

# Another snake in the jungle?

## Shwe gas development in western Burma

By Matthew Smith & Naing Htoo



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In 1996-98 the Yadana-Yetagun pipelines were constructed in the Tenasserim region of Burma by two large multinational oil companies in partnership with Burma's illegitimate military government. The construction of these pipelines resulted in severe

human rights abuses and environmental degradation, including the forced and uncompensated relocation of thousands of local villagers.

Currently, the preconditions for similar human rights violations and environmental destruction are in place as an international consortium negotiates the Shwe gas project, which involves a proposed gas pipeline that will carry gas through Arakan and Chin States in Burma, and through Bangladesh for consumption in India. Matthew Smith and Naing Htoo explain how the Shwe project would further degrade the environment and violate human rights, whilst generating more revenues for Burma's military junta, posing a long-term threat to Burma and the region.

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**EarthRights International (ERI)** is a non-profit, nongovernmental organisation (NGO) that combines the power of law and the power of people in defence of human rights and the environment. ERI is based in Washington, DC and Thailand, and can be reached at [infoasia@earthrights.org](mailto:infoasia@earthrights.org). See ERI on the web at [www.earthrights.org](http://www.earthrights.org)

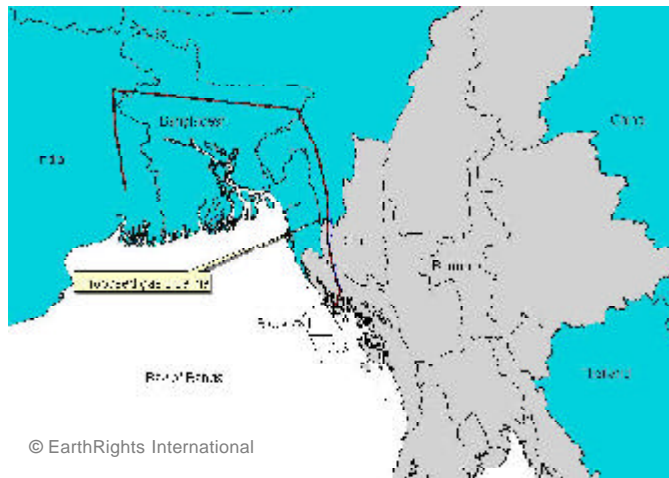
“ **To me I don't think the pipeline will be a benefit. The people will suffer more because of this. It already happened and I think it will continue.** ”  
 Local trader in Arakan State, Burma, commenting on the proposed Shwe gas pipeline.

**B**urma, re-named Myanmar by the country's ruling military generals after a 1988 coup, is a place where some of the world's worst social, political, and economic problems converge: authoritarianism, systematic human rights violations, environmental destruction, civil war and complicated ethnic politics, severe poverty and poor public health, lack of education, and others. These problems and their various ill effects are often viewed within the context of the mili-

gal, through Arakan and Chin States in Burma, and through Bangladesh for consumption in India. This interna-

gional peace and security.<sup>2</sup> Moreover, the Shwe gas project stands to cause severe environmental degradation and destruction, upsetting vital and fragile ecosystems, threatening many species unique to the region, and contaminating local waters. For these reasons and others the Shwe gas project must stop immediately.

Situated between giants India and China, Burma is a geo-political hotbed where natural resources, in this case conflict resources,



