



Peace and Security in Myanmar – A Study on Corporate Security Responsibility and the Yadana Pipeline

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Abstract

Myanmar is currently emerging from decades of military dictatorship. Though the transformation is still in its infancy, the new quasi-civilian government has embarked on an impressive reform agenda to transform the country into a democratic nation with a market driven economy. This has resulted in an easing of US and EU sanctions, leaving western businesses impatient to tap into the opportunities this new emerging market has to offer. However, the country still suffers from the legacies of being brutally oppressed by the military rule that has left the country in an extremely poor state, with severe weak governance structures and on-going violent intra-state conflicts. Given Myanmar's rich endowment in natural resources, there is a high risk that the country will remain entrapped in its 'resource curse' unless proper actions are undertaken.

The literature on the role of business in conflict zones has primarily focused on corporations' contributing role in causing and/or prolonging conflicts. However, this also presents a selection bias that doesn't fully explain the possible positive role that corporations can have in conflict zones (Wolf et.al. 2007). Moreover, the literature on the political aspect of CSR tends to focus on corporate governance contributions in 'low politic' issues, while the issue of corporate contributions to peace and security still remains rather undiscovered (Deitelhoff & Wolf 2010). In response, the Corporate Security Responsibility (CSecR) research agenda recently developed, but needs further empirical investigation and testing of variables. The objective of this study is thus to provide a constructive addition to this literature, by investigating how corporations can positively contribute to peace and security as a public good in Myanmar. This will be achieved through an empirical analysis of Total E&P Myanmar and Unocal/Chevron's engagement in the Yadana pipeline project, which will hopefully contribute to a 'closing of the gap' in the existing literature that has left the potential contribution of business to peace largely 'untapped' (Wenger & Möckli 2003; Deitelhoff & Wolf 2010).

Abbreviations

CDA – CDA Collaborative Learning Project

CSR – Corporate Social Responsibility

CGR – Corporate Governance Responsibility

CSecR - Corporate Security Responsibility

DDR - Disarmament, demobilization and reintegration

ERI – Earth Rights International

EITI - Extractive Industries Transparency Initiative

ILO – International Labor Organization

IR – International Relations

IPIECA - International Petroleum Industry Environmental Conservation Association

MNC - Multi-National Corporations

MOGE - Myanmar Oil and Gas Enterprise

MCRB – Myanmar Centre for Responsible Business

NGO – Non-governmental Organizations

PPP – Public-private Partnerships

PTTEP - PTT Exploration & Production

SLORC - State Law and Order Restoration Council

SPDC - State Peace and Development Council

UNGC – United Nations Global Compact

UNGP – United Nations Guiding Principles on Business and Human Rights

UNDP – United Nations Development Programme

UNITAR - United Nations Institute for Training and Research

UNUDHR – United Nations Universal Declaration of Human Rights

VPSHR – Voluntary Principles on Security and Human Right

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1.0. Introduction

Myanmar is currently emerging from decades of military dictatorship. However, the country still suffers from the legacies of being brutally oppressed by a military rule that has left the country in an extremely poor state, with severe weak governance structures and violent intra-state conflicts. It is therefore crucial to consider how corporations can not only avoid exacerbating conflicts, but might actually contribute to a sustainable development of peace and security in Myanmar.

It has long been a general assumption that corporate activities in zones of conflict more or less has a contributing role in further destabilization of these areas, either by financing conflict parties, trading conflict related goods and exploiting regulatory gaps (Wolf et.al. 2007:295). A series of recent studies has shown how some rebel groups finance their campaigns through international trade in goods such as drugs, diamonds and coltan (Buhaug et.al. 2003; Collier and Hoeffler 2001; Le Billon 2001; Ballentine and Sherman 2003; Gilmore et.al. 2005). There have also been cases where government revenue from foreign companies, particularly in extractive industries, has made military expenditure more affordable, thus serving to prolong conflict (Bray 2005; Renner 2002; Ross 2004). This phenomenon is often known as ‘the resource curse’, and in short means that resource-rich countries often have severe underdeveloped institutions and a vast array of social problems, as well as lower growth rates than resource-poor countries, and has been researched extensively across economic and political academic disciplines (Sachs & Warner 1995; Collier 2010; Auty 1993). The resource curse describes a situation where the wealth of natural resources, instead of boosting the economy of a country, actually leads to rampant corruption, oppressive conditions, severe poverty and even conflict. While it is an acknowledged truth that corporate activities have deliberately or unintentionally financed war economies, it is important to further analyze the role of private enterprises in zones of conflict.

First of all, much depends on whether we are looking at firm behavior before a conflict broke out, during an ongoing conflict, or after fighting have ceased. The previous mentioned scenarios, illustrates the role of some businesses in contributing to the up surging and fueling of conflicts. Other studies focus on firm behavior in

areas with ongoing violent conflicts, typically focusing on the role of private military and security companies in conflict zones (Jefferies 2002; Gomez del Prado 2010; Leander 2013; Holmqvist 2005). This paper will be focused within the final phase of the time-period, i.e. after fighting has ceased but with high risk of falling back into violent conflict.

The academic literature on Corporate Social Responsibility (CSR) was for a long time focused on the economic rationale, also called ‘the business case of CSR’ or ‘Strategic CSR’. But as the expansion of global markets and economic development have grown due to globalization, governments and international organizations have become less able to regulate issues of global concern. This means that corporations are becoming more politicized, and they are increasingly being recognized as more than purely actors of economic development. The literature on the ‘Political CSR’ is growing, and it suggests an extended model of governance with business firms contributing to global regulation and providing public goods (Scherer&Palazzo 2012). But the literature tends to focus on corporate governance contributions in ‘low politic’ issues, such as the environment or health, while the issue of corporate contributions to peace and security still remains rather undiscovered (Deitelhoff & Wolf 2010).

The existing literature on corporate governance contribution to security, also known under the heading of Corporate Security Responsibility (CSecR), provides an understanding on how and under what circumstances corporations typically contribute to security, and what contributions are likely to have the biggest positive impact (Deitelhoff & Wolf 2010; Wolf et.al. 2007). But it has however so far been focused on African countries (Nigeria, Democratic Republic of Congo, Rwanda) (Feil 2010; Zimmer 2010; Wallbott 2010), the Middle-east (Fischer 2010) and Ireland (Haidvogel 2010). By incorporating an Asian country, I hope to make a useful contribution to the literature, by examining the theory in another contextual setting, with a different regional-specific political and social environment and thus allowing identification of other possible variables. This brings me to the following research question:

How can private corporations positively contribute in the provision of security as a public good in Myanmar?

To answer my research question, I will conduct an empirical investigation on two oil and gas companies currently present in Myanmar, i.e. American based Chevron

(Unocal/Chevron) and Total S.A. (Total) domiciled in France. This analysis will provide me with an empirical insight into how these corporations contribute to peace and security in Myanmar and will enable to more broadly discuss the potential and limitations of corporate contributions to peace and security as a public good in Myanmar.

In chapter 2, I will explain my choice of methodology and method. I have applied a hermeneutic research philosophy. This is a particular useful instrument in the case study research strategy, as it allows me to become an active player in the formation of new knowledge.

In chapter 3, I will provide a presentation of the theoretical conceptions on which my study will be based upon. The evolution of these concepts is essential in order to properly understand the underpinnings on which the theoretical framework of CSecR is based.

In chapter 4, I will conduct my analysis of Total and Unocal/Chevron operations in Myanmar applying the theoretical framework of CSecR. This will be done by firstly investigating whether the corporations commit to *proactive engagement*, and consequently examine the *constellations of actors and pattern of engagement* and their *scope of engagement*.

In chapter 5, I will discuss my findings in relation to the causal chain as set forth by Wolf et.al. (2007). While it is clear that most of the conjectures set forth in the current literature are validated in my findings, I allow new interpretations to emerge to inspire debate and new understandings of the phenomenon.

In chapter 6, I will discuss the limitations and potential of corporate governance contributions to peace and security as a public good in Myanmar. I will argue that public security depends on the strengthening of government capacities and the development of democracy, and that corporation can be active players in the promotion of both.

In chapter 7, I will finish my study, by making some concluding remarks regarding the findings of my analysis and following discussion.

In chapter 8, I will make some recommendations for further research. These recommendations include an involvement of cross-regional, cross-sectoral and longitudinal research.

2.0. Method/Methodology

Introduction

The study will be guided by a hermeneutic interpretivistic epistemology, where I as the interpreter am an active player at all times in the formation of new knowledge. The interpretive perspective has several strengths that are relevant for the purpose of my study, especially as it has the potential to understand reality as it is perceived and experienced by people and organizations, rather than as perceived only by the social scientist.

In the following, I will in greater detail explain my choice of research philosophy and research strategy. I will also provide a detailed account of my case selection, my data collection method, the validity/reliability of my research and some notes on terminology.

2.1. Research Philosophy

I have applied a hermeneutic research strategy, which is Greek for '*interpreting*' and/or '*translating*' and is a particular useful research philosophy when analyzing texts. Initially hermeneutics was used in analyzing ancient scriptures and involved paying close attention to historical and social contexts that surround actions when interpreting texts (Howell 2013). According to Gadamer (2004), a hermeneutic approach means that '*texts need to be understood in relation to the context of the historical reality to which each individual historical document belong*' (Gadamer 2004:178). This implicitly entails that it is necessary to have an understanding of the specific cultural and historical context from which the text emanates. This is better achieved through historical distance, so that the researcher can use the benefits of hindsight and retrospect (Howell 2013).

Another prominent scholar within hermeneutics was Wilhelm Dilthey (1833-1911), and he is known for his criticism of applying natural science methodology in social sciences, as he asserted that natural sciences investigated cause and effect and the particular to the general, whereas social science are more concerned with the parts and the whole, and recognized that social science analysis would benefit from both (Howell 2013). The hermeneutic circle is a circular interaction that takes place between the part and the whole, where the whole can be understood only through the

parts and the parts only can be understood through the whole. It is an endless process, and a separation between beginning and end is impossible. In the hermeneutic circle, I am as the interpreter a part of the process at all times (ibid.).

