Another Yadana: The Shwe Natural Gas Pipeline Project (Burma-Bangladesh-India)

In Burmese, Yadana refers to objects of religious veneration and, by extension, to people and objects of great worth.[1] The construction and maintenance of the Yadana Pipeline has forever changed that. For the thousands of people adversely affected by this multi-national energy project, the word has a very different meaning. Yadana is now synonymous with forced labor and severe human rights violations.[2]

Another Yadana, sadly, is in the making. In January 2004, with the approval of the Burmese government, a consortium of South Korean and Indian companies announced plans to develop a massive natural gas field in the Gulf of Bengal, off the coast of western Burma. This new project, known as Shwe, which means “gold” in Burmese, is still in its early planning stages. In EarthRights International’s (ERI) view, an alarming number of similarities already exist between the Yadana Pipeline and the proposed Shwe Pipeline. If nothing is done, it appears likely that history will repeat itself. Forced labor and human rights abuses are still an ongoing problem throughout Burma, and it can be assumed that these violations will continue at any major development project site.

At this point, little information on the proposed Shwe Project is publicly available. To help counter this problem ERI is now collaborating with a growing number of groups in the tri-state border region (Burma-Bangladesh-India) where the transnational pipeline is likely to be constructed. Together, the groups are working to raise local, regional and international awareness concerning the social and environmental impacts the massive Shwe Project is likely to have regionally. The Project is expected to cost between one and three billion U.S. dollars to build.[3] Future reports based on careful fact-finding are planned, as is an international campaign should the energy consortium move forward with the project.

Background

In August 2000, Daewoo International Corporation signed an exploration agreement with the Myanmar Oil and Gas Enterprise (MOGE) entitling them to a major offshore gas field in Block A-1, located off the coast of Arakan State in the Bay of Bengal. The field is believed to contain between four and six trillion cubic feet of recoverable gas.[4] Daewoo International Corporation, which is conducting drilling tests, estimates that an additional seven to twelve trillion cubic feet are located in the Block. If correct, the gas field would be significantly larger than the Yadana and Yetagun fields combined.[5]

Presently, the Shwe Project Consortium is comprised of four entities. Daewoo International (60% stake) and the Korean Gas Corporation (10%) are both incorporated in South Korea, while the state-owned Oil and Natural Gas Corporation (ONGC) Videsh Ltd. (30% stake) and Gas Authority of India Ltd. (GAIL) both represent India.

MOGE is a Burmese state-owned enterprise within the Ministry of Energy. MOGE is responsible for coordinating the development of this joint venture within Burma. Any local profits from any
oil or gas project in Burma go directly to MOGE, which is owned by the Burmese military (Tatmadaw). Many speculate that the Shwe Project could generate between $800 million to $3 billion U.S. dollars in annual revenues.

The United Nations Human Development Report of 2003 estimates that over 40% of Burma’s national budget is dedicated to military expenditures, while 0.4% is spent on health and education.[6] Profits made from the Shwe Project would reinforce the military, which continues to suppress the people of Burma.

According to a spokesperson from the Arakan National Council (ANC), a pan-political organization representing several different Arakanese groups, four different routes are currently under consideration.[7] All four of the routes begin in Block A-1, off the coast from Sittwe, the capital of Arakan State. The natural gas will be pumped via a pipeline to the State of Bengal, where it will feed India’s National Gas Grid (NGG). The possible routes are as follows:

**Route 1:**
Underwater Pipeline-Sittwe District (Arakan, Burma)-Maungdaw District (Arakan, Burma)-Bandarban District (Chittagong, Bangladesh)-Chhimtuipui District (Mizoram, India);

**Route 2:**
Underwater Pipeline-Sittwe District (Arakan, Burma)-Buthidaung District (Arakan, Burma)-Chin State (Burma)-Chhimtuipui District (Mizoram, India);

**Route 3:**
Underwater Pipeline-Bandarban District (Chittagong, Bangladesh)- Chhimtuipui District (Mizoram, India);[8]

**Route 4:**
Underwater Pipeline-northern Bengal (India).

Currently, Route 1 is seen to be the most likely option.[9] If there are no substantial delays, commercial production is expected to begin in mid-2006.[10]