**The proposed Shwe gas pipeline and Blocks A-1 and A-3**

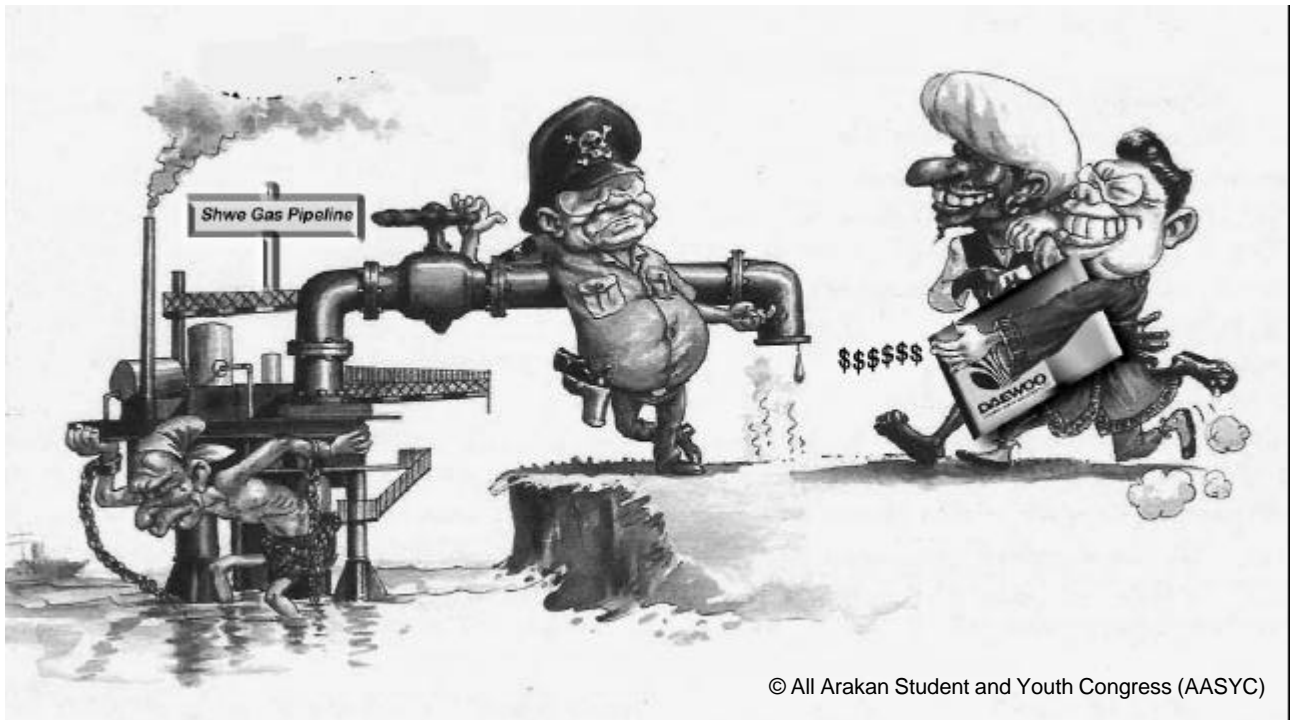
tary dictatorship that is largely responsible for them, but the people of Burma have more to fear than the repressive military government ruling over them. They must also fear its partners.

Major multinational companies and regional governments are poised to invest in Burma, and Burma makes it easy for them to do so. Currently, an international consortium comprising private and state-owned companies from South Korea and India are negotiating with Burma's military government around the Shwe gas project, a large-scale gas development project unfolding in western Burma. This project will most likely result in the construction of a gas pipeline which will carry natural gas from the Bay of Ben-

tionally financed pipeline project will be doubly devastating for the people of Burma, especially those of Arakan and Chin States. Firstly, the project threatens the basic human rights of those in affected regions: the *Tatmadaw* (military) will almost certainly forcibly relocate entire villages, use local forced labour on the pipeline and its supporting infrastructure, and introduce violence such as rape, torture, and murder to local communities.<sup>1</sup> Secondly, in as much as the Shwe project is potentially the largest source of revenue for the military government of Burma, it poses a long-term threat to those living under Burma's military rule, to say nothing of the threat that continued military rule poses to re-

sources, abundant. Since 1988 total foreign investment in Burma is estimated at US\$7.646 billion. Of that amount the oil and natural gas sectors are Burma's largest area of foreign investment, accounting for US\$2.494 billion since 1988, or roughly 33 per cent of all foreign investment since 1988.<sup>3</sup> This amount is on a sharp rise due largely to market demands caused by the unprecedented industrial growth of India, China, and Thailand over recent years.