Gadamer (1999) used the concept of ‘prejudice’, as it was originally understood without the negative charge. It basically means, that ‘prejudice’ implies a ‘judgement’, which happens before the final review of all factors that determine the matter (Gadamer 1999). In hermeneutics, the interpreter is considered an active player in the formation of new knowledge (Højbjerg et.al. 2004). As ones prejudices are confronted in more and more depth with the phenomenon one tries to understand, it becomes clear which of them are misguided and have to be altered (Noorderhaven 2004).

The interpretivistic epistemology is suiting when the aim of the research is not merely focused on the *explanation* of human behavior or a phenomenon, which is the main objective of a *positivistic* approach, but also on an *understanding* of the human behavior or phenomenon being investigated (Bryman 2004). Rather than the positivist emphasis on what is generalizable and universal, interpretive epistemology focuses on what is unique and particular about each and every human situation.

2.2. Case Study Research Strategy

I have chosen the case study research strategy for this paper, as it is a particular useful strategy in order to understand complex social phenomena. The case study research strategy is thus an appropriate design when the case represents a critical case in testing a well-formulated theory (Yin 1994), as it allows me to develop an in-depth analysis of the case and empirically investigate it as a particular contemporary phenomenon (Saunders et.al. 2009). The case study is therefore not just a data collection technique or a simple design feature, but rather a comprehensive research strategy (Yin 1994).

Yin (1994) suggest that the case study approach should be used when the researcher are dealing with a study that has the following characteristics:

- The research question tries to answer a “how” or a “why” question
- There is little control over behavioral events

- The researcher deals with a contemporary phenomenon within a real life context

As all of the above three characteristics is present in my study, I find the case study design particular useful. It provides me with a flexible research design which allows me to develop my approach along the way when new issues and new sources of data are discovered (Yin1994).

Case studies are generalizable only to theoretical propositions, and thus the goal of this case study is not to present a ‘sample’ or to enumerate frequencies (statistical generalization), but rather to expand and generalize theories (analytic generalization) (Yin 2003:10). A previously developed theory is used as a template with which to compare empirical results of the case study. I have thus chosen the case study research strategy, because in order to generate theoretically sound knowledge about the potential role of business in conflict zones, it is crucial to draw upon empirical evidence of proactive corporate contributions to public security (Wolf et.al. 2007).

2.3. Company and Country Selection

I had a vision for what I wanted to study in my master thesis before I looked for case countries. Coming from a background in International Business and Politics studies, I have always been fascinated with the ideas on the power of business, also often labeled ‘private authority’ (Büthe 2004). Within academia, various research deals with the ability of business to influence the policy-making process through for example lobbying (Mattli & Woods 2004), but also the ways in which businesses actually have become policy-makers on their own and providers of common goods, have received increased attention (Matten and Crane 2003; Cutler et.al. 1999; Büthe 2004). Security being the ultimate realm of what is considered a domain of a sovereign state, I found it fascinating to look into how companies can engage in political processes that, at least makes them co-providers of security as a public good.

The contributing role of business in up surging and prolonging conflicts has been extensively research in academic disciplines and especially the extractive sector receives a high degree of attention in this respect, given the large environmental and social impacts these industries can have in their host countries. When looking into the literature that actually does exist on positive corporate contributions to peace and security (CSecR), I found that it was limited to African countries (Nigeria,

Democratic Republic of Congo, Rwanda) (Feil 2010; Zimmer 2010; Wallbott 2010), the Middle-east (Fischer 2010) and Ireland (Haidvogl 2010). Therefore, I chose to focus my analysis on Myanmar, in hope of making a constructive contribution to the literature by empirically testing the theoretical framework in a different political and social environment, thus allowing identification of other possible variables and dynamics. Corporate activities in Myanmar have been the subject for immense criticism ever since the country opened up for foreign investment in 1989, and as more and more western companies are entering the Myanmar market after US and EU' sanctions have been lifted¹, it is all the more urgent that these companies adopts an approach that not only 'does no harm' but that actually has the potential of contributing to the overall development of peace and security in Myanmar.

The tensions in Myanmar are multifaceted to an extensive degree, and should therefore also be addressed accordingly to its complexities, bearing in mind the specific regional/-ethnic/-political specific issues. Arguably, much depends on whether we are dealing with the tensions between the political opposition and the central government, non-state armed groups and the public military forces in the borderlands, or the intra-ethnic tensions between Buddhists and Muslims in Rakhine State. Covering all aspects of every issue, in every region across industries is a much too big a task within the boundaries of this study.

I have therefore chosen to narrow my study on the oil and gas industry Myanmar. It is in its nature a location-specific sector, and corporations within this sector do therefore not have the luxury to move operations if conflict erupts, at least not without significant sunk costs. Oil and gas corporations are furthermore generally viewed as the classic example of irresponsible business and therefore face significant civil society targeting. This is partly due to their perceived role in pollution and global warming, but also the fact that extractive industries in particular have a bad history of contributing to conflict and insecurity in their host countries. However, the theory of

¹ On 22nd May 1997, the US imposed sanctions on Burma/Myanmar, prohibiting all new investments. On 16th of November 2012, the U.S. Department of Treasury lessened sanctions, allowing new investments and the importation into the United States of any article that is a product of Burma, with the exception of jadeite or rubies mined or extracted from Burma, or of articles of jewelry containing jadeite or rubies mined or extracted from Burma. Source: The Official Webpage of the United States Embassy in Burma. Link: http://burma.usembassy.gov/burma_sanctions.htmls
On 22nd April 2013, the sanctions against Myanmar imposed by the European Union was lifted, except the arms embargo,. Source: Euractiv. Link: <http://www.euractiv.com/global-europe/eu-lifts-myanmar-sanctions-arms-news-519303>

CSecR postulates, that these particular characteristics actually increases the likelihood of corporations proactively contributing to security governance (Wolf et.al. 2007). This paradox is what drew me to focus on the extractive sector, as I found it interesting to further investigate how corporations that are generally perceived as the archetype of social irresponsibility, can actually be the opposite.

As the sanctions imposed by the US and the EU only very recently have been lifted, there are few western companies present in Myanmar. Two western oil and gas corporations managed to escape the sanctions, i.e. Unocal/Chevron and Total. While most western corporations withdrew their operations from Myanmar as public discontent rose during the 1990s and 2000s², Total and Unocal/Chevron chose to stay in the Yadana pipeline project in southern Myanmar in spite of being accused of directly causing conflicts in the area of their operations, and furthermore enabling the repressive regime to stay in power through the revenues from the project. Therefore these two companies in particular pose an interesting opportunity to inquire into companies' activities as political actors in security governance processes.

Furthermore, I have chosen to exclude the Thai-based business partner PTT Exploration & Production (PTTEP) of the project in my study. I acknowledge that the incorporation of PTTEP would have arguably contributed to a broader understanding on how corporations address issues related to CSR in general and CSecR in particular, and especially the fact that PTTEP is an Asian corporation could have provided some interesting insights. I have however chosen to exclude it, thus focusing my study on investigating how *western* corporations can contribute to peace and security in Myanmar.

2.4. Data Collection method

I have applied several different data sources to get an in-depth insight and understanding of the phenomenon. My study includes qualitative data from primary sources, in the form of interviews, communication from the case corporations and governance initiatives, and qualitative data collected from secondary sources such as NGO reports and news articles. The data collected for this study is thus primarily

² The Irrawaddy (January 1st 2003). "Foreign Companies Withdrawn from Burma. Link: http://www2.irrawaddy.org/research_show.php?art_id=457

qualitative data, because whenever a holistic, dynamic, and contextual explanation of a phenomenon is required, qualitative methods is arguably the most appropriate methodological choice (Zalan & Lewis, 2004). It should be noted, that I will only collect the data, which I interpret as being relevant for peace and security in Myanmar, as this is the objective of this study.

Total and Unocal/Chevron can be said to be many things depending on the theoretical lens (a private corporation, a political governor etc.), but first and foremost they are organizations. Organizations are not a natural phenomenon, but rather constructed, and constantly restructured, by people and events within and around them. Organizational phenomena, such as for example a corporate code of conduct, can be interpreted as a *sign* of the phenomena (Noorderhaven 2004). In my analysis of the two corporations, I will interpret the data as signs, and I will distinguish between signs of *output* and signs of *outcome*.

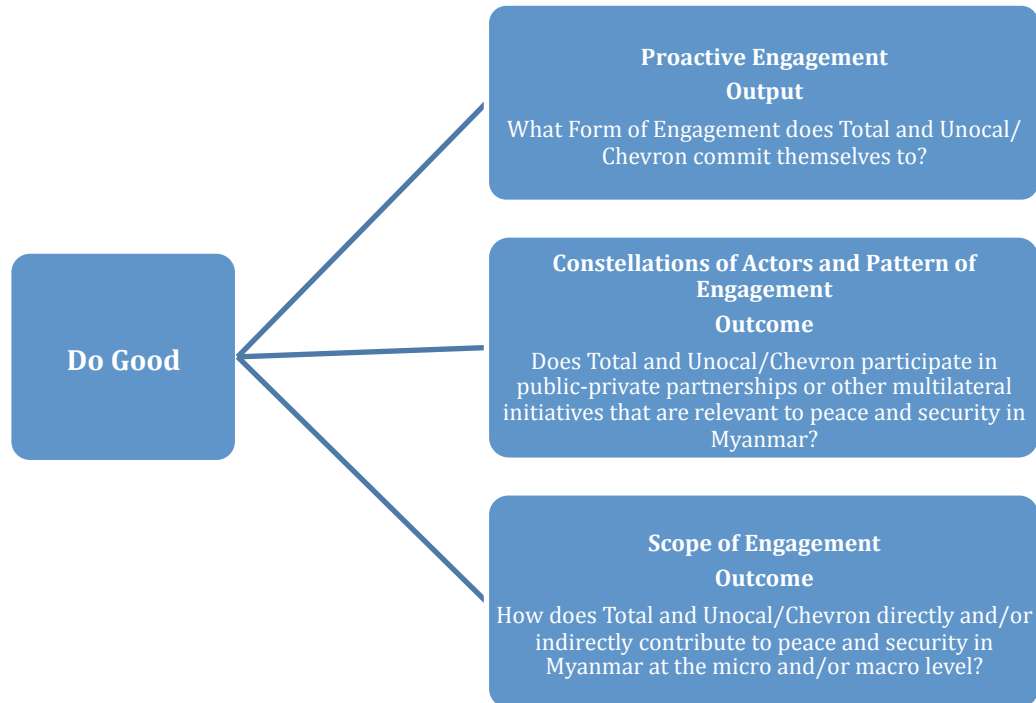
I will perform my analysis based on the work done by Wolf et.al. (2007). As the objective of this study is to investigate how corporations can positively contribute to peace and security in Myanmar, I am not interested in how corporations can ‘*do harm*’ nor ‘*do no harm*’ but will focus exclusively on how corporations can ‘*do good*’. As neither a ‘*take advantage*’, ‘*business as usual*’ nor ‘*withdraw*’ form of engagement can be said to make any positive contribution, I will exclude these variables and only be looking at signs that indicate whether the two corporations *engage proactively* to peace and security in Myanmar.

