in the room. The conference starts with people introducing

⁶¹ With the exception of Lao PDR for which no information was available. This figure is drawn from Appendix 10 – Electrification Rate and Telecommunications Use for Countries in the Asian Region, 1990 and 2005. Data sources are provided in this appendix.

themselves and explaining a symbol from their religion. A Buddhist woman presents a water lily and speaks about striving for stillness of mind. An Imam describes Mecca, a Catholic priest talks about the cross and a Hindu chooses three symbols from his pantheon of gods.

10.15 am: The power goes off. The fans and microphones stop working. Generators at the house next door crank up and the delegates have to shout over the noise.

10.30 am: A battery-powered microphone and speaker appear. We get steadily hotter but can now hear the presenters over the thump of the generators, which never quite completes a change in pitch.

10.55 am: During the break for Myanmar tea and onion samosas, the power comes back on and the generators fall silent.

11.07 am: The power goes off. The generators start up.

11.50 am: The power comes on. Silence.

11.55 am: The power goes off.

11.58 am: The power comes on. The water lily has started to wilt.

12.00 pm: We break for lunch.

1.15 pm: We start back. The power is off, the microphone in use.

1.40 pm: The power comes on. The air is getting closer and I am grateful for the fans.

2.50 pm: The power goes off. The microphone's battery has died. The generators crank up. It starts to rain.

As the monsoon afternoon shower arrives, doors and windows blow open, causing people to shout ever louder about peace and understanding. We break for afternoon tea, gathering in mixed groups. Hindus smoke with Buddhists, the imam passes the priest the sugar, and I find myself debating radical theology in the Buddhist and Christian tradition. So this is what peace-building looks like. The power does not come back on for the rest of the afternoon.

The reliability and affordability of supply is also subject to apparently arbitrary energy policy decisions on the part of the authorities. In mid-August 2007, the Myanmar authorities sharply raised the price of subsidised fuel without prior warning or explanation, doubling the cost of diesel and increasing the cost of natural gas five-fold.⁶² The IMF (2007, p. 10) reports that this sudden fuel price hike triggered 100% increases in transport costs, and sharply increased the cost of basic commodities including food. Initial protests over these price hikes became widespread public protests against the government, which were subsequently violently repressed by the military. The IMF further notes that the August 2007 price hike followed a previous price hike in October 2005, where the authorities increased fuel costs by 800% overnight without warning. No official explanation was given for the 2007 price-hike, however Oehlers (2007) reports a number of possibilities including an attempt to ease the financial strain of escalating import prices for diesel and attempts to undercut the black market in fuel by the regime to make a planned privatisation of the energy retail market more attractive.

Sustainability

Understanding sustainability of energy supplies to incorporate the concept of sustainable development (as discussed in Chapter 2), this chapter indicates that the contemporary development of Myanmar's energy resources undermines the ability of both *current and future* generations of Burmese to meet their needs. Domestic energy security is a central component of sustainable economic development, and failures on the part of the Myanmar authorities to ensure an available, affordable, and reliable energy supply, have in turn undermined the economic development prospects of the Burmese. The relationship between energy and economic development becomes particularly apparent in a

⁶² The price of diesel oil was doubled from K 1,500 to K 3,000 (US\$2.33) per gallon; gasoline increased from K1,500 to K 2,500 (US\$1.94) per gallon; and the price of a 17-gallon canister of natural gas was raised five-fold from K 500 to K 2,500 (IMF, 2007, p. 10).

comparative perspective. Figure 14⁶³ illustrates primary energy supply and GDP for Myanmar, its neighbours, and Singapore, a significantly more economically developed country. With a lower primary energy supply than any of its neighbours Myanmar also has the lowest GDP.

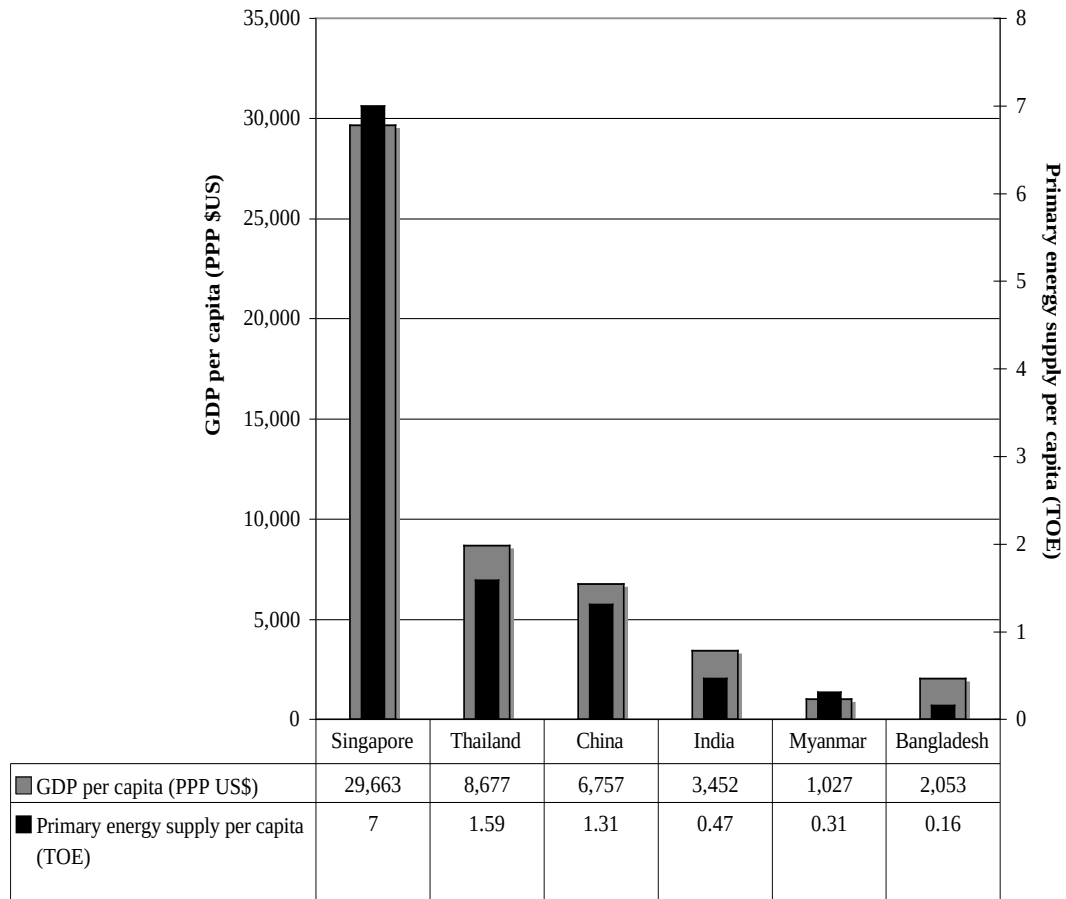


Figure 14: Primary energy supply per capita and GDP per capita in the Asian region

Thailand's energy consumption and economic development are often cited in comparison with Myanmar as Thailand currently purchases all of Myanmar's natural gas exports. These exports are significant within Thailand's energy profile; natural gas from the Yadana and Yetagun Projects was used to produce almost one-fifth (18.9%) of Thailand's electricity in 2007 (Thai Ministry of Energy, 2008a, pp. 7-8). Figure 15 illustrates the proportional overall energy

⁶³ Figures 14 and 16 are drawn from Appendix 13 – Primary Energy Supply Per Capita for Countries in the Asian Region, 1990 and 2005. Data sources are provided in this appendix.

supply, and energy use per sector, for the Thai and Myanmar economies.⁶⁴ Energy supply in Thailand is estimated to be 4 times larger than in Myanmar, for a population estimated to be 1.3 times larger.⁶⁵ The lack of an industrial or manufacturing base in Myanmar is particularly apparent (at 9% to Thailand's 43.2%), with the majority of energy being consumed by households (76% to Thailand's 14.3%).

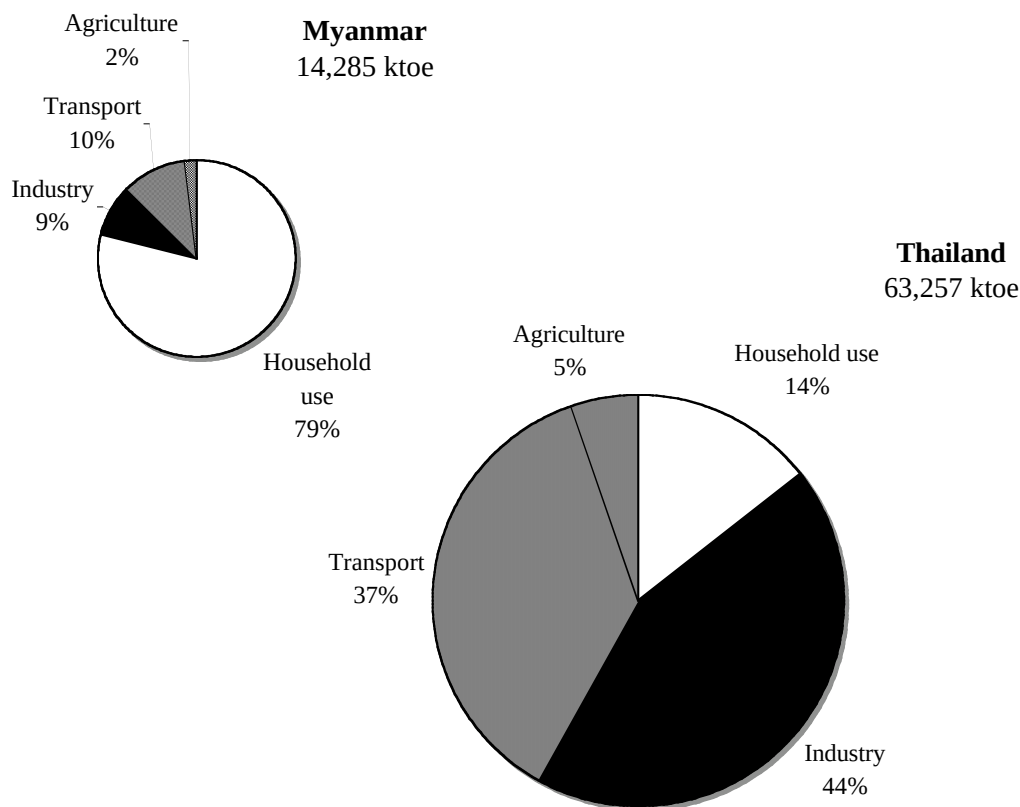


Figure 15: Energy use by sector, Myanmar and Thailand, 2006

Further, the heavy reliance on primary material in Myanmar's energy source profile (Figure 12) has implications for sustainability. Negative social and environmental impacts associated with this kind of energy profile include deforestation and increased incidence of respiratory disease (UNESCAP, 2008). Equally, commercial development of energy resources in Myanmar is undertaken with little consideration of the immediate environmental and social impacts of

⁶⁴ Figure 3 is based on data provided by the Thai Ministry of Energy (2008b) for Thailand, and the ASEM Ministerial Conference on Energy (2009) for Myanmar.

⁶⁵ Based on 2006 estimates for energy, and 2005 estimates for population.

large-scale development of petroleum, hydropower, or bio-diesel production (see for example ERI, 2007c; SGM, 2006; Simpson, 2007), or broader concerns about the impacts of carbon-intensive energy production. In summary, on the criteria of availability and affordability, reliability and sustainability, the Burmese experience profound energy insecurity. Whilst the commercial development of the Yadana and Yetagun Projects presented an opportunity to improve energy security in the country, it appears that this opportunity has not been taken.

The Limited Contribution of the Yadana and Yetagun Projects to Domestic Energy Security

Figures 16 and 17⁶⁶ illustrate that overall primary energy production in Myanmar more than doubled from 1990 to 2005, largely due to gas production from the Yadana and Yetagun fields. This increase in production was not reflected in domestic energy consumption. Figures released by the Myanmar Government indicate that 80% of the natural gas produced from these projects is exported to Thailand, representing energy values equivalent to 50-66% of total domestic energy consumption from 2000-2008.

⁶⁶ Figure 16 illustrates values, calculated as million tonnes of oil equivalent, provided in Appendix 14: Table of Natural Gas Production and Export and Energy Consumption in Myanmar, 1988 – 2008. Data sources are provided in this appendix. Figure 17 is reproduced with the permission of the International Energy Agency.

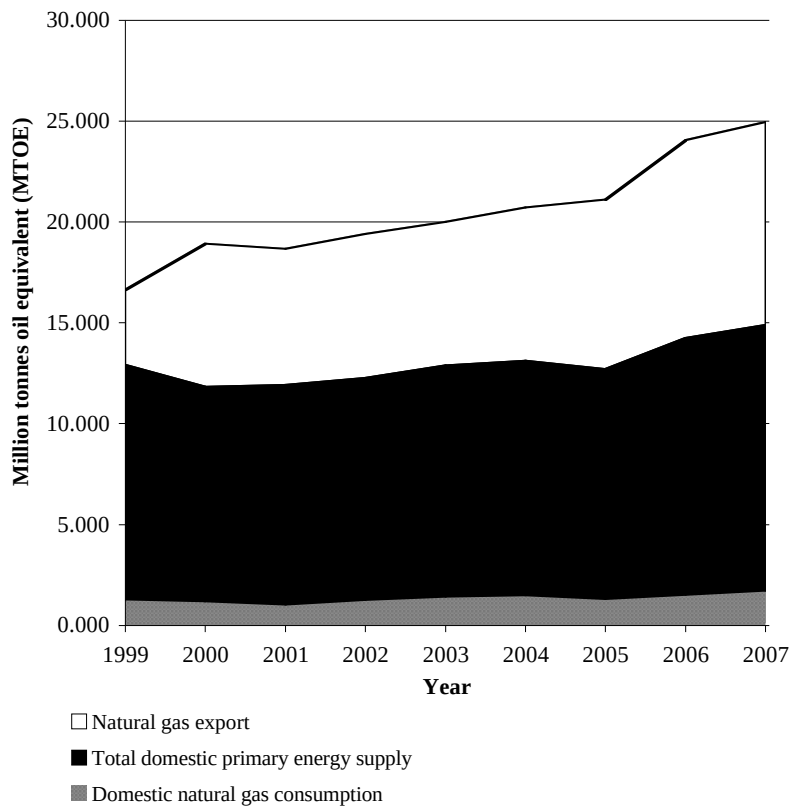


Figure 16: Domestic energy supply and natural gas export values, Myanmar, 1999-2007

An allocation of production for domestic consumption is set out under the terms of the Production Sharing Contracts (PSC) which govern the development of these projects. Twenty percent of gas production from the Yadana Project is allocated for domestic use, but Myanmar requested only half of its production entitlement from the start of commercial production in 2000 to December 2006 (Total SA, 2007b). Yadana Project gas is transported via pipeline from Kanbauk to Myaing Kalay where it is reported to supply two state-owned cement factories (HRFM, 2009), and from Myaing Kalay on to Yangon (Total SA, 2007b, p. 7). Condensate from the Yetagun project is reported to be processed in the Thanylin (No.1) Refinery (UoM, 2006). Natural gas from the Yadana and Yetagun Projects is processed for power generation, urea fertilizer production, and compressed into LPG (Htoo, 2009).

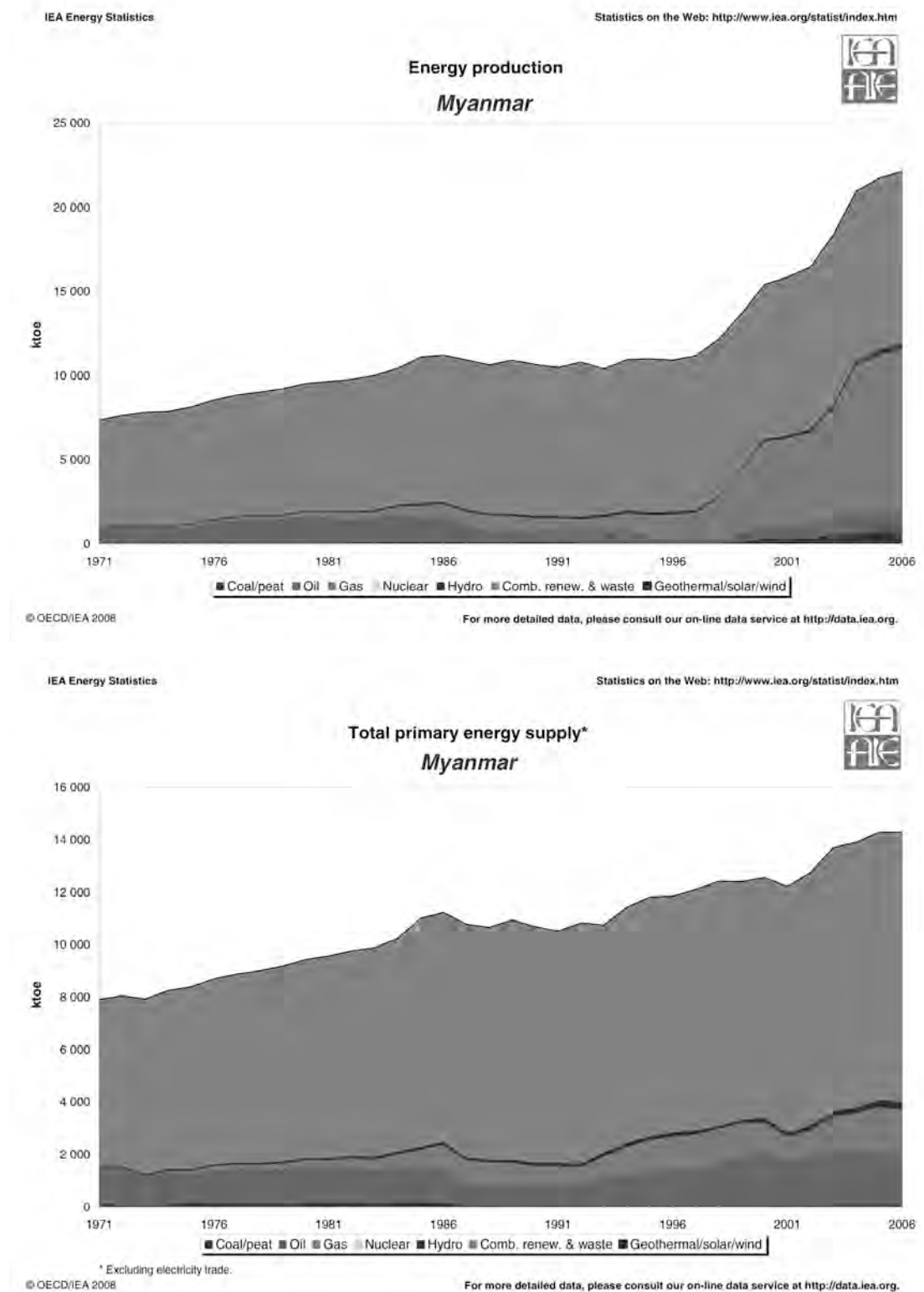


Figure 17: Total Primary Energy Supply (TPES) and energy production in Myanmar, 1971 - 2006

The contribution of the Yadana and Yetagun Projects to domestic energy consumption could have been higher with the completion of a proposed 'Three-in-One' project. An MoU for the construction of a pipeline, a gas-fired electricity power station, and a urea fertiliser plant was agreed between the Myanmar Government, Yadana Project partners Total and UNOCAL, and Mitusi & Co. Ltd for the Three-in-One Project in 1996. At an estimated cost of US\$900 million, the pipeline and an electricity power station in Kyaiktaaw (50km southwest of Yangon) were to be completed in 1999, with construction of the fertiliser factory to begin in 2002. The project was not undertaken. With the Asian financial crisis ASEAN, one of the financial backers, reduced its commitment to the project leading to the postponement of the power station construction and the suspension of the fertiliser plant. Further, there were significant disagreements between the government and the project consortium over the pipeline construction (OECD/IEA, 1999, pp. 69-70). Gas executives interviewed for this research project expressed frustration and disappointment over the failure of the Three-in-One plan, and attributed its failure to the Myanmar Government's insistence on a pipeline width larger than the required specifications, doubling the cost (Interviews, 2007-08).

Boot (2008e), a reporter of business and energy sector development for The Irrawaddy, an independent publication covering Burma and Southeast Asia issues,⁶⁷ notes that substantial capital investment will be required to upgrade and expand the country's grid transmission infrastructure to take advantage of any future increases in commercial energy production. It appears that gas export revenues have not yet been invested in energy infrastructure, despite a 30-year energy development plan initiated by the Myanmar Government in 2001/02. This included plans for the construction by 2009 of two LPG extraction plants, a polyester plant, oil refinery, and a urea fertilizer factory (Myint, 2002, p. 10).⁶⁸ It is not clear if these projects have been undertaken; the Thanylin (No.1) Refinery

⁶⁷ The Irrawaddy, <http://www.irrawaddy.org/>, accessed July 18, 2009.

⁶⁸ Specifically, the plan included a 300,000 million tonnes per year capacity LPG Extraction Plant, expected to begin production in 2005, and a Polyester Plant costing between US\$600-800 million, both using Yetagun Project gas (UoM, 2001); an oil refinery at Thanlyin and a urea fertilizer factory at Taikkyi to open in 2007; an LPG plant in the Kanbauk area in 2009; and an additional oil refinery and urea fertilizer factory to come on stream by 2017 in an undecided location (S. Myint, 2002, p. 10).

was modified to process condensate from the Yetagun Project in 2002 (UoM, 2006), and in 2004 the Indian Government gave Myanmar a US\$30 million loan in bilateral aid to extend the crude oil refinery in Thanlyin (IANS, 2004). It is clear, however, that these efforts to develop the production and refining capacity in Myanmar since 2000 have not been able to fulfil domestic demand and improve the energy security of the Burmese. Only 11% of the country is supplied with electricity and even in these areas supply is intermittent, undermining broad, potentially sustainable, economic development. The government's formal intention to "satisfy domestic demand" through collaboration with foreign oil companies has clearly not yet been realised.

Filthy rich

(Bangkok - Chiang Mai train, Thailand)

Field-notes, August 8, 2006

After Myanmar, Thailand seems filthy rich. You see it in the fat on street-dogs, the bigger, empty paddy-fields, the better, cheaper guesthouses, the modern dress and bored expressions. The backdrops are similar; buddhas perched on hill tops, hazy smoke from razed paddy. But here pylons keep pace with our train, and we pass huge buses painted lurid colours pulled up for Friday night aerobics classes in the street, floodlit, techno music blaring.

This time last week, across the border on a parallel journey South, it got darker and poorer. Now I'm trapped in a compartment with backpackers comparing prickly-heat powders and full moon parties, as lights blaze our path North under the fading sun.

B.) 'Hard Currency': Opaque Accounting for Oil and Gas E&P

Significant and accelerating foreign direct investment (FDI) and revenue from the export of natural gas – illustrated in Figure 18⁶⁹ - made the oil and gas sector the most significant in the Myanmar economy throughout the 2000s. Public accounting for this new revenue stream by the Myanmar authorities is irregular and non-transparent, making identification of its contribution to the Myanmar economy difficult.

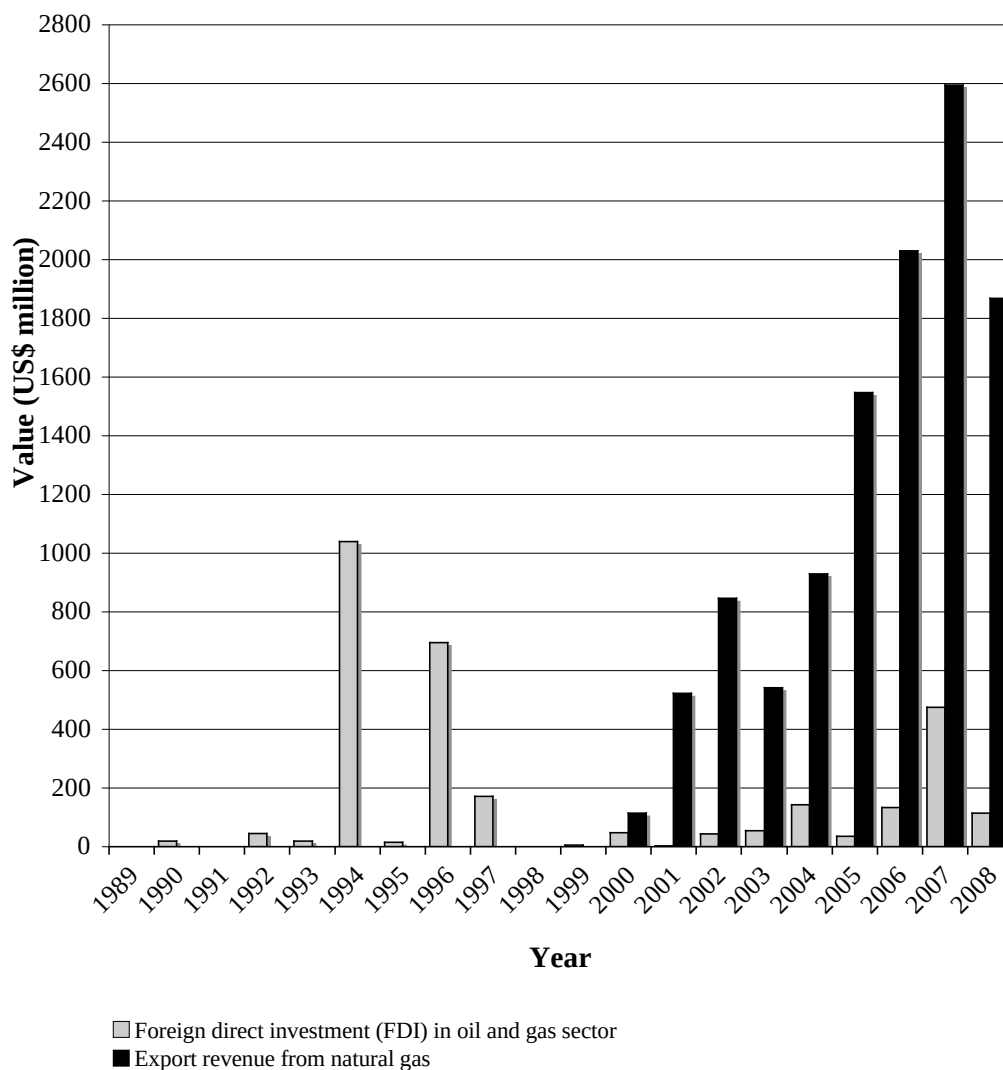


Figure 18: FDI and export revenue for Myanmar's oil and gas industry, 1989-2008

⁶⁹ This figure is drawn from Appendix 15 – FDI and Export Revenue for Oil and Gas, National Expenditure on Social Services and the Military in Myanmar, and Key Social Indicators, 1988-2008. Data sources are provided in this appendix.

FDI and Export Revenues from Oil and Gas E&P

The oil and gas sector is reported by the Myanmar Government to be second only to hydropower as the main recipient of FDI since Myanmar introduced a market-oriented economy and allowed foreign investment in 1988. To November 2007, US\$3.24 billion of FDI was reported to have been invested in 85 projects in the sector, accounting for 22% of the country's total FDI in that 19 year time-frame (Lwin, 2008). Investment in the sector significantly increased following the discovery of commercially viable reserves in the Shwe fields in 2004; FDI in the sector trebled in 2006/07 to US\$474.3 million from US\$134 million in 2005/06, accounting for 90% of the total US\$505.02 million of FDI reported that year (AP, 2008).

Natural gas is also the largest foreign export earner, reportedly making up 43% of total exports from Myanmar at a value of US\$2.594 billion in 2007-08 (Xinhua, 2008b). The IMF estimates that when market exchange rates are used, revenues from these exports accounted for 55% of total government revenue in 2006/07 (IMF, 2007, p. 9). Whilst a higher volume of gas is produced from the Yadana than the Yetagun Project, ERI (2008d, p. 65) reports that the gas from Yetagun has a higher heating value than the Yadana gas (1,024 BTU/cf to 712 BTU/cf), making the projects more or less equally significant in terms of export value in 2006. The fluctuations in export revenue shown in Figure 18 demonstrate how the export value of natural gas, as with other primary commodities, is subject to volatile global commodity prices. Whilst the export volume of gas remained relatively constant from 2006-2008, revenue from the sale of the gas increased by 27.7% in 2007/08 over the year before (Lwin & Thu, 2007) and subsequently fell 28.5% in the first three quarters of the 2008/09 financial year. This latter swing reduced gas export earnings by US \$670 million compared with the same period a year earlier (Boot, 2009).

Beyond potential contributions to the energy supply and the creation of significant new financial streams for the Myanmar Government, the direct contribution of the oil and gas sector to the local economy in Myanmar is limited. Whilst service work for local contractors on oil and gas projects reportedly increased by 60% from 2007/08 due to large-scale foreign investment (Thu,

2007), the sector does not employ large numbers of people or generate downstream enterprise, and there is little transfer of skills or technology (Turnell, 2006, p. 2).

The dominance of the Myanmar economy by the oil and gas sector is likely to continue with the discovery and commercial exploitation of additional oil and gas fields. In March 2009, U Aung Htoo, Director of Planning at the Myanmar Oil and Gas Enterprise (MOGE) projected that Myanmar's daily gas production will almost double to 2.235 billion cubic feet by 2015 from the 1.215 billion cubic feet produced in 2008 (Kang, 2009). The projected increases in production, from the Zawtika and Shwe Projects, are illustrated in Figure 19 (reproduced from Htoo, 2009, p. 21).

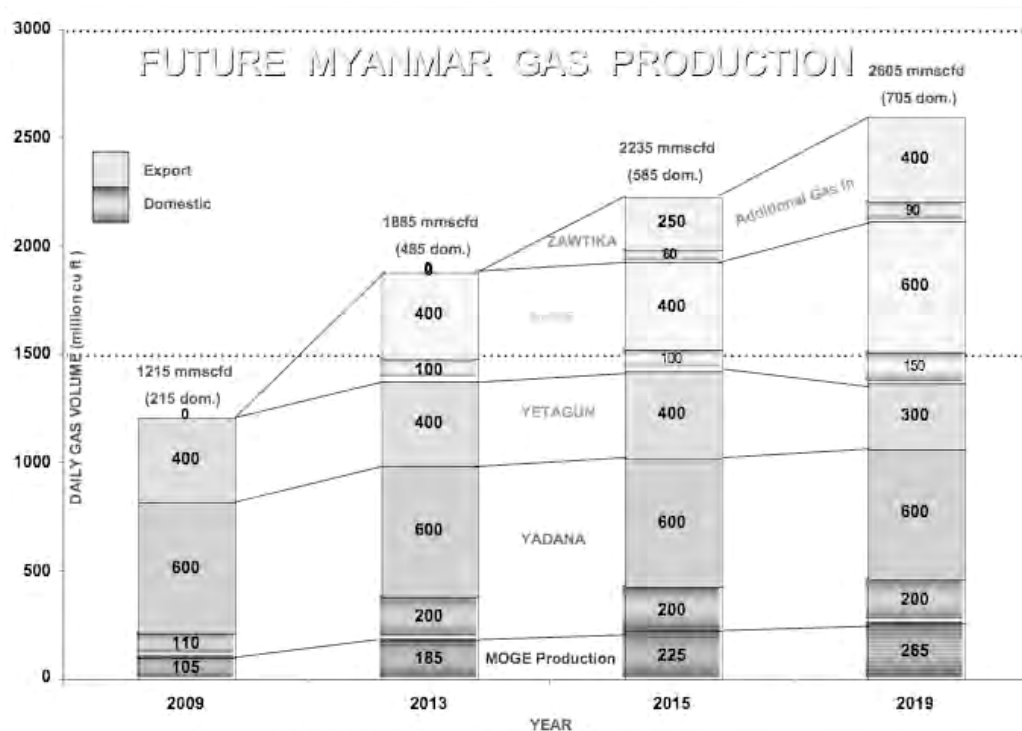


Figure 19: Future Myanmar gas production (MOGE)

Fluctuations in energy prices make accurate projections of the income stream from the sale of natural gas from these two projects difficult, but useful in gauging the potential impact of these projects on government income. With a combined estimated commercial production rate of 900 mmfcd, the Zawtika and

Shwe projects would increase overall natural gas production capacity by 175%.⁷⁰ Based on a combined average production rate of 1180 mmfcd in 2007 for the Yadana and Yetagun Projects (2008), and assuming 80% of the Zawtika and Shwe gas is exported under similar terms to the Yadana and Yetagun Projects, this would represent additional export revenues to the Myanmar Government of US\$1.76 billion per year (calculated at an average of 2005-2007 prices). The magnitude of this additional export revenue, compared to reported levels of revenue for 2000-2008, is illustrated in Figure 20.⁷¹

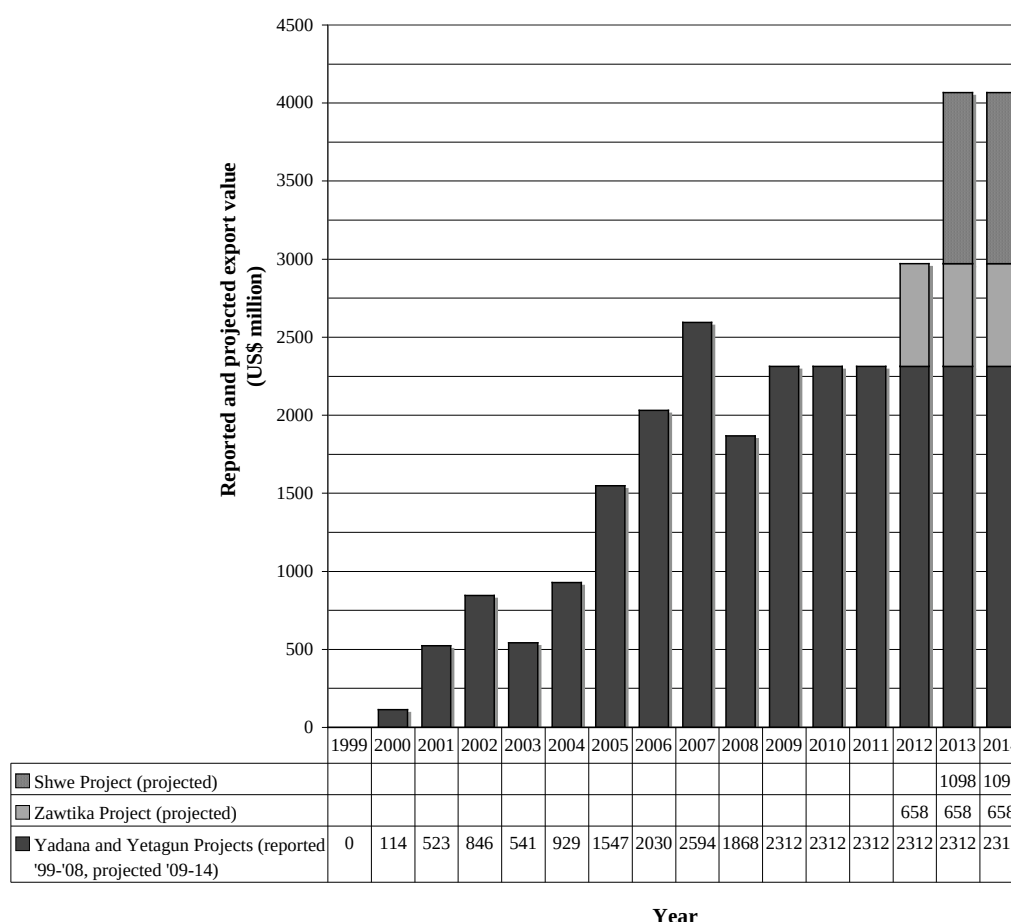


Figure 20: Reported and projected natural gas revenues, Myanmar, 1999-2014

⁷⁰ Estimates drawn from Thu (2008b) for M-9 and Kang (2009) for Shwe.

⁷¹ This figure is partly drawn from information in Appendix 15 – FDI and Export Revenue for Oil and Gas, National Expenditure on Social Services and the Military in Myanmar, and Key Social Indicators, 1988-2008. Data sources are provided in this appendix. These projections do not take into account potentially differing energy values for the gas from Shwe or Zawtika, and as such are very approximate.

However, the total income for the Myanmar authorities from these projects could be much higher when royalties and taxes are taken into account. ERI (2008d) argues that revenues from the Yadana Project, beginning in 1998, rescued the Myanmar authorities from imminent financial collapse brought about by economic sanctions. They note that Myanmar's foreign reserves had fallen from an estimated US\$663 million in late 1996 to below US\$100 million in early 1998, preventing the junta from buying fuel, military hardware or luxury goods (2008d, p. 19). Gas revenues are considered by ERI and other analysts to be the main source of the US\$1.2 billion foreign exchange reserves reported for 2006 (Turnell, 2006, p. 2).

Opaque Accounting for Natural Gas Revenues

The total income to the Myanmar Government from the oil and gas sector is not clear due to a lack of transparency around the terms of E&P concessions and poor accounting practices. Host governments officially receive money from E&P activity undertaken by foreign companies in four ways. It is customary within the oil and gas industry for (a) a signature bonus, proportional to the expected value of the project, to be paid by an investing company when it agrees to develop an area for oil (Stephan, 2005, p. 53). The host government generally receives (b) a proportion of the revenue from oil and gas production, at a value agreed under concession contracts that govern E&P activity with foreign companies. Investing companies may also (c) pay royalties, and/or (d) tax on their own share of production, but this tax is often waived by the host government and included in the company's portion of the agreed percentage split (Radon, 2005, p. 69).

a) Signatory Bonuses

The Shwe Gas Movement reports a US\$15 million signatory bonus for the Yadana Project (SGM, 2006, p. 35); estimated values for other signature bonuses are not publicly available.

b) Production Revenue

The Myanmar government is known to hold a 15% and 20.5% interest in the Yadana and Yetagun Project respectively, through the state-owned MOGE which is a joint-venture partner in each project's consortia. Under the reported terms of the PSC, MOGE receives a proportion of the export revenue from each project in line with its participating interest. MOGE is also reported to have taken up a 15% participating interest in both the Zawtika and Shwe Projects (Boot, 2008c; Kang, 2009).

c) Royalties and Taxes

Article 21 of the Foreign Investment Law details a number of tax incentives to encourage foreign investment (for a summary see OECD/IEA, 1997, p. 63). Incentives for E&P investment in 2001 included exemption from import duties on project equipment and materials, a three-year tax holiday, a 30% corporate tax, no export duty on production, accelerated depreciation (25%/year), and renegotiation clauses to cover unforeseen events (Nyein, 2001). Whilst specific contractual arrangements regarding taxes or the payment of royalties for the Yetagun, Shwe and Zawtika Projects are not available, as part of a law suit brought against Unocal the agreement governing the sale of the Yadana gas was made public. On the basis of this Export Gas Sales Agreement (GSA), ERI (2008d, p. 20) estimates that 75% of the US\$972 million in project income in 2007 went to the Myanmar government. This calculation is based on information in the GSA that after deducting costs the government is entitled to a 10% royalty, a variable percentage of the remainder depending on the sales price,⁷² profits from the sale of the gas as a 15% partner in the Yadana consortium, and a 30% income tax on the others partners' share. Further, in 2006 the Myanmar Government was reported to have introduced a new tax measure requiring all oil and gas companies

⁷² ERI (2008, p.66) provides the following details of the pricing structure: "The PSC formula depends on the inflation-adjusted price of gas, EC, according to the following formula: $EC = E \times IO/I$, where E is the actual price (about \$7.70 for the end of 2007, as noted above), I is the U.S. Consumer Price Index averaged over the three months of the relevant quarter (which is 209.72 for the last quarter of 2007), and IO is the U.S. Consumer Price Index averaged over the last quarter of 1991 (which is 137.7). For the end of 2007 EC would be about \$5.06; as long as it is greater than 2.9, then the highest allocation scale applies. Under this scale, MOGE is entitled to 60% of the first 300 million cubic feet per day (mmscfd), 70% of the next 300 mmscfd, and 80% of the next 300 mmscfd. At a volume of 650 mmscfd, MOGE is entitled to about 66% of the gas, independently of its status as a 15% partner in the consortium. See "PSC," supra note 12, sec. 9.

to pay income tax of between 40-50%, levied in foreign exchange, on the sale, exchange and transfer of shares, assets, and ownership of foreign companies involved in oil and gas projects. This tax was back-dated to June 2000 (Xinhua, 2006).

d) Multiple exchange rates

The revenue from natural gas exports since 2000 has had a negligible impact on Myanmar's official budget due to the use of the 'official' exchange rate of the kyat rather than the market exchange rate. As the official exchange rate over-values the currency by around 150-200 times its market value, official gas earnings for 2006/07 of US\$1.248 billion were recorded as 7 billion kyat, or 0.6 per cent of budget receipts. At market rates the contribution of gas receipts would be 1.5 trillion kyat, representing 55% of total revenue (IMF, 2007, p. 9). Using market rates total state receipts more than double, virtually eliminating the fiscal deficit and leading to a balance of payments surplus for 2007/08 estimated at around US\$2.4 billion (Turnell, 2008). Turnell (2008, para. 15) argues that through using the official exchange rate to publicly record natural gas sale foreign exchange earnings, these earnings can be "kept 'quarantined' from the public accounts, and thereby are available for the portioning out by the regime to itself and its cronies." This insight raises the question of how the revenue from gas exports has been spent.

C.) Myanmar and the Resource Curse

In August 2007, Soe Myint, Director-General of Myanmar's Energy Planning Department (quoted in Han, 2007) declared that the income earned from energy exports had been used to improve the country's infrastructure and telecommunications network, specifically extending international direct dial telephone services, road connections to remote areas and the construction of water reservoirs to improve the country's agricultural sector. Advocacy groups and external commentators consider that the large volumes of revenue gas exports

have generated have largely been directed to the military and spent on priorities at odds with the general interests of the Burmese people. The New York Times states: “The cash has allowed the generals who run Myanmar to buy weapons from China and helicopters from India, order a nuclear test reactor from Russia and construct their new administrative capital north of Yangon” (Fuller, 2007). Links between military expenditure and gas revenue made by advocacy groups include the purchase of helicopters from India in 2008 and Poland in 1992, and ten MiG jet fighters in 2001 (SGM, 2006, p. 35), and the role of gas revenues in the maintenance of a relatively large military (see for example ERI, 2008d, pp. 21-23). With high reported levels of corruption in Myanmar, gas revenues are also expected to be contributing to the personal enrichment of the military regime (ERI, 2007b; Turnell, 2008).

The perceived negative effects of oil and gas development in Myanmar on sustainable development, democratisation, and respect for human rights has led advocates and analysts to conclude that the Burmese are suffering from the ‘resource curse’ (ERI, 2007b). Initially described by the leading economists Jeffrey Sachs and Andrew Warner (1995), this concept highlights the close association between natural resource endowment and poor economic development. One of the main contributors to this body of work, Paul Collier (2005, p. 6), identifies the export of primary commodities as a substantial share of GDP as the single most important risk factor for armed conflict. High dependency on primary commodities is also associated with creating incentives for, and perpetuating, poor governance practices including corruption, political repression and economic rent-seeking (Bannon & Collier, 2003, p. ix). Whilst there is debate over the use of the term and appropriate methods of analysis (Stevens, 2003, p. 4), there is general agreement that strong governance mechanisms are a key difference between natural resource endowment being a curse or a blessing (Collier, 2007). A more robust analysis of the resource curse in Myanmar is beyond the bounds of this thesis; however the above analysis indicates governance failures in the development of Myanmar’s oil and gas resources for the improved energy security of the Burmese people. A similar pattern can be discerned across the energy sector.

Foreign Involvement in Hydropower, Bio-diesel and Nuclear Energy Development

Hydropower development has attracted the most FDI since foreign investment was permitted. In 2008, FDI in hydropower projects by China, South Korea, Thailand, India, Singapore and Bangladesh, reportedly accounted for 43% of foreign investment in Myanmar ("Thailand, Singapore further energy investments in Burma," 2008). China has been a particularly active investor in Myanmar's electric power generation industry. Clarke and Dalliwall (2008, p. 2) report that Chinese companies built six hydro-power plants and one thermal power station in Myanmar between 1996 and 2005, and held agreements to construct eleven major hydropower infrastructure projects being built and under consideration as of March 2006. ERI (2008a) notes that many of these investments are commercial, with the majority of the electricity produced from three dam projects planned on the Salween River to be sold to Thailand. According to Boot (2008d) all of the energy produced from two dams planned for construction by an Indian company on the Chindwin River (with a combined output of 1,800 megawatts, larger than the current total electricity capacity of Myanmar), is destined for India.⁷³

In 2005, the Myanmar government initiated a national plan to promote energy security through growing jatropha nuts to be processed for ethanol, an ingredient in bio-diesel. By 2008, Myanmar was reportedly the largest jatropha-growing country in the world, with 2 million hectares under cultivation (ABO, 2008). Human rights advocates report that the issuing of township quotas for jatropha production has prompted land confiscations, increased food insecurity as food crops are replaced, and increased economic insecurity for farmers in the absence of refining facilities or a market for the jatropha nut (AFP, 2008b). In 2008 a South Korean company agreed to develop a pilot processing plant on the outskirts of Yangon with the state-owned Myanmar Industrial Crops Enterprise (Boot, 2008d), but it appears that the resulting bio-diesel may be exported to South Korea (Boot, 2008a).

⁷³ On September 16, 2008 an agreement was signed between Myanmar's Hydroelectric Power Department and India's Hydroelectric Power Corporation Ltd to construct a 1200-megawatt dam in Htamanthi and a 600-megawatt dam in Shwesayay in Chin State, which borders India in the Northwest of Myanmar (AFP, 2008a).

The Myanmar government plans to construct a 10-megawatt light-water nuclear reactor in the country's central Mandalay division, with the assistance of Russia's atomic energy agency Rosatom and possibly North Korea (Jagan, 2007, para. 21).⁷⁴ Plans for the reactor were first announced in 2000, but a lack of funds is thought to have delayed the project. The signing of a new MoU between Russia and Myanmar in 2007, and a series of high-level diplomatic and military visits between Myanmar and North Korea in the second half of 2008, re-ignited international debate over whether Myanmar was pursuing a secret nuclear weapons programme (Selth, 2009).

The contemporary development of other areas of the energy sector by the Myanmar authorities provides further support to the resource curse thesis. Current and planned hydropower, bio-diesel and nuclear energy programmes appear unlikely to improve the energy security of the Burmese through a predominant orientation to export over the increase of domestic supply, and the improvement of power distribution infrastructure. Contemporary hydropower development is geared for export, the development of the bio-diesel industry appears ill-conceived in the absence of suitable refining or distribution infrastructure, and there are international concerns that the planned nuclear reactor is a front for a secret domestic nuclear weapons program. Further, a lack of transparency in accounting for the 'hard currency' generated from current energy exports facilitates the direction of revenue to military expenditure over social spending, perpetuating poor governance practices. Foreign involvement in the E&P industry, primarily for export, is a continuation of a pattern in the historical development of the oil and gas sector in Myanmar, to which I now turn.

D.) A History of the Oil and Gas Industry in Myanmar

The exploitation and trade of natural sources of energy, particularly oil and natural gas, has been a central feature of Myanmar's contemporary and historical

⁷⁴ Myanmar and North Korea re-established diplomatic relations in 2007, suspended in 1983 after North Korean agents murdered a number of South Koreans with a bomb in Myanmar (The Economist, 2007).

international relations. In Chapter 10 I discuss more fully the geo-political dynamics around energy, security and development in Myanmar's contemporary international relations. Here I briefly consider international involvement in the historical development of the oil and gas sector, which I identify as four distinct periods.

Prior to 1962: Industrialization and Empire

Crude oil was discovered in central Burma at least as early as the 10th century, supporting a domestic trade from the 13th century (Myint, 2002). Oil production was industrialised under the direction of the Burmah Oil Company during the period of British colonial rule from 1886 to 1948. The first foreign oil company to operate in Burma, the Burmah Oil Company was formed by a group of Scottish entrepreneurs in 1871 as the Rangoon Oil Company. The company was established between the second (1852) and third (1885) Anglo-Burmese wars in 'Lower Burma', an area annexed by the British as part of the Indian Empire, that centred on Rangoon and included the Arakan kingdom, the Tenasserim territory and all of the modern coastline. With Burma's defeat by the British in 1886, the Burmah Oil Company took ownership of the established Yenangyaung oil field and expanded its operations, discovering another major oil field – Chauk-Lanywa – in 1897. Both of these fields are still in production today. The company constructed an oil refinery in Rangoon and a 563km transmission pipeline in 1909 to support domestic distribution and export.

Rapidly becoming the only oil company of any size in the British Empire, the Burmah Oil Company was the main supplier of fuel oil for the British Navy in the early 1900s and expanded its exploration interests to Persia (Iran). There it established the Anglo-Persian Oil Company in 1909, a company which would later become BP Plc, the seventh largest company in the world in 2008 (DeCarlo, 2008). Under the Burmah Oil Company a profitable oil industry was established in Myanmar, with oil production at 6.56 million barrels in 1939 and oil exports of US\$35 million in 1940 (Steinberg, 2001, p. 134).

During World War II and the civil strife following independence oil production suffered. In 1942 the occupying Japanese forces destroyed the Rangoon refinery, and insurgent sabotage of the refinery pipeline during the first

years of the civil war confined marketing of oil from the Chauk field to Northern Burma. The oil fields at Yenangyaung were seized by the Communist Party of Burma and People's Volunteer Organisation and only recaptured by government troops in 1953 (Smith, 1999a, p.120, Tønnesson & Kolas, 2006).

1962-1988: The Socialist Era

On the establishment of the Burma Socialist Programme Party following the 1962 coup d'état, the oil industry was nationalised, with the Myanmar Oil Company (MOC) - the predecessor to MOGE - created to manage exploration and production of the upstream petroleum sector. Between 1965 and 1988, seismic surveys were conducted in most of the 25 offshore blocks demarcated at the time, with MOC drilling 12 offshore wells without commercial finds between 1972-1974 (World Bank, 1985). Foreign involvement in E&P activity began with four foreign oil companies, including Esso and AODC, exploring 11 blocks under service contracts in 1975 (Mueller, 2004 para. 11). In the early 1980s the first offshore joint venture was set up with a Japanese investment company to explore and develop offshore gas in the Gulf of Martaban, and in 1985 the Petro-Canada International Assistance Corporation signed a feasibility study agreement for offshore prospects in the same region (Tønnesson & Kolas, 2006, p. 71).

During this period oil was a key export product for Burma. Whilst remaining modest, during the 1960s and 1970s oil production increased from 3.81 million barrels in 1965 to 6.3 million barrels in 1971, and 9.55 million barrels in 1978 (Steinberg, 2001, pp. 133-134). Due to technical limitations, in the early 1980s production began to decline. Natural gas production in 1974 at the onshore Aphyauk gas field in the lower delta of the Irrawaddy River and was piped to Yangon for power generation and the Sittaung paper mill. Within a year, gas production had reached 0.4 tcf (trillion cubic feet), rising to around 40 tcf in 1990, and 58.6 tcf in 1996/7 (Steinberg, 2001, p. 148).

1988-1998: The Opening of E&P to Foreign Investment in the Post-Socialist Era

Soon after the military took power in 1988, SLORC took steps to legalise and formalise private enterprise and border trade through a series of 'open-door'

policies, drawing a close to the Socialist era (Toshihiro Kudo & Mieno, 2007). In November 1988 the Foreign Investment Law was enacted, permitting foreign investment and officially ending the isolationist foreign policy of the last quarter-century. With the opening of Myanmar to foreign investment E&P activity increased. By 1997, eight foreign companies were involved in four joint venture projects offshore,⁷⁵ two of which – the Yadana and Yetagun Projects – were being commissioned for natural gas production by the close of 1998. The investors in the other two projects subsequently withdrew after failing to discover commercially viable reserves (Mueller, 2004 para. 17).

Onshore, companies from Indonesia, the USA, Great Britain, Hong Kong, Australia and Canada were involved in efforts to increase onshore oil and gas production in 1997 (Aye, 1997, para. 3).⁷⁶ Over this period MOGE continued to play an active role in onshore exploration and production efforts, maintaining direct control of a number of existing fields in production and discovering four new fields from 1988 to 2000. Despite this investment, oil production declined over this period, falling to 3.8 million barrels by 1997 from 5.5 million barrels in 1989 (Steinberg, 2001, p. 148). A decade after the passing of the Foreign Investment Law foreign investment in E&P activity was relatively balanced between companies from Asia and companies from North America, Europe, Great Britain and Australia. Of the fifteen foreign companies reported to be involved in the sector in 1997, six were from the Asian region, and nine from the West.⁷⁷ In the following decade the centre of investment shifted East.

⁷⁵ In 1997 the Myanmar Ministry of Energy reported that foreign companies were involved in four offshore projects, Total, Unocal and PTT in M-5, M-6 and M-8; Texaco, Premier, and Nippon Oil in M-10, M-12 and M-14 (sic); the American company ARCO in M-7 and M-9; and the Malaysian Detaran Isibumi Co. in M-3 and M-4 (Aye, 1997 para. 4). Subsequently ARCO and Detaran Isibumi withdrew (Mueller, 2004 para. 17)

⁷⁶ Specifically Yenangyaung and Chauk oil fields with APN Petroleum Co of Indonesia; in Mann oil field with Baker Hughes Co of USA; in Mintegy-Chaungtha (RSF-6) with Midland Scottish Resources Co of UK; in Ohntwe (RSF-5) Padaukpin, Moenatkon (MOGE-3) and Kyaukkyi-Mindon (EF-1) with PT Easpan Sumatra Co of Indonesia; in Htauksharbin-Kanni oil field with Asia Pacific Energy Co of Hongkong; in Pyalo (RSF-9) and Indaw (C-1) with Pacrim Energy NL Co of Australia and in Myanaung oil field with American Tile South East Asia Co of Canada (Aye, 1997 para. 3).

⁷⁷ Of the fifteen foreign companies reported by the Myanmar Ministry of Energy to be involved in the oil and gas sector in 1997 (Aye, 1997), four were American, one Canadian, two British, one French, one Australian, one from Thailand, one Japanese, one Malaysian, two Indonesian and one from Hong Kong.

1998-2008: Natural Gas Exports and Accelerating Regional Investment

This decade saw accelerating E&P activity and greatly increased foreign investment in the oil and gas sector, particularly during 2004-2007, and the export of natural gas from the Yetagun and Yadana projects to Thailand from 2000. Investment in Myanmar by Western companies during this decade was increasingly curtailed by concerns over reputational and operational risks, and by formal economic sanctions on investment. By 2008, two of the projects started during this period were in commercial development and expected to begin production of natural gas between 2013-2015.

The Asian financial crisis of 1997-1999 had an unexpectedly limited impact on Myanmar (IMF, 1999). Tourist numbers dropped and the export of gas from the Yadana Project was slightly delayed as a fall in electricity demand with the economic crisis caused Thailand to put off the completion of power-generation facilities on the border (OECD/IEA, 1999, pp. 9-10). Foreign investment in Myanmar rebounded as neighbouring economies recovered and entered a period of sustained economic growth. Energy security concerns associated with this economic boom, the discovery of significant natural gas reserves in the Shwe fields in 2004, and attractive investment terms by the Myanmar Government saw a dramatic increase in E&P activity and investment by companies from the Asian region from 2004-2007.

The increase in E&P activity in Myanmar from 2000-2008 is illustrated in Figure 21,⁷⁸ a timeline of the signing of concession agreements. With the signing of these concessions the number of foreign companies reported to be involved in E&P doubled from 15 in 1998 (HRW, 2007a) to 30 in 2008.⁷⁹ E&P activity during this period was particularly concentrated offshore; the number of E&P projects with foreign company involvement from 1998-2008 jumped from 8 to 19 offshore, and from 7 to 10 onshore.

⁷⁸ This figure illustrates information provided in Appendix 16: Table of Myanmar E&P Concessions Agreed 2000-2008.

⁷⁹ As described in Appendix 17: Myanmar's Oil and Gas Industry: Offshore and Onshore Blocks, April 2009.

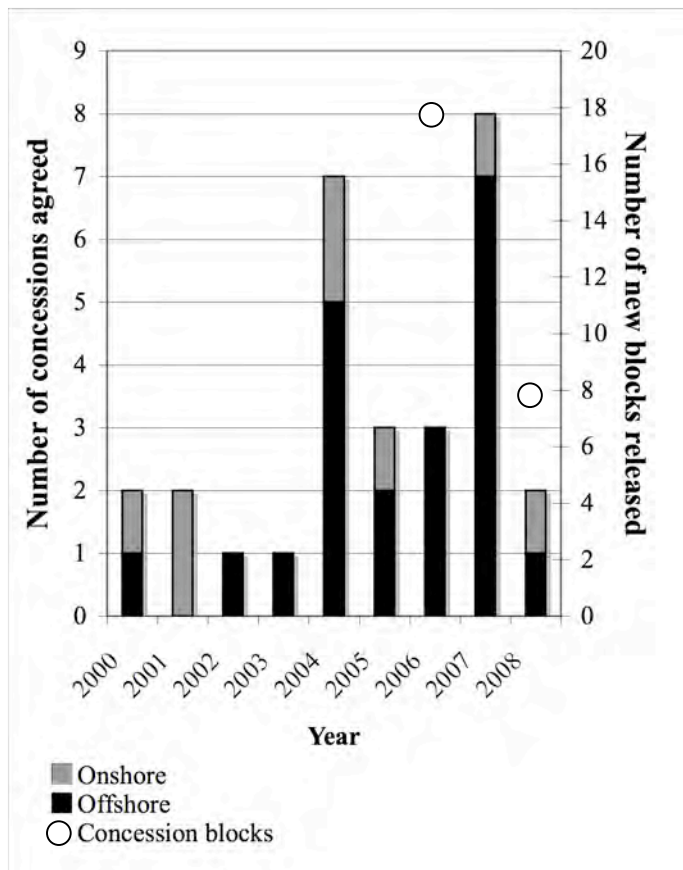


Figure 21: Timeline of E&P concessions, Myanmar, 2000-2008

Interest in Myanmar's hydrocarbon prospects was catalysed by the discovery of large commercial deposits of natural gas at the Shwe prospect in block A-1 in January 2004. At the announcement of the discovery at least twelve offshore blocks were still on offer by the Myanmar Government for exploration (Mueller, 2004, para. 51),⁸⁰ under investment terms identified by Mueller (2004) as some of the most attractive in Southeast Asia. Within three years of the Shwe announcement, PSCs had been agreed for these twelve remaining offshore blocks. Capitalising on this interest, the Myanmar Government released an additional eighteen deepwater offshore blocks in 2006 (Htet & Thu, 2007),⁸¹ ten of which were under exploration within two years of their release. A further eight

⁸⁰ In the northern Rakhine area (A-2 to A-7) and the central Moattama region (M-1, M-2, M-3, M-8, M-10 and M-11).

⁸¹ AD-1 to AD-10 and MD-1 to MD-8 were released in 2006, AD-11 to AD-18 in 2008.

deepwater blocks were released in May 2008, but none of these had been taken up as of April 2009.

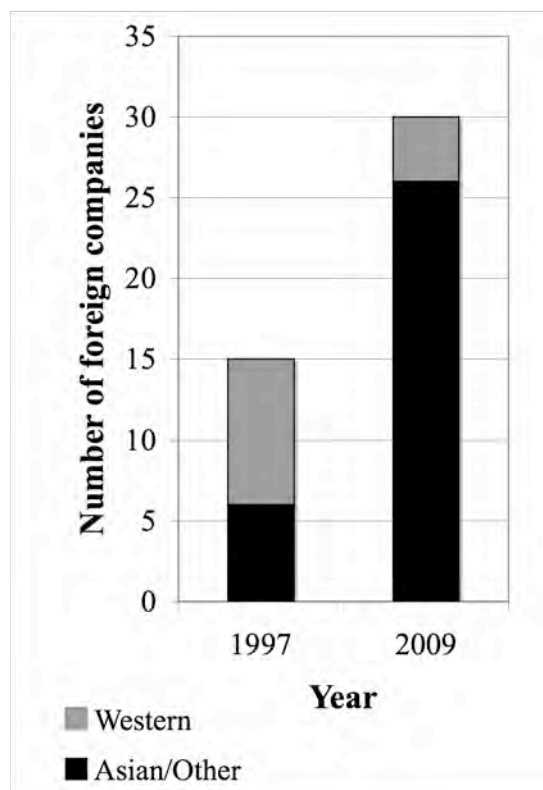


Figure 22: Profile of foreign investors in E&P activity in Myanmar

With one exception, these concessions have all been taken up by companies from the Asian region, and/or the Russian Federation. This dramatically changed the regional profile of companies investing in E&P activity from 1998-2008, as illustrated in Figure 22. The fairly balanced profile of investment between companies from Asia and companies from North America, Europe, Great Britain and Australia seen in 1997 was replaced by a majority of companies from the Asian region by 2009. As of April 2009, only four of the thirty foreign companies involved in E&P projects in Myanmar, were identifiable from Europe, North America or Australia.⁸²

Summary

The extraction of oil and gas resources in the region we now know as Myanmar has a long history in which the interests of foreigners have been paramount. The framing of this oil and gas as a market commodity for economic development, and its subsequent exploitation for export currently benefits a small minority of the Burmese population. Individuals, companies and societies outside

⁸² As shown in Appendix 18: Foreign Companies Involved in the Oil and Gas Industry in Myanmar, April 2009, financial structuring can make identification of a company's country of origin difficult.

the country, most notably Thailand, benefit from the consumption of the energy contained in these resources and the associated commercial profit. The exploitation of these resources without benefit for the local population is identified by advocates as evidence of the current ‘fragility’ of the Myanmar state, and is deemed as a central factor creation and maintenance of the situation.

The production of natural gas from the Yadana and Yetagun Projects provided a significant new source of energy and export revenue – estimated at over 50% of the overall income to the state - with the potential to vastly improve the development prospects of Myanmar’s citizens. Ongoing and chronic energy insecurity experienced by the population indicates that this potential has not recognised. Apparent failures to develop the country’s refining and distribution infrastructure, and agreements to export the vast majority of energy production from the Shwe and Zwatika gas projects and hydropower developments, and military expenditure linked with gas revenues all suggest a failure of political will to address the energy insecurity of the Burmese people. These failures are facilitated by the absence of transparent governance practices to account for oil and gas revenues and other forms of energy sector development. Together, these factors strongly indicate that Myanmar is experiencing the resource curse, with natural gas revenue contributing to the dynamics of armed conflict, undermining good governance practices and subverting sustainable economic development.

Foreign companies and governments have been intimately involved in E&P development in Myanmar, from the servicing of the British Empire to the present day experiences. Oil and natural gas extraction was industrialised during British colonial rule, with Burma’s oil fields at one time providing the majority of the oil for the British Navy. The passing of the Myanmar Foreign Investment Law in 1988 marked the beginning of E&P development supported by foreign investment after the Socialist era. The profile of foreign investment subsequently changed from 1997 to 2009, with considerable inward investment by Asian companies from 2004. This changing profile of investment reflects open or ‘constructive’ engagement approaches by Myanmar’s neighbours, and formal sanctions on foreign investment by Western governments. I describe the current profile of foreign investment and the structure of Myanmar’s oil and gas sector in the following chapter.

CHAPTER SEVEN

THE MYANMAR OIL AND GAS INDUSTRY

From a global perspective Myanmar does not have particularly notable hydrocarbon reserves. It is ranked fortieth for proved reserves of natural gas, and seventy-seventh for proved reserves of oil.⁸³ However, from a regional perspective Myanmar's reserves are significant, with concerns about energy security (discussed in Chapter 9) driving recent inward investment in E&P activity by regional and other international interests, particularly by state-owned enterprise. Myanmar's current contribution to the region's oil and gas supply is relatively modest; total gas exports of 9.89 BCM in 2007 were less than a third of either Indonesia (33.13 BCM) or Malaysia (31.57 BCM) (calculated from BP, 2008, p. 30) and the country is a net importer of oil. These natural gas exports are currently produced from the offshore Yadana and Yetagun Projects. Following an expansion in E&P activity since 2000, two additional commercially-viable offshore natural gas prospects - the Shwe and Zwatika fields - have been identified and are in commercial development. Sales agreements for the Shwe and Zwatika field production to China and Thailand respectively were negotiated during 2007-09, and export is expected to begin by 2015 (Boot, 2008c; Reuters, 2009c). These exports and ongoing E&P activity will increase Myanmar regional significance as a supplier of natural gas. Myanmar currently exports the largest volume of natural gas by pipeline – 9.89BCM in 2007 - and the fourth largest volume overall in the Asia Pacific Region (including exports of liquefied natural gas) (calculated from BP, 2008, p. 30). The discoveries at the Shwe and Zwatika fields increased Myanmar's share of proved natural gas reserves in the Asia Pacific region from 2.60% to 4.14%, to become the seventh largest in the region (calculated from BP, 2008, p. 22).

Myanmar's oil and gas reserves were considered to be under-explored and under-developed following a lull in E&P activity from the mid-1990s, after initial

⁸³ Oil – proved reserves, World Fact Book (CIA, 2009). Retrieved August 19, 2009 from <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2178rank.html>. Natural gas - proved reserves, World Fact Book (CIA, 2009). Retrieved August 19, 2009 from <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2179rank.html>

investment following the opening of E&P activity to foreign investment in 1988 (Mueller, 2004). The two new offshore prospects were discovered in a surge of investment beginning in 2004, and it is probable that more commercially viable prospects will be discovered and developed. In the Southern Andaman Sea, oil reserves are being commercially developed in the Yetagun East Block (Cho, 2007).

Myanmar has estimated hydrocarbon reserves of 2.512 trillion cubic metres (TCM) of natural gas, and 3.2 billion barrels of crude oil (Xinhua, 2008b).⁸⁴ Of these total estimated reserves, 0.59 TCM of natural gas (0.58 offshore/0.1 onshore), and 212.1 million barrels of crude oil (100.89 onshore /112.33 offshore) are reported to have been proved recoverable as of the end of 2007 (BP, 2008, p. 22; "Myanma Oil and Gas Enterprise," 2008, slide 4).⁸⁵ These proved reserves have been identified or are being extracted at nineteen onshore and five offshore fields as of April 2009. Offshore, E&P activity has identified commercially viable natural gas reserves in four of these fields – the Yadana, Yetagun, Shwe and Zawtika fields- with estimated reserves of 100 million barrels of crude oil discovered at a fifth – the Yetagun East Block (Habibullah, 2008). Two of these offshore fields are in production, with a combined average natural gas production rate of 1,180 million cubic feet per day (mmfcd) (Habibullah, 2008). In addition, the Yetagun field produces 12,000 barrels a day of gas condensate (Htoo, 2009), which is transported by tanker to Thanylin for domestic use and distribution by the state-owned Myanma Petrochemical Enterprise (Bo, 2004). Onshore, 10 fields produce approximately 10,000 barrels of oil per day and 120 mmcfcd of natural gas ("ONGC Videsh wins 3 blocks in Myanmar," 2007).⁸⁶ Total oil and gas production volumes of 7.62 million barrels of crude oil and 13.393 billion cubic metres (BCM) of natural gas, were reported by the

⁸⁴ Abbreviations and explanations of energy terminology are provided on p.5.

⁸⁵ Reports of recoverable reserves by the Myanmar Ministry of Energy vary widely. MOGE reported proved recoverable onshore/offshore recoverable reserves of 112.325/100.892 MMBBL of Crude Oil and 0.46/17.00 TCF of Natural Gas as of the 1-4-2008 ("Myanma Oil and Gas Enterprise," 2008, p. 4), and 502/81 MMBBL and 0.97/10.630 TCF of recoverable reserves as at 1-1-2009 (Htoo, 2009, p. 9). It is possible that this reflects different ways of measuring and reporting reserve volumes.

⁸⁶ It is not clear from publicly available information if the remaining nine fields have been abandoned or are new prospects.

Myanmar Government's Central Statistical Organisation for the fiscal year 2007-08 (Xinhua, 2008a).



Figure 23: Map of Myanmar's oil and gas fields and pipeline network

The location of offshore natural gas fields in production or with proved reserves is shown in Figure 23. Figure 23 also illustrates Myanmar's oil and gas transmission pipeline network. With the exception of the Yadana and Yetagun Project pipelines, the 1,900km onshore domestic gas transmission pipeline system is the responsibility of MOGE (Htoo, 2009, p. 7). The offshore and onshore transmission pipelines for the Yadana and Yetagun Projects are the responsibility of the Moattama Gas Transportation Company and the Taninthayi Pipeline Company LLC, respectively. These companies were established by the Yadana and Yetagun Project partners for the construction and maintenance of the pipelines, with the partners in each Project holding an equivalent stake in each pipeline company (Mueller, 2004; Total SA, 2007b). The transmission lines for the Yadana and Yetagun Projects transport a majority of the natural gas produced from the fields to the Thai border for export. After making landfall at Daminseik in the Tenasserim district, the pipelines follow the same 63km route to a metering station at the Thai border. From there, the natural gas is transported by pipeline to the Ratchaburi and Wang Noi power plants in the Bangkok region.

The remainder of the natural gas is transported for domestic consumption via a 20-inch pipeline that joins the export transmission line at Kanbauk, north of Daminseik. Laid in 2001, this pipeline transports the gas to a 4000-ton per day cement plant at Myainggalay and a thermal power plant in nearby Thaton. In 2002 the pipeline was extended to Yangon where the natural gas is used in four thermal power plants, and distributed through a network of 41 Compressed Natural Gas (CNG) service stations for use by taxis, buses and other vehicles (Htoo, 2009, p. 8). Contractually, Myanmar is entitled to take up to 20% of the Yadana field's production for domestic use. Until December 2006 it was taking about half of its 100 mmcf/d entitlement but has taken its full entitlement since then (Total SA, 2007b, p. 7).

Foreign Direct Investment in Myanmar's Oil and Gas Industry

Thirty foreign companies were involved in E&P projects in Myanmar as of April 2009. E&P activity is conducted according to concessions granted by the Myanmar Ministry of Energy; concessions are agreements which grant a company

or consortia exclusive rights to explore, develop, sell, and export oil or minerals extracted from a specified area for a fixed period of time (Radon, 2005, p. 63). In Myanmar, concessions include (a) Exploration Production (EP) and Production Sharing Contracts (PSC), (b) Improved Petroleum Recovery (IOR) and Performance Compensation Contracts (PCC), and (c) contracts for the Reactivation of Suspended Fields (RSF).

Concessions set the terms for E&P activity within geographic blocks determined by the Myanmar Government's Ministry of Energy. As of April 2008, 91 blocks had been demarcated, illustrated in Figure 24. A concession may apply across a number of blocks. For example, the Production Sharing Contract (PSC) for the Yadana Project sets terms for the extraction and sale of natural gas from blocks M-5 and M-6. As of April 2009 38 separate concessions were active, covering E&P activity in 75 blocks. A profile of these concessions is provided in Table 5 (reproduced from "Myanma Oil and Gas Enterprise," 2008 slide 5);

Total No. of blocks	47 (Onshore) 26 (Offshore- Shallow water) 18 (Offshore – Deep water)	91
Concession type	No. of blocks	Remarks
PSC & EP	30 (Onshore)	Exploration areas
PSC	28 (Offshore)	
IOR/PCC	7 (Onshore)	Improved oil recovery
RSF	10 (Onshore)	Marginal field development

Table 5: Reported profile of Myanmar petroleum block concessions

Several companies may be involved in a concession, with the largest partner being responsible for the actual exploration and development of the field. This company is referred to as the Operator of an E&P project.

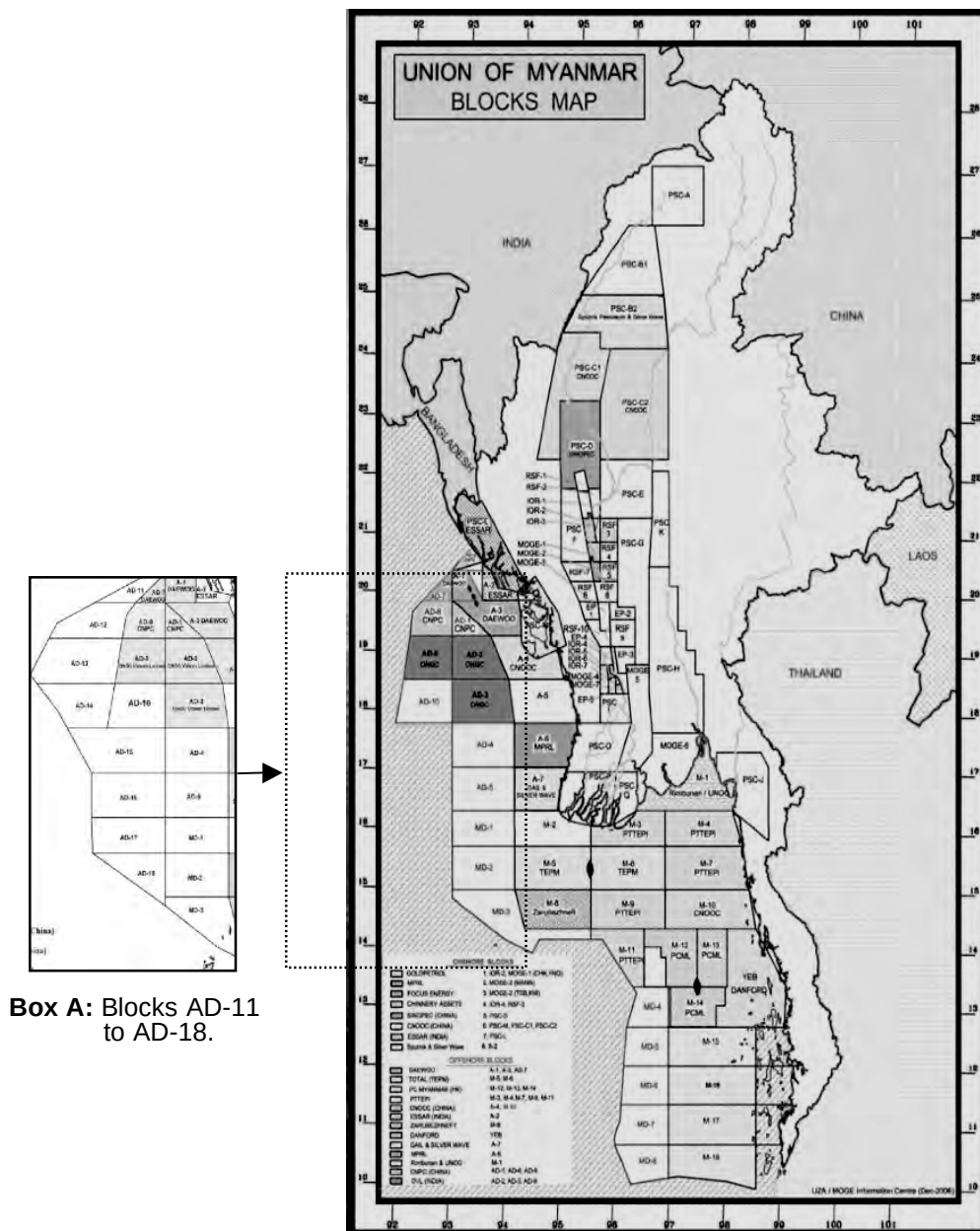


Figure 24: Map of Myanmar concession blocks for E&P activity

Detailed information about current E&P concessions in Myanmar, including joint-venture consortia profiles and development stage, is provided in Appendix 17 – Myanmar’s Oil and Gas Industry: Offshore and Onshore Blocks. Details of the foreign companies involved, including country of origin, ownership,

and Myanmar concession holdings, are provided in Appendix 18 – Foreign Companies involved in the Myanmar Oil and Gas Industry.

Foreign companies are more heavily involved in offshore E&P activity. Of the 30 foreign companies involved in E&P concessions, 24 were parties to 27 PSCs governing offshore E&P, compared to 11 foreign companies involved in 11 concessions onshore. There is potential for this to continue, with previously unexplored offshore blocks becoming available. Offshore, 16 blocks have been demarcated but are not currently under development. The deepwater blocks AD-11-18 (shown in Box A in Figure 24) are the subject of a dispute with Bangladesh and their current status and availability for tender is unclear. No concessions or interest has been reported for deepwater blocks MD1-8, which were demarcated in 2006. Equally, there is the potential for more foreign involvement in onshore E&P. Currently MOGE is the independent Operator of oil production at six blocks which could be made available for tender. A further nine onshore blocks were reported to have been abandoned after unsuccessful exploration.

Note from Table 5 that all the offshore concessions, and therefore the three main projects considered in this case study, are PSCs. Production Sharing Contracts are agreed as part of a Memorandum of Understanding (MoU) between the Myanmar Government, through MOGE, and investing partners in an E&P project. The MoU sets out the terms under which initial exploration activity takes place. The PSC outlines the percentage of production Myanmar, as the host country, and parties to a well will receive as ‘profit’ gas after a specified amount of costs and expenses – ‘cost’ gas- are recovered (Schlumberger, 2008). The PSC comes into effect the date production begins and runs for an agreed period. For example, the Yadana Project PSC signed by Total and MOGE in 1992 runs for 30 years and included an option for MOGE to acquire a 15% participating interest in the project consortium before production commenced. MOGE exercised this option in 1997 (Total SA, 2007b, p. 12).

A profile of foreign participation in E&P concessions by country of origin is provided in Table 6.⁸⁷ The Table illustrates that the vast majority – 26 out of 30

⁸⁷ A number of these companies are registered in the British Virgin Isles for tax-purposes. They are listed here by country of origin based on their ownership profile if available. A number of companies registered in Singapore also have majority ownership from other countries but without sufficient information for alternate allocation.

- of the foreign companies involved in E&P activity are from the South-eastern and Southern Asian regions. Chinese and Indian companies are the most active identifiable investors in the industry overall. The involvement of Chinese companies both on and offshore is notable, as is the involvement of one Thai company – PTTEP International Ltd.(PTTEP) –in six separate offshore projects.

COUNTRY OF ORIGIN	NO. OF COMPANIES	NO. OF PROJECTS	
		OFFSHORE	ONSHORE
Singapore	6	5	4
China	5	4	4
India	4	5	1
Myanmar (via BVI)	2	1	1
South Korea	2	2	-
Malaysia	2	4	-
Vietnam	1.5 (JV co. with Russia)	1	-
Russia	1.5 (JV co. with Vietnam)	2	-
Thailand	1	6	-
Japan	1	1	-
France	1	1	-
USA	1	1	-
Australia	1	1	-
Unclear	1 (MRPL E&P)	1	1
Total	30		

Table 6: Profile of foreign company involvement in Myanmar E&P activity

Significantly, half of these companies are either wholly or partly State-Owned Enterprises (SOEs) (as detailed in Appendix 18). All of the investing companies from China, Thailand, and Vietnam are majority or wholly State-owned, along with half of the companies from India, Russia and Malaysia. The governments of Japan and South Korea also have a substantial minority-ownership stake in each of the investing companies from their countries.

The Case-Study Concessions –The Yadana, Yetagun and Shwe Projects

The activities of companies involved in the Yadana, Yetagun and Shwe Projects are the focus of this inquiry. I chose these three projects as they represented projects at different stages of development (Yadana and Yetagun are

in commercial production, Shwe is in development). Moreover, they are each the focus of divestment campaigns by translocal social movements, and they include company variation by size, country of origin, ownership structure, and type of investment (operator/non-operator). A time-line for the development of these three projects and PTTEP's development of the Zawtika offshore block is presented in Figure 25. The development, consortia profile and controversies associated with these projects are discussed below. Zawtika has been included as the operator company and only foreign investor, PTTEP, is a member of both the Yadana and Yetagun consortia and its activities in relation to Zawtika are of relevance to the inquiry.

