



The

# Shwe Gas

Bulletin

Volume 1, Issue 4

June 2005

## Kyauk Taw Township Residents Displaced, Refugees Settle in Bangladesh



Photo: FBR

An Arakanese sick IDP child at the Burma-Bangladesh border

defined as refugees by the Bangladesh Government,” Khaing Kyaw Lu said.

Since last year over 100 people from the Kyauk Taw Township area have already settled in Modoke-Gree Union after the Burmese army confiscated their farms. The local army confiscates hill-side farms in order to keep the farmers from clearing the bamboo, which they need to clear to farm. The Burmese government plans to use the bamboo to operate a paper mill in the Pon Na Gyun Township. The Pon Na Gyun Township and the purposed paper mill are located near the pipeline construction path, according to a local source.

June 21, 2005

The proposed tri-nation gas pipeline is already beginning to impact local people in Burma's Arakan State. Peasant families from the Kyauk Taw Township who resided in the construction path of the pipeline have recently left their homes and arrived for settlement in the Modoke-Gree Union inside Bangladesh near the Burmese border.

The peasant families, mostly women and children, were forced to

resettle due to the local military confiscating their hillside farms for the Burmese Military Regime. Some of the settlers have suffered severely from malaria, diarrhea, and pneumonia according to Khaing Kyaw Lu, a medic working on the Bangladesh border.

“Newly arrival families in the area are having more trouble surviving. They don't have houses to live in, money to buy food, or access to bamboo to build houses... Their arrival here is also late. Here the growing season has passed. They [Arakanese] are also not yet

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# Editorial

On June 15, 2005 a series of Arakan Gas Roundtable Talks were held in Thailand by the Arakan National Council (ANC), All Arakan Student and Youth Congress (AASYC), the Shwe Campaign Committee, Burma Relief Centre (BRC), and EarthRights International (ERI) to share information and draft a campaign strategy. Before the last Roundtable, on June 11-12, 2005, a two-day intensive meeting was held with the Shwe Campaign groups from Bangladesh and Thailand. During the meeting a principle was drawn for the Shwe Campaign which aims to guarantee the rights of the local people of the Arakan State (the Arakanese) in decision making, management, and ownership concerning natural gas explorations, developments, and productions in Arakan. Furthermore, the principle called for Arakanese freedom to socioeconomic well being and a complete political life.

At the Roundtable Talks a campaign strategy was formulated for the short, medium and long term aims. In the short term, their needs to be an international campaign forcing Daewoo out of Burma. Essentially, their needs to be worldwide consumer boycott on Daewoo products and divestment movements should be called for in September 2005. This will definitely impact Daewoo.

Daewoo's weakness is that it relies heavily on stock shares that recently increased because of news that gas exploration, discovery, and possible profits could be found in the Arakan State. So far, Daewoo has not been faced with any popular international opposition. Once the campaign makes a broader impact, Daewoo's stock in the international market will definitely decrease due to opposition. Shareholders will have to choose between morality and investment.

All campaigners should hold demonstrations in front of Daewoo offices worldwide as well as in front of the South Korean embassies. All Daewoo retailers and products should also be targeted.

After going into bankruptcy Daewoo was split into three parts. It is believed the three are: Daewoo International (the Shwe gas investor), Daewoo Construction, and Daewoo Motors (now owned by US based General Motors).

According to the Arakan Gas Research Team's information, there are plenty of Daewoo consumer products for sale in the US, from television and DVD players to tools and laptop batteries, plus cars which are a joint-venture with General Motors. All these products should be boycotted. There will be no doubt Daewoo's products are for sale in Canada and the United Kingdom as well.

On a positive note, Daw Aung San Suu Kyi's birthday ended a big success, and the US sanction has been renewed. It is time for the Burmese, US, and UK campaigns to use their successful experiences from the Yadana gas pipeline and Pepsi campaigns in their Daewoo campaign.