Therefore, in the first part of the analysis, I will be looking for signs that indicate what form of engagement the two corporations commit themselves to. This will be done by looking exclusively at the corporations’ own communication, i.e. website material, annual reports, company policies, press releases and other statements, as this is arguably the most appropriate way to establish ‘*what do they say that they do*’. While critics might stipulate that it shouldn’t matter ‘*what you say, you do*’ but rather what matters is ‘*what you do*’, I still believe this output dimension is of crucial relevance because it sheds a light on the articulation of governance goals and will guide me to an understanding of the motives, intentions, aims and expectations of Total and Unocal/Chevron.

In the second part of the analysis I will be looking at what are the outcomes of their aims, objectives and expectations, i.e. how are the output dimension implemented into the business's operations and policies. I will firstly look at what are the *constellations of actors and pattern of engagement*, i.e. do they participate in public-private partnerships (PPP) or other multilateral initiatives that are relevant to the level of peace and security in Myanmar. Here I will include primary data from these initiatives own sources (webpages, reports etc.), the corporations' own communication, independent NGO reports, personally conducted interviews and news articles. It should be noted that the inclusion of specifically these four initiatives in the study, i.e. the Extractive Industries Transparency Initiative (EITI), The UN Global Compact (UNGC), The Voluntary Principles on Security and Human Rights (VPSHR) and The UN Guiding Principles on Business and Human Rights (UNGPs), is my personal assessment of their relevance to peace and security, and should not be regarded as an exhaustive list.

Thirdly, I will investigate their *scope of engagement*, i.e. how do Total and Unocal/Chevron directly and/or indirectly contribute to peace and security in Myanmar at the micro and/or macro level. I will again be looking at their own communication, but I will however also apply other qualitative data, in the form of personally conducted interviews and secondary data from NGO reports. In order to avoid a selection bias in my data collection, I will include data from both a critical perspective on the corporations' activities and from other independent sources, to provide me with a comprehensive and analytically validated understanding of how they can be said to make proactive corporate governance contributions to peace and security in Myanmar. Figure 1 below illustrates my method of analysis.

Figure 1: Method of Analysis



The qualitative semi-structured interviews were conducted with actors from different backgrounds, thus ensuring that a broad representation of opinions were included. I used a semi-structured and open-ended approach, but at all times guided the interviews to make sure that the dialogue evolved around the important subjects (Saunders et.al. 2009). The interviewees were always free to contribute with other data that they found relevant, which enabled me to explore new issues as they arose. The persons interviewed in the study were:

- **Mette Holm, Journalist and Author**

- Mette Holm is a journalist, author and expert in Asian politics. She has authored several news articles and appears frequently on radio P1 discussing current events in Myanmar. She co-authored the book *“Myanmar/Burma – Fortællinger fra et Land i Forandring”* together with former Danish Foreign Minister Mogens Lykketoft, and were

among the few journalist allowed to interview Aung San Suu Kyi during the temporary lift of her house arrest in 1995³.

- **Mads Holst Jensen, Senior Adviser at The Danish Institute for Human Rights**

- Mads Holst Jensen is Senior Advisor at The Danish Institute for Human Rights, and an expert on human rights and development. Furthermore, he was part of the enactment of the Myanmar Center for Responsible Business (MCRB) in Yangon and has worked with Total on the Yadana project in Myanmar. The Danish Institute for Human Rights is an independent state-funded institution.⁴

- **Irene Qvist Mortensen, Founder CSR-Consulting**

- Irene Qvist Mortensen is founder of the consultancy firm ‘CSR Consulting’, and is an expert on CSR in Myanmar. She has furthermore authored several articles, and case studies on responsible business in Myanmar in collaboration with the Danish Business Authority⁵.

While my investigation primarily focuses on qualitative data, I will also include some quantitative data from secondary sources such as the Resource Governance Index, Transparency International Corruption Perception Index, UNDP Human Development Index and the Business for Human Rights Response Rate Index, which will merely be used to enhance the understanding on some of the issues related to the phenomenon being described.

2.5. Validity and Reliability

Yin (2003) describes four terms to assess the quality of research, namely *construct validity*, *internal validity*, *external validity*, and *reliability test*.

External validity is described as determining whether the findings of the study can be generalized beyond the specific case study (Yin 1994). The assessment of the external validity of my research is thus an expression of the degree of generalization of my

³ Mette Holm’ private website. Link: <http://www.metteholm.com/?q=Burma>

⁴ The Danish Institute for Human Rights Official Webpage. Link: <http://www.humanrights.dk/aboutus>

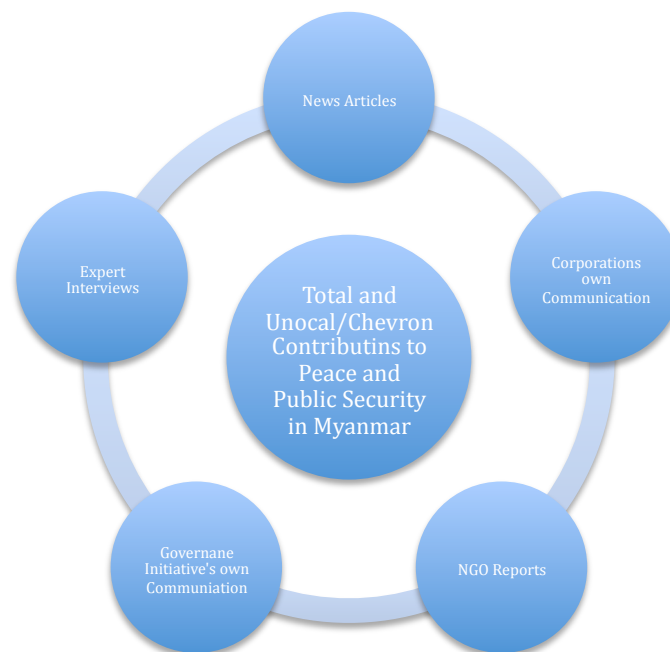
⁵ CSR Consulting Official Webpage. Link: <http://csr-consulting.dk/>

results. As CSecR is a new concept within the CSR and the global governance research agenda, it means that ‘no coherent big picture exists’ about why and how corporations engage in the provision of public security (Wolf et.al. 2007). Therefore, in order to generate any sound theoretical knowledge, the theory needs to draw from further empirical evidence of proactive private contributions to peace and security (ibid.) The results from my study can thus not be generalized in a statistical sense, but the findings could be used to extent the understandings and theoretical underpinnings of CSecR. Furthermore, it can also be used to assess how other corporations can positively contribute to peace and security in Myanmar and perhaps even in other countries in a post-conflict context and/or with a repressive/authoritarian regime. In other words, I acknowledge that the paper is selective rather than comprehensive, and the findings I identify cannot be applied to all cases. Rather, the aim of my research is to identify common themes, inspire debate, and encourage more detailed empirical research on more countries, sectors and companies within the CSecR research agenda.

In order to generate *internal validity*, I have applied various sources of data, as described by Yin (1994) as key factors of evidence to my findings, and I furthermore participated in a seminar on sustainable peace in Myanmar⁶. I believe the combination of qualitative sources from both primary sources, i.e. companies’ and governance initiatives’ own communication and expert interviews, combined with secondary sources in the form of independent NGO reports and news articles, offer an analytically sound basis for my research. As Wolf et.al. (2007) argues, the existence of a corporate security responsibility can be investigated more explicitly in the statements of companies and agreements on collective self-commitments than anywhere else. Figure 2 below illustrates my use of the different sources, on investigating how Total and Unocal/Chevron can be said to make corporate governance contributions to peace and security in Myanmar. The figure should not be interpreted as a circular process. Rather, all sources are in constant play to understand the phenomenon.

⁶ Tuesday 23th of September 2014, I participated in the seminar “Fred i Myanmar/Burma – hvad er fremtiden for de etniske væbnede grupper?”, organized by DIIS (Dansk Institut for Internationale Studier).

Figure 2: Triangulation of Sources



The application of two corporations in my empirical analysis, also offers an opportunity to comparatively assess both similarities and differences in the corporations' engagement in the provision of security as a public good in Myanmar.

Furthermore, I have included data collected from civil society organizations that questions and challenges the statements of the corporations to avoid any selection bias in my data collection. When applying secondary sources such as civil society organizations reports and news articles, I will refrain from using any 'subjectively constructed data' (i.e. interpreted by an author) as facts, as it would disrupt the sense-making process between me as the researcher (interpreter), and the phenomena being studied (Noorderhaven 2004). As an analyst, I will try to remain neutral on issues where there is a divergence of views as this is my job; to be in constant skepticism and to bring a critical mind. Furthermore, the personally conducted interviews are conducted with experts from different professional backgrounds, to avoid any selection bias and to ensure that a broad representation of opinions and perceptions are present in order to ensure validation in my findings.