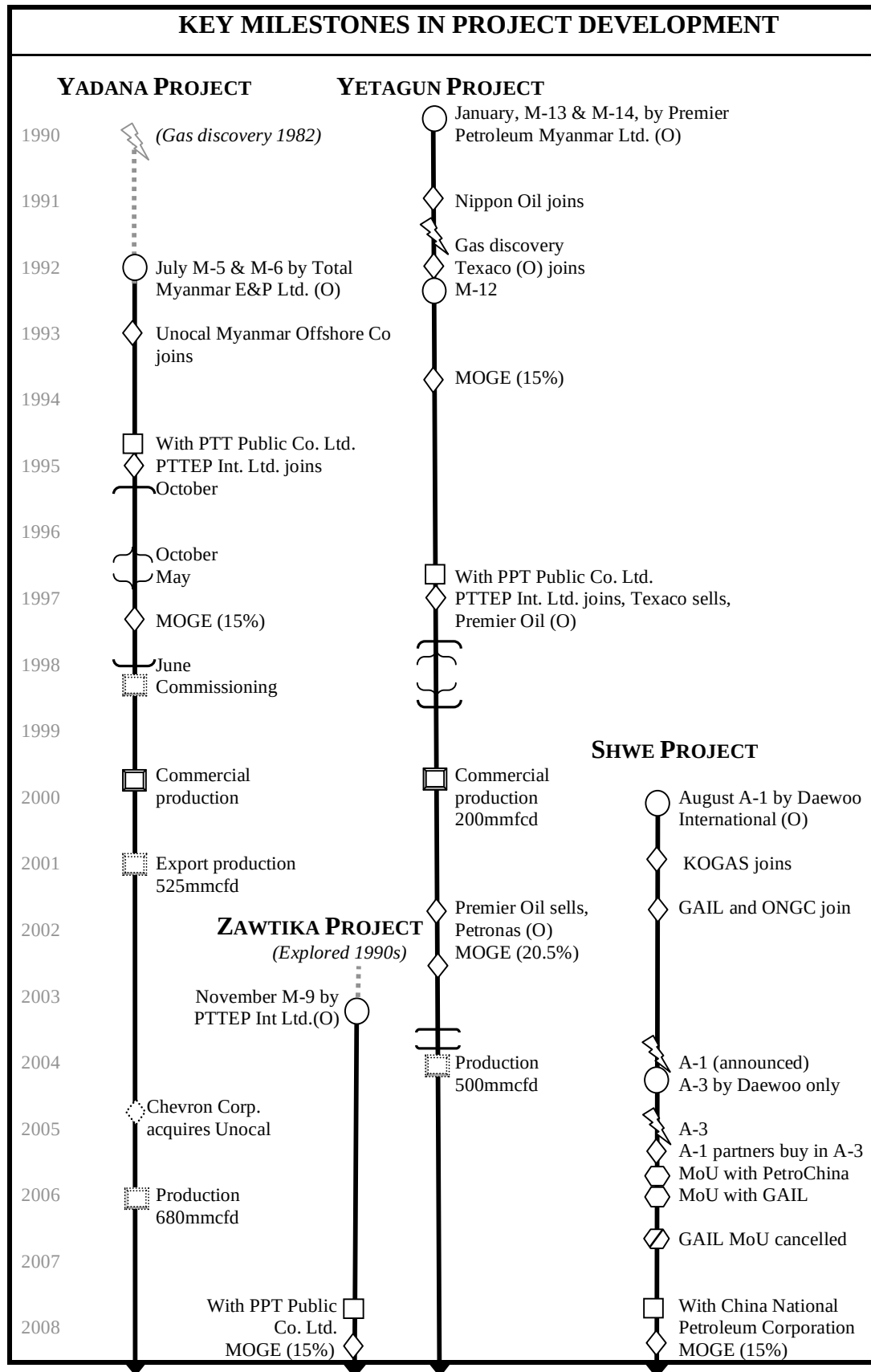
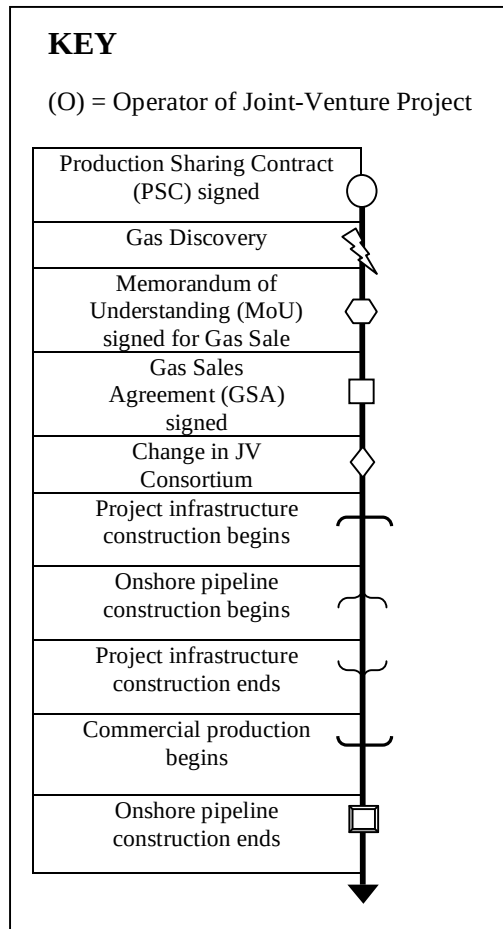


Figure 25: Key milestones in offshore project development, 1990-2008



The Yadana Project

The Yadana gas field is located in the shallow water blocks M-5 and M-6, 60km from the Southern Coast of Myanmar. Originally discovered by MOGE in 1982, development of the field by Total E&P Myanmar (Total), a subsidiary of the French company Total S.A., began in 1992. Total (2007b) describes the development of the project as follows. The Yadana field was governed by a Memorandum of Understanding (MoU) signed with MOGE on July 9, 1992. This MoU divided the

project into three phases. These included (a) a technical survey and the identification of a long-term purchaser for the gas (which lasted from 1992-1994); (b) design and construction of the production and operating facilities and a transport-pipeline under a separate company (1995-1998); and (c) gas production (1998 onwards). A PSC was signed as part of this MoU, setting the terms of revenue allocation from commercial production, to come into effect when production began.

In the first phase of the project Total was joined by two joint-venture partners. In early 1993 Unocal Myanmar Offshore Company (Unocal), a subsidiary of the major United States of America petroleum production and marketing company Unocal Corporation, joined the project. This participating interest in the Yadana Project was subsequently acquired by Chevron Corporation, also of the United States of America, in 2005 when it purchased Unocal Corporation (ERI, 2008d). Total and Unocal were then joined by PTT Exploration & Production International Ltd (PTTEP), the E&P subsidiary of Thailand's SOE, PTT Public Company Ltd (PTT) in February 1995.

When commercial negotiations for the sale of the gas to Thailand were concluded with PTT in 1994 the Moattama Gas Transportation Company (MGTC) was formed to construct and maintain the gas transmission pipeline to Thailand. Initial ownership in the MGTC was held by separate subsidiaries of Unocal and Total, in proportion to their participating interest in the Yadana Project. With the signing of a Gas Sales Agreement (GSA) with PTT in February 1995 PTTEP gained a participating interest in both the offshore project consortia and MGTC.

Phase two began with the construction of project infrastructure during the dry season of October 1995 to May 1996. The 63 kilometres of onshore pipeline to the Thai border were then laid the following dry season, with the construction of a service road, two operating management centres and a pipeline centre near the coast and a metering centre on the Thai border between October 1997 and May 1998. The offshore facilities were also constructed during this time, including the installation of Singapore-built platforms, and the laying of 346 kilometres of sub sea pipeline. The Sein gas field was discovered just 10km south of the Yadana field in 1996 during ongoing exploratory drilling, prompting the signing of a PSC for block M-8 by the Yadana Project consortium. Exploration in M-8 proved fruitless and the block was subsequently relinquished (Mueller, 2004. para. 15-16).

In November 1997, MOGE exercised its option to take up a participating interest in the project under the terms of the PSC. The current joint venture consortium profile has Total E&P Myanmar as Operator (with a 31.24% participating interest), with non-operating partners Unocal Myanmar (28.26%),

PTTEP International Ltd. (25.5%) and MOGE (15%). Ownership in the Moattama Gas Transportation Company mirrors this structure. Production and technical commissioning started in July 1998; commercial production began in early 2000. Piped from the border to a power station in Ratchaburi, southwest of Bangkok, the gas is re-sold by PTT to the Electricity Generating Authority of Thailand. The Yadana Project has confirmed recoverable reserves of 5.3 trillion cubic feet (tcf).⁸⁸ The export production threshold of 525 million cubic feet per day was reached in 2001, and in 2006 output averaged 680 million cubic feet of gas per day (mmcf), with exports of 630 mmcf to Thailand and 50 mmcf going to domestic use (Total SA, 2007b, p. 13).⁸⁹ The total investment outlay for the project was US\$1.184 billion (Mueller, 2004, para. 23) over three years (Total SA, 2007b, p. 13).

Under the terms of the PSC, MOGE is entitled to 20% of the gas production from Yadana for domestic use. Currently it uses 100 -110 million cu ft per day. The 20-inch pipeline from Kanbauk to Myainggalay was laid in 2001. A planned fertilizer project was not developed but a proportion of the gas is used at the 4000-ton per day cement plant at Myainggalay and at the thermal power plant in nearby Thaton. In 2002 this pipeline was extended to Yangon where the remainder of the gas from the Yadana field is used in four thermal power plants that supply Yangon and a network of service stations in the city that provide natural gas to taxis, buses and other vehicles.

The Yetagun Project

As Figure 25 illustrates, the Yetagun Project began two and half years earlier than the Yadana Project. In January 1990 Premier Petroleum Myanmar Ltd (Premier), a subsidiary of the United Kingdom's Premier Oil Ltd signed a PSC for the M-13 and M-14 fields. A subsequent PSC was signed for block M-12

⁸⁸ Both cubic metres and cubic feet are used in this thesis to refer to natural gas reserves and production/export volumes as appropriate. Approximate conversion factors of 0.028 (cubic feet to cubic metres) and 35.3 (cubic metres to cubic feet) as provided in the *BP Statistical Review of World Energy June 2008*. (BP, 2008; p44) were used to allow for comparison.

⁸⁹ MOGE reports that 525mmcf are exported and 125mmcf used for domestic purposes from the Yadana Project ("Myanma Oil and Gas Enterprise," 2008, p. 10).

in 1992. The project has certified reserves of 3.2tcf of natural gas and 84.6 million barrels of gas condensate (Mueller, 2004 para. 24) (used for multiple purposes including agricultural fertilizer). The Yetagun Project has been in commercial production since May 2000 beginning at a rate of 200 mmcfd, increasing to 500 mmcfd in 2004 with the addition of four new wells (Habibullah, 2008). The current ownership structure of the joint-venture consortium includes Malaysia's Petronas Carigali Myanmar Inc. (Petronas), a wholly-owned subsidiary of Petroliam Nasional Berhad, as Operator (40.9% participating interest), with Japan's Nippon Oil Exploration Ltd. (Myanmar) (Nippon Oil) (19.3%), PTTEP (19.3%) and MOGE (20.5%).

Built at an initial total cost of about US\$840 million, the Yetagun Project offshore facilities include a single production platform, an onshore pipeline centre and metering station, and a 270 km sub sea and overland pipeline (Mueller, 2004 para. 25). Construction began in 1998, with the pipeline construction carried out under the Taninthayi Pipeline Co LLC, a company formed by subsidiaries of the joint-venture partners. The onshore pipeline closely follows the route of the Yadana Project pipeline to Thailand, as PTT Public Company Ltd is the buyer under terms set in a 30-year Gas Sales Agreement signed in March 1997. In Thailand, gas from the Yadana and Yetagun Projects share a pipeline in transit to the Ratchaburi power station.

Over the course of the project there have been successive changes in the ownership structure of the Yetagun joint-venture consortia (Mueller, 2004). Nippon Oil joined Premier in the project in September 1991 and MOGE exercised its option to hold a 15% participating interest in 1994. Texaco of the United States of America held a majority participating interest as the Operator of the project from 1992-97. With the departure of Texaco, Premier re-assumed its position as Operator until its withdrawal from the project in 2002. The reasons for Premier's withdrawal from the Yetagun Project are disputed. On September 16, 2002, Premier announced it would be withdrawing from the Yetagun consortium following a company ownership restructuring. In 1999 Premier had entered into a strategic alliance with Petroliam Nasional Berhad and Amerada Hess, with each company acquiring a 25% stake in Premier. Under the terms of Premier Oil's restructuring, Petronas assumed Premier's interest in the consortium

and became the project Operator. Advocates campaigning for Premier's withdrawal from Myanmar claimed the corporate 're-structuring' as a victory, the direct result of their activism (BCUK, 2002). During this change in the project consortia composition, MOGE increased its holding in the project to 20.5% in 2003.

The Zawtika Project

I include a description of the development of the Zawtika Project here as the operator company and only foreign investor, PTTEP, is a member of both the Yadana and Yetagun consortia. M-9, the block in which the Zawtika Project is found, is located between the Yadana and Yetagun blocks, around 250km from the Myanmar coastline. The field was partially explored and abandoned by US firm Arco Oil Co. in the late 1990s ("A study of abundance: major onshore and offshore oil and gas fields in Myanmar," 2007). The development of Zawtika is subject to a PSC signed by PTTEP for blocks M-7 and M-9 in November 2003 and has estimated gas reserves of 1.44 tcf (Htoo, 2009, p. 18). Production is anticipated by 2013. In June 2008, the company signed an MoU with MOGE to sell the natural gas from Zawtika to PTT Plc in Thailand (Boot, 2008c). Under the reported terms of the deal, at least 300 mmfcd may be produced from the field, roughly half the daily production of the Yadana Project. 250mmcfcd will be sold to Thailand for an estimated US\$500 million annually, transported via a pipeline to be constructed between 2008-2012 (Thu, 2008b). Sixty mmcfcd will be available for domestic consumption (Htoo, 2009, p. 18).

MOGE has reportedly exercised its option to purchase a 15% share in the project, and PTTEP had announced plans to sell a 5% share in Zawtika to Oman Oil Co., of Oman at the time of writing, pending approval by the Myanmar authorities (Thu, 2008a). PTT is reported to have agreed to include China National Offshore Oil Corporation (CNOOC) in the transmission pipeline construction (Boot, 2008c) but it is unclear at present in what capacity. The planned 65km onshore pipeline reportedly runs alongside the two existing Yadana and Yetagun gas pipelines; on reaching the Thai border the gas will be transported

to the Ratchaburi power station via the same pipeline as the Yadana and Yetagun gas (Thai Ministry of Energy, 2008a, p. 13). PTTEP is expected to spend about US\$1 billion developing the field (Thu, 2008a).

The Shwe Project

The Shwe Project includes blocks A-1 and A-3 off the Northern Arakan coast. The project consortium includes South Korea's Daewoo International (Daewoo) as Operator (51% participating interest) along with the Korea Gas Corporation (KOGAS) (8.5%), India's ONGC Videsh Ltd. (ONGC) (17%), the Gas Authority of India Ltd (GAIL) (8.5%), and MOGE (15%). The project is governed by two PSCs, both initially signed by Daewoo in August 2000 (A-1) and October 2004 (A-3). Daewoo was subsequently joined in the PSCs by the other joint venture partners after the discovery of commercial deposits in January 2004 (for A-1) and October 2005 (for A-3). Blocks A-1 and A-3 have certified recoverable gas reserves of between 4.53 trillion to 7.74 tcf, with an estimated production capacity of 600 mmcf. This production capacity is roughly comparable to that of the Yadana Project.

By mid-2008 Daewoo had invited competitive bids to build production platforms and transmission lines to shore for the project (Boot, 2008c). The project facilities will include a process platform, a sub-sea manifold, a 110km 32 inch offshore pipeline, an onshore gas terminal at Kyaukphyu, and an 870km long, 40 inch onshore transmission pipeline to the Myanmar-China border (Htoo, 2009, p. 17). Future development plans include two further platforms and an additional sub-sea manifold, provisionally to be constructed between 2015 and 2019. The addition of this secondary well is expected to increase production by a further 250 mmcf (Htoo, 2009, p. 21). The sale of the gas from the Shwe Project was fiercely contested by India and China, with a GSA for the sale of the gas signed between the state-owned China National Petroleum Corporation (CNPC) and the Government of Myanmar on June 20, 2008. Under the terms of the 30-year GSA, China will import 400 mmcf at prices negotiated with China on a quarterly basis (Kang, 2009), with 100 mmcf for domestic consumption (Htoo, 2009, p. 17). Commercial production is expected from around April 2013 (ibid).

With the signing of the GSA, MOGE exercised its option to buy a 15% stake in the Shwe consortium.

An official cooperation agreement on the construction of the gas transmission pipeline and an adjacent pipeline to transport crude oil from the Middle East and Africa across Myanmar to China was subsequently agreed between MOGE and CNPC on March 27, 2009 (Ramachandranh, 2009). At a cost of US\$1.5 billion and \$1 billion for the oil and gas pipelines respectively, construction are anticipated to be completed by 2013. CNPC holds a 50.9% stake in the project, with the rest owned by MOGE. The entire cost of constructing the pipelines will be met by CNPC. Roughly 2,000 kilometres long, the pipeline route will cut through the middle of Myanmar, beginning near Kyaukphyu on the Arakan coast and running through Mandalay, Lashio and Muse before crossing into China at the border town of Ruili. The pipelines will terminate at Kunming in Yunnan province. A gas collection terminal and a port for oil tankers will be constructed on an island near Kyaukphyu on the Arakan coast. Construction was planned to begin in the first half of 2009 ("Myanmar gets China's help for hydropower project," 2009).

The pipelines are an integral part of a US\$10.5 billion energy project, which also includes railway, road and waterway construction ("China, Burma sign oil pipeline agreement," 2009). According to Chinese state media reports, it is intended that the pipeline will eventually reach Chongqing, an industrial hub to the northeast of Yunnan (Kurtenbach, 2007). The pipeline will have an initial capacity of 20 million metric tons a year, equivalent to around 400,000 barrels of oil a day, half of which will be processed at an oil refinery also being planned for Yunnan (Lees, 2007; Lundholm, 2007). This refinery is to be built by CNPC, who signed an agreement with the southwestern Chinese province of Yunnan to cooperate in oil refining in December 2007 (Kurtenbach, 2007). CNPC was reported to also be planning to build a 1 million ton-a-year ethylene refining facility in Yunnan, along with the construction of several oil products pipelines linking cities in Yunnan.

Following the success of the Shwe Project, in February 2007 the joint venture partners signed a PSC for E&P activity in deepwater block AD-7. Test drilling in this block was the focus of a territorial dispute in October 2008, with

both Myanmar and Bangladesh sending naval vessels to the field in the Bay of Bengal. Daewoo stated in April 2009 that this dispute prompted the other joint venture partners not to continue with the exploration after the initial exploration period ended in February 2009 (Reuters, 2009d). Daewoo assumed full ownership of the project in March 2009, extending the exploration agreement until August 2009.

Project Controversies

The three main projects described above have each been the subject of controversy, and the target of international divestment advocacy. These controversies include the potential complicity of the project partners in human rights violations associated with the Yadana and Yetagun Projects, and the illegal sale of weapons technology to Myanmar by Daewoo executives.

The possible complicity of project partners in human rights violations by the Myanmar authorities is the subject of controversy and ongoing international advocacy (discussed in Chapters 8 and 10). Project partners have been accused of benefiting both directly and indirectly in their core operations from the widespread use of forced labour in the country in the construction of infrastructure; the forced relocation of populations; and in rights violations related to project security (see for example ERI, 2002, 2008d). The complicity of subsidiaries of Total and Unocal in rights violations by Myanmar military personnel providing direct or indirect security to the Yadana Project and in the construction of associated infrastructure has been the subject of court cases in the USA, France and Belgium (Kurlantzick, 2004; Olsen, 2002).

In what Lahn (2007, p. 8) terms an 'arms for energy' tactic more commonly pursued by states on November 15, 2007, two Daewoo International executives and twelve other South Koreans were found guilty of contravening South Korean law by selling arms technology to Myanmar. The sentences concerned a US\$133.8 million armaments contract with the Myanmar government, signed in May 2002, by Daewoo International and six other South Korean corporations. The contract facilitated the export of equipment and parts to build a weapons factory in Pyay, Myanmar between 2002 and 2005. Korean

law prohibits the unauthorised export of strategic materials to Myanmar. The sentences given to the Daewoo executives were considered lenient by activist groups (see SGM, 2007a), with Tae-young Lee, the former Daewoo International President receiving a US\$10,000 fine and the former Managing Director a 1-year suspended sentence.

Summary

The Yadana, Yetagun and Shwe Projects, their investor and operator companies, and the controversies in which they have been embroiled provide the case study for the focus of this inquiry. Having described the fraught domestic context in Myanmar (Chapter 5), the historical and contemporary development of Myanmar's energy sector (Chapter 6), and the development of these E&P projects in this chapter, I now turn to responses to the poor governance of the Myanmar authorities by the international community.

CHAPTER EIGHT

INTERNATIONAL RESPONSES

Myanmar has been associated with war and ethnic conflict for over half a century. This war is now as much global as it is local. Besides physical violence, it also embraces a battle of ideas, identities and values... Myanmar – or Burma – is an internationalised battlespace where the peoples' multiple masters have established competing regimes of truth and legitimacy. Between and around these defining poles lie a medley of different actors – government bureaucracies, ceasefire groups, non-ceasefire groups, businessmen, aid agencies and donor governments – that are either trying to coerce, tax or dispossess the people, or else, protect, educate and better them.

(Duffield, 2008, p. 6)

In this chapter I describe the 'internationalised battlespace' of Myanmar/Burma. Various forms of engagement with Myanmar have been pursued by members of the international community, from censure and isolation to 'constructive engagement' approaches. I discuss the collective failure of these approaches to achieve fundamental concessions on the part of the SPDC, and to improve the fraught domestic context described in the preceding chapters. The "Free Burma Movement" (FBM) – a translocal social movement established by Burmese pro-democracy activists in exile in the early 1990s - is a key social actor in this landscape. I describe the aims, and activities, of organisations in the FBM, and identify a number of challenges to the advocacy strategies and positions they promote. I consider these challenges, and the broader contemporary debate over how to encourage political and other transitions in Myanmar toward the end of the chapter.

International Engagement with Myanmar

Selth (2008b) divides countries and international organisations with an interest in Myanmar into three broad camps, based on the approach they have taken toward engagement with the country since the 1988 uprising. ‘Hard-liners’, led by the US and the UK, and including the EU (although to a lesser extent), have favoured public condemnation of the regime and the imposition of tough economic sanctions, including an effective ban on international financial assistance. Proponents of a ‘soft-line’ approach stress the benefits of ‘constructive engagement’ with the Myanmar authorities, including interaction along economic, diplomatic and cultural channels, but accompanied by occasional public criticism. This approach has been favoured by member countries of ASEAN, along with Japan and Australia. A third approach, pursued by China, India, and latterly the Russian Federation, engages openly with Myanmar; whilst favouring greater prosperity and internal stability in Myanmar, the ongoing and increasing engagement of these countries appears primarily focused on their own respective interests.

‘Hard-liners’: Sanctions and Censure by Western Governments

Hard-line approaches to Myanmar are in part modelled on the successful struggle of the African National Congress (ANC) against apartheid in South Africa, and the belief that an uncompromising and principled approach will force the SPDC to accept the result of the 1990 general elections, and cede power to a civilian administration.⁹⁰ Hard-liners continue to express a strong preference for regime change in Myanmar, and the installation of a democratically elected, civilian government (Selth, 2008b). This approach has included attempts to have Myanmar declared a threat to regional security at the UN (*Threat to the peace: A call for the UN Security Council to act in Burma*, 2005), and at the ASEAN

⁹⁰ See ‘About the Free Burma Coalition’, Free Burma Coalition. Retrieved September 7, 2009, from <http://www.freeburmacoalition.org/>.

regional forum (ALTSEAN, 2009a). More recent demands have focused on calls for the release of political prisoners, including Aung San Suu Kyi, ‘national reconciliation’, and ‘dialogue’ between various parties in Myanmar (Selth, 2008b, p. 287).

In line with this approach a number of Western governments have levied economic and other sanctions (see Reuters, 2009a). The US first imposed broad sanctions on Myanmar in 1988; prohibited new investment in the country by US persons or entities in 1997; banned all imports from Myanmar, restricted financial services, froze the assets of certain Myanmar financial institutions and extended visa restrictions of the senior leadership in the *Burma Freedom and Democracy Act* of 2003; and moved to block assets and transactions by UMEH and MEC, along with their subsidiaries in July 2008 (OFAC, 2008). Sanctions adopted by European Union member countries are described in an EU *Common Position* (Council of the European Union, 2009), initially adopted in 1996. The *Common Position* initially banned arms exports, imposed visa restrictions on members of the regime, their allies and families, limited diplomatic contacts and froze officials’ offshore accounts. It has also included a suspension of non-humanitarian aid or development programs (although this has more recently been relaxed, see The EC-Burma/Myanmar strategy paper (2007-2013)(EC, 2007)).

After the popular protests of September 2007, and the sentencing of Aung San Suu Kyi to an additional period of house arrest in August 2009, the EU placed import restrictions and asset-freezes on firms associated with the regime, and extended visa bans to the four judges presiding over the trial. Following the protests of 2007, the Canadian government levelled the strictest sanctions yet against the country (Black, 2007), banning all trade except for the import/export of humanitarian goods; freezing the Canadian assets of Myanmar citizens connected to the military leadership; prohibiting the provision of financial services and the export of technical data to Myanmar; and banning all new investment by Canadians in the country.

There has also been a series of attempts to pursue the legal culpability of the Myanmar military authorities for human rights violations. In May 2009, a panel of eminent jurists (including judges and prosecutors for the International Criminal Tribunals in Rwanda and the former Yugoslavia), called on the UN

Security Council to establish a Commission of Inquiry to investigate and report on crimes against humanity and war crimes committed in Burma since 2002 (IHRC, 2009). In November 2006, the ILO began steps to refer the government to the International Court of Justice in The Hague for its failure to stamp out forced labour (ILO, 2008b). Calls have also been made to investigate the obstruction of humanitarian aid to survivors of Cyclone Nargis in May 2008 by the Myanmar authorities as a crime against humanity (EAT, 2009, p. 7).

‘Soft-liners’: Constructive Engagement and the Institutionalisation of ASEAN

Countries pursuing a ‘softer’ approach to Myanmar see greater value in ‘constructive engagement’ with the regime, arguing that economic growth and greater contact with the outside world is more likely to encourage the observance of international governance norms. This position is particularly promoted by ASEAN member countries, who further stress the principle of non-interference that underpins their cooperation (McCarthy, 2008). Whilst ASEAN members are universally against the imposition of sanctions, their engagement with Myanmar has at points been fraught and openly critical (see Ganesan, 2006; Haacke, 2005). For example, the foreign ministers of ASEAN issued a statement in September 2007, expressing “their revulsion to Myanmar Foreign Minister Nyan Win over reports that the demonstrations in Myanmar are being suppressed by violent force” (Lintner, 2007para. 4).

A hallmark of this approach is ongoing economic engagement, partly reflecting an on-going effort at regional economic integration. This process is guided by *ASEAN Vision 2020*, a mission statement agreed in 1997, which envisions ASEAN (para. 6) as “a concert of Southeast Asian nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of caring societies”. In this initiative, ASEAN member states have committed to (para. 20);

create a stable, prosperous and highly competitive ASEAN Economic Region in which there is a free flow of goods, services and investments, a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities.

A number of regional initiatives aim to support this harmonisation of the ASEAN economies. For example, in transportation infrastructure Bhattacharyay (2009a) describes two current ASEAN flagship initiatives to create a trans-ASEAN network; the ASEAN Highway Network Project and the Singapore-Kunming Rail Link Project.⁹¹ Infrastructure to support cross-border trade in the Asian region is also being developed through other sub-regional infrastructure cooperation programs.⁹² In addition to economic interests, analysts point to security concerns as a motivation behind engagement with Myanmar by ASEAN member countries, Japan, South Korea and India (Selth, 2003). Chief amongst these are concerns about the strategic aims behind increasing Chinese influence in the Asian region, particularly the perception that these include the expansion of Chinese territory (ibid).

Selth (2008b, p. 287) sees both Australia and Japan as maintaining “policies of carefully balancing occasional public criticism with quiet engagement”, and so includes them amongst countries pursuing a ‘constructive engagement’ approach. Out of this group of countries, Australia is unique in its imposition of sanctions. Australia imposed visa restrictions on senior military figures and a ban on defense exports to Myanmar in 1988, and extended financial sanctions on 418 individuals in the military leadership (including their families) in October 2007 (Reuters, 2009a). The Japanese approach has been distinguished from the ‘Asian way’ promoted by ASEAN, according to Holliday (2005b), through its open and consistent promotion of democracy and human rights in Myanmar.

⁹¹ The ASEAN Highway Network Projects was agreed in 1999, and consists of 23 designated routes totalling 38,400km. The Singapore-Kunming Rail Link Project will cover 7,000km, linking major cities in eight countries: Singapore, Malaysia, Thailand, Cambodia, Vietnam, Lao PDR, Myanmar and China. Projects in Myanmar prioritized under the ASEAN Transport Sectoral Action Plan 2005-2010 include the section of the ASEAN Highway from Mawlamyizine to Thanbyuzayat, and the Spur Lines of the Singapore-Kunming Rail Link between the Three Pagoda Pass from Thailand and Thanbyuzayat in Myanmar.

⁹² Including the Greater Mekong Subregion (GMS), the Mekong River Commission (MRC), the Brunei- Indonesia-Malaysia-Philippine East Asia Growth Area (BIMP-EAGA) and the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) (p.9).

Open Engagement: China, India and the Russian Federation

Economic engagement with Myanmar on ‘open’ terms by China, India, and latterly the Russian Federation, accompanied by political support in the international arena, has further undermined the pressure exerted on the military authorities by countries taking either of the previous engagement approaches. China is the largest investor in Myanmar, the country’s largest supplier of military equipment, and a key ally on the UN Security Council (Lanteigne, 2007a). China’s relations with Myanmar are based on a joint declaration – *Five Principles of Peaceful Coexistence* - signed in 1954, which stress mutual respect for sovereignty and territorial integrity, non-aggression, non-interference in each other’s internal affairs, and the development of diplomatic relations, and economic and cultural exchanges (Zou, 2003a). These principles have underpinned China’s opening to trade and investment, following its economic reforms of the late 1970s, and reflect a broader foreign policy approach that countries are entitled to determine their own social and political systems, without intervention by other countries (ibid, p. 62). China’s stated foreign policy approach further incorporates a tenet that economic prosperity at home, and abroad, will lead to mutually beneficial political and social stability (ERI, 2008a, p. 3). These principles closely align with those espoused by the Myanmar authorities. As stated by Myanmar Prime Minister Thein Sein in March 2009, “As friendly neighbors, Myanmar and China have always understood and supported the other for safeguarding state sovereignty and realising national development” (Xinhua, 2009b).

Similar to ASEAN, Japan, South Korea and India, analysts also highlight security and geo-strategic concerns in Chinese engagement with Myanmar. These include concerns about encirclement by the USA and Western allies, and Myanmar’s geo-strategic significance to China given its natural resource base and the access it provides to the Indian Ocean (discussed in the following chapter). These concerns are reflected in a reported preference that Aung San Suu Kyi, perceived as being close to the West, is not installed as the democratic leader of Myanmar (Selth, 2003). Sino-Indian competition for regional dominance is also

considered a strategic dynamic in engagement by both countries with Myanmar (Clarke & Dalliwall, 2008).

India's foreign policy towards Myanmar changed radically in the late 1990s, with the introduction of the 'Look East' policy. Developed under President Deve Gowda, the Look East policy called for a re-assessment of India's stance of opposition and denunciation of the Myanmar regime, and India's support for the pro-democracy opposition (Egreteau, 2003). Lall (2008) argues that this re-assessment reflected the movement of economic growth to the heart of India's policy making both at home and abroad. Economic considerations thereby led to a re-assessment of India's role in the wider region, with the Look East policy seeking closer economic and political ties with the emerging economies of the Southeast Asian region. ASEAN is now India's fourth largest trading partner and in August 2009, India and ASEAN reached a trade agreement eliminate trade tariffs on more than 80% of total trade between the two sides, including industries such as textiles, electronics and chemicals, to be implemented between 2013 and 2016 (Tripathi, 2009).

Beyond (a) increased interest in trade with ASEAN, Lall (2008) identifies three additional factors which underpin the Indian approach to Myanmar; (b) India's own search for energy security, (c) the economic development of India's North East -an area of under-development and unrest- and (d) concern about increased Chinese involvement in Myanmar. India's main strategic concern is, according to Selth (2003), that China is pursuing the encirclement of India in order to marginalise it in Asia through cultivating relations with Pakistan, Bangladesh, Nepal, Sri Lanka and Myanmar. This concern is based on arms sales, the apparent growth of intelligence links, and Chinese involvement in extensive port and airfield construction projects in Myanmar, which may be designed to increase Chinese naval capabilities in the strategically important Indian Ocean. The Look East policy has seen the Indian government increase diplomatic contact, support significant aid and investment (particularly in the energy sector), and increase military cooperation with the Myanmar army, including in the sale of armaments.

The Russian Federation has recently forged closer ties with Myanmar, as an investor in E&P activity (described in Chapters 6 and 7) and in the proposed

development of a nuclear power plant (Jagan, 2007; Selth, 2009). Commentators link Russian support for Myanmar at the UN security council directly to these growing economic ties (Barthassat, 2007; Fuller, 2007). This investment continues a longer relationship in which the Russian Federation is a principal supplier of arms to the Myanmar military. Between 1990 and 2005, China supplied almost three quarters (74%) of Myanmar's arms imports – US\$1.7 billion out of US\$2.3 billion - with Russia supplying 17%.

The Failures of a Divided Approach

In light of the 'constructive' and 'open' engagement approaches by regional countries described above, sanctions against the Myanmar authorities are increasingly recognised in the West as 'ineffectual' or 'failing' (see for example House of Lords Select Committee on Economic Affairs, 2007; Rarick, 2006; Weiss, 2008). As stated by US Senator Jim Webb (2009, para. 4), after a visit to Myanmar in August 2009, during which he met with Senior General Than Shwe and Aung San Suu Kyi:⁹³

For more than 10 years, the United States and the European Union have employed a policy of ever-tightening economic sanctions against Myanmar, in part fueled by the military government's failure to recognize the results of a 1990 election won by Aung San Suu Kyi's party. While the political motivations behind this approach are laudable, the result has been overwhelmingly counterproductive. The ruling regime has become more entrenched and at the same time more isolated. The Burmese people have lost access to the outside world.

Whilst Senator Webb's comments drew sharp criticism from external advocates (ALTSEAN, 2009c), the current profile of foreign investment and trade

⁹³ Senator Webb also secured the release of John Yettaw, the American sentenced to seven years of hard labour for 'immigration offences' associated with his unsolicited visit to Aung San Suu Kyi on May 3-5, 2009. Yettaw's visit breached the terms of Aung San Suu Kyi's house arrest, two weeks before her latest period of house arrest was due to expire, and resulted in her being sentenced to a further eighteen months of house arrest (ALTSEAN, 2009c).

with Myanmar indicate the limited impact of sanctions on the economic security of the regime.

Economic engagement by countries in the region – especially China and Thailand - has been particularly focused in the energy sector (described in Chapters 6 and 7), and extractive industries such as mining and logging. A recent report by EarthRights International (2008a) identified at least 69 Chinese multinational corporations involved in over 90 hydropower, oil and natural gas, and mining projects in Myanmar. China's interest in Myanmar's mining sector increased further in 2008, with a concession for a ferro-nickel mine in Northern Myanmar ("China group says \$800 million Myanmar mine on track," 2009), accounting for the highest levels of FDI -US\$974.996 million- since Myanmar opened to foreign investment in 1988 ("Thailand, Singapore further energy investments in Burma," 2008). Chinese and Thai involvement in legal and illegal logging and in mining concessions is of acute concern to environmental and social justice advocates (ERI, 2007c; Smith, 2007). Global Witness, an advocacy NGO, estimate that 98% of the timber exported to China from Myanmar in 2005 was done so illegally (Global Witness, 2005, p. 9).

Increasingly strict economic sanctions from the West have coincided with a regionalisation in Myanmar's trading profile (Kudo & Mieno, 2007). Reported levels of trade continue to rise, with a 16.7% growth in foreign trade in 2008-09 (AP, 2009), despite Western sanctions. The CIA (2009) reports total exports of US\$6.149 billion and imports of US\$3.589 billion in 2007. In 2008, Thailand (44.3%), India (14.5%), China (7.1%) and Japan (5.7%) were the main recipients of exports, whilst China (33.7%), Thailand (19.1%), and Singapore (15.5%) were the main source of imports. The CIA notes, however, that official import and export figures are grossly underestimated due to illegal exports of timber, gems, narcotics, rice and other products, and inward smuggling of consumer goods, diesel fuel and other products.

This regionalisation in economic and cultural interaction is also reflected in Myanmar's tourist sector, which is extremely underdeveloped compared to other countries in the region. External advocates based in the West have been particularly effective in encouraging a tourism boycott of Myanmar (Tonkin, 2008b). The 193,319 tourists reported to have visited Myanmar in 2007/08

generated earnings of US\$182 million, figures dwarfed by the 14.5 million tourists who visited Thailand the same year, generating gross earnings of US\$14.5 billion (Tonkin, 2008b). The majority – two-thirds - of tourists who did visit came from the Asian region, with Thailand (14%) and China (16%) being the main countries of origin (Tonkin, 2008a). A smaller proportion of tourists came from North America (8%) and Europe (20%).

Alamgir (2008) argues that Western trade sanctions may in fact have arrested the rise of an independent trading class, based on his analysis of Myanmar's official and unofficial trade. Alamgir concludes that sanctions have undermined the agricultural and light-manufacturing sectors, and thereby stifled the emergence of significant sources of power outside the state. Alamgir (p.993) asserts that through encouraging increased trade and engagement with Asia and a concentration in capital-intensive tradables (particularly oil and gas), the sanctions policy has shifted the primary capability for potential political assertiveness from land to capital, reducing: "the space for the majority of Myanmar's populace, who remain land-based, to evolve economic clout and by extension, pose a political threat to the military regime".

Similar to Senator Webb's assessment, Selth (2008b, p. 288) observes that whilst the relative merits of policies of engagement and censure have been endlessly debated (see Bray, 1995; ICG, 2004), it is "self evident that none of the measures adopted since 1988 have been successful in persuading Burma's military leadership to abandon any of its core principles". Specifically, the regime has yet to transfer power to a democratically-elected civilian government, or engage in a substantive dialogue with the opposition movement; improve its human rights record; introduce economic reforms; or ease the hardships endured by the majority of the Burmese population.

In fact, Selth (2008b, p. 288) argues that the regime has become stronger since 1988, and Burma's armed forces "now exist as a state within the state, taking the lion's share of the country's resources, ruling by fiat and brooking no dissent, all in the name of national unity, social stability and the creation of a 'modern developed nation'." Politically, the opposition movement in Myanmar and abroad is greatly weaker; the regime faces far fewer armed insurgent groups, and those still in the field have much diminished combat capabilities, whilst the

Tatmadaw has grown in size and capability. The diplomatic position of the regime is stronger through Myanmar's more active foreign policy (particularly its membership in ASEAN), and its shrewd exploitation of its strategic position between India and China. Economically, the regime's position has been overwhelmingly re-enforced by the discovery and development of large natural gas resources.

Transnational Advocacy for a "Free Burma"

Within Myanmar, the NLD has continued efforts to drive the military authorities from power by non-violent means, employing interlocking strategies similar to those used in South Africa by the African National Congress (ANC) in their struggle against apartheid (ICG, 2001b). These strategies include civil resistance, political dialogue, international activism (including the establishment of a government in exile), and support for international sanctions on the regime. However, within the opposition there are divergent views on how to achieve regime change in Burma, as explained by a Burmese advocate-in-exile; "Within the opposition there are two strategies; one that looks for political transition like South Africa, where the government comes to the table. The other is the 1988 type, with an uprising in Burma and an overthrow of the regime" (Interview, Washington, September 2006).

Outside Myanmar, a network of human rights, labour, and pro-democracy advocates have been highly effective at framing the domestic situation in Myanmar as a battle "between the forces of tyranny and democracy" (Interview, Phnom Penh, February 2009). Dale (2008, p. 156) describes the establishment of the self-titled "Free Burma Movement" (FBM) by exiled Burmese pro-democracy activists in the early 1990s. Linking grassroots movements in both the East and West, the FBM has helped to organise transnational campaigns in alliance with a range of both state and non-state actors on every continent and in over twenty-six countries. These actors have included regional governing bodies like the European Union, local state and municipal governments in the United States and

Australia, along with NGOs throughout East and Southeast Asia and INGOs (for a description of the main organisations in the FBM, see Myint, 2000, pp. 58-86).

A feature of FBM is its ability to attract and collaborate with pre-existing networks with allied aims, such as the defence of human rights, women's rights, the natural environment, labour rights, indigenous people's rights, and corporate accountability movements) (Dale, 2003). Not expecting to win concessions from the SPDC directly, organisations in the FBM attempt to apply pressure through foreign corporations and governments (Simpson, 2007, p. 550). The FBM has been extremely effective in influencing the Myanmar policies of Western governments (ICG, 2006).

The aims and strategies of the FMB are reflected in the position of the Burma Campaign UK (BCUK), one of the highest profile organisations in the movement. Based in London, BCUK has three main objectives through which it aims to "achieve the restoration of human rights and democracy in Burma."⁹⁴ These include:

1. discouragement of trade, investment and tourism (including pressure for sanctions);
2. raising public awareness of issues relating to Burma and;
3. international pressure on the UK government, on the European Union (EU), ASEAN and the UN.

In 2008, BCUK was running eight main campaigns; the 2007 Uprising, Free Aung San Suu Kyi, UN Security Council Action, Sanctions, Aid to Burma, Total Oil, The Dirty List, Clothing and Tourism.⁹⁵

Organisations in the FBM base their call for economic and other sanctions on Myanmar, on the position of the NLD. For example, BCUK states that "We support the imposition of economic sanctions as called for by the National League for Democracy" (2006, p. 16). The logic of this position is reflected in BCUK's mission statement:

Foreign investment in Burma has supplied this regime with billions of pounds, helping the regime to expand the army and maintain

⁹⁴ About us. Burma Campaign UK. Retrieved June 11, 2008 from <http://www.burmacampaign.org.uk/aboutus.html>.

⁹⁵ Campaigns. Burma Campaign UK. Retrieved June 11, 2008 from <http://www.burmacampaign.org.uk/campaign.html>.

power. Our campaign aims to cut this economic lifeline by increasing pressure on companies to withdraw from Burma, lobbying governments to increase political pressure on the regime and raising public awareness of the issues relating to Burma.⁹⁶

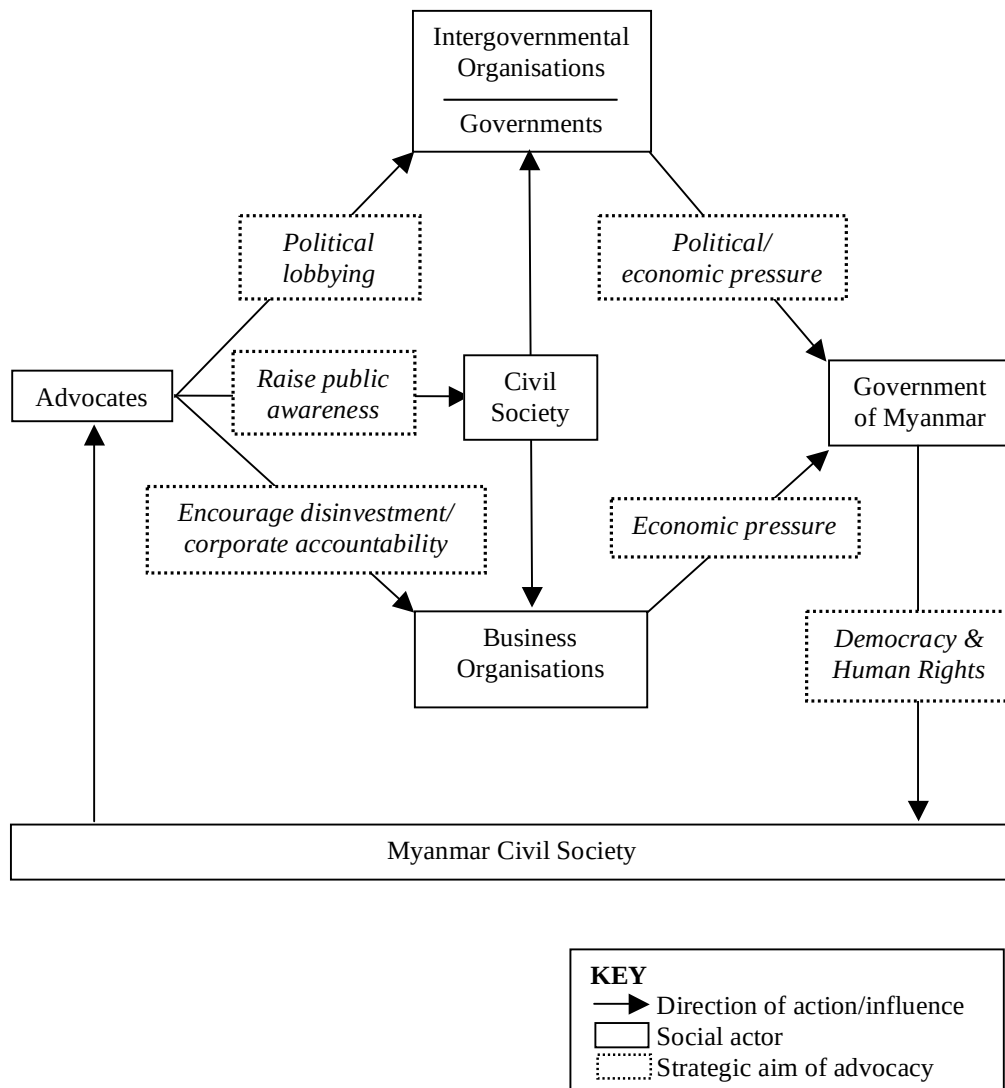


Figure 26: The Free Burma Movement advocacy strategy

⁹⁶ About us. Burma Campaign UK. Retrieved June 11, 2008 from <http://www.burmacampaign.org.uk/aboutus.html>.

In addition to the aim to financially undermine the regime, advocates interviewed for this inquiry also explained their aims to deny the regime of “moral and political legitimacy” (Interview, Bangkok, July 2006), and “to show support for the opposition” (Interview, New York, September 2007). The advocacy strategies pursued by organisations in the FMB to meet these aims, are illustrated in Figure 26.

Challenges to the Free Burma Movement Model of Activism

PR: Even if the generals make some money out of it I would rather that the Burmese had sewerage systems and telecoms. So this sweeping isolation approach, whilst understandable, is not okay. My heart was always with the boycotts and my head wasn't. Now not even my heart is there.

NB: What changed?

PR: Nothing. That's the point.

(Interview, Myanmar analyst, London, March 2007)

The divided approach within the international community to engagement with Myanmar over the last twenty years, has failed to bring about significant concessions on the part of the Myanmar authorities. The combined effect of ‘hard’, ‘soft’ and ‘open’ forms of engagement has left the military in a stronger position economically and politically in both the domestic and international arena (Selth, 2008b), and has undermined the economic basis for political opposition within the country (Alamgir, 2008). Recognition of this situation has prompted a reassessment by former supporters of a hard-line approach, as the above interview quote illustrates. Some organisations within the FBM have also reassessed their position on engagement. The Free Burma Coalition (FBC), an umbrella advocacy organisation based out of Washington, D.C., was pivotal in co-ordinating divestment, sanctions and censure campaigns in the US in the early 2000s (see

Myint, 2000, pp. 84-85). FBC now advocates for more “constructive” forms of engagement:⁹⁷

The FBC was founded at the University of Wisconsin at Madison in 1995 as a Burmese-led political initiative to support Burmese people's aspirations and struggle for democracy and human rights through boycotts, pro-sanctions advocacy and Burma awareness promotion. For nearly one decade, we organized and successfully spearheaded the anti-apartheid- style pro-sanctions campaigns.

But after having reviewed the effectiveness of our pro-sanctions campaigns against the objective of building an open society back home, we have categorically reversed our pro-isolation advocacy.

We now support efforts to interact and engage with the country - that is, the 'evil' junta, business sector and the society at large. We encourage travel and tourism, educational and cultural exchange, development activities aimed to support people's livelihoods, institutional and capacity building, and humanitarian assistance.

In 2007, ‘Network Myanmar’ was also established in the UK to actively promote multiple forms of international engagement – economic, diplomatic, and cultural – with Myanmar.⁹⁸ Challenging that “campaigns to isolate and sanction the country hit primarily at an impoverished population and not only fail to achieve any change in the social, economic and political climate, but are in fact quite counterproductive,” Network Myanmar has become increasingly active in policy discussions through the advocacy activities of its Chairman, Derek Tonkin, a retired British diplomat.

The continuing intransigence of the SPCD highlights a number of challenges to the advocacy strategies pursued by the FBM. These challenges are illustrated in Figure 27, and discussed below.

⁹⁷ About the Free Burma Coalition, Free Burma Coalition. Retrieved September 7, 2009, from <http://www.freeburmacoalition.org/>.

⁹⁸ About us. Network Myanmar (2008). Retrieved on March 31, 2009 from http://www.networkmyanmar.org/index.php?option=com_content&task=view&id=14&Itemid=27.

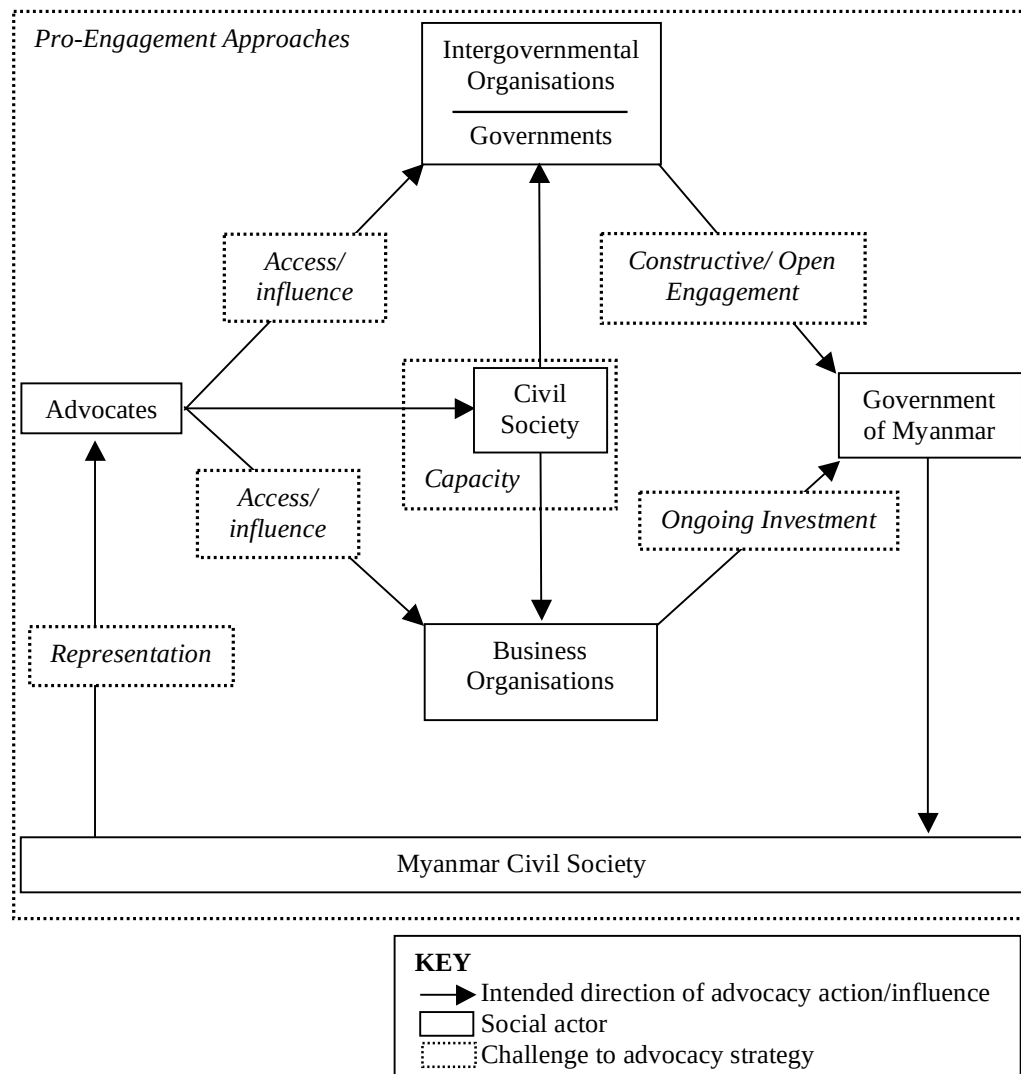


Figure 27: Challenges to the Free Burma Movement advocacy model

Constructive and open engagement approaches by government in the Asian Region present significant challenges to the FBM's stated aims of achieving multi-lateral economic sanctions against the SPDC. Continued trade with Myanmar, and substantial *ongoing investment* in the capital-intensive energy and extractive sectors by regional actors, further reflect developments in the international economy since 1988. As argued by Salil Tripathi (2007, para. 7-9):

The underlying assumption behind campaigns and lawsuits is that Western firms have leverage to influence intransigent regimes.

That assumption ignores how globalisation has reshaped our world...As globalisation shifts centres of production, logistics and marketing from traditional centres to new locations, the decision-makers also change.

A Western company is susceptible to pressure because it operates in a competitive marketplace and must respond to a range of stakeholders. Part of a free society, the company must deal with activists chaining themselves to its facilities, seeking newspaper photographs and expecting no worse punishment than warnings from local police.

Firms from China and Singapore don't face such scrutiny; firms from Thailand and India, while investing abroad, have not yet aroused the attention of local activists about their activities overseas. This allows Chinese firms, often state-owned entities, to act exactly the way their owners want.

Tripathi (2007) further argues that substitutes for Western companies, forced out of countries like Myanmar, are readily available in a multi-polar world. He reports that higher standards on environmental and social issues have made, in the financial sector at least, some European banks uncompetitive in the least developed economies. The answer, he suggests, is to target governments rather than companies, and to stress the universality of the values, which underpin corporate responsibility and government behaviour, particularly as enshrined in the Universal Declaration of Human Rights to which all the states in the region, including Myanmar, are signatories.

Challenges to the FBM strategy under the conditions of multi-polar globalisation identified by Tripathi are illustrated in Figure 27. Whilst advocates in the FBM do lobby Asian governments and companies in attempts to exert influence over the SPDC, their efforts are limited by challenges of *access* to, and *influence* over these governments and companies. Weak processes of political participation, and/or through state or private ownership of investing companies particularly limits their influence, as observed by Alamgir (2008, p. 994), "human rights activism has not affected the public image of Asian investors in the same way it pressured Western multinationals." These challenges are further

exacerbated by weaknesses in the strength and *capacities of civil societies* in these investing countries, a point I develop further in Chapter 11.

A challenge of a different order relates to the extent to which people within Burma consider external advocates to accurately *represent* their desires and interests, in their calls for the economic and political isolation of the country. Only one Burmese participant in Myanmar expressed support for economic sanctions. This young man based his support for sanctions on his membership of the NLD, explaining “I support the NLD and they support sanctions, so I support sanctions” (Interview, Bago, July 2006).

Burmese civil society actors who participated in this inquiry echoed external assessments that hard-line policy approaches have ‘pushed’ Myanmar towards closer ties with Asian countries, particularly China (Alamgir, 2008; Ewing-Chow, 2007). This was generally viewed as a negative development (supporting field-work findings from 2008 by Lall, 2008). As observed by a Kachin community leader (Interview, Yangon, July 2006):

Sanctions are not effective to the government but to the people at the grassroots, creating poverty. As Myanmar has a good friend called China and whenever we have difficulties they help Myanmar. Because of the sanctions we lost some of our land, especially in Kachin State, to Chinese firms.

Participants questioned which domestic voices were being heard overseas, identifying both rural/urban, and ethnic/political divides. They saw these divides as being at odds with the view, proposed by external advocates, that the position of the NLD in calling for sanctions represented contemporary views in the country. For example:

They [the rural people in Myanmar/Burma] never have a voice, so no one knows what is happening with them. They [those outside the country] will hear a city boy say something negative and claim to represent the whole county. (Interview, Burmese businessman, Yangon, July 2006).

I understand that they base their call for sanctions of the NLD’s position, but that is not my position. They do not represent me.

And I bet if you asked people who support the NLD if they also support sanctions you'd find they would prefer jobs and [I]NGOs.

(Interview, Burmese NGO director, Phnom Penh, May 2009).

Participants frequently challenged the extent to which external advocates were familiar with the domestic context in Myanmar, often asking if they had ever been to the country and talked to the people. Questions about the intent of external advocates often reflected concerns about increased conflict:

I'm sure those in the US and UK have good intentions, but their life is secure. What they want is civil war or something, which we fear dreadfully. Fifteen years ago we couldn't go to Sittwe, our lives were at risk with the insurgents. Now we can. No one talks about this. (Interview, Burmese businessman, Yangon, July 2006).

The need for local solutions to Myanmar's many challenges was often stressed, with participants arguing that there was more 'space' within the country for social development activities than was portrayed by external advocates. In this, many respondents talked of working "around" the government; working with what they had and what they considered possible within the current arrangements:

You cannot have a perfect government, never, anywhere, so you have to balance what is good with what is bad. Some needs to be changed, there is lots to be done. But no one outside can do it. Burmese people have to do it as it's our country. We will suffer or benefit. (Interview, Burmese businessman, Yangon, July 2006).

This reflected the broadly held view that the military is too strong for radical regime change, and that an "evolution" out of the current economic and political crises was more likely, and desirable.

These challenges to representation echo broader support for more active engagement with Myanmar, a debate re-invigorated after the apparent inability of international actors to influence the SPDC during either the popular protests of 2007, or post-Cyclone Nargis. I consider these *pro-engagement* challenges to the FBM isolation strategy next.

Qualification: I anticipate that identifying challenges to representation may be contentious for those who work on Burma-related issues, particularly advocates who passionately and assiduously campaign for democracy in Burma. I do not highlight these challenges with the aim of undermining or discrediting these proponents, as I see their efforts as integral to creating and maintaining the current international profile of the plight of the Burmese. I also do not wish to detract attention from the central issue, which is the effective silencing of the Burmese populace by the military authorities.

As this chapter may be read separately from the thesis in which it is embedded, let me clarify the intent and context of this study. In this thesis I present a grounded theory I have developed through my doctoral research into corporate engagement in Myanmar. In exploring the motivations and perceived impacts of different forms of corporate engagement in Myanmar (from divestment through to open or ‘constructive’ engagement), my theoretical interest has been on the articulation between economic practice and democratic principles and processes, under the conditions of contemporary globalisation. In short, (a) can corporations be subject to democratic control under the conditions of contemporary globalisation? and, (b) can corporate political activity, particularly that undertaken within the discourse of ‘corporate social responsibility’ or ‘corporate citizenship’, contribute to democratic processes?

Questions around engagement, representation and legitimacy are at the heart of my inquiry. As a critical scholar, I have committed to questioning the legitimate basis of different terms of engagement with Myanmar by all interested parties, including external advocates. I report these challenges to representation with good intent, aiming to give voice to the range of opinions I heard expressed, by people both within and outside the country, in the hope that it will contribute to greater dialogue and ultimately, more effective forms of engagement with the country.

Arguments for Engagement with Myanmar

Pro-engagement advocates argue for greater economic, political and social engagement with Myanmar as a more likely path to broadly desired political and economic transitions. These arguments cite the economic, political and cultural impacts of engagement, and stress the importance of a ‘pragmatic’ approach. Below I recount a number of broad ‘pro-engagement’ positions held by participants in this inquiry.

‘Full Rice Bowls’ – Linking Economic Development and Democracy

A common argument amongst pro-engagement advocates, particularly those involved in business, stressed the link between economic development and the development and strengthening of democracy. In this process, foreign investment is argued to raise living standards, creating a middle class that may then be in a position to agitate for social and political change. For these participants, improving socio-economic conditions was a pre-requisite for sustainable democratic political processes. As an American businessman argued:

What is interesting is to make the comparison between the Tiananmen Square uprising in China, and the 8.8.88 revolution [in Burma]. If you ask which country has more freedom now, you would answer China. Not that trade equals democracy directly, that would be a giant stretch, but there is something to be said for trade raising living standards so people can start looking beyond where the next bowl of rice comes from. And then you see change...If you look back 20 years compared to today, China has made progress, and Burma relative to it has been in arrested development. (Interview, Washington, May 2007).

Comparisons were made with former military-led countries in this line of argument. As an Australian businessman explained, “Look at Korea, Taiwan. These were once military governments but with investment from the US etc things have changed. People with food on the table care about human rights, good education” (Interview, London, September 2007).

*Tiananmen Square 20 years on
(New Zealand, June 2009)*

The Financial Times bureau chief in Beijing is talking to Radio New Zealand's *The world this week* on the 20th anniversary of the Tiananmen Square massacre. In 1989, the Chinese authorities opened fire on students gathered in the square, protesting for democracy. There is no official figure for the number killed, but it is estimated in the thousands.

We lived in Hong Kong at the time. I was ten years old, at my friend Rebecca's house for a sleepover, watching the late-night movie from her trundle bed. She was already asleep when the news announcements started; tanks crushing bicycles, students running and bleeding. I remember the shaky voice of the BBC reporter.

My parents rang early the next morning; "Don't go outside, we'll come and get you." I remember how empty the streets were on the drive home. They let my older sister go on a protest march. She came home looking fierce and beautiful with black and white Chinese characters painted on her face. I remember our names were on evacuation lists at two different embassies.

The bureau chief is describing the heightened restrictions on foreign journalists for the anniversary. Today Tiananmen is full of undercover police, ready with umbrellas to open in front of cameras and muscle reporters out of the square. It's apparently a sunny day, adding to the brutal comedy. He explains that all foreign print journalism has to be approved by the Propaganda Department and that offending articles are removed. Laughing, he describes 5-star hotel staff apologising as they hand over your sliced-up copy of the FT.

He says the younger generation in China don't even know Tiananmen happened. He says China is in the throes of a robber-baron capitalism that would put frontier America to shame. He says that while economic development has brought many changes to China, political freedom is not one of them.

Cultural transfer: Education, Political Interaction, Corporate Responsibility

I hope India wins the Shwe bid. Can you imagine what increased trade and interaction with the world's largest democracy could do for Myanmar? Even if its an imperfect democracy (aren't they all?) what might that do? And how different from more of China, which is not exactly your poster-child for democracy and human rights, is it?

(Interview, Myanmar scholar, Singapore, July 2006)

A second set of arguments emphasise the possibilities for 'cultural transfer through engagement'. In these arguments, participants stressed the potential benefits of greater exposure of the military leaders and the Burmese populace to new ideas and international norms of governance, particularly contact with cultures identified as enjoying greater economic, personal and political freedoms. The anticipated affect from these interactions is a gradual change in the mind-set of those in power, and the education and empowerment of the Burmese populace. Arguments in this line focused on education, political interaction, and cultures of 'responsible business'.

The education, and exposure, of the next generation of political leaders was considered especially important by those who judged the military authorities to be too strong to be removed from power except through a transition on their terms. As such, these participants strongly opposed the travel restrictions placed on the families of military leaders, which prevented their children from being educated abroad:

I don't advocate open engagement but engagement to create the opportunity for education and experiences that might create change, such as scholarships for Burmese people, including the children of the generals. I have seen it in the children of the regime who come to the States to study; the first year they are very defensive of the regime and by the second year they start to question it. We cannot let the next generation of leaders be the same as this one, so we need to give them educational

opportunities. (Interview, Burmese advocate, Washington, September 2006).

So little exposure to other ways of thinking/concepts and not letting the children go to the West strikes me as insanity. If we believe education has any value in opening people's minds. We need to let them hear how others see their country for good or ill. (Interview, American businessman, Washington, September 2006)

The potential benefits of political engagement with Myanmar's military leaders, underpinned the stated motivation for initial inclusion of Myanmar in ASEAN (Ganesan, 2006). The expectation was that through exposure to international norms of governance, the SPDC leaders would alter their behaviour. Similar arguments were proposed by participants in relation to fostering more transparent, internationally recognised norms of macro-economic policy-making and management. For example;

Total has experience in many, many countries, with many, many governments. Surely they can make suggestions to the government of how things are done elsewhere. They [the generals] know so little about how to run the economy. (Interview, Burmese community leader, Yangon, February 2007).

In this regard, a number of participants argued that economic isolation by the West compounds the domestic situation, as it restricted the presence of 'responsible' companies. Specifically, it was noted that companies from the Asian region that do not have a 'culture' of corporate responsibility, and are not exposed to human rights advocates based in the West, continue to invest in Myanmar, with perceived negative impacts;

It just seems to us that the sanctions campaign means companies that have more responsible practices and do more for the community are forced to withdraw, and all that happens is Asian companies take their place. And they don't have any of the environmental or social policies or standards of the Western companies that left. We don't see how that benefits the people of Burma (Interview, Peace-builder, Singapore, June 2006).

‘Building Capacities’ – Humanitarian Assistance and the Development of Civil Society

A third focus for pro-engagement advocates, which partly brings together the perceived benefits of economic development and cultural transfer, is the provision of humanitarian assistance. International humanitarian assistance to Myanmar is particularly contentious (see for example ALTSEAN, 2002; BCUK, 2006). As described by the ICG (2002, p. i), the humanitarian crisis in Myanmar presents foreign governments, and international organisations who promote democratisation as the solution to the country’s manifold problems, with an apparent dilemma;

On one hand, the humanitarian imperative raises difficult questions about the sustainability of international strategies based on coercive diplomacy and economic isolation, which have greatly limited international assistance to Myanmar. On the other hand, there is widespread concern that re-engagement, even in the form of limited humanitarian assistance, could undermine the quest for political change and long-term improvements.

However, the ICG (2002) argues that “the human costs of social deprivation in Myanmar are simply too large to be ignored until some indefinite democratic future”. Contending that - “If properly applied, international assistance could in fact serve to promote political reconciliation and build the social capital necessary for a successful democratic transition” – the ICG concludes that the apparent choice between promoting political change or supporting social development is a false one. As described in Chapter 5, this debate has not yet been resolved, and Myanmar remains an ‘aid orphan’ (Duffield, 2008), with one of the lowest levels of overseas development assistance in 2004/05 (prior to the international response to Cyclone Nargis). Yet, recent reports of developments in the structure of civil society within Myanmar (specifically a proliferation of community-based organisations providing social services, emerging both from within and outside the state), and Cyclone Nargis, have re-sparked debate on the provision of humanitarian and development assistance.

At issue is how humanitarian assistance may support the development of social capital in Myanmar, thereby contributing to potential political transitions.

Pedersen (2005, p. 170), identifies multi-faceted challenges in this endeavour;

...the large majority of the population in Myanmar is subsistence farmers, often functionally illiterate and with little or no experience of the world beyond their villages. Many people have had little contact with the central state and thus can hardly be expected to show commitment to its political structures, whether democratic or not. Further, local power structures are deeply authoritarian, with little capacity for self-governance or space for community participation. Even if democracy were to be introduced, few citizens would be able to participate, and most would remain voiceless, subject to the powers that be.

These structural and cultural challenges are considered to be significant barriers to participatory governance. Pedersen (2005, p.170) continues;

Before a future democracy can take root in and be meaningful to local communities, it is necessary to transcend the barriers created by the daily struggle for survival, as well as the cultural and structural legacy of repressive, autocratic rule, and build a more vibrant civil society. This requires major efforts to combat poverty, improve access to education and information, and strengthen local organizations. Absent this, democracy will remain mainly elitist and do little to overcome the root causes of conflict and inequality.

Smith (1999, p. 18) notes that arguments of whether civil society development should precede substantive political reform, or vice-versa, are not readily resolved in comparison with democratic transitions elsewhere. South Africa, Eastern Europe and Indonesia all provide important comparators, but there remains no consensus on a prescriptive model in political analysis.

Preferences, and assessments of the possibilities for a 'top-down' or 'bottom-up' approach to democratic transition in Myanmar are partly reflected in the politicisation of international humanitarian assistance to Myanmar (Humphris, 2008), has both restricted the levels of aid, and the manner in which it can be

delivered. Since 1993, UNDP has been restricted to providing humanitarian assistance and social support at the grassroots level (Igboemeka, 2005, p. 9). The UN (2005) notes that these restrictions weaken aid effectiveness, as they constrain support for government programs and broad capacity-building.

Recent analyses have challenged this approach. Academic critiques (see Lorch, 2007; Mutebi, 2007; Will, 2007; Wischermann, 2007) challenge the distinction between state and non-state actors in the targeting of assistance, arguing that ‘civil society’ within authoritarian regimes is by definition qualitatively different from that in liberal democracies. Pointing to the recent proliferation of community-based organisations in Myanmar, these scholars argue for the identification and support of ‘civil-society-like’ organisations, even if they are within or emerge from the apparatus of the state (Lorch, 2007, p. 122).⁹⁹ Mutebi (2007, p. 175), suggests that the conversation around ‘governance’ in Myanmar which takes place in wider epistemic communities and policy networks, grossly oversimplifies what is an extremely complex multitude of interactions/processes and systems. Calling for a separation of the idea of the bureaucracy and the state, he recommends engagement of local level bureaucracy in support of the crucial role they play in delivering local social services, thereby potentially influencing local governance cultures (p 168). Englehart (2005, p. 642), argues that the capacities of the state are so weak in Myanmar that capacity-building programs should be designed and offered at all levels of the bureaucracy.

A broader approach to capacity-building is supported by a number of humanitarian and development actors in Myanmar. International engagement with the government on medical and humanitarian issues is reportedly “increasingly showing fruitful results” (Humphris, 2008, p. 13); the change in the government’s approach to HIV/AIDS from 2000-05 is credited, within the INGO community in Myanmar, to their sustained advocacy and consistent dialogue with the authorities (Igboemeka, 2005, p. 13).

Distinctions between different sectors of Myanmar society, particularly given the formidable lack of capacity across all sectors, are also challenged by

⁹⁹ In this, Lorne (2007) highlights a number of community-based organisations that have recently been established in Myanmar by retired civil service officials.

local actors. As explained by Ni Ni Aung (2007, pp. 117-118), a Chin community leader;

We cannot ignore GONGOs, local authorities, or even seemingly less influential groups such as local fire fighters as is often suggested in the “with them or with us” paradigm. These actors are integral parts of our communities, even though they may wear a variety of hats. No matter what the organization, a GONGO, an INGO [sic], or the NLD, all of them need to be strengthened and a common ground must be established in order to empower the Myanmarese/Burmese people so that they can shape their own future.

The views of local actors are particularly important in this respect. Mutebi (2007, p. 176), observes that the seemingly entrenched “orthodox” views of governance within Myanmar, held in external policy-making circles, emphasise what is desolate, dysfunctional and destructive. He challenges that these narratives reduce the role and perceived expertise of local/indigenous groups, providing justification for the role of experts and outsiders in Myanmar’s affairs, and serving the interests of the idealist and realist camps. Describing this dynamic as a form of “fantasizing” about how Myanmar is, and how it “should” be, U Myint (2006, p. 269), recounts an observation by a Buddhist monk in Myanmar that;

[T]he truth is, those pro-democracy people abroad and the Western governments have their own fantasy as to what things should be like in Myanmar. They probably even have a fantasy as to what things are like in Myanmar now. Thus, when they look at Myanmar, it is always from their perspective. They don’t pay attention to what we really want and how we want things to be. We have become the victims of their fantasies.

Advocates of humanitarian assistance broadly propose that modelling and fostering more democratic forms of governance, based on participation and representation, may ultimately lead to greater political participation, whilst responding to chronic social needs in the short-term. South (2004, p. 242) argues that with careful preparation, cooperation on humanitarian issues at the level of

inter-elite negotiations (state-state interactions), “might later be expanded, and developed into broader, more explicitly political discussions of state-society and centre-periphery relations.” These elite-level approaches could be complemented by more participatory approaches, which involve and empower a wider range of actors within a broader conception of civil society through activities in the humanitarian and development spheres (ibid). Positive impacts from this approach have recently been reported in Myanmar civil society’s response to Cyclone Nargis. In the range of local responses to the disaster, civil society organisations reported drawing on previous capacity-building training provided by INGOs, in formulating and delivering a response (ATP, 2008; CPCS, 2009; Hedlund & Su, 2008)

However, Lorch (2007, pp. 134-135) qualifies the prospects of this approach leading to a political transition in the immediate future. Despite the recent proliferation of community-based organisations, she considers civil society in Myanmar “at such an embryonic stage, it would be utopian to consider it a vehicle for early democratization.” Nevertheless, she notes, civil society groups help to sustain basic welfare structures, and differ in their mode of action and interaction from military patterns of command and coercion, potentially representing “the very roots of a gradual transformation of social structures and patterns of behaviour. In the long run, this could contribute to a widening of political space as well.” For those who do not see the possibility of a radical political transition in Myanmar, humanitarian assistance therefore presents opportunities to influence the governance culture in the country. In what appear to be otherwise limited options, humanitarian assistance and other forms of engagement are offered as a means to alter the various cultures identified as being unprogressive in the country. Humanitarian assistance is particularly promoted as a bottom-up approach, which offers the possibility of fostering an eventual democratic transition, whilst responding to the silent humanitarian crisis in the country.

Principle vs. Pragmatism

Those who advocate engagement with Myanmar frequently cite their position as being “pragmatic”, or “realistic”. In contrast, they see the “principled”

position of “pro-isolation” advocates as “idealistic” and “wishful”. That hard-line engagement approaches with Myanmar stress points of principle has been observed by a number of analysts (Bray, 2001; Ewing-Chow, 2007). This point is illustrated in a protest by an advocate-teacher that “Saying ‘isn’t it better to have investment by a relatively bad company over a terrible company’ ignores the position that no foreign companies should invest in this country. It’s just morally wrong!” (Interview, Chiang Mai, Thailand, July 2006). This emphasis on principle, Selth (2008, p. 290) argues, has resulted in hard-line approaches to engagement with Myanmar which are generally ill-considered;

The Burma policies of some countries appear to be driven more by ideology, moral outrage, domestic political pressures and an unrealistic hope for the collapse of the military regime, than a careful and objective assessment of what such policies might actually achieve, given the nature of Burma’s current rulers and the way they interpret the world around them.

However, in reviewing the failures of both isolation/censure and constructive engagement approaches, Selth (2008, p. 281) concludes that “it is difficult to see what policies can be effective against a government that puts its own survival before accepted norms of behaviour and the welfare of its people”.

Summary

I opened this chapter with Duffield’s (2008, p. 6) depiction of Myanmar as an “internationalised battlespace” of competing values, beliefs and ideals, and have described aspects of this landscape and the multiple actors therein. A central feature of this landscape over the last twenty years has been its polarisation between advocates for different forms of engagement with the country and the ruling authorities.

As observed by Holliday (2005b), the two camps of engagement/isolation largely talk past each other, and their philosophical positions are unlikely to be reconciled. However, there is an increasing recognition by policy-makers in the

West that the divided international response has failed to achieve any profound movement on the part of the SPDC (Selth, 2008). Criticism has particularly been levelled at the hard-line approach of increasingly strict economic sanctions, charged with disproportionately impacting on small-to-medium domestic private firms and their workers (Kudo, 2008). It is argued that sanctions have largely failed to affect the military leadership, and have, in fact, undermined the material basis for the development of a political opposition (Alamgir, 2008).

It is becoming more widely held that changes in Myanmar are more likely to result from an internal dynamic, specifically one which involves or stems from changes in the perceptions and/or structure of the military leadership (Steinberg, 2007). Allied with this, pro-engagement advocates have recently emphasised a “pluralisation of societal practices at the commune level,” by a nascent civil society in Myanmar (Win, 2007), and argue for international engagement to *expand* this civic space, through providing models and resources which build capacities across Burmese society (CPCS, 2009). In the absence of the possibility of regime change, these advocates propose engagement which seeks to foster more participatory governance practices, at multiple levels of Burmese society, through multiple channels (i.e. commercial, diplomatic, educational, humanitarian, cultural) (Englehart, 2005).

I have highlighted three features in this landscape which are particularly important in the analysis that follows:

(i) the polarisation of the international arena, and the intransigence of the SPDC.

The effects of this polarisation, between principled/‘hard-line’ and pragmatic/‘soft-line’ approaches, is compounded by the growing significance of more ‘open’ engagement by China, India and the Russian Federation;

(ii) the politicisation of humanitarian assistance, both in the domestic context and in the international arena. In the former, this reflects a specific ‘military-mindset’, highly suspicious of foreign interference in Myanmar’s domestic affairs. In the latter, this reflects particular conceptions of civil society in Myanmar; different beliefs around the appropriate order of social development and political transition; and associated perceptions of the

dangers/potential benefits of engagement with the state/bureaucracy/civil society;

- (iii) the efficacy, and potential limitations, of the advocacy strategy pursued by organisations in the Free Burma Movement. The FBM have been particularly effective in raising the profile of the plight of the Burmese, and framing censure and sanctions as the appropriate response in Western countries. However, their strategy appears to be limited by a lack of access to, and influence over, state administrations pursuing ‘constructive’ or ‘open’ terms of engagement, and commercial enterprises from these countries. Fieldwork conducted for this inquiry in Myanmar during 2006-07, further suggests challenges to the extent to which organisations in the FBM represent the interests or desires of civil society actors in Myanmar.

This chapter concludes a detailed description of features in the domestic and international context, which I have identified as relevant to this inquiry into corporate engagement in Myanmar (Chapters 5-8). I draw on this discussion in the following five chapters, where I present a grounded theory of Corporate Citizenship in Fragile States (Chapter 13) I have developed, and its four composite theories; Commercial Diplomacy (Chapter 9), Stakeholder Activism (Chapter 10), Corporate Engagement (Chapter 11), and Constructive Corporate Engagement (Chapter 12).

I have developed these theories in order to explore, and critically reflect on, the democratic potential of political action in the global public domain (Ruggie, 2004). Advocacy by organisations in the FBM are an example of world civic politics (Wapner, 1996) within new global governance systems (Cooper, English, & Thakur, 2002) (as discussed in Chapter 2). My interest in these new global governance systems – in which both state and non-state actors engage in the practices of global governance – is in political action centred on, and undertaken by, corporations. I return to attempts by organisations in the FBM to leverage the reach and capacities of TNCs, in order to pursue their aim of economic isolation of the SPDC, in Chapter 10. I now turn to consider the corporation as a conduit for *international* engagement in the global public domain.

CHAPTER NINE

A GROUNDED THEORY OF COMMERCIAL DIPLOMACY

International responses to engaging with Myanmar range from censure and sanction to ‘enhanced interaction.’ Analysts emphasise the importance of ‘Energy Security’ within the foreign policy priorities of the major investing countries who pursue an ‘open’ or ‘constructive’ form of engagement with the country (Fuller, 2007; Tønnesson & Kolas, 2006; Yoshihara & Holmes, 2008). As Tønnesson and Kolas (2006, p. 5) note, for China and India “a heightened awareness of the geopolitical implications of energy supply and demand has given energy issues an increasing prominence both in their domestic and foreign policies”. Advocates further stress the degree of state-ownership of foreign E&P companies active in Myanmar (HRW, 2007a, para. 4).

Through an analysis of international relations literature, public commentary, corporate literature and stakeholder activist publications, I have developed a grounded theory to describe the interactions between home state government policies and business agendas in *corporate* engagement with Myanmar, called Commercial Diplomacy. Schermerhorn’s (1999b) identification of the intersection of home-state foreign policy agendas and corporate motivations as being influential in explaining ‘ethical’ corporate engagement in Myanmar initially inspired this focus. Ruggie’s (2004) identification of both non-state and *state* actors as attempting to graft their own agendas onto TNCs provided an additional framing. Commercial Diplomacy describes home-state influence in different terms of engagement by companies involved in E&P activity in Myanmar. I identify this influence as the attempted use of enterprise as a conduit for state foreign policy.

Commercial Diplomacy is the first of four discrete grounded theories presented in this thesis. In these theories I describe interactions between private, civil and state actors that I have identified as elements in the global governance process of Corporate Citizenship, as it relates to fragile states. Commercial Diplomacy describes a social process in which a company’s home government may attempt to use the company as conduit for foreign policy priorities, of which a complex of

priorities described as ‘energy security’ are one. There are four mechanisms of state-company influence (ownership, regulation, pressure, support) through which states attempt to use the company as a conduit for foreign policy, with a strategic aim of using the company as a lever of influence (through placing restrictions on investment in that country), or as a vehicle for the delivery of that policy (through supporting commercial engagement with the country). I present the grounded theory of Commercial Diplomacy in this chapter in four sections. In Section A, I identify key elements of ‘energy security’ as a driver for E&P investment in Myanmar and trace alignments in state energy security policies through to corporate mission statements for state-owned E&P enterprises with interests in Myanmar. I next incorporate this description of state-sponsorship of foreign E&P activity into a preliminary model of the use of enterprise as a conduit for state foreign policy in Section B. I identify mechanisms through which states may attempt to influence corporate engagement in other countries in Section C. In Section D, I theorise dynamics around energy security identified as influential in Myanmar’s international relations, particularly the close association between E&P investment and protection of Myanmar from stronger censure at the United Nations by investing countries. In this section I also identify other foreign policy agendas, alongside energy security that may influence the use of enterprise as a conduit for state action.

A.) Efforts to Enhance Energy Security in the Asian Region through Foreign E&P Investment

A discourse around energy security has become increasingly prominent in the practice of contemporary international relations (see for example APEC, 2007; ASEM, 2009; UNESCAP, 2008). Sovacool and Brown (2009, p. 3) identify climate change, a growing dependence on fossil fuels, population growth and economic development as factors in an emerging set of challenges to governments in their efforts to ensure energy security. State concerns about ensuring energy security prompted a rapid acceleration in overseas investment in E&P activities by state-owned companies from the Asian region from 2000 onwards (Daojiong, 2006; Zhao, 2008). As a result, investment in E&P activity in Myanmar by SOEs

from the Asian region accelerated dramatically from 2000, with home governments holding a significant or majority ownership stake in half of the companies with E&P investments in Myanmar as of August 2009 (detailed in Appendix 18). In this section, I explore the alignment between state energy security policy - identified as combining energy demand and supply, economic development, and national security priorities – and the corporate missions of state-owned E&P enterprises.

Energy Security Dynamics in the Asian Region

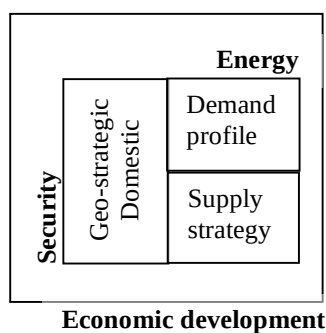


Figure 28: Energy security dynamics

Discussions of energy security in Myanmar's international relations highlight a number of dynamics that can be readily grouped into energy demand and supply, overlaid with traditional state security priorities. Economic development is a further central dynamic in the discourse of energy security. The relationships between these dynamics, illustrated in Figure 1, are close and multi-faceted. A secure energy supply is sought to drive and sustain economic development, in turn improving the economic strength and geo-strategic position of a country; economic resources in turn allow the purchase of military equipment to secure the geo-strategic position of a state. As a result, threats to energy security undermine economic development, and may threaten a state's military capability. I consider these inter-related dynamics of energy, economic development, and security priorities below.