The military junta's demonstrated interest is in continued rule, and continued rule requires continued revenue, so by default the junta's primary interest is in generating more direct foreign investment, at any cost. Just



three months after the military's 1988 bloody crackdown on the nationwide pro-democracy uprising that left thousands of peaceful protestors dead in the streets of Burma, the State Peace and Development Council (SPDC), then dubiously called the State Law and Order Restoration Council (SLORC), passed Law #10/88. This law officially opened Burma's previously closed economic doors to foreign investment in order to promote "development of national economy," as the military junta phrased it.<sup>4</sup> This so-called economic development policy enables the junta to control the flow of direct foreign investment coming into Burma, and shareholding capacity has been conveniently reserved for the military and their families.<sup>5</sup> The people of Burma, and especially those of Arakan and Chin States who are in the direct path of the proposed pipeline project, simply can not benefit from the Shwe project, or any large-scale development projects, until there

is a sound, democratically elected civilian government in Burma.

### Background on the Shwe gas project

The Shwe gas project is in its initial stages, but there is already reason for grave concern. In August 2000, the South Korean based company Daewoo International became contractual partners with the Myanmar Oil and Gas Enterprise (MOGE), a subsidiary of the military government of Burma. This contract gave Daewoo the rights to explore and potentially develop gas deposits in the A-1 and A-3 offshore blocks, located just off Burma's Arakan coast in the Bay of Bengal (see map). Four years later, in early 2004, Daewoo announced that they had discovered a "world class commercial scale gas deposit" valued at US\$19-26 billion. Daewoo has since confirmed that the A-1 gas deposit alone is now estimated to contain ap-

proximately 18 trillion cubic feet of natural gas, increasing its potential value to a staggering US\$70-78 billion. Production is expected to begin in 2010 and the deposit has an estimated lifetime of 20 years. This gas deposit is one of the largest in the world and, as mentioned, is potentially the most lucrative and sustained source of revenue for Burma's military government.

Estimates vary, but it has been reported that at least 40 per cent of Burma's national budget is dedicated to military expenditures, while health and education represent a reprehensible 0.4 per cent and 0.5 per cent of the GDP, respectively; the lowest in the world.<sup>6</sup> Shwe gas profits will support this violent political-military institution. The generals in Rangoon aptly named the newly discovered gas fields Shwe, meaning "gold" in Burmese.

The Shwe gas consortium that will develop the massive gas deposit formed relatively quickly, having been approved by the military junta

soon after Daewoo's discovery. In October 2005, in South Korea Daewoo International signed a formal agreement regarding the Shwe project, formalising the percentage stakes of each consortium member. Currently comprising the consortium are four entities: from South Korea there are Daewoo International (60 per cent share) and the state-owned Korean Oil and Gas (KOGAS) (10 per cent share), as well as two state-owned Indian oil and gas companies – the Oil and Natural Gas Corporation (ONGC) (20 per cent share) and the Gas Authority of India Ltd. (GAIL) (10 per cent share). Though the Shwe gas was always intended for sale in India, it was the generals in Rangoon who were savvy in persuading Daewoo to include the Indian companies in the consortium, representing some political manoeuvring of geo-political interest.

The earlier Yadana gas field in the Tenneserim region of Burma – to be discussed in more detail below – resulted in two pipelines, egregious human rights violations, and was the subject of two recently settled lawsuits against the major multinational oil companies behind the project (the US company Unocal and Total of France; both awarded a financial settlement to Burmese plaintiffs). The Yadana gas field was discovered in the early 1980s but remained dormant for over a decade due to a lack of necessary financing. The Shwe project, on the other hand, is moving along considerably quicker, with the Shwe consortium comparatively forming overnight.

By virtue of holding the largest share in the project – 60 per cent – South Korea's Daewoo International

is inescapably responsible for the human rights abuses and environmental destruction that will inevitably accompany the Shwe gas project. Of course, this does not overshadow the unde-

**Development projects in Burma result in increased militarisation in the given area of the project. The amount of militarisation around a project site positively correlates with the project's potential revenue and subsequent importance.**

niable responsibility of the other consortium members, also – namely the governments of India and South Korea. All entities are now the object of international activism being led by local voices in the Shwe Gas Movement (see [www.shwe.org](http://www.shwe.org)).

