

Justice For Myanmar responds to Total's comments

JFM calls for an end to secrecy and immediate suspension of payments to junta

May 5, 2021, Myanmar: Energy giant, Total yesterday issued a public response to an article by French newspaper, Le Monde on its hugely profitable activities in Myanmar. Total's response mentioned Justice for Myanmar so we are responding to its comments.

Justice for Myanmar put our findings to Total before we published them on our website under the title "Is Total Profiteering in Myanmar?" Total was given ample time to respond to us but chose not to. Our analysis focused on the Moattama Gas Transportation Company (MGTC), which pipes Yadana gas from Myanmar to Thailand.

From leaked accounts released by Distributed Denial of Secrets, a non-profit transparency collective, we could clearly see that MGTC makes a stupendously high profit margin. So high in fact that the whole Yadana project may have been engineered to ensure excessive profits to Total and its co-investors at the expense of the people of Myanmar, with the complicity of the Myanmar military.

How come?

This is because Total and its co-investors own MGTC and are entitled to a much larger share of its profits than the Myanmar state, relative to profits from gas export sales.

Total's position, as we understand it, is that:

- i. The profit margin of MGTC is very high because the pipeline is near the end of its life and its value has already been fully depreciated.
- ii. The profit margin of Yadana as a whole, including both the pipeline and the gas fields, is within the average profitability of the industry.
- iii. Successive "governments" in Myanmar have endorsed the split of costs and profits between the Yadana gas fields and the pipeline.

Our response:

i. A January 1995 agreement between MGTC and the state-owned Myanma Oil and Gas Enterprise (MOGE), which has been published online, states that “the depreciation rate applicable for capital assets will [be] 12.5 per cent a year.” We take this to mean that the investment in the Yadana pipeline would have been fully depreciated after eight years: that is, in the early 2000s. We cannot see how this solely explains MGTC continuing to make stratospheric profits from the pipeline for at least 15 years.

ii. It is impossible for any outsider to test Total’s assertion that the profit margin for Yadana is within a normal range for the industry, because the full financial records of the project are not public and only Total and its partners have access to them.

Total claims that the accounts of MGTC can be accessed in Myanmar. As far as we are aware, this is not the case. We call on Total to demonstrate that these accounts have in fact been open to public scrutiny in Myanmar, rather than being hidden behind a wall of secrecy in the tax haven of Bermuda. Total must publish all current and historical Myanmar accounts and contracts online.

iii. Between 1995 and 2011, Myanmar was ruled by a corrupt and secretive military dictatorship which has never properly accounted to Myanmar’s people for the billions of dollars in revenues which flowed to it from Yadana and other gas projects.

The endorsement of a corrupt dictatorship cannot be taken as a validation of the contractual arrangements for Yadana, nor as an answer to the serious concerns which Justice for Myanmar has raised with Total.

A more fundamental point is that the Yadana pipeline cannot be talked about as if it were a normal commercial project. The construction of the pipeline in the 1990s involved well-documented instances of forced labour and human rights abuses against civilians by the Myanmar military.

Once the pipeline was complete, gas revenues from Yadana flowed for many years into offshore bank accounts under the effective control of Myanmar’s military, with no public scrutiny or control at all. Recent attempts to reform these arrangements, which are highly opaque and therefore

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vulnerable to corruption, have come to an abrupt end with the military coup.

So once again, huge sums of revenue from Myanmar's natural resources – which belong to its people, not to its corrupt and brutal generals – are pouring into the black hole of the military's finances. Total is aware of these facts but continues to operate the Yadana project and pipeline at great profit to itself and its foreign partners, with the complicity of the Myanmar military.

Justice For Myanmar demands that Total immediately suspend all payments to the illegal military junta and place funds in a protected account until democracy is restored.

We call on Total to disclose their secretive business arrangements since they first landed in Myanmar, including all company accounts and contracts.

Note to editors

See Justice For Myanmar's web features, Is Total profiteering in Myanmar? here:

<https://www.justiceformyanmar.org/stories/total-profiteering>

See Total's comments to Le Monde in full here:

<https://www.total.com/fr/medias/actualite/communiqués-presse/myanmar-total-publique-integralite-reponses-fournies-au-journal>

Justice For Myanmar, a group of covert activists campaigning for justice and accountability for the people of Myanmar, is calling for an end to military business and for federal democracy and a sustainable peace.

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