Energy Demand

Humanity's primary energy consumption doubled from 1980 to 2008 (UNESCAP, 2008, p. xvii). The UN Economic and Social Commission for Asia and the Pacific (2008, p.xvii) notes that increased energy consumption in the Asia-Pacific region is responsible for much of this increase, largely due to increases in consumption in India and China. The Energy Information Administration (EIA, 2009, pp. 7-8) reports that in 1980, China and India together

accounted for less than 8% of the world's total energy consumption; in 2005 their share had grown to 18%. The Commission points to rapid economic growth, massive investments in infrastructure and construction, rising populations and a decline in the use of non-commercial energy across the Asian region as driving factors for this increase, and expects demand to continue to grow. EIA predicts that China and India's combined energy consumption will more than double by 2030, to account for one-quarter of world energy consumption. For China, Kenny (2004, p. 37) reports that average GDP growth rates of 8-10% are projected to increase demand for petroleum products to 10.9 million bbl/d by 2025 from 6.0 million bbl/d in 2003, with electricity demand expected to triple. Thailand, currently the only destination for Myanmar's energy exports, projects a compound annual growth rate in power demand of 6% to 2021 (Thai Ministry of Energy, 2008b).

Natural gas is expected to meet a significant proportion of this demand, increasing demands for foreign supplies. Tønnesson and Kolas (2006, p. 17) report that natural gas is planned to generate 10% of China's electricity by 2020, up from 0.7% in 2003. Around a tenth (11.5%) of India's electricity was generated from natural gas in 2003 and the IEA projects that India's demand for natural gas will more than quadruple from 90 mcsd in 2004, to 400 mcsd by 2020 (quoted in Tønnesson & Kolas, 2006, p. 39). In 2007 approximately 25% of Thailand's total natural gas consumption, generating over 70% of its electricity was supplied by Myanmar (Thai Ministry of Energy, 2008b). The Thai Government projects demand for natural gas to grow by 5-6% a year to 2021 (Thai Ministry of Energy, 2008b). Thailand first imported natural gas from Myanmar in 1998, and this was its only foreign source in 2009; imports of natural gas recently began in India (2004) and China (2006). Recent reductions in estimates of indigenous gas discovered in 2004 in India's own eastern blocks have increased the urgency to find sources outside of India's borders (Clarke & Dalliwall, 2008, para. 4). China currently imports the majority of its natural gas from Australia (85%), along with Algeria, Nigeria and Oman; India's main source is Qatar (83%), with the remainder from Trinidad and Tobago, Oman, UAE, Algeria, Egypt, Nigeria and Malaysia (BP, 2008). Whilst the 10BCM of gas

supplied to Thailand is transported by pipeline, all of the Chinese (3.87BCM) and Indian (9.98BCM) supplies are transported in liquefied form (BP, 2008, p. 32).

Energy Supply

These projected energy demands present significant challenges, prompting far-reaching changes in national energy policies throughout the region (APEC, 2007). Identified strategies to meet this demand include improving energy efficiency; increasing and diversifying domestic production; and importing energy, with a focus on diversifying sources of oil and gas, and attempting to gain control over upstream resources overseas. For its neighbours, Myanmar plays a strategic role in attempts to diversify energy supplies - both as a potential source of natural gas and as a transportation route for petroleum supplies delivered through the Indian Ocean to Thailand and land-locked areas of India and China - and within regional efforts to integrate energy supply and distribution systems.

Diversifying energy sources

Environmental concerns, and a number of other factors make Myanmar's natural gas reserves particularly attractive for its neighbours. In an editorial in the *Bangkok Post*, Thailand's national newspaper, Kositchotethana (2007) notes Myanmar's reserves are of relatively good quality, competitively priced compared with other overseas sources, and offer a secure supply given reduced supplies of oil in domestic and nearby Asian fields, and instability in the Middle East. Tønnesson and Kolas (2006, p. 85) note that the proximity of Myanmar's natural gas reserves is a large factor in its competitive pricing for Myanmar's neighbours, as transportation by pipe avoids the expense of liquefying the natural gas.

Myanmar's neighbours are also looking to diversify their energy sources beyond the Asian region. Indian and Chinese SOEs have been investing heavily in E&P activity in the Middle East, sub-Saharan Africa and Eurasia (Tønnesson & Kolas, 2006; Ziegler, 2008), sparking international concern around the potential impacts of these investments, particularly by Chinese companies, on conflicts in and with Sudan and Iran (Chen, 2006; ICG, 2008). In diversifying its gas supply sources Thailand has signed supply agreements with Iran (2006) and Qatar (2008), and was seeking supplies from Australia, Indonesia and Russia in late 2008 (Thai Ministry of Energy, 2008a).

Energy market integration in the Asian Region

Alongside this bilateral engagement, Myanmar is party to a number of ongoing regional efforts to create an integrated energy market. Within ASEAN, energy cooperation is part of an economic development program in the region. Energy cooperation across the ASEAN grouping began in 1977 after the oil crisis of the early 1970s (Karki, Mann, & Salehfar, 2005), and increased significantly following agreement of the ‘ASEAN Vision 2020’ in 1997 (ASEAN, 1997). A Trans-ASEAN Gas Pipeline Network (TAGP) and Power Grid were proposed as part of this plan for economic integration and cooperation (ASEAN, 1997, para. 28), with the rationale that “energy trading will stimulate the ASEAN economy, allowing countries with abundant natural resources to generate income from exporting surplus production and allowing those with shortages to import energy at reasonable prices.”¹⁰⁰

With estimated infrastructure development costs of US\$7 billion, the TAGP is envisioned as linking demand and production centres throughout the ASEAN region through thirteen pipelines, identified in Figure 29 (Roberts & Cull, 2003).¹⁰¹ As of August 2007, eight of these cross-border gas pipelines were in operation in the region (Carroll & Sovacool, 2008), of which the

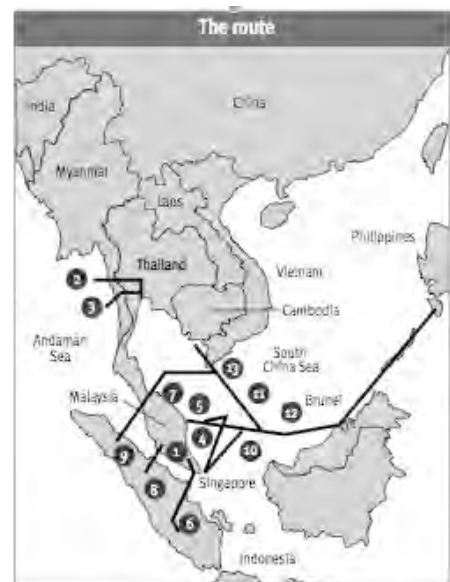


Figure 29: Proposed TAGP route

Yadana and Yetagun Project pipelines from Myanmar to Thailand are two (routes 2 and 3 in Figure 29). A co-operative framework for studying the regulatory and institutional frameworks necessary for the cross-border supply, transportation and distribution of gas under this initiative was agreed in 2002, and further developed in an Action Plan for co-operation agreed in 2004 (ASEAN, 2004). The TAGP project is directed by a Task Force, chaired by Petronas, Malaysia’s national oil

¹⁰⁰ Electricity Generating Authority of Thailand (EGAT). 2003. ASEAN Power Grid. Available: Retrieved June 28, 2009, from http://www.egat.co.th/apg/eng/index_eng.html

¹⁰¹ Reproduced from Roberts & Cull (2003, p.17).

company. Organisationally, the initiative is located within the ASEAN Council of Petroleum, a body comprised of the region's national petroleum companies.

There are currently at least two overlapping efforts within the Asian region to integrate electricity distribution; The ASEAN Power Grid, and the Greater Mekong Sub-region (GMS) 'Master Plan for Regional Power Interconnections and Power Trade' (MPPIT). Within ASEAN, the concept of a regional Power Grid was originally initiated in 1981, and gained considerable momentum in 2003 with the completion of the ASEAN Interconnection Master Plan (AIMP). At a cost of US\$100 billion, AIMP identifies 14 electricity interconnection projects, of which 11 could potentially be implemented by the year 2020, including an interconnection between Thailand and Myanmar (Bhattacharyay, 2009b). Two interconnections had been completed as of May 2009. The GMS completed the MPPIT in 2002, recommending a series of long-distance transmission lines and transformer stations linking Thailand's existing national grid with planned large hydro dams on the upper Mekong (Yunnan, China), Mekong tributaries (Lao PDR and Vietnam), and the Salween River (Myanmar).¹⁰² There is significant overlap between these two power-interconnection initiatives. The World Bank and Asian Development Banks provide financial and technical support to the both initiatives; the GMS includes Myanmar, Thailand, China, Malaysia, Lao PDR, Cambodia and Vietnam (all member states of ASEAN with the exception of China); and both the AIMP and GMS Master Plan Committees were chaired by the same person (World Bank, 2006, p. 5).

Subsequent development of the TAGP and the Power Grid has been fitful, not least due to financing constraints (Bhattacharyay, 2009b, pp. 15-19). For the TAGP Carroll and Sovacool (2008, p. 8) note that whilst a number of the pipelines are in place, "they in no way comprise a network to achieve the goals laid out by ASEAN – especially those attached to regional solidarity and energy self- sufficiency." Roberts and Cull (2003) further note that the great diversity of legal and regulatory systems and economic development throughout ASEAN makes the harmonisation of institutional frameworks challenging, a point echoed by Symon (2006) particularly in relation to pricing regimes, third party access to

¹⁰² These are the dams being constructed by Chinese companies on the Salween River described in Chapter 6.

pipelines and industry structures to address government monopolies on cross-border transport. Ultimately, increased domestic demand for energy in the countries which were anticipated to supply the pipeline network cast doubt on the plan between 2002 and 2007 (Krisnantari, 2007). As with the pipeline network, it is not clear that infrastructure development for the two power-grid initiatives, such as the construction of large hydro dams, will lead to an integrated electricity market. Appetite for such regional integration appears to waver with prevailing market conditions, domestic crises and other geo-strategic priorities (see for example Carroll & Sovacool, 2008). More broadly, there are criticisms of the overall economic and technical justification for the projects (Ryder, 2003, p. 5).

However, plans for the TAGP and Power Grid were re-invigorated in 2007 with the Cebu Declaration on East Asian Energy Security,¹⁰³ and the ASEAN agreement on Climate Change, Energy and the Environment (ASEAN, 2007).

Access to Market

Another overlap between energy security and economic development priorities is revealed in initiatives to develop transportation infrastructure in Myanmar. A number of bilateral and regionally-supported projects to develop ports, road and rail infrastructure in Myanmar, often with specific energy-supply aspects, are currently being planned or are under construction. China, India and Thailand are each reported to be involved in developing port facilities in Myanmar to facilitate the movement of goods across Myanmar to land-locked domestic markets. In the Bay of Bengal, India is funding a US\$100 million re-development of Sittwe port to provide a sea trade route to the Indian state of Mizoram (Lall, 2008, p. 28); China's construction of a port on Ramree Island at Kyauk Phyu, will link Yunnan province to the Indian Ocean through associated railway and road infrastructure (Ramachandranh, 2009); whilst a prospective port at Dawei would provide the markets of greater Bangkok with a deep-sea port only 300 km away (Boot, 2008b). These projects each have an energy security component. The Chinese-funded port at Kyauk Phyu includes a gas collection

¹⁰³ State parties to this agreement included China, Japan, New Zealand, India, South Korea and Australia along with the ASEAN states (referred to as ASEAN+6).

terminal for the Shwe Project gas and facilities for oil-tankers; the re-development of Sittwe Port was part of India's bid to purchase the Shwe Project gas; and the Dawei port will provide ready sea-access to Thailand's major electricity generating plants for imports of LNG.

Security

Security dynamics raised in discussions of energy security in Myanmar's international relations include geo-strategic and domestic dimensions.

Geo-Strategic State Security

Access to Myanmar's ports and overland transportation routes is seen as a vital security asset for China, particularly in relation to energy (Tønnesson & Kolas, 2006, p. 85). The trans-Myanmar pipelines which will be constructed as part of the Shwe gas transport program has been posited as a potential solution to the 'Malacca Dilemma'; any obstruction of the Malacca Strait, a congested body of water between Indonesia and Malaysia through which 70-80% of China's oil imports are transported would create a political and economic crisis for China (Lanteigne, 2007b; Lees, 2007). Shortening the present journey to Chinese South China Sea ports from China's main oil sources in the Middle East by almost 3,000km, the oil pipeline that is planned to run alongside the Shwe gas pipeline, will provide some protection from an aggressive or accidental disruption to transport through the Malacca Strait. However, the security benefits of the trans-Myanmar pipelines, when considered in isolation from the broader strategic priorities of China described above, may be overblown. Whilst these two pipelines with an associated road-network will go some way to addressing the security risk presented by the Malacca Strait, Kenny (2004, p. 43) notes that its overall contribution to enhancing Chinese energy security is minor. As discussed in Chapter 8, Chinese plans for the deep-sea water port at Kyauk Phuy are of concern to the Indian Navy, interpreted as part of a long-term strategic plan by China to control and dominate the Indian Ocean's major sea lines of communication, including the Malacca Strait (Selth, 2007). Military priorities may therefore have been influential in India's decision to continue with the re-development of Sittwe port, despite the failure of the Indian bid to purchase the Shwe Project gas.

The main investors in Myanmar's oil and gas sector are also the main suppliers of armaments and military training to Myanmar. Chief among these is China (Zou, 2003b, p. 65). From 1990-1995 China is estimated to have supplied Myanmar with US\$1.0-1.2 billion of weapons and other military equipment,¹⁰⁴ greatly assisting the Myanmar military in its fight against ethnic insurgents (Tønnesson & Kolas, 2006, p. 86). From 1992, China has reportedly provided some assistance to Myanmar in upgrading its naval facilities at Hainggyi Island, Great Coco Island, Akyab and Mergui; Chinese involvement is also reported in the upgrading of airfield infrastructure along the Myanmar-Indian border (Selth, 2003). In what Lahn (2007) terms an 'arms for energy' tactic, Indian transfers of military equipment to Myanmar increased significantly from 2005 (Lundholm, 2007), coinciding with negotiations for the purchase of the Shwe Gas and negotiations for three subsequent PSCs to which Indian companies are party. Other suppliers of military arms to Myanmar include Russian and Singapore, both home countries for E&P investors (Lintner, 2007; Selth, 1998).

Domestic Security: India's Northeast Region

Lall (2008, pp. 12-14) argues that the prioritisation of economic development to address instability in the North-eastern region of India lies at the heart of the decision to improve relations with Myanmar. The Northeast region has been largely excluded from the economic development seen in many other states in India and is highly ethnically diverse. Demands for greater autonomy by a number of ethnic minorities has fuelled violent insurgencies, including the Naga rebellion and the Manipur insurgency. The Indian government's approach to this insurgency combines economic development and military action, both of which involve Myanmar. Since 1995 Myanmar and Indian forces have conducted joint military operations against ethnic insurgents along their border. The expectation is that with greater security from quelling the insurgencies, cross-border trade will increase, leading to more local economic activity and prosperity and in turn

¹⁰⁴ Including J-6 and J-7 fighters, A-5M ground attack aircraft, radar and radio equipment, surface-to-air missiles, tanks, armoured personnel carriers, artillery anti-aircraft guns, multiple rocket launcher systems, trucks and naval ships, including frigates and fast attack craft. Selth (correspondence, September 2009) notes figures used by the press and even academic observers for military purchases can only be considered very rough estimate. Exact details of what is purchased, under what conditions, at what cost and exchange rate, and whether transactions were completed are all unknown.

reducing trafficking in drugs and arms. The first Border Trade Agreements were signed between Myanmar and India in January 1994, and trade through two Myanmar-India border crossings started officially in April 1995. There have followed a series of high-level diplomatic meetings to strengthen cooperation on issues such as cross border terrorism, communication, business, hydro-electric power and cultural exchanges (1999, 2004, 2006 and 2007). The failed bid to purchase the Shwe gas was also part of the strategy to develop the Northeast region, with a proportion of the gas allocated for use in these provinces.

Competition and Cooperation

In summary, bilateral engagement on energy supplies in the Asian region take place against a backdrop of efforts to create a cohesive regional energy market. The TAGP, Power Grid and MPPIT initiatives, designed to integrate the energy field, are matched by other efforts to develop infrastructure to support regional economic development including in communications and transport (see Bhattacharyay, 2009b for a description). There is an obvious tension between the co-operation on energy security seen in regional initiatives such as the TAGP, and the competition for energy resources evident in the competition between China and India for the Shwe Gas. In the international relations and security literature, there is ongoing speculation over whether competition over resources and related security issues will trump cooperation between India and China on issues such as terrorism and trade (ICG, 2008; Kenny, 2004; Tønnesson & Kolas, 2006).

Taken together, these overlapping dynamics between energy demand and supply (including access to market), economic development, geo-strategic and domestic security, and regional integration inform conceptions of energy security. These conceptions influence state foreign policy, including the support of outward investment in upstream E&P activity.

Alignments in State Foreign Policy and Corporate Mission

Efforts to ensure energy security by governments in the Asian region have included state-sponsorship of overseas E&P activity. From 2000 onwards this has prompted the expansion of E&P activity abroad by state oil companies from the

Asian region, particularly to ‘niche markets’ such as Myanmar, that have remained off limits to more politically sensitive multinational oil companies.¹⁰⁵ China has been involved in overseas E&P activity since the 1990s, through three state-owned companies in the petroleum sector; the China National Petroleum Corporation (CNPC), the China National Offshore Oil Corporation (CNOOC), and the China National Petroleum Corporation (Sinopec). Created by the Chinese Government in the 1980s, these companies now have vast international reach. In 2006, Tønnesson and Kolas (2006) reported CNPC involvement in 30 international E&P projects,¹⁰⁶ and CNOOC involvement in 27 contracts under execution, covering approximately 120,000 sq. km. China dramatically increased its investment in Myanmar’s E&P sector from 2001 with subsidiaries from each company involved in concessions for six onshore blocks agreed between 2001-2005, and five offshore blocks agreed in 2005 and 2007.¹⁰⁷ With the sales agreement of July 2008, China also secured a supply of natural gas from the Shwe Project.

India began looking abroad for oil and gas investments in 2001. By 2008 it had acquired a participating interest in at least 38 E&P projects in 18 countries through ONGC Videsh Ltd (OVL), a subsidiary of its major state-owned oil company ONGC (the Oil and Natural Gas Corporation) (ONGC, 2008). OVL continues to aggressively expand its international interests, having acquired a participating interest in eleven E&P projects in six countries in 2007-08 alone (ONGC, 2008, p. 41). Indian investment in E&P activity in Myanmar began in 2002 through the acquisition of a participating interest in the A-1 field of the Shwe Project by OVL and the Gas Authority of India Ltd (GAIL), another majority Indian-state-owned company, and increased markedly when Indian companies became parties to five additional PSCs from 2004-2006.¹⁰⁸

¹⁰⁵ IEA findings, 2005, reported in Tønnesson and Kolas (2006, p. 85).

¹⁰⁶ In Azerbaijan, Canada, Indonesia, Myanmar, Oman, Peru, Sudan, Thailand, Turkmenistan, and Venezuela. Tønnesson and Kolas (2006, p.27)

¹⁰⁷ Onshore concessions include IOR-4 (CNPC, December 2001), D (Sinopec, September 2004), M (CNOOC and CNPC, October 2004), C-1 and C-2 (CNOOC and CNPC, January 2005).

Offshore concessions include A-4 (CNOOC and CNPC, December 2004), M-10 (CNOOC, CNPC, December 2004), and AD-1, AD-6, and AD-8 (CNPC, January 2007).

¹⁰⁸ Specifically, offshore blocks A-3 (ONGC and GAIL, October 2004) and A-2 (Essar Oil, May 2005), onshore block L (Essar Oil, May 2005), and offshore blocks A-7 (Silver Wave Sputnik Petroleum, GAIL, December 2006) and M-8 (JSC Zarubezhneft, Sun Group, September 2006).

Thailand first acquired an interest in E&P activity in Myanmar in the mid 1990s, through investment by the national E&P company, PTT Exploration and Production PLC (PTTEP) in the Yadana and Yetagun Projects. PTTEP rapidly expanded its overseas operations from 2003. By June 2009, PTTEP was involved in a total of 22 overseas E&P projects spanning Asia, the Pacific, Africa and the Middle East.¹⁰⁹ Of these, PTTEP was involved in six offshore projects in Myanmar, four of which it held as the sole Operator.¹¹⁰ Further, in July 2008, Thailand concluded an agreement to purchase the gas produced from M-7, the Zwatika Project. It was estimated in October 2007 that the net worth of PTTEP would drop by about US\$ 1.5 billion if the company withdrew from Myanmar (Silp, 2007 para. 6).

The link between home state energy security policy and overseas E&P activity should not, however, be overstressed. E&P adventure may reflect domestic, organisational and international factors that together combine to support outward investment by national oil companies. This investment may subsequently be interpreted as the result of direct state policy. For example, whilst security concerns are clearly influential in state policy towards foreign E&P activity, Tønnesson and Kolas (2006, p. 27) warn that domestic energy security concerns were not the only, or even the main, driver for Chinese investment in overseas oil development in the 1990s. They argue that changes in government pricing controls of the domestic oil market and the restructuring of the Chinese oil industry in the 1990s, led to windfall profits for CNPC. This led the company to look overseas for investment opportunities, with the consent of the central Chinese government. Asian states have certainly supported their national oil companies in overseas E&P activity, but the individual histories of that support may be varied.

Regardless of the history of state support for foreign E&P activity, a broad alignment between the vision and mission statements of national E&P enterprises

¹⁰⁹ These include Bahrain, Cambodia, Indonesia, Myanmar and Vietnam; Australia and New Zealand; and Algeria, Iran, Oman and Egypt, respectively. International Exploration and Production – PTTEP. Retrieved June 30, 2009 from http://www.pttep.com/en/ourBusiness_EAndPprojects.aspx?type=2&Region=0&Phase=0&Investment=0&page=all.

¹¹⁰ These offshore concessions include PSCs for M-7 and M-9 (November 2003), M-3 (August 2004), M-4 (August 2004) and M-11 (July 2005).

and state policy on energy security is evident. For example, PTTEP commits to “seek domestic and international growth to satisfy Thailand’s growing oil and gas needs now and for years to come.”¹¹¹ ONGC Videsh Ltd’s vision “To be a world-class exploration and production company providing security oil to the country” is supported by a strategic objective “To support India’s energy security”.¹¹² The Chinese national oil companies are less explicit about their orientation, perhaps reflecting sensitivity to international concerns about Chinese expansion. On CNOOC’s website, references to Chinese energy security are found on the ‘Social Responsibility’ web-page rather than under ‘Strategy’, and carefully place CNOOC’s focus within efforts by a broader community of energy companies: “As a Chinese company, we have been standing firmly with international energy giants and contributing to the resolution of global energy issue [sic], with particularly close attention paid to the country’s energy needs”.¹¹³ It is clear from the above that in E&P activity, the agendas of state-owned enterprises and their home governments closely align in prioritising national energy security. This alignment is significant in explaining variation in the terms under which E&P companies engage in Myanmar, and in the concurrent use of enterprise as a conduit for foreign policy.

B.) Enterprise as a Conduit for State Foreign Policy

In an article on different terms of corporate engagement in ethically challenging environments, Schermerhorn (1999a, p. 499) points to the need to inquire further into “how government agendas influence ethical behaviour of international businesses.” He argues, “because business investment drives economic development it becomes an attractive and convenient lever of influence

¹¹¹ About PTTEP – Vision & Mission, Retrieved June 30, 2009 from <http://www.pttep.com/en/aboutPttepVisionAndMission.aspx>

¹¹² ONGC Videsh: Accreting hydrocarbon resources abroad, ONGC Videsh Ltd. Retrieved July 1, 2009 from <http://www.ongcvidesh.com/Company.aspx>.

¹¹³ Social Responsibility. CNOOC. Retrieved July 1, 2009 from <http://www.cnooltd.com/encnoooltd/shzr/default.shtml>

for governments engaged in diplomatic tugs of war.” Schermerhorn explains that the power of this lever of influence “was demonstrated multilaterally in the days of apartheid South Africa when trade sanctions and support for the Sullivan Principles hastened the advent of non-racial democracy.” However, “unilateral attempts by nations to use business restrictions as an instrument of foreign policy show mixed results.” Inspired by Schermerhorn’s call, here I present an initial, conceptual grounded theory, which describes the ‘commingling’ of government and business agendas in different terms of corporate engagement in Myanmar.

I categorise Schermerhorn’s identification of *business investment restrictions as a lever of state influence* as a theoretical concept within a broader category of business as a ‘conduit’, or channel, for government policy. Through the threat or use of economic sanctions, such as those against apartheid South Africa, governments attempt to exert influence over other governments through restricting foreign investment and undermining economic stability and development. From the above examination of state energy security priorities, and state-sponsorship of overseas E&P activity by national oil companies, I expand this theoretical category to include the use of *business investment as a direct vehicle for government policy*. In this latter concept, governments of outward, trade-oriented economies seek to promote foreign trade and investment, particularly across key industries (for example, in primary agriculture for New Zealand), in order to support economic domestic economic growth. The use of enterprise as a direct vehicle for foreign policy appears to be the dominant model of business-TNC relations, with the use of TNCs as levers of influence by states the exception, rather than the rule. This preliminary theory is illustrated in Figure 30.

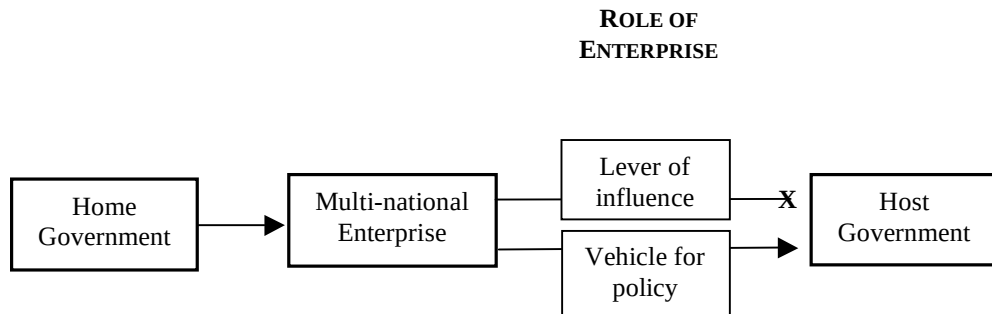


Figure 30: The role of enterprise as a conduit for state foreign policy (basic framework)

The notation ‘-X’ in Figure 30 depicts the effective withdrawal of an enterprise from a fragile state context, indicating divestment or disinvestment, and is used throughout the remainder of the thesis. Figure 30 may be applied across industries and does not reflect any particular policy agenda. Figure 31 incorporates the above discussion of energy security concerns in international relations with Myanmar into this simple model.

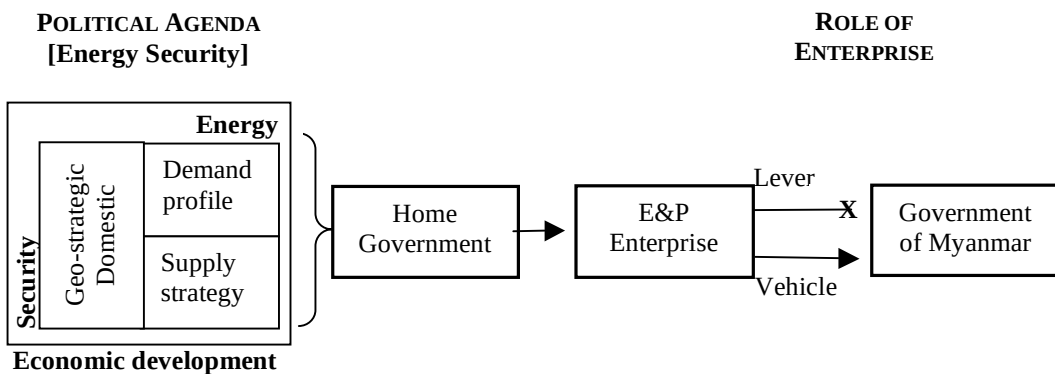


Figure 31: The role of business as a conduit for state energy security agendas in relations with Myanmar

Here the energy security agenda is depicted as the primary influence in the use of E&P enterprises as a conduit for foreign policy, by the company’s home government, in its relations with the Government of Myanmar. An example of the use of E&P enterprise as a vehicle for state energy security policy, is the extensive investment in E&P activity in Myanmar by the majority Thai-state-

owned company PTTEP, as a means of ensuring energy security for Thailand. An example of the use of E&P enterprise as a lever of influence, is the prohibition on new investment in E&P activity in Myanmar by the governments of Canada and the United States of America, in an effort to increase economic pressure on the Myanmar authorities to foster political and economic transitions in the country. In this latter example, energy security concerns do not appear to be the primary motivating factor for Canada and the United States, neither country being a large investor (with the exception of Chevron in the Yadana Project) in E&P activity in Myanmar, or a likely purchaser of energy exports given the geographic distance. This reveals directions of association between these theoretical elements. When energy security is a prominent political agenda, E&P enterprise is more likely to be used as a vehicle to execute state policy around energy security. When energy security is less prominent, E&P enterprise is more likely to be used as a lever of influence for other facets of state policy. This association allows for the identification of multiple political agendas, for example democratisation or human rights, that may influence the use of E&P enterprise as a lever of influence or a vehicle for state policy. Figure 32 provides a conceptual framework through which multiple competing political agendas may be identified for their contribution to the strategic use of E&P enterprise by states as a conduit for foreign policy.

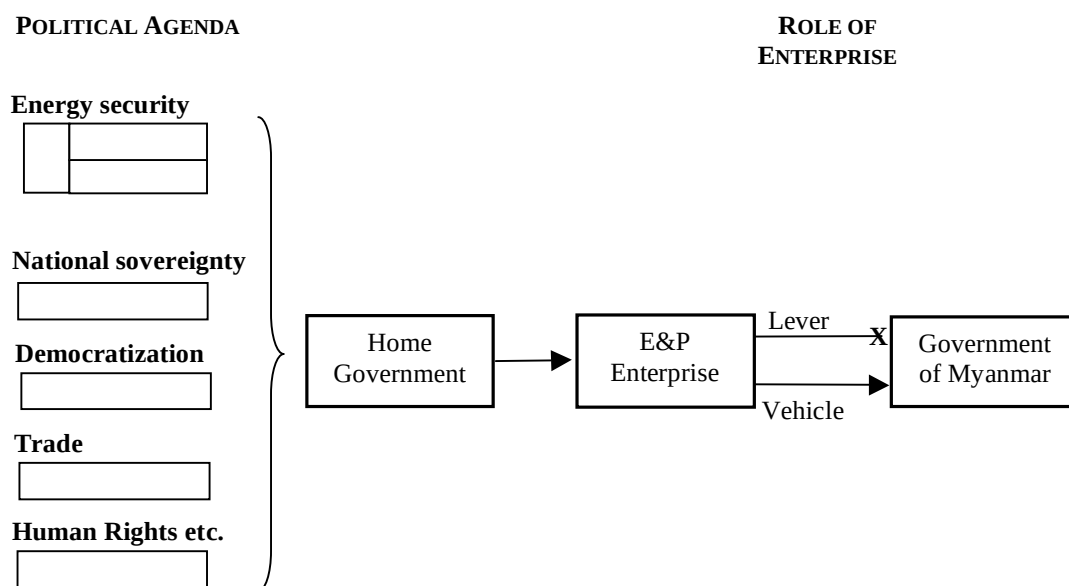


Figure 32: Multiple political agendas in the role of enterprise as a conduit for state foreign policy towards Myanmar

C.) Forms of State-Company Influence in the Use of Enterprise as a Conduit for State Foreign Policy

I identify four mechanisms through which states may attempt to exert influence over E&P enterprise for strategic foreign policy ends. These include ownership structures, commercial regulation, political pressure and forms of state support (illustrated in Figure 33).

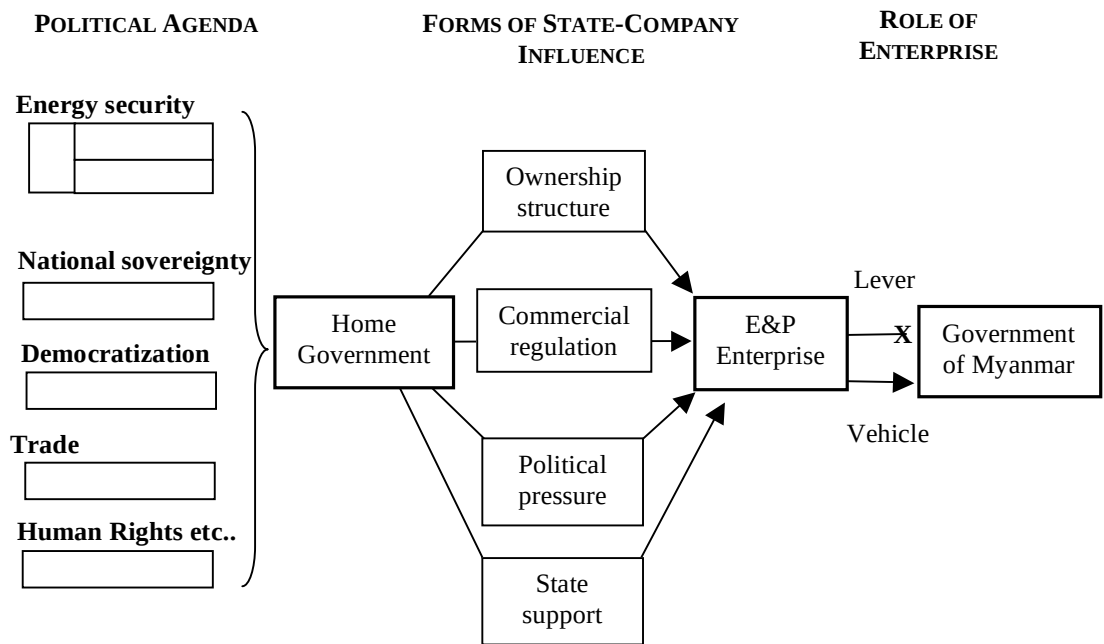


Figure 33: Forms of state-company influence

As noted in Chapter 4 (Method), the relationships between states and companies was not an initial research focus and as such was not a topic of inquiry in interviews with corporate executives. For practical and ethical reasons I made an active decision not to approach government officials for this project. As such, when the alignment between state and corporate agendas was identified as an area of relevance to the emerging theory of Corporate Citizenship in Fragile States, I developed Commercial Diplomacy through analysis of secondary sources. I consider this aspect of the grounded theory the least developed, and offer the following description of these theoretical concepts and the relationships between

them as an indication of possible forms of state-company influence to be developed through subsequent inquiry, rather than as fully developed concepts.

Ownership structure

A central assumption, made by other states and by advocates, is that state-ownership equates to state ability to influence corporate activity. For example, HRW (2007a, para. 4) identify half of the E&P enterprises with investments in Myanmar as being “state-controlled”, which they define as being “wholly or partially owned by foreign governments.” However, recent public listing of national oil subsidiaries have introduced a degree of complexity into the relationship between state-ownership and corporate activity. Tønnesson and Kolas (2006, p. 27) note that whilst CNPC, Sinopec and CNOOC are still state-owned companies, they increasingly operate as private companies, setting up subsidiaries, organising as shareholding companies and listing on stock exchanges. For example, CNPC has set up subsidiaries for its high equity assets, drilling services and geological survey work, and CNOOC has listed its oil fired services unit on the Hong Kong stock exchange.

Public listing of oil and gas companies allows other states through sovereign wealth funds, and other oil and gas companies, to acquire an ownership stake. For example, in April 2008 China’s State Administration of Foreign Exchange (Safe) was reported to have built up a 1.6% stake in Total SA, joining sovereign investors from Norway and the Middle East and other institutional investors who hold 88% of the shares in the company (McGregor, Hollinger, & Sender, 2008). Bendell, Ng and Alam (2009, pp. 14-19) note that interest in sovereign wealth funds (SWF) - government-owned foreign investment funds- grew markedly in 2008, due to the major role they played in multi-billion dollar bailouts of Western banks such as Citigroup and UBS. Amassed through rising energy prices and trade surpluses, the SWFs of exporting nations were estimated to control US\$3 trillion of assets in 2008, projected to increase to an estimated US\$10-12 trillion by 2012 by the OECD. Bendell et al (2009) note further that rapid growth and outward investment by these SWFs (especially from China and the Middle East) has sparked concern in the West that these investments may threaten the security of host countries, especially when in the energy or infrastructure sectors. The concern is that through SWFs states may be (p.19):

“pursuing their full range of interests through their commercial activities.” This provides another example of the use of enterprise (writ large) as a vehicle for state policy.

In an added layer of complexity, the public offerings of national oil company E&P subsidiaries has also increased mutual ownership within the oil and gas industry. When PetroChina, a subsidiary of CNPC, was introduced on the Hong Kong and New York stock exchanges, BP purchased 20% of the share offer; When Sinopec and CNOOC made public offerings of minority shares, ExxonMobil, BP and Shell became the main investors in Sinopec, and Shell invested in CNOOC (Tønnesson & Kolas, 2006, p. 28). Together, the purchase of shares in publicly listed E&P enterprises by SWFs and by other oil companies (who may themselves have the same or different SWFs as shareholders) suggests that the link between ownership and ‘control’ may be more complex than first appears. The influence of minority shareholders may be limited but, as will be seen in the following chapter, is still sufficient for minority shareholders in E&P enterprises to become the focus of stakeholder activists attempting to influence the company (or its majority-shareholder government) to alter their terms of engagement in fragile states.

Commercial Regulation

The threat or levelling of economic sanctions is the primary way in which home states attempt to use enterprise as a lever of influence to achieve their foreign policy objectives. Sanctions are a form of commercial regulation. Whilst new investment in E&P activity in Myanmar by US companies was prevented under a Presidential Executive Order signed in 1997, the stake in the Yadana Project held by Chevron (formerly Unocal) is exempt due to a ‘grandfather clause’ in the Order, sponsored by Senators Feinstein and McCain (OFAC, 2008). The investment remains contentious in the US; Bills requiring Chevron to sell its stake in the Yadana Project, and denying the company tax-credits for the tax it pays the Myanmar government were tabled in the US Senate and the House of Representatives, respectively, in the wake of the September 2007 protests (Goldstein, 2008). The final legislation passed by the Senate merely urged “investors” in the gas project “to consider voluntary divestment over time” if the Myanmar government did not embrace reforms (AFP, 2008d. para. 5). Canada

has also prevented any new E&P investment, along with all other investment in the country by Canadian persons or companies since 2007 (Brickson, 2007).

Political Pressure

Despite being a publicly listed and freely traded company, Premier Oil was put under considerable pressure by the British Government to withdraw from Myanmar, which it did in 2002. In a May 2001 press release, the BCUK report, British Foreign Secretary at the time Robin Cook, as saying “I’m going to make it quite clear, we do not approve of what Premier are doing, they know that perfectly well, we would much rather they stopped and they know that perfectly well” (BCUK, 2001). Political pressure from the British Government to divest was recounted in interviews with former Premier employees, undertaken for this project (Interviews, September 2008).

The above, ultimately unsuccessful, attempt by US lawmakers to force Chevron to divest its Myanmar assets can also be understood as the application of political pressure. Whilst in both of these cases political pressure is exerted with the aim of encouraging or forcing the E&P enterprise to divest, political pressure can also be applied in an effort to encourage potentially more ‘constructive’ terms of corporate engagement. For example, in 2007 Bernard Kouchner, the new French Foreign Minister, made a series of public statements in which he criticised Total for not doing more to encourage the Myanmar authorities to release political prisoners (Dow Jones, 2007).

State Support

States can provide support to E&P enterprise in a number of forms besides through ownership structures discussed above, including direct capital and tax-incentives to encourage foreign investment, and the brokering of trade agreements with foreign governments. The South Korean government’s decision not to investigate complaints regarding Daewoo International and KOGAS’s involvement in the Shwe Project, which were lodged with the OECD National Contact Point in Seoul by stakeholder activists (ERI, 2008b) can be seen as another form of support. Given the significant of energy sector investments, government officials are often involved in negotiations for Production Sharing Contracts and other agreements related to E&P activity concerning SOEs.

Indirect energy agreement brokerage can extend to other areas of diplomacy, influencing broader international relations with Myanmar, which I consider next.

D.) Energy Diplomacy: Energy Security and Myanmar's International Relations

The energy security concerns of Myanmar's neighbours and key investors are identified as a key dynamic in preventing stronger censure of the Myanmar authorities in international forums (Barthassat, 2007; Fuller, 2007). For example, in September 2006, the United States requested that the situation in Myanmar be formally put on the UN Security Council agenda on the grounds that it presented a threat to international peace. Permanent members of the council were not allowed to use their veto on the rare procedural motion and it passed, despite votes against the motion by the Russian Federation and China. When Myanmar was discussed by the Security Council in January 2007, Russia and China vetoed the draft resolution which called on Myanmar's Government to cease military attacks against civilians in ethnic minority regions, and to begin a substantive political dialogue that would lead to a genuine democratic transition (UNSC, 2007).

The close timing of energy agreements with these actions at the Security Council have led commentators to conclude that "Myanmar's generals have become masters at turning energy deals into protection money" (Weiss, 2007). On the same day that the Russian Federation voted against formally putting Myanmar on the Council's agenda, a PSC was signed between the partially state-owned JSC Zarubezhneft Itera of the Russian Federation, India's Sun Group, and MOGE for offshore block M-8. Equally, three days after China's veto of the draft resolution in January 2007, MOGE and CNPC signed a PSC for deepwater blocks AD-1, AD-6 and AD-8. In voting against the resolution, China cited the principle of non-interference in the affairs of other countries (UNSC, 2007), a position shared by India (AFP, 2007b). During escalating protests in late 2007, India's oil minister Murli Deora travelled to Nay Pyi Daw to witness the signing of three PSCs for offshore blocks by MOGE and ONGC Videsh Ltd, a majority state-

owned company from India (AFP, 2007a). In response to criticism over the timing of the visit and Indian investment in the country, officials pointed to a division between economic and political forms of engagement with Myanmar.

The Myanmar government recognises the significance of energy security within its international relations. This recognition is evident in Myanmar Foreign Minister Nyan Win's statement to the United Nations General Assembly in September 2008, in which he called for the removal of unilateral sanctions on Myanmar (quoted in Jha, 2008);

Myanmar has abundant land and natural resources to be able to make a meaningful contribution to energy and food security of our country and beyond. In order for us to fulfill our potential we need unfettered access to market... The sooner the unjust sanctions are revoked and removed, the sooner will the country be in a position to become the rice bowl of the region and a reliable source of energy.

These dynamics around 'energy diplomacy' are depicted in Figure 34. The schema describes how greater prominence of energy security in the political agenda of a home government towards Myanmar (indicated with a +) is linked to 'protection' of the Government of Myanmar in international arenas, with associated claims of non-interference. Equally, a low priority of energy security in dealings with Myanmar (indicated with a -) is associated with censure of the Myanmar Government and with a greater willingness to intervene in the affairs of the country. Further, the statement of the Myanmar foreign minister indicates that Myanmar actively engages in energy diplomacy itself, directly attempting to use the energy security concerns of other states to fulfil its own international and domestic agendas (indicated by the arrow at the top of Figure 34).

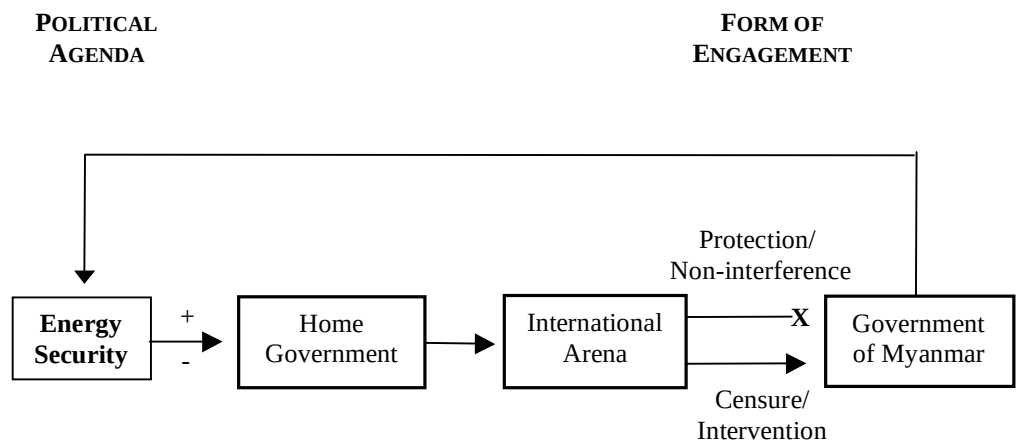


Figure 34: Energy diplomacy in Myanmar's international relations

A parallel form of energy diplomacy can occur at the domestic level, with a host government attempting to exert influence over a company's home government through targeting foreign companies operating in the host country. This process is illustrated in Figure 35. The threatened or actual nationalisation of foreign company assets, or the offer of lucrative concessions are two ways in which host governments may attempt to influence home governments through foreign enterprise with domestic operations. There is little publicly available evidence for this process in E&P in Myanmar, but a similar process could be seen at play in Venezuela's contemporary relations with the United States of America and the nationalisation of major energy and mining projects in which American companies have an interest under the direction of Hugo Chavez, the President (Reuters, 2009b).

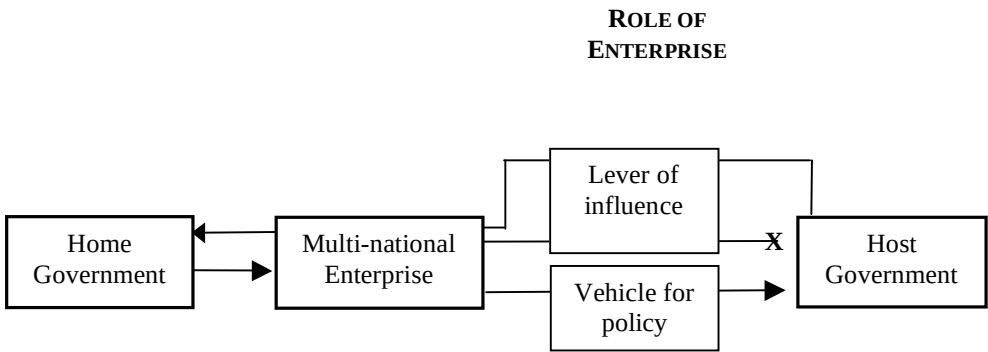


Figure 35: The reciprocal use of enterprise as a lever of influence

Different levels of intent and skill in ‘energy diplomacy’ are attributed to the Myanmar authorities by watchers of Myanmar affairs, as seen in commentary on the sale of the gas from the Shwe Project. Analysts point to the eventual sale of the gas to China after fierce competition from India either as evidence of Myanmar’s increasing dependence on China, or its skilful diplomacy to maintain distance from China through courting Indian involvement (Boot, 2008c). In 2006, Myanmar reportedly signed MoUs for the sale of the estimated 6.5tcf of natural gas from the Shwe Project with both the Chinese state-owned company PetroChina (January 11, 2006) and India’s state-owned GAIL (March 9, 2006). On March 9, 2007, MOGE announced the cancellation of GAIL’s bid to buy the gas and its intention to sell the gas to PetroChina, causing consternation in India (Dutta, 2007; Singh, 2007). Following fieldwork interviews with government officials in both India and Myanmar in 2007, Lall (2008) reports that the Chinese were awarded the Shwe gas as the Myanmar Government perceived India as lacking speed and clarity in its relationship with Myanmar, whilst China was seen as quick, reliable and offering political support. The ‘political support’ offered to Myanmar by China as part of the complex Sino-Myanmar relationship was significant enough for Myanmar to accept a Chinese purchase offer reported to be markedly lower than that offered by India (at \$4.27 to US\$4.41 per million British thermal units) (Boot, 2008c). With the announcement that the gas would be sold to China at below market rates Daewoo International’s stock fell more than 3% in value and there were reports that Daewoo was considering legal action against the government ("Daewoo contemplates legal action against Burma on gas deal with China," 2007).

The importance of the country’s energy resources to the Myanmar authorities can be seen in the government’s deployment of military force to protect them. In October 2008, tensions between Myanmar and Bangladesh over the demarcation of each country’s Exclusive Economic Zone (EEZ) in the Bay of Bengal, escalated. Exploratory drilling by Daewoo in deepwater block AD-7, in the disputed area and under escort by Myanmar naval vessels, prompted Bangladesh to deploy four naval vessels, and both countries increased troop numbers along their land border (AFP, 2008c; Lwin, 2008). The rig was withdrawn from the area in November 2008, and subsequent meetings between

the state-owned companies PetroBangala and MOGE have failed to resolve the dispute ("Two days maritime talks ends with no result," 2008).

Commercial Diplomacy in the Global Public Domain

The full grounded theory of Commercial Diplomacy is illustrated in Figure 36. Commercial Diplomacy is a conceptual framework of the social process through which state actors may attempt to use enterprise as a conduit for foreign policy. The framework describes strategic attempts by state actors to affect other governments through the use of enterprise as a conduit for foreign policy. The theory describes: (a) how a range of intersecting political agendas shape state motivations for engagement with a host government; (b) the forms of state-company interaction through which the state may attempt to use enterprise to achieve its foreign policy objectives; and (c) the strategic role of the enterprise. Finally, the theory highlights the (d) ways in which host governments undertake diplomatic efforts to affect the bilateral and/or multilateral strategic use of enterprise as a lever of influence against itself. In these diplomatic efforts, host governments attempt to influence the policy profiles that shape home government motivations for engagement.

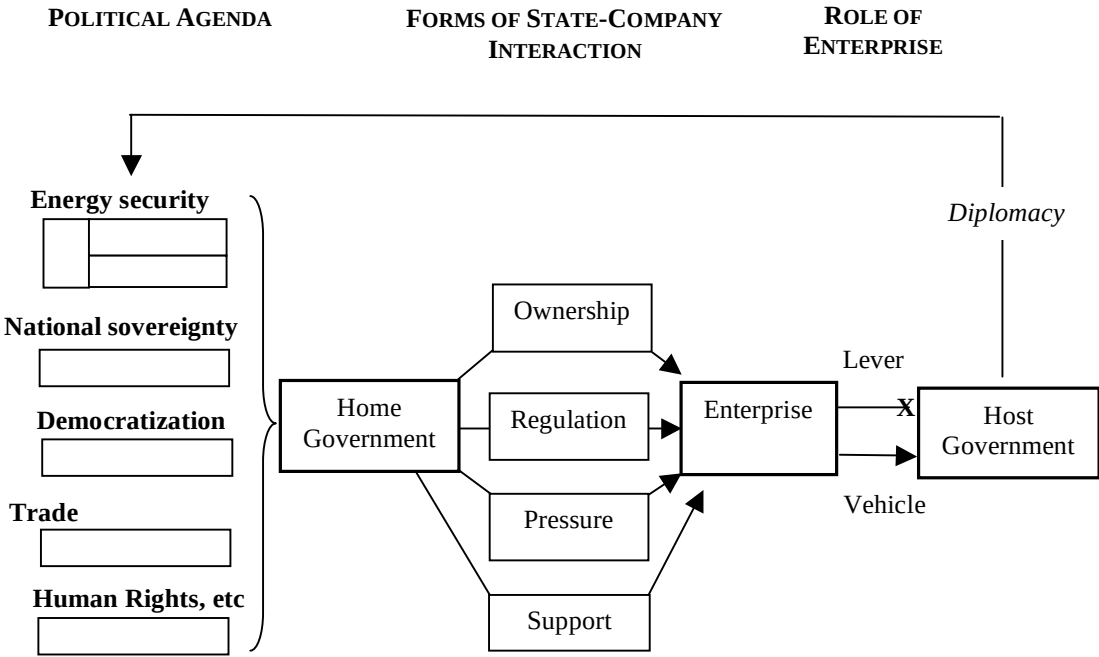


Figure 36: Commercial Diplomacy – A conceptual framework of the use of enterprise as a conduit for state foreign policy

I developed this provisional grounded theory through analysis of the alignment between state and enterprise objectives in E&P activity in Myanmar, drawing primarily on secondary sources. It requires significant theoretical development, which could be undertaken through empirical assessment of the framework in the Myanmar context, either with regard to E&P activity and/or in comparison with commercial diplomacy in the garment industry which has been the target of US sanctions from 2003 with mixed effects (see Kudo, 2008b). Equally, comparison with other instances of commercial diplomacy related to E&P activity could spotlight other theoretical concepts for inclusion, including other forms of state-company interaction or other roles of enterprise as a conduit for foreign policy beyond levers and vehicles. Comparison with instances of commercial diplomacy far removed from the energy sector may also highlight contextual factors to explain the prioritisation of particular elements of the policy agenda that motivate the strategic use of enterprise in its various forms.

In this chapter I have not considered whether the identified dynamics in the alignment between state and corporate agendas produce business activity of a

more or less ‘ethical’ nature – Shermerhorn’s (1999) initial intent. I address this question in Chapter 11, where I consider how the state-enterprise dynamics identified here influence different terms of corporate engagement in Myanmar. This is one of the ways in which the four substantive grounded theories presented in this thesis combine in the overarching theory of Corporate Citizenship in Fragile States. Figure 37 situates Commercial Diplomacy within this larger grounded theory. The primary contribution of this provisional theory to the broader, critical theoretical interest of this inquiry into Corporate Citizenship as a form of global governance is in my identification of attempts by state actors to leverage the power and resources of the TNC in the global public domain (Ruggie, 2004), and the complexity of the political and economic aspects of state use of enterprise as a conduit for foreign policy. In the use of sanctions, states seek to leverage TNC activity to achieve political ends that may be socially, politically or economically oriented. Sanctions can be seen as attempts to fill governance gaps at the global level, particularly when they are multilateral. However, Bendell et al’s (2009, p. 19) observation of concerns that through SWFs, states may be “pursuing their full range of interests through their commercial activities” presents a more complicated picture of the ways in which states may attempt to graft their agendas onto TNCs, than the ‘social capacity building’ described by Ruggie (2004). Multilateral sanctions may for example, seek to address governance failures by the Myanmar authorities and be motivated by a concern for human rights and democratic governance by some home states. However, the multiple policy agenda priorities, particularly the complex of priorities around energy security identified above, suggests that state-TNC interactions are a rich area to inquire into the political aspects of TNC activity in global governance systems. In Commercial Diplomacy I have identified some initial avenues for such inquiry.

I next turn to the activities of a translocal social movement – the Free Burma Movement – and describe their attempts to use the geographical reach and political influence of TNCs to pursue their own political-social agenda of regime transition in Myanmar. The aims and activities of the Free Burma Movement are, as will be shown, more in line with Ruggie’s (2004) conception of social capacity building through TNCS within the global public domain.

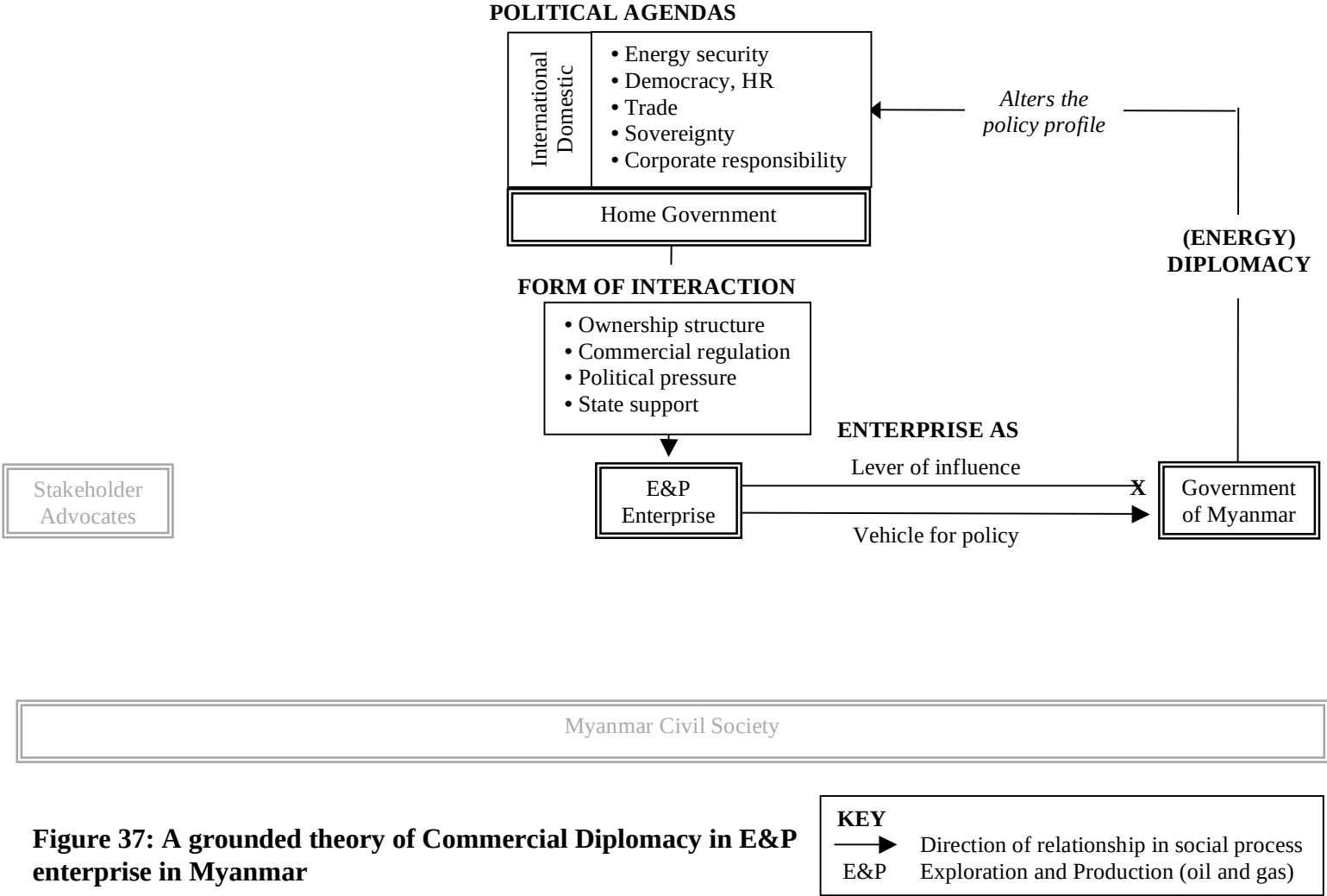


Figure 37: A grounded theory of Commercial Diplomacy in E&P enterprise in Myanmar

CHAPTER TEN

A GROUNDED THEORY OF STAKEHOLDER ACTIVISM

The root cause of the business and human rights predicament today lies in the governance gaps created by globalization. These governance gaps provide the permissive environment for wrongful acts by companies without adequate sanctioning or reparation. How to narrow and ultimately bridge the gaps in relation to human rights is our fundamental challenge.

-Prof. John Ruggie, UN Secretary-General's Special
Representative on Business and Human Rights (2008, p. 3)

Organisations within the Free Burma Movement (FBM) have been active in trying to bridge the “governance gaps” between business activity and human rights violations in Burma. In this chapter I introduce key organisations in this endeavour and present a grounded theory of Stakeholder Activism, in which I describe the aims and strategies they employ. I conclude with critical reflections on the dynamics of Stakeholder Activism within the global public domain.

Stakeholder Advocates for E&P Disinvestment

Within the FBM, a number of organisations actively campaign for E&P enterprise divestment from Burma. During this inquiry, four organisations were identified by individuals within the FBM, and by gas company executives, as being particularly influential. These organisations –The Burma Campaign UK, EarthRights International, The Shwe Gas Movement, and the Burma Project at the Open Society Institute - are described below. Although the International Trade Union Confederation (ITUC) was not mentioned by any of the research participants, I have analysed correspondence between the ITUC and companies

generated from its international divestment campaign focused on Burma. My analysis of this correspondence is included in this and the following chapter.

The Burma Campaign UK (BCUK)

BCUK originally started as the Burma Action Group, an international campaigning organisation founded in January 1991 by a group of Burma scholars and individuals, as a continuation of an Amnesty International campaign on Burma.¹¹⁴ BCUK has targeted companies with links to Burma in at least five campaigns; Clothing, Tourism, Oil and Gas Divestment, Insuring Repression and The Dirty List.

In the Clothing campaign, BCUK has focused on signature British apparel stores (the Bhs Boycott Campaign, 1996),¹¹⁵ individual clothing manufacturers (the Support Breasts, Not Dictators campaign targeting lingerie manufacturer Triumph International, 2001), and the entire British clothing retail sector (the Clean up the British High Street campaign, 2003).¹¹⁶ The Tourism Boycott campaign has been running since the late 1990s, and includes an ongoing call for a boycott of Lonely Planet, a company that publishes a travel guide to Myanmar (Burma). Since 1998, BCUK has run the Oil and Gas Divestment campaign. BCUK led the campaign against Premier Oil until its disinvestment from Burma in 2002, and currently runs TOTAL Oil, a campaign supported by 50 organisations in 18 countries,¹¹⁷ in which it calls for the withdrawal of Total from Burma. In late 2007, BCUK launched the Insuring Repression campaign, targeting insurers that provide services to companies operating in Burma.¹¹⁸

The Dirty List intersects with each of these campaigns. Intended “as a resource for investors and campaigners”, the Dirty List provides contact details for British and foreign companies with links to the UK, and has been released

¹¹⁴ Archives Burma Action Group (London). International Institute of Social History. Retrieved June 11, 2008 from <http://www.iisg.nl/archives/en/files/b/10886426.php>.

¹¹⁵ Bhs No Longer Sourcing In Burma. Burma Campaign UK. October 8, 1996. Retrieved June 11, 2008 from <http://www.burmacampaign.org.uk/pm/weblog.php?id=P326>.

¹¹⁶ Coming clean – British clothing retailers and Burma. Burma Campaign UK. n.d. Retrieved June 11, 2008 <http://www.burmacampaign.org.uk/reports/comingclean.html#summary>.

¹¹⁷ Total Briefing. Burma Campaign UK. Retrieved September 13, 2009 from <http://www.burmacampaign.org.uk/index.php/burma/about-burma/about-burma/total-briefing>.

¹¹⁸ Willis pulls out of Burma. Burma Campaign UK. March 5, 2008. Retrieved June 11, 2008 from <http://www.burmacampaign.org.uk/pm/weblog.php?id=P333>.

annually since 2002.¹¹⁹ BCUK also produces a Clean List of companies who have stated an intention not to invest in Burma, or who have divested from the country.

EarthRights International (ERI)

ERI is a nongovernmental, nonprofit advocacy organisation that “combines the power of law and the power of people in defense of earth rights” – the intersection of human rights and environmental protection.¹²⁰ Based in the US with offices in Southeast Asia, ERI is involved “in fact-finding, legal actions against perpetrators of earth rights abuses, training grassroots and community leaders, and advocacy campaigns.”

ERI is a key organisation in the Burma E&P divestment movement, in line with its position “at the forefront of the movement to hold corporations accountable for fair human rights, labor, and environmental practices no matter where they do business.”¹²¹ In 1995, ERI established the Burma Project¹²² focusing on; Oil and Gas Development, Dams, Mining, International Financial Institutions, Conflict and Natural Resources in Burma, and EarthRights Promotion. In describing its focus on Oil and Gas Development, ERI states;¹²³

Burma’s oil and gas sector is associated with massive scale human rights abuses and environmental degradation. The Burma Project monitors Burma’s oil and gas sector, collecting difficult to obtain information from inside Burma on internationally financed oil and gas projects. We also conduct fact-finding and research, which informs campaigning at the local and international levels, and explore the possibilities of litigation against multinational corporations who partner with the junta.

¹¹⁹ ‘Dirty List’ exposes companies supporting regime in Burma. Burma Campaign UK. December 18, 2002. Retrieved June 11, 2008 from http://www.burmacampaign.org.uk/pm/more.php?id=26_0_1_0_M.

¹²⁰ Mission statement. EarthRights International. Retrieved September 13, 2009 from http://www.earthrights.org/misc/mission_statement.html

¹²¹ About us. EarthRights International. Retrieved September 13, 2009 from http://www.earthrights.org/about_us.html.

¹²² Burma Project. EarthRights International. Retrieved September 13, 2009 from <http://www.earthrights.org/burma/>.

¹²³ Oil and Gas Development. EarthRights International. Retrieved September 1, 2009 from <http://www.earthrights.org/burma/oilandgas/>.

As part of this focus, ERI has ongoing campaigns against the Yadana and Shwe Gas Projects.¹²⁴

The Shwe Gas Movement (SGM)

SGM¹²⁵ is a global advocacy network. The network was initiated in late 2002 by the All Arakan Student's and Youths' Congress (AASYC), in opposition to the development of the Shwe gas project.¹²⁶ In 2009, the SGM was comprised of four member organisations – AASYC, Arakan Oil Watch,¹²⁷ Shwe Gas Movement (India), Shwe Gas Movement (Bangladesh) – and several civil society organisations, including ERI, in a broader network.¹²⁸

SGM has campaign committees in India and Bangladesh, and a coordinating centre in Thailand. Through information sharing, awareness raising, public actions, and other activities, the SGM campaigns “To postpone the extraction of the Shwe natural gas deposit until a time when the affected people in Western Burma can participate in decisions about the use of their local resources and related infrastructure development without fearing persecution.”¹²⁹

Burma Project, The Open Society Institute (OSI)

OSI is a grant-making foundation head-quartered in New York, which supports a network of philanthropic foundations in the US and more than 60 countries in Europe, Asia, Africa and Latin America. The OSI was established in 1993 by investor and philanthropist George Soros, to support a network of foundations he established to support ‘open societies’.¹³⁰ During the 1980s, Soros

¹²⁴ Yadana Gas Pipeline. EarthRights International. Retrieved September 1, 2009 from http://www.earthrights.org/campaignfeature/yadana_pipeline.html.

¹²⁵ Homepage. Shwe Gas Movement. Retrieved September 1, 2009 from www.shwe.org.

¹²⁶ About the Shwe Gas Movement. Shwe Gas Movement. Retrieved September 12, 2009 from <http://www.shwe.org/about-sm>.

¹²⁷ Arakan Oil Watch. Retrieved September 12, 2009 from <http://arakanoilwatch.org/>.

¹²⁸ Other civil society organisations listed on the SGM website include the Korean House for International Solidarity (KHIS), the Korean Federation for Environmental Movement (KFEM), Imagination for International Solidarity (IIS), EarthRights International (ERI), the Anti Gas Pipeline Campaign in Mizoram and the Other Media (India), the Students and Youth Against the Plundering of Oil and Gas from Bangladesh. About the Shwe Gas Movement. Shwe Gas Movement. Retrieved September 12, 2009 from <http://www.shwe.org/about-sm>.

¹²⁹ Homepage. Shwe Gas Movement. Retrieved September 1, 2009 from www.shwe.org.

¹³⁰ About OSI – Overview. Open Society Institute. Retrieved September 12, 2009 from <http://www.soros.org/about/overview>.

established a network of grant-making foundations in Central and Eastern Europe and the former Soviet Union, to assist these countries in their transition from communism. OSI sets out to:¹³¹

build vibrant and tolerant democracies whose governments are accountable to their citizens. To achieve its mission, OSI seeks to shape public policies that assure greater fairness in political, legal, and economic systems and safeguard fundamental rights. On a local level, OSI implements a range of initiatives to advance justice, education, public health, and independent media. At the same time, OSI builds alliances across borders and continents on issues such as corruption and freedom of information.

OSI is a cornerstone supporter of organisations in the Free Burma Movement. In 1994, the OSI established the Burma Project, for the purpose of “increasing international awareness of conditions in Burma and helping the country make the transition from a closed to an open society.”¹³² To this end, the Burma Project awards grants for organisations to undertake work focused on:¹³³

building the capacity of individuals and civil society organizations; promoting and improving the human rights and political and social standing of ethnic and marginalized groups from Burma; increasing the quality and dissemination of information about Burma inside the country, regionally, and internationally; encouraging the international community to push for positive change in Burma; and assisting in the preparation for Burma’s political transition.

In 2007, OSI Burma Project grantees included both Arakan Oil Watch and ERI.¹³⁴ OSI also provided financial support for the 2006 award-winning documentary *Total Denial*, by Milena Kaneva, which follows the lawsuits brought

¹³¹ About OSI – Overview. Open Society Institute. Retrieved September 12, 2009 from <http://www.soros.org/about/overview>.

¹³² Burma Project/Southeast Asia Initiative. Open Society Institute. Retrieved September 12, 2009 from <http://www.soros.org/initiatives/bpsai>.

¹³³ Focus areas and grants. Burma Project/Southeast Asia Initiative. Open Society Institute. Retrieved September 12, 2009 from http://www.soros.org/initiatives/bpsai/focus_areas/burma.

¹³⁴ 2007 Activities. Burma Project/Southeast Asia Initiative. Open Society Institute. Retrieved September 12, 2009 from <http://www.soros.org/initiatives/bpsai/about/more>.

by Burmese villagers against UNOCAL (described below).¹³⁵ Other Burma Project grantees include the Alternative ASEAN Network on Burma (ALTSEAN), the Irrawaddy publication,¹³⁶ the Democratic Voice of Burma (DVB)¹³⁷ and the US Campaign for Burma.¹³⁸ In 2005, the Burma Project, along with the US Agency for International Development, funded the creation of the Burma Guide to Rights and Democracy,¹³⁹ an on-line database of resources relating to democratic transition in Burma, available in Burmese, Chin, Kachin, Karen, Mon, and Shan.

The International Trade Union Confederation (ITUC)

ITUC is a Geneva-based organisation that represents 168 million workers in 155 countries and territories. The ITUC's primary mission is "the promotion and defence of workers' rights and interests, through international cooperation between trade unions, global campaigning and advocacy within the major global institutions."¹⁴⁰ Since May 2001, the ITUC (formerly known as the International Confederation of Free Trade Unions, ICFTU) has run a public letter-writing campaign calling on companies to sever any business links they have with Burma. The campaign was prompted by the ILO motion of 2000, which called on all members of the ILO (governments, businesses and trade unions) to reconsider their involvement with Burma due to the widespread use of forced labour. If a company identified as having links with Burma does not undertake to divest from Burma, or fails to enter into a dialogue with the organisation, the ITUC posts the

¹³⁵ OSI-Funded Film Wins Human Rights Prize at Film Festival. Burma Project/Southeast Asia Initiative. Open Society Institute. Retrieved September 12, 2009 from http://www.soros.org/initiatives/bpsai/news/us_20080501http://www.soros.org/initiatives/bpsai/news/totaldenial_20060303.

¹³⁶ Publications and articles. Burma Project/Southeast Asia Initiative. Open Society Institute. Retrieved September 12, 2009 from http://www.soros.org/initiatives/bpsai/articles_publications.

¹³⁷ 2007 Activities. Burma Project/Southeast Asia Initiative. Open Society Institute. Retrieved September 12, 2009 from <http://www.soros.org/initiatives/bpsai/about/more>.

¹³⁸ OSI Grantee captures star power to raise awareness of the human rights crisis in Burma. Burma Project/Southeast Asia Initiative. Open Society Institute. Retrieved September 12, 2009 from http://www.soros.org/initiatives/bpsai/news/us_20080501.

¹³⁹ Burma guide to rights and democracy, Retrieved September 12, 2009 from www.burmaguide.net. Information from OSI-Supported Website Promotes Burma Rights and Democracy. Burma Project/Southeast Asia Initiative. Open Society Institute. Retrieved September 12, 2009 from http://www.soros.org/initiatives/bpsai/news/burmanet_20050808.

¹⁴⁰ ITUC Mission Statement. ITUC. Retrieved May 24, 2008 from <http://www.ituc-csi.org/spip.php?rubrique57>.

company's contact details, and all correspondence between the company and the ITUC, on a publicly available on-line database.¹⁴¹

The Strategic Goals of Stakeholder Activism

Advocates primarily call for disinvestment (ending company operations), or divestment (relinquishing investments in companies with operations in Burma). I collectively refer to these strategic goals as divestment, hereafter. Advocates base their calls for divestment on the financial support foreign investment provides the military regime. The strategic goal of advocates has traditionally been to cut this “financial lifeline”, in order to prompt transition to a democratically-elected, civilian government. However, ERI’s stated position on both withdrawal by E&P enterprises and preference for a democratic government has recently altered. ERI’s new position can be interpreted as being in support of particular forms of ‘constructive’ corporate engagement by E&P enterprises.

“Cutting the Financial Lifeline” – Arguments for Divestment

Advocates call for divestment in order to cut the financial lifeline to the military regime (BCUK, 2008, p. 2);

Foreign businesses operating in Burma give the regime millions of dollars everyday. Without this money Burma’s brutal regime wouldn’t be able to finance the military machine that keeps it in power. This money does not help the ordinary people of Burma; it props up a regime that rules through fear and spends nearly half of the country’s annual budget on the military even though the country has no external enemies. Burma’s military isn’t used to help cyclone victims or defend the country. It’s used to entrench

¹⁴¹ ‘Burma database’ ITUC. Retrieved July 13, 2008 from <http://www.global-unions.org/spip.php?page=burma>.

military rule; persecuting, torturing and repressing ordinary civilians.

Citing poor human and trade union rights in the country, ITUC argues that “it is impossible to conduct any trade or engage in other economic activity with Burma without providing direct or indirect support, mostly financial, to the military junta.” and so calls on all foreign companies to end their involvement with the country.¹⁴²

Advocates strongly link corporate engagement in Burma with the activities of the regime. BCUK and ERI argue that companies investing in Burma have “blood on their hands”.¹⁴³ During the September 2007 protests, BCUK issued a stark message to British firms investing in Burma; “If there is a crackdown and the regime opens fire, you have paid for the bullets” (BCUK quoted in Judd, 2007).

E&P activity is a particular target for advocates within this broad opposition to foreign investment in Burma. In addition to the financial significance of E&P development to the regime’s continuing rule (see Chapter 6), advocates criticise E&P investment on three grounds. As stated by the SGM, in relation to the Shwe Project E&P activity is directly responsible for;

- (i) Entrenching dictatorship - Profits from the gas will provide the military regime with the financial means to continue abuses against the people of Burma;¹⁴⁴ and
- (ii) Exclusion and marginalization - The people of Burma are marginalized and excluded and will not benefit from the project. “Burma's natural gas resources are thus being extracted not for the benefit of the Burmese people and local industries, but for the benefit of the military regime, foreign governments, and corporations;”¹⁴⁵

¹⁴² ITUC ‘Introduction’. Retrieved November 15, 2006 from <http://www.global-unions.org/burma/company.asp?ID=284>.

¹⁴³ Korean Government Rejects OECD Complaint Against Daewoo International and KOGAS. EarthRights International. December 23, 2008. Retrieved September 15, 2009 from <http://www.earthrights.org/content/view/600/62/>. ‘Dirty List’ exposes companies supporting regime in Burma. Burma Campaign UK. December 18, 2002. Retrieved June 11, 2008 from http://www.burmacampaign.org.uk/pm/more.php?id=26_0_1_0_M.

¹⁴⁴ Entrenching dictatorship. Shwe Gas Movement. Retrieved September 12, 2009 from <http://www.shwe.org/concerns/entrenchment-of-the-military-regime>.

¹⁴⁵ Exclusion and marginalization. Shwe Gas Movement. Retrieved September 12, 2009 from <http://www.shwe.org/concerns/exclusion%20and%20marginalization>.

- (iii) Human rights abuses - Increased military presence in the project area will lead directly to human rights abuses including forced labour, land-confiscation, displacement and other state-sanctioned violence;¹⁴⁶
- (iv) Environmental degradation - Due to the lack of environmental governance, the project and construction of the gas pipeline to China will be environmentally devastating.¹⁴⁷ SGM argues that the Shwe Project joint-venture partners “are responsible for preventing these otherwise imminent abuses”.

Arguing for Divestment – Shifts in Advocacy Positions Within the FBM

Over the course of the campaign, variation in the positions taken by advocates has developed. A united front calling for E&P divestment until there is a democratically-elected civilian government in Burma, has been replaced by advocates supporting a range of more nuanced positions.

BCUK explicitly calls for the withdrawal of Total from the Yadana Project. Through its Total Oil Campaign, BCUK¹⁴⁸ aims to; “force the company to withdraw from Burma in order to end the company’s support for the regime, deter future foreign investment in Burma and open the way to a French foreign policy that no longer undermines Burma’s pro-democracy movement”.

The SGM¹⁴⁹ call for E&P enterprises to ‘stop’ their activities in Burma, and for there to be no new investment, asserting; “the extraction of natural gas must be stopped until the people of Burma, through a democratically elected government, can decide on the use of their natural resources”. AOW (2008, p. 3) argues that:

Chinese and multinational oil and gas corporations in Burma need to stop investment and operations in Burma’s oil and gas sector

¹⁴⁶ Human Rights Abuses. Shwe Gas Movement. Retrieved September 12, 2009 from <http://www.shwe.org/concerns/militarisation-and-human-rights-abuses>.

¹⁴⁷ Environmental degradation. Shwe Gas Movement. Retrieved September 12, 2009 from <http://www.shwe.org/concerns/environmental%20degradation>.

¹⁴⁸ Total Briefing. Burma Campaign UK. Retrieved September 13, 2009 from <http://www.burmacampaign.org.uk/index.php/burma/about-burma/about-burma/total-briefing>.

¹⁴⁹ About the Shwe Gas Movement. Shwe Gas Movement. Retrieved September 12, 2009 from <http://www.shwe.org/about-sgm>.

until such time as Burma has a democratically elected government, rule of law, and legislation guaranteeing the protection of human rights and the environment.

SGM's (2009, p. 30) calls for E&P enterprises to 'stop' development of the Shwe Project are tantamount to calls for withdrawal. SGM calls on: (i) the Shwe Project joint-venture partners and CNPC to suspend the Shwe Gas and the Trans-Burma Corridor Projects; (ii) shareholders, institutional investors and pension funds to divest their holdings in these companies; and (iii) banks to refrain from financing the projects. These demands, if met, would most likely result in the effective withdrawal of E&P enterprises from Burma, or their ejection from the country by the SPDC.

In 2003, ERI (p. 7) stated [emphasis added];

Unocal, Total, Premier, and other companies involved in the pipelines should immediately **withdraw** from the Yetagun and Yadana projects. Companies should *cease all business* with the Burmese regime. They should refrain from any further investments in Burma until a *democratically-elected, civilian government* is in place.

In April 2008, ERI (p. 11) had altered its position to [emphasis added];

Chevron, Total, PTTEP, and all other oil and gas companies in Burma should **suspend** ongoing projects, cease development of new projects, and **refuse to sell gas** that enriches the Burmese regime until the SPDC fully respects internationally-guaranteed human rights and environmental protections and allows for a full transition to a *participatory system of government*....

In September 2009, ERI (2009b, p. 74) called for E&P enterprises "to cease new investments or project construction" but stated that it "is **not advocating** for Total or Chevron to **withdrawal** [sic] from Burma [emphasis added]." In place of calls to cease all payments to the SPDC, ERI now calls on the Yadana joint-venture partners to publish all payments made to the SPDC throughout the life of the Project. ERI (2009b, p. 74) clarifies that this position "does not in any way imply an ethical endorsement of the companies' presence in

the country, nor does it imply a preferential option of the presence of western firms over Asian firms”.

ERI's new position on withdrawal does not signify support for E&P, or other extractive activities in Burma. ERI (2009b, pp. 72-74) continues to call for shareholders in E&P enterprises to promote operational policies and standards which ensure the protection of human rights and the environment, and for targeted multilateral sanctions on E&P activity, designed to restrict the SPDC's access to capital markets with regard to natural gas revenue and to restrict new investment in E&P activity, mining, timber, and hydropower sectors. However, its shift away from explicitly supporting withdrawal is notable.

ERI's (2009b, p. 106) position has also significantly shifted in its recent claim that its recommendation against all new investment in Burma is “apolitical,” as it is “evidence-based and rights-based, drawing on a formidable body of firsthand research and documentation collected by ERI and others since 1994”. This position is significantly different from ERI's 2003 (p. 7) recommendation for E&P activity to cease until a democratically-elected, civilian government is in place. ERI now recommends that extractive industry companies considering investment in Burma conduct independent, objective and verifiable third-party environmental and human rights impact assessments which “include the full and free participation of local people” (2009a, p. 46; 2009b, p. 73). They also recommend that the SPDC “respect and protect the Burmese peoples' human right to participate in development decisions and the right, especially of Burma's indigenous ethnic populations, to free, prior and informed consent” (2009a, p. 48; 2009b, p. 74). This repositioning may reflect strategic considerations of ERI going into the elections in Myanmar scheduled for 2010; shifts in the views of stakeholders within whom ERI engages; or a broader strategic re-positioning of ERI at a global level.

Arguing for Constructive Corporate Engagement

In addition to the calls for divestment, advocates also call on E&P enterprises to influence the Burmese authorities on specific issues, such as during

the 2007 protests, and after Cyclone Nargis. Advocates have also recently begun to call for the involvement of E&P enterprises in systemic change within Burma.

In a press release during the September protests, Chana Maung, Director of ERI Southeast Asia argued:¹⁵⁰

The corporations who can influence the military junta know who they are. They must pressure the regime to maintain peace, and respect the rights to speech and association of the people of Burma. Instead, however, they are pursuing their business interests while people's lives are at stake...The regime has resorted to violence against the peaceful protestors, and the companies now also have blood on their hands, but it is not too late for them to act.