**Comparison between Shwe Project and Yadana-Yetagun Pipeline**

In the early 1990s, the Burmese government partnered with Unocal, Total and MOGE to construct the Yadana-Yetagun pipeline in southern Burma. This gas project led to increased militarization and systematic human rights abuses. Forced labor was widely used along the pipeline route to build access roads, helipads and military barracks. Land was confiscated from local farmers, communities were forcibly relocated, and the Burmese soldiers committed rape, torture and extrajudicial killings in the pipeline area. The military continues to act as a security force for the pipeline corridor.

In 2000, a United States federal judge found there was clear evidence that Unocal knew that the military government held a poor human rights record prior to joining the energy project. ERI believes that Daewoo International also has full knowledge of the Burmese military regimes’
human rights abuses and reputation.

Numerous similarities exist between the Shwe Project and the Yadana-Yetagun Pipeline. However, this article chiefly restricts itself to the real possibility that earth rights abuses will occur if a pipeline is constructed. Earth rights abuses include human rights violations and the environmental degradation directly connected to the development of large-scale extractive industries. Earth rights abuses are particularly pronounced in countries where non-governmental institutions are weak and legal redress is difficult if not impossible.[11] Sadly, Burma is such a county. Decades of mismanagement, corruption, violent conflict, and isolation have helped transform the country from one of the wealthiest and most educated countries in Asia into one of the world’s poorest and worst governed.[12]

Similar to the experience leading up to the Yadana-Yetagun Pipeline, a transparent and participatory process involving local stakeholders is lacking. The decision to go forward with the Shwe Project has thus far excluded any public participation and independent environmental and social impact assessment.

With its economy in shambles, the Burmese State Peace and Development Council (SPDC) is overwhelmingly dependent upon the foreign exchange it earns from auctioning off the country’s natural resources to non-Burmese interests.[13] The SPDC, however, has chosen to use the considerable profits from these concessions towards buying weapons, ammunition, and supplying its armed forces—currently the largest in Southeast Asia—instead of improving the welfare of its people. Given this context, there is little reason to believe that the earth rights abuses that transpired during the construction of the Yadana-Yetagun Pipeline will not happen again.

**Human Rights Concerns**

The pervasive and continuing use of forced labor by military and civilian personnel in Burma, especially for large-scale development projects has been well documented by ERI and other human rights organizations. In fact, the SPDC admitted that millions of people had contributed to “voluntary labor” to build railways throughout the country during the 1990s.[14] Similarly, tens of thousands of villagers are believed to have been forced by the Burmese military—many of them repeatedly—to help construct the Yadana-Yetagun Pipeline between 1996-1998. These figures do not include the estimated 36,000 who were forcibly relocated without compensation to secure a corridor for the project. Nor do these figures count the victims of other abuses, including: rape, torture, and summary executions.[15]

Perhaps most troubling, a U.S. Appeals Court panel found that there is evidence energy companies involved in the pipeline project, most notably Unocal and Total, were “aiding and abetting” these abuses. Astoundingly, the abuses continue today. Recent testimonies gathered by ERI indicate that Tatmadaw units hired to provide security for the pipeline corridor continue to extract labor and to extort funds from villagers living in the area. They allege that the energy companies, although aware of the abuses, have taken no significant steps to stop them.[16]

Given these precedents, the inhabitants of Arakan and Chin States, located along the western
border of Burma, are justifiably concerned about how the Shwe Project might affect them. Military campaigns conducted by the SPDC have been particularly harsh in western Burma where the Rohingya and the Chin as well as other non-Burman ethnic minorities groups reside. The Rohingya are predominantly Muslim, while an estimated 90% of all Chin are Christian. Both have repeatedly experienced state persecution for their religious beliefs, a problem that led the U.S. Department of State to designate Burma as a country of particular concern for violating religious freedom.[17] Severe human rights abuses have accompanied the military governments’ discriminatory policies and counter-insurgency campaigns, which first began in the late 1970s.