### **Shwe today**

At this point only basic information on the Shwe gas project is publicly available, due in part to a rather expected secrecy within the consortium and the military government of Burma, and in part to the early stage of the project. There are several options for delivering the Shwe gas to India, all originating in Blocks A-1 and A-3 off the coast of Sittwe, the capital of Arakan State. The options have vary-

ing degrees of likelihood, with the likeliest route passing through Arakan and Chin States of Burma, Mizoram and Tripura States of India, Bangladesh, and then to Kolkata City in India. The Shwe Gas Movement reports that the entire length of this pipeline is 897 kilometres, nearly three fourths longer than the earlier Yadana-Yetagun pipelines.

The government of Bangladesh has several demands of the consortium that must be met if the pipeline will travel through Bangladeshi territory. These demands, largely economic in nature, led the consortium and the Burmese military to consider bypassing Bangladesh entirely, except that this option renders the pipeline in excess of 500 kilometres longer (nearly triple the length of the Yadana pipeline), bringing with it various technical considerations such as constructing over nearly impassable mountainous terrain, to say nothing of increased financial costs. There has been discussion around the possibility of constructing a Liquid Natural Gas (LNG) plant in Burma, which would preclude pipeline construction, though as of 8 December 2005, Daewoo publicly stated that no decision has been made regarding a possible LNG Plant. An underwater route is an option, which would minimise, though not eliminate, adverse social and environmental impacts. Alas, the path of "least social-political resistance" runs counter to the path of "most economic benefit," which points to the economic priorities of the parties involved. The over land via Bangladesh route is the most likely option, placing the pipeline along the path of the Kaladan River. The Kaladan River is a critically

important river in both human and environmental terms, with an integral role in the subsistence practices of locals and the unique local ecosystem. The adverse effects the pipeline and militarisation will have on this dynamic will be devastating and complete.

At any rate, there is a gas project unfolding that has ensued with a complete lack of local participation. Historically, development projects in Burma have only devastated local communities and destroyed livelihoods in affected regions, bringing forced relocations and other human rights abuses, while at the same time, perpetuating military rule.

**Forced relocation:  
From Yadana-Yetagun to Shwe**

The people of Burma are all too familiar with human and environmental tragedies surrounding gas pipelines. In the early 1990s the illegitimate and brutal military government of Burma partnered with the US based Unocal Corporation and Total of France to construct the Yadana and Yetagun pipelines through the Tenasserim region in southeast Burma. This large gas project, constructed from 1996-98, was directly linked to widespread and severe human rights violations and environmental degradation.

*Tatmadaw* troops forced villagers to work on infrastructure related to the

pipeline project, including access roads, helipads, and military barracks; land was confiscated from local farmers; there was increased militarisation in order to “secure” the pipeline corridor, bringing an influx of soldiers to otherwise peaceable villages, disrupt-



**Military base and helipad built with forced labor, in support of the Yadana pipeline.**

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ing local livelihoods and traditional dynamics. There was rape, torture, murder; approximately 35,000 people were directly affected by the pipelines.<sup>7</sup> The affected area and populations will never be the same.

To get a clear understanding of forced relocation and displacement in Burma around large-scale development projects it is useful to consider the strategic military mindset. Burma is ruled by an illegitimate military government, where state violence and control over the people go hand in hand. Development projects in Burma result in increased militarisation in the given area of the project. The amount of militarisation around a project site positively correlates with the project’s potential revenue and subsequent importance. Gas pipelines are very important. They are vehicles for the jun-

ta’s largest source of revenue, and for that reason they are aggressively guarded, heavily militarised operations.

The junta’s first step with the Yadana and Yetagun pipelines was to systematically “secure” the pipeline

corridor, which means remove any and all perceived threats or nuisances to the projects. The military’s perceived threats and nuisances have often been local villagers attempting to live peaceably on their own ancestral homelands. To the SPDC and the *Tatmadaw*, these people represent potential dissent and resistance to the

projects and for that reason must be removed. When the *Tatmadaw* secured the corridor for the Yadana and Yetagun pipelines, several villages were “moved,” resulting in the displacement of thousands of people.

