

Burma Alert

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Investments:

INVESTMENTS - US\$2.8 BILLION

On 4 Apr, SLORC's Ministry of National Planning and Economic Development said foreign investment for the 1996-7 fiscal year was US\$2.81 billion. Proposed direct foreign investment from 1988 to 1997 was US\$6.05 billion (247 projects). Of this total, US\$2.1 billion (34 projects) were in the petroleum and natural gas sector and US\$1.1 billion (82 projects) were in manufacturing. Other industries attracting major foreign investment were real estate - US\$0.9 billion (14 projects); and hotels/tourism - US\$0.8 billion (39 projects) [Reu970404].

KYAT FALLS

On 7 May, the black market exchange rate in Rangoon rose from 167 to 182 Kyats to the US dollar. The official exchange rate is 5.8 Kyats to the US dollar. SLORC's foreign currency reserves are at US\$183 million, which is low when compared to last year's US\$688 million [AT970508, B970427].

BURMA HOTEL OCCUPANCY DOWN

According to a 18 May report, room occupancy rates in Thai hotels in Burma dropped to 10%. Hotels and services make up the bulk of Thai investment in Burma [B970518].

U.S. SANCTIONS FOR SLORC

On 20 May, US President Bill Clinton signed legislation barring US investment in Burma. Companies already in Burma are exempt from the law, which threatens those who break it with 10 years in prison and a US\$55,000 fine. The sanctions ban 'new investment' but until the US Treasury issues its regulations, it is not clear if the sanctions will also cover new investments in on-going projects [LAT970528].

The May issue of the BURMA ALERT' is late due to a re-organization. In the future, the 'ALERT' will be published in cooperation with the yet to be established Euro-Burma Office in Brussels. Apologies for the delay - Ed.

AUSTRALIA:

FOSTER'S BREWING GROUP said on 11 Apr that it will not include Burma in its investment strategy and will not sell beer in Burma. Foster's statement came after the Ethical Investment Group of Victoria organized a consumer boycott against Foster [FS970411, ES970412].

CANADA:

After talks with Canadian Friends of Burma, SEAGRAM COMPANY LTD announced on 30 Apr that it has stopped distributing its products to Burma. Seagram had been sourcing Chivas Regal Whisky to Burma through Tanyaung International, owned by Thein Tun. Tun who was a partner of PepsiCo before its divestment in January [CFOB970501].

CHINA:

GUANG DON ZHU HAI CORP will build two sugar mills, one in Zeyawady, Pegu Division, and the other in Taung Zin Aye area in Lewe, Mandalay Division. The mills will be built in cooperation with Myanmar Sugarcane Enterprise of the Ministry of Agriculture and Irrigation, and the Zeyawady mill, to cost \$US 16.43 million, will process up to 1 500 tons of sugar per day [NLM970523].

FRANCE:

On 16 Apr TOTAL SA formally backed a plan by Ultramar Diamond of the USA to acquire TOTAL'S share in its North American assets. Although TOTAL had denied US sanctions would affect TOTAL'S operations, there was speculation that the move was made in order to avoid confrontation with the US regarding sanctions against Burma. TOTAL will give up its 55% share for US\$811 million and retain on an 8% interest in North America [FT970417].

Investments:**INDONESIA:**

RT. SEMEN CIBINONG and its sister company PT. TIRTAMAS will hold 70% of a new US\$210 million cement plant. Myanmar Economic Holdings Ltd, SLORC's investment arm, will hold the remaining 30%. The new plant will triple Burma's cement output [BL970612].

JAPAN:

mitsui & CO may guarantee a US\$150 million loan to SLORC through the BANK OF TOKYO. Commercial loans have not been guaranteed by private investors since 1987. SLORC is short of foreign exchange and official growth figures of 8%-9% are exaggerated. Mitsui, in Burma since 1994, is currently building an industrial complex located on the northern outskirts of Rangoon. Japanese companies account for some US\$184 million of foreign investment in Burma [BA9611, AT970519/28, F970605].

MYANMAR M.C.G.'s 110-room Yangon International Hotel opened on 15 May [NLM970516].

KOREA:

A consortium of DAEWOO, HYUNDAI, and L.G. INTERNATIONAL CORP signed a US\$15 million contract to supply electronic equipment to SLORC. The contract, signed 28 May with the Myanmar Electric Power Enterprise, will be financed with loans from the Korean government [NLM970521].

On 20 May, MYANMAR DAEWOO LTD signed a joint-venture agreement with the Ministry of Rail Transportation to lease construction equipment [NLM970521, KH970529].