_Arakan State_

Since 1978, human rights organizations have documented the pervasive use of forced labor, forced relocations without compensation, torture, rape, and extra-judicial executions by the military regimes against civilians throughout Arakan State.[18] “Ethnic Cleansing” campaigns targeting the Rohingya caused a mass exodus in 1992 when approximately 250,000 refugees fled to Bangladesh. Military campaigns and sectarian violence forced tens of thousands across the border again in 1997 and Arakan remains one of the most heavily militarized states in Burma.[19] Despite assistance from the United Nations High Commission on Refugees (UNHCR) and NGO relief agencies, the Government of Bangladesh has forcibly repatriated Rohingya refugees from the nineteen camps along the border on numerous occasions in violation of international law.[20] United Nations estimates place the number of internally displaced persons (IDPs) at 100,000.[21]

Due to this repeated pattern of human rights abuses, Arakan State was included on the International Labor Organization’s (ILO) list of priority areas for eliminating the use of forced labor (May 2003).[22] Despite this increased level of scrutiny, human rights groups and news agencies operating in the border region have documented severe and ongoing instances of forced labor and forced relocations. Muslim communities continue to be singled out as targets for violence due to their religious beliefs. Reported incidents included the destruction of homes, villages, and mosques as well as the significant loss of life.[23] Additionally, displaced Rohingya are commonly forced to build “new villages” to help settle Burman trans-migrants from central and northern Burma in locales where they formerly lived. According to the UN Special Rapporteur on Myanmar, the authorities have taken no legal action to stop the attacks.[24] These allegations were confirmed by Amnesty International, which recently completed a study focused on the violence these communities routinely face.[25]

_Chin State_

Conditions in Chin State have received considerably less international attention, largely due to its geographic isolation. But that pattern of human rights abuses, while somewhat less severe than Arakan State, has been largely the same.

Chin State has been a site of complicated counter-insurgency operations. These operations by the _Tatmadaw_ were used to suppress Chin organizations seeking greater regional autonomy and, in some cases, independence. Additionally, groups from eastern Bangladesh and northeastern India seeking similar outcomes have frequently used Chin State as a safe haven from which to wage
their political and military campaigns. Chin State is, as a result, heavily militarized.[26]

Since 1990, state-sponsored programs have led to the significant in-migration of Burmans into Chin State, generating inter-ethnic tensions. The programs, prompted by the pro-democracy movement in 1988, are intended to reduce the possibility that such a movement might occur again by relocating ethnic Burmans from the country’s densely populated central regions. Additionally, the in-migrants have contributed to the military’s efforts to “Burmanize” border areas by making non-Burman ethnic nationalities minority populations in areas where they formally predominated.

Currently, discriminatory policies greatly restrict the ability of the Chin to practice their religious beliefs: public celebrations are banned, religious leaders arrested, and people who refuse to convert are frequently forced to build monasteries as punishment. As is the case in neighboring Arakan State, Tatmadaw units and police are accused of using forced labor, torture, rape, and summary executions as a means to control the civilian population.[27]

ERI and other human rights organizations have documented a strong correlation between the presence of the Tatmadaw and human rights abuses. Although the region where the Shwe Pipeline is likely to be constructed is already heavily militarized, local organizations justifiably fear that the energy project will lead to a further increase in the number of army battalions in order to provide security along the route. If this occurs, then gross human rights abuses will follow—repeating the same pattern of events connected with the Yadana-Yetagun Pipeline.

Environmental Concerns

The final route of the Shwe Pipeline has yet to be determined. However, it appears likely that it will travel north through Arakan State to Mizoram and then, via Tripura, to the Indian State of Bengal.[28]. With the exception of route 4, the other proposed routes call for it to traverse several very sensitive ecoregions, most notably the Naga-Manupuri-Chin Hills, which include the following ecologically sensitive sub-regions: Northern Triangle subtropical forests; Mizoram-Manipur-Kachin rain forests; Chin Hills-Arakan Yoma montane forests; Meghalaya subtropical forests; Northeast India-Myanmar pine forests.