Obviously, my *construct validity* would be improved if I had included more corporations and/or corporations from other industries and sectors thus enabling me to conduct cross-sectoral comparisons. Especially since the current theoretical framework of CSecR stipulates that much depends on the case specific characteristics,

it would arguably be constructive to empirically analyze difference of corporate engagement across a wide selection of companies and sectors. Furthermore, I would also have liked to conduct interviews with Total and Unocal/Chevron, but sadly this was not possible. Whether this was due to a busy schedule or the sensitive nature of the subject remains unclear. I would also have liked to do a personally conducted field study of the project and the local communities, however I acknowledged my limitations both with regards to time, budget and capacities. Also, I will postulate that the reports made by the CDA Collaborative Learning Project (CDA) provide a much more reliable empirical foundation, than I would have ever been able to accomplish. CDA is a non-for profit organization that has, over a total of 6 visits starting in 2002 and the latest in 2011, made a an extensive empirical research on the Yadana project⁷. Their data is found through observations and in-depth interviews with a wide range of person within the corporations and partners, the communities, local NGOs and government officials. It should be noted, that I will only make references to their report from 2011, as this is a compilation of all their reports. To sum up, given my limited resources of thesis budget and time, I believe that an in-depth analysis of one business project involving two western corporations supported by valuable data from key interested parties gives validity to the findings of my study.

Reliability is defined as an expression to determine whether or not the thesis investigation would create the same result if repeated. For a project to be reliable, any researcher using the method applied should be able to achieve a similar result, at least to a certain degree (Yin 2003). With my study, I believe that to be the case, while I acknowledge that due to the fact that my study is interpretive, meaning that the signs I have interpreted is defined as something that in someone else's view may stands for something else (Noorderhaven 2004), it may be difficult to imitate and I furthermore acknowledge that other researchers may find that other techniques are more relevant for a study of this nature.

2.6. Terminology

It is important to clarify the use of the denomination Myanmar, instead of the often-used Burma. While some political groups still use the denomination 'Burma' and thereby signaling their perception of the illegitimate choice of the State Law and

⁷ For a full list of the CDA Collaborative Learning Project reports on the Yadana project follow this link: http://cdacollaborative.org/publications/search/?q=yadana&gs_st_all=on#.VRaTfCjsnm8

Order Restoration Council (SLORC) (later renamed State Peace and Development Council – SPDC) to rename the country, many ethnic minority groups prefer ‘Myanmar’ as it is less associated with the Bamar ethnic majority, and thus more representative (Dittmer 2010). Because of these facts, I find it important to clarify that there is no political agenda behind my choice of choosing the denomination Myanmar, but I have simply chosen it because it is the official denomination of the country, both in Myanmar, in the United States and in the UN.

Concerning references to Unocal/Chevron, in some contexts the corporations is referred to as ‘Unocal’ and in other contexts as ‘Unocal/Chevron’ or ‘Chevron’. This is not a typing error, but rather a deliberate act. The reference Unocal is used when it concerns events prior to the 2005 takeover of Unocal by Chevron, as arguably Chevron should not be held accountable to these events, as they had no power over them. On events after the takeover, or in references to the company in general, I have chosen the denomination ‘Unocal/Chevron’, as an abbreviation of the full name Unocal Myanmar Offshore Co. Ltd and the fact that the corporation today is a wholly owned subsidiary of Chevron. The reference ‘Chevron’ is used in reference to the parent company specifically.

It should also be noted that there is a difference between Total S.A. and the subsidiary Total E&P Myanmar. In this paper, I will refer to Total E&P Myanmar as ‘Total’, unless there is a clear need to differentiate between Total S.A. and Total E&P Myanmar in a specific context.

3.0. Theory

Introduction

I will begin the chapter by conducting a critical assessment of the traditional/instrumental theories CSR, which I will argue is constructed within a narrow market rationality and thus doesn't properly acknowledge the new political role of private corporations in the present-day globalized world (Scherer & Palazzo 2012).

Therefore, in the second part of the chapter I will present the framework of global governance, as an understanding of this literature is vital in order to understand the dynamics and processes that have ultimately led to the acknowledgement of private corporations' problem-solving capabilities in zones of conflict by both the international community and the academia (Brinkerhoff 2007; Bray 2005).

In the third part of the chapter, I will introduce the theoretical framework of CSecR that developed in response to the dynamics and processes described above. It provides an understanding on how and under what circumstances corporations typically contribute to security, and what contributions are likely to have the biggest positive impact (Wolf 2007).

Lastly, I will provide a short summary of the theoretical discussions I have made, and argue why I believe the CSecR conceptual framework is an advantageous foundation to guide my analysis.

3.1. Conceptions of CSR

As in most discussions, a clear definition of concepts is paramount, but in the case of CSR it becomes highly difficult. There have been many attempts to establish a better understanding of CSR. Perhaps best known is Carroll's (1999) literature review of CSR definitions in academic literature dating back to the 1950's (Carroll 1999; Dahlsrud 2008). Carroll's review illustrates how the concept of CSR has evolved over time, as the surrounding environment and attitudes changes. In Dahlsrud's (2008) study of CSR definitions he used Google search counts, and was able to trace 37

different CSR definitions. He concluded that the confusion is not so much about how CSR is defined, but more about how CSR is socially constructed in a specific context (ibid.). Although it is outside the scope of this paper to go through the various definitions in greater detail, it is mentioned here to illustrate that the concept of CSR can be somewhat confusing.

Despite the lack of any clear definition, few would contradict that CSR, i.e. the idea that corporations have some social responsibilities, has become a central part of doing business in the 21st century. This is especially visible when turning the eye towards big Multinationals (MNCs). Many MNCs have incorporated the ‘triple bottom line’ accounting frameworks⁸, and almost all have a separate CSR department, which clearly illustrates the importance these companies put on CSR.

One of the key debates within the traditional CSR literature is whether there is a link between CSR and financial performance. There is an immense amount of CSR literature focused on the ‘business case of CSR’, also called ‘Strategic CSR’ (Falck & Heiblich 2007; Burke & Logsdon 1996; Kramer & Porter 2002). In this literature, CSR is viewed as a strategic tool to achieve economic objectives and wealth creation for the firm. These theories are also called the *instrumental theories* of CSR (Mele & Garriga 2004). An important scholar to mention in this category is Milton Friedman (1970), as he famously criticized the notion of corporations having ‘social responsibilities’ besides that of making profit, and calling it a fundamentally flawed doctrine in a free society (Friedman 1970). He is often quoted for his statement, that...:

“... There is one and only one social responsibility of business—to use it resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud” (Friedman.1962).

Friedman points to the idea of a narrow market rationality in economic theory, and it speaks to the traditional notion of a neat separation between the public and the private

⁸ The triple bottom line (TBL) consists of three P’s: profit, people and planet. It aims to measure the financial, social and environmental performance of the corporation over a period of time. The phrase “triple bottom line” was first used in 1997 by John Elkington (Elkington 1997). A similar accounting framework, is The Global Reporting Initiative, which provides guidelines for companies (and other entities) to report their economic, environmental, and social performance. The initiative was launched in 1997 by the Coalition for Environmentally Responsible Economies.

spheres. Here, the state is responsible for providing public goods, and the business sector's sole responsibility is to create wealth and economic development (Deitelhoff & Wolf 2010; Scherer & Palazzo 2012).

But Friedman's neat separation of public and private spheres is no longer feasible, if it ever was. It assumes that the state and the judicial system is working more or less properly and is capable of taking care of the various stakeholders so that there is no need for the private sector to bear any additional responsibility beyond legal requirements (Scherer & Palazzo 2012). However, in today's real world this is far from the case. Over the past quarter century, the world has experienced some profound structural changes that have empowered private actors and simultaneously challenged the power-steering capabilities of states, with the result that the lines between public and private have been blurred. Four changes have been particularly important: Globalization, the privatization/deregulation of markets, the development of new technologies and the end of the Cold War (Avant et.al.2010).

The expansion of markets and economic development, have also had profound negative externalities, such as global warming, deforestation, overfishing, exploitation of labor and the spreading of conflicts. As the political steering power of states has diminished, and international organizations still lack basic enforcement capabilities, these governmental governance institutions are unable to properly address such regulatory issues. This has resulted in increasingly importance on the role of private actors in global governance. The growing amount of private standardizations programs and multi-stakeholder initiatives is an illustration of this. Starting in the 1990's, there was a rapid growth of multi-stakeholder initiatives/PPPs, where states, international organizations, businesses and civil society groups came together to address a wide range of global governance issues, from environmental protection to social issues and human rights (Deitelhoff & Wolf 2010; Bütte 2004). You could say that there was a general paradigm shift in the way world problems were being addressed by the international community that began to focus on partnering with MNCs. The establishment of the UNGC is the best example of this, and with its 12,000 corporate participants and other stakeholders from over 145 countries, it is the largest voluntary corporate responsibility initiative in the world⁹.

⁹ UN Global Compact Official Webpage. Link: <https://www.unglobalcompact.org/AboutTheGC/index.html>

Therefore, as Scherer & Palazzo (2012) argues, there is a need to redefine the theory of the (global) business firm. Friedman's view is conceptualized upon economic activities within and between stable and democratic Western capitalist countries where governments are in principle willing and able to deal with externalities through strong legal frameworks. The traditional/instrumental CSR theories therefore lack any understanding of the authority of businesses in the globalized world, and the assumption that the pursuit of private interests automatically promotes the common good needs to be reexamined in the context of globalization, especially in areas with failing and/or oppressive states. In these instances, the states are by definition unable or unwilling to provide essential common good, which leaves room for corporations to contribute (Scherer & Palazzo 2012).

3.2. The Role of Private Corporations in Global Governance

This changing role of corporations in global politics has meant that the academic literature in the field of CSR is also increasingly focusing on the role of private enterprises in global governance (Scherer & Palazzo 2012; Scherer et.al. 2006; Matten & Crane 2003). It is thus today, less concerned with whether or not it 'pays off' to be socially responsible. Rather, a global governance approach to CSR *expects* corporations to contribute to governance. In other words, it assumes that corporations have some kind of *Corporate Governance Responsibility (CGR)* (Feil 2011). It is focused on the emergence of private authority, its effectiveness, its legitimacy, as well as on the mix of PPPs, mainly in 'low politic' issues (Büthe 2004; Avant et.al. 2010). While the other category was labeled the *instrumental theories*, this rather new aspect of the CSR literature falls under the category of what is called the '*political theories*' (Mele & Garriga 2004; Scherer & Palazzo 2012). The political theories of CSR focus on the relationship between business and society, and their emphasis is on the power of business and its inherent responsibility (Mele & Garriga 2004). It draws from a mixture of social sciences, such as political science, international relations (IR) and CSR.