First, all involved should make Daewoo's image controversial, thus discouraging Daewoo investment, investment that supports the largest single source of income to the Burma junta who repress the Burmese (including Arakanese) people. The gas investors maximize their profits while the local people, who live in the dark, go without electricity and gas.

Delaying and stopping all gas exploration, development, and production in the Arakan State, and the western part of the Burma, is just and moral. All natural resources, including gas, should first meet the local demands and be used to increase their quality of life.

## Natural Gas Found instead of Water from Digging a Tube well in Arakan

*Thousand of ancient pagodas around Mrauk U city, an old Kingdom of Arakan state.*

Taken from Narinjara News June 25, 2005

Mrauk U: Natural gas came out instead of water from a tube well in Set Thar Village in Mrauk-U Township in northern part of Arakan state in western Burma.

On the 17th of this month, the gas came out from the ground of the digging for water in the compound of U Aung Than Kyaw's house, who is the president of Ya-Ra-Ka, the village level administration body of the junta, SPDC.

The gas attracted attention of the local people who crowded the compound.

A witness of the event said, "The gas emerged from the tube well is flammable. First, people tried setting the gas alight. But later they realise the flame is not going to extinguish by itself. So they forcefully put it out. Since they are fearful of fire, they informed the authorities."

Administrative authorities from the Mrauk-U Township and officials from Battalion (540), based in Mrauk-U inspected the well and later stopped the gas outflow with a concrete structure.

Currently, a team of geologists is in the village in order to find out whether the gas come from an ore or not.

## "Daewoo Out of Burma"

*The US Campaign for Burma (USCB) may Launch Their New International Campaign*

June 29, 2005

The international campaign, "Daewoo out of Burma," is likely to start soon with consumer boycotts in the US followed by investors divestment movements.

There are plenty of Daewoo products to boycott in the US such as television sets, DVD players, laptop batteries, and cars.

USCB stated, "Daewoo is assisting [the] genocidal regime of Burma with billions [of] dollars [in] investment." The Daewoo International Corporation currently invests in the Burmese blocks A1 and A3, continues to invest in other Burmese gas explorations and is also part of the larger electronic production process involved in gathering Burmese natural resources.

Last month Daewoo signed an agreement with the Burmese military regime to install E-Government networking with 45 of the Regime's departments at a cost of US \$12 million.

Shwe Gas activists have already started campaigning against Daewoo in Thailand, India and Bangladesh. The Arakanese community in Korea will set up a campaign office to mobilize Korean civil society to promote the Shwe campaign, according to the Arakanese in Korea.

*A CD player, one kind of Daewoo products for sale in US*

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## Shwe Campaign Roundtable Talks

The roundtable talks were held on June 15 in Thailand and were attended by representatives of the Shwe Gas Movement, EarthRights International (ERI), BRC, the Korea House for International Solidarity (KHIS), Harvard Law students, the Arakan National Council (ANC) and community members.

The Shwe Gas Movement said, "Natural gas exploration, developments, and productions in the Arakan State shall have rights for the local people in decision making, management, and ownership to provide their own people for socioeconomic well being and complete political life."

The Shwe Gas Movement presented campaign activities of Thai-Burma and Bangladesh-Burma border issues and also on human rights abuses in Arakan such as land confiscation, forced labor and torture.

ERI continues their commitment to work with the Arakan community against Shwe gas. ERI expressed they want to further explore ways to prevent human rights abuses as well as to obtain justice for the people suffering due to the project.

The roundtable meeting is held once a month organized by the ANC. The Roundtable Talks started last February in order to share information and to promote the Shwe Gas Campaign.

*The roundtable meeting is held once a month in order to share information and to promote the Shwe Gas Campaign.*

June 16, 2005

Shwe gas activists decided at roundtable talks to launch an international campaign in September against Daewoo and its consortium on Shwe gas projects.

# Unocal: What's The Big Surprise

by Dr. Joe Duarte    *Rigzone.com*    Friday, June 24, 2005

China's bid for Unocal has shaken the global economy. Why anyone is surprised is beyond us. But the repercussions are likely to reshape the world, no matter what the outcome is.