On 2 May, HYUNDAI and Sinmardev International Pte Ltd of Singapore announced the formation of a consortium to build a US\$300 million industrial complex in Rangoon. The complex involves construction of a port 18 km southeast of Rangoon, to be completed by 2000.

HYUNDAI also signed a Memorandum Of Understanding with SLORC on 3 Apr to set up fertiliser processing plants in Burma. Hyundai agreed to ship 100,000 tons of fertiliser in two years [NLM970407, AFP970502, DJ970403].

LAOS:

LAOS on 19 May signed a bilateral agreement with SLORC to cooperate in tourism matters. The Lao delegation was led by Cheuang Sombourzkanh, Deputy Minister of the Prime Minister's office [NLM970516,20].

MALAYSIA:

Three weeks after US sanctions were enacted, Petroleum Nasional Berhad (PETRONAS), the state-owned oil company of Malaysia, said it is looking into buying Texaco's stake in Burma's Yetagun gas field. Hassan Marican, Petronas president, said Texaco had appointed an investment banker to look for buyers. At its annual meeting in May, Texaco cited financial concerns as a reason to sell its 42.9% of OGP Technical Services, which along with Nova Gas International was awarded the contract in Jan'96 to build the Ban-I-Thong to Ratchburi segment of the pipeline from Burma [N970523, NLM970529, Reu970610, BT960126].

MBF HOLDINGS BHD is applying for a licence to offer full banking services in Burma. MBF set up a representative office in Rangoon two months ago [ST970524].

NORWAY:

On 1 May, Foreign Minister Byorn Tore Godal announced that Norway will remove Burma from its Generalised System of Preferences (GSP). The European Union of which Norway is not a member, removed Burma from its list of countries receiving the GSP on 24 Mar [B970326, AFP970501].

SINGAPORE:

On 2 May, SINMARDEV INTERNATIONAL PTE LTD and Hyundai Corp of Korea announced the formation of a consortium to build a US\$300 million industrial complex in Rangoon. The complex involves construction of a port 18 km southeast of Rangoon, to be completed by 2000 [NLM970407, AFP970502, DJ970403].

THAILAND:

ROJANA INDUSTRIAL PARK PLC announced on 17 Apr that it will hold a 60% stake in a new US\$23 million joint venture with SLORC's Department of Human Settlement and Housing Development, to be called 'Rojana Yangon' [N970418].

Investments:**THAILAND continued.**

The EXPORT-IMPORT BANK (EXIM) OF THAILAND was forced to stop negotiations with US firms after US sanctions against investment in Burma were imposed on 22 Apr. EXIM is affected by the sanctions because it has granted a loan to the Italian-Thai Development Co which is building the Mandalay airport [TT970424].

U.S.A.:

ANHEUSER BUSCH CO said on 25 Apr that it will no longer export BUDWEISER BEER to Burma (US sanctions imposed 22 Apr). Budweiser was exported to Burma but the company has no employees or investments there [Reu970425].

Four days before Bill Clinton signed legislation banning investment in Burma, INTERDIGITAL COMMUNICATIONS CORP of Pennsylvania concluded a contract with the Myanmar Posts & Telecommunications department to supply equipment to Burma for a wireless phone system. The equipment will be manufactured in the US and assembled in Burma. InterDigital has worked with SLORC twice in the past two years. In July 1995, InterDigital signed a contract to install 500 lines in Rangoon, and in March 1996 another contract was signed to install a 250-line auto-radio system in Mandalay. According to a Xinhua news agency, Burma now has 170 000 phones, up from 73 000 [Net960305, BA0496, X970521, IHT970522].

On 2 May, after allegations that its Worldperks Frequent Flyer Program is benefiting heroin producers in Burma, NORTHWEST AIRLINES withdrew the Rangoon Traders Hotel from its program. The Traders Hotel is part-owned by Lo Hsing-Han, named by the US State Department as a 'narco-trafficker.' Lo's son and business partner, Steven Law, is barred from visiting the US due to his involvement in the drug trade [FBC970502, BG970406].

On 13 Apr. TEXACO INC Chief Executive Peter Bijur announced that Texaco is considering selling its Andaman Sea natural gas project offshore Burma [Reu970513].

On 24 Apr, John G Vandermeer, Vice-President for new ventures in South and Southeast Asia of UNOCAL said that due to USA sanctions, UNOCAL will give up two natural gas blocks in Burma's Andaman sea [AFP970424].