Equally, whilst ERI commended the donation of relief supplies by Chevron and Total in the aftermath of Cyclone Nargis, it demanded:¹⁵¹

that the multinational corporate partners of the military regime use their influence to pressure the regime to accept all aid and fully cooperate with international relief efforts. Moreover, in the interest of transparency and corporate responsibility, ERI requests the corporations to publicly disclose any past, present, and future diplomatic efforts toward the military regime in the wake of Nargis.

In December 2008 ERI supported comments by UN Secretary General Ban Ki-moon that E&P enterprises should "try to use their cooperation or their relationship to impress upon the Myanmar authorities so that they can commit to their democratisation process, and also humanitarian and promotion of human rights".¹⁵² I identify these calls requesting 'constructive corporate engagement', in contrast to the predominant advocacy for divestment.

¹⁵⁰ ERI calls on oil and gas industry to help stop violence in Burma. EarthRights International. Retrieved September 18, 2008 from http://www.earthrights.org/burmafeature/eri_calls_on_oil_and_gas_industry_to_help_stop_violence_in_burma.html.

¹⁵¹ ERI calls on oil companies to use their influence with the Burmese junta to improve desperate conditions. EarthRights International. Retrieved May 27, 2008 from http://www.earthrights.org/burmafeature/eri_calls_on_foreign_corporations.html.

¹⁵² United Nations Secretary General Ban Ki-moon urges corporate interests in Burma to use their influence with military junta to push for democratic reforms and improvement in human rights. EarthRights International. Retrieved December 15, 2008 from <http://www.earthrights.org/content/view/619/62/>.

Further ERI's recently stated position against the withdrawal of Total and Chevron, can also be seen as a broader strategic shift to supporting more 'constructive' forms of corporate engagement in Burma. In its revised recommendations, ERI (2009a; 2009b) calls for E&P enterprises to undertake a number of actions, including the use of human rights, and environmental impact assessments, and publish all payments to the Burmese government.

Forms of Stakeholder Activism

Stakeholder advocates use a range of strategies through which they attempt to achieve their strategic goals. Through these strategies, advocates aim to "change the business case for investing in Burma" (Interview, Divestment campaigner, July 2007). I refer to activities through which advocates encourage E&P divestment as *forms of stakeholder activism*. These forms of activism are illustrated in Figure 38, and described below:

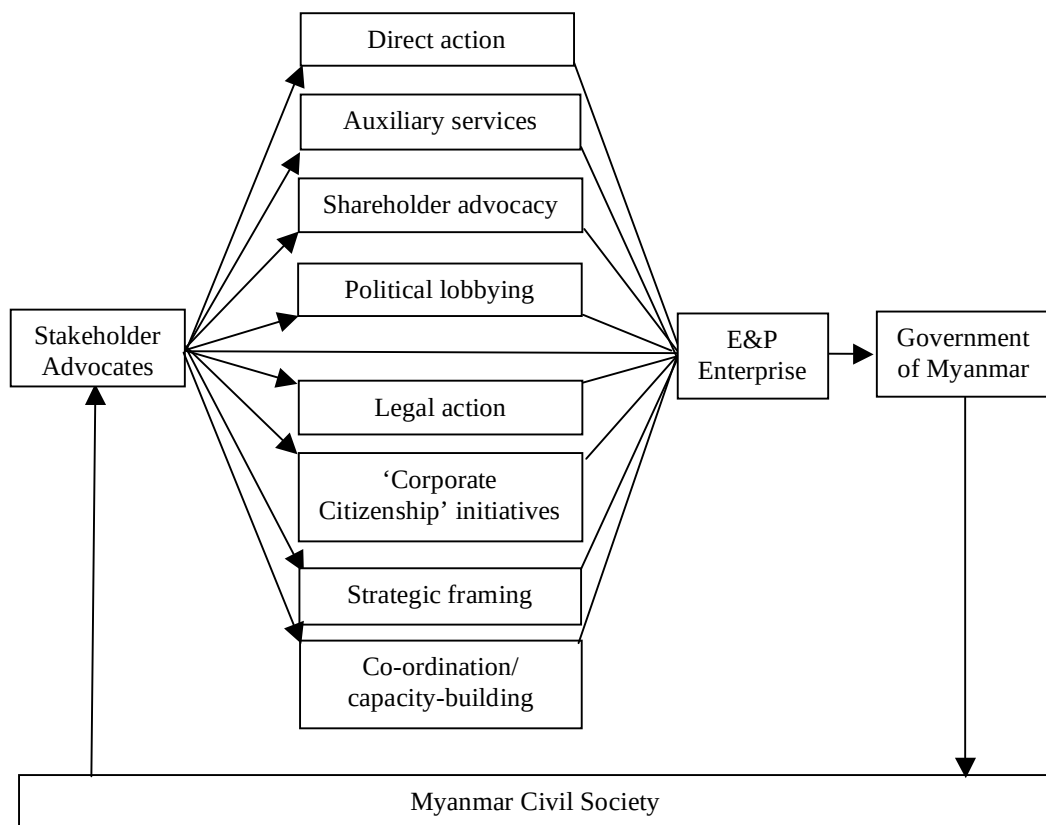


Figure 38: Forms of stakeholder activism

Direct Action

In direct action strategies, advocates attempt to influence E&P enterprises through confrontation activities and/or entreaties to dialogue. Confrontation activities include various forms of public protest at corporate facilities or events, petitions and letter-writing campaigns, and ‘naming and shaming’ exercises. Employing direct action forms of stakeholder activism, advocates engage E&P enterprises in multiple countries, sometimes simultaneously. Advocates in the FBM artfully use symbolism, and international communications technology in these efforts (as described by Danitz & Strobel, 2001).

Activists have held protests at company petrol stations, and regularly disrupt Total’s Annual General Meetings (see FIDH, 2008). The SGM holds Global Day’s of Action against the Shwe Gas Project, during which network members protest at Indian and South Korean embassies or consulates in multiple countries.¹⁵³ Advocates organise petitions to lobby both corporations and policy-makers to achieve their strategic goals. As of September 2009, seventeen international email petitions related to Burma were in circulation, of which three referred to corporate engagement in Burma.¹⁵⁴

These activities are designed to have maximum impact through innovative social marketing, and strategic press releases. BCUK has handed out blood stained notes to shareholders attending Premier AGM’s telling them they “already have blood on their hands”; during SGM protests at Indian and Korean embassies, activists have symbolically laid down toy weapons under the campaign focus of “No more guns for gas.”

Figures 39 and 40 illustrate Free Burma Campaign logos targeting the ruby trade, E & P enterprises and attempting to link the 2008 Beijing Olympics to the situation in Burma.

¹⁵³ International Actions. Shwe Gas Movement. Retrived September 14, 2009 from <http://www.shwe.org/take-action/international-actions-1/international-actions/>.

¹⁵⁴ Petitions. Burma Global Action Network. Retrieved September 14, 2009 from http://www.burma-network.com/index.php?option=com_content&task=view&id=18&Itemid=48. These included an ERI petition demanding Chevron use its influence to stop a violent crackdown on the September 2007 popular protests; the SGM petition to “postpone the extraction of natural gas from Arakan State until there is democracy in Burma;” and the Burma Rivers Network petition calling on the Chinese government to closely monitor Chinese companies investing in hydropower and other extractive industries in Burma.

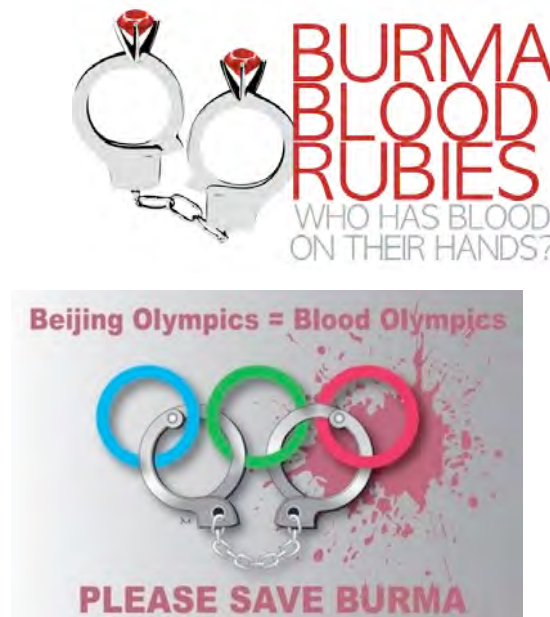


Figure 39: Free Burma Campaign graphics



Figure 40: Free Burma Movement E&P campaign logos

In ‘naming and shaming’ exercises, advocates publicly identify companies with links to Burma, providing their contact details and encouraging individual campaigners to write letters calling on the company to end its involvement in

Burma. The highest profile ‘naming and shaming’ divestment campaigns are the BCUK’s ‘Dirty List’, and the ITUC’s ‘Burma Database’ (databases, hereafter). In addition to providing contact details for companies with links to Burma (on the Dirty List¹⁵⁵ and for insurance companies providing services to companies operating in Burma),¹⁵⁶ BCUK provides direct email facilities on its website to enable activists to send a pre-drafted email to both Total¹⁵⁷ and the Lonely Planet travel guide company. Before companies are added to either database, the organisations approach them to request clarification of their involvement in Burma and that they end it. Company executives are informed that if they do not enter into a dialogue with the campaign, for example to set a time-frame for withdrawal, the company’s involvement in Burma will be made public.

Analysis of the databases, from 2001 to 2008, indicates that these two campaigns have (a) global reach, (b) a broad industry profile, and are (c) relatively dynamic, both increasing in size over the period, and displaying a high turnover of companies included in the databases. Neither list aims to reflect the profile of foreign investment in Burma; Industries and companies are selected for strategic purposes, given the target audience and constituency of the two campaigning organisations.

Despite BCUK’s stated focus on British companies and foreign companies with a presence in Britain,¹⁵⁸ both databases have a global reach, with a strikingly similar regional profile (illustrated in Figure 41).¹⁵⁹ In 2008, both databases

¹⁵⁵ Dirty List. Burma Campaign UK. Retrieved September 14, 2009 from <http://www.burmacampaign.org.uk/index.php/burma/dirty-and-clean-list/dirty-list/contact-details>.

¹⁵⁶ Actions: Insurance action. Burma Campaign UK. Retrieved September 14, 2009 from <http://www.burmacampaign.org.uk/index.php/burma/campaigns/insurance-campaign/120/114/actions/insurance-action>.

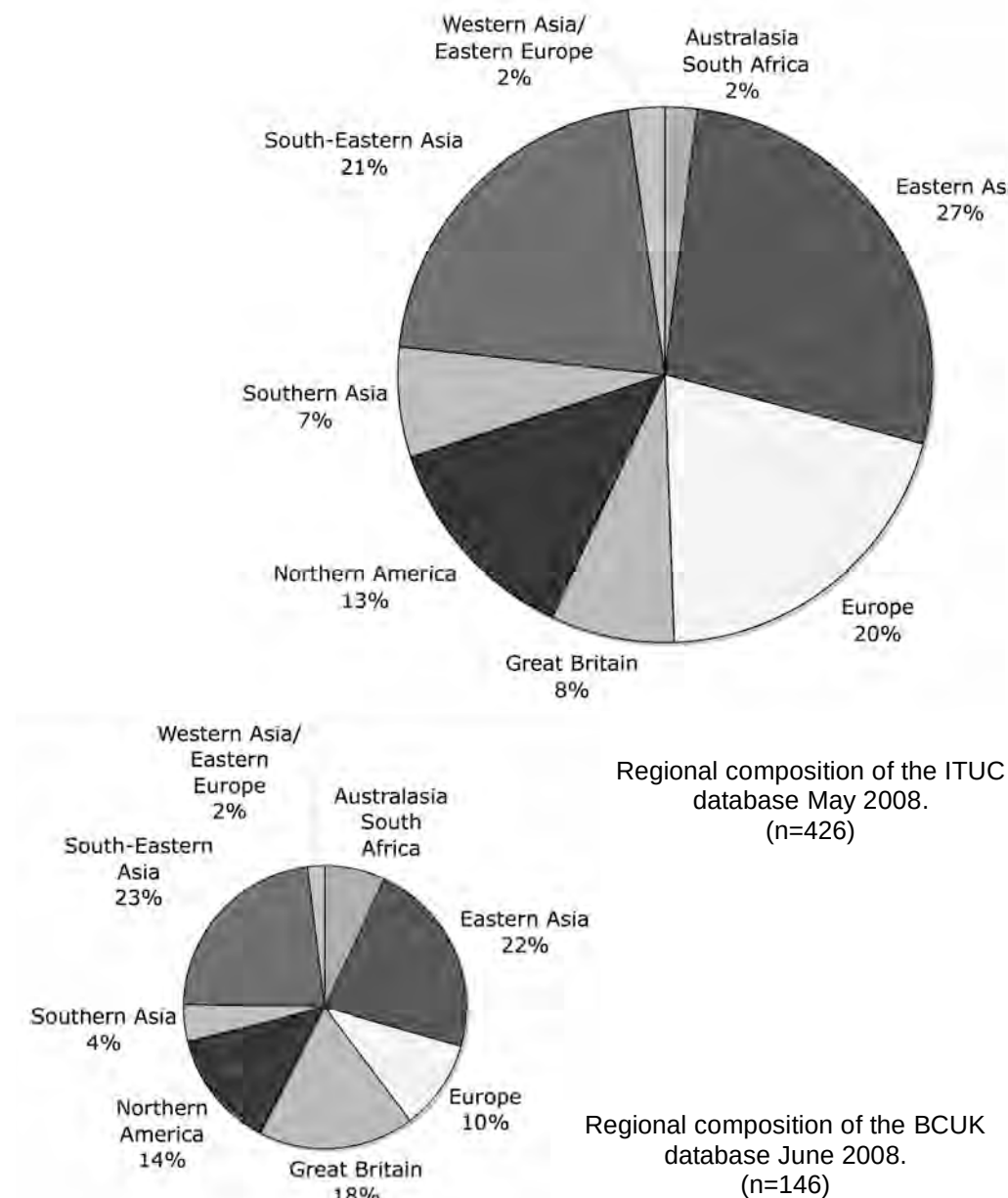
¹⁵⁷ Actions: Total Oil Action. Burma Campaign UK. Retrieved September 14, 2009 from <http://www.burmacampaign.org.uk/index.php/burma/campaigns/total-oil/10/121/actions/total-oil-action>.

¹⁵⁸ ‘Dirty List’ exposes companies supporting regime in Burma. Burma Campaign UK. December 18, 2002. Retrieved June 11, 2008 from http://www.burmacampaign.org.uk/pm/more.php?id=26_0_1_0_M.

¹⁵⁹ Figure 41 illustrates the analysis of companies by region presented in Appendix 7 – Regional Analysis of Companies Listed in the Burma Campaign UK ‘Dirty List’ of June 3, 2008, and the ITUC ‘Burma Database’ of March 8, 2006 and May 24, 2008. The regional groupings used are based on those identified in *Composition of macro geographical (continental) regions, geographical sub-regions, and selected economic and other groupings* (United Nations Statistics Division, April 15, 2009). Retrieved May 1, 2009 from <http://unstats.un.org/unsd/methods/m49/m49regin.htm#developed>. In this classification Taiwan is included in the Eastern Asia region.

featured more Asian, Eastern and Pacific companies than companies from Europe and North America (58%:42% of ITUC and 59%:41% of BCUK). Whilst British companies make up a larger proportion of the Dirty List, the combined European and British proportion of each database was equivalent at 28%.

Figure 41: Relative size and regional composition of the ITUC and BCUK databases, 2008

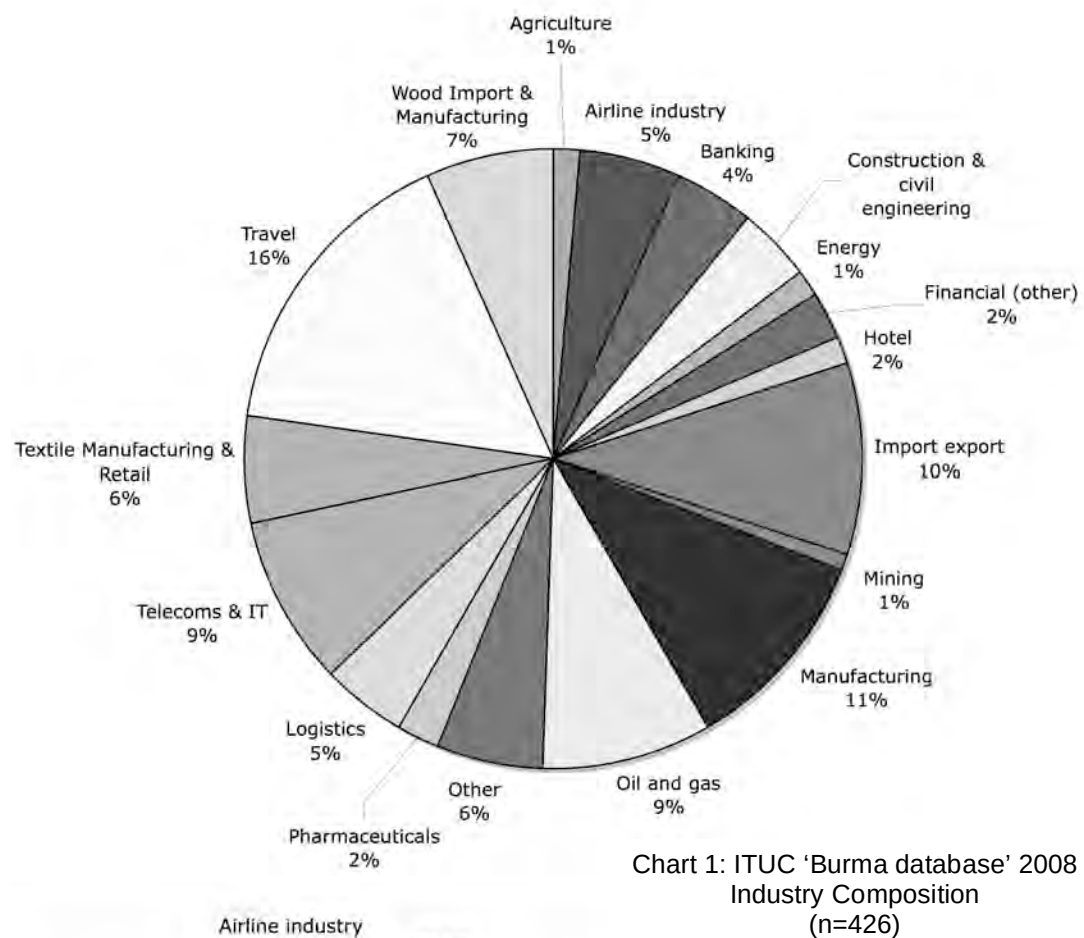
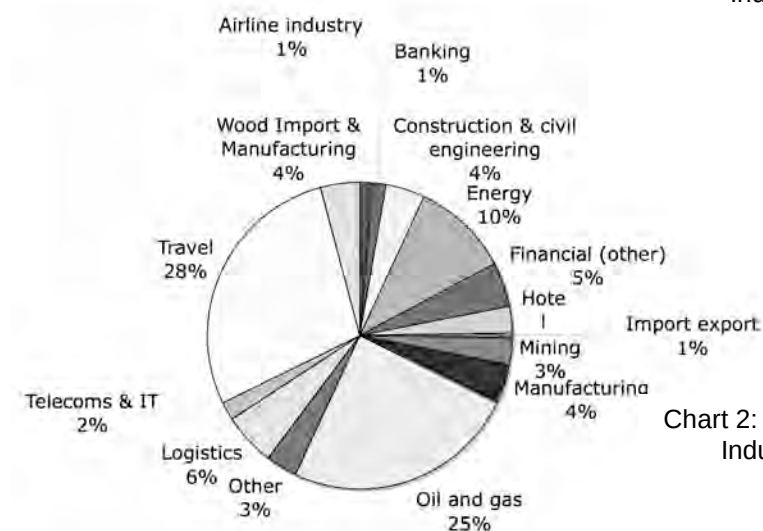


The databases contain a broad profile of industries (Figure 42),¹⁶⁰ concentrated in sectors of strategic importance. ITUC focus on “the industries that are important to the regime” (such as oil and gas, gemstones and timber), and/or sectors subject to external regulation, particularly EU sanctions.¹⁶¹ The large proportion of tourist/travel companies in the Dirty List reflects BCUK’s on-going Tourism Boycott campaign; ITUC chooses not to list all the tourism and travel companies that come to their attention in order to maintain “a balance”.

¹⁶⁰ Figure 42 illustrates data in Appendix 9: Industry analysis of the ITUC ‘Burma Database’ on May 24, 2008, and the BCUK ‘Dirty List’ June 3, 2008.

¹⁶¹ Details from interview with the Burma Campaign Director, ITUC, June 9, 2008.

Figure 42: Relative size and industry composition of the BUCK 'Dirty List' 2008, and the ITUC 'Burma Database', 2008



Both databases have increased in size from their initial launch in 2002 (Burma Database) and 2003 (Dirty List) (Figure 43).¹⁶² A revision of the Burma Database by the ITUC during the popular protests of late 2007 resulted in 89 companies being removed as ITUC was no longer able to substantiate claims that they were doing business in, or with Burma.¹⁶³

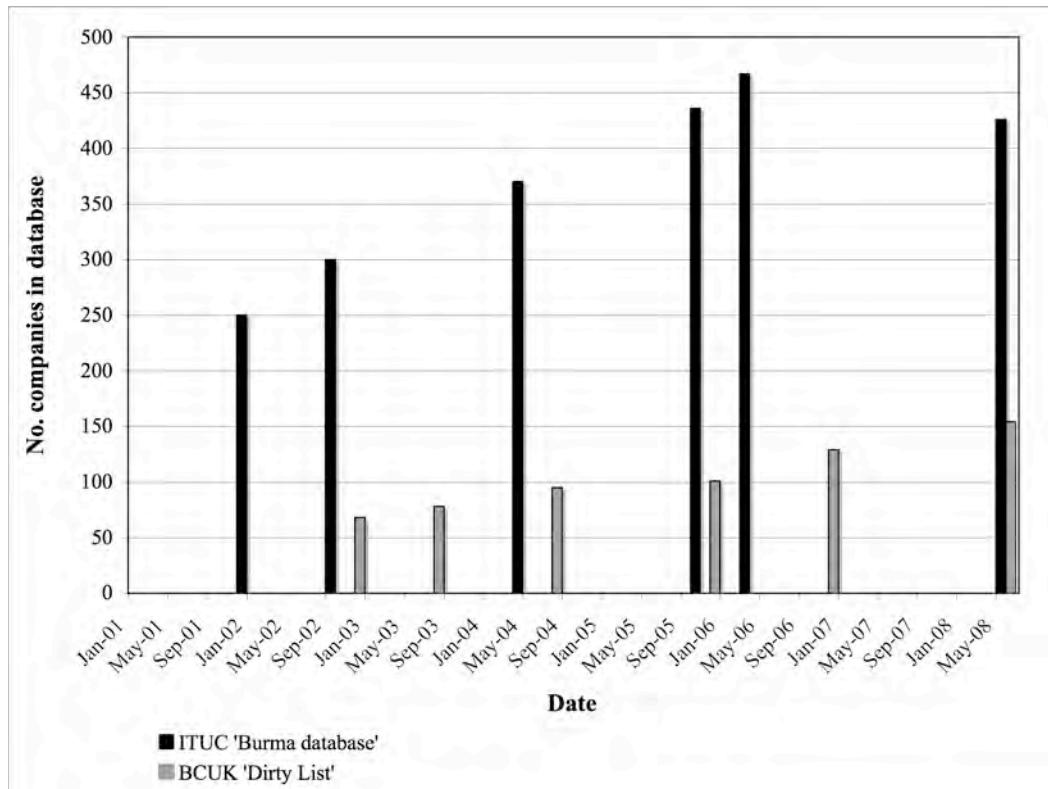


Figure 43: Size of BCUK and ITUC company databases, 2001-2008

The stable incline for database size conceals a dynamic membership. Figures from press releases announcing the launch of new Dirty Lists (provided in Appendix 4), indicate an annual turnover of companies in the database of between 15-61%; turnover in the Burma Database from March 2006 to May 2008 was 33%.¹⁶⁴

¹⁶² This graph illustrates figures found in Appendix 4: Size of ITUC and BCUK Burma databases, and rate of company turnover in December 2001- May 2008.

¹⁶³ Correspondence, ITUC Burma Campaign Director. June 12, 2008.

¹⁶⁴ 158 companies were removed and 48 added to the Dirty List from January 2003 to May 2008; 103 companies were removed and 52 added to the Burma Database from March 2006 to May 2008. Removal from the list does not necessarily indicate withdrawal from Burma, it may indicate a lack of substantiating evidence to continue listing the company.

Auxiliary Services

In campaigning against companies that provide financial or other material support to E&P enterprise in Burma, advocates target international ‘auxiliary services’ that facilitate commercial enterprise in Burma.¹⁶⁵ Stakeholder activism focused on auxiliary services includes the targeting of the companies that provide insurance; international financial institutions; and banks and institutional investors.

In 2008, BCUK released - *Insuring repression: Exposing how the insurance industry supports Burma’s dictators* – a report which profiled “how insurers around the world have underwritten the Burmese regime by insuring the multinational companies that are its financial lifeline” (p. 3). BCUK identifies foreign insurers as underwriting the SPDC-owned Myanma Insurance, an insurer that all TNCs operating in Burma must use. Through this arrangement, the regime is argued to “extract millions of dollars from the multinational companies that operate in Burma in addition to any contractual arrangements that may exist.” For the report, BCUK contacted 500 insurance companies and professionals worldwide; it named 16 as providing insurance services for companies in Burma, ‘shamed’ an additional 211 who failed to clarify their position, and listed 215 on a Clean List of companies that state they do not provide insurance services to companies in Burma.

ERI continues a campaign to keep international financial institutions out of Burma.¹⁶⁶ It is currently involved in monitoring the Asia Development Highway extension project in Burma, which forms part of the Asian Development Bank-funded East West Economic Corridor.

Stakeholder activism focused on banks and institutional investors work under a broader movement to encourage ‘socially-responsible investment’ (SRI). Examples of this form of activism include research to identify bank groups which invest in TNCs operating in Burma (e.g. Louwagie, Weyn, & Bienstman, 2005), and campaigns to encourage Sovereign Wealth Funds to divest in companies

¹⁶⁵ Auxiliary. *adj. & n. – adj.* (of a person or thing) that gives help (Concise Oxford English Dictionary, 1990)

¹⁶⁶ Burma Project: Other areas of work. EarthRights International. Retrieved September 14, 2009 from <http://www.earthrights.org/burma/other/>.

operating in Burma (see Gaarder, 2007, in relation to Norway; The Advisory Council on Ethics for the Government Petroleum Fund, 2005).

Shareholder Advocacy

In shareholder advocacy, organisations purchase shares in target companies in order to file shareholder motions to influence company activities. Two organisations – Trillium Asset Management (TAM)¹⁶⁷ and the Interfaith Center on Corporate Responsibility (ICCR)¹⁶⁸ – are active in this form of stakeholder activism in the FBM.

Working to be “the leader in investing to achieve financial gain, social equity, and ecological sustainability”,¹⁶⁹ TAM has led the campaign to press companies to withdraw from Burma.¹⁷⁰ In August 1993, TAM convened a strategy meeting of concerned investors – predominantly religious investors affiliated with the ICCR - and Free Burma activists to organise filing shareholder resolutions at companies doing business in Burma. Resolutions filed by these shareholders particularly targeted E&P activity. Resolutions were filed at Amoco, PepsiCo, Texaco and Unocal in late 1993; at Atlantic Richfield Company (ARCO) from 1994 until the company’s withdrawal in 1998; and at Baker Hughes from 1998 to 2000 when it also withdrew. Out of these companies (all except PepsiCo were involved in E&P activity), only Unocal/Chevron now remains in Burma.

Founded in 1971, the ICCR is a coalition of over 275 religious investors from the Catholic, Jewish and Protestant communities, with a combined investment total of over US\$100 billion.¹⁷¹ The ICCR aims to “build a more just society based on ethical behavior and mutual respect.” In striving for this, ICCR “raises the prophetic voice of faith to change the way companies conduct

¹⁶⁷ Trillium Asset Management – Investing for a better world. Retrieved September 14, 2009 from <http://trilliuminvest.com/>.

¹⁶⁸ Interfaith Center on Corporate Responsibility. Retrieved September 14, 2009 from <http://www.iccr.org/>.

¹⁶⁹ Our mission. Trillium Asset Management. Retrieved September 14, 2009 from http://trilliuminvest.com/about/about_mission/.

¹⁷⁰ Burma. Trillium Asset Management. Retrieved September 14, 2009 from <http://trilliuminvest.com/our-approach-to-sri/advocacy/social/burma/>.

¹⁷¹ Interfaith Center on Corporate Responsibility . Retrieved September 14, 2009 from <http://www.iccr.org/>.

themselves as good corporate citizens. We promote transformation in corporate policies and practices, driven by changes in how companies relate to investors, stakeholders and the global community”¹⁷² Each year, religious institutional-investor members of the ICCR sponsor over 200 shareholder resolutions on major social and environmental issues.

Investment in Burma by US TNCs has been a particular focus of the ICCR.¹⁷³ A proposal put before shareholders at Unocal’s 2002 annual meeting by a group of ICCR members, urged the company to adopt and implement an enforceable company-wide employee policy based on the ILO’s Declaration on Fundamental Principles and Rights at Work, including bans on child and forced labour, freedom from discrimination and the right to form and join trade unions and bargain collectively. It received 32.8% of the vote at this meeting, the highest vote at the time on a human and labour rights shareholder proposal. As a result, Unocal adopted a new set of company-wide principles recognising fundamental rights in the workplace in 2003. ICCR continues to challenge Chevron on its presence in Burma, writing shareholder letters of concern during the September 2007 protests, and filing shareholder resolutions calling on Chevron to report on its criteria for investment, continued operations in, or withdrawal from specific countries.¹⁷⁴ In 2009, the ITUC spoke out in support of these shareholder resolutions.¹⁷⁵

In addition to organisations that specialise in shareholder advocacy, other FBM organisations have employed this strategy. In 2001, Free Burma Movement campaigners purchased shares in Premier Oil, enabling them to speak at the AGM.¹⁷⁶ At the 2002 AGM, repeated questions from shareholding representatives

¹⁷² About. Interfaith Center on Corporate Responsibility. Retrieved September 14, 2009 from <http://www.iccr.org/about/>.

¹⁷³ Unocal responds to shareholder proposal on labor rights. Interfaith Center on Corporate Responsibility. Retrieved September 14, 2009 from http://www.iccr.org/news/press_releases/2003/pr_unocal.htm.

¹⁷⁴ Investor letter to Chevron on Burma regime crackdown. Interfaith Center on Corporate Responsibility. Retrieved September 14, 2009 from http://www.iccr.org/news/press_releases/2007/pr_chevronburma10.25.07.htm.

¹⁷⁵ Burma: ITUC and ICEM Call On Investors To Support Shareholder Resolution At Chevron Corporation. ITUC, February 2009. Retrieved September 15, 2009 from <http://www.ituc-csi.org/spip.php?article2746>.

¹⁷⁶ Premier Oil to face shareholder action over Burma investment. Burma Campaign UK. Retrieved September 15, 2009 from <http://www.burmacampaign.org.uk/index.php/news-and-reports/news-stories/Premier-Oil-to-Face-Shareholder-Action-over-Burma-Investment-/3>.

of Friends of the Earth and the BCUK on the environmental and social impacts of the company drew criticism from other shareholders.¹⁷⁷

Political Lobbying

Stakeholder activists directly engage policy-makers to encourage them to use commerce as a ‘lever of influence’ in international relations (see Chapter 9). Political lobbying targets at least four levels of government: municipal/state, national, regional and international.

At the municipal level, in the 1990s Trillium Asset Management adapted a strategy adopted in the 1980s to circumvent US President Reagan’s veto on sanctions on apartheid South Africa, to enact selective purchasing laws at the city and state level of government regarding goods made in Burma.¹⁷⁸ From 1994, Trillium Asset Management organised meetings of the New England Burma Roundtable, which advocated passage of the Massachusetts Burma Law. Enacted in 1996, this law effectively barred Massachusetts state agencies from buying goods or services from companies that do business in Burma. This strategy was replicated at the city level, and as of December 1999, most major US cities – including Los Angeles, New York and San Francisco – and several Australian cities, had enacted similar Burma selective purchasing laws.

The Massachusetts Burma Law was challenged by the EU and Japan in 1997 at the World Trade Organisation, on the grounds that it was a restraint on the trade practices of their companies. In 1998, an organisation representing major US TNCs – the National Foreign Trade Council – sued Massachusetts in the US Federal Court, claiming that the law was unconstitutional. The Law was subsequently struck down by the US Federal District and Appeals Court in 1998 and 1999; rulings which were upheld by the US Supreme Court in 2000. However, the ruling of the Supreme Court was sufficiently narrow to allow for new types of laws at the city and state level pertaining to Burma. TAM continues to work to enact such laws, reporting in 2007 that Los Angeles, Minneapolis,

¹⁷⁷ Premier Oil shareholders complain about “peripheral questions” at AGM. Burma Campaign UK. Retrieved September 15, 2009 from <http://www.burmacampaign.org.uk/index.php/news-and-reports/news-stories/Premier-Oil-shareholders-complain-about-3>.

¹⁷⁸ Burma. Trillium Asset Management. Retrieved September 14, 2009 from <http://trilliuminvest.com/our-approach-to-sri/advocacy/social/burma/>.

Portland (OR) and San Francisco had all enacted laws that bar the city's pension funds from investing in companies that do business in Burma.

Advocates lobby policy-makers at the national, regional and international levels to support economic sanctions limiting foreign investment and commercial activity in Burma. Advocates also lobby policymakers to publicly encourage the divestment of specific companies. Political lobbying activities include the direct engagement of elected officials, and the mobilisation of letter-writing campaigns and petitions to indicate popular support for sanctions. The Burma Sanctions Coalition,¹⁷⁹ comprised of organisations from across business, government and civil society, is one example of this form of stakeholder activism at the national level. The Coalition lobbies the British Government for sanctions against investment by British firms in Burma, and for the British Government to pressurise the EU to adopt a similar position. SGM regularly writes public letters to Indian, Chinese, and Korean state representatives requesting they halt the development of the Shwe Project (see for example, SGM, 2007), whilst ERI has written directly to the Korean President, Lee Myung-bak, asking him to intercede to halt the project (ERI, 2008b). At the regional and international levels, advocates lobby ASEAN (see ALTSEAN, 2003), the European Union,¹⁸⁰ and the United Nations¹⁸¹ for the imposition, or intensification of economic and other sanctions on Burma.

Advocates also mobilise political support for the withdrawal of particular companies. In the E&P sector, the work of BCUK to mobilise the support of the British Government and Members of the British Parliament is illustrative. During BCUK's campaign against Premier Oil's operations in Burma, BCUK received active and open support for their position from the British Government. In April 2000, the UK Foreign Minister at the time, John Battle was quoted by BCUK as

¹⁷⁹ Sanctions briefing. Burma Campaign UK. Retrieved September 15, 2009 from <http://www.burmacampaign.org.uk/index.php/burma/about-burma/about-burma/sanctions-briefing#4>. Membership of the Coalition includes: Anti-Slavery International, The Body Shop, The Burma Campaign UK, The Co-operative Bank, Free Tibet Campaign, Friends of the Earth, Global Witness, Graphical Paper and Media Union, MSF, National Justice and Peace Network, People and Planet, Tourism Concern, World Development Movement, and the United Nations Association.

¹⁸⁰ Targeted sanctions. Burma Campaign UK. Retrieved September 15, 2009 from <http://www.burmacampaign.org.uk/index.php/burma/campaigns/sanctions/9/113>.

¹⁸¹ UN Security Council must impose sanctions on Burma. Burma Campaign UK. Retrieved September 15, 2009 from <http://www.burmacampaign.org.uk/index.php/news-and-reports/news-stories/UN-Security-Council-must-impose-sanctions-on-Burma/6>.

saying, “I really expect Premier to do the decent thing without having to resort to legal pressure.”¹⁸² The British Government continues to support the BCUK’s campaign against the involvement of British firms in Burma; in 2008, the Foreign Office wrote to insurance company Lloyd’s of London, to outline its disapproval of the insurance’s broker commercial relations with the Burmese authorities.¹⁸³

Subsequent to Premier’s withdrawal from Burma, BCUK has focused on Total, employing a similar strategy despite the company’s French ownership. In 2005, BCUK was involved in a global protest timed for French Bastille Day. Protests were held at French embassies in Malaysia, USA, UK, Japan, South Africa and Korea, at which cartoons were distributed depicting French President Jacques Chirac, dressed as Madame Liberty, trampling on Burma’s democracy movement. At the same time, BCUK mobilised 134 British MPs to sign an Early Day Motion in the British Parliament, calling on Total to pull out of Burma.¹⁸⁴

Legal Action

Legal cases have been brought against both Total and Unocal, regarding their complicity in human rights violations associated with the construction of the Yadana Project pipeline, and related infrastructure. None of the lawsuits - brought in France, Belgium and the United States - have led to a ruling on the complicity of the corporations in human rights abuses. In the cases brought in both Belgium and the US, laws were invoked against corporations (as opposed to individuals or states) for the first time.

In 2002, legal cases were brought against Total and its managers in both Belgium and France. In Belgium, four Burmese refugees filed a lawsuit against TotalFinaElf (now Total), its Chairman, and the former director of Total’s Burmese operations, in Brussels Magistrates’ Tribunal, on charges of complicity in crimes against humanity, such as torture and forced labour, committed by the

¹⁸² New report suggests Premier Oil knew of Burma abuses. Burma Campaign UK. Retrieved September 15, 2009 from <http://www.burmacampaign.org.uk/index.php/news-and-reports/news-stories/New-report-suggests-Premier-Oil-knew-of-Burma-abuses/3>.

¹⁸³ FO warns Lloyd's over Burma. The Observer. September 28, 2008. <http://www.guardian.co.uk/business/2008/sep/28/insurance.foreignpolicy>.

¹⁸⁴ 134 MPs demand Total Oil withdraw from Burma. Burma Campaign UK. Retrieved September 15, 2009 from <http://www.burmacampaign.org.uk/index.php/news-and-reports/news-stories/134-MPs-Demand-Total-Oil-Withdraw-From-Burma/8>.

Burmese military.¹⁸⁵ This was the first case brought against a corporation under the 1993 Belgian law of universal jurisdiction, which allows Belgian courts to hear cases for serious crimes against humanity and war crimes, even when committed outside Belgium. The case was subject to a number of procedural challenges, and in March 2008, the Belgian authorities declared it closed.

In France, eight Burmese nationals filed a lawsuit against Total, citing its “complicity in unlawful confinement” related to the use of forced labour by the military in the Yadana Project area.¹⁸⁶ In November 2005, Total and the NGO Sherpa, which represented the plaintiffs, reached a settlement in which Total created a €5.2 million solidarity fund to compensate the eight plaintiffs and any other person who could demonstrate they suffered a similar experience in the area near the pipeline construction corridor. Humanitarian actions benefiting Burmese refugees in the region would also be provided for in the fund, governed by a joint-committee. In March 2006, the case was closed by Nanteere’s Tribunal de Grande Instance.

In US courts, the *Doe v. Unocal* suit was filed under the Alien Tort Claims Act (ATCA) in 1996. ATCA was initially drafted in 1789 to deal with piracy, and to permit sailors press-ganged into the British Navy to sue Britain in American courts (Kurlantzick, 2004). The Act has since been interpreted by US courts as allowing foreign individuals to bring charges for human rights and environmental damages committed abroad by TNCs from the US, and have the case decided in US courts (Olsen, 2002). The statute asserts simply that, “[t]he district courts shall have original jurisdiction of any civil action by an alien [non-U.S. citizen] for a tort [i.e., a harm or wrong] only, committed in violation of the law of nations or a treaty of the United States...” *Doe v. Unocal* was the first successful attempt to bring a lawsuit against a corporation using ATCA.

¹⁸⁵ Case profile: Total lawsuit in Belgium (re Burma). Business-Human Rights Resource Centre. Retrieved September 15, 2009 from <http://www.business-humanrights.org/Categories/Lawlawsuits/Lawsuitsregulatoryaction/LawsuitsSelectedcases/Totalla wsuitinBelgiumreBurma>.

¹⁸⁶ The legal proceedings. Total. Retrieved September 16, 2009 from http://birmanie.total.com/en/controverse/p_4_2.htm.

ERI was one of the organisations which represented the plaintiffs.¹⁸⁷ In the 1996 lawsuit filed against Unocal in US Federal Court, the plaintiffs alleged they had suffered human rights abuses such as forced labour, murder, rape and torture by the Burmese military during the construction of the Yadana gas pipeline and associated infrastructure. Unocal was alleged to be complicit in these abuses, through the joint-venture partnership with the SPDC. The parties reached a confidential, out-of-court settlement in which Unocal agreed to compensate the plaintiffs and provide funds for programmes in Burma to improve living conditions and protect the rights of people from the pipeline region. The case was closed on April 13, 2005.

Use of 'Corporate Citizenship' Initiatives¹⁸⁸

Advocates attempt to influence TNCs operating in Burma through the emerging framework of Corporate Citizenship initiatives. To date, these efforts have included action at the Organisation for Economic Cooperation and Development (OECD) in relation to the 'OECD Guidelines', and at the United Nations' Global Compact. Advocates have also challenged E&P enterprises on their participation in initiative that seek to promote more 'responsible' corporate activity.

Advocates have brought complaints under the OECD Guidelines against both Total and Daewoo. The OECD has crafted a number of corporate responsibility related principles, including the OECD Guidelines for Multinational Enterprises (OECD Guidelines), the OECD Principles of Corporate Governance, and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The OECD Guidelines were first adopted in 1976 as recommendations from member governments to companies, particularly multinational enterprises operating on their territory. They have since been

¹⁸⁷ Case profile: Unocal lawsuit (re Burma). Business-Human Rights Resource Centre. Retrieved September 15, 2009 from <http://www.business-humanrights.org/Categories/Lawlawsuits/Lawsuitsregulatoryaction/LawsuitsSelectedcases/UnocallawsuitreBurma>.

¹⁸⁸ Parts of this section draw on writing by the author published in Business action on human rights: Doing no harm, doing good works and doing good business. In E. R. Pedersen & M. Huniche (Eds.), (2006). *Corporate Citizenship in Developing Countries - New Partnership Perspectives*. Copenhagen: Copenhagen Business School Press.

revised to incorporate sustainable development issues and the core labour standards, and form part of the OECD Declaration on International Investment and Multi-national Enterprises.

The ten Guidelines cover all aspects of corporate behaviour from taxation and competition through to consumer interests, science and technology, human rights and labour rights, and the environment. Voluntary and non-binding, they aim to foster a climate of international business in which common principles of behaviour are encouraged that; (i) Ensure that corporate operations are in harmony with government policies; (ii) strengthen mutual confidence between enterprises and the societies in which they operate; (iii) help improve the climate for foreign investment, and (iv) enhance the contribution to sustainable development made by multinational enterprises.¹⁸⁹

Whilst voluntary, the Guidelines engage public authorities in disputes or issues of concern arising from the Guidelines. Supporting member states are expected to appoint a National Contact Point (NCP) whose role it is to promote the Guidelines, and address any issues that may arise, by assessing the problem and mediating between the parties. NCPs report to the OECD's Committee on International Investment and Multi-National Enterprises.

Inquiries have been made to NCPs in Britain and France, in relation to the activities of E&P companies in Burma. These prompted the OECD (2002) to publish a working paper on *Multinational enterprises in situations of violent conflict and widespread human rights abuses* in 2002, in which Burma was a case study. In 2008, ERI filed a complaint with the OECD National Contact Point of the Government of Korea, on behalf of the SGM (ERI, 2008a). In the complaint, ERI alleged that Daewoo and KOGAS were in breach of at least six of the OECD Guidelines, through their failure to take steps to proactively prevent negative human rights and environmental impacts of the Shwe Gas Project Development. The Korean Government, through the Ministry of Industry in which the National Contact Point is located, rejected the complaint in December 2008 on all counts.

¹⁸⁹ OECD Guidelines; Preface.1. (1994)

In response to this rejection, ERI's Burma Project Coordinator Matthew Smith stated;¹⁹⁰

These companies and the Korean government are now on notice that negative social and environmental impacts from this project have begun, and are likely to continue and accelerate if this project moves forward. These companies bear responsibility for these abuses, and the Korean government is failing in their obligations under the OECD guidelines to prevent these harms. The blood of the people of Burma will be on their hands.

Another advocacy initiative of interest is an attempt in 2009, by a coalition of NGOs, to have PetroChina expelled from the UN Global Compact (UNGC/Compact). Whilst FBM organisations were not directly involved in this initiative, as it referred to the operations of PetroChina in Sudan, PetroChina has been awarded the contract to construct the trans-Burma gas pipeline from the Shwe Project to Yunnan, and its parent company CNPC)is involved in E&P activity in Burma (see Chapter 7).

The Compact is a voluntary initiative, housed within the office of the UN Secretary-General. The Compact itself is a brief document of the 'ten commandments' of good corporate citizenship, covering human rights, labour, the environment and bribery. Similar to the OECD Guidelines, the principles are derived from the United Nations Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, and The Rio Declaration on Environment and Development.

In December 2008, a coalition of over 80 civil society organisations, including human rights, corporate accountability and religious groups from 25 countries, lodged a formal "Allegation of Systematic or Egregious Abuses" against PetroChina under the UN Global Compact Integrity Measures (Cohen & Slob, 2008). Led by Investors Against Genocide and the Centre for Research on Multinational Corporations, the Coalition based its allegation of egregious abuse on (ibid, para.3):

¹⁹⁰ Korean Government Rejects OECD Complaint Against Daewoo International and KOGAS. EarthRights International. December 23, 2008. Retrieved September 15, 2009 from <http://www.earthrights.org/content/view/600/62/>.

the intimate, opaque, and symbiotic relationship between PetroChina and the China National Petroleum Corporation, their violation of UNGC principles and failure to respect human rights, lack of due diligence in avoiding human rights violations, the widespread recognition of PetroChina as a major contributor to the conflict in Darfur, and PetroChina's continuing refusal to correct the abuses.

The Coalition had written to the Compact in May 2008 requesting that it "use its leverage and the privilege and prestige of membership to engage with PetroChina Co Ltd, (PetroChina), a Compact participant, on behalf of the people of Sudan"(ibid, para.1). The Coalition formalised its complaint in mid-December, 2008, and wrote an open letter requesting the Compact remove PetroChina from the initiative unless it acted to help end human rights violations in Sudan, in early January 2009.¹⁹¹

The Compact decided not to handle the request of the Coalition as an integrity matter of an individual company. It argued that doing so would run counter to the Compact's approach of looking for practical solutions on the ground, through a learning and dialogue approach. In contrast to other Corporate Citizenship initiatives which serve a regulatory or verification function, the Compact is intended as a 'social norming proposition' (Bhagwati, in Mackenzie, 2001). The Compact has explicitly "adopted a learning model for inducing corporate change, in contrast to a more conventional regulatory approach; and it is a network form of organisation rather than the traditional hierarchic or bureaucratic form" (Ruggie, 2001, p. 371). This network form is reflected in the explanation by Georg Kell (2009, para. 6), the Executive Director of the Compact, for the decision not to treat the issue as an integrity matter:

The Global Compact's approach to business and peace emphasises engagement rather than divestment and the power of collective action rather than focusing on any one individual company... The purpose of the integrity measures is to promote continuous quality improvement and assist the participant in aligning its actions with the commitments it has

¹⁹¹Over 80 organizations ask Global Compact to delist PetroChina for complicity in genocide. Global Compact Critics. January 7, 2009. Retrieved September 15, 2009 from <http://globalcompactcritics.blogspot.com/2009/01/over-80-rganizations-ask-global-compact.html>.

undertaken with regard to the Global Compact principles. In the context of the current lack of clarity for companies on the issue of if and when and how to engage in human rights advocacy, we think it undesirable that the refusal of any one company to engage in one-on-one advocacy with a host Government could lead to consequences such as de-listing from the UN Global Compact. This would deny the company the opportunity to learn, improve performance and engage in collective action.

As such, whilst the Compact (ibid, para.9) supported “the ongoing advocacy and campaign efforts of civil society organisations... in persuading companies to respect human rights and be more conflict-sensitive”, it objected “to the use of the UN Global Compact as a vehicle for targeting individual companies because of their willingness to engage in the initiative”. Following this response, the Coalition planned to bring the matter before the Compact’s Board of Directors, chaired by UN Secretary-General Ban Ki-moon.¹⁹²

In a third form of advocacy using Corporate Citizenship initiatives, BCUK attempted to use Premier’s participation in CSR initiatives against the company. In March and April 2000, AccountAbility (Institute of Social and Ethical Accountability) and the Ethical Corp, respectively, agreed to cancel Premier’s sponsorship and/or participation in their conferences under the threat of protests outside meetings by BCUK, and speakers pulling out (BCUK, 2002).

Strategic Framing

Advocates host websites, publish research reports, and release media statements in order to strategically frame the situation in Burma, and to promote their desired response. On the part of policy-makers and the international community, this response includes the imposition of sanctions and political censure against the Burmese junta. For their domestic audience or constituency, the desired response includes the mobilisation of political pressure on policy-makers and commercial enterprises, and financial support for the organisation and its efforts.

¹⁹²NGOs to Further Challenge UN Global Compact to Uphold its "Integrity Measures". CSR Wire. January 19, 2009. Retrieved September 15, 2009 from http://www.csrwire.com/press/press_release/14616-NGOs-to-Further-Challenge-UN-Global-Compact-to-Uphold-its-Integrity-Measures-.

Research-based advocacy reports are a central plank of the E&P divestment campaign. These research-advocacy reports have increased in frequency during the campaign, and their focus has shifted to include the Shwe Gas Project development. Key publications by advocacy organisations referred to in this report are listed in Appendix 2.

In these reports, advocates present analysis demonstrating the financial significance of E&P activity; provide narratives and first-hand accounts of the experiences, grievances and desires of stakeholders in Burma affected by E&P activity; and emphasise legal and normative frameworks to which the corporations should be made accountable. In these reports advocates make recommendations to E&P enterprises, the international community, and civil society outside Burma.

Coordination and Capacity-Building

Advocacy organisations are highly networked, and their activities are often coordinated and collaborative. Advocates are also active in building the capacities of organisations and individuals throughout the network.

There are multiple types of relationships between organisations in the highly-networked FBM. ERI is a member of the SGM. OSI provides funding for both ERI and SGM. BCUK and the ITUC share information on companies in their databases. Network members draw on and reference each other's advocacy publications and campaigning initiatives,¹⁹³ and communicate with each other and their constituents through newsletters sent by email,¹⁹⁴ and on web-hosted chat-sites. Dudley (2003, p. 17) notes that computer mediated communication "is the main means by which all the disparate individuals and groups outside Burma...keep themselves informed, educate others, maintain contacts with each other and, in some cases, organise political opposition activities".

ERI and the OSI Burma Project are both active in directly building the capacities of network members. OSI provides funding for advocacy and other

¹⁹³ For example, the SGM provides a link to the Burma Database on its website. Retrieved September 14, 2009 from <http://www.shwe.org/take-action/boycott-divestment>.

¹⁹⁴ E.g. the Shwe Gas Bulletin - covering developments in E&P activity- is compiled in English and Burmese, and distributed by email each month by Arakan Oil Watch. BCUK (Month in Burma) and ALTSEAN (Burma Bulletin) each send monthly news e-bulletins to their members, providing information on domestic developments and international action on Burma, including any relevant reports or publications.

capacity-building activities. ERI “conducts trainings and skill building activities for activists from Burma. These activities are designed to raise awareness and strengthen the capacity of communities to address the varied human rights dimensions of environmental degradation in Burma.”¹⁹⁵ The ‘EarthRights School’ established in Chiang Mai, Thailand by ERI in 1999,¹⁹⁶ aims to contribute to “the development of a vibrant and well-informed civil society in Burma, and communities along the Thai-Burma Border through the intensive training of young environmental activists from diverse ethnic backgrounds.” Sixty-five students have graduated from the training program to date.

Grassroots activist
(Field-notes, January 2007)

I’m talking with a group of young Burmese about the impact of TNCs on their communities in the Chin, Kachin and Karen states. They describe floating mats of dead fish in the rivers down-stream from new mines, dogs dying after drinking the water, people being afraid to drink, swim, or bathe. They talk about the influx of Chinese people, how little positive change there has been. About not feeling represented by the cease-fire groups who negotiated business deals they don’t see benefit from.

We get to a young man who hasn’t said anything. I take this as shyness, and ask him what he thinks about foreign investment in Burma. He looks straight at me and says: “Foreign investment is directly responsible for gross violations of human rights and environmental degradation in Burma. The Shwe Gas Project will lead to increased militarisation in the pipeline area, causing human rights violations including forced labour, rape, and political repression. All of these are in contravention of international law,

¹⁹⁵ Burma Project – Other areas of work. EarthRights International. Retrieved September 13, 2009 from <http://www.earthrights.org/burma/other/>.

¹⁹⁶ ERI Burma. EarthRights International. Retrieved September 13, 2009 from <http://www.earthrights.org/training/burma/>.

and the law of this country, and these foreign companies should be held accountable for it.”

I struggle to hide my astonishment. His delivery is so confident, his argument fluid and prepared. It reminds me of the conversations I’ve had with advocates in Washington offices and cafes in London over this last year. I comment that he’s obviously thought about these issues at length, and ask how he came to do so. “I am a student at the EarthRights School in Chiang Mai, I am home doing my research project.”

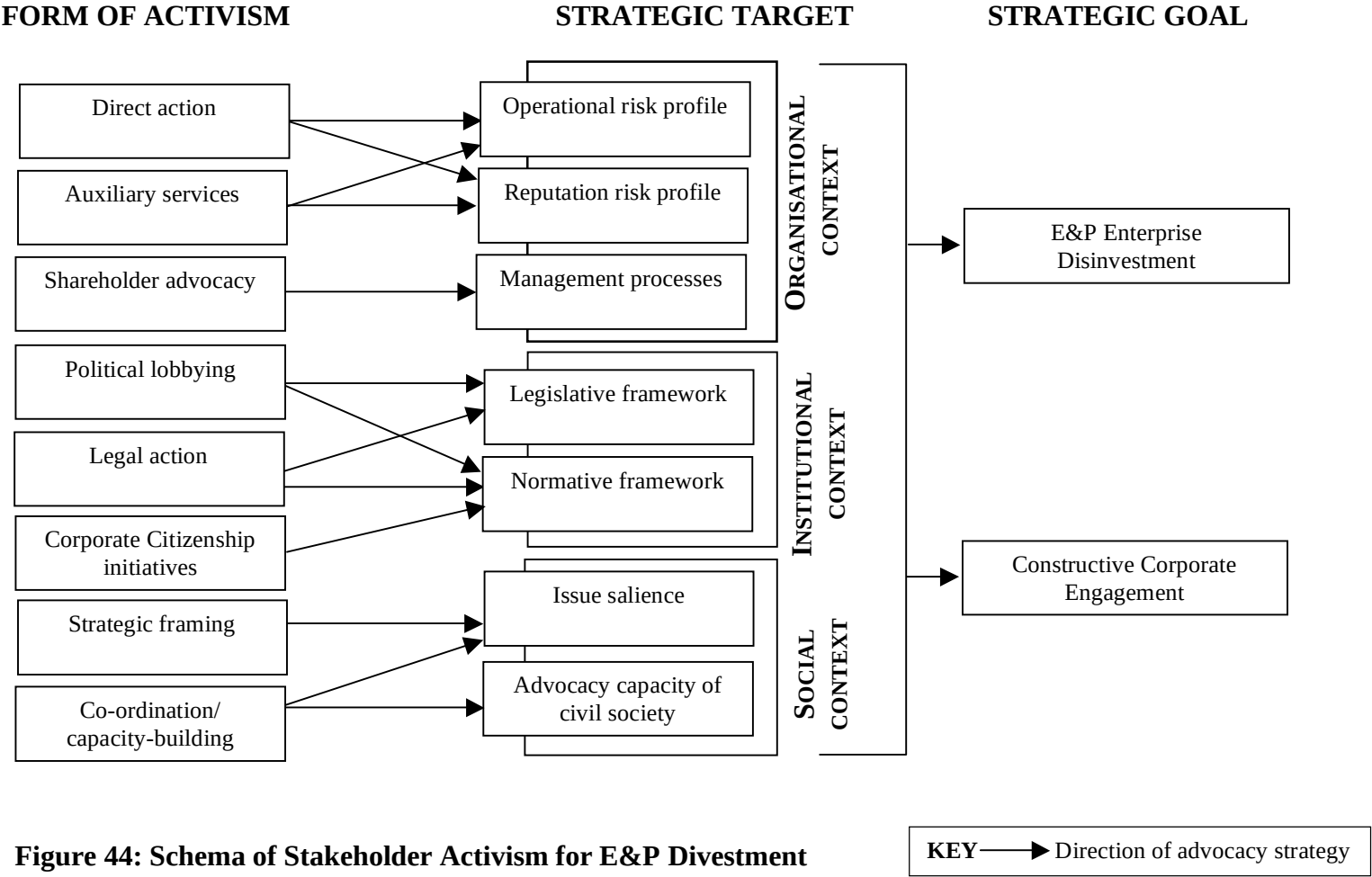
Later as we leave, I note the confidence in his step as he walks off through the crowd, backpack over one shoulder. It makes me hopeful, and a little afraid for him. I feel that today, more than at any other time, I have touched on this gossamer web of global connection, of solidarity and strength. It makes me feel lighter, and very very humble.

A Grounded Theory of Stakeholder Activism

In my analysis of the various *forms of stakeholder activism*, I have identified specific aspects of the *enterprise context* that advocates seek to influence. I describe the enterprise context as the normative, institutional, and practical framework within which corporations form their operational strategy. In addition, while divestment is the main *strategic goal* of stakeholder activism, in a few instances advocates call for E&P enterprises to use their perceived influence with the Burmese authorities for specific ends within Burma. I categorise these as calls for ‘constructive corporate engagement’. Figure 44 provides an illustration of the relationships I have identified between these conceptual elements, which together form a grounded theory of Stakeholder Activism. Stakeholder Activism describes strategic stakeholder advocacy aimed at altering the enterprise context for TNC operations in Burma.

Targeting the Enterprise Context

I identify three aspects to the enterprise context. The *organisational context* comprises the processes and perceptions within the enterprise, that influence executives' assessment and response to the changes in the overall enterprise context. The organisational context includes assessments of risk to the operations and reputation of the corporation, and the management processes in place to govern corporate activity (including assessment of these risks). The *institutional context* describes the legislative and normative frameworks within which the enterprise operates. The *social context* describes the broader characteristics of the settings in which the TNC operates. The social context includes the salience of the issue in question (public awareness of the domestic situation in Burma and the activities and influence of TNCs, for example), and the capacities of civil society to advocate for more responsible/accountable corporate activity. Through different forms of stakeholder activism, advocates attempt to alter these three aspects of the enterprise context, in order to achieve their strategic goals of divestment or constructive corporate engagement.



Organisational Context

Advocates primarily aim to alter the risk profile for investment in Burma. This attempt is clearly seen in the reflections of BCUK (2002, para. 9-10) on the success of their campaign against Premier Oil:

The ferocity of the campaigns against these companies [Premier, Total and Unocal] has likely resulted in silent victories that we will never be aware of. These victories take place behind closed doors in company board-rooms, where potential investors in Burma decide against investment in a country where there is simply far too much of a risk factor...The demise and fall of Premier is a warning to any company thinking about investing in Burma. It's simply more trouble than it's worth.

Through direct action and the targeting of auxiliary service companies, advocates attempt to alter the operational and reputation risk profile related to corporate engagement with Burma. Campaigners chaining themselves to petrol stations, jamming fax-lines or filling email accounts, may disrupt operations, but their main impact is on tarnishing the reputation of the target company. These activities in turn become operational risks as, for example, auxiliary service companies withdraw or refuse to offer services to companies active in Burma in case they too become targets.

Shareholder advocacy targets the organisational context. Through filing motions that introduce new management processes, stakeholder advocates attempt to alter the social and environmental impacts of the target corporation. In the FBM, this form of activism has been focused on directly encouraging the withdrawal of target companies (i.e. the activities of TAM), or the introduction of management codes and principles that would be difficult to meet in Burma, therefore necessitating divestment (i.e. ICCR and motions on Chevron's labour principles). Shareholder advocacy can also be used as a form of direct action, as seen in BCUK's purchase of shares in Premier Oil, in order to publicly challenge the managers of the company. These activities are notable in that they also raise the risks to a company's reputation.

Institutional Context

Advocates target the institutional context of enterprise through political lobbying, legal action and corporate citizenship initiatives. In these forms of advocacy, activists attempt to alter the legislative and normative frameworks within which enterprise operates. These aims are clearly articulated in two of ERI's three-pronged approach to advocacy (2007, p. 10) (the latter is described in the following section):

1. **Justice and Accountability** - EarthRights uses litigation and other legal mechanisms to hold corporations accountable for earth rights abuses, often perpetrated in the name of development. We also advocate for stronger legal mechanisms for corporate accountability within the international system. In 2007 we continued to pursue justice, representing plaintiffs in cases against Chevron, Shell, Union Carbide/Dow Chemical, Chiquita, and Occidental Petroleum for human rights violations overseas.
2. **Speaking Power to Power**- EarthRights uses media, public education and organising strategies to hold corporate and government human rights and environmental offenders accountable in the "court of public opinion". Our goal is to build a broad constituency for the earth and its peoples who will ensure that there are strong legal mechanisms for accountability, and to deter earth rights abuses by highlighting the heavy costs associated with them.

In lobbying policy-makers in government bodies for economic and other sanctions, advocates attempt to alter the legislative framework within which enterprise operates. In securing public support (i.e. BCUK's organisation of 134 MPs in support of Total's withdrawal) from political leaders, advocates attempt to alter the normative framework for enterprise.

In the unsuccessful attempts to prosecute Total and Chevron for complicity in human rights violations associated with the construction of the Yadana pipeline, advocates also aimed to alter the legislative framework for enterprise. A successful conviction under ATCA, or the Belgian law of universal jurisdiction, would create a legal precedent and represent a significant strengthening of the international legal framework governing TNC activity. Whilst unsuccessful (in not securing a judgment either way), these legal actions

can be considered to have influenced the normative framework of enterprise, in turn affecting the operational and reputation risk profiles associated with investment in Burma.

Advocates also attempt to alter the institutional context through their use of emerging Corporate Citizenship initiatives, such as the OECD Guidelines and the UN Global Compact. These activities are largely targeted at altering the normative framework of enterprise, as these initiatives are voluntary and not legally binding. Company sponsorship of, or participation in, Corporate Citizenship initiatives can also provide opportunities for direct action (as in the case of BCUK's targeting of Premier Oil in 2002). In addition to attempting to alter the normative framework that governs appropriate corporate activity, advocates targeting Corporate Citizenship initiatives also attempt to alter the reputation risk profile of target companies.

Social Context

Through strategic framing, and activities aimed at co-coordinating and building capacities across the network, advocates aim to alter the social context of enterprise. Strategic framing activities, such as publishing research-reports, and the astute and creative use of symbolism in direct action (i.e. SGM laying down toy guns at Indian and Korean embassies, or BCUK handing out blood-stained notes at E&P AGMs) aim to raise the salience of corporate engagement in Burma. The reports both raise the profile, and clarify the situation in Burma, and the appropriate response as offered by advocates (referred to as Issue Salience in Figure 44).

Co-ordination and capacity-building activities, such as those supported by OSI and ERI, also seek to alter the social context. Co-ordination activities directly contribute to increasing issue salience, through the dissemination of strategic information and the co-ordination of direct action, shareholder advocacy and politically lobbying. For example, the SGM Global Days of Action are supported and advertised by organisations across the network. During the campaign against Premier, BCUK coordinated direct action (sending faxes to the Chairman of Amerada Hess titled 'John Hess, clean up your mess!') whilst

shareholder advocates filed a motion for Amerada Hess to divest its shareholding in Premier.¹⁹⁷

Capacity-building activities are directly aimed at developing the advocacy capacity of civil society, both in home and host countries of target enterprises. OSI and other funders provide financial support for events at which organisations in the network can strategise and co-ordinate their response (for example, in the development of the OECD complaint against Daewoo and KOGAS).¹⁹⁸ The focus of ERI on capacity-building across the network and in Burmese civil society, is clear in the third of its three-pronged approach to advocacy (2007, p. 10):

3. Sustaining the Movement for Human Rights and the Environment - The EarthRights Schools train new leaders to sustain a strong local and international movement in environmental and human rights protection, while our training of legal and judicial professionals helps ensure that the movement is supported by the rule of law.

Stakeholder Activism Within the Grounded Theory of Corporate Citizenship

Figure 45 locates Stakeholder Activism within the framework of social actor interactions – civil society, government and private sector - discussed in this inquiry. The overlap between Stakeholder Activism and the grounded theory of Commercial Diplomacy presented in the previous chapter is illustrated in this diagram.

¹⁹⁷ UK campaigners back US action at Amerada Hess AGM over Premier Oil investment. Burma Campaign UK. May 1, 2002. Retrieved September 15, 2009 from <http://www.burmacampaign.org.uk/index.php/news-and-reports/news-stories/UK-campaigners-back-US-action-at-Amerada-Hess-AGM-over-Premier-Oil-investme/3>.

¹⁹⁸ Shwe Gas Movement Wraps Up a Series of Meetings and Files an Official OECD Complaint . Earth Rights International. October 30, 2008. Retrieved September 16, 2009 from <http://www.earthrights.org/content/view/584/62/>.

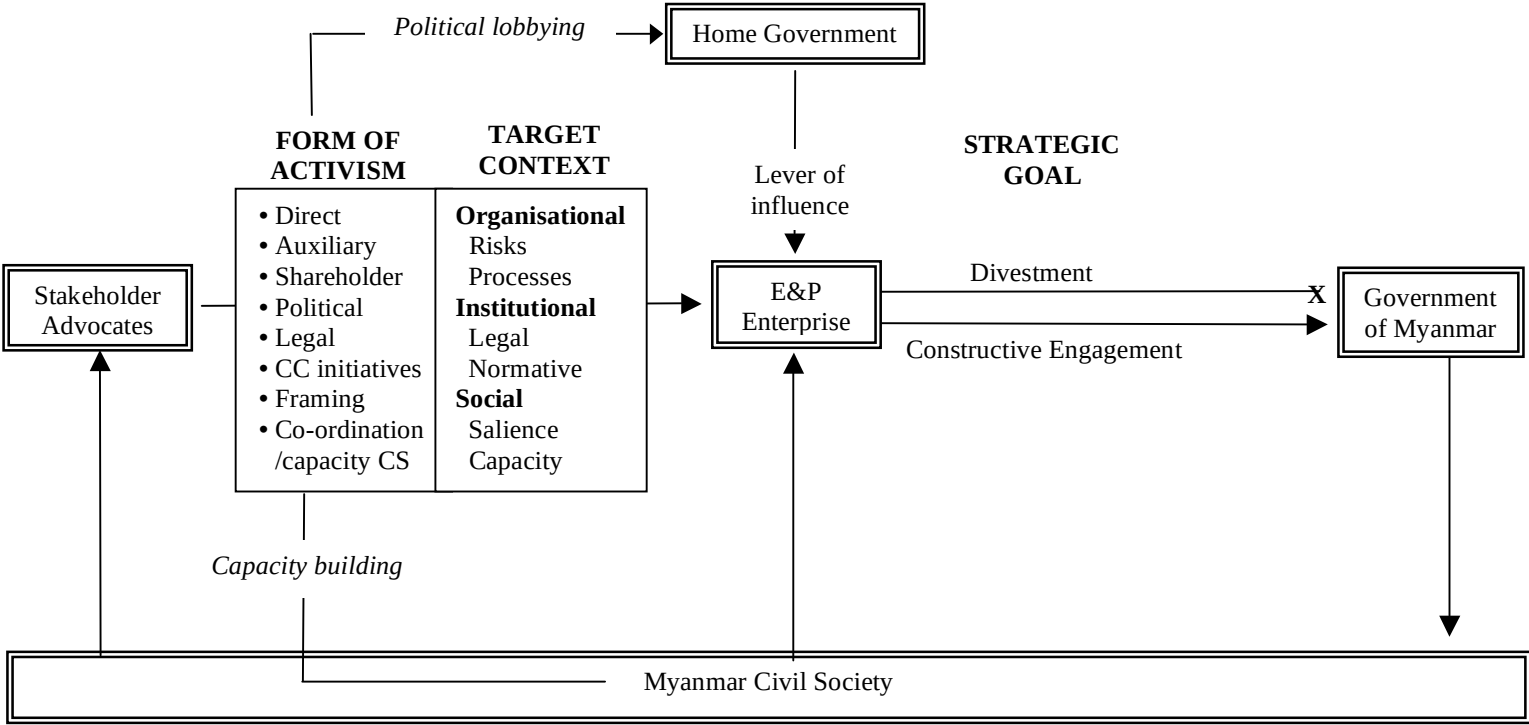


Figure 45: A grounded theory of Stakeholder Activism in E&P activity in Myanmar

KEY		CC	Corporate Citizenship
→	Direction of activism strategy	E&P	Exploration & Production (oil & gas)
- - -	Scope of grounded theory		
CS	Civil society		

Stakeholder Activism in the Global Public Domain

Stakeholder Activism describes the advocacy activities of organisations in the FBM, as they participate in world civic politics (Wapner, 1996), focused on and around the corporate entity. In world civic politics, advocates attempt to draw on and alter normative international regimes around, for example, human rights and the environment. They do so through the use of internationally coordinated campaigns, in identifiable ‘social movements’- networks of organisations mobilised around a particular goal. Their goals may include discursive, policy, institutional or behavioural change, and they may target states, intergovernmental organisations, private enterprises or the public in an effort to achieve their goals. The FBM clearly meets Keck and Sikkink’s (1997, p. 2) identification of networks through the “centrality of values or principled ideas, the belief that individuals can make a difference, the creative use of information, and the employment by nongovernmental organisations of sophisticated political strategies in targeting their campaigns.”

Ruggie (2004, p. 503) describes world civic politics as one of the dynamics which characterise the global public domain. The global public domain is an institutionalised arena of discourse, contestation, and action, organised around the production of global public goods (ibid, p. 519). Activities in this arena may involve both state and non-state actors, and the state may not be the central referent in emerging global governance systems. As argued by Wapner (1996, p. 7), transnational social movements reflect, “an understanding that states do not hold a monopoly over the instruments that govern human affairs but rather that non-state forms of governance exist and can be used to effect widespread change.”

The activities of translocal movements may seem common and institutionalised now, but a little over a decade ago their activities were largely unprecedented. Their significance in new systems of global governance is described by Keck and Sikkink (1997, p. x);

Transnational networks multiply the voices that are heard in international and domestic policies. These voices argue, persuade, strategise, document, lobby, pressure, and complain. The

multiplication of voices is imperfect and selective – for every voice that is amplified, many others are ignored – but in a world where the voices of states have predominated, networks open channels for bringing alternative visions and information into international debate.

Keck and Sikkink (1997, p. x) describe the activities and effect of transnational networks in systems of global governance as sometimes taking the form of a ‘boomerang pattern’:

Where the powerful impose forgetfulness, networks can provide alternative channels of communication. Voices that are suppressed in their own societies may find that networks can project and amplify their concerns into an international arena, which in turn can echo back into their own countries.

The boomerang pattern was developed to describe *international* relations, in which states were enlisted by civil society actors in transnational networks, to exert pressure on states “blocking” the participation of local members of a network. As discussed by Dale (2008, p. 151), “corporations and market relations do not appear in Keck and Sikkink’s conceptual model of how transnational social movements or transnational advocacy networks exert pressure for changing the human rights conditions that motivated their action.” In an ethnography of the FBM, Dale (2003) focuses on contests between state actors, global elites, social movement actors and advocates in an arena he identifies as “transnational legal space”. Transnational legal space is the arena in which these actors struggle to shape the legal meanings of the rules and relations that are currently being institutionalised to facilitate and constrain the process of globalisation. As such, Dale’s ethnography of the FBM within transnational legal space – in which he analyses the enactment of the Massachusetts Selective Purchasing Law; the campaign to revoke Unocal’s corporate charter; and the *Doe vs. Unocal* lawsuit – can be seen as a study of legal developments within the global public domain regarding appropriate terms of TNC activity.

Stakeholder Activism describes the strategic activities, targets and goals of advocates attempting to generate a boomerang pattern of influence, through targeting TNCs operating in Burma. In these attempts, advocates graft their social

agenda of political transition in Burma onto the global reach and capacity of TNCs, a dynamic identified by Ruggie (2004, p. 503) as occurring in the global public domain. Ruggie considers this feature of the global public domain as potentially “providing a historically progressive platform by creating a more inclusive institutional arena.”

Stakeholder Activism provides an avenue to critically assess the progressive potential of the global public domain. As highlighted in the previous chapter, there are potential challenges to the accountability of advocates who call for divestment from Burma, presenting a challenge to this ‘boomerang pattern’ of influence. In the course of this inquiry I found little support for divestment amongst research participants in Burmese civil society. However these findings are limited by both the scope of this research project, and the conduct of the research (in English, in residential centres, undertaken by a white, Caucasian female). Advocates have more or less direct links to Burmese civil society, and it is possible that ERI, which publicly reports ongoing engagement with civil society in Burma, has recently shifted its position on withdrawal in response to this engagement with domestic stakeholders. More significantly, it is clear from the intransigence of the SPDC that the boomerang pattern of influence is limited by the strict controls over information and civic space within Burma. These controls lead Dudley (2003, p. 22) to observe a growing divergence between the pro-democracy movement within and external to the country – which she identifies as an ‘inside/outside’ divide. Dudley concludes that “it is deeply questionable how if at all [computer mediated communication] really has an impact on the inside [in Burma]”, with the net result of an “increasing and problematic divergence between the two [inside/outside]”.

Stakeholder Activism also identifies multiple ways in which advocates attempt to affect the SPDC, through leveraging the perceived influence of commercial actors directly involved in Burma, or which facilitate TNC activity in the country (i.e. through targeting auxiliary services). To this end, advocates engage multiple actors, including other civil society organisations, private sector organisations (for example in the BCUK Clean Lists of companies’ supporting a “principled stance to not invest in Burma”), and state actors, in order to alter the enterprise context for TNCs operating in Burma, or considering investment there.

Advocates are strategic in their targets, selecting companies and industries for (i) the perceived impact of the company on the situation (e.g. the natural gas industry in Myanmar), (ii) the advocate's ability to pressure the company (through its proximity to the consumer, its ownership structure, the jurisdictions under which it is bound) and (iii) the usefulness of the target in promoting a broader agenda, such as raising the profile of the country overall (e.g. ongoing campaign against the tourist guide-book company Lonely Planet due to its high profile). In one form of stakeholder activism – political lobbying – advocates encourage state actors to use commercial activity as a lever of influence, through the imposition of economic sanctions. The enactment of municipal purchasing laws is an innovative approach by which advocates attempted to circumvent resistance to using TNC activity as a political lever of influence at the national level. Political lobbying of this kind appears to be a more effective strategy in democratic countries.

Whilst it has yet to achieve its stated goal, Stakeholder Activism has certainly influenced the activity of E&P enterprises in Burma and elsewhere, contributing to the broadening (to include more actors) and deepening (to increase commitment to and enactment of) the discourse of 'responsible' corporate activity. In line with this, Dale (2003) has described advocacy for corporate divestment from Burma as a potential form of democratic control over the corporate entity, through the creation of transnational 'legal space'. Stakeholder Activism therefore describes activities by civil society organisations, which, whilst provisionally aimed at encouraging divestment from Burma (in order to encourage a political transition in the country), also contributes to the creation and enhancement of international regimes governing more responsible, accountable corporate activity. This contribution is made explicit in ERI's stated aim to achieve systemic change regarding corporate accountability. For example, in its recommendations regarding Burma, ERI (2009b, p. 72) calls on the international community to:

Enact and strengthen legal and other regulatory mechanisms that promote transparency, normative frameworks and harmonisation across systems. The goals of such mechanisms must be to promote stability for corporations operating internationally, allow for

corporate liability and accountability for complicity in abuses abroad, and enable access to justice for survivors of abuses abroad.

ERI adds that “civil society organisations and citizens of these countries [host countries for E&P enterprises] should advocate for legislation to create such mechanisms.”

In the next chapter I discuss the influence of Stakeholder Activism and Commercial Diplomacy on the terms under which companies engage in E&P activity in Burma.

CHAPTER ELEVEN

A GROUNDED THEORY OF CORPORATE ENGAGEMENT

If we leave you'll have CNOOC in our place the day after. The government will get a big signing bonus. Our community engagement programs will end. If that happened you wouldn't even be having this conversation with them.

(Interview, E&P executive. Yangon, January 2007)

Variation in terms of corporate engagement in Myanmar is a central feature of arguments about divestment, as the above quote illustrates. Substitution by TNCs less open to stakeholder engagement (including with doctoral researchers), and less active in providing community programmes, is put forward as a strong argument against withdrawal by E&P investors who identify as being a 'constructive' presence in the country. Total argues:¹⁹⁹

To those who ask us to leave the country, we reply that far from solving Myanmar's problems, a forced withdrawal would only lead to our replacement by other operators probably less committed to the ethical principles guiding all our initiatives. Our departure could cause the population even greater hardship and is thus an unacceptable risk.

Taking these claims of variation as a departure point for inquiry, I have developed a grounded theory of Corporate Engagement. Corporate Engagement is a dynamic theory in which I seek to explain different firm motivations for undertaking activities espoused as 'socially responsible,' and to identify antecedents and outcomes associated with these different motivations. As such, Corporate Engagement describes strategic responses by corporate actors, to

¹⁹⁹ Total SA. (2007). In light of recent events unfolding in Myanmar, Total would like to restate its position regarding its presence in the country [Electronic Version]. Retrieved September 26, 2007 from http://birmanie.total.com/en/news/p_5_4.htm.

changes in the context within which the E&P enterprise operates, including their own influence upon their operating environment.

The chapter proceeds as follows. I present a preliminary conceptual framework for explaining different terms of corporate engagement in fragile states, drawn from contemporary work in the management field (Section A). I then present an extended conceptual framework I have developed through interviews with E&P executives, and analysis of corporate communication material and analysis the ITUC Burma Database. Corporate Engagement describes the relationships between four different *firm motivations* for undertaking ‘socially responsible’ activities (Social Responsibility, Expediency, Philanthropy and Reputation), and four different *terms of engagement* by TNCs in Myanmar (Sanctioned and Principled Non-engagement, and Constructive and Unrestricted Engagement) (Section B). Corporate Engagement further links these firm motivations to elements of the *enterprise context* through three *intervening factors* (Exposure, CSR Infrastructure and Integration, and Modelling) (Section C). I conclude with critical reflections on Corporate Engagement and the progressive potential of the global public domain (Ruggie, 2004) (Section D).

A: Corporate Engagement in Fragile States – A Preliminary Framework

Variation in the understanding, and enactment, of corporate social responsibility (CSR) is a topic of interest in the management field. In this section I locate Corporate Engagement in relation to extant analyses of (i) variation in CSR between developing and developed country contexts; (ii) CSR activity type, and the different understandings of the role of the firm in society these variations reflect; (iii) factors identified as motivating the adoption of CSR; and (iv) different terms of corporate engagement in ethically challenging environments.

CSR in Developing Countries

Visser (2007, pp.150-1), notes that CSR as discussed and enacted in developing countries differs significantly from CSR in developed country contexts (where it is more often referred to as corporate citizenship). Differences include CSR in developing countries being:

- less formalised or institutionalised through benchmarks such as codes or standards;
- generally only practiced by large, high profile national and multinational companies;
- most commonly associated with philanthropy or charity, with economic contributions by companies often seen as the most important and effective way for business to make a social impact; with
- different issues being prioritized, such as tackling AIDS/HIV, improving working conditions, and providing basic services. As such, business often finds itself providing services that would be seen as a government's responsibility in developed countries.

CSR Activities and the Role of the Firm in Society

Halme and Laurila's (2009) three-part framework based on action type provides a useful guide to the broad collection of corporate activity claimed by business as evidence of 'responsible' corporate behaviour. The authors identify *philanthropy*, *integration* and *innovation* as three discrete types of corporate responsibility activity, based on the activity's relationship to the core business, its target, and expected benefits. They observe that elements of each approach may be reflected in any one company's activities.

Philanthropy approaches emphasise charitable corporate activity, including sponsorship and employee voluntarism. In philanthropy, charitable activities take place outside the firm's immediate business. Generally no direct business benefits are sought from these activities, that are instead oriented to the use of corporate resources for 'doing good'. Integration approaches emphasise

conducting core business more responsibly towards primary stakeholders such as customers, employees and suppliers. Companies characterised by this approach:

[Take] actions like ensuring high product quality and investments in R&D (responsibility towards customers), paying just wages and avoiding overcompensation to top managers at the cost of other employees, taking diversity-oriented measures (responsibility towards employees), paying suppliers on time, supplier training programmes, supporting responsibility in the supply chain (e.g. no child labour; responsibility towards suppliers) and applying environmentally benign practice and policies (2009, p. 329).

