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**MEMORANDUM**

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**TO:** MAYLING CHAN  
**FROM:** SHWE GAS MOVEMENT  
**SUBJECT:** SHWE GAS MOVEMENT'S OFFICIAL RESPONSE TO COMPANY RESPONSES ON  
THE BUSINESS AND HUMAN RIGHTS  
**DATE:** 11/18/2011

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First, we would like to thank the Business and Human Rights Resource Center for being an invaluable platform to create a dialogue among stakeholders on important issues like the Shwe Gas Project, which is a nationally important project having destructive impacts on communities in Burma.

The Shwe Gas Movement would like to make the following corrections regarding the company responses from CITIC, Hyundai Heavy Industries and Korea Gas Corporation (KOGAS).

**CITIC Industrial Bank's** response to our *Sold Out* report that they have "not been involved in this project and has [sic] nothing related to the matter" is completely false. CITIC Industrial Bank is the primary banker to Shwe Gas consortium company China National Petroleum Corporation (CNPC) which has a 51% ownership stake in Shwe's onshore natural gas pipeline. CITIC has provided a loan to CNPC for the Shwe Gas Project, and thus is complicit in the abuses our report highlights. In addition, CITIC Group is taking the lead in the development of the massive Kyauk Phyu Special Economic Zone including a "petrochemical zone" which is an integral component of the Shwe Gas and Pipeline project.

**Hyundai Heavy Industries'** statement that they have "not been involved in the pipeline project of the Shwe Project" is deceptive. As stated in their own press release published on their website ([http://english.hhi.co.kr/press/news\\_view.asp?idx=531&page=1](http://english.hhi.co.kr/press/news_view.asp?idx=531&page=1)), they signed the "contract for US\$1.4 billion SHWE Project in Myanmar with Daewoo International Corporation on February 23" in 2010. According to this contract Hyundai Heavy Industries is to "build a 40,000-ton class offshore gas platform, a subsea production system, subsea pipelines, an onshore gas terminal, a jetty and a supply base". The Kyauk Phyu onshore gas terminal being built by Hyundai Heavy Industry is the point-of-sale for the natural gas, and connects directly to the Trans-Burma gas pipeline. In addition, there have been a multitude of negative impacts suffered by Kyauk Phyu residents resulting from the natural gas infrastructure being built by Hyundai Heavy Industries. The company's local sub-contractors have been clearly outlined in *Sold Out*, and it is dishonest for Hyundai Heavy Industries to deny responsibility. The construction of undersea pipelines has disrupted local livelihoods in the fishing industry, as well as destroying large areas of important coral reefs. Local citizens groups have submitted multiple complaint letters concerning the inadequate compensation for land confiscation and grievances related to the relocation process that cleared the way for onshore gas infrastructure. Grievances concerning labour abuses and environmentally destructive waste management practices have been leveled at Hyundai Heavy Industry's sub-contractors at multiple construction sites on Kyauk Phyu.

As **KOGAS** has stated, they are a minority stakeholder in both the natural gas extraction and pipeline construction components of the Shwe Gas and Pipelines Project (at 8.5% and 4.2% respectively). KOGAS's purported "commitment to the long-term sustainability of the communities where [their] projects operate" through their Socio-Economic Program or through similar programs, should be primarily seen as promoting a good company image, and do not absolve the company of the serious human rights violations of the project including forced labor and forced relocation. KOGAS is an UN Global Compact Participant Company yet, it has failed to address the multitude of grievances from Kyauk Phyu residents in its Global Compact Communications on Progress. KOGAS has dismissed these community grievances outright stating that "ungrounded issues were raised over the Myanmar project" while in the next breath stating that "the [Shwe] consortium did its utmost to eliminate any environmental or human rights issues while also complying with regulations, international labour law and environmental standards as well as OECD guidelines regarding onshore and offshore pipeline construction." (2010 KOGAS Sustainability Report) In obvious contradiction to this statement no environmental, social or human rights impacts assessments for this project have ever been made public, nor have any steps been undertaken to secure the free, prior and informed consent of the local indigenous communities living in the project area. As a self-purported 'upstanding corporate citizen' and a South Korean quasi-state-owned entity, KOGAS must be held to a higher standard than the level at which it is currently operating in Burma.

Despite the recent political maneuvering by the Burmese government, the Shwe Gas Movement's position is that due to the human rights abuses related to the project, and an absence of a framework to ensure community protection and development for the nation as a result of the project, it should be postponed until such a framework exists.

Sincerely,

Wong Aung  
Coordinator  
Shwe Gas Movement