

## CORPORATE ENGAGEMENT PROJECT

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### Field Visit Report

**Yadana Gas Transportation Project, Moattama Gas  
Transportation Company  
Operator: Total**

**Myanmar/Burma**

**November 22 – December 6, 2003 (Third Visit)**

*Luc Zandvliet and Doug Fraser*

This document was developed as part of a collaborative learning project directed by CDA. It is part of a collection of documents that should be considered initial and partial findings of the project. These documents are written to allow for the identification of cross-cutting issues and themes across a range of situations. Each case represents the views and perspectives of a variety of people at the time when it was written.

**These documents do not represent a final product of the project.** While these documents may be cited, they remain working documents of a collaborative learning effort. Broad generalizations about the project's findings cannot be made from a single case.

CDA would like to acknowledge the generosity of the individuals and agencies involved in donating their time, experience and insights for these reports, and for their willingness to share their experiences.

Not all the documents written for any project have been made public. When people in the area where a report has been done have asked us to protect their anonymity and security, in deference to them and communities involved, we keep those documents private.

## **PREFACE**

The Corporate Engagement Project (CEP) is a collaborative effort involving multinational corporations that operate in areas of socio-political tensions or conflict. Its purpose is to help corporate managers better understand the impacts of corporate activities in the context in which they work. Based on this analysis, CEP helps companies to develop management tools and practical options for management practices that respond to local challenges and address stakeholder issues.

Against this background, Doug Fraser, Independent Consultant, and Luc Zandvliet, Project Director of CEP, visited Thailand and Myanmar/Burma from November 22 – December 6, 2003 to visit the Yadana pipeline joint venture project, operated by Total. This trip was a follow-up to our previous visits conducted in October 2002, and in May 2003. This report should be read in combination with the two earlier reports, which are available at: [www.cdainc.com/cep](http://www.cdainc.com/cep). Our purpose, as in all CEP field visits, was to examine both the interaction between corporate operations and surrounding communities, as well as the impact of corporate operations on the wider context of conflict.

Because we examined the operations of the Yadana project, in this report we consistently refer to Total's role as the operator of the project. However, our observations concern all joint venture partners: Total, Unocal, MOGE and PTTEP.

After the introduction, in which we explain our approach, the report is divided into two parts. The first section reports on the direct and indirect impacts of the Yadana project within the so-called pipeline corridor. This is the geographical area on both sides of the pipeline that Total has defined as the local working environment on which it focuses its attention. Direct impacts take place through the Socio-Economic Program (referred to in the report as Socio-Econ Program) implemented by the company. Indirect impacts occur simply through the presence of the company and its effects on human rights in the pipeline corridor.

The second section explores a range of opinions of Myanmar people not living in the pipeline corridor on a variety of topics such as freedom, expectations concerning the company, and the impacts of sanctions on the country. We report these "voices" of people because for the company to ensure its presence has a positive impact on society, it first needs to gain a better understanding of how it can respond to the aspirations of those beyond the pipeline corridor also impacted by its activities.

We invite feedback on the observations laid out in this report. In all of CEP's efforts, we work to establish partnerships between groups with different agendas with the ultimate objective of increasing the positive impact that companies have, or can have, on the quality of life of people where they operate. The purpose of this report, as of our earlier reports, is to contribute to broader discussions within the company and between the company and stakeholders on the options for positive corporate engagement in the Myanmar/Burma context.

## INTRODUCTION

Prior to the visit to Myanmar/Burma, part of the CEP team<sup>1</sup> visited Thailand: two days along the Thailand-Myanmar/Burmese border and three days in Bangkok. The visit to Myanmar/Burma included three days in the pipeline area and eight days in and around Yangon/Rangoon.

In Thailand, the CEP team spoke with international NGOs and concerned stakeholder groups in Bangkok, with groups representing ethnic minorities, and with NGOs along the Thai-Myanmar/Burmese border who work with refugees and internally displaced persons. Some of these local NGOs provide information to international advocacy groups. This information finds its way into reports that claim that human rights abuses and forced labor take place in the pipeline area on an ongoing basis, despite Total's efforts to prevent such practices. Hence, we find it important to speak to such NGOs firsthand for two reasons:

1. To analyze how such information might be used by Total in the framework of its monitoring of human rights to ensure that if such practices take place, they are stopped.
2. To obtain firsthand information from such NGOs to validate their credibility. Currently, there is considerable concern in the business, UN, diplomatic and NGO communities in Yangon/Rangoon and in Bangkok about the factual accuracy of advocacy reports produced in Thailand. This is unfortunate, as a number of reports around human rights abuses in Myanmar/Burma have been labeled by the above-mentioned parties as partially factually incorrect. This has undermined the credibility of some authors and NGOs behind these reports. As a result, companies, UN agencies and some Embassies say they have not used such reports for advocacy purposes. This undermines the ability of people with genuine grievances against companies, or against the government, to be heard.

In and around Yangon/Rangoon, the CEP team focused on meeting with civil society organizations (including, but not limited to, local and international staff of international NGOs), political analysts, government representatives, a member of Parliament, leaders of ethnic minority groups, diplomatic missions and UN missions.

In the pipeline area, the CEP team visited 8 of the 23 villages located along the pipeline that are included in Total's Socio-Econ Program. This program has been described in our earlier reports. Over our three visits, the CEP team has now visited all 23 villages at least once and most of them two or three times. During this visit we deliberately visited villages where allegations of forced labor were made during our last visit and those villages most recently admitted to the Socio-Econ Program, as the latter have benefited (comparatively) the least from Total's presence.