Warren Buffet, in a CNBC interview got the ball rolling. According to Yahoo Business News: "Buffett said he doesn't subscribe to the view that China is engaging in a trade war with the U.S. He said Chinese corporate takeovers, such as CNOOC Ltd's (CEO) recent bid for Unocal Corp. (UCL) were an ["inevitable"] consequence of the U.S. trade deficit. He noted that the U.S. imported far more goods from China than it sold to the nation. ["If we're going to consume more than we produce, we have to expect to give away a little bit of the country," said the "Oracle of Omaha."]"

Forbes' Richard Lehman, who writes about fixed income added some interesting insight, when he compared China's suddenly aggressive forays into the heartland of U.S. manufacturing. Referring to the recent purchase of IBM's personal computer business by Lenovo, and the recent bid for Maytag, Lehman cited "previous instances of nations with huge foreign exchange reserves deciding they need to do something beside sit on them."

First he reminded us of the 1970s, "when the Arabs didn't know what to do with their new-found wealth." In that instance "they decided to put it on deposit with multinational banks so they could lend it to developing countries to finance their oil imports. The end result was worldwide sovereign debt defaults." Continuing, Lehman reminded us of the 1980s, a time when "Japan decided it couldn't just sit on its reserves and decided instead to invest in golf courses, hotel resorts and signature office properties." Lehman correctly described Japan's move as a "Big mistake." When the real estate bubble burst in Japan, stocks crashed, banks eventually collapsed, and the Japanese economy has been in a recession/depression scenario ever since.

Lehman's thoughtful analysis notes the following. "China may have learned from the mistakes of others. They are focused on buying companies with established brand names, leading technology and distribution networks. In short, they may be focused on using their dollar reserves, earned from selling us cheap stuff, to buy our means of production." Continuing he added: "While this is extremely smart on their part, it has serious negative implications for the U.S. and,

eventually, for the rest of the world. The current world order for international trade is a game that strongly favors the U.S. We are the engine driving the world economy through our purchase of mainly consumable goods and resources. We pay for these goods and resources with dollar-denominated paper. If our trading partners choose to sit on those dollar reserves or invest them in U.S. Treasury debt, it's a double win for us, since we have really not paid for what we received. If they choose to use those reserves to buy real estate or other hard assets, that is some improvement over holding Treasuries, but is a resource of limited potential."

## Why Does CNOOC Want Unocal?

The big picture is simple. China wants all the oil it can get from anywhere that it can get it. It has a rapidly growing economy, which is very inefficient. While the U.S. produces more with less oil, China is essentially the World's SUV, guzzling oil, even as it delivers large amounts of cargo. But Unocal is more than just part of China's insatiable appetite for anything and everything being manifested. There are indeed some key strategic reasons for the Chinese interest. And much of it is geographical. According to AP "Outside of large-scale oil and gas interests in Alaska and the Gulf of Mexico, (Unocal) also has significant holdings in Azerbaijan, Myanmar, Thailand and Indonesia — many of which would be attractive to CNOOC for geographical reasons."

Quoting Victor Shum of Texas-headquartered Purvin & Gertz in Singapore, AP continued: ["Unocal is strong in Asia, particularly in gas. Because of the geographical location of projects in places like Indonesia, Thailand and Myanmar, these assets make a very good fit for CNOOC."]

Furthermore, China's future energy plans call for increased usage of natural gas. "Gas usage now accounts for only 3 percent of the total Chinese energy pie, but government plans call for that proportion to double by 2010. Resources from Unocal fields in Southeast Asia would clearly expedite the process, serving as fuel for new electricity plants in fast-growing coastal areas."

More interesting, and perhaps one of the most likely reasons for the spike in oil prices above \$60, is this, also reported by AP: "On Thursday, state television reported that China will start filling its first strategic petroleum reserve



in order to cushion China against possible interruptions of foreign supplies. Plans call for China to build groups of storage tanks at four locations and previous reports said Beijing plans to stockpile up to 100 million barrels of petroleum, or the equivalent of almost a month's national consumption."