Innovation approaches attempt to re-cast social or environmental problems as business opportunities. This ‘win-win’ approach, in which companies seek to “cater for the poor or to benefit the environment” as a profitable enterprise has been most fully developed Stuart Hart (2002; 2004) and C.K. Prahalad (2004; 2002). A model for ‘sustainable’ business activity at the ‘bottom of the socio-economic pyramid’, reflecting an innovation approach to CSR, is currently being trialled and promoted by a network of US management schools and a number of the world’s largest corporations (Black, 2006a, 2006b), by the World Business Council for Sustainable Development (WBCSD) and the UNGC (Fox, 2004).²⁰⁰

E&P activities reflecting an integration approach to CSR drew on the wide array of initiatives that continue to be developed, through civil society activism and corporate action, to support the integration of ‘responsibility’ into companies’ core operations (see Leipziger, 2003). Initially, CSR initiatives were company-based and unilateral, and sectoral and multi-stakeholder CSR initiatives have subsequently been established. These integration initiatives seek to develop terms and expectations of responsible corporate action, and to support the mainstreaming of a CSR approach into business operations. They may focus on specific issue areas (e.g. child labour, environmental stewardship, operations in areas of conflict), or may be more holistic, such as the Compact.²⁰¹ International Human Rights instruments have provided a framework for a number of these

²⁰⁰ The BoP approach specifically informs the ‘Sustainable Livelihoods’ program at the WBCSD and the ‘Growing Sustainable Business in Least Developed Countries’ initiative run by the UNGC and UNDP.

²⁰¹ United Nations Global Compact homepage at <http://www.unglobalcompact.org/> accessed March 9, 2009.

initiatives; human rights are the focus of the first two of the Compact's ten principles, and inform a raft of impact assessment and other business 'tools', in the development of voluntary standards and in reporting and verification mechanisms (Black, 2006).

Ruggie (2004, p. 510) identifies a number of voluntary accountability systems which aim to support the adoption of an integrated approach to corporate responsibility. These include the development of reporting systems at the organisation, sector, and macro-levels, supported by a 'reporting industry' offering compliance auditing. The Global Reporting Initiative²⁰² stands out among these systems as a multi-stakeholder project which aspires to provide standardised social and environmental reporting systems and to make them as standard as financial reporting. Certification institutions have also been established which seek to verify that specific management processes (e.g. the labour and environmental management standards, SA8000 and ISO14000 series, respectively), or an entire production and distribution cycle meets prescribed criteria (e.g. forest products, coffee beans and diamonds).

As noted in the previous chapter, integration initiatives in which E&P enterprises are involved include both the Compact and the OECD Guidelines. Other integration initiatives relevant to the E&P sector include the Voluntary Principles on Security and Human Rights,²⁰³ and the Extractive Industries Transparency Initiative (EITI).²⁰⁴ The Voluntary Principles were first released in December 2000, the result of a sector-wide initiative involving the US and UK governments, companies in the extractive and petrochemical industries, and non-governmental organisations. The Voluntary Principles provide criteria to be considered by a company to assess the human rights risk in forming security agreements with state security or private armies, in order to avoid complicity in abuses such as of the right to life, freedom from torture, arbitrary arrest, and freedom of assembly and speech (Leipziger, 2003 p 95-105). The EITI is a coalition of governments, companies and civil society organisations that seeks to

²⁰² Global Reporting Initiative. Accessed August 12, 2009 at <http://www.globalreporting.org/Home>.

²⁰³ The Voluntary Principles on Security and Human Rights. Accessed August 13, 2009 at <http://www.voluntaryprinciples.org/>.

²⁰⁴ Extractive Industries Transparency Initiative. Accessed August 13, 2009 at <http://eititransparency.org/>.

set a standard for companies to publish what they pay for extractive activity, and for governments to disclose what they receive. The initiative aims to “make natural resources benefit all”. The EITI was launched in 2002, and as of September 2009, 30 countries and 42 of the largest extractive-industry companies were members.

Zollo (2004) posits that different CSR activities reflect distinct understandings of the role of business in society and the purpose of the firm. Table 7 presents an illustration of his argument.

Table 7: Zollo's (2004) three-part framework of the role of business in society

	Trade-off Model	Corporate Philanthropy	Social Responsibility
Ultimate purpose of firm	Wealth creation	Wealth creation	Social and economic development
Financial v Social performance	Trade-off Correlation <0	Jointly achievable Social => Financial	Jointly achievable Social => Financial
Governance mode	Shareholders' rule	Shareholders' rule	Shareholders' mode
Resource allocation criterion	Shareholders' value max. (SVM)	SVM long-term + short-term social impact	Long-term social impact, short-term financial impact
Type of social impact activities	None, unless necessary	Add-on to normal (special projects)	Embedded in all normal activities
Economic logic of social actions	Risk protection	Revenue growth opportunities	Fully integrated

Zollo identifies different social actions by a corporation as reflecting different views of the purpose of the firm, governance modes, resource allocation criterion and economic logics. Zollo's description of CSR activities as reflecting particular firm motivations and business-society frameworks complements Halme and Laurila's (2009) framework. Activities identified as philanthropic may reflect a corporate philanthropy view of the role of the business in society; both innovation and integration CSR activities may reflect a framework of social responsibility on the part of corporate executives. Zollo's identification of social activities motivated primarily for risk-aversion ends alerts us to the tension in identifying corporate motivations for engaging in CSR activities. Social impact activities may reflect a trade-off model or a social responsibility model of the role of business in society. This tension is reflected in contests over CSR as a “public

relations exercise” or as an expression of the “integrity” of corporation’s position as a responsible “citizen” (Interviews, 2006-2009).

A Preliminary Framework for Corporate Engagement in Fragile States

Halme and Laurila (2009) suggest that through integration activities, companies may simultaneously seek benefits related to corporate reputation, cost-saving, risk reduction, or anticipation of legislation. Additional factors, identified as motivating corporate engagement with a company’s social, political and environmental impact, include regulatory compliance, competitive advantage, stakeholder pressures, ethical concerns, critical events, and top management initiative (see Bansal & Roth, 2000). In relation to the adoption of a CSR approach by Total and UNOCAL in Myanmar, analysts have emphasised the influence of stakeholder pressure and legitimacy challenges (LaFrance & Lehmann, 2005; Spar & Mure, 2003) and policy-frameworks provided by broader CSR initiatives (OECD, 2002). There remains an opportunity to identify the conceptual distinctiveness of alternate motivations for the adoption of CSR in situations of pervasive human rights violations and/or conflict (see Bais & Juijser, 2005; Sherman, 2001; Zandvliet & Anderson, 2009). Specifically, the opportunity remains to establish whether categories of motivations are inclusive of all motivations or are mutually exclusive; how motivations differ; and what contexts lead to particular motivations.

In an article on business engagement with ‘ethically challenging business environments’, Schermerhorn (1999) identifies four alternate terms of corporate engagement with ‘ethically challenging business environments.’ Each of these terms – unrestricted or constructive “engagement”, and principled or sanctioned “non-engagement” – are argued to reflect a different ethical framework, social change strategy and cultural orientation on the part of the corporation. This framework remains to be developed through empirical research.²⁰⁵ An opportunity also exists to identify the relationship between different corporate motivations regarding CSR, and different forms of engagement with fragile states, including Myanmar (Holliday, 2005a, 2005b; Schermerhorn, 1999).

²⁰⁵ Confirmed in personal communication with Schermerhorn by the author, July 2009.

In Figure 46 I present a preliminary conceptual framework for corporate engagement in fragile states developed from the above theories. In the course of this inquiry I elaborated and conceptually refined this framework, generating a grounded theory of Corporate Engagement in which I identify conceptually distinct categories of motivations for engagement with fragile states, and corresponding antecedents and outcomes associated with each motivation.

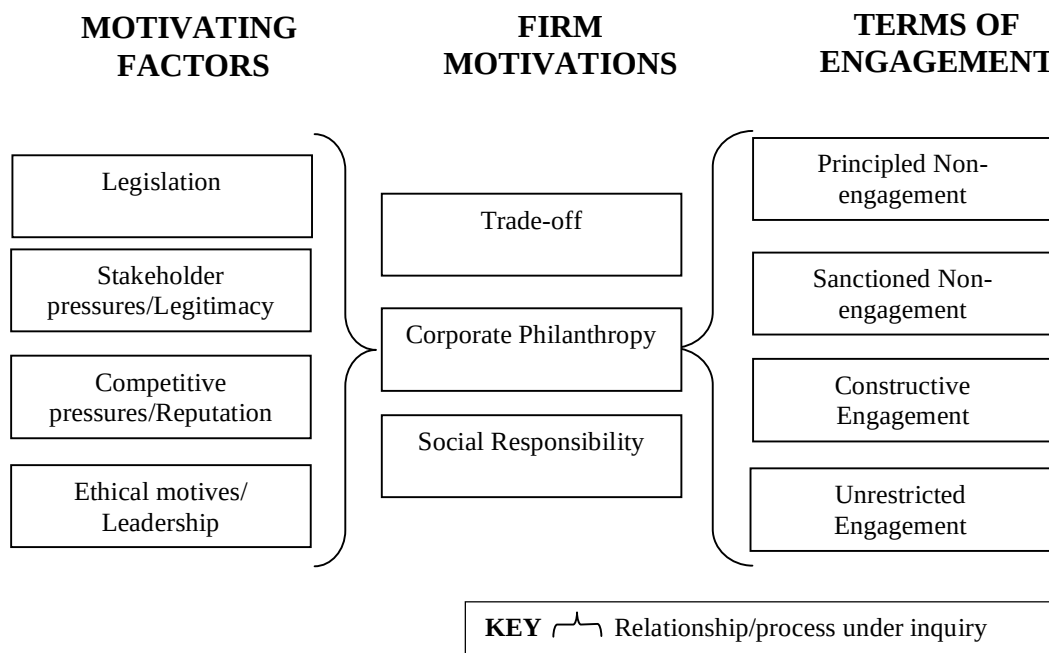


Figure 46: A preliminary model of Corporate Engagement

B: Firm Motivations and Terms of Corporate Engagement in Myanmar

The idea that a company is there solely to make money for their shareholders; that was *the* prevailing view for a long time. That is gone. Other imperatives exist now. Other stakeholders, other than the shareholders have to be considered. One of which is the community. As a good citizen you have to do stuff for the community.

(Executive, Hotel Industry, London, September 2007)

I identify three firm motivations for ‘responsible’ engagement in Myanmar, reflecting dominant logics of *social responsibility*, *expediency*, *philanthropy* or *reputation* concerns. These motivations are not mutually exclusive, with a single research participants, and multiple participants from one TNC, often expressing one or more of these motivations. Further, I have found empirical support for Schermerhorn’s (1999), typology of terms of corporate engagement in ethically challenging business environments.

Firm Motivations

Social Responsibility – Doing the Right Thing

I was asked by the Singaporean ambassador to the UN, “Why on earth did Unocal stay despite all the harassment you were getting. Why didn’t you leave like Texaco and Premier?” The only answer was “Staying was the right thing to do” (London, May 2007).

This firm motivation echoes Zollo’s (2004) description of Social Responsibility as a conceptual framework guiding corporate engagement with society. E&P executives motivated by social responsibility highlighted the role of the firm in social and economic development. Total states that:²⁰⁶

While ensuring the profitability of its business projects, Total is also committed to providing economic and social benefits to the people in its host countries. This commitment is clearly expressed in the Group’s Ethical Guidelines. The positive impact of the Yadana project can be measured in three ways. Job creation and technology transfer. Development in the pipeline region. Development of Myanmar.

Similarly, Peter Robertson, Vice-Chairman of the Chevron board in 2008 stated; “When we go to work in the location, wherever it is in the world, that we

²⁰⁶ A positive impact on the country. Total in Burma. Retrieved September 20, 2009 from http://burma.total.com/en/engagement/p_3_5.htm.

will do the right thing for the community where we operate and to the extent we can for the country”.²⁰⁷

Executives stressed their company’s contribution to employment and training – “We do make a difference in employment and training” (Yangon, July 2006) and “Our people are very important to us, we invest in them and their future. Through them we’re investing in this country” (Yangon, January 2007). Executives recognised responsibilities to a broader group of stakeholders- “we have an engagement with the people living in this country” (Yangon, January 2007). This commitment stretched beyond short-term considerations, “It’s a long term commitment. It’s good to see people educated, and now we’ve been here long enough to have seen some of the kids go through school and be making something of themselves. We’ve made a difference” (Yangon, July 2006).

Given the fraught domestic context in Myanmar, and the politicisation of E&P activity in the country, a number of executives expressing motivations of social responsibility also reflected on their personal commitments to socio-economic development. These unprompted reflections included statements that (Yangon, July 2006/January 2007); “CSR projects are partly to assuage our conscience, but it’s hard to understand the context here when you are outside the country,” “It’s an attempt to feel good about what we’re doing there,” and “There is so much need in this country, how could I not use the resources at my disposal to try to make a difference?” Finally, executives motivated by social responsibility emphasised the integration of this approach throughout their business; “This is not an add-on. Social responsibility runs through everything we do as a company, from how we treat our people, to the ways we engage with communities, to our conversations with the government” (Yangon, July 2006).

Expediency – Buying Hearts and Minds

Firms motivated by expediency undertake CSR activities as they perceive it to be advantageous. This adoption of CSR standards and activities, for practical rather than moral reasons, broadly reflects Zollo’s (2004) trade-off model. Statements reflecting expediency as a primary motivation for CSR included

²⁰⁷ Chevron executive discusses oil prices, industry outlook. *NewsHour*, April 14, 2008. Retrieved June 22, 2008 from www.pbs.org/newshour/bb/business/jan-june08/crudethree_04-14.html.

comments that the ultimate purpose of the firm remains wealth creation rather than socio-economic development; “It makes good business sense, it’s about ensuring our profitability” (London, September 2008). In expediency, responsibility to the shareholder is held over and above any responsibilities to other stakeholders, and risk-aversion is the dominant economic logic in undertaking social activities.

Expediency is a strong motivating factor across E&P activity, with every executive interviewed describing CSR activities as a way to minimise operational risk. This was the case even for companies that exemplify a socially responsible position, although they framed concerns about operational risk as being secondary or integral to the firm’s orientation to socio-economic development. A primary motivation across the E&P sector for engaging in CSR is “winning the hearts and minds of the local people”, in order to reduce operational risk, as the following quotes from different E&P executives illustrate:

[How important is this (CSR) in what you do?] Very important. In order to develop resources you should make the community happy, develop them. Before we start the pipeline construction we’ll begin community programs. You have to buy the heart of the people before you do anything (Bangkok, February 2007).

Community engagement is the same as they can turn on you and it’s all over in a second (snaps fingers) (London, September 2006).

It’s bullshit. None of this is about “social responsibility”. Here, like in Afghanistan, building schools is a security issue, no more. It’s so that you can engage the Mullahs to get the job done, so you build mosques if that’s what they want. You want them to care more about you being there than you getting kicked out. It’s so that when the bad guys turn up in town to blow up the pipeline, they tell you about it (Yangon, July 2006).

If people are happy with the company there is no problem. See our pipeline there, so if they are making money and have jobs for them

people will protect the pipeline. Any time in 24 hours someone can hit the pipeline. Even the army cannot protect it if the people hate the pipeline (Pipeline corridor, January 2007).

Operational risk was also a key motivation, in undertaking CSR, for local contractors to the E&P sector:

We have a base camp 50 km from here. We wouldn't have support unless we employed local guys. The first priority is to the local people so we offer them small contracts. First link is business link, then human link (families behind them who later on will have good feelings to us). If the community don't like you, you have problems with small sabotage, arson etc, or villagers steal from the factory. In our case, none of these kinds of thing happen (Yangon, January 2007).

Operational risk is never mentioned in corporate communications material, but is clearly a strong motivating factor and logic underpinning CSR activities in the E&P sector. That these concerns are founded was reflected in a number of interviews with research participants regarding the development of the Yadana and Shwe Projects:

It is to their benefit to spend money on community development. When [Total] went [to the pipeline region] there were insurgents, bombs falling. They were not stable areas, so it was more important for them to pacify the area. So on one hand it is a security issue. But they also need to have the people benefit. Foreigners here with a high standard of living, and poor people around, increases social instability. So they need the right ingredients to stop insurgent support. So that the community will want Total to stay and villagers will not kidnap people, or sabotage (Economist, Yangon, July 2006).

If they make peace with the local people here they won't have problems with the local people. If not they will have problems with a hot-headed person, sooner or later, who will sabotage the pipeline. Look at Nigeria. Foreign expats kidnapped. They need

pacification measures to satisfy local people here (Trader, Sittwe, January 2007).

Corporate Philanthropy – Getting in Position

CSR activities motivated by corporate philanthropy are aimed at shareholder-value maximisation in the long-term, through activities with a largely short-term social impact. The dominant purpose of the firm remains wealth creation for the shareholder; CSR is undertaken to ultimately grow revenue. Interview statements that illustrate this motivation included:

We do run of the mill CSR kind of things – some charity events, supporting a few [non-governmental] organisations doing health and education programs. It's not linked to any short-term business effort, but over the long term relationships are important in Asia. More so than the EU or the US. And there will be people, especially those who benefit from these programs, who will recall we were helpful when other people weren't (USA, May 2007).

When this country opens up we'll be well positioned. Our CSR stuff is a part of that (Yangon, July 2006).

Reputation – Playing with the Big Boys

A fourth motivation identified by E&P executives, distinct from Zollo's framework, was that of reputation. Reputation reflects a shared normative understanding of appropriate CSR engagement by E&P enterprises. An Executive explained; "If we were a proper oil company we would have done it [initial engagement of the local community] before. This company really struggles with the 'softer' EIA, SIA, community impact/involvement" (Yangon, January 2007).

Reputation was identified as a key motivation in the adoption of CSR rhetoric and activities particularly by new entrants to the E&P sector such as Petronas, Daewoo and PTTEP. This motivation was described by one executive as wanting to "play with the big boys" (London, May 2008):

You have to understand that the drive to get gas at any cost is modulated by a genuine desire for [x] to be a modern company. With a higher profile are added responsibilities for how to engage at a global level (Yangon, January 2007).

It is important not to underestimate how much this company sees itself as a big international player. Wanting to be a good corporate citizen is part of that. CSR is a fundamental part of the operations of the really big companies, and [the company] is proud of what it does in terms of corporate citizenship because it shows it has arrived (Yangon, January 2007).

Of particular interest, local service contractors in the E&P sector also identified norms around appropriate E&P activity as motivating and influencing their own adoption of CSR activities within their cultural frame of reference: “I decided to renovate the pagoda as oil and gas companies are sensitive to development issues” (Yangon, January 2007).

Terms of Corporate Engagement

Schermerhorn’s (1999) typology of four alternative terms of corporate engagement in ethically challenging business environments is illustrated in Table 8. These contrasting terms of corporate engagement reflect different ethical commitments, understanding of social change, and cultural orientation. I found considerable support for this typology in statements regarding corporate engagement in Myanmar, both by interview participants and in correspondence between corporations and advocates for divestment.

Table 8: Contrasting terms of global business engagement in ethically challenging environments (Schermerhorn, 1999, p.493)

Terms of engagement	Ethical Framework	Social Change Strategy	Cultural Orientation
Unrestricted engagement ---- <i>Business as usual</i>	Individualism view ---- <i>Follow self-interests</i>	Natural selection ---- <i>Survival of the fittest</i>	Cultural relativism ---- <i>Anything goes</i>
Constructive engagement ---- <i>Purpose-driven investment</i>	Utilitarianism view ---- <i>Seek broad positive impact</i>	Shared power ---- <i>Change takes time, comes from within</i>	Cultural tolerance ---- <i>With dialogue comes understanding</i>
Principled non-engagement ---- <i>Value-driven business disinvestment or refusal to invest</i>	Virtues view ---- <i>Act consistent with organizational values</i>	Rational persuasion ---- <i>Good reasons to change exist</i>	Cultural rejection ---- <i>New directions can be pursued</i>
Sanctioned non-engagement ---- <i>Business investment prohibited</i>	Rights view ---- <i>Support declared universal values</i>	Force-coercion ---- <i>Failure to change will be penalized</i>	Cultural absolutism ---- <i>What is wrong must be corrected</i>

Unrestricted Engagement

Schermerhorn (1999, p. 492) describes unrestricted engagement as ‘business-as-usual.’ In unrestricted engagement, the dominant ethical framework and motivation is one of maximising economic self-interest. Clearly resonating with the motivation of expediency described above, in unrestricted engagement the investor is committed to economic gain in the local business environment, not by corporate goals for specific economic and/or social contributions to the host country. The cultural orientation is relativism, showing a willingness to accept and abide by local practices in business conduct.

Unrestricted engagement found support in interviews with E&P executives. Statements reflecting unrestricted terms of engagement stressed a

distinction between the political and economic aspects of corporate activity. They also highlighted the need for TNCs to obey the legal frameworks and “local proclivities” of the host country:

We are not in the political realm, we are just doing the business. We pay the tax, how they [the SPDC] distribute it is their problem. You shouldn’t talk to us; tell the government to put more money into their health and education (Bangkok, February 2007).

Companies have to obey laws of countries in which they operate and be sensitive to local proclivities. If they start pressing for social policies they are personally comfortable with, they can run into a lot of difficulties. It’s an area where their obligations in a legal sense are raised, and the obligation to shareholders not to get the company in trouble is paramount. If you have shareholders who say the mission is to go and change Myanmar’s political situation, then the company can go and do that (Washington, D.C. May 2007).

Constructive Engagement

Schermerhorn (1999, p. 494) defines constructive corporate engagement as;

...purpose-driven behavior in which economic contributions by the foreign investor also advance social progress in the host country. The assumption is that with economic development will come desirable social development. The ethical foundations...are utilitarian, seeking at any given time the greatest good for the greatest number of people. The implied social change strategy is shared power, with dialogue between investors and hosts creating a basis for the latter to examine and perhaps reconstruct core values. The underlying cultural orientation shows tolerance for cultural differences. The expected outcomes of constructive engagement are deliberate, perhaps slow, social progress along with increasingly universal economic progress.

This definition held up strongly under empirical inquiry, accurately reflecting the position of corporate actors professing to be constructively engaged with Myanmar. During the September 2007 protests, Total stated (emphasis added):²⁰⁸

We are convinced that through our presence we are helping to improve the daily lives of tens of thousands of people who **benefit from our social and economic initiatives**. By promoting responsible behavior, our local teams can **serve as a model** for business and political leaders looking for ways to address the country's human rights issues. We would like to thank all those who have encouraged us to pursue our actions to help the local people and **enhance their well-being through the defense of common values**.

The statement clearly reflects a broader conception of the role of the firm in society beyond economic self-interest, including orientation to the corporation's broader positive impacts of society. Further, the emphasis on providing a 'model' and 'defending common values' suggests an orientation to dialogue as promoting understanding.

In describing their organisation's presence as constructive, executives emphasised their role in supporting the development of a middle class in Myanmar. They argued the company's presence supported the emergence of a middle class both directly - through their employment and training of staff - and in their contribution to broader socio-economic development:

There is a compelling business case. Total and UNOCAL were both in Indonesia, providing training, employing staff etc. And if you do your job right, after a few years you have local managers running things. We'd do it better now, but did it pretty well then. A country that had just come out of a bloodbath, people slaughtered, a corrupt regime and brutal army, and twenty years

²⁰⁸ Total SA. (2007). In light of recent events unfolding in Myanmar, Total would like to restate its position regarding its presence in the country [Electronic Version]. Retrieved September 26, 2007 from http://birmanie.total.com/en/news/p_5_4.htm.

later there was a democracy as a middle class was built (London, September 2007).

Investment's needed to develop a middle class with other standards, and then those people might change the country (Yangon, January 2007).

These statements reflect a social change strategy of change taking time, and coming from within a society, albeit prompted by foreign business interests.

Corporate responses to the ITUC, in defence of their presence in Myanmar, indicate cross-industry support for the tenets of constructive corporate engagement. In correspondence posted on the ITUC Burma Database,²⁰⁹ companies emphasised the positive contribution of their presence in Myanmar to socio-economic development and the negative impacts of a forced withdrawal; and argued that capacity-building of the population and "cultural exchange," would better facilitate a political transition. For example, Ivanhoe (Letter of June 7, 2001), a Canadian company with a mining interest in Northern Myanmar argues:

Ivanhoe...is helping to provide well-paid jobs for more than 1,000 employees, as well as improved health and community benefits for the employees and their families...They are acquiring advanced job skills and personal and family assets and have hopes and aspirations for their children and themselves. Sadly, the reality of this here-and-now human dimension is often overlooked in international debates about the future of Myanmar. Yet these very people are integral to the future of Myanmar.

The Mitsubishi Corporation (Tokyo, Japan. May 25, 2001) echoes this sentiment:

We believe that generally in the long run, economic opportunity and development will promote positive political change and will provide a stable economic base to make that political change

²⁰⁹ Burma Database. ITUC. Retrieved August 24, 2008 from <http://www.ituc-csi.org/spip.php?rubrique177>.

sustainable. We believe that isolation generally impedes progress and makes the lives of the average citizen harder.

In line with the perceived short and long-term benefits of employment, a number of companies strongly criticised the ITUC for their call to divest. In these responses, executives stressed the responsibilities they felt to the wellbeing of their employees:

I believe that a tourism boycott of Burma very successfully damages the lives and incomes of waiters, drivers, cooks, guides, cleaners and crewmembers while it has no impact at all on the behaviour of the generals. I believe therefore that it is deeply immoral. I hope for your sake you can sleep soundly at night, but if I were in your shoes I could not. (Andrew Brock Travel Ltd. London. October 18, 2007).

We are today giving jobs to over 200 people whom are breadwinners who support over 800 people, children in school etc. It is impossible for us to close our factory completely and send our workers home as this will only create misery and desperation not being able to send their children to school and uphold the basic necessities of life... We are willing to [close our factory] on the condition that your organizations will guarantee to take over our workers' monthly salaries (Scansia Sdn. Bhd. Malaysia. May 22, 2001).

Respondents argued that “cultural exchange”, through ending Myanmar’s isolation, would better facilitate desired transitions than their withdrawal:

The inclusion of Myanmar in global cooperation and intercultural exchange will help the people of Myanmar more than isolation (p.t. waagner biro, Indonesian office of an Austrian firm January 7, 2002).

We are convinced that international trade and activities of foreign companies can effectively contribute to this aim. The inclusion of countries like Myanmar in global cooperation and the resulting

intercultural exchange will help the people and support changes more than isolation could (Siemens, Munich, Germany. May 17, 2001).

Integration and infiltration by presence and goods, opens the minds of local populace and is basis for revolt (Jensen World Travel, Ltd. Illinois, USA. May 3, 2001).

Proponents of constructive corporate engagement therefore perceive the primary motivation for social change as coming from within Burmese society, through the processes of exposure and dialogue. In emphasising this, respondents frequently questioned whether advocates had ever visited Myanmar, thereby challenging the legitimacy of their calls for divestment:

I wonder if ... you have ever visited this country. Have you met the local people like the kind and capable ones who serve our company in Myanmar?...they are immensely grateful for companies like ours that are providing real help in the form of an improved standard of living, which encourages them to forge meaningful and long term changes to their political system. Yes, the government in Myanmar does need to change but...it will be through internal change caused by a population encouraged with the positive effects of foreign investment and interchange (Crown Relocations, London, November 26, 2001).

Principled Non-Engagement

Schermerhorn (1999, p. 494) describes principled non-engagement as being motivated by forces internal to the firm, originating in leadership and corporate values. Principled non-engagement is manifested in specific decisions either to not invest or to discontinue investment in an ethically challenging environment. This form of engagement suggests a virtues approach to ethics, where core values guide business behaviour from one situation to the next; the act of non-engagement is intended to serve notice to the potential host of the benefits of change; and the underlying cultural orientation is rejection, communicating an

unwillingness to work in or become involved in a country where the cultural values and standards are inconsistent with one's own.

Ethical commitments are reflected in a number of company statements claimed by BCUK as supporting a position of principled non-engagement:²¹⁰

It is not ethical for us to produce our goods from Burma (Kookai).

It is not possible to do business in [Burma] without directly supporting the military government and its pervasive violations of human rights (Levi Strauss Inc).

We at New Look take ethical issues seriously and have a policy not to knowingly source any of our products from Burma (New Look).

The extent to which non-engagement in ethically challenging business contexts reflects the full extent of principled non-engagement as defined by Schermerhorn requires further empirical study. Whilst other facets of principled non-engagement are reflected in the position of advocates for non-engagement in Myanmar (described in Chapters 8 and 10), these cannot be substantiated from the company statements posted on-line by BCUK.

Sanctioned Non-Engagement

Sanctioned non-engagement is described by Schermerhorn (1999, p. 495) as the prohibition of foreign investment in a given setting. The ethical foundations are universalist, as sanctions are considered to stand for core values and basic human rights that are assumed to apply everywhere. The implied social change strategy is force-coercion in which the loss of foreign investment becomes a penalty for no change in a target country's actions. The underlying cultural orientation is absolutism, as the country is expected to conform to outside ethical standards and expectations. Schermerhorn notes that sanctioned non-engagement is expected to encourage social progress in the potential host country while, in the short term, denying any contribution to economic progress. Schermerhorn identifies sanctions as taking two distinct forms; by government and market regulation, the latter including actions by activist lobbies and consumer groups to

²¹⁰ The Clean List. Burma Campaign UK. Retrieved September 20, 2009, from http://www.burmacampaign.org.uk/dirty_list/clean_list.html. Complete correspondence is not provided.

encourage divestment. My description of these two forms of sanctions in Chapters 9 and 10 clearly resonate with Schermerhorn's definition of the terms of sanctioned non-engagement.

It should be noted that sanctioned non-engagement is motivated by forces from outside the firm. As such, the internal motivations of the firm in question may reflect unrestricted terms of engagement. In these instances, a more apt description of the firm's motivation may be 'strategic non-engagement.' Analysis of statements by companies on BCUK's Clean List²¹¹ suggest that reputation and consumer pressure were the primary motivation for non-engagement:

This decision [to stop sourcing merchandise from Myanmar] has been taken following a review of customer opinion towards merchandise sourced from Burma (Burton Group).

Danish beer maker Carlsberg...said public opinion and media attention on human rights abuses in Burma prompted their decision (Carlsberg).

We are at present refraining from conducting tours in Burma, considering her political regime to be unsuitable for organised tourism. We do not wish to be seen to legitimise or contribute financially towards the regime (Gecko Travel)

A Conceptual Framework of Firm Motivations and Terms of Corporate Engagement in Myanmar

Figure 47 provides an illustration of the above discussion, identifying the relationships between firm motivations and terms of corporate engagement. Schermerhorn's typology is illuminative in its identification of different ethical commitments, approach to social change, and cultural foundations within the motivation of social responsibility. The firm motivation of corporate philanthropy I have identified is most closely aligned to unrestricted engagement, through its

²¹¹ The Clean List. Burma Campaign UK. Retrieved September 20, 2009, from http://www.burmacampaign.org.uk/dirty_list/clean_list.html. Complete correspondence is not provided, so dates and company locations cannot be included.

primary orientation to wealth creation and long-term shareholder benefits through social actions with a short-term impact. Both constructive engagement and principled non-engagement resonate with the firm motivation of social responsibility I describe above, as companies professing either position claim to be acting in support of positive socio-economic developments in Myanmar.

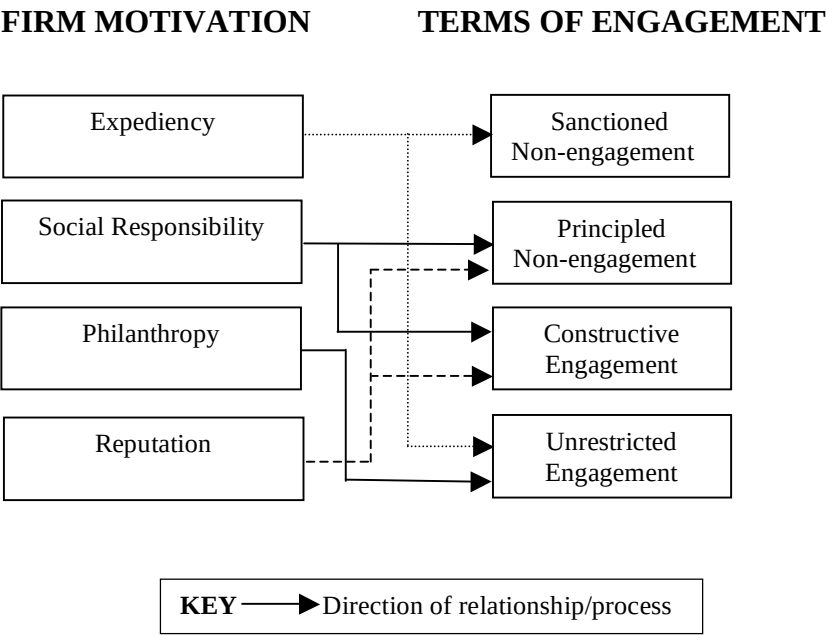


Figure 47: Firm motivations and terms of corporate engagement in Myanmar

C: Antecedents and Intervening Factors in Firm Motivations for Engagement:
Strategic Responses to Changes in the Enterprise Context

The firm motivations of expediency, social responsibility, philanthropy and reputation, and associated terms of engagement in ethically challenging environments, are in turn influenced by aspects of the enterprise context. In the previous chapter I introduced the ‘enterprise context’ as the strategic target of advocacy efforts to generate a business case for non-engagement with Myanmar. I posit the enterprise context as the core theoretical category for the grounded

theory of Corporate Citizenship in Fragile States that I present in this thesis, and of which Corporate Engagement is one composite grounded theory.

The enterprise context is comprised of the organisational, institutional and social aspects. I have identified operational and reputational risk profiles, and management processes as facets of the organisational context. I distinguish legislative and normative frameworks within the institutional context, and recognise the salience of an issue and the advocacy capacity of civil society as robust conceptual elements in the social context. Working with the enterprise context as a conceptual framework, I have identified three intervening factors that mediate the influence of changes in the enterprise context on the motivations of a firm to alter its terms of engagement in Myanmar. These intervening factors are (i) a company's *exposure* to stakeholder pressure; (ii) the existence and state of development of *CSR infrastructure* in both home and host countries, and the *integration* of a CSR approach into the orientation, culture and management processes of an enterprise, and; (iii) the presence and awareness of organisations who have already adopted and integrated a CSR approach, thereby providing a *model* for an enterprise to adopt and/or adapt. These intervening factors are not mutually exclusive, and as discussed later, may re-enforce each other.

My identification of the antecedents and intervening factors for firm motivations to engage in potentially 'responsible' activities is a significant elaboration of the drivers for CSR adoption identified at the beginning of the chapter. The grounded theory of Corporate Engagement, presented in Figure 48, provides a conceptual framework which more fully describes, and provides a context for, these drivers of legislation, stakeholder and competitive pressures, and organisational values (leadership, ethics etc).

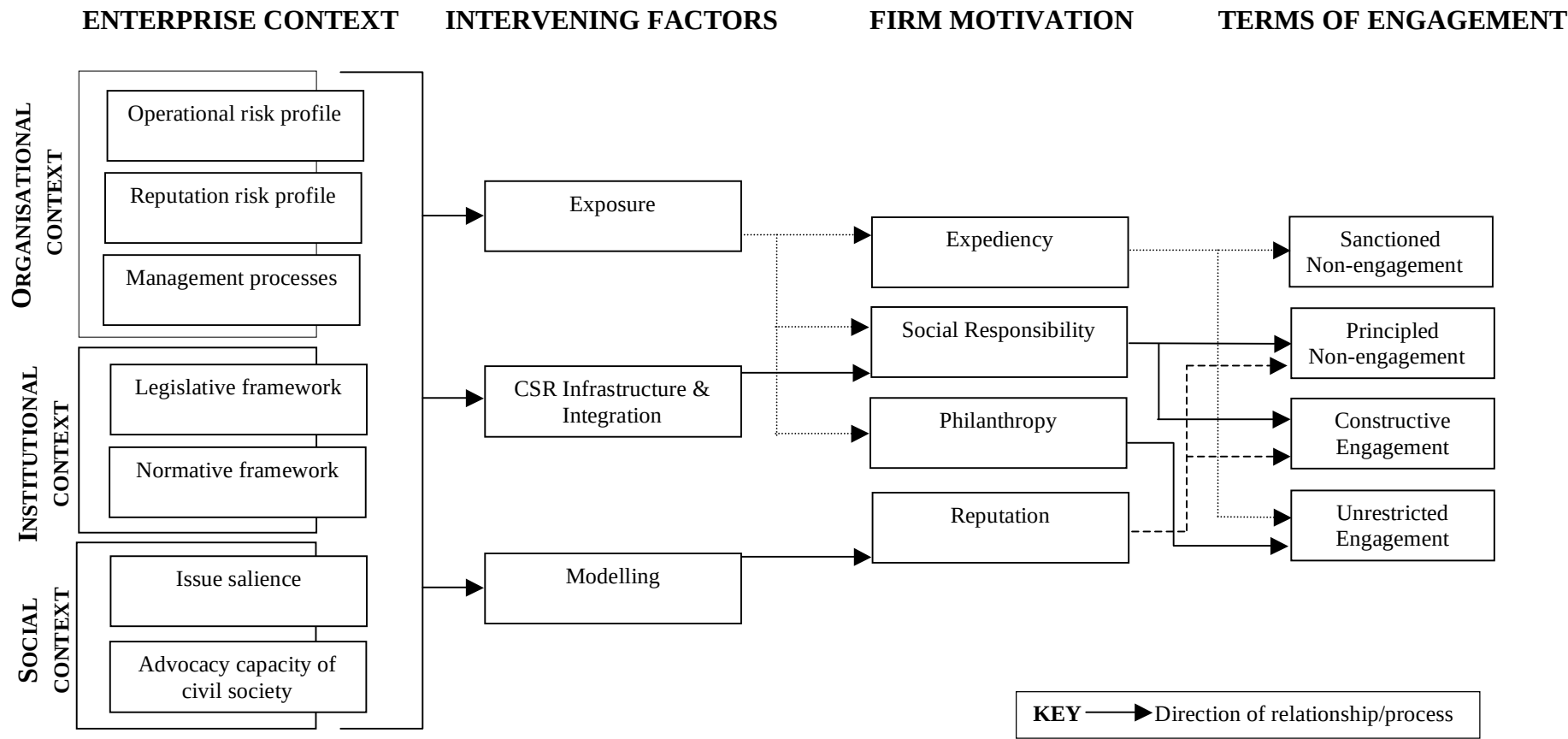


Figure 48: A grounded theory of Corporate Engagement in Myanmar

Exposure to Stakeholder Pressure

A company's exposure to stakeholder pressure is influenced by characteristics within the organisational, institutional and social enterprise contexts, in both the home and host societies in which it operates. In the organisational context, the proximity of the company to the consumer, its size, and profile are closely associated with reputational and operational risk. The ownership structure also mediates a company's exposure to stakeholder pressure. In the institutional context, the presence of normative and legislative frameworks supportive of corporate responsibility in the home and/or host country is a factor in the ability of stakeholders to apply pressure. In the social context, the advocacy capacities of civil society in both home and host country contexts, and the salience of the issue of corporate engagement in Myanmar are both factors in a company's exposure to stakeholder pressure.

The Organisational Context and Exposure to Stakeholder Pressure

The influence of proximity to the consumer was vividly portrayed by an executive:

We had a retail business ...people were chaining themselves to delivery trucks, dressed up as Burmese slaves. My children were in high school and got harassed by their friends. It was awful (London, September 2007).

Executives recognised the size and profile of a company as being associated with its exposure to stakeholder pressure:

Taking me down doesn't give Greenpeace a lot of points, but if I became a trophy... It's more of a problem with my joint venture partners, their high profile means they are trophies. If they can cut them down and get a scalp they [the NGOs] can get more money (London, May 2008).

We're small enough to slip under the radar (Yangon, July 2006).

The ownership structure of a company was also described by E&P executives, external advocates, and INGOs operating in Myanmar, as influencing a company's exposure:

[Would you invest now?] I'd love to, there is so much potential in the country. But I would want to go in with private equity as otherwise I would be a target for advocacy groups (E&P executive, London, May 2008).

The issue of state-owned companies is a tricky one. But even private companies have close links with their governments, they need to listen to those governments. In certain countries you can use CSR arguments and many companies are listed, so you can shame them into doing something right. But that's very very difficult to do with other countries (Advocate, Chiang Mai, July 2006).

I don't understand why Petronas is doing any CSR work. Its growth over the last ten years has been enormous, but it's 100% owned by the Malaysian government. So its not bound by the same rules of behaviour as publicly traded companies. There is a difference in the terms of information they need to make public, less developed ways of engaging with stakeholders (INGO, Yangon, July 2006).

The Institutional Context and Exposure to Stakeholder Pressure

The presence of a legislative framework supportive of CSR in a company's home country in order to facilitate stakeholder pressure was summarised by a Burmese community leader (Pa-an, July 2006);

[So you are saying it is better to have Western companies?] Yes! Then we can have the lawsuit. The most productive and pragmatic thing is ... to engage with companies that need to avoid controversy, that are open to shareholder [stakeholder] pressure.

Corporate commitments to CSR also increase exposure; “The CSR does allow us to say to companies ‘you have said this is what you stand for, but look at what you are doing’, so it is a point of leverage” (Advocate, Bangkok, February 2007).

The Social Context and Exposure to Stakeholder Pressure

The advocacy capacity of civil society in both home and host countries, and the salience of corporate engagement in Myanmar as an issue for concern, are both factors in a company’s exposure to stakeholder pressure. At the core of the controversy over corporate engagement in Myanmar is the political repression of civil society, and the poor governance practices of the SPDC (see Chapters 5 and 6). As a result, the ability of civil society in Myanmar to advocate for responsible corporate engagement is extremely restricted, reflecting both current practices of repression in the country, and structural conditions resulting from these practices over the last forty years. As explained by a trader in Sittwe (January 2007):

The middle class here are those who deal in gold, those in the fisheries business (not producers or fisherman, but the traders), those involved in selling engineering etc. There are only a handful as the current junta has managed to wipe out the middle class. It’s the best accomplishment they’ve ever done I suppose. Some argue that its only left the ruling class and those ruled. I’d agree. The numbers are so few, they’re not worth counting.

This was one of the most forthright criticisms of the SPDC I heard from Burmese participants; most people I spoke with described the failures of the government and their inability to influence it in more euphemistic terms:

So we take charge within areas around us as government cannot do details and **asking them doesn’t work**. We don’t want to complain so we do what we have to do and can. You have to do this for these people, you will notice there is a lot of gap between rich and poor, very poor (Businessman, Yangon, July 2006, emphasis added).

Restrictions on political activity extend throughout Burmese society, including to the local private sector. Both local journalists and INGO personnel

described limitations on the ability of the domestic private sector to lobby the government for change. As a journalist (Yangon, July 2006) explained: “It’s very difficult for the private sector to get involved in politics. The government’s aim is to isolate...in the political arena they are not allowed to organise themselves to lobby, that is not happening.” However, in both mid-2006 and in early 2009, local private sector actors described the government as being increasingly open to advocacy from the private sector; “They are getting increasingly appreciative of the private sector as they are starting to see that they need expertise and knowledge that they don’t have” (Yangon, July 2006), and “you are seeing associations of Myanmar factories, the Chamber of Commerce starting to form associations to lobby the government. It’s not that this was officially banned before, but the government is starting to be receptive” (Phnom Penh, May 2009).

Variation in civil society capacity in the home countries of E&P enterprises was identified as a limitation to effective stakeholder pressure. As stated by an INGO (Yangon, January 2007): “These [Asian] companies come from countries without a tradition of liberal democracy, where civil society engagement is at a completely different stage.” This situation has ramifications for the ability of home country stakeholders to advocate for alternative terms of corporate engagement by their TNCs abroad. As described by an advocate:

We’ve had meetings amongst the activists to strategise around how to engage South Asian countries, and it’s a problem. There is a lack of leverage given the state of development of civil society in those countries and different corporate cultures around responsibility (New York, September 2007).

Variation in these multiple dimensions of civil society capacity - the state of development of civil society (including factors such as its size, structural composition, resource-base, issue focus), and the degree of engagement between civil society, state and private sectors actors – influence stakeholder exposure. For example, whilst advocates recognise that there is “a very active civil society in Korea, especially around the environment, clean elections and labour” (Chiang Mai, July 2006), they also reported that “Korean NGOs [in the SGM] find it difficult to go directly against Daewoo or Southern Korean interests overseas as seen as anti national interest, anti-nationalistic” (Bangkok, February 2007). More

broadly, advocates recounted problems with Burma groups protesting in countries in the region – “They keep being arrested in Malaysia and Thailand for protesting, it’s a challenge” (Washington, May 2007).

Advocates also acknowledged the difficulties presented by the state-ownership of E&P enterprises. However, they saw the increased willingness of governments to engage with civil society through ASEAN as a promising development, given limitations in their ability to lobby companies directly (Bangkok, January 2007):

Right now the ASEAN charter is being drafted, but we’ve been able to get NGO involvement in that as the Philippines has a civil society that is more developed, and the Philippines is head of ASEAN at the moment....The companies are also linked - PTTEP and Petronas, to Thailand and Malaysia. With governments starting to criticize Burma that is the only way to then bring in companies, as going to companies directly is more difficult. We can then say to governments, look, here is your company doing all the stuff you say you don’t approve of.

As the Korean example illustrates, even if home civil society is developed and active, a particular advocacy issue needs to be salient and appropriately framed in order to generate stakeholder pressure. This was put forcefully by a CSR practitioner working in China (Hong Kong, December 2007):

The Chinese public have no idea about the discussion we’re having here on Burma. Show them a picture of Nelson Mandela and people know who he is, but not Aung San Suu Kyi. They have no idea, so there is little potential for pressure. Not surprisingly, the Chinese state media is not so keen on promoting an icon of the democratic movement.

Within Myanmar, a number of respondents questioned whether the issue of corporate responsibility had any resonance outside the main urban centres; “People don’t know about community development in Myanmar by gas companies, so there is no expectation by people in the country of it” (Yangon, July 2006). It is difficult to judge how salient the issue of corporate responsibility is in Myanmar, given the restrictions of public debate and discussion. Of note,

participants in Sittwe (January, 2007) reported that they had heard from BBC and Voice of American radio-broadcasts, that people in the Yadana project area had not been compensated for being relocated and that the companies had been sued in the U.S.

CSR Infrastructure and Integration

This intervening factor describes the extent to which a CSR approach is supported and/or encouraged by laws, policies and management processes in the enterprise context. Within the organisational context, the strength of this intervening factor on terms of corporate engagement in Myanmar reflects the presence of risk assessment processes, and corporate policies and practices by which a CSR approach is integrated into a company's operations. Legislation supporting CSR in both home and host countries, and normative frameworks around participation in CSR initiatives is influential in the institutional context. The influence of the social context on CSR infrastructure and integration is incorporated in the above intervening factor of exposure; this intervening factor relates more directly to the institutional support for stakeholder pressure, and the presence of management processes to engage with stakeholders.

The Organisational Context for CSR Infrastructure and Integration

As the above discussion of constructive terms of corporate engagement illustrates, companies in the Burma Database claiming a constructive presence in Myanmar come from a broad range of countries, including China, Taiwan, Malaysia, Singapore, Denmark, Austria, Germany, the UK and the USA. Analysis of the rates of reply to the ITUC, however, suggests significant regional variation in company willingness to engage with advocates. As illustrated in Figure 49,²¹² in both 2006 and 2008²¹³ companies from Oceania/South Africa,

²¹² Calculated from data provided in Appendix 7 - Regional analysis of companies listed in the Burma Campaign UK *Dirty List* of June 3, 2008, and the ITUC *Burma database* of March 8, 2006 and May 24, 2008

²¹³ During the interim a significant number of companies were removed from the Burma Database, and a letter was sent to every company regarding the September 2007 protests, to which 30 companies responded.

Europe, Great Britain, and Northern America had a significantly higher rate of reply to the ITUC.

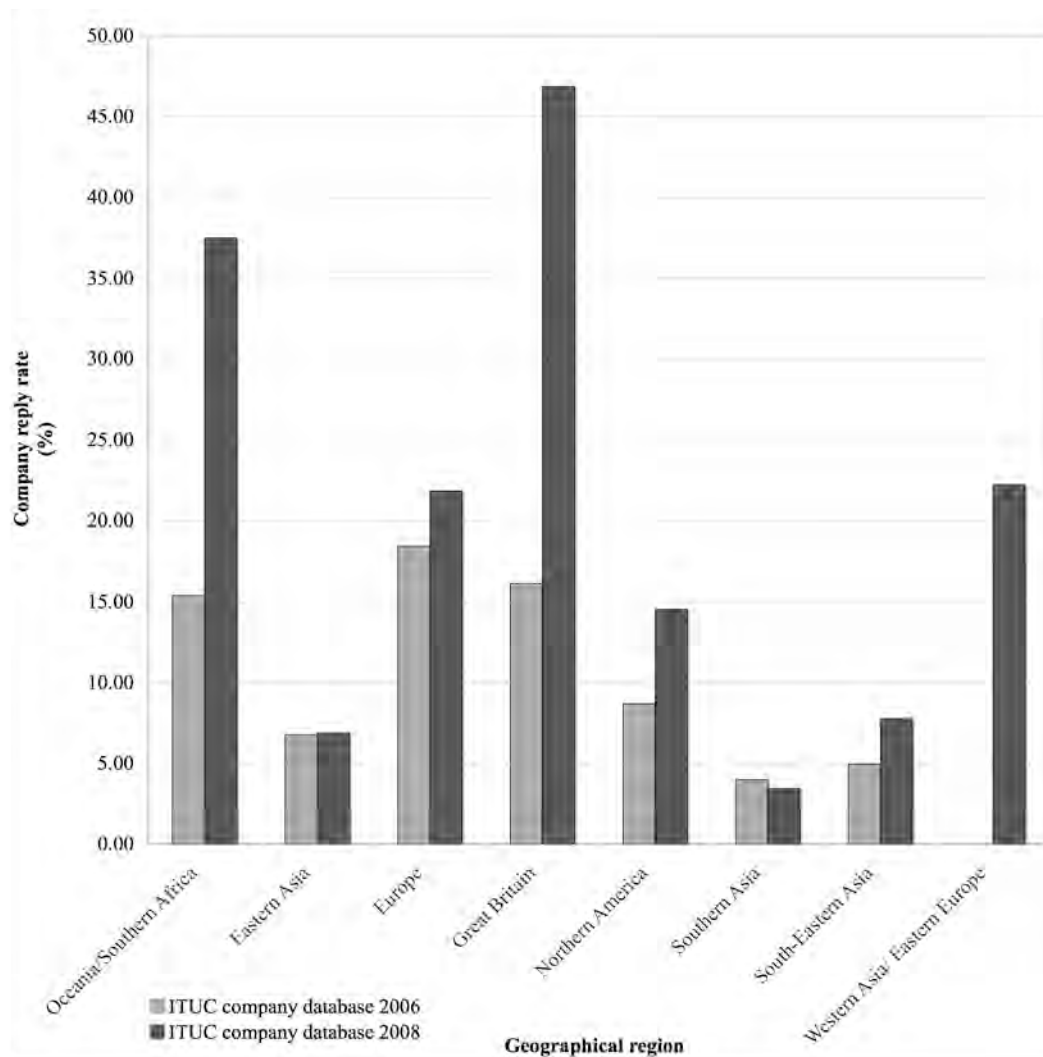


Figure 49: Company reply rate in the ITUC Burma Database, by region, 2006 and 2008

Companies from Europe and Great Britain were three times more likely to reply as those from Eastern, Southern and South-eastern Asia. Companies from North America were almost twice as likely to reply as those from Southern and South-eastern Asia, particularly after the protests of 2007. Almost half of the companies contained in the database from Great Britain responded to the mailing of November 2008, indicating the salience of the issue in Great Britain and the advocacy efforts of the BCUK. Also of interest, the turnover of Western companies (Europe, Great Britain, North America) in the database was twice as

high as that of companies from the East, presenting an interesting avenue of further inquiry into whether this reflects the efficacy of stakeholder activism for Western companies, variation in industry/sector exposure, or particular advocacy strategies.

Regional variation in the willingness to engage with advocates was pronounced in relation to E&P enterprises in Myanmar;

Companies here [in Asia] don't tend to dialogue with civil society. Except where charity is concerned, I don't think many of those companies want to engage with us or anyone like us. Total or UNOCAL have been more willing to deal with us. I don't get a chance to talk to PTTEP or Petronas (Advocate, Bangkok, February 2007).

A lack of open engagement with advocates does not, however, mean that companies are unaware or unconcerned with their activities. As one executive observed about an E&P enterprise that did not engage with advocates; "I'm sure he [the Myanmar country Director] gets his secretary to log onto the Shwe gas website each day to see what's going on" (Interview, Yangon, January 2007).

Executives varied in their views of the role of civil society, and the motivations for challenging corporate engagement in Myanmar:

I understand why they are doing it, its one of the great things about living in a free society where you can speak up for what you believe in" (London, May 2008).

Mostly the letters come from foreigners, they try to earn some money by suing. For NGOs, they are looking for some misguided moral reason" (Bangkok, February 2007).

In stakeholder engagement activities, managers actively seek to influence the organisational context. This includes engagement with advocates and community actors in order to decrease operational or reputation risks, but also with shareholders. For example, in describing the process by which CSR came to be integrated in one E&P company's approach, an executive explained; "We kept ahead of the shareholder, we put a lot of effort into educating them about what we were doing (London, September 2008).

The Institutional Context for CSR Infrastructure and Integration

Variation in CSR also reflects the presence and strength of regulatory frameworks supportive of responsible business activity, in both home and host countries. This institutional support and company integration of responsibility is described by AccountAbility (2007, p. 34) as Responsible Competitiveness; “markets that systematically and comprehensively reward business for strategies and practices that take explicit account of the social, economic and environmental impacts.” AccountAbility has developed an index to analyse and provide a country ranking of the integration of sustainable development into markets. Using 21 indicators drawn from over 600 international datasets, combined with surveys of public or expert opinion, the organisation ranks and then classes countries on their provision of frameworks for sustainable market activity. Across the 108 countries surveyed, AccountAbility (2007, pp. 26-28) identifies four broad development stages; starters, compliers, asserters and innovators. The organisation identifies business action, policy drivers and social enablers (including the strength and politicisation of civil society) as motivating the development of Responsible Competitiveness.

China, Bangladesh and the Russian Federation are classed as starters; having signalled a commitment to responsibility through signing and ratifying international treaties, these countries are considered to be struggling to implement the basics of responsible competitiveness. India, Brazil, Turkey and Mexico are considered compliers; focused on demonstrating progress on meeting international quality, labour and environmental standards. In neither of these two groups is domestic civil society considered a significant driver for the adoption of normative or legislative frameworks for responsible business. Malaysia, South Korea, and Thailand are grouped as asserters. Asserters are described as seizing opportunities in responsible competitiveness, through active engagement in developing and promoting international standards that will provide them with a competitive advantage, or building national brands associated with responsible business and government practices in order to attract FDI and promote a first generation of global product and corporate brands. For many asserters, a vibrant civil society is a critical element in advancing a broader national project of social

and environmental responsibility. Finally, European and OECD countries dominate the cluster of innovators. Innovators are:

working to embed responsibility into the core of their domestic economies, stewarded by relatively well-enforced statutory regulation, well-designed corporate responsibility strategies, reinforced in most instances by strong NGOs, media watchdogs and consumers demanding responsible new products. Beyond this, knowledge-based innovation provides the leading edge of all of these economies. Sustained innovation in the context of scarce and highly mobile talent requires flexible working conditions, and dynamic, trusted public as well as private institutions. It also demands attention to detail, cascading responsibility into SMEs and overseas investments as well as large domestic firms. For Innovators, responsibility competitiveness is no longer an add-on, but the heart of the economic model (ibid, p.28).

Australia, France, Singapore, Hong Kong, Japan, New Zealand, the UK and the USA are classed among this group.

This variation in the legislative and normative infrastructure influencing different E&P enterprises in Myanmar was reflected by participants. As noted by a trader in Sittwe (January 2007):

The business ethics are very different. I expect Daewoo and the Koreans to be more enlightened than the Chinese...But the Americans; they have legislation, so if they hurt this place they will be in trouble. I don't know, but I hope the Koreans have something like this guarding their behaviour.

The influence of legislation and normative frameworks were also noted by executives; "We are a member of EITI, the Global Compact, we have to think about these things" (Geneva, February 2008), "It's important from the Western perspective. If you need to meet the Guidelines than you need to be transparent. [Guidelines?] The Guidelines of the OECD, home guidelines. The Chinese don't take any notice of these" (London, May 2008). Variation in the normative infrastructure – the "business ethics" of a company, or its "sense of CSR" - was noted by a number of civil society participants. It was identified as a challenge by

a local organisation looking to engage with the private sector on development issues (Yangon, July 2006):

Companies with more of a sense of CSR are easier, as they already know what you're talking about. But this will be a problem for us, as more investors are becoming Chinese. When we talk to local people we have a nationalistic, humanitarian approach – "How can we help ourselves as a Burmese and a Buddhist, to get merit, karma." But we're not sure of what to do with Chinese companies. They don't have the CSR concept yet, I'm sure they will but not yet. They might do it for their image with other companies. We can't say do it for nationalistic reasons as they don't care.

Modelling

E&P executives emphasised the influence of having a "go-by", i.e. a model for responding to stakeholder pressure and operational challenges in Myanmar. While there is a clear overlap, I distinguish between modelling and the presence of CSR infrastructure and integration as intervening factors. I do so as the failure of a company to effectively manage or integrate CSR issues can also provide instructive examples. In the organisational context, modelling provides a template for assessing the operational and reputational risks, and drives the development of new management processes to manage these risks. Modelling occurs in the institutional context through various forms of organisational interaction. Beyond observed example, these mechanisms (including legacy, partnerships, associations, service relationships, and government engagement) directly influence the terms of corporate engagement. In the social context, modelling was prompted and influenced by the salience of corporate engagement as a contentious issue.

The Organisational Context for Modelling

Executives identified having a model for their own engagement with CSR issues as shaping their assessment of reputational and operational risks:

We had the UNOCAL example to go by as they were a year or two ahead of us. So we made decisions in that light. We helicoptered everything in. We didn't build a road for the construction of the project in order to minimize the environmental impact but also to minimize the amount of use of the military... They had started their community programs 2-3 years before and so we had a heads-up. This was a driver in developing a community engagement strategy for us (Yangon, July 2006).

[How will you go about it (developing SEP programs)] We have go-bys – Yadana and Yetagun... We would have done it anyway because we want to be here and be good... It would be easier for [us] if Western companies were here. We're following (Yangon, January 2007).

The Institutional Context for Modelling

Companies gain models for CSR engagement through a number of mechanisms. These include *legacy*, where a company takes on SEPs through its purchase of another company. This was the case for Petronas through its purchase of Premier Oil's stake in the Yetagun project; "part of the agreement was that they would have to keep the programs running" (London, September 2008). In joint-venture *partnerships*, investing companies gain insight into the development of SEPs run by the project operator, influencing subsequent SEP development; "[Why have you developed the program in this way?] That is how Total has done it, we've seen in Yadana. So now we are an operator we do the same" (Bangkok, February 2007). As described by an operator for a joint-venture project (Yangon, January 2007):

In the joint-venture we talk about community development. They trust us. There is never any question about the funding of the program. People agree unanimously. Tomorrow I am flying to Bangkok to talk to PPTEP, they want to know more about it. Last year someone from the Korean embassy came to see us, to know

what we are doing. PTTEP, Chevron Myanmar visit the program.
Every year we have a group of visitors.

Collaboration in *business associations and initiatives* also provide an opportunity for modelling. One example of this is the Myanmar Business Coalition on AIDS (MBCA),²¹⁴ a non-profit organisation established in 2002 by international and national business people to provide leadership on AIDS within the business community. MBCA provides training and workshops for both international and local businesses, and the armed forces on HIV prevention, treatment and management. E&P sponsors of the MBCA include Daewoo, Total, MPRL E&P, and Petronas.²¹⁵ Contractual or *service relationships* also provide a mechanism by which CSR can be modelled. This influence can run in both directions. For example, one local service contractor to the E&P sector (Yangon, July 2006), described his adoption and adaptation of CSR as following the example of Total. He further explained:

European companies are very strong on HSE [Health, Safety, Environment], and we wouldn't get jobs with Western companies if we didn't adhere to them. The Chinese are not very strong on this, they cut corners to save money... It is hard for us to advocate to them as contractors, so we try to lead by example.

Finally, modeling can *create expectations on the part of the host state*, which may in turn drive the adoption of a CSR approach by E&P enterprises. Whilst this was not reported by executives as having been their experience, one executive did feel that an expectation had been created; "I'm confident that the Myanmar government is saying to Daewoo, look at Total, you should be picking up your game [and starting community programs]" (London, May 2008).

²¹⁴ Homepage. Myanmar Business Coalition on AIDS. Retrieved September 20, 2009 from http://mbconaims.org/mbconaims/advocacy_programs.aspx.

²¹⁵ Our sponsors. Myanmar Business Coalition on AIDS. Retrieved September 16, 2009 from http://mbconaims.org/mbconaims/our_sponsors.aspx.

The Social Context for Modelling

The salience of an issue also prompts attention to modelling. As noted by a former employee of Premier; “We were particularly careful with the project as it had been so contentious for UNOCAL and Total” (Yangon, July 2006).

In summary, a company’s susceptibility to stakeholder pressure varies considerably by sector, ownership, country of origin, and its position as a corporate citizen. As a consequence, advocates are less able to influence companies at a distance from the consumer (e.g. petroleum companies without retail operations); companies which are privately or state owned; and companies from countries where a culture of corporate responsibility (with a supportive legislative framework and a mobilised civil society) is yet to develop. Figure 50 locates the grounded theory of Constructive Engagement within the interactions between the E&P enterprise, and state and civil society actors considered in the overarching theory of Corporate Citizenship in Fragile States.

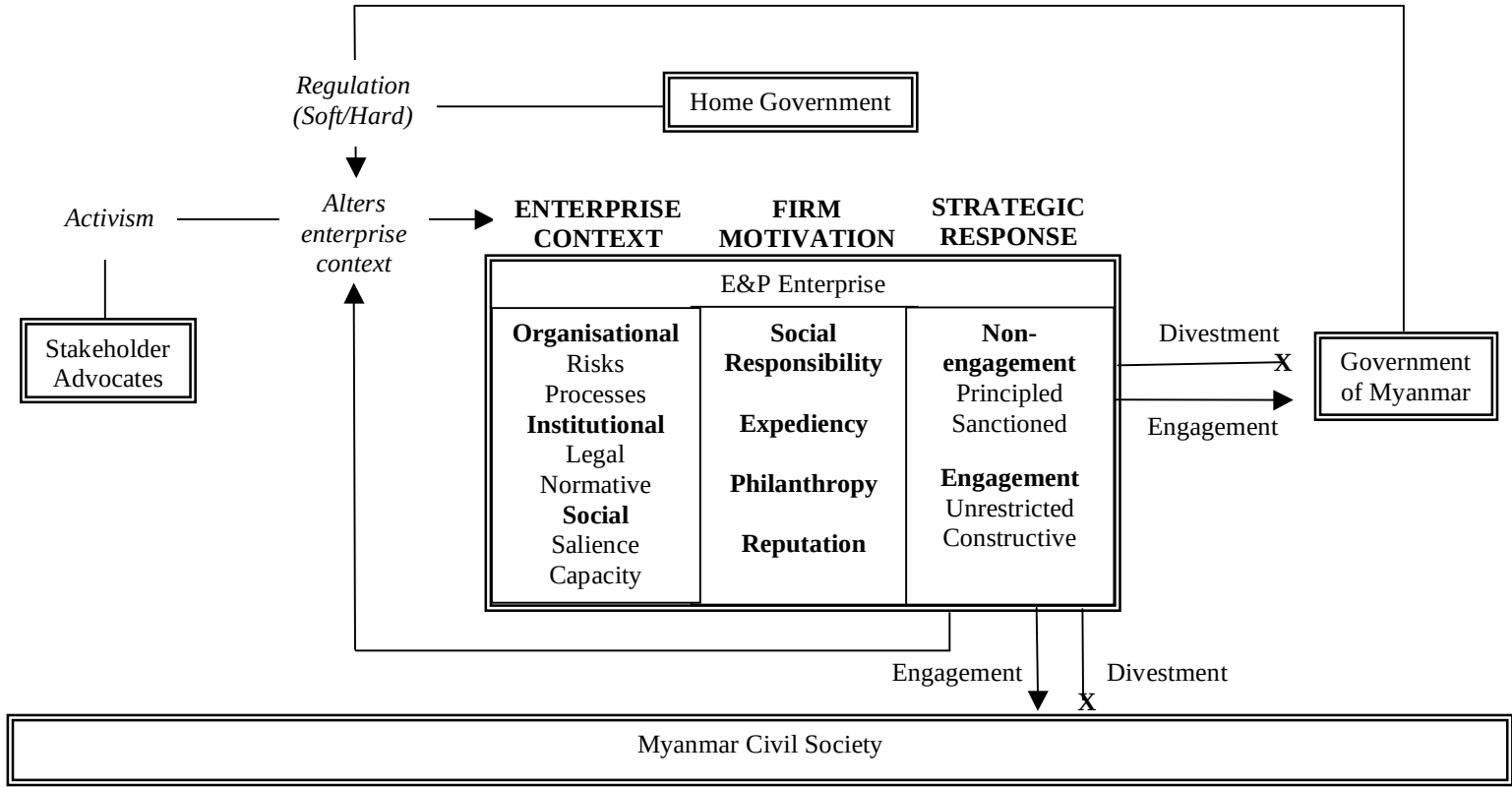


Figure 50: A grounded theory of Corporate Engagement in E&P activity in Myanmar

KEY
→ Direction of relationship in social process
E&P Exploration and Production (oil and gas)

D: Corporate Engagement and the Global Public Domain

The old assumption in America and the EU was that they would continue to run the world. So we thought we could put pressure on companies from there, where civil society is effective and we can bring tools and laws to bear on them. But the world changed in the 80s, and Chinese companies were buying up iron-ore mountains and moving abroad.

This is not new, but what is new is the scale and speed with which it's accelerating. People who've just worked it out are scared. But what are the foundations of your fear? It's not about investment per se, but about the perception of who the Chinese are, the type of people they are...But the discussion in China has done a 180 degree turn in the last three years, and things could change very fast.

(CSR practitioner, Hong Kong, December 2007)

Between 2002 and 2006 China's overseas non-financial direct investment grew by 60% annually; 5,000 Chinese companies had set up nearly 10,000 directly invested firms, and invested US\$90.6 billion in 176 countries by 2007 (Jing, 2008). As discussed in Chapters 6 and 8, this increase in foreign investment activity included outward investment in E&P activity, similar to other countries in the Asian region. As the above quote illustrates, this presents considerable challenges to traditional civil society strategies of promoting more responsible corporate activity. As such, a number of advocates emphasised the need to engage these companies differently was emphasised. Competitive pressures, and more collaborative, dialogic approaches were identified as progressive options for encouraging responsible global commercial activity. As observed by a CSR commentator (Boston, September 2006); "As the MNCs from Asia get bigger (and no one 10 years ago could have predicted how quickly this would be the case) they are subject to similar competitive pressures and want to

conform to the other norms of global business.” Another CSR advocate argued (Hong Kong, December 2007):

We need to get onto a negotiating middle ground. It’s talking with people about how the world is to them. I’ve been in supply chain work for 15 years but I’d say the change/impact has been marginal. Addidas is getting 15-20% compliance on Chinese Law. Only Chinese law. It has spent hundreds of millions of dollars on it; there is an industry of audits each costing US\$700-\$2000, lots of money and factories out there are audited hundreds of times a year. But there has been very little change. So if you go out to a Chinese factory and say to the guy “clearly you can’t rely on the underclass, cheap labour to make money. You have to be smarter. The global economy has caught up with you, China doesn’t want you because of your pollution, your low working conditions, so go to Africa or be smarter.” If you talk to them like that it is completely different.

Other participants stressed that with socio-economic development, legislative and cultural change at home, TNCs from the Asian would rapidly alter their terms of engagement: “This fear of China is wrong. It discredits the change that is taking place there as well” (advocate, Chiang Mai, July 2006). For example, in September 2008, the first draft of a set of environmental guidelines for Chinese companies investing in or providing economic aid to overseas countries were released by a collaboration of leading Chinese institutes; and CNPC, China's largest oil producer, has pledged to stick to stringent environmental requirements before deciding on overseas projects (Jing, 2008). As explained by an E&P executive:

The Chinese in particular have far lower safety requirements, but this will improve as their technology improves. They are aware of it, they’re modernizing quickly and their thought processes are modernizing too. It’s just a matter of time. They are not purposefully shirking responsibilities, they just don’t have the resources to put into it.

In an illustration of the multi-directional nature of influences in the development of CSR, Frost (2004; 2005) argues that the experiences of Chinese companies abroad will do more to foster a culture of CSR at home than inward investment by “socially responsible” TNCs.

Descriptions of the rapid development of CSR in other countries in the region indicate a recent interest in the principles and processes of CSR, by both companies and policy-makers.²¹⁶ It was noted in the *Journal of Corporate Citizenship* (Bendell, Ng, & Alam, 2009, p. 19) that a “flurry of conferences [in late 2008] confirmed the growth of corporate responsibility as a topic of business interest in the [Asian] region”. However, the authors (2009, p.22) observed that “currently the majority of activities carrying the CSR tag are a mix of Western imposition and preening by local elites,” and argued that “the need for greater awareness of the levels and nature of endogenous desire across Asia for socially progressive enterprise, and the relative roles of government, business and wider civil society in shaping and responding to that desire.” Corporate Engagement provides one framework in which to assess the latter. In the following chapter I propose the grounded theory of Constructive Corporate Engagement, as a framework with which to assess this ‘endogenous’ desire for socially progressive enterprise.

Further, participants emphasised the influence of company behaviour on other companies, and on the overall normative framework for global enterprise, and saw this becoming more of a multi-directional process in relation to CSR with the emergence of developing country TNCs: “The idea of global business following the model of the Anglo-American company is no longer accurate. As larger companies from other countries start to get bigger they in turn will influence the culture” (New York, September 2007).

Identifying and describing the relationship between aspects of the enterprise context and firm motivations for engagement in CSR activities,

²¹⁶ See the *Journal of Corporate Citizenship* special issue on corporate citizenship in emerging economies (JCC 24, Winter 2006). Analyses on the development of CSR in countries involved in E&P in Myanmar include work on Malaysia (Ramasamy & Ting, 2004; Thompson & Zakaria, 2004; Zulkifli & Amran, 2006), India (Balasubramanian, Kimber, & Siemensma, 2005; Kumar, 2004), Thailand (Connelly & Limpaphayom, 2004), China (Corporate social responsibility in China, 2006; Ruggie, 2007; Woetzel, 2008).

Corporate Engagement describes interactions within the global public domain (Ruggie, 2004), from the perspective of the corporation. As such, Corporate Engagement complements AccountAbility's (2007) identification of drivers for responsible competitiveness including business action, policy drivers and social enablers, through its description of the differential influence of these drivers on the motivations of the firm to engage in responsible corporate activity. I offer two critical reflections on the dynamics identified in Corporate Engagement.

First, low exposure to stakeholder pressure and weak CSR infrastructure in the home countries of new entrant E&P enterprises, suggests serious limitations to the extent to which corporate citizenship can be considered a form of democratic control over the corporate entity. A lack of willingness to engage with stakeholders on development issues, including with local and international NGOs in community development projects, suggests current limitations to the extent to which CSR may serve as a means for civil society actors to pursue their own broader agendas through the corporate form.

Second, I identify modelling as a significant driver for the adoption and integration of CSR by E&P enterprises, even when civil society pressure at home may be limited. In relation to the contentious nature of E&P activity in fragile contexts, such as Myanmar, this is a significant factor in considering the influence of 'responsible' corporate engagement. Corporate contributions to a culture of responsible business activity is one contribution identified by participants as an indicator of 'constructive' corporate engagement in Myanmar. I discuss these views of what constructive corporate engagement may entail in the following chapter.

CHAPTER TWELVE

A GROUNDED THEORY OF CONSTRUCTIVE CORPORATE ENGAGEMENT

My country has cancer. You treat cancer with poison. We need investment. We need corporations to come in, as they are the only force for change left. We will lose that fight too, but it has to be better than what we have now.

(Interview, Burmese advocate,
England, September 2006)

The claims by Total and Chevron to be a ‘constructive’ presence in Myanmar are heavily contested by external advocates. Views on foreign investment and the impacts of TNC activity in Myanmar range from outright objection (see Chapter 10) through to outright or ambivalent support, as in the quote above. Whether viewed favourable or not, all participants reflected on the transformative nature of commercial activity by TNCs in Myanmar – both in the environmental devastation wrought by their activities, and the political import of their presence.

Reflecting on the terms of corporate engagement in Myanmar, Schermerhorn (1999, p. 496) notes that constructive engagement “is most difficult to pinpoint in actual practice,” and argues that the concept “needs clarification... as implemented practically in respect to business behaviors. Criteria must be developed to define when and under what conditions a business can justifiably claim that its behavior in a given setting is “constructive.” Holliday (2005b), has also observed that a comprehensive critique remains to be done on ‘constructive’ corporate engagement (CCE) in the country.

I do not attempt such a critique of CCE in this inquiry. Rather, I seek to draw on the strengths of the theory-generating research method of grounded theory to identify elements that may contribute to the subsequent development of evaluative criteria for CCE. Below, I present the range of views I heard expressed by research participants from 2006-09, on how TNCs may positively contribute to

the fraught domestic context in Myanmar. I locate these views within a conceptual framework I have developed from the international development discourses of human security and state fragility. From this grounded theory of Constructive Corporate Engagement, I reflect on the attributes given to the corporation as a ‘political’ actor by research participants, and the contribution of my grounded theory to current efforts within the management academy to develop a political theory of the firm.

Views from the Field on Constructive Corporate Engagement

Research participants from across the civil, private and public spheres, identified TNC impacts in Myanmar as having political, economic, and social dimensions. They also described potentially constructive corporate activity as relating to particular social actors and counterparts within the domestic and international contexts. I present an illustration of these views in Figure 51. I have generated this classification from analysing over 200 hours of interviews with more than 100 research participants, in seven countries. Working with the constant comparative method that is at the core of grounded theory approach (see Chapter 3), I compared and contrasted how participants described TNC contributions - both observed and desired - within and between interviews. As a theory-generating exercise to provide a basis for further research, the views presented below are illustrative of those offered by research participants; I make no claims to the extent to which they represent the views of the broader Burmese populace.

In Chapters 8 and 9, I described in detail arguments put forward by external advocates for the ‘unconstructive’ engagement of TNCs in Burma (illustrated on the left-hand side of Figure 51). These objections posit TNC complicity in direct human rights violations by the military authorities, both in relation to specific projects (particularly in the extractive industry), and through the “financial lifeline” TNCs provide the authorities through tax revenue and other financial contributions. In line with advocacy efforts to restrict foreign investment in Burma through the imposition of economic sanctions, advocates

also point to the presence of TNCs in Burma as blocking stronger sanctions (e.g. Total's presence in Burma is considered an impediment to French support for stricter EU sanctions). Corporate engagement in Burma is therefore considered by the majority of advocates in the FBM, to have negative impacts across the political, economic and social spheres within the domestic context. It is also considered to have negative impacts in the political and economic spheres in the external, international context, through blocking the imposition of sanctions by foreign governments.

‘UNCONSTRUCTIVE’ CORPORATE ENGAGEMENT				‘CONSTRUCTIVE’ CORPORATE ENGAGEMENT			
Social	Economic	Political	SPHERE OF IMPACT		Political	Economic	Social
<div><div>-Direct rights violations or complicity. - Revenue facilitates poor governance & rights violations across society.</div><div></div></div>			COUNTERPART		<div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div><div><div><div></div></div></div><div><div><div></div></div><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Figure 51: A framework of participant views on corporate engagement in Myanmar/Burma by E&P enterprises

Forms of Constructive Corporate Engagement

In contrast to external advocates, research participants in Burmese civil society, and expatriates living or working in the country (in both E&P enterprises and in INGOs) offered a range of views on how TNCs could make a positive contribution in the domestic context. The forms of potentially constructive corporate engagement identified by these participants, fall along a continuum of their perceived impacts in the socio-economic, through to the political spheres. Whilst there are clear overlaps between these spheres, TNCs were identified as having potentially constructive socio-economic impacts through providing *employment and training*; *undertaking socio-economic programs*; *modelling 'responsible' corporate behaviour*; and *conducting environmental, social and human rights impact assessments*. Forms of CCE identified as having more of a political impact included TNC support for: *human rights training, and broader engagement on governance issues*; *collective business leadership*; *modelling open engagement*; and *business diplomacy*.

Employment and Training

As described in the previous chapter, E&P executives stressed the socio-economic contributions of TNCs in providing employment and training. This view was also supported by local civil society participants. Beyond providing opportunities for their employees, TNCs were identified as positively contributing to the socio-economic development of particular geographic regions (i.e. Rakhine State), and the nation as a whole. Within discussions about E&P activity, participants stressed the multi-faceted positive impacts of a larger, reliable supply of energy.

The contribution of TNCs to employment, training and economic development was emphasised by civil society participants;

As a local person I would love to see foreign companies invest, and if we get investment we get employment. That will raise the standard of living. So speaking for myself alone I would invite all

foreign companies to invest so local people get employed (Teacher, Sittwe, January 2007).

In Myanmar there is a scarcity of jobs so we expect better jobs and appointments [with the Shwe Gas Development] and then can help family for education and health problems. (Fisherman, Sittwe, January 2007).

The contribution of TNCs to broader economic development, through creating new opportunities for local business, was also noted. As described by Burmese participants involved in the E&P service sector;

Amoco came to me and told me to open a company as they had a job for me. So I had my first job before I started the company. I had no money, so [Amoco] gave me an advance, and after we'd done the first job I formed the company. After that got more jobs from more companies. I was lucky, right time, right place.

Service contracts from big oil companies allow companies like us to do these projects and the community in that area benefits directly. 440 staff feed 2000 people to a good standard. It gives us access to higher technology, access to knowledge of safety aspects, an opportunity to work on the platforms. With people working on the rigs, they get money to feed families and send kids to schools (Yangon, January 2007).

In providing training and employment opportunities, TNCs were distinguished by local Burmese from local businesses. A local Burmese executive who was forced to find new employment as each TNC he was employed by was pressured to divest stated:

When [the TNC] pulled out, I took over the expatriate marketing manager's position. It then became a local company. The network and background for the company was therefore not as big. As a local company they had no intention to provide training, only the multinationals can afford to do that. Local business owners don't want to invest in local training.

In addition to training and employment, Burmese participants identified TNCs as providing access to goods and services with a transformative impact.

Local people in Sittwe, the town in Arakan State closest to the Shwe Project, stressed the potential impacts of a reliable electricity supply on socio-economic development in the area (Sittwe, January 2007):

With the Shwe Development we expect electricity 24 hours a day. And with electricity we can develop industry. We expect development in whole area and expect to have electricity (Fishermen, Sittwe).

When they extract the gas, they want to use the gas here in the community. It will be a drastic change, a drastic change if we can use the gas. 100 fold, 200 fold increase in the amount of work, in productivity. Our wages are lower than Bangladesh, and they have lots of business and industry there. We once had businessmen come from Bangladesh looking to set up garment factories here. If we had electricity we would have employment. (Businessman, Sittwe).

Once there is a sufficient power supply they cannot stop the business people from coming here. The main drawback is the power. (Former civil servant, Sittwe).

The centrality of a reliable power supply to socio-economic development, identified by local Burmese, was echoed by E&P executives (Yangon, July 2006):

Energy is a big issue with residents in Yangon. With electricity there would be a huge boom as with reliable, cheap power margin exist and there can be viable business. You can make urea fertilizer from gas and this is an agricultural economy with no fertilizer, so there would be a massive agricultural boost especially as the country's between India and China which are voracious markets for agricultural products.

Socio-economic Programs

Socio-economic development programmes (SEP) were also seen by executives and commentators as a constructive TNC contribution. Reflecting this, Sittwe residents called on Daewoo and other E&P enterprises to contribute to

social service provision, as well as providing employment opportunities and a reliable power supply (see Chapter 11).

The Yadana Project SEP includes an extensive programme in 25 villages identified by the Project as being within a 'pipeline corridor', providing services to approximately 45,000 people. Established in 1995, program activities include micro-finance projects supporting agricultural activity, health and education programs (Total SA, 2007), and account for roughly two-thirds of the total US\$1.5 million annual SEP budget. At a national level, the SEP programme includes the support of orphanages in Yangon; support for the activities of the INGO Helen Keller in a program with WHO to improve vision in Myanmar through cataract surgery; an HIV/AIDS program run by an INGO in which they support the training of medical personnel and provide for retro-viral drug treatment; and provides financial support for programs aimed at building the capacity of the government in relation to health provision and international engagement.

The Yetagun Project provides funding for health and education programs in the pipeline area, including childhood early education and development work, scholarships for girls, and adult sexual health and reproduction (including HIV/AIDS awareness). The project also supports microfinance livelihood programs in five townships of Yangon (Interviews, Yangon January 2007). Established by Premier Oil in 2001, the Yetagun SEP is much smaller than that of Yadana. The programme was taken over by Petronas when it acquired Premier's operating interest in the Yetagun Project. In 2005-07 SEP activities along the pipeline area were provided by the INGO Save the Children (Save the Children, 2006).

The Shwe Project consortia started socio-economic activities in October 2006, with Daewoo International announcing it had established a fund of US\$200,000 to contribute to 22 local schools, and was starting projects in healthcare and water sanitation (Zaw, 2007). At a national level the lead companies for all three projects are members of the Myanmar Business Coalition on HIV/AIDS (MBCA), a local organization which has played a significant role in engaging with local businesses and the military on HIV/AIDS awareness, and

each project provided humanitarian assistance after Cyclone Nargis in May 2008 (Black, 2008).