The CEP team had planned to travel to the pipeline corridor by road (we have to date flown directly to the corridor) in order to compare the situation within the pipeline to the situation just outside the pipeline. However, we learned this would likely mean being accompanied of followed by the military "for our protection". Based on our experience during our second visit

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<sup>1</sup> Subject to the context, « CEP team » means Doug Fraser and Luc Zandvliet and the independent translators they worked with during their stay in Myanmar

when villagers outside the pipeline corridor were clearly afraid to speak with us under such circumstances, we abandoned this idea.

As during our first and second trips, visits to villages were carried out under the following circumstances:

- Ø CEP hired two independent translators skilled at interviewing villagers. The translators were hired without Total's input.
- Ø The CEP traveled in a Total car. Although it was unmarked, we are sure all villagers knew that this car belonged to the company.
- Ø Total staff drove the car. Upon arrival in the village, the staff member would stay at a teashop or at a clinic while the CEP team conducted interviews in the village.
- Ø The CEP team selected which villages to visit.
- Ø During village visits, the CEP team split into two groups (a CEP person with one translator for each group) and moved separately through the villages, conducting interviews at random. Total staff did not arrange any meetings with community members or influence the decisions of the places we selected.
- Ø In our discussions, we, the CEP team, introduced ourselves as operating independently from Total. We made it clear that our visit was at the invitation of the company with the objective to observe the impacts of its operations on local communities.

As part of the routine, Total provided a MOGE (Myanmar Oil and Gas Enterprise) representative with a list of the villages CEP planned to visit the next day. As a result, we consistently tried to verify if our visit to a particular village had been announced by the military or if villagers were briefed about what to tell us. Although we can never be absolutely sure, several observations indicate this was not the case:

- § During previous visits, villagers openly told us of cases where forced labor occurred, . Some even consulted their diaries to verify exact dates. In the villages where we heard of incidents of forced labor, we did not meet anybody who would deny or try to hide this. During this visit, we went back to some of the people that reported incidents of forced labor during earlier visits. They reported that nobody informed them about our visit.
- § We consistently asked villagers if they knew we were visiting their village or if they had spoken to the Head of Village (the chairman of the VPDC – Village Peace and Development Council, the local administrative body). Everybody said that nobody had told them about our visit: men and women, old and young, farmers in the field and people in the village. Two people mentioned they had heard about other “white men” visiting other villages a few months earlier but they were not able to specify who these people were.

- § Although villagers could have been instructed to deny that they had been briefed, this seems unlikely as villagers openly expressed their dissatisfaction or feelings about many government policies. These discussions seemed open and were entered into without hesitation.
- § The majority of the people we interviewed in the pipeline corridor were interviewed as we stopped at places in the rice fields, the edges of villages or simply spoke with people we encountered on the road to ensure that we also met with not-so-obvious-spokespeople in the community.
- § As noted above the team divided up in two groups before entering a village. In a few cases where the Head of Village or Village Communication Committee members (an elected committee that represents community interests to the company) members greeted us, one team conducted interviews independently while one team met with these officials.

In addition, we asked people in several villages if any retaliation or follow-up actions by the army had taken place after our earlier visit in May 2003. They responded that they did not hear of any of such activities.

## **SECTION I: YADANA PIPELINE CORRIDOR**

This section discusses our observations with regard to impacts of Total on local communities. We will discuss our observations and options for enhancing Total's Socio-Economic Program (a direct impact) and then our findings regarding forced labor which has been the most contentious issue (an indirect impact).

### **A) Socio-Economic Program**

The leadership and dedication of Senior Management and the field staff of Total's Socio-Econ Program again, impress us. Joint Venture senior management had developed a vision for the future and were in the process of compiling a long-term strategic plan. Total verified the observations in our earlier reports with villagers and, when deemed appropriate, followed up on our suggestions. On this third visit we focused on issues related to wealth distribution within the community, diversification of viable commercial opportunities, and the ability of the community to provide administration and support for the socio-econ program in the long-term.

#### *Overall Observation:*

The visible increase in "development" (more construction of brick houses, more motorcycles on the road) was less pronounced than during our last visit. Possibly this was because it is more difficult to transport building materials and other goods in the rainy season. However, shop owners in Kanbaur (the commercial center in the corridor) complain that there was a big drop in business right after construction followed by a gradual decrease ever since. They acknowledge that the latter is consistent with what is happening in other parts of the country.

On the other hand, the number of people benefiting from the Socio-Econ Program is steadily increasing. Although the projects aimed at the poor are starting to yield results, the economic portion of the program has mainly benefited the middle class in the villages; those who own land to grow crops and raise livestock or those who have collateral such as a fishing boat or a shop to ensure they can pay back micro-credit loans. This middle class has grown, relatively, wealthy. They are now able to pay for the services of Total-trained auxiliary midwives and auxiliary veterinarians. Also, people who have raised a genetically superior “Total-pig” are now renting these pigs (boars) out to their neighbors for crossbreeding.

Given that the middle class in villages is less in need of Total support, the Socio-Econ Program now focuses on programs for the poorer people in the corridor. So-called backyard garden projects have grown fivefold, benefiting 250 families (some of them apparently harvesting 2 or 3 times leading to 600 harvests) compared to 50 six months ago. Participants who had a good harvest are now asked to pay for their seeds in order to realize a sustainable approach in this project. This has led some farmers to set aside some seed for planting the next year’s crop.

There are also plans to introduce local income-generating projects such as a new cashew nut factory, production of shrimp crackers, coconut fermentation and other low-tech activities that can generate income for those without land or assets. Total is also in the process of attracting an international cocoa producer to one of the poorer areas in the pipeline corridor. This producer is interested in buying cocoa from farmers under “fair trade” conditions, which imply that farmers will have to organize themselves into a farmers’ co-op.

Positive experiences with “civil society” mechanisms such as the banking committees and the village communication committees (VCC) in the corridor may enable Total to demonstrate to the Government that such civil society mechanisms can exist without being a political threat. In fact, some of the VCC members have now been appointed as chairmen of the VPDC, effectively representing the Government.