### **The Structure Of The Deal**

There is always more, and in this case, less than meets the eye though. Although the CNOOC bid for Unocal is for a larger sum than Chevron's bid, \$18.5 billion, compared to \$16.4 billion, and it is cash, compared to Chevron's 15% cash, 75% Chevron stock bid, China, despite having hundreds of billions in foreign reserves, is only likely to put up \$3 billion, while borrowing the rest.

According to Stratfor.com: "CNOOC would put up \$3 billion and borrow the remaining \$16 billion from Western banks, state-owned banks and its parent company, prompting a cut in CNOOC's debt rating by Moody's and Standard & Poor's. CNOOC would also have to pay Chevron a fee of \$500 million. Of the \$16 billion CNOOC would borrow for the proposed acquisition, \$6 billion would come from the Industrial and Commercial Bank of China (a state-owned bank), \$7 billion would come from CNOOC's parent company, China National Offshore Oil Corp. (in essence, a state-owned bank), and \$3 billion would come from the Goldman Sachs Group and JP Morgan."

According to the New York Times Of the \$16 billion CNOOC would borrow for the proposed acquisition, \$6 billion would come from the Industrial and Commercial Bank of China (a state-owned bank), \$7 billion would come from CNOOC's parent company, China National Offshore Oil Corp. (in essence, a state-owned bank), and \$3 billion would come from the Goldman Sachs Group and JP Morgan.

According to the New York Times: CNOOC "has hired Public Strategies, a public relations firm whose vice chairman, Mark McKinnon, led President Bush's media campaign in the 2004 election."

CNOOC is also playing the PR game as well. According to the New York Times, the company "is already trying to play down any concerns that the transaction could hurt the American oil and gas markets. It is stressing that 70 percent of Unocal's oil and gas reserves are in Asia and that its American reserves amount to only about 1 percent of America's oil consumption, with none of it now supplying the military. Unocal also has a pipeline hooked up to American strategic oil reserves, as well as a rare-earth mine, the only one in the United States. CNOOC has said it will consider selling these assets, if that is necessary to close the deal. In addition, CNOOC has promised not to take supplies from Unocal's oil and gas reserves in the United

States and sell them outside the country. It also said it would retain ["substantially all"] of the American employees."

### **Conclusion**

The markets, Congress, and the media were shocked at the CNOOC bid for Unocal. But, in fact, CNOOC was considering a bid for Unocal before Chevron. As early as March 2005, news about a possible deal was already in the market. In fact, CNOOC's board delayed the formal bid in order to study the matter further.

Two interesting notions come to mind about foreign oil companies owning U.S. assets.

First, BP owns much of Alaska's oil reserves, since it bought Atlantic Richfield. And second, Venezuela owns CITGO, the refiner and marketing company we associate with 7-Eleven stores. And France's Total, owns Fina, which is a widely available brand in the Southwest U.S.

That means that there is precedent for foreign oil companies to do business in the U.S. BP is a U.K. company and has no trouble with its image in the U.S. And in the case of Fina and CITGO, the American public has little clue as to who owns these gas stations and refineries. And if they did, we're not sure that it would matter much.

China, though, in the eyes of some, is a different story. China is threatening. China is expansionary. And China is Communist.

Of course, Venezuela is also threatening, since its President openly hates President Bush, and is friendly with the openly anti-U.S. Cuban president Fidel Castro. And relations with the U.K. are outwardly friendly, but some polls show a great deal of dissatisfaction there with President Bush. We don't really need to discuss French-American relations here, since we have limited space.