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.[29] The region, while particularly famous for the number of bird species found there, also provides important habitat for dozens of other highly endangered species, e.g. Hoolock gibbons, gaur, bear macaques, Fea’s muntjaks, tigers, elephants, and rhinoceroses.[30]

The moist forests which blanket the Naga-Manupuri-Chin Hills cover approximately 272,000 square kilometers and span the borders of three countries: Burma, Bangladesh, and India. The Arakan Yoma Mountain Range bisects the area and feeds two hugely important watersheds—the Brahmaputra and Irrawaddy Rivers upon which tens of millions of people in all three countries are dependent upon for their lives. While much of the forest cover is currently intact and relatively stable, the region is also listed as one of the 10 most vulnerable ecoregions in the
world; currently only 0.8% of the forests are protected.[31]

Threats to the environmental integrity of the Naga-Manupuri-Chin Hills include the following: shifting cultivation (*taunggya*), increased population pressures, hunting, legal/illegal trade in forest resources, and habitat loss due to agriculture, logging, and 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. Such trade has serious implications for organizations interested in promoting sustainable forms of trans-boundary environmental governance.[32]

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. Recent storms have left more than a million people living in the region homeless and hundreds of thousands of dead.[33] The high winds, storm surges, and flooding of coastal areas increase the likelihood that the pipeline will be badly damaged or rupture during such an event.

**Regional Concerns**

ERI’s concerns are not limited to Burma. The Shwe Project is problematic on a regional level as well.

- **Inexperience**
  This is Daewoo's first project as a chief operator.[34] It is not clear whether Daewoo has the technical capacity to safely implement a project of this magnitude and complexity without outside assistance. Without such assistance, the likelihood that the Shwe Project will have major negative environmental impacts is high.

- **Insufficient Funding**
  The costs of the Shwe project make it unlikely that the energy consortium will be able to carry it out without securing additional loans from international financial institutions (IFIs). Both Burma and Bangladesh remain heavily indebted to IFIs. In fact, both the World Bank and the Asian Development Bank have suspended aid to Burma due to its poor human rights record and its failure to service its debt.[35] More significantly, the “Extractive Industries Review,” commissioned by the World Bank Group regarding its involvement in the oil, gas, and mining sectors recently found that it should only provide loans to support the development of extractive industries in poor countries when three enabling conditions are in place. The conditions include the following: (1) good governance; (2) effective social and environmental policies; and (3) respect for human rights.[36] Currently, none of these conditions are in place in Burma.

- **Lack of Mechanisms to Ensure Environmental Accountability**
  The Agreement on the Conservation of Nature and Natural Resources signed in 1985 by the member states of the Association of Southeast Asian Nations (ASEAN) was never implemented due to insufficient political support. Additionally, ASEAN employs a consensus-based decision-making process that strongly emphasizes a policy of non-
intervention in the internal affairs of other members. As a result, there is no meaningful framework to address the trans-boundary impacts of large development projects. The Governments of India and Bangladesh have a similarly mixed record on environmental issues. Finally, no institutional structures currently exist to promote environmental cooperation across the three countries connected with the Shwe Project.

- **Lack of Scientific Information**
  The Naga-Manupuri-Chin Hills region is remote. For much of the past three decades, insurgency and counter-insurgency operations in western Burma, eastern Bangladesh, and northeastern India have further restricted the ability of researchers to study the area. As a result, there is insufficient baseline data on the region. Trans-boundary social and environmental impact assessments, even if conducted by reputable and independent scientists, will be dangerously incomplete. Simply put, not enough is known to make realistic and responsible decisions about if and how to complete such a project in this sensitive region.

- **Regional Stability**
  Finally, there has been no public discussion of what the long-term repercussions the Shwe Project might have on regional stability. The SPDC, for example, has consistently used the profits derived from the sale of the country’s natural resources to purchase weapons it then uses against its civilian population, displacing hundreds of thousands of people into Bangladesh and Thailand in the process. The Shwe Project, which will contribute significant amounts of foreign currency to the regime, is likely to enable the SPDC to remain in power. More broadly, the construction and the operation of the pipeline are likely to exacerbate rather than reduce tensions between the three states and the ethnic communities who are likely to suffer the impacts of such a project. Without improved communication, participation, and a profit-sharing plan to help benefit these disadvantaged communities, armed strife is also likely.