### *Administrative and Organizational Aspects of the Program*

Observation #1: As the size of the program has increased while the Socio-Econ staff has remained constant, its ability to stay informed about the social situation in the villages has somewhat decreased.

Villagers say the single most important side effect of Total’s Socio-Econ Program is the degree of safety and security it provides to villagers. Part of the effectiveness of the program comes from Total’s ability to gather information on social issues and needs of the community. Its network of doctors, veterinarians, agricultural specialists and other staff constantly visit villages as part of their routine. Since the Socio-Econ Program has doubled the number of villages it covers while the number of staff has remained the same, staff have had less time for informal discussions with villagers. We heard some concerns from staff that this development has impacted the speed and thoroughness of information Total receives through the Socio-Econ Program, which is an indication of Total’s desire to closely monitor changes in its working environment and to take action if needed.

Option: Hire some staff with local expertise to relieve the technical staff

Currently, the technical Socio-Econ staff, such as veterinarians and agro specialists, spend a considerable amount of their time collecting data and statistics from the villagers that take part in the Socio-Econ Program. Much of this work could also be conducted by hiring staff from the villages in the pipeline corridor, as one manager of the program suggested. Such staff, preferably women, would also find it easier to connect with villagers since they speak a local language and could, as part of their duties, also monitor the social situation in households.

Total could also consider supplementing their staff with a Socio-Econ Program systems administrator to help establish systems and procedures, training and administrative support requirements, necessary for the program's long-term sustainability. Examples of the role a systems administrator would serve are articulated in the next observations and relate to voting for the VCC, maintenance practices and procedures, micro credit loan practices, etc.

Observation #2: Need to revitalize the VCC's role.

As we noted in our last report, the success of the Socio-Econ Program reflects on those who hold a position of power in the project. It is important that VCC members remain active and committed to fulfilling their responsibilities. In some instances VCC members had ceased being active but retained the title VCC.

Option: Hold periodic elections for VCC positions

Some Total staff propose that VCCs be elected for a defined period of time (say, three years). An elected term of VCC membership offers a number of advantages:

- § It solves the problem of "inactive" VCC members that would otherwise "lose face" if they were asked to give up their place;
- § It periodically ensures a separation of Total structures from the local government administrative structures. When VCC members are also appointed as VPDC chairmen or secretary, the Total structure risks becoming entangled with the official administrative structure;
- § Providing VCCs with "fresh blood" offers more citizens an opportunity to be part of a civil society structure and builds organizational and managerial capacity at the village level;
- § Periodic elections provide Total with more certainty that the people with whom they deal really represent the interests of the community.

We discussed the idea of having periodic elections with some current VCC members. They agreed with the idea, mainly as they thought it would be positive to provide more villagers with the opportunity to have access to the company and to be more exposed to outsiders visiting the area.

Observation #3: Ownership for maintaining infrastructure largely lies with the VCC.

During the visit we noticed that mainly VCC members were involved in maintaining clinics established or used by Total. Socio-Econ staff mentioned that it is a challenge to mobilize more villagers for such activities. Additionally it is tempting for Total to show visitors to the pipeline

area such as journalists, politicians, diplomats, and NGOs' staff, freshly painted clinics and well-maintained roads as an example of the success of their Socio-Econ Program. From a sustainable community development perspective however, the real question is who is going to maintain the infrastructure: the company or the villagers themselves? If Total paints buildings frequently, it can send the message that, if communities wait long enough, they do not have to take responsibility for maintaining projects since the company will do it. This action clearly could undermine the sustainability of the program

Another example where villages' self reliance could be compromising is the Petronas-funded SCF-US program. SCF management is in the process of handing responsibilities over to the community with the goal that it be self-sustainable by March 2005. In this scenario villagers will have to generate funds to pay local teachers' salaries. Many of the villagers we spoke with seemed unconcerned that the program was coming to an end. One of the reasons may be that they expect that Total will take over funding this education program. The company has already received the first inquiries from villagers in this respect. While it may be tempting for the company to take this on, it would undermine the sustainability principles on which the program is currently based.

Option: Design future programs dependent on villagers' initiative

Company staff are currently developing strategies to encourage villagers to take responsibility for their own future. Ongoing Socio-Econ Program support only takes place in villages that are able to maintain projects already provided by Total. This means that villages that show initiative are being rewarded and serve as models for the other villages.

Option: Explain sustainability approach to visitors (and to villagers)

While it is tempting for Total to step up and provide a level of infrastructure maintenance expected in the western world it is important for the sustainability of the program that the village be held responsible. Rather than showing shiny buildings that are painted by Total, it can be more beneficial for the company to explain to visitors why buildings look the way they do, and that it is part of a long-term program where the local community is being encouraged to take responsibility for their destiny. Teaching those in charge to organize and implement good maintenance practices is a legitimate approach to ensure a sustainable program. Since the reasons for such an approach would be sound from a sustainability and development perspective, if explained well, they would yield a similar value from a public relations perspective.

*Business Development and Income Generating Aspects of the Socio-Econ Program*

Although everybody we spoke with in the eight villages was aware of Totals' micro-credit program, most poor people perceive they have no access to the program. Repeatedly, they stated that, "you have to be rich or you have to know the people of the banking committee" to get access to loans. This is not how the system has been designed and, in fact, we heard stories about banking committees in some villages that provided loans to poor people. Still, the perception is persistent. Since members of the banking committee lose their 1% commission on interest rates in case of defaulters, it is no surprise that they may choose people with a higher probability to repay loans. Currently, the recovery rate on micro-credit loans is over 99%.