While earlier IR research held states as the main, if not only, 'global governors' and at most considered the business sector as a 'structural force' (Deitelhoff & Wolf 2010; Feil 2011; Avant et.al. 2010), some recent contributions recognizes the role of

businesses as a subject and actor in the framework of global governance, along with states and a wide variety of actors such as international organizations, professional associations, advocacy groups etc. (Avant et.al. 2010). Political scientists observed the globalization processes and the shifting role of the state, and recognized that public authority was apparently no longer, if it ever was, the only show in town. Indeed, the very essence of a global governance perspective is the appreciation of increased complexity of governing, involving multiple actors, levels and processes (Feil 2011).

Avant et.al. (2010) looked at who actually does the governing, i.e. who are the ‘global governors’. According to them, they are “... *authorities who exercise power across borders for purposes of affecting policy. Governors thus create issues, set agendas, establish and implement rules or programs, and evaluate and/or adjudicate outcomes*” (ibid.:2). They further emphasize, that governors are engaged in processes which are....:

- *Political*, because mobilization and power are the key drivers of success
- *Dynamical*, and even *Transformational* in nature, because nothing is ever set in stone, and governance involves the creation of new issues and new modes of action.

Also, the key to understanding the authority of these governors and their effect is based on the relationship between governors and the governed, and the relationship among governors.

The authority of governors doesn’t exist in a vacuum; rather the ability to induce deference in others is a socially constructed relationship. Some governors, such as states, do have coercive powers, but more often than not the governed accepts the authority of the governors. But the authority given by the governed, also constrains the governor, i.e. the governor can only act in accordance with what authorize them to act as viewed by the constituents (Avant et.al. 2010; Davis 1960). This view presents a new way of thinking about private authority in global governance. Irresponsible business behavior will thus not only hurt the bottom-line, through direct and indirect costs (for example reputational costs), but it also strips away some of their power and their ability to induce behavior in others. This also implies that corporations have some inherent responsibilities. In other words, the very fact that corporations can gain

authority implicitly gives them responsibility to use this power responsibly. Otherwise, there will be an unbalance and corporations will ultimately lose their power.

Given the variety of governors active in a given issue area, a governors' ability to affect outcomes almost inevitably depends on their interactions with other governors (Avant et.al.2011). These relationships can be either *cooperative (even synergistic)* or *conflictual*. If the relationship among governors is cooperative and synergistic we should expect the reach of their efforts to expand and increase the effectiveness of the outcomes. Conflictual, competitive and dysfunctional relationships can on the other hand restrict the authority of the governors and might even undermine their authority altogether (ibid.).

The outcome of governance policies can solidify or erode authority, depending on the perceived effectiveness and performance. Undesired outcomes can undermine governors and open space for replacement and might create opportunities for new relationships to merge in effort to address the issue at hand. This creates a *new mandate for the governors, new definition of the problem and new definitions of goals and success* (Avant.et.al. 2007).

3.3. The Dynamics of Security Governance

Especially the issue of the 'resource curse' elevated the international debate on focusing on the means to lift this 'curse'. While endowment in natural resources can lead to underdevelopment and conflict, it can also drive successful development. For example, in 1970 Botswana and Sierra Leone were both low-income countries with substantial diamond resources. Over the next 30 years, diamonds were central to the economic and social collapse of Sierra Leone, while in Botswana, the diamond resources were essential to the countries' success in becoming a fast-growing economy and a middle-income country (Bannon & Collier 2003). This example highlights, that by adopting policies that can harness the potential of natural resource, it is possible to 'reverse the curse'. Such policies should cover issues of economic diversification and greater access to international markets, commodity price stabilization and buffer mechanisms, environmentally and socially sound management of resource exploitation, and transparency and accountability of resource revenue

distribution (Le Billon 2003; Swanson et.al. 2003; Ross 2003). As Collier (2007a) noted:

“History must not be repeated, but it will be repeated unless there is an appropriate combination of learning to correct past mistakes, and institutional innovation to correct misaligned incentives” (Collier 2007:5).

Scholars also increasingly noted that the task of removing the ‘curse’, especially in post-conflict situations, cannot be effectively done by one single actor, but requires the participation of governments, international multilateral institutions, civil society organizations and corporations (Bray 2005; Bannon & Collier 2003). Also the international community noted on the ‘untapped potential’ of business in conflict zone. The issue of corporations contributing to peace and security, was the first to be addressed in the UNGC policy dialogues back in 2001, and later in 2004, the UN Security Council even established a working group to address ‘The Role of Business in Conflict Prevention, Peacekeeping and Post-conflict Peace-Building’ (Deitelhoff & Wolf 2010; Feil 2011; Bray 2005). It seems that the paradigm shift regarding the way world problems were being addressed by the international community in the beginning of the 21st century, can be ascribed to the realization that the efforts in combating the world’s problems were not effective. The lessons learned from the failures of states and the UN to intervene in civil wars created a new mandate for corporations on the global security governance policy arena, and international organizations, civil society organizations, states, advocacy networks and academic researchers increasingly began to speak of corporations as not purely being part of the problem, but progressively defining them as part of the solution as well. Former Secretary General of the United Nations Kofi Annan once said:

“The private sector and security are linked in many ways, most obviously because thriving markets and human security go hand in hand. Global corporations can do more than simply endorse the virtues of the market... Their active support for better governance policies can help create environments in which both markets and human security flourish” (Annan 1999).

As the literature on the political aspect of CSR has tended to focus on ‘softer’ issues like environmental issues and labor rights, the proposition that corporations could be

complementary, or even substitutive, to public governance in the field of security is a ‘hard case’, because it seems that instances of business activities actually harming public welfare is highest in this particularly policy area (Feil 2011). However, public feelings and expectations about corporate involvement in security are still somewhat ambiguous. On the one hand, there are concerns over private actors operating within the field of security (Holmqvist 2005; Deitelhoff & Wolf 2010). On the other hand, there are growing expectations from the public that corporations should behave more socially responsible, particularly in areas where the state fails to provide fundamental collective goods or protect basic normative standards. Security being the ultimate traditional realm of state authority, it is closely connected to the very idea of the modern nation state (Deitelhoff & Wolf 2010; Feil 2011). A shift towards non-governmental provision of security governance, therefore presents a test case for global governance (Feil 2011). The exact role of corporations in security governance is however rather unclear, i.e. what is the potential and limitations of corporate engagement in security governance, which is why CSecR has emerged as new distinct field within the CSR and global governance research agenda.

3.4. Corporate Security Responsibility - CSecR

In order to grasp the meaning of CSecR we need to first and foremost distinguish it from the general catch-all term CSR. First of all, the behavior needs to have a *political quality* in order to distinguish between governance contributions and other activities such as philanthropic donations. Furthermore, it needs to be *voluntary* and *intentional*. If law requires the behavior of the corporation, or the societal impact is merely a bi-product of the firms’ ordinary business operations, it doesn’t qualify as corporate governance contribution to peace and security. In other words, within the CSecR research agenda, we only focus on corporate governance contributions, which are *relevant to peace and security*, which can be either *directly* or *indirectly* (Deitelhoff & Wolf 2010). Figure 3 below illustrate denote some examples, based on the work of Deitelhoff & Wolf (2010).

Figure 3: Direct and Indirect Contributions to Public Security

Directly	Indirectly
<ul style="list-style-type: none"> • Security sector reforms • Disarmament, demobilization and reintegration (DDR) efforts • Peace negotiations • Handling of public or private security forces that affects a broader public or communities 	<ul style="list-style-type: none"> • Political Order: Promoting of democracy, rule of law, human rights, civil society, anti-corruption and transparency. • Socio-economic: Transforming war economies, combating poverty, bridging social divides. Good management of the environment, natural resources, health and education. • Socio-cultural: Dealing with the legacies of violence, establishing a culture of peace

In order for this research paper to have any analytical depth, it is crucial to make certain definitions of terms. First of all, it is important to distinguish between whether we are focusing on security as deterrence, as protection from existing threats or as a ‘public good’. While the first two typically deals with the involvement of private military and security companies, either as engaging in active warfare or in protection from existing threats, the last one deals with security in the form of a public good. In other words, it is, in contrast to the others, non-rival in their consumption and non-excludable (Wolf et.al. 2007). For the purpose of this paper, I will focus on how businesses can make contributions in the latter form of security, i.e. as a public good. Therefore, the expression *CSecR activities* should thus be interpreted as equivalent to *proactive corporate engagement* (ibid.).

3.4.1. Corporate Engagement in the Provision of Public Security

The fact that there is almost only negative case studies on business’s role in conflict zones, proposes an analytical concern, as the existing selection bias doesn’t allow for a systematic identification and testing of possible variables and causal mechanisms (Wolf et.al.2007). It is important to understand and differentiate between dependent

and independent variables in order to understand under which circumstances certain behaviors and impacts are to be expected.

The case specific characteristics as described by Wolf et.al. (2007) pronounces that certain features relating to the specific corporation, the product(ion), the business environment in home/host state and the conflict influences the type of engagement that can be expected from corporations.

Small and medium sized corporations are hypothesized to be less likely to proactively engage in security governance, as they are less visible for public inquiry. They furthermore postulate that family-owned corporations are more likely to proactive engagement, compared to companies listed on the stock exchange, as ownership is more visible and personalized in the first case. With regard to company structure, they assume that the existence of a specific business ethics/code of conduct and/or of interfaces between corporations' and the local community should enhance the receptiveness of the corporation to public feelings and thus CSecR activities.

With regard to type of product, Wolf et.al. (2007) hypothesize that short supply-chains combined with high image-dependence and visibility of a product, increases the likelihood of proactive security governance contributions. In connection with production type, it is likely that industries with high sunk costs and long-term relationships between production cycle and return on investment would proactively engage in security governance. Also, if the corporations' facilities (factories, pipelines) or human resources are located in close proximity of conflict, it increases their vulnerability and thus their incentive to proactive engagement.

