

ABOUT THE LEPADAUNG COPPER MINE IN MONYWA, BURMA/MYANMAR – part 1

by Rick Heizman, San Francisco, Dec 5, 2012

A huge copper mine project was started in 1996 near the town of Monywa in central Burma, by Ivanhoe Mines, a Canadian international mining company focused on copper, gold and coal mines. Ivanhoe had a 50/50 partnership with Burma's state-owned Mining Enterprise No. 1 (ME-1) in the mine project.

In August 2012, Ivanhoe changed its name to Turquoise Hill Resources Ltd. (Oh! Now it sounds so pretty and nice....) A few months before that, in April 2012, the founder and CEO – Robert Friedland (also known as: Toxic Bob) – resigned and left the company.

It is interesting that the name Friedland, in German, means 'Peaceful Land' (friede = peace, land = land).

Remember that.

RECENT HISTORY

Mining income gave the former military regime its largest source of legal income, and Ivanhoe and 4 or 5 other Canadian mining companies were a very large part of that income during all the years that the US had strict sanctions against Burma, and tried to get other countries to do the same. But, Canadian companies were doing large scale mining and other businesses in Burma.



Unocal / Chevron

Some of you might bring up the oil and gas extraction in which Unocal / Chevron was involved. (In 2005 Chevron bought Unocal). Under strict U.S. sanctions they were not allowed to do any new operations, and were prohibited from expanding their present operations. Chevron only operated a pipeline, and China and Thailand desperately wanted to buy it from them. If Chevron left Burma at that time, the money and the gas would still flow uninterrupted, with a new company - with much less transparency and accountability - in charge. Chevron's presence in Burma's oil and gas industry was quite small - about 2-3%. Mostly it is being done by Thai, Chinese, Korean, Indian, and Russian companies - which the regime favors - because anything bad that happens will be much easier to cover-up.

Canadian Sanctions – finally

After years of pressure from the U.S., Canada finally enacted sanctions on Burma – to be effective in 2007 – and that would force Ivanhoe to sell its stake in the mine, and to leave Burma.

In early 2007 Ivanhoe said it had withdrawn completely from Burma and transferred its stake into a 'third party blind trust', which is a way to keep financial and ownership details secret. Leading up to that, Ivanhoe had started negotiating with 3 Chinese companies, and they agreed on basic terms, but then the Burmese regime and Ministry of Mines declared that Ivanhoe could only sell to the Burmese state-owned ME-1, and that would require that Ivanhoe pay a huge amount of 'taxes' to the regime. However, Ivanhoe was desperate to get out of Burma, and to get away from mounting charges of troubling health concerns, destructive environmental issues and the pending new sanctions that could hit them with tough legal and financial consequences. Ivanhoe and ME-1 agreed on a low price of 100 million US dollars (the regime had the upper hand) but, then that agreement fell apart when ME-1 said it didn't have the money to pay Ivanhoe! ME-1 had planned to get Ivanhoe's share and then to quickly and quietly sell the whole mine to Chinese interests – at a huge profit.



Tay Za and Lu Lu

So, with a complicated situation, with untrustworthy Chinese, Burmese, and Ivanhoe characters all vying for advantage, the Burmese regime asked Tay Za (a major tycoon in Burma, married to a top general's daughter) to broker the deal with the Chinese. He did, and got the Chinese to agree to pay 250 million dollars for the whole mine and all the infrastructure and heavy equipment – and Tay Za charged, and was paid, 50 million dollars for his consulting fees!

(Actually Tay Za's top assistant and advisor, and vice chairman of Bagan Air – Lu Lu – did most of the negotiating. Lu Lu is known to be a ruthless and cunning Chinese-Burmese businessman, with very good Chinese language skills, and he often boasts that Tay Za learned everything from him.)

Deals with Chinese companies

However, both the Chinese and Burmese continued trying to get more advantage out the deal – despite the previously agreed-upon terms – and it stalled until 2011, when it was finally ratified. Then, the Monywa Copper mine was owned entirely (or said to be) by two entities – the Chinese company Wan Bao (which is controlled by the giant Chinese company Norinco, which, among other things, is a huge weapons manufacturer), and the Burmese military-owned Union of Myanmar Economic Holdings Ltd.