We also heard people in the same village say they lose money by raising pigs while others say they make a profit. The pig and poultry programs are currently so popular that demand for piglets and chicks exceeds supply. Still, some people claim they suffer a loss raising pigs while others claim it is a profitable activity. This may indicate the need to provide some farmers with skills and training to manage their business better.

Option: Provide business development skills and knowledge to villagers

Most poor people state they do not want a loan, even if offered, as they fear the social consequences of not being able to pay the interest. Offering basic business principles to such people may help them overcome these fears. Business development training can help people who currently claim they lose from raising pigs and poultry.

In this respect, the Socio-Econ Program could benefit from the experiences of specialized NGOs such as PACT, which provides loans to about 60,000 people in other parts of the country. Similar to Total's Socio-Econ Program, PACT does not tell people how to do their business, but they do provide advice on managing working capital and on book keeping. If this approach were to be combined with a commitment to total transparency in who gets loans, according to what procedure, for how much and at what rate, it would help in debunking rumors about favoritism.

*Electrification Project*

One of the continuously recurring wishes of people both in the corridor and in Yangon/Rangoon is to have more access to electricity. Some businessmen have generators that supply power to neighborhoods or charge batteries for those that can afford paying for this service.

Option: Discuss with the Government possibilities to revamp an electrification scheme

There is an electrical reticulation system designed and partially constructed to provide power to some communities in the pipeline corridor and beyond. Electricity poles have been constructed and a site is still available for a small power plant. Completing this installation would provide an improvement to the quality of life for people well beyond the pipeline corridor. On the other side, if the Government limits the provision of electricity only to some villages in the corridor, it may cause jealousy from villages that do not get power. Total could discuss with the Government the options available to install, operate and maintain a gas turbine in the area. This would be an opportunity for the Government to demonstrate a project where gas revenue is reinvested in a way which improves the quality of life for many Myanmar/Burmese people.

**B) Forced Labor**

One of the main concerns of the international community (and of the company itself) is the presence of forced labor in the country and particularly in the area of corporate operations. As in our earlier visits, the CEP team paid careful attention to any possible linkages to the presence, or absence, of forced labor.

### *Observations*

We heard no reports of forced labor by the military during our discussions in the eight villages in the pipeline corridor on this visit. As in all our visits, we consistently inquired about incidents of forced labor in all interviews and with a wide range of villagers: old, young, male, female, farmers, shop owners, teachers and others. The most recent incident closest resembling forced labor (initially brought to our attention by Total management) occurred in August 2003 when one Head of Village (HoV) received an order from the railway authorities to clear one mile of brush along the railroad. Normal payment for such work is, apparently, 10,000 Kyat, sufficient to employ 5-7 people for one day at the market rate. In this instance, the HoV asked 65 people to clear brush and collected money from those who chose not to work, in order to have others perform the work. This is reported to be a common practice in the performance of “village duty.” This time, we were told that the HoV did not pay anybody who did the work (which took a few hours to complete). Upon receiving the information from villagers that they had not been paid, Total put the matter to the authorities, who investigated it and paid the 10,000 Kyat to the 65 villagers who were initially ordered to perform the work, paying each person 150 Kyat; a marginal amount for the work performed since the money was now divided over 65 people rather than the four or five originally required to do the work. This marginal payment led to further complaints because the money was distributed to all those requested to do the work whether they finally participated or not in actual brush clearing. We did not have the opportunity to meet with the HoV to verify his version of this report.

As in our previous visits, people in the corridor generally attributed the end of forced labor practices to the presence of Total or, to be more precise, to the presence of Total through the company’s Socio-Econ projects in the village. Interviewees in the villages that were added to Total’s Socio-Econ Program in 2001 claim they experienced forced labor three years ago (although there are different opinions about exact dates) whereas villagers that were part of the Total program which was initiated at the end of 1995 stated that the last time they had to conduct forced labor was approximately eight years ago (typically connected to the construction of the Ye-Tavoy railroad).

### *Village Taxation*

We noted in our previous reports that forms of labor exist that cannot be refused but which are not considered “forced labor” by the people with whom we spoke. Examples include cleaning a pagoda or “village duty” such as repairing a road or a bridge in post-monsoon season. In most cases where the Head of Village instructs the village to work, we have been told that it is common practice for rich people to pay off their duty by “hiring” someone else to do their share. Thus, the provisions of labor and cash payments are interchangeable.

In addition to village duty, each village taxes villagers to contribute to the Village Fund. These taxes vary per village (from 700 Kyat to 2500 Kyat per month). Those who are not in the position to pay the required taxes pay in-kind. For example, one member of a family may serve one night shift per month as part of the village guard. If a family member fails to perform his or her duty, they are asked to perform “heavy work” for the equivalent amount of time (such as road repairs, breaking stones, or digging). Although they do not like this system they do not consider this “forced labor” but merely part of the tax system.

### *Risks for Ripple Effect?*

Government officials acknowledge that the prevalence of forced labor in Myanmar/Burma is the result of a countrywide self-reliance policy. This policy implies that to achieve self-reliance, each army division needs to generate funds for its own operations. Some battalions are required to make a “profit” to help out battalions in areas that have few possibilities for generating income. In areas close to the pipeline, the military uses various means to generate food and income. Each battalion has an extensive farm where the families of the soldiers work. As we mentioned in our first report, such activities are not seen as forced labor. The families of soldiers say they do not like this work, but that such activities are, “part of a soldier’s family’s life.”

There are reports of changes in behavior by the military in the pipeline area. Villagers in the pipeline area mention that the military used to set up roadblocks for taxation, request villagers to provide fish at subsidized prices, or force villagers to work on paddy fields for the military.

According to villagers, these practices no longer occur in the pipeline corridor. It was reported that the military is now using different ways to achieve self-sufficiency, supplementing their earnings from fishing activities and logging activities. We were unable to confirm these reports.