In regards to the political, social and market environment in the host country, it is assumed that the degree of the host state's failure to provide public security, the direct cost associated with securing the companies physical facilities, staff, higher insurance payments, and the destruction of infrastructure and corruption, increases the likelihood of proactive governance contributions of the corporations. Concerning the environment of the home state, it is primarily related to the direct costs that might be incurred through lawsuit, and/or the reputational costs through hostile civil society targeting and boycotting. It is also hypothesized that the political culture in a companies' home country influences the likelihood of CSecR activities. With regard to the market environment, it is assumed that corporations operating in

small/oligopolistic markets are more likely to proactive engagement, as the companies' are able to agree on common activities with their competitors.

In connection with conflict characteristics, Wolf et.al. (2007) postulates that if a conflict is dominated by economic factors, such as greed and grievances, it increases the likelihood of CSecR activities because it increases the leverage of corporate activities. Furthermore, the phase of the conflict also influences corporate actions and they are more likely to engage in circumstances with manifested conflict or in post-conflict peace building, because they have more direct and immediate benefits.

To sum up, there is certain case specific characteristic that makes proactive corporate contributions to public security more likely. Figure 4 below sums up the conjectures of these case specific characteristics.

Figure 4: Case Specific Characteristics

Conjectures about Actors' Characteristics:

- **Conjecture 1:** Large MNCs are more likely to engage in CSecR activities
- **Conjecture 2:** Individual accountability within a company increases the likelihood of CSecR activities
- **Conjecture 3:** The existence of interfaces or a specific business ethics within companies increases the likelihood of CSecR activities

Conjectures about Product(ion) Characteristics:

- **Conjecture 4:** The image-dependence and visibility of a product increases the likelihood of CSecR activities
- **Conjecture 5:** The likelihood of CSecR activities increases the higher the sunk costs and the proximity of core business facilities and resources to conflict

Conjectures about the Political, Social and Market Environment in Home and Host State:

- **Conjecture 6:** The higher the degree of host state failure, the more likely a company will engage in CSecR activities
- **Conjecture 7:** The higher the degree of NGO activities in a company's home country, the more likely a company will engage in CSecR activities.
- **Conjecture 8:** CSecR are most likely in small oligopolistic markets.

Conjectures about Conflict Characteristics:

- **Conjecture 9:** The likelihood of CSecR activities increases the more conflict is dominated by economic issues.
- **Conjecture 10:** The likelihood of proactive engagement is highest in manifest conflicts or in post-conflict phases.

Table 1 below illustrates the first cluster of independent and dependent variables. The first sets of dependent variables (dependent variables 1), denotes the type of corporate

activity one should expect depending on the case specific characteristics of the specific corporation and the host country (independent variables 1).

Table 1: Corporate Engagement in Public Security

Independent Variables 1	Case Specific Characteristics			
	Actors Characteristics	Product (ion) Characteristics	Business Environment Home and Host State	Conflict Characteristics
	Size Form Structure	Product Type Production Type	Political Social Market	Issue Phase Intensity
Dependent Variables 1	Corporate Engagement; Take Advantage, Business as Usual, Withdraw, Proactive Engagement			

Source: Wolf et.al. (2007), pp.305

3.4.2. Corporate Impact on Public Security

The resulting *impact* of the corporate engagement depends on the *type of corporate engagement*. These types of corporate engagement can have different form, constellations/patterns and scope. With regard to form of engagement, the behavioral options as first denoted as dependent variables 1, is now deployed as part of the first collection of independent variables. The previous mentioned examples of countries suffering from a resource curse (i.e. Sierra Leone, Angola, DRC) illustrate the issue of businesses *taking advantage* of weak governance structures residing in conflict zones. They can however also choose to *withdraw*, and thus completely avoid the risks altogether. They can also choose to conduct '*business as usual*'. This strategy is arguably what could be expected from companies that more or less follow the narrow market rationality of Milton Friedman, i.e. that the social responsibility of business is

to increase its profits. The last form of engagement is proactive engagement, which Wolf et.al. (2007) argues should have the highest impact on reducing the level of violence.

In connection with pattern of engagement, corporations can make contributions either alone (unilaterally) or in collaboration with other organizations (multilaterally) and/or in collaboration with governments (PPP). It is hypothesized that the effectiveness of CSecR activities significantly increases in multilateral collaboration, especially when there is high involvement of the public sector.

The scope of engagement describes the difference between activities at the micro- and the macro level. Micro-level activities address the local environment of the firm, while macro-level activities target the national or even international political environment. While micro-level CSecR activities might address some of the root causes of a conflict, it is hypothesized that macro-level activities encompass a higher degree of likely success to reduce the level of violence. These conjectures are illustrated in figure 5 below.

Figure 5: Conjectures about Corporate Impact in Conflict Zones

Conjectures about the Forms of Engagement:

- **Conjecture 11:** Proactive forms of CSecR involve the highest impact on reducing the level of violence in conflict zones.

Conjectures about Constellations of Actors and Coalition Patterns:

- **Conjecture 12:** The highest impact on reducing the level of violence can be expected in multiple-sector partnerships.
- **Conjecture 13:** The impact of CSecR on reducing the level of violence increases the more the public sector is involved.

Conjectures about the Scope of Engagement:

- **Conjecture 14:** Macro-level initiatives are more likely to generate a higher impact of CSecR on reducing the level of violence.

Three values are attributed to the possible impact corporate behavior can have on the level of violence in conflict zones, i.e. *doing harm* (increasing the level of violence), *doing no harm* (no observable effect) or *doing good* (reducing the level of violence) (Wolf et.al.2007). These three dependent variables (dependent variables 2) depend on the types of corporate engagement, i.e. which form of engagement is practiced, the constellations of actors and patterns of engagement and the scope of their engagement (independent variables 2). In other words, there are certain forms, constellations and patterns, and scopes of engagement that makes positive proactive corporate engagement to security as a public good more or less likely. This is illustrated in Table 2 below.

Table 2: Impact on Conflict

Independent Variables 2	Types of Engagement		
	Forms of Engagement	Actors Constellations/ Pattern of Engagement	Scope of Engagement
	Proactive Engagement	Unilateral	Micro-level
	Withdraw	Multilateral	
Dependent Variable 2	Business as Usual	PPP	Macro-level
	Take Advantage		
Impact: Do Good; Do No Harm; Do Harm			

Source: Wolf et.al. (2007), pp. 311

3.4.3. Outcome vs. Output

Wolf et.al. (2007) further stress, that when analyzing corporate engagement in the provision of security as a public good, one needs to differentiate between the *output*

and *outcome* dimensions of corporate engagement. The output dimension concerns the articulation of the intentions and governance goals of the corporations in question. The existence of a CSecR can be investigated more explicitly here than elsewhere (Wolf et.al. 2007:303). The outcome dimension goes one step further, and investigates the actual behavior of corporations in zones of conflicts. Do they withdraw, take advantage, conduct business as usual, or do they conduct proactive engagement? Do they actually incorporate the intentions set forth in the output dimension in their business operations? It should be noted, that even though a company expresses intentions of proactive engagement in the provision of public security, but fails to translate this to the outcome dimension, it could arguably no longer qualify as a proactive engagement. On the contrary, it would have more in common with merely doing ‘business as usual’.

3.5. Sub-set

In the above, I have presented the theoretical underpinnings that will guide the analysis of this paper. I have argued, that there is good reason to move beyond the narrow market rationalism existing in the traditional instrumental theories of CSR, and instead look at corporations from a more comprehensive political approach. From global governance theoretical perspective, one of the key endogenous drivers of change is the learning experience global governors get from success and failures. After witnessing the inability and ineffectiveness of the UN, civil society organizations and states to address the inherent problems in countries with weak governance and abundance of natural resources, the international community began to promote closer inclusion of MNCs in the political processes and provision of security as a public good.

In order to make any useful contribution to the literature on CSecR, the analysis need to have analytical rigor, and a systematic identification and testing of possible variables and causal mechanisms is essential. This will be done according to the work done by Wolf et.al. (2007). Their work provides us with an understanding on, under what circumstances can we expect what kind of corporate contributions to the provision of what kind of security engagement with what kind of effects on the level of physical violence (Wolf et.al.2007). Corporate engagement in the provision of security as a public good can be addressed directly as well as indirectly, as long as the

engagement is seen as intentional, voluntary and relevant to peace and security. Furthermore I will distinguish between the output and outcome phases of corporate proactive engagement, as intentions should be translated into deeds before it can be said to have any impact on reducing the level of violence.

As my study focus on how companies can *positively* contribute to peace and security, I will focus my attention on conjectures 11-14 (figure 5) which will be used as the structural guide in my analysis as was illustrated in figure 1. I have thus excluded ‘take advantage’, ‘business as usual’ and ‘withdraw’ forms of engagement as neither of them can contribute positively to reducing the level of violence, and will instead focus exclusively on how corporations can ‘do good’.

4.0. Myanmar's Resource Curse

Introduction

As I have chosen to focus my analysis on the oil and gas industry in Myanmar, I will start off by explaining some key issues within this particular industry and how they are related to the level of security in the country. I believe this to be important, as a discussion of how corporations can play a role in addressing peace and security in Myanmar is impossible if there is no understanding on the root causes to the current situation.

4.1. Weak Resource Governance and Political Oppression in Myanmar

Myanmar holds a vast variety of natural resources including gems, industrial minerals, timber, oil, and natural gas reserves. Yet despite its wealth in natural resources, Myanmar is one of the least developed nations in the world, and is a classic example of a country suffering from the resource curse (Pick & Thein 2010; Perry 2007). Weak governance within a country is the main reason for countries falling into the resource trap, and typically means insufficient or non-existent policies to ensure economic diversification and access to international markets, commodity price stabilization and buffer mechanisms, environmentally and socially sound management of resource exploitation, and transparency and accountability of resource revenue distribution (Le Billon 2003; Swanson et.al. 2003; Ross 2003). These issues are essential for countries' ability to properly manage their natural resource endowment. As Collier (2007b) argues, there are big differences in the consequences of getting governance and economic policies right and getting them wrong; good governance and economic policies significantly improve growth but bad governance and economic policies are likely to destroy an economy.