Local and international commentators, and even external advocates for E&P divestment acknowledge that the Yadana and Yetagun SEPs have improved conditions within the area of the pipelines. As a local Burmese businessman explained:

Their lives improved a lot, their standard of living increased. With good health centers, bigger roads, the company set up business and taught them to run it properly by qualified trainers. So teaching them how to catch the fish, not just giving them the fish, you know? The community is quite good now. I have seen it, they are active. They have a library, and four-storey buildings, you don't see that outside the big cities. They have internet access, blackboards in the school. It's remarkable what technology and oil and gas companies can do for communities (Yangon, July 2006).

Smith (1999, p. 19), an analyst of the ethnic dimension to the conflicts in Myanmar, observes that:

Not only is the [Yadana] pipeline Burma's single largest foreign investment project, but, save for the UNHCR's very different resettlement program for Muslim refugees in the Rakhine state, Total's community programs are probably the single largest such "integrated" development venture in any minority-inhabited region today. In a once forgotten corner of Burma, the long-term implications are immense.

Advocates interviewed also reflected on the disparities between conditions within the pipeline corridor and elsewhere in the country. For example, an advocate in New York (September 2007), argued; "It's not paradise, people living among men with guns have to be afraid, but they have it better than other places in the country. That doesn't make up for the role of Total and Chevron in financing this murderous regime."

The perceived positive contributions of SEPs to local socio-economic underpin calls by Sittwe residents, interviewed in January 2007, on Daewoo and the Shwe Project partners to provide services that would improve the socio-

economic conditions in the Rakhine State. These calls focused on the provision of education and health services:

In Rakhine state, there is only small business and the education level is low, and the hospitals unreliable. So if you have no money it is very difficult to go to hospital. So we want the company to help with this (Trader).

We want the company to take care of health and education problems, and in communication (road communication, better roads) (Fisherman).

There were specific calls for TNC support for the development of the local fishing industry, the main industry in the town since the demise of the rice and salt export markets (Interviews, January 2007):

Daewoo can contribute a lot in the fisheries business, as the fishing business in South Korea is higher than in Burma. Barramundi, Tilapia, Pomfret, Snapper. You can count the exported fish from here on your fingertips - those processed here. But if we export internationally, with help, you would need a phonebook as there would be such a large number of species and products. We're still using fishing gear from years, centuries ago. The Koreans could invest and give technical assistance (Fishing fleet owner).

Of interest, participants in Sittwe made suggestions for how SEPs could be negotiated with the SPDC. For example, one participant saw the role of corporations as one of offering educational opportunities, and building schools. But he suggested that companies could negotiate a degree of freedom in order to increase the progressive potential of these activities, for example through offering scholarship programs and saying to the regime – “Twenty of these scholarships can go to who you want, but we get to pick the other thirty freely”, and then selecting civil society leaders as beneficiaries (Journalist, Yangon, July 2006).

Modelling 'Responsible' Corporate Behaviour

As described in the previous chapter, a number of local participants highlighted the different standards and operational policies of Western TNCs, in terms of the training they provided and their contribution to a more 'ethical' or

‘responsible’ culture of business practice in Myanmar. For example, one participant argued:

The more investment from Western countries in Myanmar the better, as Western companies are more advanced in these areas; ethics and moral codes of conduct and so forth. They can provide an example of what business should be like. The more people you have like this, the more impact you’ll have (Yangon, July 2006).

Environmental, Social and Human Rights Impact Assessment and Mitigation

In Sittwe, residents identified companies involved in the Shwe Gas Project as having responsibilities, and making a potential contribution, to ensuring the project did not negatively impact the environmental, society or individuals. They called on the companies to consult with the local population, and to ensure there was adequate compensation for the relocation of communities:

When the pipeline goes to India or China, if they try to get around villages it will be more costly. So if some villages have to be removed, the company has to compensate the equivalent amount of the loss to the village. You see, the company makes the contract with the government, so if the village removed it is the cost of influence of the company, not the government...The most important thing is to give them [the villagers] a plot of land that you can do something with. [The companies] need to go into consultation with people there to hear wishes of the people...The problem with this country is the imposition on local people from above, so the issue of consultation is crucial. In relocating communities, no one but local people know which land is best (NGO, January 2007):.

Residents expressed concern that these payments should be made directly to communities by the company, excluding the government: “What we fear is that the government is given the money, say 1000kt for the villagers, but if through the government only 700kt will get to the villagers” (Trader, Sittwe, January 2007).

Human Rights Training and Engagement

TNCs were also identified as having potentially positive impacts in the political sphere. In this, the contributions of TNC action on human rights issues in Myanmar, and their contribution to the development of better (i.e. more transparent and responsive) governance practices were stressed.

Prior to selling its interest in the project to Petronas, Premier provided human rights training workshops for the government from 2001-2002. Total maintains a direct line of communication with the Myanmar government on the issue of 'involuntary labour' within the pipeline corridor, taking up any allegations of forced labour that are reported to it directly with its government-owned joint venture partner, the Myanmar Oil and Gas Enterprise Ltd (MOGE) and from there with the Ministry of Energy (Anderson & Ganson, 2008). Instances of forced labour within the corridor are recognised as being significantly lower than elsewhere in the country.²¹⁷ While Total is criticised for not being more vocal and active at a nation level on 'forced labour' practices, its actions can be seen to protect the civil and political right to be free from slavery contained in Article 4 of the Universal Declaration of Human Rights.

Strikingly, before its divestment in 2002, Premier Oil ran ten human rights training workshops for the government from 2001-02, reaching a total of 250 people from the army, police, energy ministry, labour department, immigration and customs. The aim of the initial nine workshops was to provide these officials with knowledge of the concept, origins and nature of human rights, the international legal system supporting them, and practical issues such as monitoring and accountability systems, human rights and armed conflict, the use of forced labour and the state's duties and challenges in meeting human rights obligations. A further workshop was held in August 2002 targeting senior officials in the government and non-government agencies who had some responsibility for rights contained in the International Covenant on Economic, Social and Cultural Rights (ICESCR) with the aim of encouraging a positive attitude to the possibility of Myanmar acceding to the ICESR (Hepker, 2004).

²¹⁷ See field visit reports by CDA (Anderson, Fraser, & Zandvliet, 2002; Anderson & Ganson, 2008; Zandvliet & Fraser, 2003, 2004; Zandvliet & Nascimento, 2005); this view also found support in field-interviews for this project.

Both of these examples demonstrate active, constructive corporate engagement on human rights with the military regime.

Building Governance Capacities/ Modelling Open Engagement

Further, TNCs were identified as being in a position to encourage responsive governance mechanisms and infrastructure. How companies engage in environments such as Myanmar, from the manner in which they interact with the government to how they develop and execute socio-economic development programs, can be neutral, exacerbate tensions that already exist, or promote mechanisms that help address and resolve the conflict (Zandvliet & Anderson, 2009). Corporate action on transparency and corruption provide one example of potentially positive corporate action to improve governance structures (as argued by the OECD, 2002). The design and execution of socio-economic programs provide another.

Total has welcomed critical collaboration with both local and international NGOs, advocates, and external assessors in the on-going development of its SEP. This has resulted in extensive collaboration and consultation with the beneficiaries of its SEP, including the election of representatives to Village Consultative Committees to determine the allocation of funding for the project. In a country where representative governance structures are woefully lacking this is particularly striking, not only in the terms of the visceral experience for participants but also in modelling representative processes to the authorities. In reporting on their third visit to the Yadana project, the Collaborative for Development Action noted that; “Positive experiences with “civil society” mechanisms...may enable Total to demonstrate to the Government that [civil society] can exist without being a political threat”(Zandvliet & Fraser, 2004, p. 6) In comparison, the Shwe project is working with the Union Solidarity and Development Association (USDA) in delivering its socio-economic development programs. The USDA is a government-sponsored organisation that has been implicated in a 2003 ambush of Aung San Suu Kyi in which more than 60 people died (ALTSEAN, 2003).

These two examples illustrate that the political impacts of SEPs must be considered alongside their socio-economic benefits, ideally underpinned by an

appreciation of the dynamics of social and political change. Both SEPs can be seen to support the development of ‘civil society’ in Myanmar, but in the Yadana SEP the civil society organisations enjoy greater independence from the government. Concerns about government interference in the use of humanitarian funds for political ends was a reason that many humanitarian organisations withdrew from Myanmar in the 1990s (see ALTSEAN, 2002; ICG, 2002) and companies run similar risks in the design and implementation of their SEPs.

While TNC engagement on human rights issues was proposed by a number of participants, macro-economic policy was an area many stressed as being within the remit of business advocacy:

Corporations have a role to play in areas that impact directly on their operations, such as forced labour practices. But possibly also in the broader set of economic, financial, and regulatory practices. In setting budgets, for example. Companies should engage with the government on broader social and economic issues (INGO, Yangon, January 2007).

Companies shouldn’t withdraw but should ask for increased transparency of budgetary allocation. They should encourage the government to engage in nation building, not ad-hoc projects or Nay Pyi Daw, which is useless (Community leader, Sittwe, January 2007).

This argument also applied to building capacities in the government, specifically related to avoiding the ‘resource curse’ (Chapter 6):

Companies can be involved in building the capacity of the government. It is hard for the government to say yes to community capacity building, but they are more likely to say yes to government capacity building (Journalist, Yangon, July 2006).

I want Total to advise the government on macro-economic issues and policy. I want to say to Total, “You are investing all over the world, you must have examples of how money was used fruitfully in countries like ours. Give us concrete cases of how those countries really developed and how we [Total] helped them do it. Show the government cases of how countries have benefited from

oil and gas exports. How was it successful? Why? What was your contribution? Please give me concrete examples of how and where. How did this revenue help with progress? Please. Concrete cases. Tell me please. And tell this government what you have done and why it was successful. Please. There must be cases where it didn't work, and why? Give us concrete cases, don't talk in generalities. Give us concrete cases. (Economist, Yangon, July 2006).

In these activities, the technological and other advantages of TNCs were seen as a leverage point that could be employed to promote better governance, so improving the commercial environment:

The people employed in these companies want to work in a business environment that respects the notion of law. If they see laws not being enforced, they can say "enforce them". There is room for advocacy to the government with the technological advantage that these companies [TNCs] have (Businessman, Yangon, July 2006).

Collective Business Leadership

The competitive pressures on TNC activity were recognised by a number of participants, who stressed the need for collective business action in order to facilitate corporate engagement in progressive systemic change. Holliday (2005) has argued for constructive engagement in Myanmar by a group of 'responsible' investors, acting in concert, as one means to foster political movement on the part of the SPDC. Other participants acknowledged that TNC engagement with political issues may require collective action; "You need lots of companies to get the political cover. But then that might allow them to say to the regime – 'Give us a chance to show what we can do, and what responsible corporations can achieve,' - the regime may allow that with some kind of confidence" (Academic, Singapore July 2006).

That individual businesses could play a leadership role within the private sector on socio-economic development issues was also observed by local NGOs

reflecting on E&P SEPs – “Business also has the potential to mobilize other companies to get involved” (Yangon, July 2006).

Business Diplomacy

In the political sphere, a number of participants called on TNCs to engage in ‘business diplomacy’ – openly political activities oriented to transforming the conflicts in Myanmar. These calls included suggestions that TNCs could, at points, have been more directly involved in brokering cease-fire agreements between the army and ethnic groups (Analyst, Yangon, July 2006); that TNCs should engage with the NLD – “We want companies to engage with the opposition as well. Yes, engage with the military government, but also with the opposition” (Businessman, Yangon, January 2007). In this, a number of participants pointed to the interactions of executives with military leaders, and based their calls on this proximity – “Business has to deal with the authorities so they are in a position to advocate” (NGO, Yangon, July 2006).

Leadership on Corporate Responsibility at Global Level

Finally, one local research participant in Myanmar described TNCs as having responsibilities to promote more responsible corporate activity at a global level. They highlighted TNC activity in Corporate Citizenship initiatives in the external context as having a feed-back effect, in influencing other companies to engage in the country on different, more constructive terms: “They have links to the international business community, so they should use those to encourage these [negatively impacting] companies to do things differently. Maybe through the CSR initiatives” (Yangon, January 2007).

A Grounded Theory of Constructive Corporate Engagement

Well, businesses are agents of social change whether they want to be or not. So it’s not a matter of choice, it’s a fact. They have reached a point of having such resources at their disposal, a

capacity to invent and innovate that's unparalleled, and having footprints of various kinds, be they social, economic or environmental that are integral to the whole social milieu of Myanmar, or the US, it doesn't really make any difference. So these are not matters of conjecture, they are simply a reality, so the question is whether our business and society relations what we want them to be, and if not, how do we change them?

(CSR Consultant, Boston, September 2007)

Drawing on two concepts prevalent in the practice and study of international relations – state fragility and human security - I have developed a conceptual grounded theory of CCE which engages with the challenge identified by this CSR consultant. Working with these concepts I offer an extended conceptual framework for considering the forms of CCE identified in the previous section. As described in Chapter 2, together these concepts offer a framework to describe state-civil society dynamics in contexts of insecurity and conflict, as well as an aspirational vision and strategies for the generation of more secure and peaceful societies. I describe this conceptual framework below, and posit that it may bring a new perspective and greater clarity to debate on the terms and impacts of corporate engagement in fragile states.

CCE as Engagement with Failures in Political Will and Weaknesses in Development Capacities

Fragile states are identified by the international community as failing to provide their citizens with conditions that support socio-economic development and human security (Faria & Ferreira, 2007). Fragile states are characterised by recurrent violent conflict, political repression and/or weak governance institutions. A subset of fragile states is identified by the international donor community as being 'difficult partners' (OECD/DAC, 2001). Difficult partner states are considered to lack the *political will*, and/or *development capacities* to improve the lives of their citizens.

Some of the highest-profile criticisms levelled at TNCs by human rights and environmental advocates refer to their operations in fragile states. TNC operations in the Democratic Republic of Congo (i.e. the relationship between mining and violent conflict that has killed over 4 million people), Sudan (i.e. PetroChina and charges of complicity in genocide), Myanmar, and Zimbabwe (i.e. AngloAmerican's platinum mining operation) are examples. Constructive corporate engagement in these contexts, based on the definition of state fragility proposed by the international community could be motivated towards:

Political Will. Corporate activities oriented to generating political will for sustainable development, including the protection of human rights. Creating sufficient political will on the part of the host government is generally the primary aim behind civil society calls for corporations to raise human rights concerns with governments. Corporate activities motivated towards generating political will, may be a response to these calls, or may be initiated by corporate actors. These activities may be undertaken by companies individually or collectively, in public or in private, and span multiple levels of government or society. They are primarily forms of advocacy undertaken by the corporation.

Governance Capabilities. Corporate activities oriented to creating or enhancing institutions for stronger rights protection and participatory governance systems. Activities with this aim seek to promote respect for human rights.

Classifying the forms of constructive corporate engagement identified by participants above, according to their orientation to failures in political will and weaknesses in governance capacities, I have developed the schema shown in Figures 52.

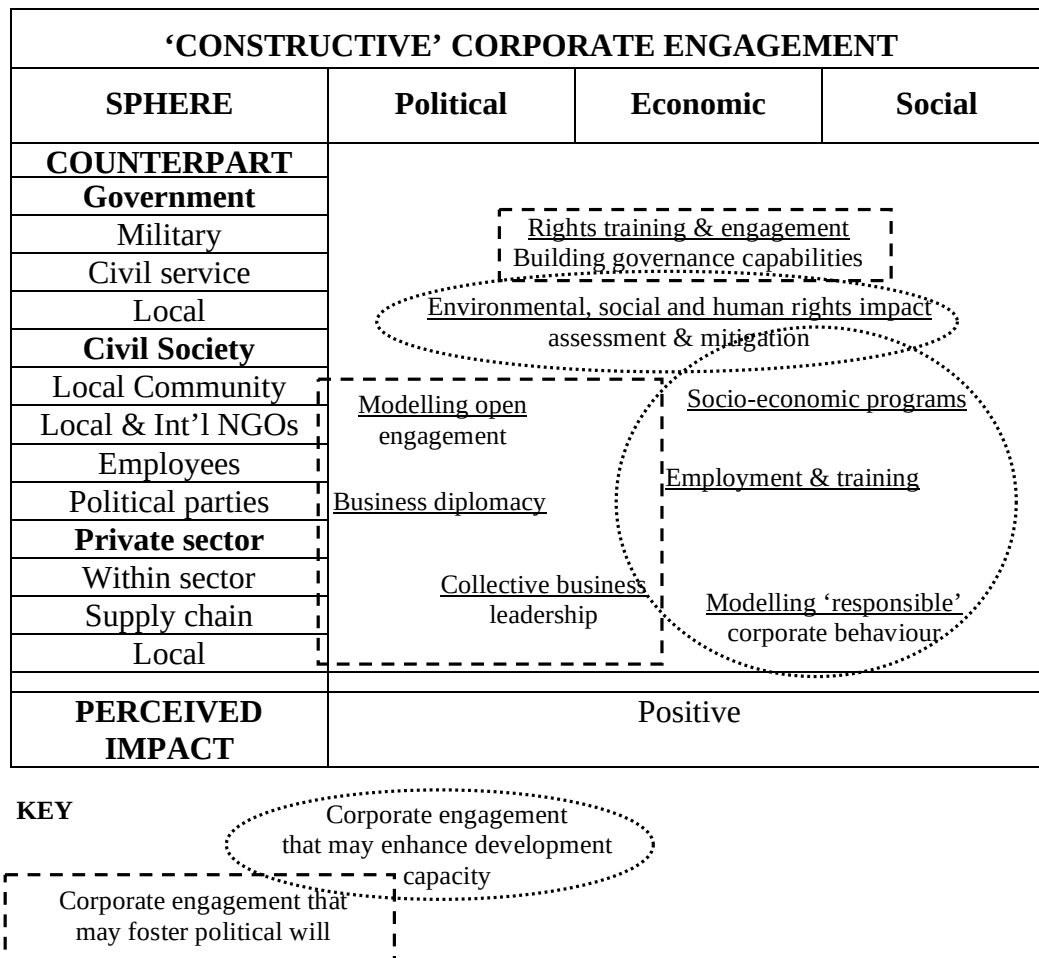


Figure 52: Constructive corporate engagement, political will, and development capacities

Re-organising this schema according to the orientation of constructive corporate engagement activities to their contribution to fostering political will or enhancing development capacities, I have developed Figure 53.

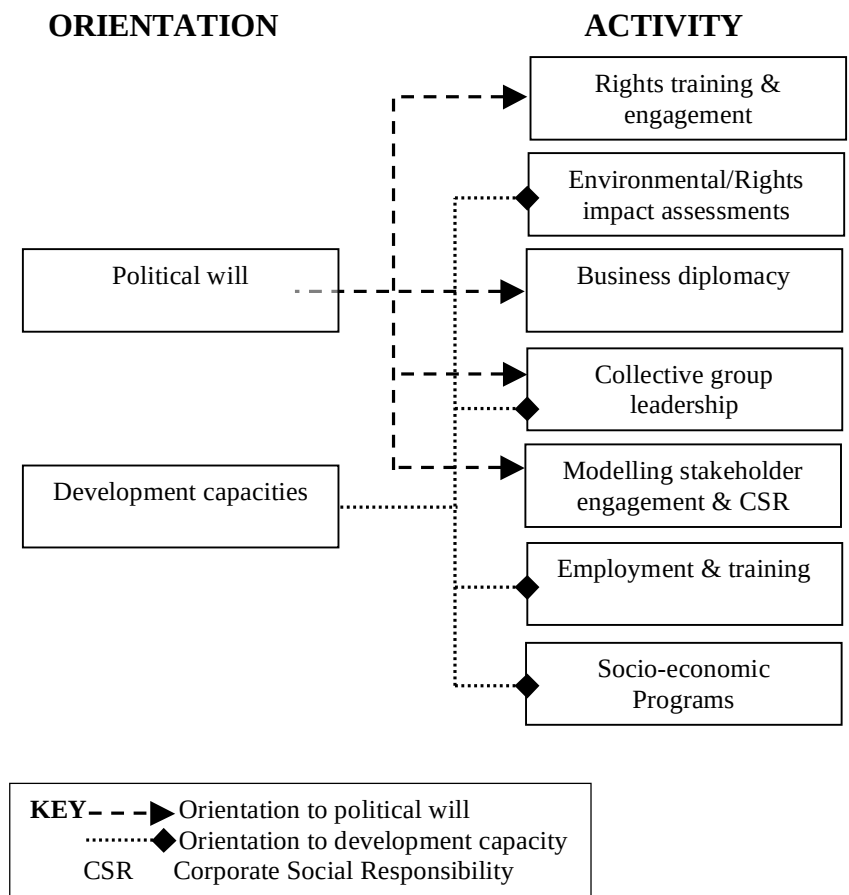


Figure 53: Corporate activities oriented to the generation of political will and the enhancement of development capacities

Several activities - supporting human rights training for domestic policy-makers; supporting or undertaking diplomatic efforts to achieve a resolution between political parties; engaging openly with stakeholders and so providing a model of more transparent, open governance; and leading collective efforts to alter the principles or practices of a fragile state government - can each be construed as aiming to generate *political will* for poverty alleviation, or other facets of socio-economic development. While each of these activities could be considered forms of capacity building, the conduct of impact assessments, socio-

economic programmes, the provision of employment and training of staff, and the modelling of ‘responsible’ corporate behaviour are more clearly associated with *enhancing the capacities* within a fragile state host society. Efforts to generate political will may be primarily focused towards state actors, although they may involve engagement with actors across the spectrum of a host society. Efforts to enhance development capacity may be undertaken across a society – in the private, civil and state sectors.

The distinction I am making between activities that primarily foster political will and those aim to enhance capacities for development and better governance can be usefully illustrated in relation to corporate advocacy on human rights.²¹⁸ Figure 54 presents a framework that sets Premier’s engagement on human rights in Myanmar against other case studies of corporate advocacy for human rights. I have classified these cases by their orientation to the generation of political will, or the development of governance capabilities, and whether they were individual or collective efforts.

²¹⁸ This section draws on work by the author in Black, N., & Gula, L. (2009). *Corporate advocacy for Human Rights: A Good Practice Note for discussion by the United Nations Global Compact Human Rights Working Group (HRWG)*.

		ADVOCACY AIM	
ADVOCACY APPROACH		Generate Political Will	Enhance Governance Capabilities
	Individual	<ul style="list-style-type: none"> • Lobbying by cosmetics company Mary Kay for the reauthorisation of the Violence Against Women Act (USA, 2005). 	<ul style="list-style-type: none"> • Premier Oil's financial support of Human Rights training workshops for the Government, including the Military (Myanmar [Burma], 2001-02). • Statoil's financial support for judiciary training in human rights (Venezuela and Nigeria, 2003).
	Collective	<ul style="list-style-type: none"> • Levi Strauss & Co.'s organisation of local suppliers to lobby the Ministry of Labour to strengthen labour laws (Guatemala, 2001). • Protest at surveillance plans of the British Government as an invasion of privacy, by the London Internet Exchange, representing 330 companies (UK, 2009). • Public protest by eight US apparel and retail companies at violence against striking workers by state security forces (Philippines, 2006-07). 	<ul style="list-style-type: none"> • Transparency International's Extractive Industry Initiative.

Figure 54: Examples of business advocacy for human rights

These cases represent a spectrum of corporate engagement with first and second-generation human rights.²¹⁹ Three generations of human rights grouped under the French Revolution's watchwords of *Liberté, Égalité, Fraternité* are often recognised, and enjoy different levels of recognition and support in the international arena. First generation rights are civil and political in nature, covered in Articles 1-21 of the Universal Declaration of Human Rights. Often referred to as negative rights, they are those rights that should not be taken from the individual by the state, and include the right to life, a fair trial, freedom of speech and religion. Second generation rights (Articles 22-27), deal with equality and are

²¹⁹ I discuss business action on human rights, including the types of rights and forms of responsibility entailed, elsewhere (Black, 2006). In this sub-section I draw on this published work.

principally social, cultural or economic in nature. Including the right to work, to social security, health, and education, these are positive rights that outline the things a state should provide for its people. Third generation rights, which include collective rights such as the right to self-determination, and economic and social development, have yet to be incorporated into any international legally-binding framework.

Corporate advocacy on first generation rights can be understood as being more political in nature, as the activities may focus on human rights protection and promotion at a distance from commercial activity. For example, Mary Kay's lobbying for reauthorisation of the US Violence Against Women Act, Statoil's support for training of the Venezuelan judiciary, and the London Internet Exchange's protest at the introduction of new surveillance laws refer to the first generation rights to life, a fair trial, and privacy. The advocacy for stronger labour laws, led by Levi Strauss & Co., is an example of corporate engagement with second generation rights, whilst participation by extractive industry companies, including Total, in the EITI can be interpreted as support for third generation rights related to economic and social development. In advocating for second and third generation rights, corporations may engage more directly with the economic sphere. In summary, whilst advocacy on human rights of any kind is an inherently political activity, it may be focused on the protection and promotion of rights which sit along a political to economic spectrum. Discussions with research participants in this inquiry indicate that those rights closer to commercial activity, such as financial disclosure, are less likely to be perceived as corporate political activity.

Notably, cases in the framework highlight that, while calls for corporate advocacy on human rights often refer to countries in the developing world, companies may also engage in human rights advocacy in home or host countries where governance institutions are more developed. Comparative research could assess and develop this framework, through exploring when and under what conditions corporations engage in human rights advocacy, in both developed and developing country contexts.

CCE as Protection and Empowerment

The concept of human security gained an international profile in the UNDP's 1994 *Human Development Report*. It was subsequently developed in 2001 in *Human Security Now*, a report by the UN Commission on Human Security. Aspiring to the twin goals of "freedom from fear" and "freedom from want" (UNCHS, 2003, p. 153), the Commission offered a definition of human security as "to protect the vital core of all human lives in ways that enhance human freedoms and human fulfilment" (UNCHS, 2003, p. 4). The Commission proposed two general and mutually-reinforcing strategies to realise these linked freedoms: Protection and empowerment.

Protection is given to mean shielding people from critical and pervasive threats and situations, and requires concerted effort to develop norms, processes and institutions that systematically address insecurities. Empowerment is described as the creation and use of processes that intend to build on people's strengths and aspirations, to enable them to develop their potential and become full participants in decision-making. The combined emphasis of these two strategies is on the creation of "political, social, environmental, economic, military and cultural systems that together give people the building blocks of survival, dignity and livelihood" (ibid. p.4).

I have adopted these concepts for my purpose of conceptualising potentially constructive corporate engagement with weak governance contexts. I use them to describe the *potential contributions* of corporate engagement, as follows:

Protection: Corporate activities that contribute to shielding people from critical and pervasive threats and situations, through the development of norms, processes and institutions that systematically address insecurities.

Empowerment: Corporate activities that create and use processes that intend to build on people's strengths and aspirations, to enable them to develop their potential and become full participants in decision-making.

My classification of the forms of CCE identified by participants in line with these concepts is presented in Figure 55.

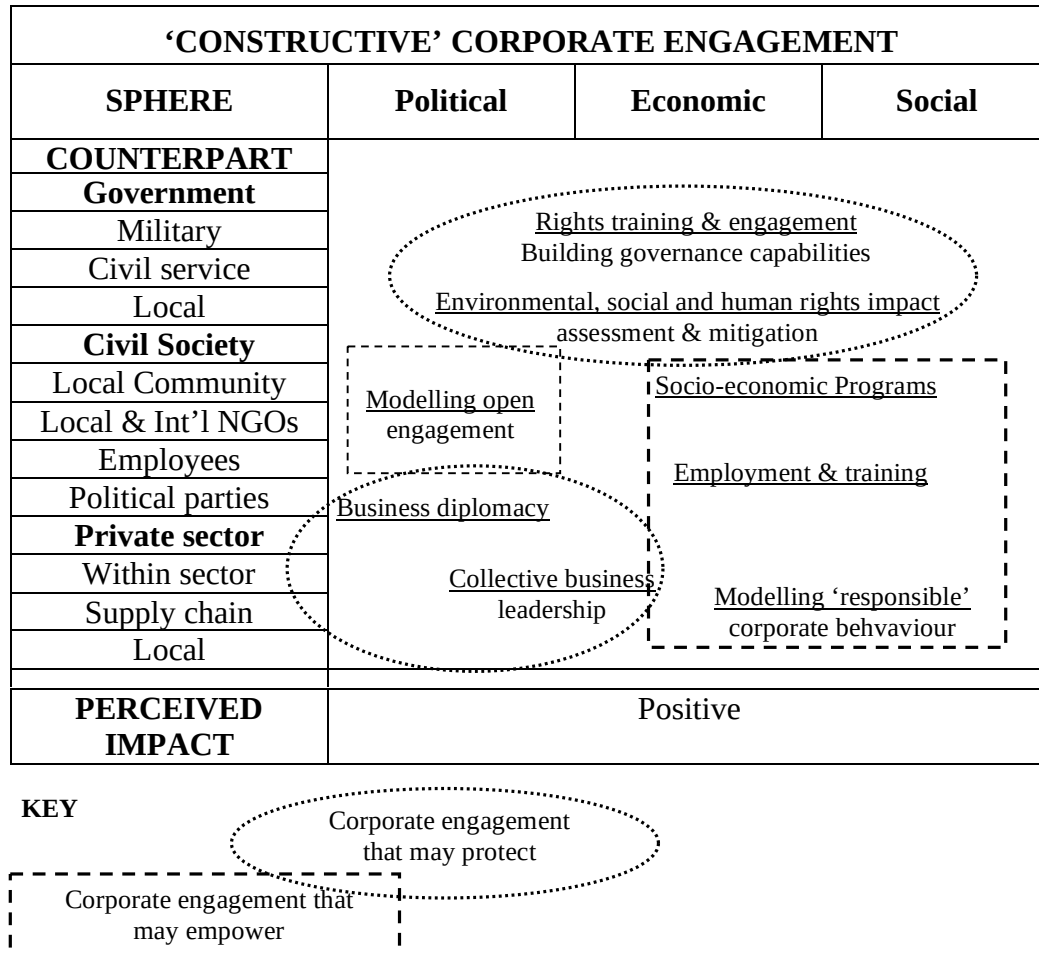


Figure 55: Constructive corporate engagement, protection and empowerment

Reflecting on this classification, I identify four ways in which corporate activity could potentially contribute to empowerment in weak governance contexts. These include contributions to economic development, a 'responsible' business culture, a participatory governance culture, and increases in civic 'space.

Empowerment: Economic Development and Humanitarian Action

In discussions of TNC contributions to socio-economic development, local research participants expressed views clearly resonating with the concept of empowerment:

If western companies are here they will train the local people and we will get knowledge and ability to run the business, and we can see the world. Now everything is closed (Student, Yangon, July 2006).

If they come here they will manage everything better. Take China as an example, Western companies there train people and then they can start their own business. We must start small. Will that change the government? No, but it's about evolution not revolution. In the last 18 years nothing has changed, so this will change things (Businessman, Yangon, January 2007).

Outside organizations are change agents, but we need to see local business as the primary agent as they are rooted in the country and won't leave. If 70% of the economy is in the hands of MNCs that won't help either, there needs to be small family businesses that can grow and be exposed to the outside, to create a middle-class with vested interest in seeing the country prosper (Burmese academic – advocate, England, May 2007).

From these statements, it is clear that local stakeholders see socio-economic development as a form of empowerment, and identify TNC activity as an agent of greater economic activity.

Taxis

(Field-notes, March 2009, Phnom Penh, Cambodia)

You can read the fortunes of a city in its taxis. In Hong Kong, I paid for my fare home, shopping and train out to the airport with an integrated pin-card. In Cambodia I paid in US dollars. In Montreal, my driver was a former political prisoner from Sierra Leone; in Yangon, an agent for Military Intelligence.

In London, my seatbelt was cased in velour. In New York I could book dinner and trade shares through the seat-back console. In Myanmar, my taxi had no internal door panels and the driver sat on

a rattan sun-chair screwed to the bare metal floor. Now and then, as we pattered along Yangon's quiet streets, he would lean over and hand-pump cooling water from the canister next to my feet through into the engine.

Empowerment: Fostering a Responsible Business Culture

Participants described the potential contributions of TNCs to fostering a more responsible business culture in Myanmar in similar terms. Emphasising "flaws" in the business environment support, these local actors saw 'responsible' business activity as activity that supported more transparent, socially and environmentally-oriented business activity on the part of business organisations:

It is a question of a lack of solidity, authority, due process and law. The business environment in Burma reflects this, and makes it very difficult to operate there, so companies focus instead on short-term investment. There is a need to convince companies that their longer term interest is in stability but sustainable stability rather than the current instability and lack of a dependable business operating environment. Companies have a role in that (Economist, Yangon, July 2006).

One of the ways TNCs were seen to contribute to a more responsible business culture, was through modelling different forms of engagement with local communities, through their CSR activities. Modelling was described as a contribution to understandings of what civil society is [may be], and to establishing a cultural norm in which the private sector engaged with civil society on social issues:

There is a strong tradition in Myanmar of donation. For the Kachin, as they are primarily Christian the donation goes to church and the church distributes to where it is needed. Also directly to community, for welfare. For example, if there is a fire in the village, the church will donate food, blankets, water to the village committee or individual households. But as there were no local NGOs before, people think it is very strange that the NGO gets

given money. It is more expected that NGOS come to give money. Christian donations are just to help others, not for the next life. With the Buddhists, they see donation to a holy person is more beneficial for the next life. So if donate to a good person, such as a monk, they gain more. So they also tend to donate through religious lines. So perhaps this is reason Buddhists don't donate to NGOs, as will instead hire an engineer to build a school or a well, so they can put their name on it. That mindset has prohibited wealthy people from contributing to NGOs. In monasteries you can see the names on walls, gateposts. This is why lots of private companies, better off people, don't give money to NGOs. So companies [TNCs] introduce a new way of doing things (NGO, Yangon, January 2007).

Again this is a huge problem in the country due to a mis-perception of Buddhism. The Burmese are in favor of donating to religious things, not to the community. Nearly all donations go to religious activities rather than social activities. Its remittance of money from one bank to another in Karmic terms – its 'self-benefit', not for society. I'm trying to promote the idea that it should be more so to the social. It is hard to get an impression of private sector involvement in civil society. The idea is that if I donate, I will get three times the amount given now in the next life, in benefit. It is partly due to a lack of education. People here can't comprehend the role of civil society or what it is. The need of citizens in the US – the people here, they don't know about citizenship in that sense (Journalist, Yangon, July 2006).

Empowerment: Supporting the Development of a Participatory Governance Culture

TNCs were also described as empowering people through supporting the development of a more participatory governance culture. TNCs were described as having a role in this process within their direct operations (i.e. training and employment), and through their SEP activities in supporting INGOs. In this

regard, the establishment of elected Village Consultative Committees by Total, was offered as an exemplar (Interview, Local NGO, Mwalymine, July 2006). Experience of modern management styles where progression and reward was based on skills and achievement, and participatory governance systems, as well as exposure to critical thinking, were seen as being potentially transformative, given the cultural and structural context in Myanmar:

Need to support NGOs to create change, and companies have a role to play in capacity building in NGOs (Karen community leader, Yangon, July 2006).

Real capacity building comes from exposure to modern management styles and techniques. Participation in an organisation oriented to results, and entrepreneurship. Experience of that culture is transformative (INGO, Yangon, January 2007).

My management style is to let people do things, but here they ask me permission or advice on the smallest things. That goes down to the lowest level. Corporations have a role to help communities with what their dreams are, how they would like to evolve. There is no experience of this here (INGO, Yangon, January 2007).

Here people find it difficult to make a decision, difficult to change. What we want is people to make suggestions. But they don't know what they can have, so we need to educate them so they can structure village decisions. But people have goodwill here, it is easier than Africa (E&P executive, Yangon, January 2007).

The contributions of TNC activity to fostering more participatory governance approaches within the military authorities and civil service were also cited. In this TNC contributions were argued to be direct, or through their collaboration with civil society actors. This contribution was particularly highlighted given the politicisation of international development aid by traditional humanitarian actors.

In Myanmar there isn't civil society so we need to develop it. So we need to let the government know they have civic responsibilities, and a duty to their citizens. [How do you do that?] Through workshops like today, with the Director of Health. They

realise their data is weak, and that they have limited impact. I understand where they stand, I know their sincerity...It is crazy not to work with the government, as the role of the INGO is not to take over from the government, in terms of sustainability. The NGO is not there forever, so we should support whoever has sovereign power to look after the people. If you are not working with the government you are not going to build the capacity for them to provide more. It's the same in Petronas with MOGE (INGO, Yangon, January 2007).

Participants holding these views, both within Myanmar and the exile community, often stressed the need to include the military authorities in any process of transition, given their dominance of Burmese society:

We need to befriend the military as there is no other way forward. We need to educate them, give them exposure, accommodate them, and increase their security around handing over some power (Advocate, Washington, D.C., September 2006).

So what is our strategy? Now a group of exiles, and some people inside, prefer engagement with the regime. There is a power asymmetry between the regime and the opposition, and it seems to be like asking the Israelis to talk to the Palestinians about Jerusalem. Need to acknowledge this asymmetry and work with it. In Burma the military is the only institution capable of maintaining civil and political order. In Indonesia there was still lots of dual structures –at the village and other levels.

Look at Thailand and the coups, and the literature on civil-military relations. If you give them golden parachutes, the military leaders will start to move. But we can't do this as they are piloting the plane, so they can't trust you that the parachute will open. We need to get them in the passenger seat and fly with them, then give them the golden parachute (Advocate, Washington, D. C., September 2006).

Empowerment: Increasing Civic ‘Space’

TNC support for local NGOs and cultural activities through SEPs were seen as potentially supporting the recent expansion in civil ‘space’ within Myanmar. Further, the financial support of *The Myanmar Times* by the CEO of Twinza Oil, an Australian E&P enterprise involved in developing an offshore prospect, was offered as one example of how international private sector actors could support increases in civic space. The newspaper was described by some expatriates in Yangon as “pushing the envelope” of what was acceptable under the restrictions placed on information by the authorities (July 2006, January 2007). Given that the paper is printed in English, however, its accessibility for the majority of the population is limited, however, as a staff member explained, “I think we’ve raised the level of awareness about the outside world in the country, giving the locals a flavour of what the possibilities are” (Yangon, January 2007).

In addition to the above categories of potential empowerment, I have identified three ways in which corporate activity may contribute to the *protection* of people from critical and pervasive threats and situations. These include through direct advocacy by TNCs, and through contributions to the development of accountability mechanisms and norms of governance that support protection.

Protection: Advocacy

Forms of political advocacy identified by participants included requests for companies to engage in “shuttle diplomacy”, providing avenues for communication between the SPDC and the NLD and/or ethnic insurgent groups in order to foster dialogue. A few executives from Western TNCs reported advocating for the release, or improved detention conditions for political prisoners, including Aung San Suu Kyi, with members of the SPDC (Interviews, 2006-2009). In one instance, an executive reported intervening after insurgents had attacked a military convoy in an area close to the company’s operations, and requesting that the SPDC were restrained in their response. This executive suggested the intervention of the company moderated the response of the military forces: “They just found the insurgents responsible and shot them, rather than flattening the village, which is what they normally did. You have to understand, it was a war-zone” (Interview, London May 2008).

Protection: Accountability Mechanisms

In describing the work of the ILO in Myanmar, one participant explained, “The income to the government is not taxation based, so there is no accountability mechanisms for the people. The difficulty is how to report forced labour and discourage it. They [the ILO] are trying to establish such a system.” Total’s provision of a system to report requests for forced labour to the government, and to prevent its occurrence within the Yadana pipeline corridor can be seen as a form of protection, through the development and enforcement of an accountability mechanism. It should be noted that this system itself is criticised as being inadequate by external advocates (ERI, 2009). In specific instances, such as on forced labour, but also in advocating for more transparent, accountable economic-management processes such as through EITI, TNCs can contribute to the foster of accountability mechanisms which protect people from pervasive threats and insecurities.

Protection: Governance Norms and Capacities

Protection is focused on the development of normative systems and institutional structures that support human security. In weak governance contexts, poor capacity on the part of the government, coupled with failures in political will, can be at the heart of systemic and chronic threats to protection from insecurity. TNCs are identified as being a conduit for norms of governance, and a source for technocratic and material resources to improve the governance capacities of state actors. On Burmese advocate identified this contribution as a key step in fostering increased human security in Myanmar:

Creating a good business environment in the country is a much more realistic goal than political transition. The aim is to get the generals to invite companies back in. But until economic decisions are buffered from political influence they cannot do that. So we need to give the generals more technocratic ideas and insert a layer of technocrats into the decision-making approach. Strategically it is walking a tight-rope (U.K., September 2007).

In this regard, some TNC activity is directly oriented to developing the capacities of the government. Total personnel described a number of SEP activities of this kind (Yangon and pipeline corridor, January 2007):

We provided training for government officials. For future diplomats on international law, diplomacy, and human rights. Its run by UNITAR, who provide four weeks training in Myanmar. We've had 50 people through so far. It's been very successful, the students really enjoy it. Myanmar people are thirsty for knowledge. We were approached by the Ministry of Foreign Affairs who asked for more. Its very difficult. The policy of our group is not to interfere in government affairs, so this at the borderline of what we can do. If we want this country to change we need to have an impact with the younger generation (Interview, Yangon).

Also at the national level we support the orphanages. Our first support was at the government institution. Orphans in Myanmar are taken care of by government institutions or monasteries. In government institutions there are very poor children, criminals, they have very very very limited means. Before the company got involved, the wives of the expatriate executives went to provide support to the orphanages, and then provided medicines... In 2000, someone in the company asked why don't we open a new institution for orphans to serve as an example for the rest of the country. We opened it at the end of 2000, after researching the best design. Its in the SOS village style [an orphanage design promoted by an international organisation]. The site is a village of houses, with ten children living with a house mother. Seventeen houses, so we have 170 children. We have a lot of visitors from the Social Welfare department. Last week a hundred students went to study it. It only has a limited direct impact. But it is a seed, hopefully it will grow. But not tomorrow (Interview, Yangon).

In Figure 56, I draw together the above discussion, and present a schema of the grounded theory of Constructive Corporate Engagement. In this conceptual framework I posit corporate *activities*, identified as being potentially constructive by research participants, as being *oriented* to the generation of political will and/or the enhancement of capacities for development. I further identify *potential contributions* of these activities, along a spectrum of protection or empowerment, which together contribute to decreased state fragility and increased human security. The connecting lines are broken in this schema, in contrast to the grounded theories presented in the last three chapters. These broken lines reflect the conceptual nature of the theory. In Figure 57 I locate Constructive Corporate Engagement within the framework of social actor relationship considered in this inquiry.

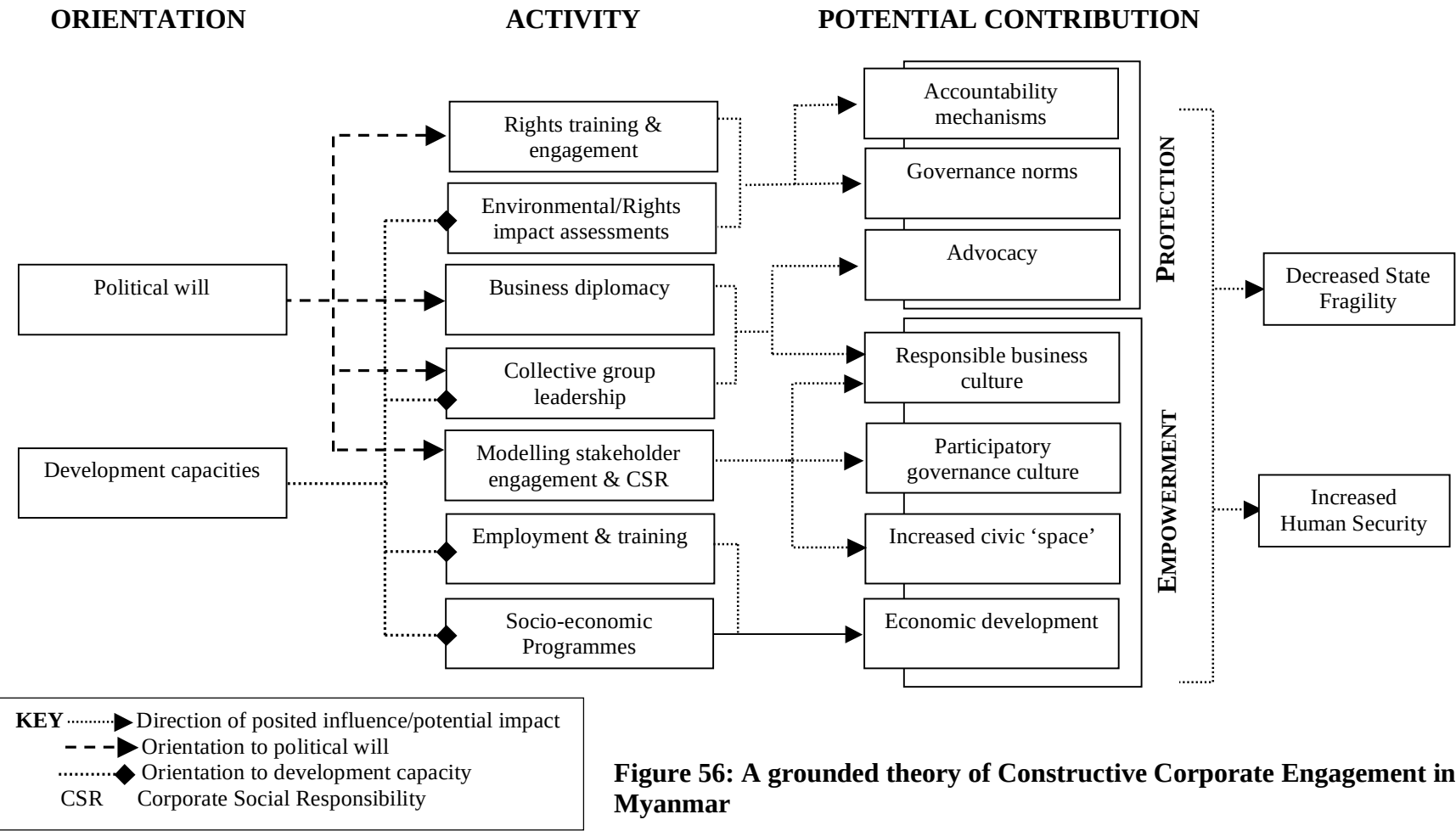


Figure 56: A grounded theory of Constructive Corporate Engagement in Myanmar

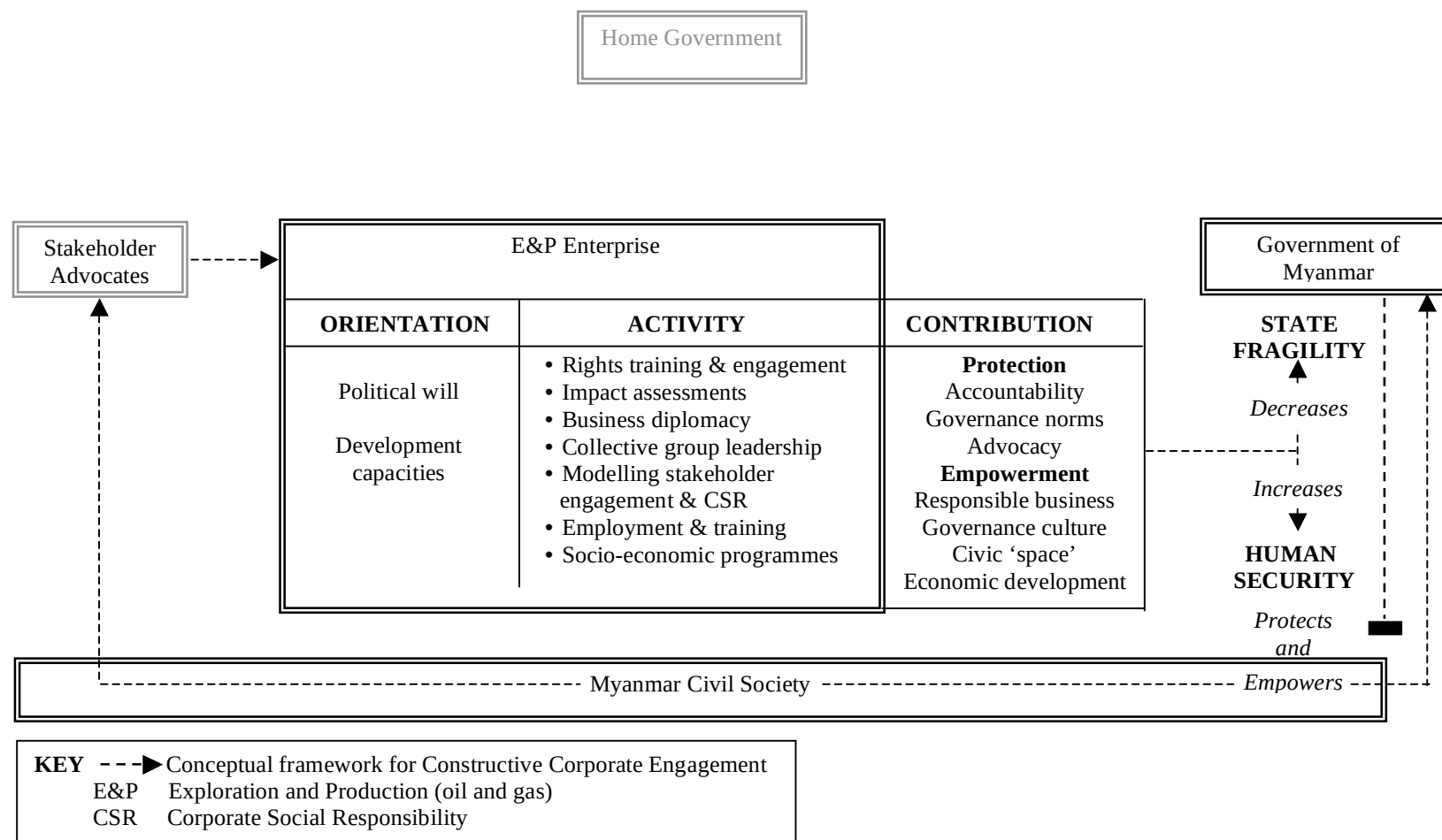


Figure 57: A grounded theory of Constructive Corporate Engagement in Myanmar

Corporations as Political Actors

It might be nice to put globalization back in the bottle, but probably a bit hard to do now. We have to believe it works, don't we? And I, for one, believe in the cleansing power of the market.

(Interview, E&P Executive, England, September 2006)

Clarifying the political nature of the corporation is a current focus within the management academy (Matten & Crane, 2005; Matten, Crane, & Chapple, 2003; Moon, Crane, & Matten, 2005; Scherer & Palazzo, 2007; Scherer, Palazzo, & Matten, 2009). My inquiry suggests that in particular fragile state contexts, the ambiguity of a corporation's political standing may in fact be beneficial. Under conditions of extreme political repression, corporations may have more freedom to promote participatory, socio-economic development processes and stronger governance mechanisms, than traditional international development actors. This situation raises interesting questions about the contested relationship between the political and economic aspects of corporate activity.

In this section I discuss ways in which research participants described the political aspects of TNC activity within Myanmar, and identify a spectrum of TNC activity ranging from the political to the economic. I discuss this spectrum in relation to business advocacy on human rights, and consider the dynamics identified in this inquiry in relation to a theory of corporate political activity currently being developed in management studies, i.e. Matten and Crane's 'Extended theory of corporate citizenship' (2005).

Views on the Political Activity of Corporations

In interviews with, corporate executives, Burmese civil society actors, and INGOs operating in Myanmar, the extent to which their activities were 'political' was an extremely sensitive issue. Given the difficulties and dangers associated with any activity deemed political by the SPDC, local participants were at pains to emphasise the non-political nature of their activities. For E&P executives, this

reticence reflected opposition to calls for them to engage with the government on political issues and/or to leave the country. Executives emphasised a division between the political and economic aspects of their activities:

It's a no go. It's so implicit. You don't discuss anything outside business or pleasantries – "Where'd you get educated? How's your wife?" (London, May 2008).

It's business and we don't want to meddle with the political situation in the country. All our dealings are above board, we never did anything under the table and its all contractual so if the government wants to publish what they get, we're happy with that. But we don't want to get into politics (Yangon, January 2007).

[Is there room to engage with the government on broader, more political issues?] Only with the Ministry of Energy. If you engage in politics that's not good for business (Bangkok, February 2007).

As stated by Peter Robertson, Vice-Chairman of the Chevron board in 2008:²²⁰

I can tell you for a fact that the people in that area [the pipeline corridor] are better off than most of the people in Burma. I mean, they've got jobs. We've invested in hospitals. We invested in small businesses. I've seen their medical statistics... So we know that when we go to work in the location, wherever it is in the world, that we will do the right thing for the community where we operate and to the extent we can for the country where we operate, but we stay out of the politics.

This division was echoed in corporate responses in the ITUC's Burma Database. In response to the ITUC's demand for divestment from Myanmar, a number of corporate actors identified themselves as being non-political, and as abiding by legal frameworks set by the international community. Further, in emphasising the non-political nature of commercial activity, some respondents challenged the political motivations of the ITUC:

²²⁰ Chevron executive discusses oil prices, industry outlook. PBS, April 14, 2008, para. 41-42. Retrieved September 28, 2009 from http://www.pbs.org/newshour/bb/business/jan-june08/crudethree_04-14.html.

The joint-venture is not politically involved or politically motivated and will never be. We consider that through our participation we have a direct positive impact for the improvement of living condition of the ordinary Burmese people....Any public exposure by the International Trade Union movement and the promotion of other action including consumer pressure and boycotts seems totally unfair and are politically motivated rather than morally motivated (CFA Investments Pte Ltd, Singapore, May 19, 2001).

We believe that politics and commerce DO NOT INTERMINGLE (GTB Destination Management Inc, USA. July 15, 2004).

We cultivate our business there in Burma just like growing crops. We keep in touch with farmers, help create job opportunities for them, and increase their living standards. For us, political status is the least thing which our business would like to involve (Known-You Seed Co., Ltd, Taiwan, May 21, 2001).

In stressing their non-political nature, respondents cited their adherence to legal regulations:

We are an apolitical, member-owned organisation that follows the law, but does not make the law (SWIFT, Belgium, February 23, 2004).

We monitor our distributor's activities closely to ensure our business is in full compliance with the medical standards we adhere to wherever we operate and respect any government sanctions or other restrictions on trade with Myanmar (GlaxoSmithKline, UK, November 7, 2007).

In accordance with the existing European Union sanctions, this company has no commercial dealings with the specified state companies and supports the EU's import embargo on timber, gems and precious metals. The company, which is loss-making, merely provides some documentary and ancillary services in the port (Ben Line Agencies Ltd., Singapore, October 17, 2007).

We as a company need to have confidence in the international community. We transport legal cargo to legal destinations. If the international community decides that boycotting transports will benefit the local population, we will naturally follow such decisions promptly (A.P. Moller-Maersk, Denmark, October 25, 2007).

One international businessman pointed to a contradiction he perceived in demands for corporations to advocate on political issues in Myanmar;

I'm not aware that they get involved in that, unless it has an immediate impact on their business. No US companies take a position on the right to carry a child in the US. In many foreign countries, they wouldn't be allowed to operate so it would be most unusual – not allowed to operate. I understand the context in Burma is acute, but the principle is the same.

However, as the discussion in the section above illustrates, local actors clearly attribute political characteristics to the TNC. Political aspects of firm behaviour were raised in regard to how local actors saw TNCs as a potentially positive force for social transformation in Myanmar. However, the political nature of corporate activity was also raised in a negative light by local Burmese in regard to TNC support for local NGOs. Given the heavily politicised context and the negative view of activity undertaken by foreign actors on the part of the authorities – as “external destructive elements”- local NGO association with TNCs in SEP partnerships was considered hazardous by most of the local and international NGOs I spoke with:

Local NGOs operate under different tensions and constraints [from international NGOs]. If local NGOs take money from external funders it is a mark against their name. Always (INGO, Yangon, July 2006).

DHL gave \$1000 to a local organisation when it really needed the cash flow a few years ago, but the local NGOs jumped on them for it. A photo op was part of the deal or possibly it just happened, but it somehow got into an organisational newsletter and caused a furore [in the NGO community] (INGO, Yangon, January 2007).

In the government's attitude to organisations it is obvious they do not have a totally clear conscience towards the organisations. Always they act with a suspicious mind. So even government staff who officially visit an embassy or office have to report back what was discussed or involved in the meeting [to the Ministry of Intelligence]. This type of traditional attitude is brought along with the government until now. It applies to work with companies too (Community leader, Yangon, July 2006).

Our own experiences I can speak from. We are looking for funders, but are very cautious about that as well. At the steering committee someone mentioned UNOCAL, as they were very much interested in supporting local NGOs. It was brought up by a member of the steering committee. The meeting went very quiet. Someone said we have to be very careful getting support from the private sector. So in the end we rejected the idea (Local NGO, Yangon, July 2006).

In describing their reticence to enter into a relationship with TNCs, local NGOs also stated concerns about the response of their overseas funders (i.e. charitable foundations etc):

People are reluctant to formally discuss working with international or foreign companies. We are worried that there will be accusations from the outside world that this company is helping the government survive, in a way. So there is lots of pressure on the company. If we receive money from them, our charity or donor organisations may ask why we accept this money, and then may not support us any more. We don't want to be seen as biased, we are neutral, non-political, non-biased.

A number of executives were sensitive to the constraints within which local civil society organisations operate in Myanmar. As explained in relation to engaging with the political opposition, one executive stated (Washington, May 2007):

Last time I was in Burma I didn't go visit the NLD at their offices, but I did see them for half an hour at a public reception, and talked to them. It was in public so anyone could see. Foreigners have to be sensitive to getting the nationals in trouble in these circumstances.

Another businessman involved in foreign enterprise in Myanmar reported visiting the NLD. He explained his motivation, and how he explained visiting the opposition to the SPDC as follows:

[How did you manage seeing the opposition with the government?]
You have to tell them you're doing it. As a matter of principle. We wouldn't go talk to a violent opposition, but it's a legitimate one in Burma, elected, so we want to talk to them as we don't know where the democracy is going. We don't support you philosophically, or them, but as long-term investors we need to know them socially. In Burma they got that. We wouldn't hang out with them or support them in any way, but we'd meet them. We kept relations with the government good.

Finally, in discussions with executives about SEPs their companies ran, they described attempts by the government to direct the focus and delivery of these programs for political ends. Executives claiming a constructive presence in Myanmar argued that their projects were largely independent of government political influence:

We've been here for ten years, so the government knows what we're doing [in the SEPs], but they have no control (Yangon, January 2007).

The Burmese government wasn't thrilled about what we were doing [in the SEP]. In the early days they tried to exercise control over it until we made it clear they couldn't (London, May 2008).

In summary, while executives largely identified their presence and activities in Myanmar as being non-political, and stressed the socio-economic dimensions of their activities in the country, civil society actors both inside and outside the country ascribe additional political characteristics and qualities to the TNC. Civil society actors saw the TNC as a potentially transformative actor

across a spectrum of socio-political activity. Given the highly politicised environment within the country, and without, the socio-economic contributions of a TNC were reframed by participants in a political light. These insights provide an opportunity to re-assess corporate engagement in Myanmar in relation to current thinking within the academic community.

As I discussed in Chapter 2, in a critical analysis of the discourse of corporate citizenship within academia, Matten and Crane (2005) argue that ‘administrators of citizenship rights’ is a more appropriate description of the actions of corporations in undertaking CSR activities than ‘citizenship’. Matten and Crane describe corporations as entering into the arena of citizenship when they assume state-like roles in administering a triad of citizenship rights, through:

- (i) providing for the enjoyment of *social rights* (e.g. managing health care issues for staff or providing education services to communities);
- (ii) enabling *civil rights* (e.g. protecting workers’ freedom of association in countries with repressive governments); and
- (iii) channeling *political rights* (e.g. the corporation as a site for political activity by stakeholder activists, to which corporations respond through engaging in self-regulation).

Scherer et al (2006) contend that this largely descriptive theory of corporations as the administrators of citizenship rights does not adequately engage with the question of democratic legitimacy in global governance processes. These authors emphasise communicative processes in deliberative democracy models (Habermas, 1996, 1998, 2001) as a theoretical framework to bridge this legitimacy gap, arguing that (2006, p. 520); “Only the democratization of corporate activities, through continuous discourse participation and enlarged mechanisms of transparency, monitoring, and reporting, can close the legitimacy gap of the corporation as a political actor in a globalized economy.”

Matten and Crane’s portrayal of corporations as administrators of this triad of citizenship rights brings the dynamics identified in this case study into a new focus. Through the employment they provide, and through SEPS, TNCs can be seen to contribute to the enjoyment of social rights in Myanmar. Through their contribution to the development of accountability mechanisms, such as Total’s

development of a reporting system for forced labour within the Yadana pipeline corridor, they can be perceived as administrating to civil rights. And in their focus as the target of advocacy by stakeholder activists external to Myanmar, they do provide a focus and conduit for the exercise of political rights by civil society stakeholders. The conceptual framework developed here may complement this citizenship rights framework, through identifying conceptually distinct forms of rights administration (protection from rights being violated and/or empowerment in order for rights to be enjoyed) and mechanisms through which these rights may be mediated by corporate actors (i.e. in relation to state, civil society, or other private sector actors).

Reflecting on the emphasis placed by Scherer et al (2006) on the need to engage in deliberative democratic processes of dialogue and consultation in order for corporate activities of this kind to be legitimate, I am struck by participants' statements in which corporations themselves are described as directly 'teaching,' or more broadly fostering 'cultural norms' that support this role. Given the cultural context within Myanmar, this role was emphasised as being a transformative act (both through fostering critical thinking and experience in 'modern', results-oriented organisations for employees, and more broadly in the conduct of SEPs and government engagement activities). This insight suggests that corporate engagement in fragile state contexts may provide a fruitful context within which to more fully explore and develop the political nature of corporate activity, especially the articulations between their socio-economic and political impacts in different contexts of weak governance.

The Challenges of Evaluative Criteria

The grounded theory of Constructive Corporate Engagement may inform the development of evaluative criteria for CCE, as called for by Schermerhorn (1999, p. 496). I have demonstrated that the evaluative terms used by advocates for divestment and proponents for constructive corporate engagement differ widely, sometimes reflecting incommensurable philosophical orientations (Holliday, 2005b, p. 37). For example, advocates emphasize the violation of civil and political rights as the focus for assessment, companies largely focus on their

promotion of social and economic rights, particularly in the form of socio-economic programs. Parties often disagree on the degree and sphere of influence they perceive a company as holding, and the extent to which they frame the TNC as a primarily political or economic actor.

The framework I develop above may contribute to the development of corporate strategy that aspires to be constructive. A focus on political will/development capacity may inform a company's assessment of whether to engage in human rights advocacy, their generation of an appropriate advocacy strategy, and selection of indicators for 'success'. For example, if failures in political will are identified as the key factor in rights violations yet sufficient governance institutions exist to achieve the desired outcome, and the company considers itself able (alone or with others) to generate the necessary political will, an effective lobbying strategy with a relatively short time-horizon may be appropriate. If the issues are considered more systemic, reflecting chronic weaknesses in governance capabilities, a more constructive approach may require a long-term commitment to the enhancement of effective governance institutions.

Attention to facets of weak governance can inform the selection of counterparts and partner organisations in the development and enactment of an advocacy strategy. If the aim is to generate political will, a company may direct its advocacy efforts at government leadership in alignment with other business organisations, rights advocates, or even home state actors; if the aim is to build governance capabilities, companies may work with legislative or administrative sectors of government, in partnerships with international development organisations.

This brief focus on corporate 'political' strategy highlights the importance of a rigorous analysis of the situation, and the generation of a corporate response appropriate for the domestic context. Engaging a broad cross-section of civil society actors is essential to this exercise. A strategy that aims to enhance governance capabilities may be a politically appropriate option in the host context to avoid 'commercial suicide' (with the host government revoking a company's license to operate). However, this is unlikely to satisfy calls from international, or domestic, civil society actors for more direct, public lobbying on political, first-

generation rights issues. This raises the question of which stakeholders a corporation chooses to prioritise.

Challenges to the identification of broadly shared evaluative criteria are compounded by methodological challenges to evaluation. These include the identification of appropriate units of analysis and measurement tools, and the selection of appropriate timeframes for the assessment of positive or negative corporate impacts. Identifying an appropriate unit for the analysis of a phenomena that is at once global and local, discursive and behavioral, and involves a broad range of actors from across private, government and civil society sectors is difficult. Impacts may be evaluated in terms of changes in the global discourse around the role and responsibilities of corporations, on the orientation and procedures of company operations, and/or on the communities living in the ethically challenging business environment. Schermerhorn (1999, p. 496) also calls attention to the need to evaluate the impacts of both engagement and *non*-engagement, further complicating assessment. If criteria are established, a second set of challenges to evaluation are presented by the characteristics of ethically challenging business environments, including a lack of transparency and accountability, high levels of human insecurity etc. These characteristics present considerable challenges to the conduct of ethical research, be it evaluative or otherwise, as discussed in Chapter 4.

Constructive Corporate Engagement in the Global Public Domain

It's not rocket science, when a government is not fulfilling its civic duties, someone has to do it and civil society with business are part of that.

(INGO, Yangon, January 2007)

The grounded theory of Constructive Corporate Engagement provides an opportunity to critically reflect on dynamics within the global public domain. Specifically, CCE provides empirical support, and further conceptual clarity to

Ruggie's contention that in this governance arena, other social actors attempt to graft their social agendas onto the reach and capacities of the corporation.

The views of how TNC activity can constructively contribute to socio-economic development and political transitions in Myanmar expressed in CCE indicate that a range of civil society actors – both local and international – see the corporate entity as a means to support their broader aspirations and/or organisational work.

We established a micro-credit program in 2000, but ran out of money by the end of the year when the seed-funding was exhausted. We looked for donors to help us expand the project and came up with a number of potential contributors. We contacted UNOCAL here in Yangon and in the States and found them very positive and enthusiastic about the integration of health and finance and the empowerment of communities at the local level. They agreed to finance it for three years...It has proved to be a very useful partnership. Through the resources they provided we could expand health and income generation support in a few hundred villages. One of the important things is that in the areas we are operating in Chevron has no business there, they operate a few hundred kms away. So it is not too closely associated with them, and they don't want to be so involved. So it lets us expand our work and help more people out of poverty, without as many hoops to jump through (Yangon, July 2006).

That there were less constraints placed on funding by corporations, in comparison with traditional development funders (predominantly states and inter-government agencies) was noted as a positive thing by INGOs, allowing them greater flexibility in their work;

It's freer money. I don't have to do tons of reports, stick to rules and regulations. We're freer to do what we set out to do with the money and there isn't much instruction or paperwork. For the same amount of money we'll get five times the paperwork with USAID [United States Agency for International Development], or other development agencies (INGO, Yangon, January 2007).

Some INGOs saw working with TNCs in SEPS provided a means to influence their activities more broadly, leveraging their influence into other countries in which the TNC operates:

I also see it as an opportunity to help influence the company. Not that we'll be that influential, but that we could help corporations see there are other ways in which they can give back to society. I don't want to miss that opportunity (INGO, Yangon, January 2007).

Our point of view is 1. If we can do good things for children with [the E&P enterprise] that's very good. 2. If the partnership enables us to have a dialogue with them and change their core business, we can have a larger impact on the lives of children. I'm very positive about our ability to influence how CSR is understood in [the enterprise]. But the rubber hits the road in thinking about this in terms of Myanmar (INGO, London May 2008).

At least one INGO was looking into engaging with new entrant TNCs in order to expand its resource base and extend its social agenda:

There are lots of opportunities. I was thinking about the other Asian companies in China etc. How can I work with them and maybe just start with their own workers? To be more fair to them? That is the interest to me, the emerging economic power of Eastern countries. It's not the same as the Western era. How can I get ahead of that wave? It's a direction we're certainly thinking about. There are some Eastern countries, like Japan. It's not in their psyche to be involved in the SEPs we're running, they do more philanthropy/charitable work. There are corporations which have a lot of money they could use for development work, and I don't have a handle on why they don't. It's an opportunity we're looking into (INGO, Yangon, January 2007).

This quote provides an interesting counterpoint to the frustrated efforts of advocates to encourage new entrant TNCs to divest from Myanmar (described in Chapters 10 and 11). This INGO, among others, looks to new entrant TNCs as a

source of material resources in order to expand its own activities in pursuit of a social agenda, whilst advocates seek to leverage the resources of the TNC (through the threat or event of restricting economic activity by the TNC) to achieve their aims. This dynamic is similar to the attempted use of the TNC as a lever of influence, or vehicle of policy, by state actors. Further, through being in association with the TNC in ‘delivering’ its community-engagement programs, these development actors may seek to influence the core operations of the TNC, so promoting their broader social agendas internationally *through* the corporate form.

TNCs may constructively contribute to contexts of weak governance and state fragility through multiple interactions with domestic and international civil society actors, with the local and international private sector, and with the state. In their core operations and social impact activities, TNCs may contribute to the aligned goals of decreasing state fragility (through fostering political will and capacities for development on the part of state actors) and increasing human security (through activities which protect people from pervasive threats to their security, and empower people to achieve their aspirations). Constructive corporate contributions may be material, institutional or cultural, and may be created in association with, or mediated through state or civil society actors, or may be directly undertaken by the corporation. One of the potential ramifications of constructive corporate activities is the empowerment of civil society actors who are then able to advocate to the corporation for altered terms of corporate engagement, as in the case of INGOs entering into critical collaboration with E&P TNCs. In the following chapter I draw together CCE and the three preceding grounded theories into Corporate Citizenship in Fragile States, a grounded theory that describes the global governance process of Corporate Citizenship.

CHAPTER THIRTEEN

A GROUNDED THEORY OF CORPORATE CITIZENSHIP IN FRAGILE STATES

Today's global flows of goods, services, finance, people and images spotlight the many interlinkages in the security of all people. We share a planet, a biosphere, a technological arsenal, a social fabric. The security of one person, one community, one nation rests on the decisions of many others – sometimes fortuitously, sometimes precariously.

(UNCHS, 2003, p. 4)

In this chapter I lift the level of theoretical abstraction beyond corporate engagement in Myanmar, and present Corporate Citizenship in Fragile States, a grounded theory that may be worked with, and developed, in relation to other weak governance contexts. In Corporate Citizenship in Fragile States, I integrate the grounded theories of Commercial Diplomacy, Stakeholder Activism, Corporate Engagement and Constructive Corporate Engagement I presented in the four preceding chapters. In presenting this initial conceptual framework, I highlight how it may be further developed through comparison with corporate engagement in other fragile states.

Corporate Citizenship in Fragile States

In the grounded theory of Corporate Citizenship in Fragile States I describe a social process that occurs in the global public domain (Ruggie, 2004). Through the interactions between civil society, state and private sector actors described, the appropriate terms of corporate activity – particularly engagement with fragile states, and/or weak governance contexts - are contested, enacted, and transformed. In this global governance process, political action is centred on, mediated through, and participated in, by the corporate entity.

Corporate Citizenship in Fragile States comprises four composite grounded theories - Commercial Diplomacy, Stakeholder Activism, Corporate Engagement and Constructive Corporate Engagement. These theories describe the interactions between five broad groups of social actors identified as being influential in shaping the appropriate terms of corporate engagement in fragile states; the Enterprise (generally of the form of a Transnational Corporation), the Home Government of the Enterprise, the Civil Society and Government in the Host country of operation; and Stakeholder Advocates (often involved in Translocal Social Movements). The realm of interaction between these social actors considered in each composite theory is illustrated in Figure 58.

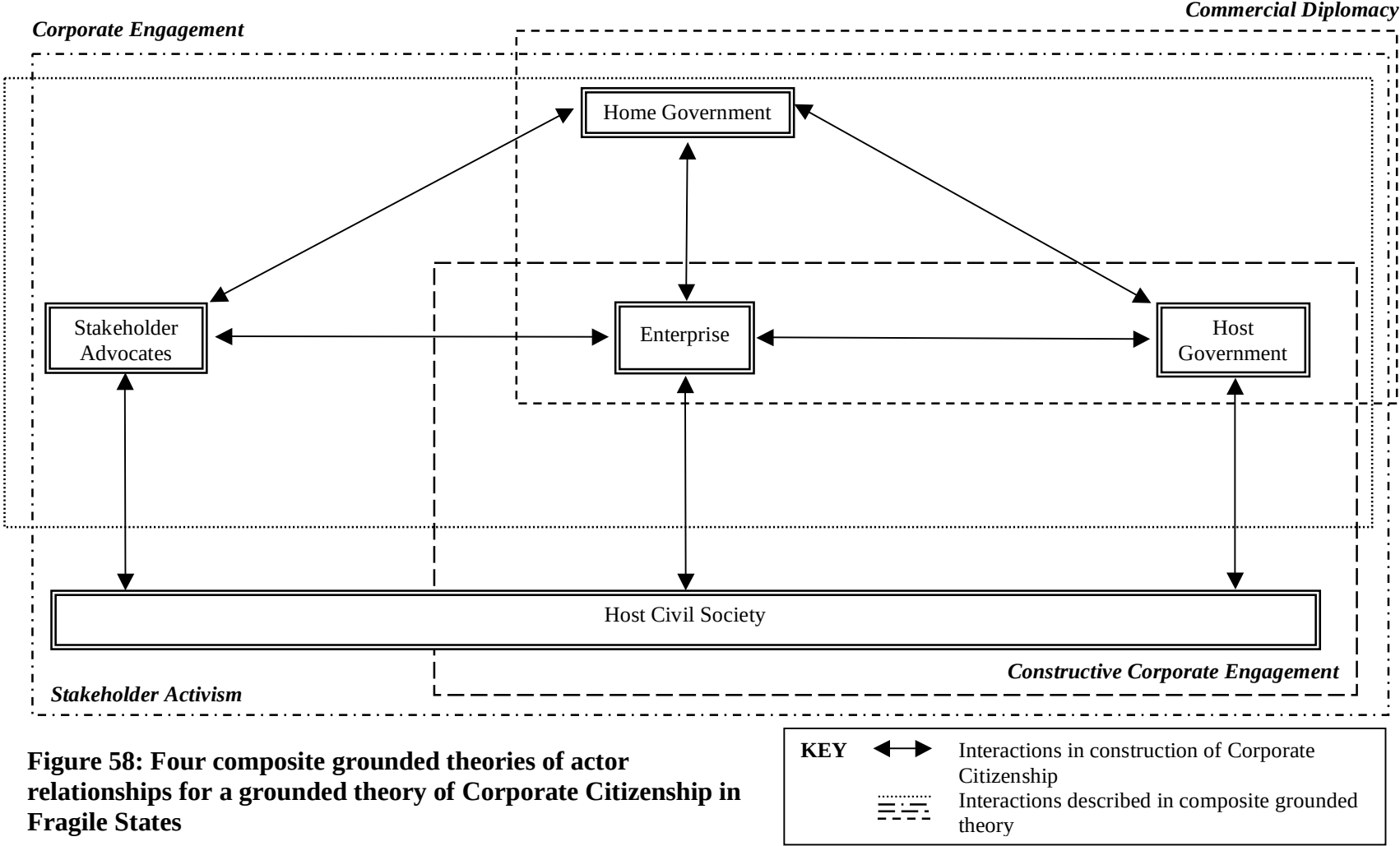


Figure 58: Four composite grounded theories of actor relationships for a grounded theory of Corporate Citizenship in Fragile States

A simple illustration of these four composite theories, and their integration into Corporate Citizenship in Fragile States, is provided in Figure 59. A fuller description of this overarching conceptual framework is presented in Figure 60, and discussed below.

The Enterprise Context

I posit the Enterprise Context as the foundational, or core category that draws these four theories together to explain the global governance process of Corporate Citizenship. The enterprise context is comprised of three key sub-categories, spanning the *organisational*, *institutional* and *social* spheres within which the enterprise operates. As the strategic framework through which corporate actors understand and locate their operations, changes in the enterprise context result in different terms of corporate engagement in fragile states. Relevant changes in the organisational context include re-assessments of *operational* and *reputational risk* profiles, and the existence or creation of *management processes* which prompt or facilitate changes in the motivations and actions of the enterprise and its executives. The *legislative and normative frameworks* within the institutional context, and the *salience of an issue* and the *advocacy capacity of civil society* in the social context, are each motivating factors in the terms under which corporations engage in weak governance contexts.

Strategic Attempts to Alter the Enterprise Context by State and Civil Society Actors

Both state and civil society actors may directly attempt to alter the enterprise context, in order to achieve their own broader social, political or economic goals. I identify two distinct approaches through which state actors attempt to use TNCs, based in and originating from their country, in order to promote their own foreign-policy agenda in relation to a fragile state. In these efforts, home governments may attempt to use TNCs as either a lever of influence, or a vehicle for policy. The primary distinction here is between the efforts of the home government to restrict or promote economic ties with a host

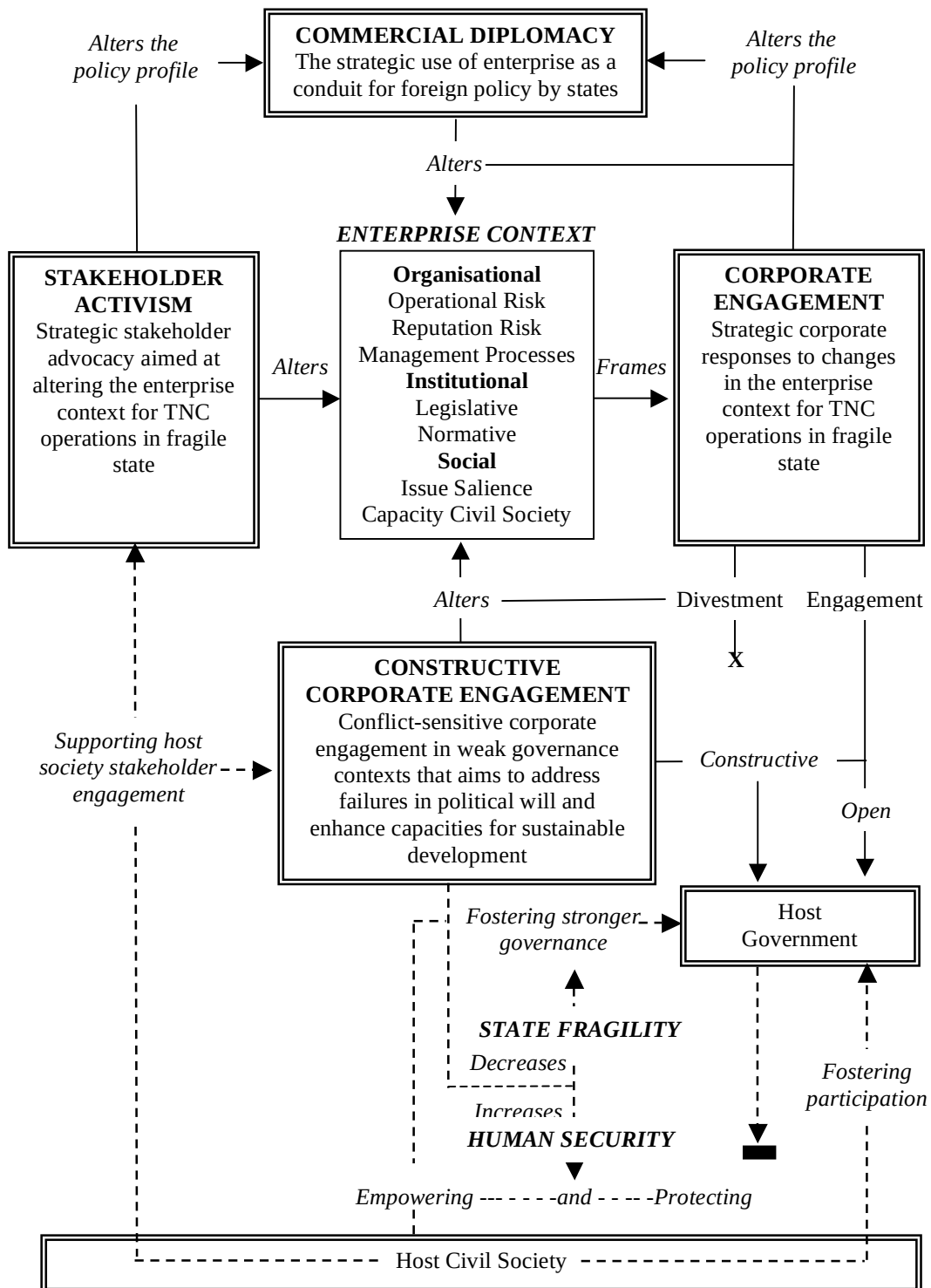


Figure 59: Composite theories in Corporate Citizenship in Fragile States

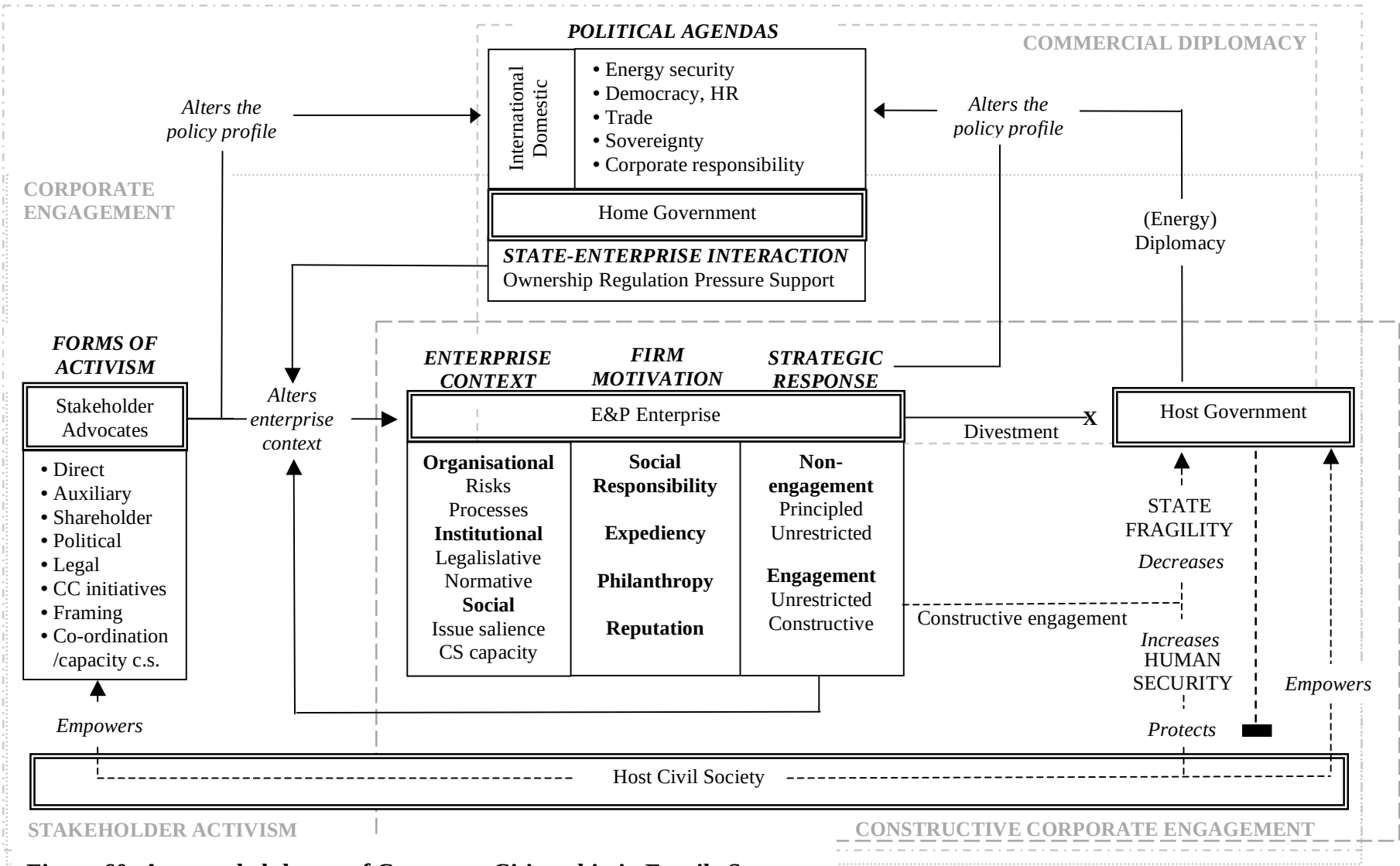
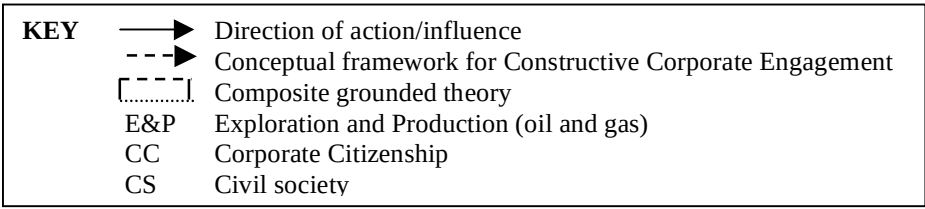


Figure 60: A grounded theory of Corporate Citizenship in Fragile States

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country, in order to achieve a desired response on the part of the host government. Home governments attempt to use corporations as levers of influence through the imposition of economic sanctions (which alter the legislative context), and/or through applying pressure to the company to divest from a target country voluntarily. In the latter activities, state actors may make private or public entreaties to the company, thereby altering the normative framework, and raising the salience of the issue of corporate engagement in the social context. State actors may also directly or indirectly support TNC activity abroad, in order to achieve a political agenda.