There is no indication that the military dispatched to the pipeline area are exempt from the self-reliance policy. Hence, the question arises as to whether villages located just outside the pipeline corridor experience additional pressure for taxes or labor. Although we got some indication of this happening during our first visit, we were not able to verify such a “ripple-effect” during this visit. Perhaps the military is able to generate sufficient funds from their business activities. Still, it is important for Total to investigate further to ensure there is no forced labor indirectly associated with the pipeline in the areas just outside the corridor.

## **SECTION II: THE MYANMAR “VOICES”**

Central to our two previous reports has been the question of what can or should be expected from a company working in the Myanmar/Burmese context. Total (and Unocal) have been struggling to determine what is expected from them by outside stakeholders, given that many interest groups have different objectives, agendas and approaches. Both companies claim that their presence in Myanmar has a more positive impact than their absence would have. Some stakeholders agree while others disagree.

The debate about the definition of good corporate citizenship in the Myanmar/Burmese context, about determining benchmarks for assessing positive or negative impacts, and who establishes these benchmarks, takes place largely at an international level. Participants in this debate are advocacy NGOs, foreign governments, shareholders and company officials. One important group of stakeholders often not able to take part in the discussion is the people living in Myanmar/Burma, and those seeking refuge in Thailand.

The CEP team interviewed a range of individuals and groups specifically about their opinions regarding politics in general and about the presence of Total in the country. The relationship we established during previous visits with groups inside the country and in Thailand allowed us to talk with people that may under normal conditions fear to discuss such topics. As a small step toward including these “voices”, we hope that these interviews add to the discussion in three ways:

1. The space should be increased for people most impacted by the corporate presence (the villagers in the corridor and more broadly the citizens of Myanmar/Burma) to set the benchmarks of what constitutes positive, or negative corporate behavior.
2. Awareness of local opinions can provide an additional piece of information to the discussion between the outside stakeholders and the gas companies. For example, if the “voices” of the people support the divestment campaigns of some NGOs and foreign governments this would bring additional legitimacy to such agendas. On the other hand, if the people in the country do not favor such an approach, or prioritize different concerns, this calls into question the legitimacy of groups that claim to speak “on behalf of the Myanmar/Burmese people” in favor of divestment.
3. If Total wants to ensure that its presence has a positive impact on society, it first needs to know and understand the realities of the people with which it has to deal. Further, listening carefully to the domestic voices could provide the company with ideas about opportunities for where, and how, the company could make a positive contribution.

*We stress that we cannot, and do not claim to be, in the position to speak with any authority on behalf of the Myanmar/Burmese people.* However, because we feel it is extremely important to listen to many inside voices, we report here on what we heard in discussions we had with fifty-five citizens, with representatives of five NGO’s, and with two local groups along the Thai border concerning their political and corporate issues.

### **How We Organized The Conversations**

We attempted to ensure that the venues for discussion were safe for people to speak their minds. For example, friends organized a dinner inviting guests whom they knew would feel comfortable speaking with us. On another occasion, we asked an NGO to allow us to lunch with their staff (who have all known each other for a long time) in their office. We also spoke with individuals in their homes or other private places.

We made efforts to speak with a cross-section of society that can roughly be divided into three categories:

1. Politicians, writers and academics who are politically aware or engaged,
2. Educated and informed middleclass citizens (such as NGO staff, businessmen) and,
3. Poorer citizens in the villages or in Yangon/Rangoon with little formal education and less access to information.

We spoke with some farmers in the pipeline area about social issues and with the intellectuals and informal citizens in and around Yangon/Rangoon. To hear a broader perspective and to be more inclusive we also spoke with leaders of ethnic groups from areas in active conflict about their perspectives with regard to Total's presence and the impact they have on society.

## **The Voices We Heard**

*Change in quality of life is seen as people's most important issue*

It is impossible to generalize all opinions and capture all subtleties from the discussions. Nonetheless, we heard strikingly similar opinions and aspirations from many people. The message that overwhelming came through (even with Government and ex-Government officials) was a call for change. Everybody we spoke with expressed a strong desire for an improvement in quality of their lives.

People regularly disassociated their desire for a change in quality of life from a desire to see major changes in the political system. Most people were quite open about the fact that they do not care who runs the country as long as they see an improvement in their day-to-day living conditions. The consistent exception to this sentiment was expressed by leaders representing ethnic groups. They wish greater autonomy from the central Government.

Improvement in the quality of life was defined both in material and in non-material terms, although the different groups we spoke with emphasized different aspects:

- § The poorer segment of society saw an increase in quality of life represented by an extra meal to eat per day or cheaper fertilizer or a motorcycle, or in terms of other such material gains.
- § The educated middle-class wished for a Government that provides them with "freedom" largely defined as the absence of obstacles to live free of fear and controls, such as the need to register when sleeping outside one's township, limits on freedom of movement, association and expression, etc.
- § The "intellectuals" wished to see a Government based on a constitution, and which acts in a transparent and accountable manner;

*Disappointment with the lack of progress from both Government leaders and opposition leaders*

Among the relatively small sample of the population we spoke with, we heard "voices of frustration" with the inability of some political actors to reach any form of compromise that could lead to change.

Nobody we spoke with felt that a dramatic alteration in the political landscape is realistic in the current context, because, as one intellectual stated, “the pressure of the Government to keep a lid on built-up grievances is high.” The majority of people with whom we spoke acknowledged that for change to happen, both the Government and political parties would need to compromise. Individuals who refuse to do so were frequently referred to as “obstacles to change.”

Some international discussants predicted the outcome of an election if it were held today. Nationals often stated that the outcome of an election was not relevant as long as the political process does not allow for elections to happen.