The Resource Governance Index (2013) ranks countries according to the quality of governance in oil, gas and mining sectors in 58 countries. According to this index, Myanmar earns the lowest score with an index of 4 out of 100¹⁰. This illustrates how

¹⁰ Natural Resource Governance Institute. Resource Governance Index 2014. Link: <http://www.resourcegovernance.org/rgi>

far behind Myanmar is compared to other countries in its development of an effective, accountable and transparent institutional governance framework.

But how are the conflicts in Myanmar related to its natural resource governance? First of all, an estimation of about 1/3 of the Myanmar population consists of ethnic minorities¹¹, who prominently reside in the mountainous borderlands where most of the natural resources are located. When Myanmar gained independence from Britain's colonial rule in 1948 under the leadership of Bogyoke (General) Aung San (father of current opposition leader and Nobel Peace Prize laureate Aung San Suu Kyi), the ethnic minorities was promised fair and equal treatment and autonomy¹².

“If Burma receives one kyat, you will also receive one kyat” (Bogyoke Aung San)

This is the famous promise from the man who is also called the ‘Father of the Union of Burma’, but the promising future quickly fell apart after he was assassinated in July 1947 (Chaturvedi 2012). Since then, there has been armed fighting between the Tatmadaw¹³ and non-state armed groups, who are primarily driven by the wish for greater political autonomy and control of the resources in their region. Following the military coup under the leadership of General Ne Win in 1962, the situation deteriorated even further as the ethnic minorities were severely discriminated against and brutally oppressed with Ne Win's policy of socialism and ‘Burmanisation’ (ibid.).

The Myanmar government has signed several ceasefire agreements with the non-state armed groups, but the inherent mistrust in the communities towards the Tatmadaw has on several occasions resulted in resurgence of violent conflicts. Since the civilian government took over in Myanmar after the quasi-democratic election in November 2010, there have been talks of a possibility of a second Panglong-like conference, but no actions so far (Chaturvedi 2012). On the contrary, most recently in 2012, after 17 years of ceasefire, fighting resumed in the dominantly Christian Kachin region,

¹¹ Officially, the country encompasses eight main ethnic groups, which the government has further divided into 135 different indigenous ethnic groups. According to CIA Factbook, the majority group Burman make up 68% of the country's population of 55 million, with the Shan (9%), the Karen (7%), the Arakanese (Rakhine) (4%) and the Mon (2%) comprising the largest ethnic nationality groups.

¹² Myanmar was under British colonial rule from 1885-1948 (then called Burma). In 1947, General Aung San, met with the country's various ethnic minorities in the Shan town of Panglong to discuss their status within a soon-to-be independent Burma. Their meeting concluded with the signing of the Panglong Agreement on February 12, 1947. The Panglong agreement promised complete autonomy to the frontier regions in return for their support for the formation of the Union of Burma. The ethnic minority signatories also had the option of seceding from the Union, 10 years after independence.

¹³ Tatmadaw is the local reference to the Burmese military armed forces.

between the Kachin Independence Army and the Tatmadaw, resulting in hundreds of deaths and thousands of displaced.

4.1.2. Lack of Transparency and Accountability

These ethnic and territorial tensions are furthermore combined with a severe lack of transparency in the revenues derived from the sales of the natural resources extracted. In Myanmar, there is very little, if not non-existing, transparency in where the money from the extraction of natural resources goes, which ultimately hinders the public to hold their government accountable. There is no public disclosure of how the government receives and manages the revenues (Arakan Watch 2012). As the money never enters public accounts, it is assumed that the money flows directly from foreign corporations into bank accounts in countries like Singapore, Dubai and China distributed by third parties in Thailand, only available to a selected few within the administration and military. In other words, the money never actually enters Myanmar (ibid.).

The wealth of natural resources accompanied by very poor transparency mechanism in Myanmar has thus resulted in rampant corruption in all levels of public authorities. According to the Corruption Perception Index by Transparency International (2014), Myanmar is ranked 156 out of 176 countries, giving it a score of 21 out 100¹⁴. This is due to the fact, that the revenues that comes from the exploration of natural resources passes through very few hands, which makes them vulnerable to misdirection.

Myanmar's legal and institutional setup in the extractive sector is severely undeveloped. There is no proper legal infrastructure to oversee the process of licensing and contracting, and there are no legal requirements for doing environmental and social impact assessments. This means that information concerning the licensing process is almost impossible to obtain, and there are virtually no oversight mechanism as to where and to whom the money goes¹⁵.

There have been allegations that military controlled companies receive huge revenues from the extraction of natural resources, which has made it possible for the Tatmadaw to keep financing their military build-up. According to Arakan Watch (2012), military

¹⁴ Transparency International. Myanmar Country Profile. Link: <https://www.transparency.org/country#MMR>

¹⁵ National Resource Governance Institute. Myanmar country profile. Link: <http://www.resourcegovernance.org/countries/asia-pacific/myanmar/overview>

generals hid 99% of the revenues of the Yadana Pipeline (estimated \$4.80 billion) from 2000 to 2008 in foreign accounts, enough revenues to build 200.000 schools for 30 million children. Instead, there is good reason to assume that at least a part of this money has gone into military spending as the extraction, production and selling of natural resources are undertaken by state-owned enterprises, which is primarily controlled and chaired by former or active military generals.

4.1.3. Lack of Benefit Sharing

The misappropriation of revenues from the extraction of the natural resources in Myanmar has for decades enriched the ruling elite who exercises extravagant and luxurious lifestyles, to an extent completely unheard of for the average citizen of Myanmar. This fact became clear in 2006, when a 10-minute clip of the wedding of Thandar Shwe (then Chairman of the SPDC Than Shwe's daughter) and army major Zaw Phyto Win was leaked on the internet site YouTube. The video shows the couple pouring large quantities of champagne and stand before an ornate, golden bridal bed. Thandar Shwe was furthermore wearing expensive jewels, and the newly-weds were reportedly given \$50 million worth of wedding gifts, including, cars, jewelry and houses¹⁶. In contrast, the country is categorized as one of the world's least-developed nations, and it ranks 150 out of 187 countries in the 2014 UNDP Human Development Index¹⁷, and access to the most basic human needs, such as food and water, remains a major challenge for the poorest and most vulnerable segments of the population, especially in the rural border areas¹⁸.

This extreme contrast between rich and poor in Myanmar is arguably a result of the countries' resource curse. In resource-poor countries, it is in the interest of the elite to develop and harness human capital, rather than to protect scarce or non-existent resource rents (Ranis 1987; Le Billon 2001). As the human resources develops (e.g. through education, trading, manufacturing skills, public health care etc.) the economy becomes diversified and governance becomes more representative and accountable, thus decreasing the likelihood of violent intra-state conflict (Le Billon 2001). On the other hand, the availability of resource rents in resource-rich countries provides the ruling elite with very little incentive to invest in human capital and raise revenues

¹⁶ BBC News, Thursday 2nd November 2006. Link: <http://news.bbc.co.uk/2/hi/asia-pacific/6109356.stm>

¹⁷ UNDP (United Nations Development Programme), Human Development Index, Myanmar country profile. Link: <http://hdr.undp.org/en/countries/profiles/MMR>

¹⁸ WFP (World Food Programme). Myanmar country profile. Link: <https://www.wfp.org/countries/myanmar/overview>

through taxes, which severely constrains economic growth in other sectors as the economy becomes non-diversified, providing the poor and marginalized with few opportunities for self-actualization. Myanmar currently has one of the lowest levels of tax revenue collection, and natural resource revenues are an important source of income. Only 1 per cent of the FDI coming into Myanmar in the fiscal year 2010–11 was outside the extractive sectors (MCRB 2014).

The situation is further worsened as the local populations residing in the borderlands where the natural resources are extracted, bear the full costs of extraction through destruction of livelihood, environmental damage and pollution, unfair or even forced labor conditions and land grabbing, but rarely receive any adequate compensation or share in the revenues gained from the extraction. As natural resource extraction is by definition confined to a specific location, it means that any grievances that may occur are highly location-specific, and these grievances are thus more prone to escalate into open conflicts (Collier 2010; Buhaug et.al. 2003). Where competition for essential resources overlaps with longstanding territorial and/or religious/ethnic disputes, the risk of war becomes much greater (Klare 2001), which supports the view that the severe lack of benefit sharing and transparency, combined with the territorial and ethnic tensions are arguably the mayor reasons that the civil wars in Myanmar has been prolonged for decades, making it possibly the world's longest lasting civil war.

4.2. Security Related Issues in the Oil and Gas Industry in Myanmar

The Oil and Gas industry is by far the biggest industry in Myanmar. Especially Myanmar's natural gas production has increased substantially over the past decade, rising from 61 Bcf in 1999 to 416 Bcf in 2012¹⁹. It is estimated, that revenues from natural gas alone amounted to \$2.5 billion in 2011, which will increase with around 60% over the coming years (Arakan Watch 2012). According to Myanmar law, it is required that foreign oil and gas companies sign a Production Sharing Contract with the state-owned Myanmar Oil and Gas Enterprise (MOGE), that oversees the sector and award contracts. This fact combined with the severe lack of transparency and accountability in the oil and gas industry makes it virtually impossible to completely

¹⁹ U.S. Energy Information Administration Webpage. Link: <http://www.eia.gov/countries/country-data.cfm?fips=bm>

avoid being complicit in financing the military as it is an integral part of the Myanmar public administration at all levels.

