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**FOCUS / BURMA**

## **An industry blind to people's tears**

***As the protests mount in Burma, one must ask: What is the role of the oil and gas industry, which is a key player in the deteriorating situation?***

**By MATTHEW SMITH AND NAING HTOO**

In response to recent crackdowns on protesters, the international community is paying some overdue attention to human rights abuses in military-ruled Burma. While President George W Bush made an expected statement urging world leaders to pressure the Burmese junta toward democracy and respect for human rights, less expected statements came from members of the Association of Southeast Asian Nations.

Even China, one of Burma's strongest allies and itself under fire for repression, expressed support for coordinated international effort for stability in Burma, as long as it is done in a spirit of mutual respect.

But despite the unity in denouncing and pressuring the junta, Burma's critics fail to identify a key player in the deteriorating situation that has left the country in a state of instability and abuse: the oil and gas industry.

The recent wave of protests in Burma began on Aug 19 when the junta, fighting a macroeconomic collapse while refusing to decrease spending, abruptly raised state-controlled fuel prices, including a 500% increase in the price of natural gas. This caused bus fares and the price of rice and other staples to double, bringing the already precarious daily survival of some to a grinding pace.

Mass protests have been rare in Burma since 1988, when the military gunned down an estimated 3,000 pro-democracy activists. But these dire economic conditions have now led brave activists to take to the streets again.

Protests began in the old capital of Rangoon and have continued to spread, raging as far as the resource-rich state of Arakan in Burma's far west, where nearly 1,000 ethnic Arakanese and Muslims marched in protest, following the peaceful lead of Buddhist monks.

In Pakokku, north of Rangoon, soldiers fired warning shots above the heads of monastic leaders and beat protesters in the streets. In angered response, local monks burned and tipped cars, and destroyed the property of government sympathisers. The army, the pro-junta Union Solidarity and Development Association, and the paramilitary group Swan Arr Shinn participated in breaking up the protest, which included tying three monks to a pole and beating them publicly with rifle butts and bludgeons.

At the time of writing, the monks are reportedly refusing the junta's alms and demanding a public apology. Additionally, at least 189 people have been detained for protesting, and if the past is any guide, they can expect harsh prison sentences.

Rather than condemn the situation, two oil and gas companies took a different approach: they issued statements about their recent gas discoveries and expounded their plans to export the very commodity in question.

Two days after protests began, Daewoo International trumpeted a landmark discovery of natural gas off Burma's coast, intending to export the gas to China, India, Thailand, or possibly its homeland South Korea.

Thailand's PTTEP recently stated its plans to construct a pipeline from a separate gas field in Burma to Thailand; with slightly more public relations savvy, the company mentioned it may also send 15% of the gas back to Rangoon.

Of course, the oil and gas industry has little control over whether the country's gas is exported for profit or used to benefit the people of Burma; those decisions are ultimately made by the generals.

But whether they like it or not, the companies are not socially or politically neutral. They have the capital and expertise the junta lacks, enabling large scale projects to go forward, which affords the companies considerable power in Burma.

With power comes responsibility, but the international community has been ineffective in determining what specifically that responsibility entails in the context of doing business with the Burmese regime.

Burma has confirmed an estimated 15.85 trillion cubic feet (tcf) of natural gas in offshore reserves, with another 768 tcf onshore \_ enough, for example, to accommodate South Korea's projected consumption for up to 16 years.

At least 16 foreign corporations have recently signed contracts to explore and ultimately export Burma's oil and gas. Major players are private and state-owned companies from Thailand, Korea, China and India.

Last year, the regime netted US\$2.2 billion from gas exports to PTTEP, and over the next 20 years stands to reap an additional \$12-17 billion from a project led by Daewoo International.

These payments lack any fiscal transparency. The Burmese government is generally estimated to spend at least 40% of its budget on the military, and less than 3% on health care. Neither the international community nor the companies seem to be concerned about where that money is spent. Burmese who voice their concerns are met with prison sentences.

Also falling beneath the international community's critical radar are the severely negative direct impact of natural gas projects in Burma. Lacking any legal provisions for social and environmental impact assessments \_ which companies are often loath to conduct, given the high expenses of adequate assessments and the complicated requirement to consult with local people \_ natural gas projects in Burma proceed amidst a state of militarisation and general lawlessness; in some cases resulting in alleged displacement, forced labour, rape, torture and murder.

The oil company Unocal (now owned by Chevron), for example, in 2005 paid compensation to victims of military abuses on their pipeline in Burma after years of litigation in US courts.

Corporations have both a moral responsibility and a legal obligation under international law to respect and promote human rights, and this obligation is increasingly being recognised by national and international institutions.

The industry would do well to avoid what the world recognises as unacceptable corporate behaviour. The companies would do well to actively promote human rights and democracy now, before they are forever tarred with supporting the regime.

And the international community would do well to pressure not only the junta to change, but also its corporate partners.

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