### *Concept of Democracy*

Understanding that critics of foreign companies in Myanmar/Burma often cite a transition to democracy as a benchmark of the “right time” to invest, or be present, in the country, the CEP team asked people with whom we spoke how they view the concept of democracy. Most acknowledged that they do not really grasp what democracy looks like on a day-to-day basis. Most defined democracy as a situation where “you can do whatever you like.” Whereas some people saw this as positive, about half of the people we spoke with associated the 1988 uprising in the country (including the vengeance killings that took place) with “democracy” and thus associate democracy with “chaos.” Several people stated that, “the country is not ready for democracy” and “the citizens are not prepared to do the work necessary to make a democracy work.”

Apart from one opposition leader who hoped that a resolution by the United Nations Security Council would lead to “something,” (but who was not able to articulate this in more detail), all other people with whom we spoke foresaw a future of gradual change. Rather than taking Western democracies as reference points, most people pointed to governments in the region such as Thailand, Indonesia, Philippines and China that have been able to reach a higher welfare standard without transforming to a full western style concept of democracy.

### *Sanctions and Divestment Campaigns*

Most people with whom we spoke were only partly aware of the logic behind the calls from outside groups and other governments for companies to divest from Myanmar/Burma. They understood that outsiders considered it “bad to do business with this Government.” Nobody with whom we spoke in Myanmar/Burma believed that divestment or sanctions would lead to popular demands for political change or that political change (specifically an NLD victory) would automatically lead to peace and democracy in the country. Several youth mentioned that the likelihood of a repeat of the 1988 demonstrations is virtually absent, primarily because they fear for their lives. Others claimed that even tighter internal security measures by the Government have made it even more difficult for people to organize themselves. In addition, politically aware citizens stated that they have much to demonstrate “against” but they see no political agenda or political parties to vote “for” other than the “change” they symbolize. One political analyst explained that there are several parties that have popular support. However, no political party has

been able to transform public support into political support or leverage to bring about a change in the political landscape needed to satisfy the demands of ordinary citizens.

One leader of an ethnic minority nevertheless supported the notion of sanctions. We discussed his diverging opinion with several NGO leaders working with ethnic groups. They explained the difference in opinion between people –and even between leaders of ethnic groups- in the urban areas and leaders in the rural areas. Although all ethnic leaders recognize the detrimental effects the sanctions have on ordinary citizens, leaders based in the urban areas see and experience these detrimental effects directly. Leaders in the rural areas experience such impacts more indirectly and see the sanctions as a moral support for their cause.

### *Presence of the Company*

People in the pipeline area strongly supported the presence of the company. They are affected by the divestment campaigns in indirect, but profound ways. Radio is a main link with the outside world. As in many other places, people listen to international stations, BBC in particular. Since the BBC broadcast a feature on the pressure on Total to leave the country, villagers fear that the company might do so.

In Yangon/Rangoon, people raised concern over two issues related to the presence of the company in the country: 1) export of gas and; 2) uses of the revenue flow generated by the company's activities accruing to the Government.

Several people in Yangon/Rangoon expressed their frustration with the fact that the pipeline helps to “give away the natural resources we so badly need ourselves.” The shortage of electricity and of gas for cooking are repeatedly mentioned as putting a heavy burden on people's lives. At the same time, people see little benefit from the revenues generated by the pipeline or from the export of the gas to Thailand.

Some people stated that they have no idea how the Government uses the gas revenues and see no direct benefit from the company's presence. Hence, they associate the company with the Government: “We look at the situation from the perspective that if all companies leave and Total stays behind, it appears that you are complicit in the Government policies to take our resources and sell them. Because Total helps the Government take our resources, we, the local people, do not have any resources.”

The majority of the people we spoke with in Yangon explicitly stated that they do not want Total to leave. Instead, they felt that the company should use its leverage and technical know-how to do more for the citizens outside the pipeline corridor to remove the material and non-material obstacles that prevent citizens from having an “ordinary” life. A businessman in Yangon represented the mood of many interviewees, “If Total only focuses its efforts on the pipeline corridor, we consider its impact on the country as negative, but if we see that the revenues they help generate are used for the people, we are positive about their presence.”

Ideas provided by the interviewees mainly focused on ensuring that Myanmar's natural resources or the revenues are used for power generation or production of cooking gas. Others suggested

that Total start a joint venture with the state-owned National Economic Corporation to produce affordable cooking gas or to establish a joint venture for produce affordable power.

### *Government Voices*

In addition to talking with citizens, we also spoke with some senior government officials. These discussions provide some understanding of the thinking of “the Government” and clarify some of the reasoning behind policy decisions. These discussions provide another set of “realities” for the company to take into account as it aims to have a positive impact on Myanmar/Burmese society. What we heard in these conversations was:

- § The Government is on a “military mission” to “unite” the country. They fear that without careful preparation toward “disciplined democracy” the country will disintegrate. The military sees itself as the only organized entity that can prevent this from happening and can gradually lead the country towards transition. The period 1948-1962 is consistently mentioned as “proof” that if the country is not well prepared, democracy will fail.
- § Most Government resources are allocated toward achieving this “mission.” Allocation of resources toward other goals (healthcare, education, civil infrastructure) has lower priority. This provides the rationale for the existence of a self-reliance policy and the “need” for forced labor.
- § Military leadership has had limited exposure to Western ideas and concepts. One official stated, “the Government is still behaving in the same way it did before, it has not evolved.” He states that this mentality is combined with a strong sense of national pride. The loss of face and humiliation experienced under British rule is repeatedly mentioned as an example of what “should happen never again.”
- § There is a “fear” of Western companies becoming too dominant based on “oppressive” behavior of Western companies dating back as far as the Dutch East Indian Company in the 17<sup>th</sup> century. Hence the clause in the production-sharing agreement that a contractor must be apolitical and cannot interfere with politics.
- § This means “no company can tell us what to do or bring their perspective of humanity to our country. It is up to Western companies that invest here to handle their critics. If they cannot do that and have to leave, so be it. It will not have an impact. Petronas or the Chinese will eagerly take over their role.”