So why is the Unocal-China situation so touchy? Maybe it's because China has openly spied on the U.S. and allegedly, on a routine basis is trying to obtain high level, often classified technology from U.S. companies and key laboratory installations such as Los Alamos. China sells weapons systems and technology to countries that the U.S. is not friendly with. China is a hotbed of piracy which costs the U.S. billions of dollars per year. China built Saddam Hussein's fiber-optic network when the U.S. was trying to apply sanctions before the eventual attack. China has made oil deals with Sudan, whom the U.S. considers a terrorist state. China has inked oil deals with Venezuela which could lead to decreased oil exports from Venezuela to the U.S. And China makes it a point to usually attempt to counter every move that the U.S. makes by providing a completely opposite view of what the U.S. is trying to do, in the UN Security Council and just about everywhere else that it can do so.

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## Oil-Hungry Neighbors are The Primary Supporters of the Burma Junta

by Jockai

As world oil and natural gas prices are increasing, Burma's oil hungry neighbor countries competed with western based oil companies gaining investment rights to Burma's newly found oil and natural gas resources.

In 2004, Burma's oil and natural gas sector was the primary and largest foreign hard currency investment in the amount of US \$2.5 billion of the Burmese GDP. The Burmese military regime benefits and is empowered directly from the hard currency generated from foreign oil and gas investment.

The hungry Chinese and Indian oil companies have been hunting Burmese oil and gas blocks and competing for resource rights. To this end, although the lives of the Burmese people continue to worsen caused by foreign investment under the military regime, early this year the Chinese oil company CNOOC's consortium renewed their production contract with Burma to explore onshore oil block C-1, C-2, and offshore block M-2. Included in this new contract the China-Singapore consortium is extending oil and natural gas exploration to a total of 11 blocks in Burma. The largest oil consumers, China and India, will become even larger investors in the Burmese oil and natural gas sector in the near future, analysts said. Lastly, the Indian private company Essar also signed contracts and began onshore exploration last month.

Nobel Laureate Aung San Suu Kyi, whose National League for Democracy won the 1990 election in Burma, has repeatedly requested the international community not to invest in Burma, stating: "Until we have a system that guarantees rules of law and basic democratic institutions, no amount of aid or investment will benefit our people."

Presently Burma has a total of 46 onshore blocks and 25 offshore blocks. 9 multi-national companies extract from 14 offshore oil blocks and 4 multi-national companies are working in 10 offshore blocks. Shwe, block A-1, (Rakhine offshore) is the last successfully discovered gas mine in Burma. It is estimated that the Block A-1 gas reserve is 11 trillion cubic feet and extends over an area of 3,800 sq. km off Burma's Arakan coast. Daewoo, who has gained rights to 60% of the oil and natural gas in A-1, is expected to earn at least US \$1 million in net profit annually for 20 years from 2010 when production commences; as part of sharing the contract the largest share holder and military-owned Myanmar Oil and Gas Enterprise (MOGE) will earn at least US \$1 billion annually from the Shwe project.

