

China's Burma Oil Bonanza

Wednesday 18 November 2009, by [THAKURIA Nava](#) (Date first published: 18 November 2009).

Ignoring protests, Beijing seeks energy from a pariah state. What will Obama do?

As expected, China has utterly ignored protests from Burmese protest groups to begin construction of a 980-km dual oil and gas pipeline that will cross the entire Burmese countryside from the offshore Shwe gas fields of Arakan state to China's southern Yunnan Province.

A protest group, Arakan Youth, has protested that as long ago as 2006, 500 people from villages on the India-Burma border had already been relocated and forced into uncompensated labor to clear the way for the US\$2.5 billion pipeline, which is expected to go online in three years.

That constitutes a dilemma for US President Barack Obama as he seeks to engage with the long-isolated country, one of the world's poorest and most brutal. It remains a question whether the United States, having applied the stick to Burma for more than two decades, will now get anything out of applying the carrot, as he famously attempted to do at meetings of the Asia-Pacific Economic Cooperation meetings in Singapore last week.

The countries contiguous to Burma appear nearly oblivious. In a lesson to Obama of just how little effect the sanctions have had on Burma, the Shwe field itself is being developed by companies from some of America's staunchest allies including South Korea's Daewoo International, Korea Gas and India's state-owned enterprises ONGC Videsh and GAIL. Daewoo is expected to take up a 25 percent stake in the pipeline, which will transport crude from tankers calling from Africa and the Middle East rather than making the time-consuming trip down through the pirate-invested Strait of Malacca and back up to China.

Nor are India and South Korea alone. According to a brochure put out by Total, the French energy company which is part of a consortium whose other partners are Unocal, a unit of the US-based Chevron, Thailand's PTTEP and Burma's own Myanmar Oil & Gas Enterprise are producing gas from the rich offshore Yadana field and exporting 85 percent of the gas to Thailand, where it supplies 20 percent of that country's power generation facilities, with output averaging 20 million cubic meters of gas per day in 2008.

The remaining 15 percent is sold locally. But even though most of the cities in Burma are dependent on private generators for electricity, instead of using the natural gas for Burmese citizens, the military junta is selling the gas to its neighboring developing countries in exchange for foreign currency.

China in particular has steadily increased its trade ties with Burma, one of the world's most reviled countries because of its human rights policies, and recently signed an agreement to become sole buying authority of the Shwe gas reserve. Under this agreement, Beijing took the responsibility to construct the US\$2.5 billion trans-Burma (oil and gas) corridor to feed its voracious need for energy. The State-owned China National Petroleum Corporation holds 50.9 percent of the pipeline, with the capacity to pump nearly 12 million tons of oil and 12 billion cubic meters of gas annually, in partnership with the Myanmar Oil and Gas Enterprise. The Burmese government expects to receive

\$29 billion over 30 years from the deal.

“The military rulers of Burma, which is otherwise facing heavy economic sanctions by the United States and many European countries, keep themselves alive with royalties earned from selling the natural resources to other countries. But all this money is hardly used for any public welfare activities,” said M. Kim, an exile Burmese living in India.

Speaking to Asia Sentinel from New Delhi, Kim, who is associated with the Burma Centre Delhi, pointed out that the State Peace and Development Council, the junta that runs the country, has mastered the art of ignoring the concerns of the international community for its rights record. Once the rice bowl of Asia, Burma is today one of the poorest countries on the globe, but the military junta of Naypyidaw spends more than 40 percent of its national budget on defense. Only 2 percent goes to health and education of the 50 million Burmese.

Beijing has brushed aside demands by more than 120 organizations based in 20 countries to halt the construction of the pipeline project. Led by the Shwe Gas Movement, a Thailand based oil-gas watchdog and rights group, the movement endorsed a memorandum to the Chinese government on the Global Day of Action on October 28.

In the letter, addressed to the President of the People’s Republic of China and sent through the Chinese embassies in various countries including, among others, Burma’s Association of Southeast Asian Nations partners, Japan, South Korea, Australia, Sweden and others, expressing serious concern at the probable threats to the environment and the Burmese because of the project. The letter also asked President Hu Jintao to immediately stop construction, which is all but inconceivable. EarthRights International, in a recent survey, identified 69 Chinese companies engaged in extracting natural resources including oil, gas, hydropower development and mining from Burmese sites.

Nor did Burma’s Asean partners appear to be concerned. The 10-member body refused to go along with a request by Obama for a joint communiqué asking that democracy leader Aung San Suu Ky, who has spent 14 of the last 20 years under house arrest, to be freed. Obama was forced release his own statement asking for Suu Ky’s freedom, although the group did to release a joint statement with the US, calling for free elections next year — which the opposition has already condemned as a sham aimed at providing a thin veneer of democracy for the junta.

“We are gravely concerned for the thousands communities living along the planned 980 km pipeline corridor. Based on experiences in Burma, partnerships with the MOGE on infra-structure development projects invariably lead to forced displacement, forced labor and loss of livelihoods,” the letter from the 120 organizations said. “The escalation of abuses around a project when Burma army soldiers provide security is well documented by UN agencies and NGOs.”

“What is more awful that the local communities, who will be affected by the project, are still unaware of it and they are not being consulted. At the same time, neither the military authority nor the CNPC had gone for any environmental and social impact assessments before launching the pipeline project,” said Wong Aung, the coordinator of the Shwe Gas Movement.

Speaking to Asia Sentinel from Chiang Mai, Thailand, the young activist also revealed that over 10,000 Burmese soldiers had already been deployed along the pipeline route, a number that is likely to be increased in the days to come and one that is likely to add to the number of incidents of human rights abuses along the pipeline route.

“Past experiences have shown that the pipeline construction and maintenance in the country always

involve forced labor, forced relocation, land confiscation, and other kinds of abuses by the soldiers engaged in the project area," Wong Aung added.

In a recently launched book titled 'Corridor of Power: China's Trans-Burma Oil and Gas Pipelines', the Shwe Gas Movement strongly requested that the extraction of the Shwe natural gas deposits be postponed until local people in western Burma could participate in the decision-making process about the use of the resources. It added that the concerned neighboring countries and the oil companies must stop trade with the military junta and refrain from further investment until there is a democratically elected government in the country.

Burma's western coast, which is rich in oil and gas reserves, has become the battleground for Beijing and New Delhi in recent years,"said an editorial in the Shwe Gas Bulletin."The western companies showed reluctance in investing in Burma, but both China and India continued their mission and battle over the Burmese oil and gas. The editorial added that at a time when China and India were exploiting the resources of Arakan to enhance their energy and economic security, over four million people living in the State were only facing human rights abuses and economic hardship.

Debbie Stothard, coordinator to Alternative ASEAN Network on Burma, said in an interview projects in Burma have displaced thousands of poor Burmese and exposed to them to abuse by the military. Speaking to Asia Sentinel from Bangkok, Stothard added that the Shwe pipeline project would have a heavy impact on the people along the route and would end up adversely affecting the entire region.

None of that appears to matter to the Chinese, the governments surrounding Burma, or any countries wishing to buy Burma's rich natural resources.

P.S.

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