When we discussed our Government meetings with political analysts and journalists (both national and international), they confirmed that our discussions were in line with their day-to-day observations. Although none of these observers agreed with the Government policies and practices (and most are deeply troubled by them), they were all convinced that the above-mentioned comments represent real belief and not “spin.”

## **Observations about “Insiders” and “Outsiders”**

Based on listening to a variety of national and international stakeholders both inside the country as well as outside the country, we make the following three observations about the different perspectives between national and international stakeholders.

*Observation #1:* Myanmar/Burmese NGOs and opposition groups operating out of Thailand and their counterparts in the U.S. or Europe have similar objectives. However, their approaches differ in that international groups appear more idealistic whereas the national groups are more pragmatic. For example, one human rights group urges Total not to expand its interactions with the Government under the current conditions but acknowledges that advocating for halting its engagement with the Government completely is “not realistic.” In addition, both groups on the Thai border that CEP spoke with are willing to engage with the company, although one distrusts it and wishes to engage solely through a third party.

*Observation #2:* The approaches of foreign Governments and civil society groups outside that are calling for change in Myanmar/Burma can roughly be divided in three categories:

- a. Those that believe change can occur through sanctions;
- b. Those that believe change can occur through constructive engagement;
- c. Those that support the current 7-step program of the Government towards “disciplined democracy.” This initiative is meant to be an inclusive process with participation with the broadest group of political parties.

Most people we spoke with inside the country explained that the approach of the first group calls for change based on Western reference points and is thus easy to dismiss by the Myanmar/Burmese Government. They state that a confrontational approach is diminishing opportunities for change as parties fortify their positions and do not directly communicate with each other. The absence of such a discussion makes it easier for both sides to feel victimized and misunderstood or, alternatively, to consider the other side, monolithic or evil.

*Observation #3:* There is also a significant gap between the perceptions, wishes and hopes of people living outside Myanmar/Burma (change in government, democracy) and those that live inside the country (a better quality of life, freedom from obstacles to live a normal life). For example, there is little correlation between the concept of democracy as viewed by outsiders and that of the people within the country that are expected to embrace the concept. Hopes and aspirations are projected on people inside the country by people living outside the country that are *at this moment* not addressing the immediate needs of people inside the country.

## **What Does this Mean for the Company?**

Since the company is committed to having a positive impact on society, it will have to balance being responsive to outside pressure with the feasibility to have positive impacts in the Myanmar/Burmese context. The above observations provide insights in how the company can effectively engage with three main stakeholder groups; the Government, Myanmar/Burmese citizens outside the pipeline corridor, and outsiders concerned about the company’s role in Myanmar.

### *a) Strategies to Become More Aware of the National “Voices”*

Total has made considerable efforts to reach out to international NGOs and UN agencies working in the country and increasingly also to advocacy groups based in Bangkok. These contacts are ongoing and, according to NGO representatives, represent a significant positive change. The company is perceived as acting in a proactive manner and seeking input from a wider group of stakeholders in addressing the challenges of working in Myanmar/Burma.

Opportunities exist for the company to also actively engage with leaders, citizens and groups living inside the country.

#### Explain / Establish a dialogue / Be accountable to local people

Our discussions with ordinary citizens indicate that many of them do not feel represented by groups outside the country who claim to speak on their behalf. This indicates the importance of the company engaging more directly with local people in order to be knowledgeable about the needs, wants, expectation and hopes of the Myanmar/Burmese people. In addition, it is important for Total to be more directly accountable to the people most impacted by the corporate presence and to listen to what they have to say.

Establishing a dialogue will be a challenge in the Myanmar/Burmese context and needs to be clearly explained to the Government. Still, given the positive experiences of Total in dealing with a broad group of NGOs and other stakeholders, efforts to more directly engage with citizens will show the company’s commitment to go beyond what is minimally expected from a company.

A first step in this direction is a concerted effort of the company to clearly explain, and be transparent, about its activities and its vision for the future in Myanmar. The importance of engaging the local media was repeatedly brought up. It was suggested that Total should both listen to what local journalists have to say as well as use local newspapers as a medium to explain to citizens what the company stands for. As one Kachin leader said, “If I have information about the company’s activities, I can explain to my people what the real issues are.” Others suggested establishing a feedback mechanism where citizens could express their opinions of the company and provide ideas about how the company can maximize its contribution in the country.

### *b) Strategies to Work with the Government*

Total has acknowledged it can engage with the Government in multiple ways that are not “political interference.” This offers opportunities to strategically engage with the Government on issues where the company can make a difference.

NGOs, UN agencies and diplomats working with the Government agree about the need for a step-by-step approach that is based on careful analysis. For example, many say that forced labor is a symptom of more fundamental issues such as the self-reliance policy for the military. Some observers of Total’s presence in Myanmar/Burma argue that a clear benchmark for “success” is

if Total were able to move from addressing the symptoms of a policy to addressing the policy itself. Total and its joint venture partners could decide that, from a business perspective, it makes sense to try to address the issue of forced labor from a more all-encompassing viewpoint. The prevalence of forced labor in the country is, after all, affecting the reputation of the companies negatively. A strategic approach would be to separate the issue between forced labor used for civilian works (construction of infrastructural projects, farming) and forced labor used for military purposes, such as portering. Analysts note that if Total were to advise the military, it would stand little chance of success. The negative consequences would outweigh the positive ones. On the other side, Government representatives indicate they are open to discuss the possibilities of stopping forced labor on infrastructural projects. Such advocacy efforts would not signal that Total finds any form of forced labor acceptable. As noted in our first report, civilians themselves consider portering activities the most inhumane form of forced labor.