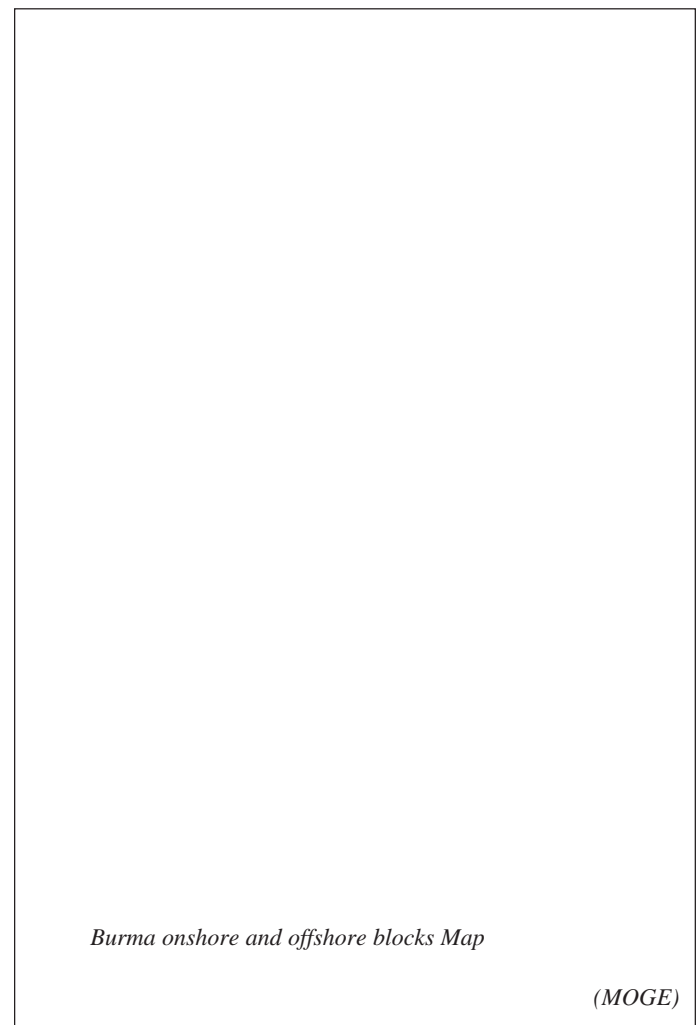
The Burmese military regime also continues to gain annually US \$400 million from the Yadana and Yetagun gas projects. The Yadana and Yetagun gas projects are

responsible for 25% of the natural gas used in Thailand (US\$1 Billion); Thailand was one of Burma's first offshore investor.

According to official Burmese statistics their military junta made a profit of US \$655 million from exporting natural gas and oil (6.45 billion cubic meters of natural gas and 7.2 million barrels of oil ). In total Burma produced 9.9 billion cubic meters of gas and 7.16 million barrels of crude oil in the fiscal year 2003-2004.

The Burmese military regime used the money from the Yadana project for the extension of military forces, according to security analyst William Ashton. Even though the EU has made sanctions against Burma, British oil companies, Total (a French oil company), and Asian companies continue their quest of profit maximization at the expense of Burmese local and ethnic peoples, working in the country's oil and natural gas exploration.

Shwe gas activists stressed that cooperating with the brutal Burmese regime is directly and indirectly supporting the prolonged militarization and human rights abuses in the country.



Burma onshore and offshore blocks Map

(MOGE)

# News Diary



1. *The European Union, Japan, Burma's democratic neighbors in Southeast Asia and India are criticized for their policy of engagement with Burma; this policy aids the regime oppress its people. A more coordinated and harder policy is suggested that will end repression in Burma. Aung Hlaing, 30 year member of NLD died during the interrogation, the regime claims he died of liver illness. (June 28, the Washington Post)*
2. *Uninsured Burmese (mostly workers) living in Thailand near the Thai-Burma border are unable to pay for medical bills. Although the Burmese are illegal in Thailand doctors treat patients because of ethical concerns. (June 29, Bangkok Post)*  
*The Kuki refugees from Burma in India protest the construction of an Indo-Burmese Power Plant that would be in their community, Burma's largest national park. The project would not benefit the local people and would empower the military regime and worsen conditions for many endangered species. (June 29, the Hindu)*
3. *Burma to attend the Greater Mekong Sub-region (GMS) Summit July 4 and 5 on sustainable development / telecommunication in Kuming, Yunnan. GMS initiated in 1992 by Asian Development Bank (ADB), 1<sup>st</sup> conference was held in 2002. (June 29, Xinhuanet)*
4. *Internally Displaced People estimated at over a million in Burma. Human rights abuses including military portering and forced labor continues. The Junta, aided by international investment, remains in power and is able to develop the country for their use. (June 29, ReliefWeb)*
5. *The "Burmese License to Rape" continues to allow the rape of women and girls across Burma by the military. More than 600 Shan ethnic women have been raped; girls are being raped as young as 4 years old. (June 28, the Boston Globe)*
6. *The Burmese military hires Brokers to recruit Shan youth into military service. The Brokers offer false promise of salary and rice. (June 29, DVB)*
7. *Across Burma residents are forced to patrol their communities via forced labor, although the ILO has been instructing and assisting the SPDC end forced labor. (June 27, Mon News Agency)*
8. *The National Reconciliation Programme (NRP) (Burma) met in Thailand with other pro-democracy activists to discuss ethnic diversity, constitutions, and overall preparations for the future. The NRP is preparing for the end of the SPDC's rule. (June 29, DVB)*
9. *The Burmese regime continues to monitor Onn kyunt Island (known as St. Martin's Island) because of rumors that the US will build a military naval base on the island. No official announcements have been made. (June 2, Narinjara News)*

