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End Burma's Resource Curse Says Watchdog Group

As investors start flooding in to Burma, a lack of revenue transparency and accountability is set to exacerbate the country's resource curse, warns a watchdog group today.

According to a report by the Arakan Oil Watch, billions of dollars in revenues from the sale of natural gas have gone unrecorded in Burma's public accounts and been siphoned off by corrupt military rulers, leaving Burma with some of the worst social indicators in the world and embroiled in conflicts over natural resources.

Natural gas exports are the biggest foreign income earner for Burma, amounting to over US\$2 billion in sales per year since 2006. Revenues are set to increase by 60% as new gas exports to China and Thailand begin as early as next year. An additional 41 oil and gas blocks are currently under exploration by various foreign companies.

Despite recent moves by the new government to improve the budgetary process, detailed income and disbursement of oil and gas revenues remain undisclosed. The role of military enterprises in controlling gas revenues is also opaque.

"With new gas projects in the pipeline and more investors pouring in, Burma's people urgently need to know where the gas money is and how it is spent" said Jockai Khaing of the Arakan Oil Watch. "A new influx of revenues without transparency will simply entrench military dominance of the economy."

The report calls for the establishment of laws and institutions which will manage oil and gas revenues transparently before further extraction of natural resources by foreign investors. Laws that require impact assessments and the free, prior and informed consent of affected communities are also needed to ensure the protection of rights and the environment.

To see the full report, which includes case studies of revenue transparency systems from other oil and gas rich countries, please visit www.arakanoilwatch.blogspot.com

The Arakan Oil Watch is a community-based organization monitoring oil and gas projects in Burma.

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