### The Importance of Supporting Capacities

In our discussions with US based pro-democracy and human rights NGOs, they repeatedly stress that if the Myanmar/Burmese Government benefits from any type of outside engagement such engagement should not take place regardless of direct and obvious benefits to individual citizens. Engagement can only occur, in their view if democracy in the country prevails. The people we spoke with that live inside Myanmar/Burma disagree. Their main argument is that, given the reality of Myanmar/Burma today, it is unrealistic to expect a dramatic and sudden change in the political landscape sufficient to satisfy the pro-democracy movement. As we mentioned earlier, most young people we spoke with are simply afraid to publicly demand a change, expecting a forceful and violent response from the Government. Others make the point that on a regional level there is a lack of administrative capacity. Rather than to wait for a change that may be sudden and violent, they state it is important to provide information and training to citizens. Their argument is that the country should be prepared and capable of future change when and if it happens.

In the mean time, NGO representatives argue that Total should hold the Government accountable for commitments they make and provide support to help the Government achieve these commitments. In particular, everyone we spoke with (from activist NGOs to government officials) support the principle of a 7-step political roadmap towards “disciplined democracy” and suggest that stakeholders such as Total discuss with the Government and the political parties involved about ways to lend its support for this initiative.

### Broaden the relationship with Government officials

It was mentioned again that it is important to establish a wide network with SPDC officials, and engage with the authorities beyond technical and pipeline related issues. Total currently employs 19 people in the pipeline area through the Socio-Econ Program to ensure the company has a positive impact on a local level. Besides the local and headquarter management focus on government relations, the company also employs one person locally for public relations. A more than full workload allows this staff member to engage with the Government on a needs-only base. It seems appropriate that Total considers investing in the establishment of a broader network within the SPDC. Increased staff capacity would allow Total:

- § To pro-actively explain more, and to more people, about Total’s intentions and their vision for their presence in Myanmar/Burma. Increased informal discussions will also

allow the company to identify opportunities where it can assist the Government in better serving its citizens.

- § To establish links with more ministries beyond the Ministry of Energy. This is important if the company wants to engage with the government on broader issues. Strengthening contacts with The Home Ministry (which also chairs the Human Rights Committee), The Ministry of Defense, the Ministry of Labor and the Ministries of Health as well as Agriculture were suggested as good entry points.
- § To cultivate contacts with all levels in the SPDC bureaucracy in addition to maintaining contacts with senior officials. Personal relations in the Myanmar/Burmese contexts are important for Total to have any influence. Maintaining contacts mainly with key-figures leaves the company vulnerable to decreasing its influence in case such key figures retire.

#### Offer International Exposure

Within the Government, Total has the opportunity to work with different levels of authority that each may have different objectives and interests. Several people suggested that rather than isolate Government officials, it would be more constructive to offer senior military and civilian officials more international exposure. Ideas included the following:

- § Inviting military commanders based in Yangon/Rangoon to the pipeline area.
- § Offering training for military officers in Human Rights or International Humanitarian Law at international institutes where such military commanders can meet and exchange experiences with officers from other countries.
- § Creating space for discussion with other governments that have gone through the challenges of change currently faced by the Myanmar/Burma administration.

Such initiatives would not cause immediate visible impacts and may only be seen when such officers assume senior positions. Still, several people noted that current Government policies are largely the results of an isolationist approach and that broader international exposure of officials can support a transformation process.

#### *c) Strategies for engaging with international NGOs/ critics*

In our previous reports we identified several options for the company to engage more positively with international NGOs and critics of the company. Total and Unocal have made efforts to actively approach NGOs both in Myanmar as well as in Thailand and internationally. The feedback from these organizations has been predominantly positive. Although the NGOs critical of the company's presence and the company may still agree to disagree on issues, mutual respect exists. NGOs acknowledge that the company is reaching out to find answers to difficult questions. On its part, the company values the insights that some NGOs bring to the discussion.

#### Complementary competences between the company and NGOs

The objectives of both advocacy NGOs and Total are, obviously, different. Still, there is common ground in that they both say to have the interest of the Myanmar/Burmese people at heart. Both have an interest in preventing the existence of forced labor. Both also have complementary areas of competence to assist the Government in ensuring that no forced labor takes place in the pipeline corridor. Several national and international NGOs say they have information that forced labor still exists in the pipeline area. On the other side, Total has vowed

that when it receives any allegations of forced labor in the area, it immediately investigates such allegations and takes action to ensure such practices are halted.

NGOs that have such information say they are willing to share the information they have with the company, possibly through a third party. On its part, the company should provide NGOs with the details of allegations it needs to follow up on a case. If such allegations were correct, and if Total were able to prevent such practices from occurring, it would benefit local communities. It would also provide an opportunity for NGOs and outsiders skeptical of Total's sincerity to "test" the company.

On the other side, if NGOs are making allegations of forced labor in the pipeline area but are not providing this to the company it weakens the argument that these groups represent the interests of local people.

## **FINAL NOTE**

Based on feedback from UN agencies, analysts and NGO observers situated in Yangon/Rangoon and in Bangkok, Total is showing signs of a positive and constructive transformation process with regards to its role in Myanmar/Burma. During our visit, the CEP team noted that the company is developing a vision for its role in the country and adapting the interpretation of its Code of Conduct to be more responsive to outside concerns about the company's presence in Myanmar/Burma. This symbolizes, according to the stakeholders we spoke with, progressive thinking and they urge the company to continue this development. A clearer vision allows the company to engage with a broader stakeholder group in order to establish benchmarks for positive corporate behavior. Based on the observations gained during this CEP visit, it is evident that the voices of Myanmar/Burmese citizens living inside the country or on the Thai border deserve to also play an important role in the design of the company's activities.