Due to the late publication of the "BURMA ALERT", significant news items will be presented in chronological order in this issue-

News Chronology**SLORC DEMANDS REJECTED**

On 31 Mar, SLORC presented the Karen National Union with a demand to withdraw from the Mae Tha Raw Hta Agreement. The Agreement reached in January with other ethnic groups in Burma called for an end to military rule and gave support to the Burmese democracy movement. On 3 Apr, the KNU rejected the demands. SLORC had reiterated that the KNU must lay down its arms and that the KNU must not attempt to 'collaborate' with other political parties. The KNU responded by urging SLORC to dialogue with other political parties in Burma [KNU970508, S970505].

UNOCAL OPENS KL. OFFICE

On 9 Apr UNOCAL President John Imle said that UNOCAL is opening a new regional head office in Kuala Lumpur, Malaysia [Reu970409].

SHANS CLASH WITH SLORC

Twenty-three Shan and ten SLORC soldiers were killed on 10 Apr when Shan United Revolutionary Army (SURA) troops attacked a SLORC base near Ho Mong, the former headquarters of Khun Sa, the infamous drug lord who surrendered in 1996 [Reu970421].

POWER STRUGGLE WITHIN JUNTA?

Reports of a power struggle between General Maung Aye and Lieut-Gen Khin Nyunt resurfaced in the wake of the Tin Oo bombing. Tin Oo, SLORC Secretary-2 and Army Chief-of-Staff, is reported to be allied with Maung Aye, mastermind of the recent offensive against the KNU. Maung Aye, SLORC Vice Chairman and Army Commander-in-Chief, is said to be against Burma joining the Association of South East Asian Nations (ASEAN). Khin Nyunt, SLORC Secretary-1 and head of military intelligence, is said to favour greater foreign investment and trade liberalization [JT/B/N970410].

News Chronology:

MOSLEM FESTIVAL RESCHEDULED

On 11 Apr, SLORC announced that the ritual slaughter of animals would be forbidden. Moslem community leaders, therefore, on 12 Apr cancelled the rituals and rescheduled the Bakhri Eid Festival from 17 to 19 Apr to coincide with the Burmese New Year [AFP970417].

U.N. EXTENDS MANDATE

The UN Commission on Human Rights in Geneva at its 53rd session, resolved on 16 Apr to extend the mandate of the Special Rapporteur for Human Rights in Burma for another year. The UNCHR asked the Special Rapporteur to submit an interim report to the UN General Assembly in New York in Oct'97 and to report back to the Commission in Geneva in Apr'98. The UNCHR also expressed concern at SLORC's continuing human rights abuses that include torture, arbitrary executions, forced labour of children and adults, arbitrary detentions, forced relocations, the oppression of ethnic minorities, and restrictions placed on the National League for Democracy and its leader, Daw Aung San Suu Kyi [UN9704].

UNOCAL LIABLE FOR ABUSES

US District Judge Richard Paez of Los Angeles, ruled on 18 Apr that UNOCAL can be held liable for human rights abuses committed by SLORC. UNOCAL will appeal the decision. The National Coalition Government of the Union of Burma (NCGUB) and the Federation of Trade Unions of Burma (FTUB) filed a lawsuit against UNOCAL on 3 Sept 1996, accusing UNOCAL of relying on SLORC for the security of its gas pipeline in the Tenasserim division. Human rights abuses, particularly involuntary labour and forced relocation, have been documented in the area of the proposed pipeline [LAT970418, BA9609].

A.S.E.A.N. MISSION TO BURMA ,

On 21 Apr, a delegation from ASEAN visited Burma to assess its readiness for joining the organization [F970508, B970421, NLM970422].

BANGLADESH REPATRIATION

On 21 Apr the United Nations High Commissioner for Refugees resumed the repatriation of 250,000 Rohingya refugees to Burma. The repatriation had been suspended on 1 Apr. SLORC and Bangladesh had agreed that all refugees would be repatriated by 31 Mar, and as of 1 Apr, only 229,000 refugees living in Cox's Bazaar had been sent back [Reu970421].

A.B.S.D.F CAMP CAPTURED

On 22 Apr, the All Burma Students' Democratic Front's 8888 base was taken by SLORC troops commanded by Strategic Commander Colonel Zaw Tun. SLORC troops from Light Infantry Battalions No.358, 224, 262 and 432 attacked the base on 11 Apr. The 8888 camp is located opposite Thap Sakae in Thailand's Prachuab Kiri Khan Province, in the area of the planned land bridge between Burma's Bote Pyin Industrial Estate and Bang Saphan in Thailand [ABSDF970418, AFP970419, BR970429].