U.S. Embassy – Ivanhoe sanction violations

The U.S. Embassy in Burma was carefully watching and gathering info and intelligence on Ivanhoe and the secret dealings, because Ivanhoe seemed to be violating both U.S. and Canadian sanctions in many ways, and nowadays – with many released US embassy cables and other evidence – it is clear that Ivanhoe's claims that in 2007 it ceased all of its operations and withdrew completely from Burma are false claims, and Ivanhoe is in violation of many sanction articles including those dealing with bribery and undisclosed payments. I think it's very clear that Ivanhoe was trying to step away from the hellish damage that they had allowed to happen (and that they would deny), and the possible legal, financial, and even criminal charges and consequences.

THE MINE AREA

The Monywa Copper Mine is an open pit mine, which is the most destructive form of mining. The plants, trees, water drainage and land are devastated, and an open pit mine cannot be restored for future use.

I have been to the mine area, in 2006. I was going to Hpo Win Daung – a remote and nearly unknown collection of Buddhist cave temples. At that time I did not know that the route would take me through the most horrid environmental landscape that I ever had seen. To get there you would go from Mandalay across the Irrawaddy River at Sagaing and then several more hours to Monywa. After Monywa you would cross the Chindwin river, and then after some time you will begin to enter a hellish-looking flat and treeless landscape, with pools of green, red, orange, or black toxic water, with people doing something which put them in contact with the water (trying to extract copper from the toxic waste). There were very poor village homes, surrounded by toxic pools, and kids playing dangerously close to the toxic water. I couldn't take photos because military checkpoints had told us 'absolutely no photos and no stopping', and they had a military jeep follow closely behind our car, making it clear that they were watching us very carefully.



An area called Letpadaung is the next area the Chinese mine operators want to develop, and that is where the current protests and the brutal crackdown has happened.

GENERAL NE WIN and LAND POLICY

When General Ne Win seized power in 1962, he steered the country down his "Burmese Way to Socialism", and one of the policies was to nationalize all land and industry. That meant that the government – by its own decree – owns all the land. As it is, very few Burmese people actually have the documents that give them official ownership of their land.

In the 1990s, the military regime (then under General Khin Nyunt) started selling large plots of land to big, regime-connected companies, owned and operated by regime families and relatives, and by financial tycoons such as Tay Za and Steven Law. In most cases farmers knew nothing about the land under their feet being bought and sold by unknown-to-them people who most likely had never even put their feet on that land. At that time, most of that land was not going to be developed, so the farmers still farmed and didn't even know about the dealings with their land, and the super-wealthy tycoons and cronies amassed their large holdings of land that largely just boosted their egos. And, they certainly didn't pay taxes on the land!

However, now, with new economic development (and exploitation) in Burma, these 'owners' (who only own land because of their connections with the power structure, their abusive authority, and their lack of ethics and morality) are ordering people and villages to get off the land – without compassion, and without realistic compensation. They have no shame as they use and abuse the power and authority they think is theirs – just because they are connected to the regime – either former regime members now out of power, or 'old school' regime members that are still in the government.

WHO IS RESPONSIBLE? – health concerns, environmental damage, land grabbing, brutal crackdown

Let's be clear – the brutal crackdown on the mine protesters was not ordered by President Thein Sein, or any of the democratic and reformist members. Most likely, Chinese owners or operators or investors in the mine offered big money to the local police and army commanders to put a stop to the protests. This is in an area of Burma that is far from Yangon, Mandalay or Naypidaw, and it's very poor, very dry, and isolated. They probably thought they could crack down without anyone around the world knowing about it.

- The people who gave the orders, and the people who carried out the orders, must face justice.
- Ivanhoe, ME-1 and the Chinese companies must be responsible for their past and present damage to the peoples' health and livelihood, and the damaged land and water.
- The land grabbing must stop, and the huge land deals of the 1990s can be reversed.
- And, Robert Friedland (Toxic Bob) should live up to his name – and use his huge wealth to make Letpadaung and area 'Peaceful Land'.