The influence of state actors on TNCs can be mediated through at least four *forms of interaction*. These include the *ownership structure* of the TNC (a larger degree of state-ownership broadly equating to greater influence); the state’s role in providing the legal infrastructure of *commercial regulation* (so allowing it to impose restrictions on commercial activity abroad); the aforementioned application of *political pressure*; and through other forms of *state support* for overseas commercial enterprise, such as through the negotiation of international treaties, or through facilitating investment through government-to-government diplomacy. The attempted use of enterprise as a conduit for state policy reflects assessments by state actors of a complex of political agendas, with both international and domestic aspects. For example, it is only with the election of the Democratic Party’s candidate Barack Obama in the USA in November 2008, that the US policy towards Myanmar was reconsidered, reflecting a different foreign policy approach that favours engagement with fragile states.

I have conceptualised these forms of state-enterprise interaction in relation to the energy sector. I have analysed these interactions in relation to state concerns about energy security, which I have described as a complex of domestic and geo-strategic security concerns, economic development priorities, and associated energy demand projections and supply strategies. In an age when

discussions of energy restriction, particularly in relation to ‘peak oil’ and the climate-impacts of carbon-based energy generation, commercial activity regarding energy production is a particularly fruitful area to explore tensions and synergies between the economic and political aspects of corporate activity. As energy security is at the centre of models of economic development pursued by the majority of states, largely inspired by a neo-liberal economic philosophy, it provides an arena in which to explore the socio-political processes in question in this inquiry.

Further inquiry within the energy sector could extend this aspect of the grounded theory of Corporate Citizenship in Fragile States (Corporate Citizenship). Stakeholder activism focused on hydropower, nuclear power, or on wind-power generation developments, could provide comparative opportunities to explore the normative content of contests over corporate activity in the energy sector. These comparisons could both deepen and conceptually expand the dynamics of activism and state-enterprise relations identified in Corporate Citizenship, and the conceptual framework of energy security I offer. Comparisons with other sectors, with varying profiles of national security importance, could also develop the model. Notably, the EU and the US have placed varying economic restrictions on different sectors in relation to Myanmar, with neither Total nor Chevron forced to divest through sanctions (although new investment in E&P activity by US companies is prohibited). The relative importance of different political agendas in a state’s attempted use of enterprise as a conduit for domestic/foreign policy generated through comparisons with, for example, TNCs involved in the security industry (including private security companies) and the manufacturing centre could usefully extend the framework.

Stakeholder advocates also lobby state actors in attempts to alter political profiles and thereby prompt state actors to use enterprise as a lever of influence in achieving foreign policy goals. If successful, this form of stakeholder activism succeeds in altering the enterprise context through leveraging the multiple lines of interaction between state actors and corporations. *Political lobbying* is one form of stakeholder activism through which advocates attempt to alter the enterprise context and prompt corporations to act in a way that achieves their desired socio-political or economic goals. In addition to political lobbying, advocates undertake

direct action (i.e. public protest) and target *auxiliary services* companies which facilitate TNC activity in a target host country in order to alter a corporation's operational and reputational risk profiles; engage in *shareholder advocacy* (using part-ownership of publicly-traded companies to influence management processes); undertake *legal action* to change the legislative and normative frameworks for enterprise; pursue their aims through emerging *corporate citizenship* initiatives; and attempt to *strategically frame* and *build the capacity* of civil society in order to raise the salience of an issue of concern, and the strengthen the knowledge base and advocacy abilities of stakeholders in corporate activity.

Through these activities, state and civil society actors, individually or in concert, and collaboratively or antagonistically, attempt to alter corporate activity, and the broader normative conception of what form of activity is appropriate. Extending this aspect of the conceptual framework, useful comparators could be made with other social movements focused on the corporation. In a historical perspective, comparisons could be drawn with the international movement in support of sanctions against apartheid South Africa, and sanctions on Iraq under Sadaam Hussein; contemporary examples include current efforts to generate sanctions against Sudan, and targeting of TNCs involved in Zimbabwe. Through each of these examples, the conceptual distinctions between the different forms of activism identified in Corporate Citizenship, the aspects of the enterprise context they target, and the relationships between these forms of activism and their targets could be further elaborated. These associations could then be evaluated in relation to different political issues and contexts. A critical approach within this endeavour would seek to establish the efficacy of these forms of activism in relation to particular issue areas, and specific contextual factors. For example, whilst the multi-laterally-supported sanctions regime is broadly considered to have been instrumental to encouraging the end of apartheid, the divided international approach to Myanmar has achieved little. Analysts (see for example ICG, 2004, and Chapter 8), are divided on the extent to which South Africa provides a useful model for prompting concessions on the part of the SPDC, given the mind-set of isolation and self-sufficiency (characterised as xenophobia in some analyses), that is said to dominate the military rulers.

This observation highlights a necessary elaboration of Corporate Citizenship. The grounded theory would be significantly developed through an additional composite grounded theory of the interactions between the host government and other state actors, and civil society both at home and abroad. This focus could identify and conceptually develop the conditions under which attempts by state and civil society actors influence host state actors. In this, again, comparisons with South Africa and other instances of threatened or imposed sanctions could provide fruitful insight. For example, ICG (2004, p.20) argues that the comparison between the efficacy of sanctions in fostering political change in South Africa, of which consumer boycotts and other forms of direct action were a feature in addition to state-imposed sanctions, and Myanmar is misleading.

The ICG highlights the deep integration of South Africa into the international economy in the late 1970s, and the importance of foreign investment and trade in the ability of the ruling government to maintain support from its domestic political constituency. Domestic business therefore applied great pressure on the South African government, as it “acted as a mediator for international sanctions and greatly added to their impact.” In Myanmar, most companies with links to the global economy are either military-controlled or owe their position to military patronage; as described in Chapters 5 and 7, there is little room allowed for the domestic private sector to associate and lobby the SPDC on any policies, especially a political agenda. In addition, ICG argues that the South African government drew its social and cultural identity from contacts with the West, seeing themselves as Christian, ethical leaders. As described above, this is not the case in Myanmar, where the leadership is not isolated from its main reference group, and instead “taps into a strong tradition of regional nationalism that emphasises the distinctiveness of East Asian societies and cultures and thus challenges any intervention from outside.” There is therefore an opportunity to probe beyond the simple distinction between the efficacy of multi- or unilateral sanctions. Incorporating the mindset and policies of host state actors in mediating the efficacy of state and civil society attempts to use the corporation as a conduit for the projection of broader socio-political and economic agendas, would greatly extend this grounded theory of Corporate Citizenship. This line of inquiry could also further elaborate the distinctions made between the corporation

as a political and an economic actor, on the part of host states. As illustrated in Chapter 9, host states can deftly use the economic aspects of inward investment for political gain – as seen in the actions of the Chinese, Russian and Indian governments in blocking stronger censure of the SPDC at the UN Security Council. Equally, as seen in relation to sovereign wealth funds, host countries (both fragile and ‘stable’) harbour concerns that states may be “pursuing their full range of interests through their commercial activities” (Bendell, Ng, & Alam, 2009, p. 19). It is against this background, particularly when corporate engagement in fragile states has been politicised through stakeholder activism, that the political nature of corporate activity is exposed and open to inquiry.

Terms of Corporate Engagement in Fragile States

Corporate responses to efforts by states and stakeholder activists, are mediated by the assessments of executives, of a range of factors within the enterprise context. I identify changes in the organisational, institutional and social aspects of the enterprise context as coalescing in three intervening factors that prompt a change in the motivation of the executives of a firm to alter the terms of corporate engagement in a fragile state. The intervening factors are;

Exposure (the susceptibility of an enterprise to stakeholder pressure due to its proximity to the consumer, size, profile, ownership structure, and advocacy capacity of civil society in the home and host country context);

CSR infrastructure and integration (the extent to which a ‘socially responsible’ corporate approach is supported and/or encouraged by laws, policies, management processes and normative frameworks within the home and host country context); and

Modelling (the presence of exemplars for ‘successful’ or ‘poor’ corporate engagement in a weak governance context; and/or multiple associations through which alternate forms of corporate engagement are modelled. In the latter, the mechanisms of legacy,

partnerships, business associations, service/contractual relationships and government engagement may provide examples, prompting different terms of engagement).

These intervening factors mediate changes in the enterprise context (for example, the strengthening of civil society may increase the exposure of a corporation to stakeholder advocacy, as may a public listing), on the motivations of a firm to engage in a fragile state on different terms.

Four firm motivations are identified in Corporate Citizenship as being associated with different terms of corporate engagement with fragile states – *Social Responsibility, Expediency, Philanthropy, and Reputation*. The terms of engagement as theoretically described include *Open and Constructive Engagement, and Sanctioned and Principled Non-engagement*. These motivations may overlap and co-exist in individual firms, and within the reasoning of different terms of engagement offered by executives.

Within these overlapping motivations, I identify firms motivated by social responsibility as seeing the firm as an engine for both social and economic development, where the social impacts of a firm are acknowledged and integrated through management policies and processes, and embedded in normal firm activities. Resources in firms motivated by social responsibility allocate resources for long-term social impacts and short-term financial impacts, and acknowledge responsibilities to stakeholders beyond the shareholder or immediate owner of the firm. They may undertake extensive socio-economic development programs, or innovate business processes, products and services, in order to contribute to socio-economic development. This firm motivation is most closely associated with constructive engagement. Executives in firms claiming to be a constructive presence in a fragile state, describe their orientation to socio-economic development and their responsibilities to host-country stakeholders as being motivated to “do the right thing”.

Firms primarily motivated by expediency undertake social impact activities only when considered necessary, in order to gain or preserve a license to operate in a weak governance context through minimising risk. Social impact activities undertaken within these motivations aim to “buy hearts and minds” in the host country, in order to facilitate profitable enterprise. In this motivation, the

ultimate purpose of the firm is the creation of wealth, and the executive's responsibility to the shareholder is paramount, at the exclusion of responsibility to all other stakeholders.

Firms primarily motivated by corporate philanthropy also consider the ultimate purpose of the firm to be the creation of wealth; however, social impact activities undertaken by these firms are generally motivated by revenue growth opportunities. In this motivation, social impact activities are add-ons to normal operations, and take the form of special projects or charitable endeavours. Resources are allocated with the aim of a short-term social impact, and a maximisation of share-holder value in the long-term. In fragile states, these social impact activities are oriented to "getting in position" for when conditions improve, and become more supportive of profitable enterprise.

These motivations are associated with different terms of corporate engagement in fragile states. Schermerhorn's (1999) description of these four terms of engagement as each reflecting a different ethical framework, social change strategy and cultural orientation, received substantial empirical support in this study. Different terms of corporate engagement in turn alter the policy profile states consider in their strategic use of enterprise as a conduit for foreign policy, and have a feed-back influence on the enterprise context. For example, the presence or absence of investing companies, and the terms of their engagement in a fragile state, alters the policy profile through which home states consider their foreign policy approach to that state, and their associated use of enterprise as a conduit for that policy. Equally, corporate divestment - whether sanctioned, principled or strategic - alters the enterprise context through its impacts on perceptions of operational or reputational risk associated with investment in the fragile state.

Constructive Corporate Engagement? – Engaging with State Fragility and Human Insecurity

Corporate engagement in fragile states that aspires or claims to be 'constructive' (i.e. through socio-economic programs and modelling alternative

governance systems) is of particular relevance to the critical focus of this inquiry. An initial conceptual framework for evaluating the impacts of corporate engagement in fragile states is indicated by broken lines in Figure 60, to indicate the conceptual nature of the theory. This aspect of Corporate Citizenship has been developed through analysing aspirations for constructive corporate engagement expressed by research participants in Myanmar, in relation to the concepts of human security and state fragility from the international relations literature. Evaluation of the actual impact of these activities on the host country is beyond the scope of this research project, and the framework remains to be developed through empirical inquiry.

In this conceptual framework, constructive corporate engagement would decrease state fragility through fostering stronger governance systems in the host country, specifically through seeking to address failures in political will and enhancing governance capacities at the level of the state. It would also increase human security through a focus on the protection and empowerment of civil society, fostering the development of norms, processes and institutions that systematically address insecurities.

My data demonstrates that activities undertaken by companies which claim to be a constructive presence in Myanmar alter the enterprise context, influencing the adoption of such activities by other companies. Figure 60 illustrates another potential consequence of constructive corporate engagement; empowerment of individuals and the host society as a whole could foster greater participation in stakeholder engagement (including stakeholder activism) in both the domestic and international context. Further, although not illustrated in Figure 60, constructive corporate engagement may also alter expectations on the part of the host government of appropriate terms of corporate engagement, again affecting the enterprise context. These theories provide a description of the dynamic global governance process of Corporate Citizenship, intended for subsequent theoretical development. They further provide an empirical basis from which to critically reflect on the potential of this governance process within the global public domain to secure the democratic self-determination of political communities.

In further exploring these processes and their impact on the social, political and economic conditions in a host country, useful comparative examples could be found in the adoption and impact of the Kimberley Process in the diamond industry, or the development and impact of the Sullivan and MacBride Principles in South Africa and Northern Ireland, respectively (Bernasek & Porter, 1997; McCrudden, 1999; Sethi & Williams, 2000).

The grounded theory of Corporate Citizenship in Fragile States presented in this thesis therefore provides a framework to conceptualise multiple interactions between state, civil society and private sector actors in a globalised political arena. In this arena – the global public domain- and through these activities, social actors contest the appropriate terms of corporate engagement in fragile states, and, by extension, TNC activity in a globalised world. I conclude in the following chapter, with critical reflections on these social processes described.

CHAPTER FOURTEEN

REASSESSING CORPORATE CITIZENSHIP – HOPE IN UNCERTAINTY

Through the freedoms granted to them under contemporary processes of neo-liberal globalisation, corporations have become politically affective actors. Academic endeavour has yet to develop adequate theoretical frameworks to analyse corporate political activity in the context of the post-national constellation of influential institutions (Ruggie, 2004; Scherer, Palazzo, & Matten, 2009). Such frameworks are considered vital in the generation of new systems of global governance to protect and ensure the democratic self-determination of political communities (Palazzo & Scherer, 2008). Guided by the work of Charmaz (2006), I have offered a theoretical description of Corporate Citizenship I developed through the constructivist grounded theory method – a research approach specifically developed for the generation of theory.

I have studied Corporate Citizenship as an arena of dynamic interactions between civil, corporate and government actors in the global public domain. Ruggie (2004, p. 504) describes the global public domain as an arena in which the appropriate terms of corporate activity are “articulated, contested, and take shape as social facts”. I have subjected interactions between state and non-state actors in this domain regarding corporate engagement in fragile states. Considering Corporate Citizenship as a form of global governance (Cooper, English, & Thakur, 2002; Hewson & Sinclair, 1999) I offer critical reflections on the democratic content of this evolving process.

In conclusion, I assess the potential of Corporate Citizenship more broadly to promote greater global equity in contemporary political-economic-social arrangements, which according to the apt poetical expression of Shamir (2008), is currently dominated by the ‘neo-liberal imagination’.

Corporate Citizenship and the Global Public Domain

Ruggie (2004) describes the multi-actor global governance systems that have been fabricated under globalisation as constituting a new 'global public domain'. In this transnational arena - a broader and deeper arena than the state-centric systems that have dominated international relations for three centuries - global public goods are produced through new governance systems that may or may not include states. The involvement of multinational enterprises and civil society organisations in the global public domain has been viewed respectively as a privatisation of governance (Cutler, Haufler, & Porter, 1999), and as a potential democratisation through 'world civic politics' (Wapner, 1996).

Recent efforts in the management academy have taken the political aspects of TNC activity in the production of public goods as a focus for inquiry. Of concern is the extent to which activities undertaken within the broad discourse of 'Corporate Social Responsibility', address the democratic deficit evident in the post-national constellation. With a focus on the extent and ways in which the corporate entity replaces the state in CSR activities, this epistemic community endeavours to contribute to the democratisation of these activities (see for example Elms & Phillips, 2009; Kobrin, 2009; Palacios, 2004; Scherer et al., 2009; Vogel, 2008).

Ruggie (2004) contends that viewing corporate engagement in global governance solely as a form of privatisation risks excluding democratic aspects of these activities. Specifically, he highlights attempts by other social actors in the global public domain to leverage the global reach and capacity of TNCs in pursuit of their own broader social agendas. He explains (2004, p.503):

I want to suggest that this development potentially may also provide a historically progressive platform by creating a more inclusive institutional arena in which, and sites from which, other social actors, including CSOs [civil society organisations], international organisations and even states, can graft their pursuit of broader social agendas onto the global reach and capacity of TNCs [transnational corporations].

Ruggie (2004, p.522) clarifies, however, that he is, “not suggesting that this outcome is inevitable, but that the potential is worth exploring.” It is this aspect of Corporate Citizenship that has been the focus on my inquiry.

Considering the corporation as a political actor, and as a site of political activity such as that described by Ruggie, I have developed grounded theories that identify and conceptualise the corporate entity as a site and a participant in dynamic, evolving global governance processes. I have approached the global public domain through an empirical study of contests over the appropriate terms of corporate engagement in Myanmar (Burma). Myanmar is considered a fragile state by the international community (Browne, 2007). Myanmar’s contemporary history (Chapter 5) is one of civil conflict and extreme political repression, resulting in what is characterised as a ‘silent humanitarian crisis’ (ICG, 2009; UN, 2001). Foreign investment in the country, particularly in oil and gas exploration and production activity (E&P) (Chapters 7), is strongly associated by analysts and advocates with the continued poor governance practices of the State Peace and Development Council (SPDC) currently in power (Chapter 6). Through concerted advocacy by the ‘Free Burma Movement’- a translocal social movement campaigning for a democratic transition in Burma –international engagement with Myanmar has become highly politicised, particularly foreign investment in E&P activity. To date however, a divided international response (Chapter 8) has failed to generate any significant concessions on the part of the SPDC, to realise political and socio-economic reforms broadly desired by the international community (Selth, 2008).

I have developed this case study in fieldwork across seven countries, and in conversation with over one hundred people who share an interest in E&P activity in Myanmar. In this thesis I have offered four grounded theories, Commercial Diplomacy, Stakeholder Activism, Corporate Engagement, and Constructive Corporate Engagement, which together describe Corporate Citizenship as a global governance process. In reflecting on these theories, I have identified and described attempts, by both state and civil society organisations, to leverage the reach and capacities of E&P enterprises in pursuit of their own broader social, political and economic agendas. Through this exercise I have explored tensions between the economic and political aspects of firm activity, and

between the corporation as a *site* for political activity, and as a *participant* in political processes.

Four Grounded Theories of the Global Public Domain

In Commercial Diplomacy (Chapter 9) I describe how states attempt to leverage the corporate form, and use commercial activity as a conduit for the projection of national power and influence overseas. In this grounded theory I discuss strategic attempts by states to use corporations as (a) vehicles for state policy (based on an analysis of energy security priorities amongst the largest investing states in E&P activity in Myanmar); and (b) levers of influence (based on the imposition of sanctions on new investment in Myanmar by Western governments).

In Stakeholder Activism (Chapter 10), I describe strategic attempts by organisations in the Free Burma Movement (FBM) to promote their agenda of democratic political transition in Burma, through challenging corporations on the socio-political ramifications on their investment and operations in the country. Through a range of activities, these advocates attempt to alter the context within which E&P enterprises operate, in order to force their withdrawal from Burma. Advocates argue that this withdrawal will ‘cut the financial life-line’ that sustains the SPDC, and generate a political transition (BCUK, 2005). Through these activities, advocates attempt to leverage the reach and capacity of E&P enterprises in order to promote democratic principles in the global public domain. Advocates attempt to exert influence over the corporation through a number of innovative strategies. These include: (a) direct action focused on corporations directly involved in Burma, and ‘auxiliary’ commercial enterprises which, whilst not having a physical presence in Burma, are integral to the operations of E&P investors (i.e. companies in the finance and insurance industries); and (b) political lobbying, through which advocates attempt to encourage states to use the corporate form as a lever of influence in Commercial Diplomacy.

Of particular interest, direct advocacy for different terms of corporate engagement in Burma (from withdrawal to limited terms of ‘constructive’ engagement), is one of a number of campaigning strategies adopted by

organisations within the FBM. Other strategies focus on more traditional systems of global governance, including attempts to censure the SPDC at the UN, ASEAN, the EU and the ILO. For some organisations within the FBM, therefore, corporate advocacy is one among a number of avenues through which they seek to influence the SPDC (e.g. the BCUK, ALTASEAN). For others, corporate activity is their primary focus in attempts to influence the domestic context (e.g. the SGM's advocacy of joint-venture partners in the Shwe Gas Project), and/or achieve systemic change in global enterprise (e.g. ERI). The corporate entity therefore provides a site at which multiple socio-political agendas can be collaboratively pursued by civil society actors.

In Corporate Engagement (Chapter 11), I distinguish four broad firm motivations (Expediency, Social Responsibility, Philanthropy and Reputation) for different terms of corporate engagement in Myanmar (Unrestricted and Constructive Engagement, and Principled and Sanctioned Non-engagement). I describe the relationships between these theoretical concepts, and further discuss factors within the enterprise context that may determine variation in firm motivation.

In Corporate Engagement I therefore provide a theoretical framework to analyse variation in corporate responses to the strategic attempts on the part of state and civil society actors to influence the corporation identified in Commercial Diplomacy and Stakeholder Activism. I further identify the influence of interactions between private enterprises on the terms on which corporations engage with Myanmar, including through joint-venture partnerships, service relations and business associations. In this grounded theory, my particular interest is in the adoption of more 'responsible' forms of corporate engagement, and the ways in which corporations that have adopted a 'responsible' stance may promote this approach within an industry.

In Constructive Corporate Engagement (Chapter 12) I present a conceptual framework of different stakeholder views on what progressive corporate engagement in Myanmar may entail. I developed this framework through interviews, and my own reflections on the discourses of human security and state fragility predominant in international relations. I combine these four composite theories into Corporate Citizenship in Fragile States (Chapter 13). In this

overarching theory I lift the level of abstraction from the case through which it was developed, to discuss political aspects of corporate activity in the global public domain in relation to fragile states as a broad group.

The Landscape of the Global Public Domain

The dynamics identified here clearly combine and elaborate those theorised in 'world civic politics' (Wapner, 1996) (in which civil society actors create and participate in new global governance systems) and 'private governance' (Cutler et al., 1999) (in which private sector actors take on the production of public goods and so undermine democratic control). The place of the state in these new governance systems remains problematic. Whilst Ruggie (2004) suggests that the state is only latterly becoming involved in the Corporate Citizenship activity in the global public domain, my analysis places the state as a central actor and referent in this global governance process. The activities of the Myanmar authorities –state actors – are at the centre of contention in this case study. Equally, state actors may be lobbied by both civil society organisations and TNCs (for example in encouraging the levying of economic sanctions, or host state participation in the EITI, respectively) in contests over appropriate terms of corporate activity and governance in fragile states. This conceptual distinction is particularly fraught in terms of state-owned enterprises, suggesting that the study of corporate citizenship in relation to these forms of commercial enterprise as a rich avenue for further research.

My analysis has also revealed spatial and cultural dimensions of the global public domain (Chapter 11). The theoretical description I offer is of Corporate Citizenship as an issue area within this global arena of governance, which I identify as occurring within contemporary processes of *multi-polar* globalisation (Tripathi, 2007). I have highlighted challenges this development in globalisation processes presents to traditional advocacy strategies. Corporate citizenship has largely been developed through stakeholders in Western, liberal democracies challenging Western TNCs for their activities, particularly their engagement in fragile states and other contexts of weak governance. However, outward

investment by TNCs from the emerging economies of China and India, and vastly increased sovereign wealth funds in Asia and the Middle East, have altered investment profiles in resource-rich fragile states (Clarke & Dalliwall, 2008; Kenny, 2004).

In this inquiry I have highlighted limitations to the ability of Western-based trans-local social movements, such as the FBM, to engage new entrant TNCs directly in Corporate Citizenship processes. These limitations stem from weaknesses in civil society strength, stakeholder politicisation, and participatory political processes in the home countries of these corporations. The normative and institutional infrastructure for responsible corporate activity in the home countries of these TNCs—described as ‘Responsible Competitiveness’ by the CSR consultancy AccountAbility (2007)—is also in an early stage of development. In relation to E&P activity, state-ownership may further limit the ability of trans-local social movements to influence these ‘new entrant’ TNCs.

The landscape of Corporate Citizenship within the global public domain therefore is currently dominated by Western corporations, governments, and civil society groups (in relation to human rights, see Ruggie, 2006). In 2007, the lack of participation by non-Western TNCs and governments in CSR initiatives within the extractive sector was marked (Morrison & Wilde, 2007). Framed within the theories I have put forward, the challenge is one of drawing new entrant corporations *into* Corporate Citizenship processes in the global public domain. The grounded theory of Corporate Citizenship in Fragile States describes this process, highlighting points of entry to which new entrants are currently more susceptible (i.e. business-to-business interaction over civil society engagement), and synergistic dynamics through which the landscape is being altered by translocal civil society actors (i.e. the activities of the Open Society Institute and ERI in building the advocacy capacities of activists in the home countries of new entrant E&P companies).

Democracy and the Global Public Domain: Corporate Citizenship as a Progressive Platform?

As I have described it, this global governance process is certainly a more inclusive platform than traditional state-centric global governance systems. What then, is its progressive potential? To what extent does Corporate Citizenship, as I have theorised it, exhibit participatory processes of political representation, which may suggest a democratisation of the global arena? And how may the grounded theories I have presented contribute to the ‘politicization’ of the corporation, an endeavour within the management academy to revise the appropriate attributes and behaviours ascribed to the corporate entity in global society? (Palazzo & Scherer, 2008).

Corporations as Political Actors

Considering corporations as political actors in the global arena, two aspects become apparent. First, corporations are a site for the conduct of political activity. Private enterprises engaging with Myanmar have been effectively framed by the FBM as a focus and conduit for political activity. Through its transnational reach, the corporation allows for political activity which is global in character, undertaken outside Myanmar, in support of democracy within. Corporations are also a site for more traditional forms of international political activity by state actors, as elucidated in relation to energy security. In the global public domain therefore, the business enterprise in its variety of forms, is used as a conduit and is a site of contest, for the projection of commercial, cultural and political power by both state *and* non-state actors.

This is not in itself a new development. In a variety of forms, the corporation has historically been harnessed to serve as a means through which political and economic aspects of national power are managed domestically and projected overseas. Organisational forms such as SOEs, where a state may be the sole or primary owner, are a powerful exemplar of this. During the British Imperial Era, both India and Zimbabwe, as new ‘Nation States’, for example,

were brought into being by two multinationals. Through the English East India Company and the British South Africa Company, respectively, British Empire builders imposed their domestically framed legal entities and established spheres of influence in parts of the world from which they sought to profit commercially and gain political control. On a much smaller scale, civil society groups have also exercised their political claims through the corporate form at points in history. Protests against the slave trade, for example, brought together religious and other social groups, parliamentarians and socially-conscientious businesspeople in a multi-faceted movement that challenged the prevailing articulation between moral, social, commercial and national interests (Litvin, 2003). Whilst there is some precedence to the forms of global governance I have described therefore, the contemporary scale and breadth of these activities, and the extent to which the corporate form is a target is striking.

Second, in addition to being a site for the attempted projection of state and civil society interests, corporations can also be understood as direct political agents in both the global and local arena. In *Constructive Corporate Engagement* (Chapter 12), I highlight processes through which E&P enterprises in Myanmar were argued by research participants to be able to contribute to greater human security for the Burmese. These processes generally referred to the potential role of the E&P enterprise in altering and improving the culture and practice of governance in Myanmar, through strengthening the governance capacities of the state, and protecting and empowering Burmese society. These activities may include socio-economic programs through which the E&P enterprise provides public goods (such as roads, housing, employment, education and health-care), the development of reporting systems for human rights violations, or the modelling of more participatory forms of governance at the local and state level. In some of these activities, TNC activity appears analogous to that of states, through administering a range of citizenship rights for stakeholders (a form of corporate activity with political import which is a particular focus for Matten & Crane, 2005). When these activities occur at some remove from the direct practice of commercial activity, their political impact becomes particularly apparent, for example, in Premier Oil's provision of human rights training workshops for the SPDC in 2002, reported by Hepker (2004).

Further, attempts by TNCs to alter governance practices related to the practice of commerce, at both a local and global level, can also be analysed as political activity. For example, the Extractive Industries Transparency Initiative (EITI), of which Total is a member, enlists corporations to encourage states to adopt more transparent accounting practices regarding extractive industry activity. Similarly, my identification of the adoption of more 'responsible' forms of corporate activity through participation in joint-venture partnerships and other business-to-business interactions indicates that the corporation itself, in some instances, directly shapes conceptions of appropriate commercial activity held by private sector, state and civil society actors.

In these inherently political activities, TNCs may promote an agenda that reflects a particular conception of the role of business in society, the form that society currently takes, and what socio-political arrangements should be aspired to. The extent to which the views of stakeholders are incorporated into that the design and delivery of that agenda provides an opportunity for the democratisation of those processes, in the absence of state-regulation.

Legitimacy and Political Self-Determination Through the Global Public Domain

The legitimacy of corporate political activity is of particular concern to Scherer et al, as set out in (Matten & Crane, 2005; Matten, Crane, & Chapple, 2003; Moon, Crane, & Matten, 2005; Scherer & Palazzo, 2007; Scherer et al., 2009). Insights from my inquiry suggest that questions around legitimacy in the global public domain should be extended to all social actors. Weaknesses in participatory political processes in a number of the home states of E&P investors raise questions around the legitimacy of engagement in Myanmar by state-owned enterprises from those states. The engagement of Total and Chevron with competing stakeholder demands (including those of home and host governments and home and host civil societies), suggests the potential for more democratic forms of political control of the corporate entity. However, there is as yet no clear or accountable process that adheres to democratic principles, through which the corporation may balance these demands. If the legitimacy of the corporation's activities comes from their integration of stakeholder views, then questions must

also be asked about the legitimacy of stakeholder claims. In the course of this inquiry I was struck by the lack of support I detected within Myanmar for the corporate divestment and broader sanctions campaigns of the Free Burma Movement (Chapter 8). The assumed legitimacy of these claims is based on the reported support for sanctions by Aung San Suu Kyi, the leader of the National League for Democracy (NLD). The NLD overwhelmingly won the 1990 election in Myanmar, the results of which have not been recognised by the SPDC. These findings highlight the need to consider the accountability of the full range of social actors involved in Corporate Citizenship processes, when attempting to theorise the potential of the global public domain as a progressive platform. Such an approach is particularly emphasised by the corporate citizenship theorist Simon Zadek (2001; 2005), and is promoted and developed by AccountAbility,²²¹ the consultancy he established. As he (2004, p. 27) argues:

Corporate responsibility is only a piece of the puzzle. The accountability of civil society organizations and governments, and their relationships through partnerships, are all up for grabs in this period of change. Indeed, it is not helpful to think about corporate responsibility while leaving out the other bits...this is not so much a matter of ethics or balance. It is that the whole spectrum of accountability dynamics have to [be] part of any effective solution in addressing the challenge of taming globalization to the interests of the many; that is, the system itself.

Universalising Freedoms, Democracy and the Market? Social Justice and Corporate Citizenship

Critical research into the articulation and transformation of social agendas in Corporate Citizenship processes, may enable assessment of the extent, and manner in which these processes re-assert or alter the neo-liberal imagination.

²²¹ 'Promoting accountability innovations for sustainable development' AccountAbility. Retrieved September 9, 2009 from www.accountability21.net.

Shamir (2008), describes neo-liberalism as a complex, often incoherent, unstable and even contradictory set of practices. These practices are organised around a certain imagination of the 'market' as the basis for the universalisation of market-based social relations. Scholars of corporate citizenship efforts note with concern a framing of social justice and development in CSR, that narrowly promotes economic development, and the positive contributions TNCs can make to sustainable development (Blowfield, 2004; Franck, Donna, Sanjay, Mary, & Javier, 2004; Newell & Frynas, 2007). Their concern is that this framing prevents a more critical engagement with the increasing dominance of economic thinking with globalisation, and the lack of political control over corporate activity. Considered in this light, the question is whether the social changes prompted by activities undertaken by 'responsible' corporations extend the logic of neo-liberalism, or whether they allow a multiplicity of visions for economic, social, political and spiritual difference.

I have not foregrounded this critical focus in my inquiry; however, I identify a number of discursive dynamics in Constructive Corporate Engagement (Chapter 12), in which the political appears to be subject to, and mediated through, economic logic. These reflections may provide avenues for further research, which may in turn contribute to the development of an explicitly political theory of the firm. The first of these is the prominence given to economic development in a potential democratic transition in Myanmar, by proponents of constructive corporate engagement. Economic development mediated by 'responsible' corporations, was particularly emphasised. In short, critical questions must be asked of Total's claims that through its presence in Myanmar, it provides a "model for business and political leaders looking for ways to address the country's human rights issues", and enhances the well-being of the local people through its "defense of common values".²²² Specifically, what 'model' is being promoted, which 'common values' are being defended, and with what impact?

My second reflection concerns the types, and perceived benefits of different types of 'responsible' corporate engagement. While I have stressed the

222 Total SA. (2007). In light of recent events unfolding in Myanmar, Total would like to restate its position regarding its presence in the country [Electronic Version]. Retrieved September 26, 2007 from http://birmanie.total.com/en/news/p_5_4.htm.

potential contribution of CSR activities to stronger governance processes, such as Premier Oil's support for human rights training workshops for the SPDC, these types of activities are overwhelmingly the exception. The majority of CSR activities by E&P enterprises I report consist of philanthropy and do not reflect participatory, capacity-building principles promoted in contemporary international development practice. Without more of a direct focus on addressing systemic weaknesses in development capacities within the government, or through activities which are directed at both protecting and empowering Burmese civil society, it is difficult to see how philanthropic CSR activities by E&P enterprises can be claimed as a 'constructive' contribution.

Third, critical questions should be asked about the 'ideal types' of state, systems of 'governance', and macro-economic policies dominant in the discourse of corporate citizenship in fragile states. Contests over appropriate corporate engagement in fragile states are also contests over appropriate state activity. The contradictions I highlight between the energy security and human security agendas (Chapters 5 and 6) provide one example of the focus such a critical inquiry may take.

The honing of a sharper social constructivist orientation in such work would draw attention to the affective and effective engagement of the human imagination beyond the predominating neo-liberal paradigm. The neo-liberal paradigm is characterised by its limited conceptualisation of the collective as a significant consideration. Corporate Citizenship is proposed as a means to integrate the concerns of the collective into corporate practice (Chapter 2).

The Challenge of Evaluation: Reflections on Global, Social Justice Research

I have undertaken this inquiry with the aim to *generate* theory, an approach to research for which the grounded theory method was specifically designed (Glaser & Strauss, 1967). As such, I have not attempted in this thesis to *evaluate* the progressive potential of the global public domain as I have described it. Nor have I offered an explicit argument for whether E&P engagement in

Myanmar is morally justifiable, even when espoused as being undertaken on 'constructive' terms. I instead offer these grounded theories of political action centered on and through, and undertaken by, the corporation as an entry point for subsequent theoretical inquiry into the global public domain.

These subsequent efforts may include evaluative exercises, for which I champion the use of the grounded theory method within a social constructivist orientation. That little is known about the *impacts* of CSR activities in developing country contexts, particularly in achieving normative or material social change, has been noted (see Fox, 2004; Frynas, 2008). A key challenge in this exercise is the development of evaluative criteria (Idemudia, 2008). In this study I found broad support in Myanmar for evaluative criteria based on the contribution of corporate engagement to stronger, more transparent and accountable governance systems, as a necessary component of equitable and sustainable development (Chapter 12). This clearly expands the scope of evaluative criteria beyond the economic contributions of private enterprises, and into the political sphere. However, evaluative criteria which reflect the impacts of corporate modeling or support of systems of open engagement and participation in building governance capacities at multiple levels of society (civil society, civil service, military, private sector) may be elusive, given that these processes are essentially normative.

As such I champion the use of a social constructivist perspective, and its adoption within the grounded theory method, in the identification and on-going articulation of such evaluative criteria. In line with Charmaz (2005), I understand social justice as a social *process* in which the attributed meanings of concepts such as 'fairness', 'equality' and 'rights' are contested and negotiated within different social systems and institutions. The constructivist grounded theory methodology is ideally positioned to aid description of, and participation in, processes which seek to promote the experience of greater social justice.

In generating the grounded theory of Corporate Citizenship in Fragile States I present in this thesis, I have worked to the evaluative criteria of credibility, originality, resonance, and usefulness described by Charmaz (2006) (discussed in Chapter 3). I have strived for *credibility* in my transparent and active reflection on the research and theory-generation methods I have employed (Chapter 4), and in my extensive use of direct interview transcripts and field-

notes. I trust that the *originality* of the theories presented is apparent from my description of their location within and contribution to current endeavour in the management, international relations, and sociological academic communities. I have sought to generate theory that is *resonant* with the phenomena through a respectful rendering of the different opinions about corporate engagement in Myanmar I heard expressed by research participants. Preliminary indications, from ongoing interaction with research participants through the development of the theories, suggest that I have had some success in this endeavour. These participants and others engaged in Corporate Citizenship processes and research will be the judge of the extent to which the theories presented are *useful*. I understand these theories as conceptual frameworks, that may allow for the identification of points of social intervention for the broadening (to include more people from across geographic, social and other boundaries) and deepening (reflecting greater commitment to, and realisation of, social justice outcomes) of Corporate Citizenship. They will guide my own on-going engagement in this field.

Constructive Corporate Engagement in Myanmar - Hope in Uncertainty

Corporate engagement by foreign corporations involved in E&P activity in Myanmar provided the setting for this inquiry. Myanmar's rich endowment of natural resources contributes to conflict dynamics within the country, and strongly influences its relations with other countries. Ongoing engagement by countries in the Asian region, on both 'constructive' and 'open' terms, coupled with increasing economic isolation and political condemnation from Western governments and organisations, have together failed to prompt broadly supported political and economic transitions in the country.

Following their limited influence during the popular protests of September 2007 and Cyclone Nargis in May 2008, the US administration and the European Union, appear to be reassessing their approach to engagement with Myanmar. An opportune point to enact any change in the form of this engagement may be presented by elections in Myanmar planned for 2010 (ICG, 2009). Whatever the

outcome of the elections, development in the oil and gas industry is likely to continue with construction of a pipeline to transport natural gas from the Shwe Project to Yunnan (China) expected to begin in the same year. This development will significantly impact the environment and livelihoods of communities along the 800km+ route, and vastly increase gas export revenues.

The contemporary history of energy development in Myanmar (Chapter 6) indicates that concerns these increased gas revenues will greatly enhance the position of the current military authorities, and any subsequent military-dominated civilian government, are valid. It is my conclusion from this analysis, that corporations involved in E&P activity are a key potential actor in fostering stronger (more transparent and accountable) governance practices in Myanmar. It is my personal assessment that Total and Chevron should not withdraw from Myanmar. Whilst there are many limitations to the extent to which the influence of these political actors can be directed and subjected to democratic control, my assessment is that their withdrawal would not lead to the intended aim of applying increased pressure on the SPDC or its successor. The recent history of E&P development strongly indicates they would be readily replaced by regional enterprises, probably with considerable state-ownership.

In my support for the continued presence of Total and Chevron I draw hope from the forms of influence on these companies by state and civil society actors described in Stakeholder Activism and Commercial Diplomacy. I see the presence of these espoused 'corporate citizens' as a way to maintain pressure and focus on the situation in Myanmar. I see the active engagement of the executives of these companies with their responsibilities to stakeholders beyond their fiduciary duty to shareholders, and the potential contributions of their presence in altering governance cultures in Myanmar and within the E&P sector more broadly as of greater benefit than the moral victory that may be achieved by their withdrawal. I also draw hope from the remarkable courage and resilience of the people I have met, both in Myanmar and elsewhere, who wish and work for a resolution to the country's many conflicts, in recognition of our common humanity and dignity. As explained by one participant; "It will get better. It has to. If not for me, then for my children. They [the generals] have to change, we are all people in the end."

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APPENDICES

Appendix 1: Publications and Teaching Record, May 2004 - December 2009,
Nicky Black.

BOOK CHAPTERS

- *Human Security and Sustainable Enterprise.* For Perspectives on Human Security eds M. McIntosh and A. Hunter (Greenleaf, 2010).
- *Doing Business Good – Encouraging Business Action on Human Rights in Aotearoa New Zealand.* For Law into Action. Implementing Economic, Social and Cultural Rights in Aotearoa New Zealand. (New Zealand Human Rights Foundation, 2010).
- *Business action on human rights – Doing no harm, doing good works, and doing good business.* In Corporate Citizenship in Developing Countries eds E. Pederson and M. Huniche (Copenhagen Business School, 2006).

REPORTS/OTHER

- ‘Government Relations’ section, in *Implementing the UN Global Compact Principles in Conflict-Affected Areas: A Guidance Document for Companies and Investors*, under preparation by the United Nations Global Compact and the Principles for Responsible Investment (UNGC/PRI, 2010).
- *How Business Can Encourage Governments to Fulfil their Human Rights Obligations*, with L. Gula. A ‘Good Practice Note’ prepared for the United Nations Global Compact Human Rights Working Group, August 2009 – February 2010 (UNGC, 2010).
- *Updates on the Humanitarian Relief effort in Myanmar (Burma) after Cyclone Nargis.* No.’s 1-8. Posted on the Applied Research Centre for Human Security (ARCHS) website, selected updates posted on Network Myanmar’s website (www.networkmyanmar.org), and e-mailed directly to 500+ international private sector, development, peace-building and conflict-transformation practitioners. (May - August 2008).
- *Burma crisis: International aid creeps in.* ClimateChangeCorp.com. May 16, 2008.
- *Investing in freedom in Burma: Letter from Coventry.* Chumir Ethics Forum, Vol. 8, No.2. Winter 2007/2008.
- *Sustainable Global Enterprise. The Shape of a New Capitalism? and Sustainable Global Enterprise: The Production of a New Approach to Business.* Working papers 1 and 2, The Kevin Roberts Sustainable Enterprise Scholarship Report Series. (February 2006).

JOURNAL ARTICLES

- *JCC World Review*, with J. Bendell and Doyle, I. Journal of Corporate Citizenship. (Sheffield: Greenleaf. Spring 2010).
- *Advancing the Business and Human Rights Agenda: Dialogue, Empowerment and Constructive Engagement*, with S. Mena, de Leede, M., Baumann, D.,

McShane, S., and Lindeman, S. *Journal of Business Ethics*. (2009, <http://www.springerlink.com/openurl.asp?genre=article&id=doi:10.1007/s10551-009-0188-8>).

- *Interview with Stephen Frost. Journal of Corporate Citizenship*. (Sheffield, Greenleaf: Autumn 2008. p.18.)
- *In Search of the Good Corporation. zwf* (Summer 2006).

CONFERENCE PAPERS

- *Fuelling oppression or founding freedoms? Drivers for corporate responsibility in the Asia-Pacific region: Insights from Myanmar (Burma)*. Refereed paper presented at the '2009 Annual Conference of the Asia Pacific Academy of Business in Society (APABIS)', Griffith Business School, Brisbane, Australia, November 5-6, 2009.
- *Constructive corporate engagement in ethically challenging environments – Lessons from Myanmar (Burma)*. Refereed paper presented at 'Business and Human Rights. The Swiss Master Class in CSR 2008', Beau-Rivage Palace, Lausanne, Switzerland. December 12-13, 2008.
- *Business and Peace* with A. Hunter. Presented at 'Sustainable Enterprise: A Conversation About the Future', the Eden Project, Cornwall, England. October 24-26, 2007.
- *Corporate Citizenship and Human Security in Myanmar/Burma: Global Business as an agent for Development as Freedom?* Refereed paper presented at the 'Fifth Critical Management Studies Conference', Manchester, England. July 11-13, 2007.
- *Global business engagement in ethically challenging environments – An inquiry into the transformational potential of constructive corporate engagement in Myanmar/Burma*. Refereed paper presented at the '23rd European Group of Organisation Studies (EGOS) Colloquium', Vienna, Austria, July 5-7, 2007.
- *A Relational Ethic for Beneficial Business Engagement* with Humphries, M.T. and Fitzgibbons, D. Paper presented at 'Business as an Agent of World Benefit (BAWB): Management Knowledge Leading Positive Change Global Forum' (online attendance), October 22-25, 2006.
- *Let Them Drink Water: An overview of Private Sector Involvement in Water and Sanitation*. Refereed paper presented at the '9th Annual Waikato Management School Student Research Conference', New Zealand, 25th October, 2005.
- *The Transformational Potential of Business for Those at the Bottom of the Pyramid*. Refereed paper presented at 'Qualitative Research in Business Symposium', Massey University, New Zealand. October 28, 2005.
- *Innovative Business Action on Human Rights – Doing No Harm, Good Works and Good Business*. Refereed paper presented at the 'Waikato Management

School's International Enterprise and Innovation Research Conference', Hamilton, New Zealand. July 7-8, 2005.

- *From the Battle-field to the Boardroom:- The Changing Roles of Transnational Corporations and Non-Governmental Organizations in Expanding the Boundaries of Responsibility and Accountability for Human Rights.* Refereed paper presented at the 'European Academy of Business in Society (EABIS) 3rd Annual Colloquium', Ghent, Belgium, September 2004.

TEACHING EXPERIENCE

- Lecturer. 'Business and Peace'. MA (Applied Conflict Transformation Studies) programme, Pannasastra University and the Centre for Peace and Conflict Studies, Phnom Penh, March 16th - 21st, 2009.
- Lecturer. 'An Invitation to Grounded Theory'. Faculty training, Coventry University. February 29th, 2008
- Lecturer. 'It won't bite – software to turbo-charge your research. An introduction to NVivo'. Faculty training, Coventry University. February 21st, 2008.
- Lecturer. 'Business Action on Human Rights – The case of Myanmar (Burma).' MA (Human Security) and MA (Sustainable Enterprise) programme, Coventry University. February 6th, 2008.
- Lecturer. 'The Politics of Humanitarian Action', third-year Bachelor students in Disaster Management, Coventry University, UK. October, 2007 – February, 2008.
- Assistant teacher and guest lecturer. Corporate Citizenship core module, MA (Sustainable Development Planning and Management) programme, Sustainability Institute, Stellenbosch University, South Africa. 31st July – 4th August, 2007.

Appendix 2: Data-set Description

KEY:					
Organisation	Interviews (location/date)				
Additional Sources					
<p>Dataset 1: Advocates for oil & gas company divestment and engagement</p> <p>Organisations Associated with the Divestment Campaign Movement</p> <table border="1"> <tr> <td> <p>Burma Campaign UK (BCUK)</p> <p>Website: http://www.burmacampaign.org.uk accessed October 5, 2008.</p> <p>Premier Oil divestment campaign: <i>Burmese pro-democracy leader slams UK oil company and questions UK foreign policy</i> (BCUK, March 30, 1998). <i>New report suggests Premier Oil knew of Burma abuses</i> (BCUK, May 11, 2000). <i>Premier Oil to Face Shareholder Action over Burma Investment</i> (BCUK, May 11, 2001). <i>Premier Oil Accused of Corporate Spin</i> (BCUK, May 16, 2001). <i>Premier Oil fails Investment Funds' Guidelines on Burma</i> (BCUK, December 3, 2001). <i>UK campaigners back US action on Amerada Hess AGM over Premier Oil investment</i> (BCUK, May 1, 2002). <i>Premier Oil shareholders to be given blood money</i> (BCUK, May 8, 2002). <i>Premier Oil shareholders complain about "peripheral questions" at AGM</i> (BCUK, May 10, 2002). <i>Campaigners Celebrate as Premier Oil pulls out of Burma</i> (BCUK, September 16, 2002). <i>Premier Finale: Anatomy of a Campaign.</i> (J. Jackson, BCUK, 2002).</p> <p>Total divestment campaign: <i>Totally Immoral: Day of Action against Total Oil over Burma links</i> (BCUK, November 23, 2007). <i>TOTAL Oil invested in Burma via UK</i>, (BCUK, October 3, 2006). <i>TOTAL Oil faces AGM Burma Protests</i>, (BCUK, May 11, 2006). <i>DHL to pull out of Burma</i> (BCUK, May 9, 2006). <i>TOTALitarian Oil. TOTAL Oil: fuelling the oppression in Burma</i> (BCUK, February 2005). <i>TOTAL Oil & Burma – New Report & Campaign.</i> (BCUK, February 21, 2005). <i>BCUK's response to TOTAL Oil</i> (BCUK, March 1, 2005). <i>TOTAL Oil – pull out of Burma now!</i> (n.d). Retrieved April 25, 2007 from www.burmacampaign.org.uk/total_briefing.html Last modified May 16, 2005). <i>134 MPs Demand Total Oil Withdraw From Burma</i> (BCUK, July 14, 2005).</p> <p>Other: <i>Insuring Repression - Exposing how the insurance industry supports Burma's dictators</i> (BCUK, August 26, 2008). list-serv emails from June 2006- January 2009.</p> </td> <td> <p>Campaigns Director (London, September 2008) Former Campaigns Director (New York, 2008 - 2009)</p> </td> </tr> </table> <table border="1"> <tr> <td> <p>EarthRights International (ERI)</p> <p>Website: http://www.earthrights.org/burma/ accessed November 15, 2008.</p> <p>Yetagun divestment campaign: <i>Fueling Abuse: Unocal, Premier, and TotalFinaElf's Gas Pipelines in Burma.</i> (September 16, 2002).</p> <p>Yadana divestment campaign: <i>Total Denial Continues - Earth Rights Abuses Along the Yadana and Yetagun Pipelines in</i></p> </td> <td> <p>Program Officers (3) (Chiang Mai, Thailand, July 2006; Washington, D.C., U.S.A., by email, 2006 – 2009)</p> </td> </tr> </table>		<p>Burma Campaign UK (BCUK)</p> <p>Website: http://www.burmacampaign.org.uk accessed October 5, 2008.</p> <p>Premier Oil divestment campaign: <i>Burmese pro-democracy leader slams UK oil company and questions UK foreign policy</i> (BCUK, March 30, 1998). <i>New report suggests Premier Oil knew of Burma abuses</i> (BCUK, May 11, 2000). <i>Premier Oil to Face Shareholder Action over Burma Investment</i> (BCUK, May 11, 2001). <i>Premier Oil Accused of Corporate Spin</i> (BCUK, May 16, 2001). <i>Premier Oil fails Investment Funds' Guidelines on Burma</i> (BCUK, December 3, 2001). <i>UK campaigners back US action on Amerada Hess AGM over Premier Oil investment</i> (BCUK, May 1, 2002). <i>Premier Oil shareholders to be given blood money</i> (BCUK, May 8, 2002). <i>Premier Oil shareholders complain about "peripheral questions" at AGM</i> (BCUK, May 10, 2002). <i>Campaigners Celebrate as Premier Oil pulls out of Burma</i> (BCUK, September 16, 2002). <i>Premier Finale: Anatomy of a Campaign.</i> (J. 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<p>Burma. (2003). Press Release: <i>US Court Calls Abuses Committed in Construction of Chevron's Pipeline "Military Terrorism"</i>. (ERI, October 2007). <i>The Human Cost of Energy: Chevron's Continuing Role in Financing Oppression and Profiting from Human Rights Abuses in Military-Ruled Burma (Myanmar)</i> (ERI, April 2008). Shwe divestment campaign: <i>Gas Politics: Shwe Gas Development in Burma</i>. (Smith, M., & Htoo, N. (2005). Watershed, 11(2). <i>Letter to President Lee Myung-bak</i>. Seoul, South Korea. (ERI, March 26, 2008). <i>Complaint to the South Korea National Contact Point under the Specific Instance Procedure of the OECD Guidelines for Multinational Enterprises Regarding Natural Gas Development by Daewoo International and Korea Gas Corporation (KOGAS) in Burma (Myanmar)</i>. (ERI, Shwe Gas Movement, October 28, 2008). <i>Korean Government Rejects OECD Complaints Against Daewoo International and KOGAS</i> (ERI, December 23, 2008). Other: <i>Burma's Resource Curse</i> (ERI, August 2007). <i>Impacts of Thai Energy Investments in Burma</i>. (ERI, July 2008). <i>China in Burma: The Increasing Investment of Chinese Multinational Corporations in Burma's Hydropower, Oil and Natural Gas, and Mining Sectors</i>. (ERI, September 2008). <i>An industry blind to people's tears</i> Smith, M., & Htoo, N. (2007). <i>Bangkok Post</i> September 15, 2007. <i>Energy Security: Security for Whom?</i> <i>Yale Human Rights & Development L.J.</i>, 11, 217-258. Smith, M., & Htoo, N. (2008). <i>United Nations Secretary General Ban Ki-moon Urges Corporate Interests in Burma to Use Their Influence with Military Junta to Push for Democratic Reforms and Improvement in Human Rights</i>. (ERI, December 15, 2008). list-serv emails from June 2006- January 2009.</p>	
Shwe Gas Movement	
<p>Website: http://www.shwe.org/ accessed October 22, 2008. Shwe divestment campaign: <i>Shwe Gas Bulletin</i>. (March 1, 2005 – July 4, 2008: 26 bulletins in total). <i>Show Your Support for the Shwe Gas Movement</i> (2006). <i>Global Call to Action: "No More Guns for Gas"</i> (March 2007). <i>Supply and Command. Natural gas in Western Burma set to entrench military rule. A report from the Shwe Gas Movement</i>. (July 2006). <i>Burma Gas Development & Pipeline Project, letter to Chinese President</i> (August 6, 2007). <i>Activists Outraged at Lenient Sentencing at Daewoo Executives for Arms Export to Burma</i> (November 15, 2007).</p>	
Arakan Oil Watch	
<p>Website: http://arakanoilwatch.org/ accessed November 15, 2008. Shwe divestment campaign: <i>Blocking Freedom - A Case Study of China's Oil and Gas Investment in Burma</i> (Arakan Oil Watch, October 2008).</p>	
Human Rights Watch	
<p>Website: http://www.hrw.org accessed February 15, 2009. Reports: <i>Burma: Targeted Sanctions Needed on Petroleum Industry</i>. Retrieved November 19, 2008 from http://hrw.org/english/docs/2007/11/16/burma_17356_txt.htm. <i>Crackdown: Repression of the 2007 Popular Protests in Burma</i>. (Human Rights Watch, December 2007).</p>	
Trillium Asset Management Corporation	Director (By phone, Oct 2006)

<p>Website: http://www.trilliuminvest.com/pages/activism/activism_engagement.asp accessed November 27, 2007.</p> <p>Webpages: <i>Human rights. Universal Rights: Worldwide Action.</i> <i>Burma as South Africa. An Issue for Investors.</i> <i>The Trillium Asset Management Difference.</i> <i>Social Research & Advocacy. A Record of Accomplishment.</i></p>	
Interfaith Center on Corporate Responsibility	Manager (By phone, Oct 2006)
<p>Website: http://www.iccr.org/ Accessed November 27, 2007.</p> <p>Press releases: <i>Unocal responds to Shareholder Proposal on Labor Rights</i> (March 13, 2003). <i>Submission by ICCRs Human Rights Working Group to the UN High Commissioner for Human Rights</i> (September 24, 2004).</p>	
International Trade Union Confederation (ITUC)	Program Director (By phone, June 2008)
<p>Website: http://www.ituc-csi.org/spip.php?rubrique177 accessed August 24, 2008.</p> <p>Webpages/reports: <i>Doing Business with Burma</i> (ICFTU, January 25, 2005). Retrieved August 18, 2006 from http://www.icftu.org/displaydocument.asp?Index=991221173&Language=EN&Printout=Yes. <i>Rich pickings: how trade and investment keep the Burmese junta alive and kicking.</i> (ITUC, April 2008).</p> <p>Press releases: <i>Burma: Case Against TotalFina Re-launched in Belgium</i> (ITUC, April 27, 2007). Retrieved September 20, 2008 from http://www.ituc-csi.org/spip.php?article1104.</p>	
US Campaign for Burma	Policy Director (Washington, U.S.A., October 2006)
<p>Website: http://uscampaignforburma.org/ accessed February 2, 2009.</p>	
Alternative ASEAN Network on Burma (ALTSEAN)	Program officers (2) (Bangkok, February 2007)
<p>Website: http://www.altsean.org/ accessed February 13, 2009.</p> <p>Reports: <i>Burma Bulletin</i> issues 1-25, January 2007-January 2009. <i>A Peace of Pie? Burma's Humanitarian Aid Debate.</i> (ALTSEAN, 2002). <i>Ready, Aim, Sanction!</i> (ALTSEAN, 2003).</p>	
Open Society Institute (OSI), Burma Project	Project officers (3) (New York, U.S.A., 2007-2009)
<p>Website: http://www.soros.org/initiatives/bpsai accessed February 16, 2009.</p> <p>Other: New York library used extensively for archival materials, October 2006, October 2008.</p>	
Free Burma Coalition	Former and current Campaign Directors and staff (3) (Washington, U.S.A., and U.K. 2006- 2008).
<p>Website: http://www.freeburmacoalition.org/ accessed February 16, 2009.</p>	
Burma Economic Watch	Director (Australia, August 2006)
<p>Website: http://www.econ.mq.edu.au/burma_economic_watch accessed February 16, 2009.</p>	
Other	
<p>Louwagie, I., Weyn, L., & Bienstman, M. (2005). <i>Where do you draw the line? Research into the financial links between five bank groups and companies that abuse human rights</i> Brussels: Netwerk Vlaanderen vzw. <i>Report the facts. The Yadana Gas Pipeline Construction in Tavoy District, Tenasserim Division</i> (n.d., KNU, Mergui Tavoy District).</p>	

<p><i>Deadly Energy. Energy for Thailand, Power for the SLORC.</i> (Green November 32, August-September 1993).</p> <p><i>Burma. Human Lives for Natural Resources Oil & Natural Gas.</i> (Southeast Asian Information Network & the All Burma Students' Democratic Front. May 1994).</p> <p><i>French Total Co's and American Unocal Corp's disastrous gas pipeline project in Burma's Gulf of Martaban</i> (Mon Information Service Bangkok, May 1996).</p> <p>Burma on-line library. Website: http://burmalibrary.org accessed February 13, 2009.</p>	
Pro-engagement, pro-investment organisations	
Network Myanmar	Officers (2) (U.K., 2007- 2008)
<p>Website: http://www.networkmyanmar.org/ accessed 2007-2009.</p> <p>32 list-serv emails from November 2007- January 2009.</p> <p>Participant Observation: Participant at meetings, email correspondence, 2007- 2008.</p>	
Voices for Burma	Directors (2) (U.K., 2007- 2008)
<p>Website: http://www.voicesforburma.org/ accessed August 18, 2006.</p>	
Dataset 2: The Oil and Gas Industry	
Oil & Gas Companies involved in Joint-venture Consortia in Myanmar	
Total E&P Myanmar Ltd. (Operator, Yadana Project)	<p>Managing Director, SEP staff (5), Total E&P Myanmar. (Myanmar, February 2007)</p> <p>Director, External Relations, Exploration & Production, Total S.A. (2007- 2008)</p>
<p>Websites:</p> <p>Main website: http://www.total.com/en/home_page/ accessed October 20, 2008.</p> <p>Myanmar operations website: http://burma.total.com/ accessed October 20, 2008.</p> <p>Reports: Annual reports 1999-2007.</p> <p>Corporate Social Responsibility reports 2002-2006.</p> <p>Environment & Society Report 2007.</p> <p>Promotional video: <i>Total in Myanmar: A Sustainable Commitment.</i> (March 2008).</p> <p>Press releases: <i>End of legal proceedings in Belgium</i> (November 2008).</p> <p><i>The fight against AIDS in Myanmar</i> (July 1, 2008).</p> <p><i>Open Letter to EarthRights International in Response to Its April 29, 2008 Report</i> (May 5, 2008).</p> <p><i>Ruling by the Criminal Division of Belgium's Appeals Court</i> (March 5, 2008).</p> <p><i>Total in Burma – a Long-Term Commitment</i> (January 10, 2006).</p> <p><i>Myanmar: Total and the Sherpa Association reach agreement for the creation of a solidarity Fund for humanitarian actions</i> (November 29, 2005).</p> <p><i>Burma Campaign UK Castigates Total's Presence in Myanmar</i> (February 21, 2005).</p> <p>Other:</p> <p><i>Multinational Enterprises in Situations of Violent Conflict and Widespread Human Rights Abuses</i> Directorate for Financial, Fiscal and Enterprise Affairs, Organisation for Economic Co-operation and Development. (OECD 2002).</p>	
Chevron (formerly Unocal Myanmar Offshore Co.)	Former President, Unocal, (London, U.K., 2007- 2008)

<p>Website: http://www.chevron.com/ accessed October 20, 2008.</p> <p>Reports: Unocal annual reports 1998-2004. Chevron annual reports 2004-2007. Chevron annual corporate social responsibility reports 2002-2007. Chevron NEXT technology magazine 2007, 2008.</p> <p>Other: Spar, D. L., & Mure, L. T. L. (2003). The Power of Activism: Assessing the Impact of NGOs on Global Business. <i>California Management Review</i>, 45(3), 78-101. <i>Hearing Focused on the Burma Freedom and Democracy Act S.1511 The Testimony of John F. Imle, JR., President, UNOCAL Corporation</i>, (1997). Retrieved August 28, 2007 from http://burmalibrary.org/reg.burma/archives/199701/msg00275.html.</p>	
PTTEP International Ltd.	Senior Vice-President, Business Development and International Division, (Bangkok, Thailand, 2007). External Relations Manager, (By phone, May 2008)
<p>Website: http://www.ptt-ep.com/ accessed October 20, 2008.</p> <p>Reports: Annual reports 2002-2008. Safety, Security, Health, and Environment reports 2002-2007. Social Sustainability Report 2006.</p>	
Myanmar Oil and Gas Enterprise (MOGE) Ltd.	Employee (Myanmar, 2006)
Website: http://www.energy.gov.mm/MOGE_1.htm accessed October 20, 2008.	
Premier Oil (former Operating Company)	Former employee (Myanmar, 2006 - 2007) Former CEO, (London, U.K., 2008) Group Health, Safety, Environment and Security Manager, (London, U.K. 2008)
<p>Website: http://www.premier-oil.com accessed October 20, 2008.</p> <p>Reports: Annual reports 2000 – 2003. Social Performance Reports 2001, 2003, 2005, 2007. 'The Difference' – internal company newsletter, Issue 12-15 (2002).</p> <p>Other: Jones, R. (2006). Making a Responsible Corporate Contribution to Modern Diplomacy in Myanmar. In T. Wilson (Ed.), <i>Myanmar's Long Road to National Reconciliation</i>. Singapore: Institute of SouthEast Asian Studies. Warhurst, A. (2000). <i>Report on Visit to Myanmar 8-15 September 2000: Report to Premier Oil plc & Premier Petroleum Myanmar Ltd</i>. Coventry, UK: Mining and Energy Research Network.</p>	
Petronas Carigali Myanmar (Operator, Yetagun Project)	Manager, (Myanmar, 2007 - 2008) Employee, (Myanmar, July 2006)
<p>Website: http://www.petronas.com.my accessed October 20, 2008.</p> <p>Reports: Annual reports 2002-2008. Petronas Group Sustainability Report 2007.</p>	
Nippon Oil Exploration Ltd. (Myanmar)	
<p>Website: http://www.noex.co.jp/ accessed October 20, 2008.</p> <p>Reports: Annual reports 2000-2008. Nippon Oil Corporation CSR Reports 2005-2008.</p>	
Daewoo International (Operator, Shwe Project)	Manager, (Myanmar, 2007)
<p>Website: http://www.daewoo.com/ accessed October 20, 2008.</p> <p>Reports: Annual reports for Daewoo International Group 2003-2007.</p>	
ONGC Videsh Ltd [Oil and Natural Gas Company]	

Website: http://www.ongcvidesh.com/ accessed October 20, 2008. Reports: ONGC Annual reports 2002-2003, 2005-2008. OVL Annual reports 2003-2008	
Gas Authority of India Ltd. (GAIL)	
Website: http://www.gailonline.com/ accessed October 20, 2008.	
Korea Gas Corp. (KOGAS)	
Website: http://www.kogas.or.kr/ accessed October 20, 2008. Reports: Annual report 2007. Sustainability reports 2006-2007.	
Oil & Gas Companies not in Consortia	
Twinsa Oil/Danford Equities Ltd.	CEO (Myanmar, July 2006; London, U.K., May 2007) Managing Director (Myanmar, July 2006, January 2007)
Local service companies in the Oil and Gas sector.	
Owners of Oil & Gas Sector Service Companies	3
Other	
Business-Humanitarian Forum	Conference Board's European Council on Corporate Responsibility and Sustainability, in collaboration with The Business Humanitarian Forum
Website: Business Humanitarian Forum http://www.bhforum.ch/ accessed December 13, 2008. Participant observation: Forum, February 7-8, 2008, Geneva, Switzerland. Reports: <i>Forum Report: Company Responsibilities in Countries with Human Rights Challenges February 7-8, 2008, Geneva</i> (The Conference Board 2008). <i>Forum Report: Company Responsibilities in Countries with Human Rights Challenges, October 23-24, 2008, Geneva.</i> (The Conference Board 2008).	
Oil & Gas companies not in Myanmar	
Shell International	Shell Global Solutions – Game Changer (London, U.K., December 2007)
BP Plc, UK.	Sustainability Manager. (London U.K. June 2007) Director, Corporate Responsibility. (London, U.K., June 2007)
Investor companies	
Mainstream Investment Fund Company	(2) Director Corporate Governance, Director Corporate Responsibility. (By phone, U.K.. March 2008)
Dataset 3: Myanmar civil society	
All interviews took place in Myanmar during field-visits, July 2006 and January – February 2007.	
Private sector organisations and individuals	
Myanmar nationals currently and formerly employed by foreign companies	3
Owners of Small to Medium Enterprises	3
Journalists	6
Local development or humanitarian organisations	12

Appendices

BLOOD MONEY. A Grounded Theory of Corporate Citizenship. Myanmar (Burma) as a Case in Point (Black, 2009; University of Waikato)

People in Research & Education	5
Others	50-60

Dataset 4: International development and humanitarian organisations with operations in Myanmar	
International Development & Humanitarian Action Organisations working in association with foreign companies	
Collaborative for Development Action (CDA)	Executive Director, Corporate Engagement Program (Boston, U.S.A., September 2006, Phnom Penh, Cambodia, March 2009).
Website: http://www.cdainc.com/cep/ accessed February 14, 2009. Reports: Corporate Engagement Project Yadana Pipeline Field-visit reports 1-5 (November 2002, July 2003, February 2004, June 2005, February 2008).	
Save the Children	Program Directors (2) (Myanmar, 2006 - 2007) Chief Executive (London, 2007).
Website: www.savethechildren.org accessed February 14, 2009. Reports: <i>Save the Children Yetagun Socio-Economic Development report</i> . (October 2006). Clarke, B. (2007). <i>Partnering with Save the Children</i> . Compact Quarterly, 2007. <i>Beyond the Rhetoric: Measuring revenue transparency - Company performance in the oil and gas industries</i> (Save The Children, March 2005). <i>Beyond the Rhetoric: Measuring revenue transparency - Home Government Requirements for Disclosure in the Oil and Gas Industries</i> . (Save The Children, March 2005). <i>Save the Children UK Country Brief 2004/05: Myanmar (Burma)</i> . (Save The Children, 05) accessed May 19, 2008 from http://www.savethechildren.org.uk/cb/Myan.pdf	
Other	(2) (Myanmar, July 2006 and February 2007)
International Development & Humanitarian Action Organisations not working in association with companies	
International Labour Organisation (ILO)	Liaison Officer (Myanmar, 2006 – 2007)
<i>Special sitting to examine developments concerning the question of the observance by the Government of Myanmar of the Forced Labour Convention, 1930</i> (ILO, June 2007).	
Economic and Social Commission for Asia & Pacific, United Nations (ESCAP).	Former Senior Officer. (Myanmar, 2006 - 2007)
United Nations Development Program (UNDP)	Senior Officer. (Myanmar, 2007 – 2009)
Other	(3) (Myanmar, 2006 - 2007)

Dataset 5: Crisis points and the corporate response	
The 'Saffron Revolution' – The popular protests of September 2007	
Divestment campaigning organisations	
<p>Press Releases: <i>ERI Calls on Oil and Gas Industry to Help Stop Violence in Burma.</i> (September 18, 2007). Judd, T. 'Firms that invest in Burma 'have paid for bullets'.' <i>Independent</i> (September 26, 2007). <i>Burma: Foreign Investment Finances Regime. Companies Should Condemn Crackdown.</i> (Human Rights Watch, October 2, 2007).</p>	
Company responses	
<p>Press Releases: <i>Update to Chevron Statement on Myanmar</i>(Chevron Corp. October 18, 2007). <i>Chevron Statement on Myanmar</i> (Chevron Corp. October 2, 2007). <i>In Light of Recent Events Unfolding in Myanmar, Total Would Like to Restate Its Position Regarding Its Presence in the Country.</i> (September 26, 2007).</p>	
Cyclone Nargis, May 2008	
Divestment campaigning organisations	
<p>Press releases: <i>ERI Calls On Oil Companies to Use Their Influence With the Burmese Junta to Improve Desperate Conditions.</i> (, May 27, 2008).</p>	
Company responses	
<p>Press Releases and Media Reports: <i>Chevron Contributes \$2 Million to Myanmar Cyclone Relief</i> (Chevron Corp. May 8, 2008). <i>Total E&P Myanmar Extends Its Assistance to Local Residents in the Region around Ama in the Southeastern Irrawaddy Delta.</i>(Total, August 25, 2008). <i>As International Aid Arrives, Total E&P Myanmar Delivers Tangible Results</i> (Total, June 11, 2008). <i>Total Continues to Provide Assistance to Nargis Victims through Its Socioeconomic Team and in Cooperation with Local and International NGOs</i> (Total, May 26, 2008). <i>Total E&P Myanmar is Further Boosting Its Aid to Victims of Cyclone Nargis, a Week after Its Passage</i> (Total May 14, 2008). <i>Total Aids Cyclone Nargis Victims</i> (Total May 7, 2008). <i>Cyclone Nargis in Myanmar</i> (Total May 6, 2008). <i>PTTEP Prepares to Send Relief Packages to Help Cyclone Victims in Myanmar.</i> (OilVoice, May 7, 2008).</p>	
Company and Business Association Initiatives for Cyclone Nargis Humanitarian Action	
US ASEAN Business Council	<p>Website: http://www.us-asean.org/ accessed September 26, 2008. Participant Observation: Facilitated conference call between US-ASEAN Business Council members and Save the Children regarding relief assistance to Cyclone Nargis, May 2008.</p>
Partnership for Disaster Response, US Business Roundtable	<p>Website: http://www.respondtodisaster.com/mambo/Myanmar (Burma) Cyclone: Company Contributions. accessed May 26, 2008.</p>
Business Civic Leadership Center, U.S. Chamber of	<p>Website: http://www.uschamber.com/bclc/default accessed May 26, 2008.</p>

Commerce	
International Organisations	
United Nations Office Coordination of Humanitarian Affairs (OCHA), Financial Tracking Service	Website: http://www.reliefweb.int/rw/fts.nsf/doc105?OpenForm&rc=3&emid=TC-2008-000057-MMR accessed February 26, 2009.
Dataset 6: Divestment campaign - company correspondence	
Divestment Campaign Groups	
International Trade Union Confederation (ITUC)	Websites: ITUC 'Burma database' at http://www.global-unions.org/spip.php?page=burma accessed July 13, 2008, formerly at http://www.global-unions.org/burma/ accessed August 3, 2006. Including 129 items of correspondence between the ITUC and 70 companies. Report: <i>Doing Business with Burma</i> (ICFTU, January 25, 2005) Retrieved August 18, 2006, from http://www.icftu.org/displaydocument.asp?Index=991221173&Language=EN&Printout=Yes .
Burma Campaign UK (BCUK)	Website: 'Clean' and 'Dirty' Lists, Retrieved on June 3, 2008 from http://www.burmacampaign.org.uk/dirty_list/clean_list.html and June 5, 2008 from http://www.burmacampaign.org.uk/dirty_list/dirty_list.php .
Business & Human Rights Resource Centre	Website: On-line compilation of company responses & non-responses to the Burma Campaign report on insurance firms. Retrieved on September 23, 2008 from http://www.business-humanrights.org/Documents/Burmainsurance .
Dataset 7: Corporate Citizenship advocates and actors	
Academia-based	
School of Oriental and African Studies, Boston College, Harvard University, George Washington University, Georgetown University, Coventry University and City University of Hong Kong	Professors (7) of Southeast Asian or Business/Organisation Studies with relevant expertise on Myanmar (Burma) and/or Corporate Citizenship. (Multiple locations, 2006- 2009)
Consultancy& Research-based Corporate Responsibility Advocates	
CSR-Asia	Director. (Hong Kong, 2007) Website: http://www.csr-asia.com accessed February 16, 2009.
Control-Risks	Director for Analysis, Asia. (U.K., 2007)

Tellus Institute	Vice President. Boston, (U.S.A., 2006) Website: http://www.tellus.org accessed February 16, 2009.
Conflict & Humanitarian Action Research and Practitioner Organisations	
International Alert	Senior Policy Advisor, Business & Human Rights Program. (London, U.K. 2008 - 2009) Website: http://www.international-alert.org/ accessed February 16, 2009.
International Federation of the Red Cross and Red Crescent Societies	Former Head of Private Sector Relations (Geneva, 2008) Website: http://www.ifrc.org accessed February 16, 2009.
International Crisis Group	Asia Pacific Research Associate. (Multiple, 2007- 2009) Website: http://www.crisisgroup.org accessed February 16, 2009.
Transnational Institute	Asia Pacific Research Associate. (Multiple, 2007 - 2008) Website: http://www.tni.org/ accessed February 16, 2009.
CR Practitioners	
Mass Transit Railways Corporation (MTR)	Sustainability Director. (Hong Kong, 2007 - 2009) Website: http://www.mtr.com.hk/ accessed February 16, 2009.
Unilever	Sustainability & Governance Director, Asia Pacific, Africa. (London, 2007). Website: www.unilever.com/ accessed February 16, 2009.
Theoretical saturation and consolidation	
Participant group	Event/ Form of communication
Representatives from Trade Unions, the Oil & Gas Industry, Business & the Human Rights Sector/CSR field	The Swiss Master Class in CSR 2008, Lausanne, Switzerland. December 12, 2008.
Divestment & Engagement campaign activists	Email & phone correspondence, face-to-face meetings. Late November and early December 2008.
Myanmar Oil and Gas industry representatives	Email & phone correspondence, face-to-face meetings. Late November and early December 2008.
Myanmar Civil Society	Stakeholder Forum, Cambodia. March 2009.
CR, Business & Human Rights advocates/ consultants/academics	Stakeholder Forum, Cambodia. Meetings, Hong Kong. March 2009.

Appendix 3: Correspondence Timeline for the ITUC *Burma Database* between March 8, 2006 and May 24, 2008

Date	Company letters	No. multiple company replies	ITUC standard letters	ITUC replies
1/5/01	19	2 (x 2 letters)	1	6
1/6/01	5		0	0
1/9/01	2		1	0
1/10/01	1		0	2
1/11/01	2		0	1
1/12/01	0		0	1
1/1/02	1		0	0
1/4/02	2		0	0
1/9/02	0		1	0
1/12/02	0		0	0
1/3/03	0		1	0
1/8/03	0		0	0
1/9/03	3		1	0
1/12/03	1		0	0
1/2/04	1		0	0
1/4/04	0		1	0
1/7/04	1		0	0
1/8/04	0		0	0
1/10/04	2		0	0
1/11/04	2		0	0
1/10/05	1		1	0
1/12/05	0		0	1
1/3/06	0		0	0
1/12/06	0		0	0
1/1/07	0		0	1
1/10/07	27	4 (x 2 letters)	1	5
1/11/07	7		0	7
1/12/07	1		0	19
1/1/08	0		0	0
1/5/08	0		0	0
1/6/08	0		0	0
Total:	78	6	8	43

Notes:

1. **Data sources:**

Information in this table has been compiled from correspondence posted in the ITUC 'Burma Database'. Retrieved June 12, 2008 from <http://www.ituc-csi.org/spip.php?rubrique177>.

2. **Company letters:**

This number is a tally of all items of correspondence, including multiple letters from the same company.

Appendix 4: Size of ITUC and BCUK Burma Databases, and Rate of Company Turnover in BCUK *Dirty List*, December 2001- May 2008

Date	No. companies (ITUC)	No. companies (BCUK)	No. added (BCUK)	No. removed (BCUK)	Turnover % (BCUK)
1/5/01					
1/6/01					
1/9/01					
1/10/01					
1/11/01					
1/12/01	250				
1/1/02					
1/4/02					
1/9/02	300				
1/12/02		68			
1/3/03					
1/8/03		78	11	1	15.4
1/9/03					
1/12/03					
1/2/04					
1/4/04	370				
1/7/04					
1/8/04		95	37	21	61.1
1/10/04					
1/11/04					
1/10/05	436				
1/12/05		101	26	20	45.5
1/3/06	467				
1/12/06		129	34	6	31
1/1/07					
1/10/07					
1/11/07					
1/12/07					
1/1/08					
1/5/08	426				
1/6/08		154	50	29	51.3
Total:			158	48	

Notes:

3. **Data sources:**

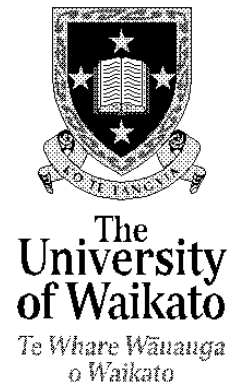
Information in column two has been compiled from correspondence posted in the ITUC 'Burma Database'. Retrieved June 12, 2008 from <http://www.ituc-csi.org/spip.php?rubrique177>.