In Burma, this type of widespread displacement occurs in the most brutal of ways: violently, with little warning, and with no compensation or support. Describing his experience with the Yadana pipeline construction, one villager told ERI:

[The SPDC] told the village head, “your village has to move in one month starting from today. After one month, your village will be a free-fire zone.” Then no villager dared to stay, so everyone moved.<sup>8</sup>

When villagers are forced from their homes they have a few options, each uniquely difficult and dangerous.

They can simply move to a relocation site, if one exists (here they'll likely be subjected to forced labour and *Tatmadaw* brutality); they can flee to the jungle, becoming internally displaced persons; or they can flee to a neighbouring country, which, in the case of the proposed Shwe pipeline in western Burma, means that displaced people will most likely flee to Bangladesh or India. Remaining in their village is not an option, nor is openly questioning the relocation by the authorities in any way.

Currently there are anecdotal reports of forced relocation and land confiscation in Arakan and Chin States, Burma. As mentioned, the route of the proposed Shwe pipeline is unconfirmed. Any direct connection between reports of forced relocation, land confiscation, and the government's secret preparations for the pipeline are only speculative at this point.

We have reports that large, collective, unconfirmed numbers of people have arrived on the India and Bangladesh borders after fleeing the *Tatmadaw*. They fled from remote rural areas, where *Tatmadaw* violence and threat of violence is greater than in the cities. EarthRights International, in collaboration with local NGOs and The Shwe Gas Movement, is working to determine if these displacements in Arakan and Chin States are related to the Shwe pipeline. The remote and changing geographic location of displaced people within Arakan and Chin states makes fact finding more difficult. Moreover, the lack of information local people have regarding the preparations for a pipeline means they can

not know the difference between simply fleeing *Tatmadaw* forces and fleeing *Tatmadaw* forces because of pipeline preparations.

There are also reports of widespread land confiscation occurring in Arakan State, which is thought to be



**Daewoo office in Rangoon**

in preparation for the construction of military bases. The construction of a military base, though certainly common in Burma, represents one of the first events in the sequence of events leading up to the construction of a large scale development project. These projects first involve increased militarisation.

The Shwe Gas Movement also has reports that the military is revoking fishing rights in Sittwe, the capital of Arakan State, directly related to Daewoo's exploration and drilling in the sea. Moreover, local fisher's boats were confiscated to facilitate transportation out to the sea. In this geographic area, and Arakan State generally, fishing is the primary source of subsistence, playing an integral role in basic survival and cultural identity. Presumably Daewoo International representatives benefited from those confiscated modes of transport and the revocation of fishing rights.

### **Forced labour:**

#### **From Yadana-Yetagun to Shwe**

Forced labour is also a major issue related to large-scale development projects in Burma. During the construction of the Yadana-Yetagun pipelines, villagers were forcibly relocated not merely as a tactic to physically remove and abolish potential dissent, but also to simply create a labour pool. Once rounded up and settled near military outposts, the many displaced villagers from areas surrounding the Yadana-Yetagun pipelines were easily available for forced labour and portering, the latter of which involves locals being forced to carry impossibly heavy loads of supplies for the military.

The use of forced labour by military and civilian personnel in Burma, especially for large-scale development projects, has been well documented by ERI and other human rights organisations. It is a social disaster and an undisputed phenomenon in Burma, with even the SPDC admitting that millions of people had contributed "voluntary labour" to build railways throughout the country during the 1990s.<sup>9</sup> Similarly, tens of thousands of villagers were forced by the Burmese military – many of them repeatedly – to help construct the Yadana-Yetagun pipelines from 1996-98. This scenario will occur again if and when the overland Shwe gas project is well underway.

### **Environmental concerns:**

#### **From Yadana-Yetagun to Shwe**

Vital, fragile, globally significant eco-

systems were adversely affected by the construction of the Yadana-Yetagun pipelines. Unocal and Total issued inaccurate and patently false statements regarding environmental impacts in a pathetic attempt to greenwash and divert attention away from the inevitable ecological destruction wrought by their pipeline projects. Some of the world's most unique forests (the Tenasserim forests) were hastily cut through and access roads to the pipelines were constructed, opening the areas up to illegal logging and hunting of endangered species. This activity continues to this day.