AUSTRALIA FUNDS REFUGEES

Australia's Foreign Minister Alexander Downer said 22 Apr that Australia will give A\$1.8 million to help Burmese refugees. A\$1 million will go to the World Food Program, another A\$300,000 will go to the United Nations High Commission for Refugees for resettlement issues, and A\$500,000 will go to the Australian branch of Medecins Sans Frontieres [AAP970422].

SOUTH AFRICAN HONOUR

The University of Natal on 23 Apr, awarded Daw Aung San Suu Kyi an honorary Doctorate of Law in recognition of her work to promote democracy and freedom in Burma. Daw Suu's husband, Dr Michael Aris received the award on her behalf at the University of Natal, Durban, and delivered her address. Daw Suu said that the same issues surrounding the efficacy of sanctions against Burma exists now as they did in South Africa ten years ago [SK970423, FBS970418, ST970420].

INDIA-BURMA TRADE HALTED

Indian traders decided to halt the flow of Indian goods to Burma in April to protest the closure of a trade route from Prem Nagar in India, to Tamu in Burma. The route was closed when cross-border trade between Burma and India was legalised [TH970423].

News Chronology:**SLORC-WA TALKS FAIL**

Talks between SLORC and the United Wa State Army failed when the UWSA refused to accept SLORC's demand that they put down their arms by 1999. SLORC also wanted to construct a dam on the Mae Kon River south of Ban Peng Kam, 15 km from the Thai border. UWSA and SLORC officials met at Ban Pengkam opposite Thailand's Mae Ai in Chiang Mai province. Over 100 Wa and SLORC troops have died in recent months in clashes around the area of the planned dam [TT970421, N970425].

K.N.U. ATTACKS SLORC BASE

In retaliation for the torture of a Karen boy by SLORC soldiers, a combined force of ABSDF and KNU troops attacked a SLORC camp (Mor Ta) opposite Umphang in Thailand's Tak province [TT970424].

KAREN CAMP ATTACKED BY SLORC

At midnight on 26 Apr, SLORC and Democratic Karen Buddhist Army (DKBA) troops attacked Ta Per Poo camp in Umphang, Thailand. The intruders looted goods and cash worth Baht 150,000 (US\$6,000) and set fire to 19 houses and shop stalls. Colonel Suwit Maenmuen, commander of the 4th Army Regiment Task Force, said the Thai-Burmese Border Committee had sent a letter to the Burmese military on 5 May in protest of the attack on Ta Per Poo. The Thai-Burmese Border Committee consists of Thai and Burmese government and army officials. About 2,200 refugees from Burma live in Ta Per Poo [TT970505, KNU970427, N970428].

CAMPS TO AMALGAMATE

The Thai Army's 9th Division is planning to combine refugee camps in Kanchanaburi and Ratchburi provinces. Huay Sut and Bo Wi in Ratchburi will become one camp called Tham Hin, with a population of 7,200. Htee Lai Pah and Thu Kah in Kanchanaburi will be amalgamated at a place named Maw Raka, near Sankhlaburi province, with a population of 4,000. Refugees at Thu Kah were told on 16 Apr to leave within one week and either go to Phu Muang or Halockani refugee camps, or return to Burma. Major-General Thawee Suwan Nasingh of the Thai 9th Div made the announcement shortly after Thu Kah received heavy shelling from SLORC troops on 12-13 Apr.

Phu Muang camp was reported on 29 Apr as having 2,700 people, who are sheltering under plastic sheets as the wet season begins [BR0429, N970418].

E.U. ARMS SANCTIONS

On 29 Apr, the European Union has agreed to extend sanctions against Burma for another 6 months. This embargo prevents EU nations or companies from providing military assistance or aid to Burma [AFP970429].

DRUG FACTORIES MOVED

On 2 May, Veerakorn Kamprakob of Thailand's Office of the Narcotics Control Board said seven or eight factories producing amphetamines, run by the UWSA, had been relocated from Shan State to Karen State, opposite Tak province in Thailand. It was reported that Pao Yochang, leader of the UWSA, had met with Chinese officials in February and was told to stop the flow of drugs, including amphetamines, into Yunnan province [B970502, F970508].

