



For Immediate Release

Contact:

Matthew Smith, matthew@earthrights.org, +033 062 558 9623 (France)

Paul Donowitz, paul@earthrights.org, +011 917 345 2787 (USA)

Naing Htoo, nainghtoo@earthrights.org, +66 81 531 1256 (Thailand)

REPORT: OIL COMPANIES FUELING NUCLEAR PROLIFERATION IN BURMA (MYANMAR), COMPLICIT IN TARGETED KILLINGS AND FORCED LABOR: *New Figures Reveal Billion Dollar Payments to World's Newest Nuclear Threat, French, American, and Thai Companies Concealing Payments*

July 5, 2010, Paris; Bangkok; Washington DC – The oil companies Total (France), Chevron (US), and PTTEP (Thailand) have generated over US \$9 billion dollars in military-ruled Burma (Myanmar) since 1998, making their Yadana Natural Gas Project the single largest source of revenue for the country's notoriously repressive dictatorship. Over half of the total project revenue — nearly \$5 billion — went directly to the Burmese military junta, according to a new report by EarthRights International, and the companies have refused former heads of state who requested they disclose their payments to the Burmese regime.

The report alleges the funds have enabled the country's autocratic junta to maintain power and pursue an expensive, illegal nuclear weapons program while participating in illicit weapons trade in collaboration with North Korea, threatening the domestic and regional security balance.

The 49-page report, *Energy Insecurity: How Total, Chevron, and PTTEP Contribute to Human Rights Violations, Financial Secrecy, and Nuclear Proliferation in Burma (Myanmar)*, documents how the three companies are refusing requests by investors, labor unions, NGOs, and even former heads of state to disclose nearly 20 years of payments to the Burmese state, while the ruling generals orchestrate the country's first elections in 20 years. The report reveals how the companies have misled their shareholders, the public, and governments about their legal ability to disclose their financial dealings in Burma.

The report also finds that the oil companies are complicit in targeted killings of two ethnic Mon villagers and in ongoing forced labor connected to their 60 kilometer (onshore) *Yadana* (meaning treasure) gas pipeline, which transports Burmese gas to Thailand. These violent abuses were committed by Burma Army soldiers providing security for the companies and the pipeline within the last year. According to the report, Total and Chevron “face the real potential for legal liability” and can be sued in their home states for the abuses documented in the report.

EarthRights International previously sued Unocal Corporation (now Chevron) for complicity in murder, rape, torture, and forced labor in connection to the same gas pipeline. In 2005, Unocal paid Burmese plaintiffs a confidential settlement before the company was acquired by Chevron.

“These recent killings and forced labor are brutal examples of what local families have suffered since the oil companies first started their project in Burma,” according to EarthRights International's Naing Htoo, a principal author of the report. “According to the facts we've collected, these abuses were committed by Burmese Army battalions in the name of pipeline maintenance and security. Villagers deserve justice they can't access in Burma, and the oil companies are denying responsibility,” added Naing Htoo.

According to the new report, the pipeline is not only a local problem, but has national and international ramifications, given the military regime's domestic repression and nuclear ambitions. EarthRights International calculates that from 1998-2009, the oil companies' controversial gas pipeline generated US \$9.031 billion, of which US \$1.679 billion was used to pay development and operating costs. The

Burmese regime's share, after costs, was approximately US \$4.599 billion, of which US \$915 million was taken in kind for domestic gas use, while the rest was taken in cash. The Burmese regime has received over 62 percent of the project's net revenue, once costs are deducted, according to EarthRights International's calculations.

In the report, EarthRights International further asserts that gas revenues are stored in private offshore bank accounts, where the money "could be used for many purposes, including the illicit acquisition of nuclear technology and ballistic weaponry." This follows a report by the organization in 2009 that exposed two offshore banks in Singapore as repositories of the Burmese generals' ill-gotten gains from foreign investment including the gas project. Both named banks – the Overseas Chinese Banking Corporation (OCBC) and DBS Group – previously denied the allegations.

EarthRights International has learned from confidential sources that foreign exchange reserves from the sales of natural gas are still held in these banks, and most likely many others, and that a significant portion of these funds are held in accounts of private citizens in order to avoid attention from international sanctions lists.

"It takes sizable amounts of money for an authoritarian regime to reach pariah status, but that is exactly what the Burmese regime has accomplished with payments from Total, Chevron, and PTTEP," said EarthRights International Senior Consultant Matthew Smith, a principal author of the reports. "If the international community is serious about engaging the Burmese regime, the gas dollars need to be on the table," Smith added.

EarthRights International is calling on the international community to apply multilateral pressure on the regime's gas revenues, including perhaps restricting the regime's access to international capital markets and freezing relevant accounts. This revenue represents untapped leverage, according to the organization, and targeting it would also serve the nuclear nonproliferation agenda.

"Given the evidence of Burma's illegal nuclear ambitions, illicit weapons trade with North Korea, and its ongoing and severe repression in the lead up to widely discredited national elections, now is the time for the international community to focus on the Burmese generals' nerve center, its gas revenues," said EarthRights International. "A carrot-stick engagement with the Burmese generals is critically important, and strategies that use the gas dollars as leverage would be smart and justified," the organization added.

The new gas revenue figures from 1998-2009 were calculated by EarthRights International using a complex formula pieced together from a variety of newly-considered documents, including the companies' own contracts with the Burmese regime, which Unocal introduced at the *Doe v. Unocal* trial in the US, and which EarthRights International obtained and published on its website. The organization renews its demand that the oil companies publish details of all their payments to the military regime, which would make the companies the first to practice financial transparency in Burma.

"Natural resource wealth in authoritarian contexts can make bad regimes far worse. Revenue transparency is a reasonable request of these companies given the gravity of the situation in Burma. It's the least Total, Chevron, and PTTEP could do, and it's within their ability," noted Matthew Smith. "The revenues should benefit the whole country, not only a select group of ruling soldiers" added Naing Htoo.

EarthRights International is not calling on the oil companies to leave Burma, but it is seeking access to justice for victims of human rights abuses and is advocating for the responsible management of the peoples' natural resource wealth. The report includes detailed recommendations for the oil companies, the international community, investors, and the ruling junta in Burma.