Information in columns 3-6 has been compiled from multiple BCUK press releases announcing updated 'Dirty Lists'. Retrieved June 11, 2008 from <http://www.burmacampaign.org.uk/pm/archive.php>.

Appendix 5: Research Information and Consent Form Submitted for Ethical Approval

Department of Strategy and Human
Resource Management
Waikato Management School
The University of Waikato
Private Bag 3105
Hamilton, New Zealand

Telephone 64-21-747 167
www.mngt.waikato.ac.nz/mcom
Email nickyblack@paradise.net.nz



Corporate Involvement in Community Development in Myanmar Information Sheet for participants

Overview

These interviews are part of my research for a Doctorate in the Philosophy (PhD) of Strategy and Human Resource Management at Waikato Management School, University of Waikato, Hamilton, New Zealand.

Who's responsible?

My name is Nicky Black and I am undertaking the research. You can contact me by phone at Tel: +44 (0) 7939 564 065 or by email at nickyblack@paradise.net.nz. My supervisor's name is Associate Professor Maria Humphries. Should you have any further questions about the research you can contact her on +64 272928809, at mariah@waikato.ac.nz, or at the address above.

What's the research study about?

The research study is about the involvement of companies in community development in the oil and gas industry of Myanmar. It aims to document the range of community engagement projects and activities undertaken by these companies, and how these projects are understood by corporate executives, community groups, and other stakeholders.

What will you have to do and how long will it take?

I would like to ask you some questions about the subject of the study and to discuss your views. The conversation will be for approximately 30 minutes.

What will happen to the information collected?

The information from our discussion will be used to write a descriptive analysis of the potential role of companies in community development in Myanmar. Only I will have access to the notes from the interview, and I will use codes for your name and any details from which you may be readily identified. Afterwards, I will keep the notes in a locked cupboard in my office. The information and analysis will be used to write my PhD thesis, a number of papers for academic conferences, and a number of academic journal articles. You will not be named in these pieces of work unless you explicitly give your consent, and every effort will be made to disguise your identity.

Declaration to participants

If you take part in the study, you have the right to:

- Refuse to answer any particular question, and to withdraw from the study at any time.
- Ask any further questions about the study that may occur to you during your participation.
- Be given access to a summary of the findings from the study when it is concluded. A summary will be available by March 2008, and can be obtained by contacting me at the above address.

Waikato Management School

Te Raupapa



THE UNIVERSITY OF
WAIKATO
Te Whare Wānanga o Waikato

Corporate Involvement in Community Development in Myanmar

Consent Form for Participants

I have read the **Information Sheet for Participants** for this study and have had the details of the study explained to me. My questions about the study have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I also understand that I am free to withdraw from the study at any time, or to decline to answer any particular questions in the study. I agree to provide information to the researchers under the conditions of confidentiality set out on the **Information Sheet**.

I agree to participate in this study under the conditions set out in the **Information Sheet** form.

Signed: _____

Name: _____

Date: _____

Researcher's Name and contact information:

Nicky Black

Waikato Management School

The University of Waikato

Private Bag 3105

New Zealand

Tel: +64 21 747 167

nickyblack@paradise.net.nz

Supervisor's Name and contact information:

Associate Professor Maria Humphries

Address as above

+64 272928809

mariah@waikato.ac.nz

Appendix 6: Provisional Interview Guide Prepared for Ethical Approval, 2007

Provisional Conversation Prompts For An Inquiry into Corporate Involvement in Community Development in Myanmar.

The following are provisional conversation prompts for two groups of intended participants in this study; corporate executives in gas companies and individuals working in community development organisations in Myanmar. They are provisional as each set of guidelines will be adapted to the specific organisation and individual, along with the information available from secondary sources or prior interviews. They are called conversation prompts rather than interview scripts or guides as I will be using a semi-structured interview method, pursuing particular questions in greater depth as appropriate. I hope for a conversational style of interviewing rather than a set question-response pattern. Lastly, there are other intended participants of the study who consider themselves direct or representative stakeholders in the operations of these companies. These include individuals involved in consultation, advocacy, dialogue or other engagement with the corporations of interest. The conversational prompts for discussions with these potential participants are similar to those below.

Conversation guide for Corporate Executives in Gas Companies:

Can you please describe your company's operations in Myanmar?
In what ways do your operations contribute to development in Myanmar?
Does your company engage in community development projects?
Does your company engage in community development projects in Myanmar?
What is the history of these projects?
Who is involved?
How long have the projects been in existence?
What type of activities do you undertake? How did you choose to do?
Do you work with other organisations in these projects? Why/why not?
How many staff are involved in the project (s)?
How did you choose which organisation to partner with?
What do you think has been the impact of the project(s) on the community? Have there been any challenges? Examples of challenges? What have been your successes?
Have they learnt anything from the partnership/community development project that informs your general operations?
How do you report on your community development activities? To whom?
How do they engage with the community to tell them about their efforts?
What do you consider your responsibilities to be as a corporation operating in Myanmar?

Conversation guide for individuals working in Community Development Organisations in Myanmar:

What does your organisation do?
Do you know of any examples of local or foreign community development organisations working with companies in this industry?
What do you think the impact of these projects or activities is? Do they contribute to community development in Myanmar?
What is the Burmese understanding or tradition of business in society?
Do you have any interaction with companies in the oil and gas industry?
How did that come about? Why did you enter into that relationship?
What impact has the project had on the community in your opinion? How do the people who have been affected by these projects feel or think about them?
What impact has the relationship had on your organisation?
Is this type of activity in your opinion the only way in which companies can be involved in community development in Myanmar or in Myanmar as a whole? What other ways might a company be involved in development in Myanmar?
What is your view of the role of foreign gas companies in social and economic development in Myanmar overall? Is it positive or negative?

Appendix 7: Regional analysis of companies listed in the Burma Campaign UK *Dirty List* of June 3, 2008, and the ITUC *Burma database* of March 8, 2006 and May 24, 2008

Region	No. companies (BCUK 2008)	Proportion of database (%) (BCUK 2008)	No. companies (ITUC 2006)	Proportion of database (%) (ITUC 2006)	No. companies (ITUC 2008)	Proportion of database (%) (ITUC 2008)	Reply rate (ITUC 2006) (%)	Reply rate (ITUC 2008) (%)
Oceania/Southern Africa	10	6.85	13	2.78	8	1.88	15.38	37.50
Eastern Asia	33	22.60	118	25.27	116	27.23	6.78	6.90
Europe	15	10.27	103	22.06	87	20.42	18.45	21.84
Great Britain	26	17.81	31	6.64	32	7.51	16.13	46.88
Northern America	20	13.70	69	14.78	55	12.91	8.70	14.55
Southern Asia	6	4.11	25	5.35	29	6.81	4.00	3.45
South-Eastern Asia	33	22.60	101	21.63	90	21.13	4.95	7.78
Western Asia/ Eastern Europe	3	2.05	7	1.50	9	2.11	0.00	22.22
Total:	146	100	467	100	426	100		

Notes:

1. **Data sources:**

Information in columns two and three has been compiled from correspondence posted in the ITUC 'Burma Database'. Retrieved June 12, 2008 from <http://www.ituc-csi.org/spip.php?rubrique177>.

Information in columns four to seven has been compiled from multiple BCUK press releases announcing updated 'Dirty Lists'. Retrieved June 11, 2008 from <http://www.burmacampaign.org.uk/pm/archive.php>.

2. **Regional groupings:**

The regional groupings used are based on those identified by the United Nations Statistics Division (April 15, 2009). Retrieved May 1, 2009 from <http://unstats.un.org/unsd/methods/m49/m49regin.htm#developed>. In this classification Taiwan is included in the Eastern Asia region.

Appendix 8: Country Analysis of Companies Listed in the Burma Campaign UK *Dirty List* of June 3, 2008, and the ITUC *Burma database* of March 8, 2006 and May 24, 2008

Country	No. companies (BCUK 2008)	% of total (BCUK 2008)	No. companies (ITUC 2006)	% of total (TUC 2006)	No. companies (ITUC 2008)	% of total (ITUC 2008)	No. companies in common (ITUC 06-08)	No. companies removed (ITUC 06-08)	No. companies added (ITUC 06-08)
Australia	8	5.48	13	2.78	7	1.64	6	7	1
Austria	0	0.00	2	0.43	2	0.47	1	0	1
Bangladesh	0	0.00	4	0.86	4	0.94	4	0	0
Belgium	1	0.68	5	1.07	6	1.41	4	1	2
Bermuda	1	0.68	2	0.43	2	0.47	2	0	0
Bhutan	0	0.00	1	0.21	1	0.23	1	0	0
Burma	1	0.68	0	0.00	0	0.00	0	0	0
Canada	5	3.42	17	3.64	14	3.29	12	5	2
China	13	8.90	34	7.28	37	8.69	33	2	5
Denmark	1	0.68	10	2.14	8	1.88	6	4	1
Finland	0	0.00	1	0.21	0	0.00	0	1	0
France	3	2.05	17	3.64	13	3.05	8	9	4
Germany	5	3.42	32	6.85	23	5.40	20	11	3
Great Britain	26	17.81	31	6.64	32	7.51	26	6	4
Hong Kong, SAR, China	1	0.68	14	3.00	10	2.35	9	5	1
India	6	4.11	19	4.07	23	5.40	18	1	5
Indonesia	0	0.00	3	0.64	1	0.23	1	2	0
Israel	0	0.00	3	0.64	3	0.70	2	1	0
Italy	0	0.00	4	0.86	4	0.94	0	4	4
Japan	16	10.96	44	9.42	42	9.86	38	5	4
Korea, South	2	1.37	17	3.64	19	4.46	15	2	4
Malaysia	4	2.74	27	5.78	25	5.87	22	5	3
Netherlands	1	0.68	19	4.07	17	3.99	16	3	0

New Zealand	2	1.37	0	0.00	0	0.00	0	0	0
Norway	0	0.00	2	0.43	3	0.70	1	2	1
Qatar	0	0.00	1	0.21	1	0.23	1	0	0
Russian Federation	3	2.05	1	0.21	3	0.70	1	0	2
San Marino	0	0.00	0	0.00	1	0.23	0	0	1
Serbia/Yugoslavia	0	0.00	1	0.21	1	0.23	1	0	0
Singapore	12	8.22	36	7.71	31	7.28	30	6	1
South Africa	0	0.00	0	0.00	1	0.23	0	1	0
Sri Lanka	0	0.00	1	0.21	1	0.23	1	0	0
Sweden	0	0.00	3	0.64	3	0.70	3	0	0
Switzerland	4	2.74	7	1.50	6	1.41	6	1	0
Taiwan	1	0.68	9	1.93	8	1.88	8	1	0
Thailand	15	10.27	35	7.49	33	7.75	33	2	1
Turkey	0	0.00	1	0.21	1	0.23	0	1	0
Ukraine	0	0.00	1	0.21	1	0.23	1	0	0
USA	14	9.59	50	10.71	39	9.15	35	15	2
Vietnam	1	0.68	0	0.00	0	0.00	0	0	0
Total:	146	100.00	467	100.00	426	100.00	365	103	52

Notes:

1. Data sources:

Information in columns two and three has been compiled from correspondence posted in BCUK 'Dirty List', Retrieved on June 3, 2008 from http://www.burmacampaign.org.uk/dirty_list/clean_list.html.

Information in columns four to 10 has been compiled from correspondence posted in the ITUC 'Burma Database'. Retrieved on July 13, 2008 from <http://www.global-unions.org/spip.php?page=burma> and August 3, 2006 from <http://www.global-unions.org/burma/>.

Appendix 9: Industry Analysis of the ITUC 'Burma Database' on May 24, 2008, and the BCUK 'Dirty List' June 3, 2008

Industry	No. companies (BCUK 08)	% of database (BCUK 08)	No. companies (ITUC 08)	% of database (ITUC 08)	No. companies in common	% companies in common
Agriculture	0	0	5	1.3	0	0
Airline industry	2	1.4	22	5.3	1	50
Banking	2	1.4	18	4.2	2	100
Construction & civil engineering	6	4.1	17	4	4	67
Energy	15	10.3	6	1.4	3	20
Financial (other)	7	4.8	10	2.3	7	100
Hotel	4	2.7	7	1.6	2	50
Import export	1	0.7	43	10	0	0
Mining	4	2.7	3	0.7	1	25
Manufacturing	6	4.1	46	10.8	5	83
Oil and gas	36	24.7	38	8.9	20	56
Other	5	3.4	24	5.6	3	
Pharmaceutical	0	0	9	2.1	0	0
Logistics	8	5.5	19	4.5	6	75
Telecommunications & IT	3	2.1	38	8.9	1	33
Textile Manufacturing & Retail	0	0	24	5.6	0	0
Travel	41	28	69	16.2	24	59
Wood Import & Manufacturing	6	4.1	28	6.6	2	33
Total:	146	100	426	100	82	56

Notes:

1. Data sources:

Information in columns two and three has been compiled from correspondence posted in BCUK 'Dirty List', Retrieved on June 3, 2008 from http://www.burmacampaign.org.uk/dirty_list/clean_list.html.

Information in columns four, five, eight and nine has been compiled from correspondence posted in the ITUC 'Burma Database'. Retrieved on July 13, 2008 from <http://www.global-unions.org/spip.php?page=burma> and August 3, 2006 from <http://www.global-unions.org/burma/>.

Appendix 10: Health and Social Development Indicators for Countries in the Asian Region

Country	HDI Rank	GDP per capita (PPP US\$)	Life expectancy at birth, annual estimate (years)	Adult literacy rate (% aged 15 and older)	Combined gross enrolment ratio for primary, secondary and tertiary education (%)	HIV prevalence (% aged 15-49)	Under-five mortality rate (per 1,000 live births)	
		2005	2005	1995-2005	2005	2005	1970	2005
Singapore	25	29,663	79.4	92.5	87.3	0.3 [0.2-0.7]	27	3
Thailand	78	8,677	69.6	92.6	71.2	1.4 [0.7-2.1]	102	21
China	81	6,757	72.5	90.9	69.1	0.1 [<0.2]	120	27
India	128	3,452	63.7	61	63.8	0.9 [0.5-1.5]	202	74
Lao People's Democratic Republic	130	2,039	63.2	68.7	61.5	0.1 [0.1-0.4]	218	79
Myanmar	132	1,027	60.8	89.9	49.5	1.3 [0.7-2.0]	179	105
Bangladesh	140	2,053	63.1	47.5	56	<0.1 [<0.2]	239	73

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Notes:

1. Data source:

This table was constructed using the United Nations Development Program's Human Development Index interactive table programme on October 5, 2008 at <http://hdrstats.undp.org/buildtables/>.

Source information provided as:

column 3: World Bank. 2007b. World Development Indicators 2007. CD-ROM. Washington, D.C., unless otherwise specified; aggregates calculated for HDRO by the World Bank.

column 4:

UN (United Nations). 2007e. World Population Prospects 1950-2050: The 2006 Revision. Database. Department of Economic and Social Affairs, Population Division. New York. Accessed July 2007, unless otherwise specified.

column 5: UNESCO (United Nations Educational, Scientific and Cultural Organization) Institute for Statistics. 2007a. Correspondence on adult and youth literacy rates. May. Montreal, unless otherwise specified.

column 6: UNESCO (United Nations Educational, Scientific and Cultural Organization) Institute for Statistics. 2007c. Correspondence on gross and net enrolment ratios, children reaching grade 5 and tertiary education. April. Montreal, unless otherwise specified.

column 7: UNAIDS (Joint United Nations Programme on HIV/AIDS). 2006. Correspondence on HIV prevalence. May 2006. Geneva.

columns 8: UNICEF (United Nations Children's Fund). 2006. State of the World's Children 2007. New York.

2. HDI Rank:

The Human Development Index (HDI) Rank combines normalized measures of life expectancy, literacy, educational attainment, and GDP per capita for countries worldwide. It is claimed as a standard means of measuring human development, and is compiled annually by the United Nations Development Programme. The HDI rank is determined using HDI values to the sixth decimal point.

3. Data accuracy:

Adult Literacy rate: Data refer to national literacy estimates from censuses or surveys conducted between 1995 and 2005, unless otherwise specified. Due to differences in methodology and timeliness of underlying data, comparisons across countries and over time should be made with caution. For more details, see <http://www.uis.unesco.org/>.

HIV Prevalence: Data are point and range estimates based on new estimation models developed by UNAIDS. Range estimates are presented in square brackets.

Educational enrollment: Data provided for China, Thailand, India and Myanmar are national or UNESCO Institute for Statistics estimates, data for Singapore and Bangladesh are from national sources.

4. GDP:

For China this is a World Bank estimate based on a bilateral comparison between China and the United States (Ruoan, Ren, and Chen Kai. 1995. 'China's GDP in U.S. Dollars Based on Purchasing Power Parity.' Policy Research Working Paper 1415. World Bank, Washington, D.C). For India the data is a World Bank estimate based on regression. For Myanmar the data refers to a date other than that specified, and is drawn from Heston, Alan, Robert Summers, and Bettina Aten. 2001. Correspondence on data from the Penn World Table Version 6.0. University of Pennsylvania, Center for International Comparisons of Production, Income and Prices. [<http://pwt.econ.upenn.edu/>]. March. Philadelphia. Data differ from the standard definition.

Appendix 11: Public Expenditure on Health, Education, and the Military for Countries in the Asian Region

Country	HDI Rank	GDP per capita (PPP US\$)	Public expenditure on health (% of GDP)	Public expenditure on education (% of GDP)		Combined public expenditure on health and education (% of GDP)	Military expenditure (% of GDP)	
		2005	2004	1991	2002-05	2002-05	1990	2005
Singapore	25	29,663	1.3	3.1	3.7	4.9	4.9	4.7
Thailand	78	8,677	2.3	3.1	4.2	6.5	2.6	1.1
China	81	6,757	1.8	2.2	1.9	3.7	2.7	2
India	128	3,452	0.9	3.7	3.8	4.7	3.2	2.1
Lao People's Democratic Republic	130	2,039	0.8	..	2.3	3.1	..	..
Myanmar	132	1,027	0.3	..	1.3	1.6	..	1.6
Bangladesh	140	2,053	0.9	1.5	2.5	3.4	1	1

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Notes:

1. Data sources:

This table was constructed using the United Nations Development Program's Human Development Index interactive table programme on October 5, 2008 at <http://hdrstats.undp.org/buildtables/>.

column 1-2: World Bank. 2007b. World Development Indicators 2007. CD-ROM. Washington, D.C., unless otherwise specified; aggregates calculated for HDRO by the World Bank.

column 3: World Bank. 2007b. World Development Indicators 2007. CD-ROM. Washington, D.C.

columns 4-5: UNESCO (United Nations Educational, Scientific and Cultural Organization) Institute for Statistics. 2007b. Correspondence on education expenditure data. April. Montreal.

column 6: SIPRI (Stockholm International Peace Research Institute). 2007b. Correspondence on military expenditure. March. Stockholm.

Column 7: SIPRI (Stockholm International Peace Research Institute). 2007c. SIPRI Yearbook: Armaments, Disarmaments and International Security. Oxford, U.K.: Oxford University Press. Figure for Myanmar's Military expenditure Data for 2005-06 is drawn from Myanmar-Staff Report for the 2007 Article IV Consultations: International Monetary Fund (IMF, 2007; p. 28).

2. GDP:

For China this is a World Bank estimate based on a bilateral comparison between China and the United States (Ruoan, Ren, and Chen Kai. 1995. 'China's GDP in U.S. Dollars Based on Purchasing Power Parity.' Policy Research Working Paper 1415. World Bank, Washington, D.C.). For Lao People's Democratic Republic the data is a World Bank estimate based on regression. For Myanmar, data refer to a year other than that specified. Heston, Alan, Robert Summers, and Bettina Aten. 2001. Correspondence on data from the Penn World Table Version 6.0. University of Pennsylvania, Center for International Comparisons of Production, Income and Prices. [<http://pwt.econ.upenn.edu/>]. March. Philadelphia. Data differ from the standard definition.

3. Population.

Data refer to medium-variant projections. Population estimates for China include Taiwan Province of China.

4. Public expenditure on education:

For the period 2002-2005, data refer to the most recent year available during the period specified. For China and Myanmar, data presented for this period refer to an earlier year than that specified (i.e. in the period 1999 to 2001).

5. Military expenditure:

Comparisons across countries should be made with caution, due to limitations in the data. For detailed notes on the data see SIPRI (Stockholm International Peace Research Institute). 2007c. SIPRI Yearbook: Armaments, Disarmaments and International Security. Oxford, U.K.: Oxford University Press. Data presented for India for 2005 is from an earlier year (1999 onwards).

Appendix 12: Electrification Rate and Telecommunications Use for Countries in the Asian Region, 1990 and 2005

Country	HDI Rank	GDP per capita (PPP US\$)	Telephone mainlines (per 1,000 people)		Internet users (per 1,000 people)		Electrification rate (%)
		2005	1990	2005	1990	2005	
Singapore	25	29,663	346	425	0	571	100
Thailand	78	8,677	24	110	0	110	99
China	81	6,757	6	269	0	85	99
India	128	3,452	6	45	0	55	56
Lao People's Democratic Republic	130	2,039	2	13	0	4	..
Myanmar	132	1,027	2	9	0	2	11
Bangladesh	140	2,053	2	8	0	3	32

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Notes:**1. Data sources:**

This table was constructed using the United Nations Development Program's Human Development Index interactive table programme on October 5, 2008 at <http://hdrstats.undp.org/buildtables/>.

Source information provided as:

columns 1-5: World Bank. 2007b. World Development Indicators 2007. CD-ROM. Washington, D.C., unless otherwise specified; aggregates calculated for HDRO by the World Bank.

column 6: IEA (International Energy Agency). 2002. World Energy Outlook 2002. Paris and IEA (International Energy Agency). 2006. World Energy Outlook 2006. Paris.

2. HDI Rank:

The Human Development Index (HDI) Rank combines normalized measures of life expectancy, literacy, educational attainment, and GDP per capita for countries worldwide. It is claimed as a standard means of measuring human development, and is compiled annually by the United Nations Development Programme. The HDI rank is determined using HDI values to the sixth decimal point.

3. GDP:

For China this is a World Bank estimate based on a bilateral comparison between China and the United States (Ruoan, Ren, and Chen Kai. 1995. 'China's GDP in U.S. Dollars Based on Purchasing Power Parity.' Policy Research Working Paper 1415. World Bank, Washington, D.C). For India the data is a World Bank estimate based on regression. For Myanmar the data refers to a date other than that specified, and is drawn from Heston, Alan, Robert Summers, and Bettina Aten. 2001. Correspondence on data from the Penn World Table Version 6.0. University of Pennsylvania, Center for International Comparisons of Production, Income and Prices. [<http://pwt.econ.upenn.edu/>]. March. Philadelphia. Data differ from the standard definition.

4. Electrification rate:

Data refer to the most recent year available during the period specified.

5. Other:

Internet usage for Singapore refers to 2004.

Appendix 13: Primary Energy Supply Per Capita for Countries in the Asian Region, 1990 and 2005

Country	HDI Rank	GDP per capita (PPP US\$)	Total primary energy supply (MTOE)		Population, total (millions)				Primary energy supply per capita (TOE)		Factor increase in primary energy supply per capita 1990-2005
			1990	2005	1975	1990	2005	2015	1990	2005	
		2005									
Singapore	25	29,663	13.4	30.1	2.3	3.05	4.3	4.8	4.39	7.00	1.59
Thailand	78	8,677	43.9	100	42.2	56.3	63	66.8	0.78	1.59	2.04
China	81	6,757	863.2	1,717.20	927.8	1,133.7	1,313.0	1,388.6	0.76	1.31	1.72
India	128	3,452	319.9	537.3	613.8	849.5	1,134.4	1,302.5	0.38	0.47	1.24
Lao People's Democratic Republic	130	2,039	..	..	2.9	4.1	5.7	6.7	..	..	..
Myanmar	132	1,027	10.7	14.7	29.8	41.8	48	52	0.26	0.31	1.19
Bangladesh	140	2,053	12.8	24.2	79	109.8	153.3	180.1	0.12	0.16	1.33

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Notes:

1. Data sources:

column 1-2: World Bank. 2007b. World Development Indicators 2007. CD-ROM. Washington, D.C., unless otherwise specified; aggregates calculated for HDRO by the World Bank.

column 3: UN (United Nations). 2007e. World Population Prospects 1950-2050: The 2006 Revision. Database. Department of Economic and Social Affairs, Population Division. New York. Accessed July 2007.

columns 4-5: Data sourced from IEA (International Energy Agency). 2007. Energy Balances for OECD and non-OECD countries 2007. Information in columns 6-10 was calculated based on data on primary energy supply from IEA (International Energy Agency). 2007. Energy Balances for OECD and non-OECD countries 2007.

columns 6: Figures drawn from Sanderson, W. C., & Tan, J.-P. (1995, p.26). Population in Asia. Washington, D.C.: World Bank. Data for Singapore drawn from Population Trends 2008. Singapore Department of Statistics. (2008, p.1). Singapore: Department of Statistics, Ministry of Trade and Industry, Republic of Singapore.

columns 7-8: UN (United Nations). 2007e. World Population Prospects 1950-2050: The 2006 Revision. Database. Department of Economic and Social Affairs, Population Division. New York. Accessed July 2007.

2. HDI Rank:

The Human Development Index (HDI) Rank combines normalized measures of life expectancy, literacy, educational attainment, and GDP per capita for countries worldwide. It is claimed as a standard means of measuring human development, and is compiled annually by the United Nations Development Programme. The HDI rank is determined using HDI values to the sixth decimal point.

3. GDP:

For China this is a World Bank estimate based on a bilateral comparison between China and the United States (Ruoan, Ren, and Chen Kai. 1995. China's GDP in U.S. Dollars Based on Purchasing Power Parity. Policy Research Working Paper 1415. World Bank, Washington, D.C). For India the data is a World Bank estimate based on regression. For Myanmar the data refers to a date other than that specified, and is drawn from Heston, Alan, Robert Summers, and Bettina Aten. 2001. Correspondence on data from the Penn World Table Version 6.0. University of Pennsylvania, Center for International Comparisons of Production, Income and Prices. [<http://pwt.econ.upenn.edu/>]. March. Philadelphia. Data differ from the standard definition.

4. TPES:

Total primary energy supply (TPES) is made up of 'indigenous production + imports - exports - international marine bunkers _ stock changes'. TPES is a measure of commercial energy consumption. In some instances, the sum of the shares by energy source may not sum up to 100% because pumped storage generation has not been deducted from hydroelectricity generation.

5. Unit of energy.

MTOE refers to Million tonnes oil equivalent. A tonne is the metric equivalent of a ton.

TOE refers to tonnes oil equivalent.

Appendix 14: Table of Natural Gas Production and Export and Energy Consumption in Myanmar, 1988 - 2008

Year	Natural gas consumption (MTOE)	Total energy consumption (MTOE)	Natural gas production (MTOE)	Natural gas export (MTOE)
1988	0.885	9.897	-	-
1995	-	11.815	-	0.000
1998	-	-	1.620	0.756
1999	1.301	12.897	1.530	3.741
2000	1.205	11.824	3.060	7.086
2001	1.033	11.904	6.480	6.753
2002	1.264	12.257	7.560	7.146
2003	1.428	12.878	8.640	7.125
2004	1.508	13.113	9.180	7.611
2005	1.305	12.705	11.700	8.399
2006	1.511	14.238	12.060	9.821
2007	1.721	14.889	12.663	10.068

Notes:

1. **Data sources.**

Data in column two, with the exception of 1999, is drawn from *Developments in Myanmar Energy Sector*. (2008, Slide 4). Ho Chi Minh City, Vietnam: Energy Planning Department, Ministry of Energy, Union of Myanmar. Figure for 1999 provided by the International Energy Agency (IEA), in *Energy Resources: Country Profile – Myanmar* (World Resources Institute, 2009). Retrieved on May 11, 2009 from <http://earthtrends.wri.org/text/energy-resources/country-profile-128.html>.

Data in column three, with the exception of 1995 and 1999, is drawn from *Developments in Myanmar Energy Sector*. (2008, Slide 4). Ho Chi Minh City, Vietnam: Energy Planning Department, Ministry of Energy, Union of Myanmar. Figure for 1995 provided by World Bank. (2004, p.3). *Environment at a glance: Myanmar 2004*. Washington, D.C.: World Bank Environment Department. Figure for 1999 provided by the International Energy Agency (IEA), in *Energy Resources: Country Profile – Myanmar* (World Resources Institute, 2009). Retrieved on May 11, 2009 from <http://earthtrends.wri.org/text/energy-resources/country-profile-128.html>.

Data in column four is drawn from BP. (2008, p.24). *BP Statistical Review of World Energy June 2008*. London: BP.

Data in column five is drawn from *Developments in Myanmar Energy Sector*. (2008, Slide 4). Ho Chi Minh City, Vietnam: Energy Planning Department, Ministry of Energy, Union of Myanmar. Note that there are significant discrepancies between the production and export values listed in columns four and five, with the Myanmar Government reporting higher export volumes of natural gas than the production volumes provided in the *BP Statistical Review of World Energy June 2008*.

2. **Unit of energy.**

MTOE refers to Million tonnes oil equivalent. A tonne is the metric equivalent of a ton.

3. **Approximate conversion factors.**

Values in this table were converted using the following factors, provided in the *BP Statistical Review of World Energy June 2008* (BP, 2008; p44):

Billion cubic metres (BCM) natural gas to MTOE: 0.90
 Billion cubic feet (BSCF) natural gas to MTOE: 0.026
 Kilotonne of oil equivalent to MTOE: 0.001

4. **Year approximation.**

Source figures for energy consumption and natural gas export refer to fiscal years (e.g. April 1, 2006- March 31, 2007), and source figures for natural gas production refer to calendar years (e.g. 2007). For the purposes of this table, figures for consumption and export are considered approximate values which refer to the calendar year (i.e. the energy consumption and export values listed under the fiscal year 2007-2008 are considered to refer to 2007).

Appendix 15: FDI and Export Revenue from Oil and Gas, National Expenditure on Social Services and the Military in Myanmar, and Key Social Indicators, 1988 - 2008

Year	Foreign direct investment in oil and gas sector (US\$M)	Oil and gas export earnings (US\$M)	Public expenditure on health (%GDP)	Public expenditure on education (%GDP)	Combined public expenditure on health and education (%GDP)	Military expenditure (% GDP)	Life expectancy (years)	Infant mortality rate (per 1,000 live births)
1996-97	695.6					3.5		
1997-98	172.1					2.7	60.1	-
1998-99	-		0.2	0.5	0.7	2.3	60.6	80
1999-2000	5.3		-	-	-	2	56	79
2000-01	47.6	114.2	0.4	0.5	0.9	2.3	56	78
2001-02	3.2	523	0.4	1.3	1.7	1.8	57	-
2002-03	44.0	846	0.4	-	-	1.3	57.2	77
2003-04	54.3	541	0.5	-	-	-	60.2	76
2004-05	142.6	929	0.3	1.3	1.6	-	60.5	76
2005-06	35	1547	-	-	0.8	1.6	60.8	75
2006-07	134.0	2030	-	-	-	-	-	-
2007-08	474.3	2594	-	-	-	-	-	-
2008-09	114.0	1868	-	-	-	-	-	-

Notes:

1. Year approximation.

Source figures for FDI and export earnings refer to fiscal years (e.g. April 2006- March 07), and source figures for GDP expenditure refer to calendar years (e.g. 2007). For the purposes of this table, figures for % GDP are considered approximate values that refer to the financial year (i.e. values referring to 2007 are considered to refer to the fiscal year April 1, 2007- March 31, 2008).

2. Data sources.

Column two. Data for 1996-2003 is drawn from *Country Fact Sheet: Myanmar*. United Nations Conference on Trade and Development UNCTAD. (2008, p.8). Retrieved May 11, 2009 from <http://www.unctad.org/Templates/Page.asp?intItemID=3198&lang=1>.

Data for 2003-2004 drawn from "Myanmar's foreign investment up 4.8% in FY 2003-2004", Kyodo, September 6, 2004, reported in ICFTU (2005, p.10), *Doing business with Burma*.

Data for 2004-06 drawn from *Economy – key issues* (ALTSEAN-BURMA). Retrieved May 25, 2009 from <http://www.altsean.org/Key%20Issues/KeyIssuesEconomy.htm>.

Data for 2006-2008 is drawn from Associated Press. (2008). Foreign Investment in Burma Oil and Gas Sectors More Than Tripled [Electronic Version], *June 30 2008*. Retrieved September 20, 2008 from <http://asianenergy.blogspot.com/2008/06/foreign-investment-in-burma-oil-and-gas.html>.

Data for 2008-09 drawn from Xinhua. (2009). *Myanmar foreign investment rises sharply in 2008*.

Column three. Data for 2000-01 is drawn from Kudo, T., & Mieno, F. (2007, p.). *Trade, foreign investment and Myanmar's economic development during the transition to an open economy*. Chiba, Japan: Institute of Developing Economies.

Data for 2001-2002 is drawn from Myanmar Achieves First-ever Foreign Trade Surplus [Electronic Version]. *China Daily*, April 28, 2003. Retrieved May 26, 2009 from http://english.peopledaily.com.cn/200304/28/eng20030428_115932.shtml.

Data for 2003-2006 is drawn from Burma Economic Watch (2008). *Natural Gas Exports and the Missing Money*. June 20, 2008. Retrieved on May 11, 2009 from <http://burmaeconomicwatch.blogspot.com/2008/06/natural-gas-exports-and-missing-money.html>.

Data for 2006-2008 is drawn from Associated Press. (2008). Foreign Investment in Burma Oil and Gas Sectors More Than Tripled [Electronic Version], *June 30 2008*. Retrieved September 20, 2008 from <http://asianenergy.blogspot.com/2008/06/foreign-investment-in-burma-oil-and-gas.html>.

Data for 2008-2009 calculated from reported volume for first 9 months of the fiscal year, reported in Boot, W. (2009). Global crisis hits junta's pockets as gas prices fall [Electronic Version]. *The Irrawaddy*, January 8, 2009. Retrieved January 16, 2009 from http://www.irrawaddy.org/article.php?art_id=14891.

Column four. Data for 1998-99 is drawn from UNDP. (2000, p.216.) *Human Development Report 2000*. New York: United Nations Development Programme. Figure is for 1996-1998.

Data for 2000-01 is drawn from UNDP. (2003, p.297). *Human Development Report 2003. Millennium Development Goals: A compact among nations to end human poverty*. New York: United Nations Development Programme.

Data for 2000-02 is drawn from UNDP. (2004, p.204). *Human Development Report 2004. Cultural liberty in today's diverse world*. New York: United Nations Development Programme. Data for 2002-03 is drawn from UNDP. (2005, p.256). *Human Development Report 2005. International cooperation at a crossroads: Aid, trade and security in an unequal world*. New York: United Nations Development Programme.

Data for 2003-04 is drawn from UNDP. (2006, p.303). *Human Development Report 2006. Beyond scarcity: Power, poverty and the global water crisis*. New York: United Nations Development Programme.

Data for 2004-05 is drawn from UNDP. (2008, p.296). *Human Development Report 2007/08. Fighting climate change: Human solidarity in a divided world*. New York: United Nations Development Programme.

Column five. Data for 1998-99 and 2000-01 is drawn from UNDP. (2003, p.297). *Human Development Report 2003. Millennium Development Goals: A compact among nations to end human poverty*. New York: United Nations Development Programme.

Data for 20001-02 is drawn from UNDP. (2004, p.204). *Human Development Report 2004. Cultural liberty in today's diverse world*. New York: United Nations Development Programme. Data for 2004-05 is drawn from UNDP. (2008, p.296). *Human Development Report 2007/08. Fighting climate change: Human solidarity in a divided world*. New York: United Nations Development Programme.

Column six. Data in this column is the sum of columns four and five, when both values are provided for the year. Data for 2005-06 is drawn from *Myanmar-Staff Report for the 2007 Article IV Consultations: International Monetary Fund*, (IMF, 2007; p. 28).

Column seven. Data for column seven for 1996-2003 is provided by the Stockholm International Peace Research Institute (SIPRI), 2009. Retrieved on May 11, 2009 from <http://milexdata.sipri.org/result.php4>. Definition of military expenditure provided at http://www.sipri.org/contents/milap/milex/mex_definition.html accessed May 11, 2009. Data for 2005-06 is drawn from *Myanmar-Staff Report for the 2007 Article IV Consultations: International Monetary Fund*, (IMF, 2007; p. 28).

Column eight. Data for 1997-98 is drawn from UNDP. (1999, p.136). *Human Development Report 1999*. New York: United Nations Development Programme.

Data for 1998-99 is drawn from UNDP. (2000, p.163). *Human Development Report 2000*. New York: United Nations Development Programme.

Data for 199-2000 is drawn from UNDP. (2001, p.143). *Human Development Report 2001. Making new technologies work for human development*. New York: United Nations Development Programme.

Data for 2000-01 is drawn from UNDP. (2002, p.151). *Human Development Report 2002. Deepening democracy in a fragmented world*. New York: United Nations Development Programme.

Data for 2001-02 is drawn from UNDP. (2003, p.208). *Human Development Report 2003. Millennium Development Goals: A compact among nations to end human poverty*. New York: United Nations Development Programme.

Data for 2002-03 is drawn from UNDP. (2004, p.141). *Human Development Report 2004. Cultural liberty in today's diverse world*. New York: United Nations Development Programme. Data for 2003-04 is drawn from UNDP. (2005, p.221). *Human Development Report 2005. International cooperation at a crossroads: Aid, trade and security in an unequal world*. New York: United Nations Development Programme.

Data for 2004-05 is drawn from UNDP. (2006, p.285). *Human Development Report 2006. Beyond scarcity: Power, poverty and the global water crisis*. New York: United Nations Development Programme.

Data for 2005-06 is drawn from UNDP. (2008, p.231). *Human Development Report 2007/08. Fighting climate change: Human solidarity in a divided world*. New York: United Nations Development Programme.

Column nine. Data for 1998-99 is drawn from UNDP. (2000, p.188). *Human Development Report 2000*. New York: United Nations Development Programme.

Data for 1999-2000 is drawn from UNDP. (2001, p.168). *Human Development Report 2001. Making new technologies work for human development*. New York: United Nations Development Programme.

Data for 2000-01 is drawn from UNDP. (2002, p.176). *Human Development Report 2002. Deepening democracy in a fragmented world*. New York: United Nations Development Programme.

Data for 2002-03 is drawn from UNDP. (2004, p.170). *Human Development Report 2004. Cultural liberty in today's diverse world*. New York: United Nations Development Programme. Data for 2003-04 is drawn from UNDP. (2005, p.252). *Human Development Report 2005. International cooperation at a crossroads: Aid, trade and security in an unequal world*. New York: United Nations Development Programme.

Data for 2004-05 is drawn from UNDP. (2006, p.317). *Human Development Report 2006. Beyond scarcity: Power, poverty and the global water crisis*. New York: United Nations Development Programme.

Data for 2005-06 is drawn from UNDP. (2008, p.263). *Human Development Report 2007/08. Fighting climate change: Human solidarity in a divided world*. New York: United Nations Development Programme.

Appendix 16: Table of Myanmar E&P Concessions Agreed 2000-2008

Year	No. offshore	Concession (block/s)	No. onshore	Concession (block/s)	Total No.	No. blocks released (block/s)
2000	1	PSC (A-1)	1	PSC (MOGE-2)	2	
2001	0		2	PSC (IOR-3, RSF-2, RSF-3) IOR (IOR-4)	2	
2002	1	PSC (M-15, M-16, M-17)	0	-	1	
2003	1	PSC (M-7, M-9)	0	-	1	
2004	5	PSC (M-3) PSC (M-4) PSC (A-4) PSC (A-3) PSC (M-10)	2	PSC (D) PSC (M)	7	
2005	2	PSC (M-2) PSC (A-2) PSC (M-11)	1	PSC (C-1, C-2) PSC (L)	3	
2006	3	PSC (M-8) PSC (YEB) PSC (A-7)	0	-	3	18 (AD-1 to 10, MD-1 to 8)
2007	7	PSC (A-6) PSC (AD-1, AD-6, AD-8) PSC (A-5) PSC (AD-7) PSC (M-1) PSC (M-2) PSC (AD-2, AD-3, AD-9)	1	PSC (B-2)	8	
2008	1	PSC (M-2)	1	PSC (Hukaung, U-ru)	2	8 (AD-11 to 18)

Notes:

1. **Sources.**

Information in this table is drawn from Appendix 17: Myanmar's Oil and Gas Industry: Offshore and Onshore Blocks, April 2009. All original sources are provided in this appendix.

2. **Concession abbreviations.**

Exploration and Production (E&P) concessions agreed between the Government of Myanmar and investors in an E&P project can take the form of i.) Exploration Production (EP) and Production Sharing Contracts (PSC), ii.) Improved Petroleum Recovery (IOR) and Performance Compensation Contracts (PCC) and iii.) contracts for the Reactivation of Suspended Fields (RSF).

3. **2005.**

Two of the PSCs agreed this year referred to both onshore and offshore blocks; these are counted as 0.5 of a concession for each area.

Appendix 17: Myanmar's Oil and Gas Industry: Offshore and Onshore Blocks, April 2009¹

OFFSHORE BLOCKS				
BLOCK(S)	COMPANIES [PARENT CO. IN BRACKETS]	CONTRACT	STATUS	NOTES
A-1 (Shwe field) and A-3	Daewoo International (Operator, 51 % participating interest)	Production-sharing contracts (PSC) for blocks A-1 and A-3, each originally signed by Daewoo International and subsequently joined by other venture partners. PSC for A-1 signed August 2000, A-3 signed October 2004.	In advanced exploration. Anticipated to enter production by 2013. A-1 and A-3 hold confirmed reserves of up to 9.1 trillion cubic feet (tcf) of natural gas, of which 4.53-7.74 tcf is recoverable.	Production est. at 600 million cubic feet of gas per day (mmcf/d), for up to 25 years. ² Gas Sales Agreement (GSA) signed between CNPC and Government Myanmar June 20, 2008, exporting 400mmcf/d to China for 30 years, at prices negotiated quarterly ³ . Construction agreement for transmission pipeline to China at a cost of US\$1 billion agreed March 2009 between CNPC and MOGE. ⁴
	Korea Gas Corp. (KOGAS) (8.5 %)			
	Gas Authority of India Ltd. (GAIL) (8.5 %)			
	ONGC Videsh Ltd. [Oil and Natural Gas Co. (ONGC)] (17 %)			
	Myanma Oil and Gas Enterprise (MOGE) (15 %)			

¹ Information in this table was largely drawn from Human Rights Watch. (2007). *Burma: Targeted Sanctions Needed on Petroleum Industry*: Human Rights Watch, Retrieved May 15, 2008 from http://hrw.org/campaigns/burma/drilling/Burma_table1_onshore.pdf, http://hrw.org/campaigns/burma/drilling/Burma_table2_offshore.pdf and http://hrw.org/campaigns/burma/drilling/Burma_table4_other.pdf. Where the information has been altered, or new information added, references are provided in footnotes.

² Burma Finds Gas Near Bangladesh Waters [Electronic (2007). Version]. *Narinajara News*, August 25, 2007. Retrieved August 30, 2007 from <http://www.narinajara.com/details.asp?id=1408>.

³ Kang, S. (2009, March 10, 2009). China may start receiving Myanmar gas through pipeline in 2013. *Bloomberg*.

⁴ Ramachandranh, S. (2009). China secures Myanmar energy route (Publication. Retrieved April 3, 2009, from Asia Times online: http://www.atimes.com/atimes/South_Asia/KD03Df03.html

A-2	Essar Oil [EGL] (Operator, 100 %)	PSC signed May 2005.	Exploratory drilling in January 2009. ⁵	
A-4	CNOOC Myanmar Ltd. [CNOOC] (Operator) ⁶	PSC signed December 2004.	Appraisal wells drilled in 2007.	CNOOC Ltd. acts as the Operator on behalf of CNOOC Myanmar Ltd., its subsidiary, for this and other fields. Attempted asset swap between PTTEP and CNOOC between A-4 and M-3, M4 and C1 signed February 2008 lapsed after a year as the Myanmar Government failed to approve it. ⁷
	China Huanqiu Contracting and Engineering Corp. [CNPC]			
	Golden Aaron Pte. Ltd./China Focus Development Ltd.			
A-5	IGE	PSC signed February 2007.	Extent of activity unknown.	
	Rimbunan Retrogas Ltd.			
A-6	MPRL E&P Pte. Ltd. (Operator, 100%)	PSC signed January 2007.	Extent of activity unknown.	Field had been previously explored.
A-7	Silver Wave Sputnik Petroleum Pte. Ltd. [Silver Wave Energy/Sputnik Petroleum Ltd.] (Operator, 70%)	PSC signed December 2006.		In July 2007 GAIL announced it intended to withdraw from A-7 due to disappointing prospects. It is unclear if the decision has taken effect.
	GAIL (30 %)			

⁵ Gas and oil pipelines to start in '09. (2009). *Myanmar Times*, 23(453).

⁶ Thu, K. (2008). Oil firms reach agreement on asset swap [Electronic Version]. *Myanmar Times*, 21/406 Retrieved May 3, 2008 from <http://www.mmmtimes.com/no406/b002.htm>.

⁷ Energy Current (2009). PTTEP well misses the mark off Burma <http://www.energycurrent.com/index.php?id=2&storyid=15322> accessed January 1, 2009.

M-1	Rimbunan Retrogas Ltd.	PSC signed March 2007.	Seismic surveys undertaken January 2009. ⁸	
	UNOG Pte. Ltd.			
M-2	Petrovietnam Exploration Production Corporation Ltd (Operator 45%)	PSC signed October 2, 2008. Previous PSC held by CNOOC Myanmar Ltd., CNPC and Golden Aaron, signed January 2005. ⁹	Extent of activity unknown.	M-2 was the only E&P concession reported for 2008. FDI in the O&G sector for the year was US\$114 million; US\$94 million by Russian companies, US\$20 million by from Vietnam. ¹⁰
	Joint Venture Vietsovpetro (40%)			
	Eden Group Co Ltd (15%)			
M-3 and M-4	PTTEP International Ltd. [PTT] (Operator 100 %)	PSCs for both M-3 and M-4 signed August 2004 by PTT.	Under exploration, well Janaka-2 in M-3 found non-commercially viable deposits in 2008. ¹¹	Attempted asset swap with CNOOC signed February 2008 lapsed in February 2009, as the Myanmar authorities had not approved it. ¹²

⁸ Gas and oil pipelines to start in '09. (2009). *Myanmar Times*.

⁹ NLM. (2008). Two Vietnamese companies to explore offshore oil in Myanmar [Electronic Version]. *New Light of Myanmar*, October 3, 2008. Retrieved October 7, 2008 from <http://myanmar.com/newspaper/nlm/> and VNA. (2008). Vietnam to exploit oil and gas in Myanmar [Electronic Version]. *Vietnam News Agency*. Retrieved October 7, 2008 from <http://www.vnagency.com.vn/Home/EN/tabid/119/itemid/270684/Default.aspx>.

¹⁰ Xinhua. (2009). Myanmar foreign investment rises sharply in 2008.

¹¹ Reuters. (2009). Thai PTTEP cancels swap of Myanmar stakes with CNOOC.

¹² Reuters. (2009). Thai PTTEP cancels swap of Myanmar stakes with CNOOC.

M-5 and M-6 (Yadana Field)	Total E&P Myanmar [Total] (Operator, 31.2375 %)	PSC signed 1992 by Total. Joined by Unocal in 1993 and PTTEP in 1995. In 1997 MOGE exercised option to purchase 15% stake.	Production output approx 650mmcf. Remaining gas reserves of over 5 tcf.	92.65% of production (630/680mmfc d) exported to Thailand, via pipeline. Construction of the pipeline and associated infrastructure in the 1990s triggered an international human rights controversy.
	Unocal Myanmar [Chevron] (28.2625 %)			
	PTTEP International Ltd. [PTT] (25.5 %)			
	MOGE (15 %)			
M-7 and M-9 (Zwatika Field)	PTTEP International Ltd. [PTT] (Operator, 85%)	PSC signed November 2003. The M-9 block was partially explored by a US firm, Arco Oil Co, in the 1990s. ¹³	Under exploration, with a significant gas find at M-9 in 2007 at 7 test wells; Gawthaka-1, Sawtika- 1,2,3,4,5, and Kakonna-2. M-9 has an estimated reserve of 1.76 tcf. Production anticipated by 2013.	MoU signed in July 2008, with PTT and CNOOC to build a gas transmission pipeline to Thailand. ¹⁴ Terms include anticipated production rate estimated at 300 mmfcd, 80% to be exported to Thailand. ¹⁵ PTTEP announced plans to sell a 5% share to Oman Oil Co., in 2008, subject to approval by the Myanmar government. ¹⁶
	MOGE (15 %)			

¹³ A study of abundance: major onshore and offshore oil and gas fields in Myanmar (2007). [Electronic Version]. *Myanmar Times*, 19/380. Retrieved September 20, 2007 from <http://www.mmtimes.com/feature/energy/04.htm>.

¹⁴ Boot, W. (2008). Junta Signs Gas Deal with Thailand [Electronic Version]. *The Irrawaddy*, Wednesday, June 25, 2008. Retrieved September 20, 2008 from http://www.irrawaddy.org/highlight.php?art_id=12963&page=2.

¹⁵ Boot, W. (2008). Junta Signs Gas Deal with Thailand [Electronic Version]. *The Irrawaddy*, June 25, 2008. Retrieved September 20, 2008 from http://www.irrawaddy.org/highlight.php?art_id=12963&page=2.

¹⁶ Thu, K. (2008). Construction of third gas pipeline set to begin [Electronic Version]. *Myanmar Times*, 22/433. Retrieved September 22, 2008 from <http://www.mmtimes.com/no433/b002.htm>.

M-8	JSC Zarubezhneft Itera [Zarubezhneft/Itera Oil and Gas]	PSC signed September 2006.		Area was previously explored.
	Sun Group			
M-10	CNOOC Myanmar Ltd. [CNOOC] (Operator)	PSC signed December 2004.	Unknown, presumed under exploration.	
	China Huanqiu Contracting and Engineering Corp. [CNPC]			
	Golden Aaron Pte. Ltd./ China Focus Development Ltd.			
M-11	PTTEP International Ltd. [PTT]	PSC signed July 2005.	Under exploration.	
M-12, M-13, and M-14 (Yetagun field)	Petronas Carigali Myanmar [Petronas] (Operator, 40.9102 %)	PSC signed January 1997.	In production since 2000, approx. output of 500 mmcfd. Est. remaining gas reserves of over 3 tcf.	80% of production (400/500 mmcfd) exported to Thailand, via pipeline. ¹⁷ The construction in the 1990s of the Yadana-Yetagun pipeline and associated infrastructure triggered major human rights controversies
	Nippon Oil Exploration Ltd. (Myanmar) [Nippon Oil] (19.3178 %)	PSC signed September 1991 (M-13 and M-14) and September 1992 (M-12).		
	PTTEP International Ltd. [PTT] (19.3178 %)	PSC signed May 1990 (M-13 and M-14) and 1992 (M-12).		
	MOGE (20.4541 %)	MOGE had exercised its option to buy a 15 % stake in the project by 1994 and increased its holding to the present level in 2003.		

¹⁷ Myanmar's major gas projects [Electronic (2008). Version]. *Myanmar Times*, 22/428. Retrieved September 20, 2008 from <http://mmtimes.com/feature/energy08/eng003.htm>

M-15, M-16, M-17, and M-18	Petronas Carigali Myanmar [Petronas] (Operator, 100%)	PSC signed August 2002.	Under exploration.	
YEB (Yetagun East Block)	Danford Equities Corp. [Twinza Oil] (Operator, 100 %)	PSC signed November 2006.	In early exploration phase. Estimated crude oil reserves of 100 million barrels. Estimated production date 2010. ¹⁸	
AD-7	Daewoo International Corp.(Operator, 100%)	PSC signed by joint venture consortia February 2007 running to February 2008. Extended by Daewoo International alone until August 2009. ¹⁹	Results from initial exploratory drilling in December 2008 were disappointing. ²⁰	Initial exploration by a consortium of Daewoo (60%), ONGC (20%), GAIL (10%) and KOGAS (10%). Exploratory drilling in October 2008 sparked a territorial dispute with Bangladesh. ²¹
AD-1, AD-6, and AD-8	CNPC (Operator, 100 %)	PSC signed January 2007.	Early exploration phase.	
AD-2, AD-3, and AD-9	ONGC Videsh Ltd. [ONGC](Operator, 100 %)	PSC signed September 2007.		
MD-1 to MD-8				Demarcated in 2006 with AD-1 to AD-10.
AD-11 to AD-18				Demarcated in May 2008.

¹⁸ Cho, V. (2007). Australian Oil Company to invest in Burma gas fields [Electronic Version]. *The Irrawaddy*, December 21, 2007 Retrieved May 3, 2008 from <http://www.burmanet.org/news/2007/12/21/irrawaddy-australian-oil-company-to-invest-in-burma-gas-fields-violet-cho/>.

¹⁹ Reuters. (2009). UPDATE 1-Daewoo extends Myanmar oil, gas field exploration [Electronic Version]. Retrieved April 3, 2009 from <http://www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSSEO4154220090403>.

²⁰ AFP. (2008). Myanmar removes rig from disputed waters: Bangladesh [Electronic Version]. *Agence France Presse*. Retrieved November 9, 2008 from http://afp.google.com/article/ALeqM5gNS0KBMRFLOrVudRkHuTyC_Z7CGQ.

²¹ Lwin, M. (2008, November 10, 2008). Troops line up along Burma-Bangladesh border *The Irrawaddy*.

ONSHORE BLOCKS				
BLOCK(S)	COMPANIES [PARENT CO. IN BRACKETS]	CONTRACT	STATUS	NOTES
A and B-1 (Hukaung and Uyu)	Nobel Oil	PSCs signed September 2008. ²²		
B-2 (Zebyutaung- Nandaw)	Silver Wave Energy	PSC signed in March 2007.	Under exploration.	
	Silver Wave Sputnik Petroleum [Silver Wave Energy/ Sputnik Petroleum Ltd.]			
C-1 (Indaw) and C-2 (Shwebo- Monywa)	China National Offshore Oil Company (CNOOC) Myanmar Ltd. [CNOOC] (Operator, 61.25 %)	PSC signed in January 2005.	Under exploration.	
	China Huanqiu Contracting and Engineering Corp. [China National Petroleum Corp. (CNPC)]			
	Golden Aaron Pte. Ltd./China Focus Development Ltd.			
D (Mahudaung)	Sinopec Dianqiangui [Sinopec] (Operator)	PSC signed September 2004.	Under exploration.	

²² MOGE, Nobel Oil to explore oil, gas in Myanmar. [Electronic Version]. *CommodityOnline*, September 9, 2008. Retrieved September 23, 2008 from <http://www.commodityonline.com/news/MOGE-Nobel-Oil-to-explore-oil-gas-in-Myanmar-11584-3-23.html>.

L (Sittway)	Essar Oil [Essar Global Ltd. (EGL)] (Operator)	PSC signed May 2005.	Under exploration.	
M (Kyaukphyu)	CNOOC Myanmar Ltd. [CNOOC] (Operator)	PSC signed October 2004.	Under exploration.	
	China Huanqiu Contracting and Engineering Corp. [CNPC]			
	Golden Aaron Pte. Ltd./China Focus Development Ltd.			
MOGE-1 (Yenangyaung) and IOR-2 (Chauk-Lan Ywar)	Goldpetrol Joint Operating Company [Interra Resources/Geopetrol Singu] (Operator for MOGE-1)	Improved Oil Recovery (IOR) contracts signed in 1996, both of which expire in 2017.	In production. MOGE- 1 produces 1,810bopd, IOR-2 averages 541bopd. Combined recoverable reserves estimated at more than 10 million barrels.	MOGE, the state oil and gas company of Burma, is listed as the Operator for IOR-2. Chauk-Lan Ywar was discovered in 1901; peak production was 12,805bpd in 1914. Yenangyaung was discovered in 1887, with the highest yield of 16,000 bpd recorded in 1918. ²³

²³ *ibid*

MOGE-2 (N) [Mann]	MPRL E&P Pte. Ltd. (Operator)	PSC, running 2000- 2014, for improved oil recovery.	In production. Produces 2,036bopd. Remaining oil reserves estimated at approximately 315 million barrels.	Discovered in 1970 by the Burmah Oil Corporation, it produced a peak output of 24,711 bpd in 1979. ²⁴
MOGE-2 (S). [Htaukshabin and Kanni]	Focus Energy Ltd. (Operator)	Performance compensation contracts (PCC) (to increase production at active oilfield) signed in July 1997 and expired in 2009.	In production. Htaukshabin produces 607 barrels of oil per day (bopd), while Kanni produces 1,934bopd and 1.9 million cubic feet per day (mmcf) of gas.	Htaukshabin was discovered in 1978 by MOGE, and Kanni in 1985. Htaukshabin production peaked at 10,359 bpd in 1986; Kanni peaked at 3535bpd in 1992. ²⁵
IOR-4 (Pyay/Prome)	Chinnery Assets Ltd. [CNPC] (Operator, 100 % interest)	IOR contract signed in December 2001.	In production. Produces oil at rate of 201bopd. Recoverable oil reserves estimated at 2.9 million barrels. In 2007, CNPC reported high volumes of gas at an appraisal well.	Field discovered by MOGE in 1964, and recorded a peak oil production rate of 3535bpd in 1992. ²⁶

²⁴ *ibid*

²⁵ A study of abundance: major onshore and offshore oil and gas fields in Myanmar (2007).
[Electronic Version]. *Myanmar Times*, 19/380. Retrieved September 20, 2007 from
<http://www.mmmtimes.com/feature/energy/04.htm>.

²⁶ *ibid*

GOVERNMENT-HELD BLOCKS				
BLOCK(S)	COMPANIES [PARENT CO. IN BRACKETS]	CONTRACT	STATUS	NOTES²⁷
Apyauk	MOGE (Operator)	Not applicable (N/A)	In production. Averages 9mmcf, with remaining recoverable gas reserves of some 50mmcf.	Discovered by MOGE in 1991. Highest production 214 mmcf.
Letpando	MOGE (Operator)	N/A	In production. Produces 668bopd, with recoverable oil reserves of 20 million barrels.	Discovered by MOGE in 1997. Highest production: 1155 bpd in 1998.
Myanaung	MOGE (Operator)	N/A	In production. Produces 0.274mmcf of gas and 51bopd. Remaining recoverable oil reserves of 0.7 million barrels.	Discovered by MOGE in 1964. Highest production: 8908 bpd in 1969.
Nyaungdon	MOGE (Operator)	N/A	In production. Produces 80mmcf of gas. Remaining gas reserves of approximately 180 bcf.	Discovered by MOGE in 1999. Highest production: 104.95 mmcf in October 2005.

²⁷ *ibid*

Shwepyitha	MOGE (Operator)	N/A	In production. Produces average 372bopd and 0.29mmcf of gas. Total reserves are estimated at 128mmcf of gas and 10.85 million barrels of oil.	Discovered by MOGE in 1967. Highest production: 977 bpd in 1991.
Thargyitaung	MOGE (Operator)	N/A	In production. Averages 439bopd and 16.33mmcf of gas, with estimated recoverable oil reserves of nearly 40 million barrels and recoverable gas reserves of nearly 500mmcf.	Discovered by MOGE in 2000. Highest production: 2057 bpd in 2004.

ABANDONED BLOCKS				
BLOCK(S)	COMPANIES [PARENT CO. IN BRACKETS]	CONTRACT	STATUS	NOTES
EP-1, MOGE-3, RSF-5	N/A	N/A	Apparently relinquished in 1999 by consortium that held it from 1998.	
IOR-3, RSF-2, RSF-3	N/A	N/A	IOR and RSF (Rehabilitation of Suspended Fields) contracts signed November 2001 by Chinnery Assets [CNPC], abandoned in 2007.	
RSF-6	N/A	N/A	Apparently relinquished in 1999 by consortium that held it.	
RSF-8	N/A	N/A	Apparently relinquished by consortium that held it from January 1998.	
RSF-9 (Pyalo)	N/A	N/A	Apparently relinquished in 1999 by consortium that held it from July 1997.	

Appendix 18: Foreign Companies Involved in the Oil and Gas Industry in Myanmar, April 2009²⁸

CHINA HUANQIU CONTRACTING AND ENGINEERING CORP. (HQCEC)	
<i>Country:</i>	China
<i>Ownership:</i>	This company is a wholly-owned subsidiary of China National Petroleum Corporation (CNPC) of China. CNPC is a majority state-owned company of China, which makes its subsidiary China Huanqiu (sometimes known by the acronym HQCEC) also a state-controlled company.
<i>Holdings:</i>	Onshore blocks C-1, C-2, M. Offshore blocks A-4 and M-10.
<i>Notes:</i>	HQCEC's website gives the full name as China Huanqiu Contracting and Engineering Corp. but an entry on the China National Offshore Oil Company (CNOOC) website instead identifies its partner in the above blocks as China Global Construction Ltd., which may reflect inconsistent translation.
CHINA NATIONAL OFFSHORE OIL COMPANY (CNOOC) MYANMAR LTD.	
<i>Country:</i>	Registered in the British Virgin Islands but Chinese owned.
<i>Ownership:</i>	This company is a wholly-owned subsidiary of CNOOC Ltd. of China. CNOOC Ltd. is the petroleum exploration and development arm of China National Offshore Oil Corp. (CNOOC), a majority state-owned company of China.
<i>Holdings:</i>	Onshore blocks C-1, C-2, M. Offshore blocks A-4, M-10.
<i>Notes:</i>	CNOOC Myanmar Ltd. is generally identified as holding the contract, but the parent company CNOOC Ltd. identifies itself as the operator of the fields on its website and in company filings with the Securities and Exchange Commission. CNOOC Ltd. is listed on the New York Stock Exchange. An asset swap agreement signed in February 2008 with PTTEP gaining stake in offshore blocks M-3 and M-4 lapsed after the Myanmar Government failed to approve it. ²⁹
CHINA NATIONAL PETROLEUM CORPORATION (CNPC)	
<i>Country:</i>	China
<i>Ownership:</i>	CNPC is a majority state-owned company of China.
<i>Holdings:</i>	Deepwater blocks AD-1, AD-6 and AD-8. (See also separate entries for CNPC subsidiaries China Huanqiu Contracting and Engineering Corp. and Chinnery Assets.)
<i>Notes:</i>	As part of a US\$10.5 billion energy project, CNPC will construct trans-Myanmar oil and gas pipelines and develop the port at Kyaukphyu from 2009. The oil pipeline will transport oil shipped

²⁸ The majority of the information in this table was drawn from Human Rights Watch. (2007). *Burma: Targeted Sanctions Needed on Petroleum Industry. Table 3: Companies*. New York: Human Rights Watch. Retrieved May 15, 2008, from http://hrw.org/campaigns/burma/drilling/Burma_table3_companies.pdf. Where the information has been altered, or new information added, it has been referenced in the footnotes.

²⁹ Reuters. (2009). Thai PTTEP cancels swap of Myanmar stakes with CNOOC [Electronic Version]. Retrieved February 25, 2009 from <http://www.reuters.com/article/rbssOilGasRefiningMarketing/idUSBKK46793720090225>.

<p>from Africa and the Middle East; the gas pipeline will transport gas from the Shwe project (blocks A-1 and A-3). Its listed arm, PetroChina, signed an MoU to this effect mid-2007, and CNPC signed a Cooperation Agreement for the project on March 27, 2009.³⁰ The planned pipelines will be approximately 2,300 km long, with an annual transit fee of US\$130 million for 30 years.³¹ (Sinopec is also reported to be involved in the construction of the portion of the pipeline inside China.) CNPC's majority-owned subsidiary PetroChina is listed on several stock exchanges.</p>	
<p>CHEVRON (SEE ENTRY FOR UNOCAL MYANMAR OFFSHORE CO., BELOW.)</p>	
<p>CHINNERY ASSETS LTD.</p> <p><i>Country:</i> China</p> <p><i>Ownership:</i> Chinnery Assets is a 50:50 joint venture formed by two subsidiaries of CNPC; CNPC (Hong Kong) Ltd. and CNPC International. The former parent company is majority-owned by CNPC and the latter is wholly-owned by CNPC, making Chinnery Assets a state-controlled company.</p> <p><i>Holdings:</i> Onshore blocks IOR-4.</p>	
<p>DAEWOO INTERNATIONAL CORP.</p> <p><i>Country:</i> South Korea</p> <p><i>Ownership:</i> Daewoo International is partly state-owned by the government of South Korea. State-run Korea Asset Management Corp. (KAMCO) owns about a third of Daewoo International shares, a result of KAMCO's bail-out of Daewoo Corporation following the 1997 Asian financial crisis. The state ownership remained when Daewoo International spun off from Daewoo Corporation in 2000.</p> <p><i>Holdings:</i> Offshore blocks A-1, A-3. Deepwater block AD-7.</p> <p><i>Notes:</i> Daewoo International is a publicly listed company. On November 15, 2007, Daewoo International's former president and chief executive, Lee Tae-yong, was convicted in Seoul, together with a colleague and executives of six other companies, on charges of illegally exporting weapons equipment and technology to Burma from 2002 to 2006. Lee Tae-yong stepped down after he was indicted on these charges in December 2006. Prosecutors accused Daewoo International of being the lead company in a project to build a factory in central Burma for making artillery rounds, in violation of South Korean export rules. The crimes began in 2001, the year after the company won the concession for the gas fields in Burma and construction of the artillery plant reportedly started in 2002.</p>	
<p>DANFORD EQUITIES CORP. (SOMETIMES REFERRED TO AS DANFORD EQUITY CORP.)</p> <p><i>Country:</i> Australia</p>	

³⁰ Ramachandranh, S. (2009). China secures Myanmar energy route [Electronic Version].

Retrieved April 3, 2009 from http://www.atimes.com/atimes/South_Asia/KD03Df03.html.

³¹ Dutta, S. (2007). MEA pulls up oil min, GAIL [Electronic Version]. *Times of India*, July 14, 2007. Retrieved October 19, 2007 from http://timesofindia.indiatimes.com/Business/India_Business/MEA_pulls_up_oil_min_GAIL/articleshow/2202702.cms.

<i>Ownership:</i>	This company is a subsidiary of Twinza Oil.
<i>Holdings:</i>	Offshore block YEB (Yetagun East Block).
<i>Notes:</i>	The CEO of both Danford Equities Corp., and Twinza Oil, William Clough, has a longstanding investment in The Myanmar Times, a privately owned English-language publication in Myanmar, through a family company.
EDEN GROUP COMPANY LTD.	
<i>Country:</i>	Myanmar
<i>Ownership:</i>	Eden Group is a private company.
<i>Holdings:</i>	Offshore block M-2.
ESSAR OIL	
<i>Country:</i>	India
<i>Ownership:</i>	Essar Oil, a private company, is part of Essar Global Limited (EGL) of India, which has a number of overseas investments.
<i>Holdings:</i>	Onshore block L. Offshore block A-2.
FOCUS ENERGY LTD.	
<i>Country:</i>	Registered in the British Virgin Islands,
<i>Ownership:</i>	Privately owned.
<i>Holdings:</i>	Onshore MOGE-2 (S) (Htauksabin and Kanni blocks).
<i>Notes:</i>	The company website describes Focus Energy Ltd as being jointly owned by a Myanmar and a Foreign Corporation. Human Rights Watch (2007) identified the foreign partner as having ties to Switzerland, whilst the Myanmar Government ³² identified the company as Canadian.
GAS AUTHORITY OF INDIA LTD. (GAIL)	
<i>Country:</i>	India
<i>Ownership:</i>	GAIL is an Indian state-controlled company, in which the central and state governments jointly hold nearly 65 percent of all shares.
<i>Holdings:</i>	Offshore blocks A-1, A-3, A-7. GAIL in mid-2007 indicated it intended to withdraw from block A-7.
<i>Notes:</i>	GAIL is a publicly listed company.
GOLDEN AARON PTE. LTD.	
<i>Country:</i>	Registered in Singapore, with ties to Burma.
<i>Ownership:</i>	Privately owned. Press reports indicate that company registration documents in Singapore identify the sole shareholders as U Tun Myint Naing (also known as Steven Law, and whose names alternatively are spelled Htun Myint Naing and Stephen Law) and his wife, Singaporean national Ng Sor Hong (known as Cecilia Ng).
<i>Holdings:</i>	Onshore blocks C-1, C-2, M. Offshore blocks A-4 and M-10.
<i>Notes:</i>	Steven Law, who also has been publicly identified as the managing director of Golden Aaron, is a controversial figure. In October 2007

³² Energy Planning Department, M. o. E., Union of Myanmar. (2008, November 22, 2008). *Developments in Myanmar Energy Sector*. Paper presented at the Second ASEAN Meeting of the Subregional Energy Forum (SEF-2), Greater Mekong Subregion, Ho Chi Minh City, Vietnam.

<p>he was placed under Australian sanctions for his ties to the Burmese government. He also serves as the managing director of Asia World Co., a major Burmese business conglomerate that is very closely tied to the leading military figures. Asia World was founded by Mr. Law's father, Lo Hsing Han, and is involved in building the Chinese oil transshipment port of Ramree Island.</p> <p>Both father and son are alleged to be involved in drug-trafficking. In February 2008 both men, along with Cecilia Ng- Law's wife- and 14 companies under their control were targeted in US economic sanctions preventing US financial institutions from doing any business with them.³³</p> <p>An entry on the CNOOC website indicates that Golden Aaron Pte. Ltd. was renamed China Focus Development Ltd.</p>	
<p>GOLDPETROL JOINT OPERATING COMPANY</p> <p><i>Country:</i> Singapore, with ties to Panama, Myanmar, the Netherlands, and France.</p> <p><i>Ownership:</i> Goldpetrol is 60 percent owned by Interra Resources of Singapore. The remaining 40 percent is owned by Geopetrol Singu (Panama/Myanmar), which is itself wholly owned by Geopetrol International. While Geopetrol International is registered in Panama, it is a wholly owned subsidiary of Geofinance (Netherlands). The parent company Geofinance, in turn has parallel investments in Geopetrol SA of France (100 percent operator) and Geoservices Group of France (38.4 percent ownership), making those sister companies to Geopetrol. Due to this ownership structure Goldpetrol is sometimes referred to as a French company.</p> <p><i>Holdings:</i> Onshore MOGE-1 and IOR-2 oilfields</p> <p><i>Notes:</i> Interra Resources is listed on the Singapore stock exchange.</p>	
<p>IGE</p> <p><i>Country:</i> Singapore-registered, with main office in Burma.</p> <p><i>Ownership:</i> Privately owned. Shares the same managing director as UNOG, Win Kyaing.</p> <p><i>Holdings:</i> Offshore block A-5.</p> <p><i>Notes:</i> IGE's sister company is UNOG, which has a stake in another concession together with Rimbunan Retrogas.</p>	
<p>JOINT VENTURE VIETSOVPETRO</p> <p><i>Country:</i> Vietnam, Russia.</p> <p><i>Ownership:</i> State-owned. A Joint Venture between the state-owned enterprises PetroVietnam of Vietnam Zarubezhneft of Russia. Founded in November 1981 with each side contributing 50 percent of the total investment capital of 1.5 billion USD.</p> <p>In 2008 the company was responsible for 80% of Vietnam's Oil exports.</p> <p><i>Holdings:</i> Offshore block M-2.</p>	

³³ Boot, W. (2008). Asian Financial Centers Spotlighted in US Sanctions [Electronic Version]. *The Irrawaddy*, February 28, 2008. Retrieved September 22, 2008 from http://www.irrawaddy.org/article.php?art_id=10599.

JSC ZARUBEZHNEFT ITERA (SOMETIMES SPELLED JSC JARUBEZHNEFT ITERA)	
<i>Country:</i>	Russia
<i>Ownership:</i>	This is a joint stock company formed by (state-owned) Zarubezhneft and (privately owned) Itera Oil and Gas, both of Russia.
<i>Holdings:</i>	Offshore block M-8.
<i>Notes:</i>	Zarubezhneft is a Russian state-owned company that is the main oil and gas trading company in Russia, while Itera Oil and Gas is a producer of natural gas. The parent company of Itera Oil and Gas, Itera Group, is linked to Sun Group, the other partner in block M. (See Sun Group, below.)
KOREA GAS CORP. (KOGAS)	
<i>Country:</i>	South Korea
<i>Ownership:</i>	KOGAS is a state-controlled company. The South Korean government holds 26.86 percent of the shares, the majority government-owned Korea Electric Power Corp. (KEPCO) holds another 24.46 percent, and local governments have a 9.86 percent stake.
<i>Holdings:</i>	Offshore blocks A-1, A-3.
<i>Notes:</i>	KOGAS is a publicly listed company.
MPRL EXPLORATION AND PRODUCTION PTE. LTD. (MPRL E&P PTE. LTD.)	
<i>Country:</i>	The company is registered in the British Virgin Islands, has its regional office in Singapore, and is run by nationals of Burma.
<i>Ownership:</i>	Privately owned by a group of investors. The CEO is Moe Myint.
<i>Holdings:</i>	Onshore MOGE-2 (N) oilfield. Offshore block A-6
<i>Notes:</i>	The company was previously known as Myanmar Petroleum Resources Ltd.
NIPPON OIL EXPLORATION LTD. (MYANMAR)	
<i>Country:</i>	Japanese-owned, with offices in Burma.
<i>Ownership:</i>	This company is half-owned by Nippon Oil Corp. of Japan and half-owned by the government of Japan.
<i>Holdings:</i>	Offshore blocks M-12, M-13, M-14.
<i>Notes:</i>	Nippon Oil Exploration Ltd. (Myanmar), in addition to being 50 percent state-owned, is also partly state-financed. The government's Japan Bank of International Cooperation (JBIC) lent funds to help Nippon Oil (the parent company) finance the purchase of shares in the Yetagun gas project. In addition, Nippon Oil Exploration Ltd. (Myanmar) gets liability insurance through Japan Oil, Gas and Metals National Corp. (JOGMEC), a Japanese state-run company. Nippon Oil is a publicly listed company.
NOBEL OIL	
<i>Country:</i>	Russia
<i>Ownership:</i>	Unclear
<i>Holdings:</i>	Onshore blocks A, B1. ³⁴

³⁴ Energy Planning Department, M. o. E., Union of Myanmar. (2008, November 22, 2008).

ONGC VIDESH LTD. (OVL)	
<i>Country:</i>	India
<i>Ownership:</i>	India's Office of the President holds nearly 75 percent of the shares in Oil and Natural Gas Co. (ONGC), the parent company, making ONGC Videsh also an Indian state-controlled company.
<i>Holdings:</i>	Offshore blocks A-1, A-3. Deepwater blocks AD-2, AD-3, AD-9.
<i>Notes:</i>	ONGC is a publicly listed company.
PETRONAS CARIGALI MYANMAR INC.	
<i>Country:</i>	Malaysia
<i>Ownership:</i>	Petronas Carigali Myanmar, sometimes referred to as PCML, is a wholly-owned production and exploration subsidiary of Petroliaam Nasional Berhad (Petronas). Both are wholly state-owned companies of Malaysia.
<i>Holdings:</i>	Offshore blocks M-12, M-13, M-14, M-15, M-16, M-17, M-18.
PETROVIETNAM EXPLORATION PRODUCTION CORPORATION LTD	
<i>Country:</i>	Vietnam
<i>Ownership:</i>	State-owned.
<i>Holdings:</i>	Offshore blocks M-2.
PTTEP INTERNATIONAL LTD.	
<i>Country:</i>	Thailand
<i>Ownership:</i>	PTTEP is a wholly-owned subsidiary of PTT Exploration and Production Public Company Ltd., formerly known as the Petroleum Authority of Thailand. The major shareholder in PTTEP, with 66.46 percent of shares, is PTT Public Company Ltd. (PTT), Thailand's state-controlled petroleum company. PTT, for its part, is two-thirds owned by Thailand's Ministry of Finance (52.32 percent owned by the ministry directly, and an additional 15.54 percent owned by the ministry's investment fund). PTT, in addition to its stake in various concessions, is the main buyer of Yetagun-Yadana gas, for export to Thailand. PTT also plans to purchase the gas from M-9 block for export to Thailand once that field is in production. PTTEP is a publicly listed company.
<i>Holdings:</i>	Offshore blocks M-3, M-4, M-5, M-6, M-7, M-9, M-11, M-12, M-13, M-14.
RIMBUNAN RETROGAS LTD.	
<i>Country:</i>	The company is registered in the British Virgin Islands but has ties to Malaysia.
<i>Ownership:</i>	Privately owned; run by a Malaysian businessman, Tiong Hiew King.
<i>Holdings:</i>	Offshore blocks A-5, M-1.
<i>Notes:</i>	This company is sometimes referred to as Rimbudan Petrogas or Retrogas.

SILVER WAVE ENERGY	
<i>Country:</i>	Singapore-registered but linked to the Russian Federation and also India.
<i>Ownership:</i>	The company reportedly was formed by close associates of Burma's ruling military elite. The company's managing director is identified as Min Min Aung.
<i>Holdings:</i>	Onshore block B-2. Offshore block A-7.
<i>Notes:</i>	Silver Wave Energy owns 50 percent of Silver Wave Sputnik Petroleum, its partner in block B-2.
SILVER WAVE SPUTNIK PETROLEUM	
<i>Country:</i>	Singapore-registered but linked to the Russian Federation Singapore-registered but linked to the Russian Federation.
<i>Ownership:</i>	This company is 50 percent owned by Silver Wave Energy, with the other 50 percent held by Sputnik Petroleum Ltd. Although registered in the British Virgin Islands, Sputnik Petroleum Ltd. has ties to the Republic of Kalmykia in the Russian Federation.
<i>Holdings:</i>	Onshore block B-2. See also entry for its parent company, Silver Wave Energy, above.
<i>Notes:</i>	One of the signatories to the agreement for block B-2 was the energy minister from the Russian Republic of Kalmykia, Boris Chedyrov. Kalmykia's Deputy Energy Minister Timur Bambuev reportedly serves on the board of directors of Silver Wave Sputnik Petroleum.
SINOPEC DIANQIANGUI	
<i>Country:</i>	China
<i>Ownership:</i>	Sinopec Dianqiangui, which also appears as Sinopec Dian-qian-gui, is a subsidiary of China Petroleum & Chemical Corp. (known as Sinopec); it forms part of Sinopec Southern E&P Company, an oilfield branch of Sinopec. Sinopec is a majority state-owned company of China. The Chinese government holds about 75 percent of the shares.
<i>Holdings:</i>	Onshore block D.
<i>Notes:</i>	Sinopec is a publicly listed company.
SUN GROUP	
<i>Country:</i>	India
<i>Ownership:</i>	Privately owned investment group.
<i>Holdings:</i>	Offshore block M-8.
<i>Notes:</i>	In 2006, Sun Group and Russia's Itera Group engaged in an asset swap. Under the deal, Itera Group took a 26 percent stake in Sun Group's private energy investment vehicle, Sun Energy, while Sun Group gained a 26 percent share in the Itera Group. Itera Oil and Gas, a subsidiary of Itera Group, is involved in block M-8 through its participation in the joint stock company Zarubezhneft Itera. Sun Group is a publicly listed company traded on the Hong Kong Stock Exchange.

TOTAL E&P MYANMAR	
<i>Country:</i>	French-owned, with offices in Burma.
<i>Ownership:</i>	This company is a subsidiary of Total S.A. of France, which has 99.8 percent ownership through Total E&P Holdings.
<i>Holdings:</i>	Offshore blocks M-5, M-6.
<i>Notes:</i>	Total is a publicly listed company. In April 2008 China's State Administration of Foreign Exchange (Safe) was reported to have built up a 1.6% stake in Total SA. In investing in Total Safe joined sovereign investors from Norway and the Middle East who already had a stake in the company, 88% of whose shareholder base is accounted for by institutional investors. About 8% is held by individual entities, with Albert Frère, a Belgian entrepreneur, holding 5.3%, and Total employees owning a further 4%. ³⁵
UNOCAL MYANMAR OFFSHORE CO.	
<i>Country:</i>	Registered in the Bahamas, with offices in Burma; US-owned.
<i>Ownership:</i>	This company is a subsidiary of Unocal, now Chevron, of the US.
<i>Holdings:</i>	Offshore blocks M-5, M-6.
<i>Notes:</i>	Chevron is a publicly listed company. Unocal Myanmar Offshore Co. does not appear in the list of subsidiaries identified by Chevron in its 2006 10-K filing with the US Securities and Exchange Commission, although it was listed in the 2005 filing. It is unclear if the subsidiary may now be operating under a different name.
UNOG PTE. LTD.	
<i>Country:</i>	Singapore, with main office in Burma.
<i>Ownership:</i>	Privately owned. Shares the same managing director as IGE, Win Kyaing.
<i>Holdings:</i>	Offshore block M-1.
<i>Notes:</i>	UNOG's sister company is IGE Pte. Ltd., which also has an interest in another concession.

³⁵ McGregor, R., Hollinger, P., & Sender, H. (2008). China buys 1.6% stake in Total [Electronic Version]. *Financial Times*, April 3, 2008 Retrieved September 22, 2008 from http://www.ft.com/cms/s/0/8a6a78a2-0179-11dd-a323-000077b07658.html?nclink_check=1.