U.S.D.A. BLAMES DAW SUU

At a mass rally of 30,000 people on 4 May in Rangoon, Union for Solidarity and Development Association spokesman Kyi Kyi Htway accused Daw Aung San Suu Kyi of 'falsehoods' which had influenced the USA to invoke sanctions against SLORC. Kyi Kyi Htway said Daw Suu and others 'bent on subverting the economy' should be driven out of the country. Meanwhile, sources predicted mass rallies would be held throughout Burma by USDA to condemn US sanctions. An unconfirmed report on 8 May said the USDA group that attacked Daw Suu's motorcade in 1996 is now undergoing further training and may be planning another attack [AP970505, N970508].

PRISONERS TRANSFERRED

The Southeast Asian Information Network reported on 6 May that since April, SLORC has transferred 46 prisoners from Rangoon jail to other prisons upcountry where they cannot receive food and material support from family members. The transferral, named 'Operation Crow,' apparently affects doctors active in the NLD who were arrested during the SLORC's 'Operation Ngwe Byaing Phyu'. SAIN gave the names and whereabouts of 46 political prisoners [SAIN 970506].

News Chronology:**U.N. OFFICIAL MEETS DAW SUU**

From 6 to 10 May, United Nations Assistant Secretary-General for Political Affairs Alvaro de Soto visited Burma and met with political leaders including Daw Aung San Suu Kyi and Lieut-Gen Khin Nyunt, Secretary-1 of SLORC. De Soto also met with Khun Htun Oo, chairman of the Shan Nationalities League for Democracy, as well as SLORC Foreign Minister Ohn Gyaw, Chief Justice Aung Toe, and others [AFP970410].

THAI TRANSPORT LINKS

Thailand's Transport and Communication Minister Suwat Liptapanlop visited Rangoon 8-9 May to discuss improvement of air, rail and road links between Burma and Thailand. On the agenda was the extension of the Saiyoke rail link to Burma through the Three Pagodas Pass, more flights between Bangkok and Rangoon, and the management of the Thai-Burma friendship bridge in Mae Sot /Myawaddy. The bridge was completed on 6 May [N970508, B970507].

SLORC TROOPS ATTACK MON BASE

On 10 May, SLORC Infantry Battalion No. 106 entered Halockanee, a Mon refugee camp located about 60 km southwest of Thailand's Sankhlaburi district, and occupied the camp rice store. A ceasefire agreement signed by SLORC and the New Mon State Party in June 1995 stipulated that SLORC troops cannot enter Mon refugee camps. On 28 Apr, SLORC troops also overran a Mon base at Tab Guncha and burned it down, causing 1,000 Mons to flee to Bang Saphan's Tambon Chaikasem in Thailand [B970430, MUL970512].

PAKISTAN ATTACHE VISITS BURMA

Lieut-Col Zahid Hussaid Khan, military attache of Pakistan, resident in Dhaka, Bangladesh, met with Lieut-Gen Tin Ngwe, Commander-in-chief of SLORC's Air Force on 13 May [NLM970514].

UNOCAL'S IMLE MEETS DAW SUU

On 16 May, John Imle, president of UNOCAL, met with National League for Democracy (NLD) leader Daw Aung San Suu Kyi at her home. Imle gave no details saying only that, "They were useful discussions" [LAT970515].

CHAVALIT VISITS RANGOON

Thai Prime Minister Chavalit Yongchaiyudh visited Burma 16-17 May. SLORC Chairman Senior General Than Shwe and Chavalit discussed port construction, industrial projects, foreign investment in Burma, and Burmese migrant workers in Thailand. Gen Chettha, Thai Army Commander, accompanied him [Reu970421, TT970419, B970515].

THAI PRESS CAN'T MEET DAW SUU

Thai press covering Prime Minister Chavalit's visit to Burma, 16-17 May, were prevented from meeting with NLD members when they were issued two-day visas instead of the usual 14-day visas. Journalists were told by SLORC to stay away from the house of Daw Suu and that their movements would be monitored [B970516].

NEWS SOURCES THIS ISSUE: ABSDF = All Burma Students Democratic Front, AFP = Agence France Presse, AP = Associated Press, AT — Asia Times, B = Bangkok Post, BA = Burma Alert, BL = Bloomberg, BR = Burmese Relief Centre, BT = Business Times, CFOB = Canadian Friends of Burma, DJ = Dow Jones, F = Far Eastern Economic Review, FBC = Free Burma Coalition, FT = Financial Times, JT = Japan Times, KH = Korea Herald, KNU = Karen National Union, LAT = Los Angeles Times, N = The Nation, NLM = New Light of Myanmar, Reu = Reuter, S = The Star (Malaysia), ST = Straits Times, SAIN = Southeast Asian Information Network, TH = The Hindustan, TT = Thailand Times, and UN = United Nations.

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