The Shwe pipeline will have similar environmental impacts. Any overland route for the proposed Shwe gas pipeline will traverse through very sensitive ecoregions, most notably the Naga-Manupuri-Chin Hills, which include numerous ecologically sensitive sub-regions. The Naga-Manupuri-Chin Hills, like the Kayah-Karen Montane Region where the Yadana-Yetagun pipelines are located, is listed as a Global 200 Ecoregion due to its extremely high rates of biological diversity.<sup>10</sup> The region, while particularly famous for the number of bird species found there, also provides important habitat for dozens of other highly endangered species, such as hoolock gibbons, gaurs, bear macaques, Fea's muntjak, tigers, elephants, and rhinoceroses.<sup>11</sup>

Threats to the environmental integrity of the Naga-Manupuri-Chin Hills include the following: shifting cul-

tivation (taunggya), increased population pressures, hunting, legal/illegal trade in forest resources, and habitat loss due to agriculture, logging, and



**Yadana pipeline construction**

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development projects. All of these processes would accelerate with the construction of the Shwe pipeline project. Additionally, road construction will contribute to a dramatic increase in legal and illegal forms of cross-border trade, as has been the case in other road construction projects through important forest areas in Burma.

The clearing, drilling and construction of the Shwe project, regardless of its final route, will be detrimental to the local environment. In fact, habitat loss, accidental spills, and the creation of hazardous and toxic wastes are inevitable by-products of this form of resource extraction. The Shwe project, however, poses a special risk. The Bay of Bengal is particularly prone to severe cyclones during April to June and September to November. Relatively recent storms have left more than a million people living in the region homeless and hundreds of thousands dead.<sup>12</sup> The high winds, storm surges, and flooding of coastal areas increase the likelihood that the pipe-

line will be badly damaged or rupture during such an event.

Also, there are reports of over 10,000 dead fish in the Kaladan River near Sittwe. This unprecedented occurrence coordinates with Daewoo's offshore exploration and drilling, leading locals to make the obvious inference that Daewoo's operations are killing and contaminating their own means of subsistence. Fish are being caught with deformed intestines and unusually small size, both of which are signs of con-

taminated water.<sup>13</sup> Neither Daewoo nor the other consortium members have conducted a public environmental and social impact assessment of their exploration and development of the Shwe gas. None of the consortium members have sought local input regarding their negotiations around the Shwe gas project.

### **Conclusion: No way, no Shwe**

The military junta continues to earn much needed revenue from the Yadana-Yetagun pipelines, and the *Tatmadaw* continues to patrol the Yadana-Yetagun pipelines, which only spells more forced labour, violence, systematic exploitation of local villagers, and environmental destruction. This scenario is disturbingly likely to occur yet again around the Shwe gas project.

There is a considerable amount of speculation surrounding the Shwe gas pipeline project in western Burma. Speculation as to whether the project will proceed overland or offshore;

speculation as to whether the pipeline will travel through Bangladesh; speculation as to when the project construction will begin; speculation as to how Daewoo International and the governments of South Korea and India will work with SPDC on the project with regard to social and environmental impacts; speculation as to which villages and how many people will be forcibly relocated from the project.

One thing is certain and beyond speculation: the Shwe gas pipeline will not benefit the people of Burma, especially those of Arakan and Chin states. Rather, history, common sense, and hard evidence tells us the Shwe project is a potential human and environmental disaster.

Daewoo International and the governments of South Korea and India are poised to continue with a project in Burma that will cause and perpetuate



**Tens of thousands of people were forced by the Burmese military to help build the Yadana-Yetagun gas pipelines.**

the worst human atrocities and the most tragic environmental degradation against a people and land not their own. The parties will proceed with a project that would be unacceptable in their respective countries, so we

must ask why this is acceptable for the repressed, struggling people of Burma? In the words of the late Edward Said, "if you wish to uphold basic human justice you must do so for everyone, not just selectively for the people that your side, your culture, your nation designates as okay."<sup>14</sup> No matter the course the project takes, it is fundamentally impossible to uphold basic human justice in Burma until a democratically elected, civilian government is in place, and because of that fact Daewoo International and the governments of South Korea and India must sever their partnership with the military government of Burma. Otherwise they all own the human rights violations and environmental destruction.