## Continued from page- 5

In other words, China is now the number one opposition to the United States in the world, and is a rising military and commercial force to be reckoned with.

To be sure, the U.S. has made significant forays into China, and continues to aggressively pursue the Chinese market. The U.S. spies on China routinely, as we learned when China sequestered a U.S. spy plane

several years ago. The U.S. explores for oil, and has massive reserves in Asia, as Unocal's reserves prove. GE, Dell, Boeing and much of the Fortune 500 has established beachheads in Beijing and elsewhere. And Bank of America has just pledged a \$3 billion foray into Chinese banking. So what's at stake here? Everything, including which way the spoils get divided in the world. And if we were in a position of power, we would caution those who

make laws and policy to think every single word, act, and bill that gets hatched with regards to what, according to Warren Buffett, is "inevitable." More than the U.S. being worried, though, we would be very concerned if we were a government in the rapidly disintegrating European Union, and the continuously stagnating Japan. As FinancialWire recently noted: "The Chinese Are Coming."

## Arakan Gas Research Team

K.Kyaw Khaing

Nyi Nyi Lwin

Dale (Volunteer)

Claudia (Volunteer)

Layout & Designed by

Herman

Thanks to BRC for Their Support

Contributions of pictures, articles, news, or research papers are welcome. Any suggestions or advice to improve the quality of news and information sharing from you are most valuable to us.

# Kaladan Project Survey completed

## Tri-Nation Gas Pipeline, Road and Waterway

*Kaladan(Gispa)River, one of the longest river in Arakan.Tri-Nation gas pipeline will lay down along the Kaladan river.*

June 25, 2005

According to a Burmese business magazine, India and Burma discussed last March to implement the Kaladan Project (KP). Recently, the KP's technical team, composed of technicians from both countries, has recently completed their survey along the Kaladan River, one of the largest rivers in Burma's Arakan State.

Specifically, the KP includes a tri-nation gas pipeline route from Sittwe, the capital city of Arakan State, to the Burmese-Indian border and then onto Bangladesh. Also included in the KP's construction plans is a roadway between Burma and India. Both the pipeline and the roadway will be constructed beside the Kaladan. Lastly, included in the KP are the development of a Kaladan River

Waterway and an upgrading of the old historic port facilities at Sittwe. The Waterway will link the Sittwe Port by road and river to southern Mizoram, India and from there only the pipeline will continue to the Brahmanbaria area of Bangladesh, eventually making through to Rajshash and finally to Kolkata, India. The waterway will cost US\$ 500 million.

The KP is likely to be completed within nine years. Once waterway and road links are established, commodities and goods will have an economically viable passage from India's east coast ports to Sittwe, thereafter through Mizoram and other states in northeast India. The KP would emerge as the showpiece of the rapidly growing relations between New Delhi and Yangon, according to the Associated Press who quoted Mizoram governor AR Kohli last year.

Burmese official statistics now state that Burmese-Indian bilateral trade amount was US \$1 billion in 2004.

**Please sign the petition on the [www.shwe.org](http://www.shwe.org) website.**

### Arakan Gas Research Team

PO.Box 184, Mae Paing Post Office, Chaing Mai 50301 Thailand

E-mail: [Shwenews@yahoo.com](mailto:Shwenews@yahoo.com): Phone: 66 4 046 5813

Monthly Bulletin

To:

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