**Recommendations**

Given the history of ongoing abuse, it seems highly likely that many of the problems associated with the Yadana-Yetagun Pipeline will repeat themselves. Current political conditions in Burma simply do not permit all relevant stakeholders to participate in the decision-making process regarding the sustainable use of the country’s natural resources. With this context in mind, ERI makes the following recommendations:

**To the State Peace and Development Council (SPDC)**

- Release Daw Aung San Suu Kyi and other members of the National League for Democracy still under house arrest or in prison for political reasons.
- Begin a credible tripartite dialogue to create a legitimate roadmap for democratization with specific criteria, timetable and milestones for measuring progress.
- Review and revise criminal laws listed above relating to freedom of nonviolent expression and association as defined in articles 19 and 20 of the Universal Declaration of Human Rights (1948).[37]
- Accede to the following international human rights treaties: the International Covenant on Economic, Social and Cultural Rights; the Convention against Torture and Other
Cruel, Inhuman or Degrading Treatment or Punishment, and its Optional Protocol as well as the ILO Conventions on Forced Labor (No. 29 and No. 105).

To the Project Consortium

In the absence of significant political and institutional reforms, it is impossible to invest in Burma or conduct with business with the military regime without contributing to the problem. Since conditions do not permit companies to ensure that their operations – and those of their business partners – are conducted in a manner consistent with human rights and environmental principles, ERI recommends:

- Daewoo International, the Korean Gas Corporation, ONGC Videsh Ltd., and GAIL India should not proceed with the Shwe Project and refrain from making further investments in Burma until a democratically-elected, civilian government is in place.
- The consortium should immediately terminate any contracts, payments, support, or promises to pay any members of the Burmese military for anything related to the proposed Shwe Project.
- The consortium should publicly attribute their divestment from Burma to the current political impasse, which make the protection of human rights impossible.

To International Financial Institutions (IFIs)

A framework that might permit the sustainable use of Burma’s natural resources does not exist in Burma today. As a result, loans and other forms of technical assistance to develop Burma’s natural gas fields will undermine rather than support efforts to promote good governance, effective social and environmental policies, and respect for human rights. Profits derived from Burma’s extractive industries directly benefit the military regime and influential businessmen rather than the Burmese people as a whole. For these reasons:

- The World Bank Group should refrain from providing any financial assistance or technical expertise to the proposed project.
- The Asian Development Bank (ADB) similarly should refrain from providing any financial assistance or technical expertise to the proposed project, including aid to Bangladesh and India that might indirectly support the proposed pipeline project.
  - The ADB should immediately review the terms of its Greater Mekong Subregion (GMS) economic cooperation program and take steps to end the various forms of indirect support it currently provides to Burma.[38]

To the Governments of India and Bangladesh

- Provide incentives to members of the Shwe Project Consortium to suspend all work on the Shwe Project until a democratically elected government in Burma is in place and when local communities are able to freely participate in the decision making processes.
- Pursue other energy strategies, including the development of renewable sources and the more efficient use of existing ones.
To the International Community

- Continue to put pressure on the SPDC such as urging the government to review criminal laws listed above relating to freedom of nonviolent expression and association as defined in articles 19 and 20 of the Universal Declaration of Human Rights (1948).
- Continue to put pressure on the SPDC to release Daw Aung San Suu Kyi and other members of the National League for Democracy still under house arrest or in prison for political reasons.
- Strengthen the ILO’s existing resolutions on Burma, should the SPDC fail to meet the ILO’s November deadline. The resolution requires the ILO’s constituents (governments, employees, and labor) to take concrete actions to eliminate trade and assistance with the regime that is contributing to the practice of forced labor.
- Decrease or suspend aid to the Governments of India and Bangladesh should they provide material support towards the development of the Shwe Project.
- Provide support towards the creation of a credible roadmap for democratization in Burma with specific criteria, timetable and milestones for measuring progress. This roadmap will include a range of mechanisms for increasing penalties if there is not significant movement towards the goals set out in the roadmap. Similarly, the roadmap should set up precise rewards if certain goals are attained within the given timetable.