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#### Endnotes:

- 1 These human rights abuses have been well documented by numerous regional and international non-governmental organisations. They were the subject of two lawsuits brought against major multinational oil companies operating in Burma. See [www.earthrights.org](http://www.earthrights.org) for more information about the landmark Unocal case, which was settled through US Courts by Unocal compensating plaintiffs from Burma who suffered human rights abuses due to the construction of the *Yadana* gas pipeline.
- 2 Václav Havel and Desmond Tutu recently commissioned a convincing and widely cited report that highlights the multiple threats Burma poses to regional peace and security. The report calls for United Nations Security Council action in Burma. See *A Threat to the Peace*, DLA Piper (2005).
- 3 "Foreign Investment in Burma Hits US \$7.6 Billion." *The Irrawaddy Online Newsletter*, 18 November 2005.
- 4 See Myanmar Foreign Investment Law at the official government website, [http://www.energy.gov.mm/Incentive\\_1.htm](http://www.energy.gov.mm/Incentive_1.htm)
- 5 See *The EU and Burma: The Case for Targeted Sanctions* available at [www.burmacampaign.org.uk/reports/targeted\\_sanctions.htm](http://www.burmacampaign.org.uk/reports/targeted_sanctions.htm)
- 6 See The United Nations Human Development Report of 2003 for budget expenditure estimations.
- 7 See *Total Denial Continues*. EarthRights International (2003), available at [www.earthrights.org](http://www.earthrights.org).
- 8 ERI interview #5, on file with authors. See also *Total Denial*, ERI (2003), qtd on page 39.
- 9 ILO, Forced Labor in Myanmar (Burma): Report of the Commission of Inquiry appointed under article 26 of the Constitution of the International Labor Organization to examine the observance by Myanmar of the Forced Labor Convention, 1930 (No. 29) (Geneva: ILO, 1998). See Part IV at No. 408 and notes 624-7. Report available at <http://www.ilo.org/public/english/standards/relm/bg/docs/gb273/myanma3b.htm> (downloaded 12 December 2005).
- 10 The Global 200 is the list of ecoregions identified by the World Wildlife Fund (WWF) as priorities for conservation. For details, see World Wildlife Fund, "Kayah-Karen Montane Region," [http://www.worldwildlife.org/wildworld/profiles/terrestrial/im/im0119\\_full.html](http://www.worldwildlife.org/wildworld/profiles/terrestrial/im/im0119_full.html) (downloaded 12 December 2005) and [http://www.panda.org/about\\_wwf/where\\_we\\_work/ecoregions/global200/pages/regions/region029.htm](http://www.panda.org/about_wwf/where_we_work/ecoregions/global200/pages/regions/region029.htm) (downloaded 12 December 2005).
- 11 WWF, "Naga-Manupuri-China Hills Moist Forests (34)," available at <http://www.worldwildlife.org/wildworld/images/profiles/g200/g034.html> (downloaded 12 December 2005).
- 12 A severe storm in 1999 left more than a million people living along the edge of the Bay of Bengal homeless and killed thousands. In 1991, a similar storm hit the coast of Bangladesh and killed an estimated 138,000 people. However, the greatest loss of life occurred in 1970, when more than 300,000 people died in Bangladesh. "Indian Cyclone Fact Sheet," available at <http://www.meto.gov.uk/sec2/sec2cyclone/tcbulletins/05b.html> (downloaded 12 December 2005). See also, "Bangladesh: Country Profile for Natural Disasters," available at <http://www.em-dat.net/disasters/Visualisation/profiles/natural-table-emdat.php?country=Bangladesh> (downloaded 12 December 2005).
- 13 "Over 10,000 Giant Sea Perch Dead, Hilsa Deformed: Daewoo & Shwe Block A-1 Gas Operation" by Dale. *The Shwe Gas Bulletin*. Volume 1, Issue 5 (September 2005).
- 14 Said, Edward. *Representations of the Intellectual*. P. 93.