Endnotes

[1] The word is the Burmese pronunciation of “ratana,” which in the original Pali means: (1) a thing to be desired or adored, a treasure, a gem, a jewel; or (2) An insignia or the accoutrements of a powerful and important personage
[2] In 1997, the U.S. Federal District Court in Los Angeles found that, “the evidence does suggest that Unocal knew that forced labor was being utilized and that the Joint Venturers benefited from the practice.” On the basis of this finding, Court concluded that corporations and their executive officers can be held legally responsible under the Alien Tort Claims Act for violations of international human rights norms in foreign countries, and that U.S. courts have the authority to adjudicate such claims. A copy of the 9th Circuit Court’s decision is available at http://www.laborrights.org/projects/corporate/unocal/unocal091802.pdf [Accessed 26 February 2003].
[3] Estimates vary as the pipeline’s route and other infrastructure needs have not been finalized. The higher estimate includes the cost of building a “liquid natural gas” (LNG) plant to turn the natural gas into liquified form for shipping, a plan favored by the SPDC and the Korean companies. ONGC Videsh, which is responsible for the pipeline in India, has not confirmed that a LNG plant will be built. “Myanmar, Daewoo May Build Plant,” Business Day Newspaper (Thailand), 11 June 2004.


[7] The ANC includes representatives from the Arakan League for Democracy (ALD-Exile), the Arakan Liberation Party (ALP), the Democratic Party of Arakan (DPA), and the National United Party of Arakan (NUPA). Additional representatives are drawn from a range of other associations representing a cross-section of Arakanese.

[8] The Energy and Mineral Resources Division (EMRD) of the Government of Bangladesh has set numerous conditions on the pipeline, should the consortium choose this route. “Conditions Set for Three-Nations Gas Pipeline Project,” Kaladan News, 6 June 2004, available at www.kaladanpress.org (downloaded 8 June 2004); Another variation has the pipeline entering Bangladesh at Brahmanbaria from Tripura (India), and then into West Bengal through Rajshahi. See “Dhaka Sets Terms Myanmar-Bangladesh-India Gas Pipeline Project,” The Independent (Dhaka), 6 June 2004, Issue 2053.


[11] For further discussion, see ERI’s brochure, “Earthrights.”


[13] Timber, gems, natural gas and oil, as well as fishing sectors were all targeted for concessions. See Tyler Gianinni, Destructive Engagement: A Decade of Foreign Investment in Burma (Chiang Mai: ERI, 1999). See also IIIE, “Case Studies in Sanctions and Terrorism.”


[16] See, for example, “Testimony #1,” See also the three field reports prepared by the Collaborative for Development Action (CDA) available for download at http://www.cdainc.com/cep/archives/2004/02/list_of_reports_from_field_visits.php.


[18] These figures do not include the estimated 200,000 Rohingya who fled to Bangladesh in 1978 due to the Burma Socialist Programme Party (BSPP) Government’s Nagamin (Dragon King) program. Originally intended to determine the citizenship status of populations living in Arakan State, the program quickly degenerated into armed attacks on Rohingya communities. Human Rights Watch/Asia, “The Rohingya Muslims: Ending a Cycle of Exodus?” (September 1996, Volume 8, No. 8), available at http://www.ibiblio.org/obl/docs/ROHINGYA_cycle.htm

[20] Major camps include Kutu Palong and Nayapara. For further details, see Global IDP Database, “Volatile human rights situation facing returning Rohingyas in the Rakhine (Arakan) State (June 2003).”


[23] Narinjara News, Kaladan News, and the Mizzima News Group all routinely carry stories focused on events along the Burma-Bangladesh-India border region.


[33] 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 strong hit the coast of Bangladesh and


[37] For a full description of these laws, see Amnesty International, Myanmar: Justice on Trial (London: AI, 2003), 35-47. The report is available for download at http://web.amnesty.org/library/index/engasa160192003.