While the operating onshore oil and gas blocks are dominantly located in the Magwe Region of central Myanmar where there is no history of armed conflicts, there is however widespread concerns over the implications of some pipeline projects, that transport crude oil and natural gas from offshore oil blocks through some high volatile areas, most notably the Schwe and the Yadana Gas Pipeline projects²⁰. The local communities in the states that the pipelines run through, such as Kachin, Shan, Kayah, Karen and Mon states, have enjoyed little of the benefits of these deals as the profits goes directly to the government and hence the military. The desire of ethnic minority groups for more control over and benefit from natural resources in their areas has thus been one of the key drivers of conflict and demands for constitutional change (MCRB 2014). These communities don't get to enjoy one of the key benefits of abundance in oil and gas should supply, namely electricity. It is estimated that 80% of the population is dependent upon firewood despite of the wealth in oil and gas, and many villages are completely without electricity²¹. Additionally, they have never been sufficiently compensated (if compensated at all) for land grapping done by the military, which is a major issue in a country where 70% of the population is in rural areas and highly dependent on agribusiness. Nor are they typically compensated for any environmental damage that goes with the extraction and transport of the oil and gas (MCRB 2014). Furthermore, the majority of the people in the affected communities never got informed about the projects, nor was they consulted about the pipeline routes. All decisions are made behind closed doors between the government and foreign companies²².

Another main issue relating to security and the oil and gas industry in Myanmar is the fact that it is the government's responsibility to maintain law and order, security and protection of human rights. Under the model Production Sharing Contract (clause17.1) MOGE is responsible for providing "*security protection ...as may be requested by the Contractor and made available from the resources under MOGE's control*" (MCRB 2014:154). In practice, this means that any security related issues of

²⁰ See for example Schwe Gas Movement, Earth Rights International, Arakan Watch and UK Burma Campaign.

²¹ Shwe Gas Movement Official Webpage. Link: <http://www.shwe.org/exclusion-and-marginalization/>

²² Shwe Gas Movement Official Webpage. Link: <http://www.shwe.org/exclusion-and-marginalization/>

the business operations would be undertaken by the Tatmadaw, and it may go without saying that the decades of severe repression, discrimination and human rights violations have created an immense mistrust in local communities towards the Tatmadaw. A sudden increase of military presence could thus easily contribute to an escalation of mistrust and may even lead to a revival of armed conflict between the Tatmadaw and the non-state armed groups in the areas.

5.0. CSecR contributions of Total and Chevron in Myanmar

Introduction

In the following, I will apply the theoretical conceptions of CSecR onto the case of Total and Unocal/Chevrons operations in Myanmar as conceptualized in figure 1. Through this, I will gain an insight into the nature of the corporations' engagement, i.e. what is their output (form of their engagement), and what are the outcomes of these output (constellations of actors and pattern of engagement and their scope of engagement). This will provide me with an in-depth empirical understanding of how these two corporations contribute to peace and security in Myanmar.

5.1. The Yadana Pipeline Project

In 1992, MOGE signed a contract with Total S.A which gave Total E&P Myanmar the right to develop the Yadana oil field in the Andaman Sea, and build a pipeline to transport the gas to Thailand (Appendix 1). Total invited other companies to buy into the project as partners, which Unocal did together with the Thai state-owned PTTEP later that same year. Total and Unocal ended up with the largest shares, with 31.25% to Total as the operator of the project, 28.25% to Unocal as a non-operating investor, with PTTEP following at 25.5% and MOGE with 15%²³. This group will be referred to as the Yadana consortium. It was agreed that Total would be responsible for overall coordination of the project, that would extract the gas at the Yadana field and transport the gas from Yadana to Thailand. Most of the 256 mile long pipeline pipe would lie under the ocean, but the final 40 miles would cross over southern Myanmar through the region inhabited by the Karen and Mon, two ethnic minority groups with a historical tense relationship with the Myanmar government and military (Velasquez 2005).

While Unocal, Total and PTTEP would be in charge of the actual construction, MOGE was contracted to assist by providing security protection, as prescribed under the Production Sharing Contract model clause 17.1 (ibid.). Shortly after construction of the pipeline was initiated, reports from refugees and human rights workers in the region revealed that the pipeline area was experiencing a massive increase of military

²³ Total E&P Myanmar Official Webpage of . Link: <http://burma.total.com/myanmar-en/total-in-myanmar/total-in-myanmar-at-a-glance-200158.html>

personnel and human rights abuses. The Tatmadaw routinely conscripted villagers for forced labor projects, including building infrastructure for the project and carrying heavy loads for military patrols, as well as committing torture, rape, and murder²⁴.

For Unocal, this eventually led to a lawsuit in 1996, where 24 Myanmar nationals, represented by the civil society organization Earth Rights International (ERI) and a team of lawyers, filed the lawsuit *Doe v. Unocal* in U.S. federal court to challenge Unocal's complicity in the atrocities under the U.S. Aliens Tort Claims Act. In March 2005, Unocal/Chevron agreed to settle the case and compensate the plaintiffs (ERI 2008). Also Total was prosecuted both in Belgium and in France in 2002. While the Belgian lawsuit was ultimately dismissed in 2008, the French case was settled and Total agreed to set up a €5.2-million solidarity fund to compensate the plaintiffs as well as any other person who could demonstrate that they suffered a similar experience in the area near the pipeline construction²⁵.

5.2. Form of Engagement – Proactive Engagement

The litigation process and other public naming and shaming activities by civil society organization²⁶ meant that Total and Unocal/Chevron was repeatedly forced to defend its investment in Myanmar.

Following an article in the New York Times Dec. 16th 1996²⁷, where they called for Unocal's withdrawal from the Yadana project, Unocal issued a statement from Roger C. Beach, then Unocal chairman and chief executive officer, where he argues that the people of Myanmar would not benefit from economic isolation. He stated that:

“Our departure would certainly not foster democracy or advance human rights, and would have virtually no economic impact. That's because our

²⁴ Earth Rights International Official Webpage. Link: <http://www.earthrights.org/campaigns/background-yadana-pipeline>

²⁵ Total E&P Myanmar Official Webpage. Link: <http://burma.total.com/myanmar-en/faq/have-legal-proceedings-been-instituted-against-total-what-was-the-outcome-200235.html>

²⁶ To view other reports made by ERI on UNOCAL's and Totals role in the Yadana Pipeline project, follow the following link: <http://www.earthrights.org/campaigns/yadana-pipeline>
UK Burma Campaign Official Webpage. Link: <http://burmacampaign.org.uk/totally-immoral-day-of-action-against-total-oil-over-burma-links/>

²⁷ New York Times (Dec. 16th 1996). “Doing Business In Myanmar”. Link: <http://www.nytimes.com/1996/12/16/opinion/doing-business-in-myanmar.html>

*investment would be easily replaced by foreign companies*²⁸. ”

In 2007, Chevron released another press release in response to the atrocities committed by the Tatmadaw during the ‘Saffron Revolution’²⁹, where the company called for a peaceful resolution to the current situation in Myanmar in a manner that respects the human rights of the people of Myanmar. Chevron further stated that it believes that

*“... social and economic development is interrelated. Constructive engagement, together with development programs and support, will ultimately contribute to peace and prosperity for the people of Myanmar*³⁰”.

Total has responded with similar language when they were facing growing demand from civil society organizations to withdraw from Myanmar. They responded:

*“...far from solving Myanmar’s problems, a forced withdrawal would only lead to our replacement by other operators probably less committed to the ethical principles guiding all our initiatives. Our departure could cause the population even greater hardship and is thus an unacceptable risk.*³¹”

It is clear from these statements that, Unocal/Chevron and Total feels that the benefits to itself and to the people of Burma outweighed the risks. In spite of experiencing severe civil society targeting and even legal litigation, Unocal/Chevron and Total both chose not to withdraw from Myanmar but rather to *engage constructively*, which can arguably be regarded as equivalent to proactive engagement.

Their commitment to a proactive form of engagement also becomes visible when looking at their internal policy commitments. Both Total S.A. and Chevron have comprehensive Codes of Conducts and they both state that they uphold high ethical

²⁸ Chevron Official Webpage. Press Release (Dec. 19th 1996). ”Unocal outlines social, economic benefits of Myanmar (Burma) gas project”. Link: http://www.chevron.com/chevron/pressreleases/article/12191996_unocaloutlinesocialandeconomicbenefitsofmyanmarburmagasproject.news

²⁹ In August 2007 a massive increase in fuel prices sparked initial protests, which were joined later that month by thousands of Buddhist monks and ordinary citizens throughout the country, demanding change from the military regime. Their peaceful protests were met with a brutal crackdown as monasteries were raided, many killed and thousands arrested. The term “Saffron Revolution” derives from the color of the robes worn by monks in Myanmar, demonstrating the important role the monks played in these protests

³⁰ Chevron Official Webpage. Press Release (Okt. 18th 2007). “Update to Chevron Statement on Myanmar”. Link: http://www.chevron.com/chevron/pressreleases/article/10182007_updatetochevronstatementonmyanmar.news

³¹ Total E&P Myanmar Official Webpage . Link: http://burma.total.com/en/news/p_5_4.html

standards in their operations³². Both companies states that its human rights policies are consistent with the United Nations Universal Declaration of Human Rights (UNUDHR); the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work; the OECD Guidelines for Multinational Enterprises and other applicable international principles, including the VPSHR and the UNGP. Totals policies are furthermore consistent with the requirements in the UNGC, and Total was even in 2010 admitted to the UNGC LEAD platform, which is a special platform of companies dedicated to spearheading corporate sustainability³³. Apart from human rights, their policies covers areas such as corruption, conflict of interest, gift giving, diversity in the workplace, alcohol and drugs to name a few, which is rather exceptional in the Myanmar context.

Uniquely, in regards to Total S.A.'s Code of Conduct is that the company recognized that because the Code of Conduct was designed to be applicable to operations covering a wide variety of issues in more than 100 countries, it lacked sensitivity to local contexts. This led to the implementation of a country-specific Code of Conduct in Total E&P Myanmar already back in 1995 to govern its operations and those of its subcontractors. This means that the Code of Conduct can be regularly updated with the affiliates' experiences with local grievances, thus adapting the general principles into the local situation of Myanmar. The Code of Conduct is furthermore published in both English and Burmese³⁴, which allows for a better understanding of the Code by local stakeholders.

The hard part, however, is not in choosing the right code or drafting the language, but in living it, monitoring it and enforcing it with contractors, subsidiaries and employees. To do this, Chevron has deployed a human rights training program. The company provides compliance training for all employees, and provides enhanced training to employees responsible for security, supply chain management and community engagement. Total S.A. also engages in training on their Code of Conduct, which is overseen by a specific Ethics Committee who is responsible for the

³² Chevron. "Business Conduct and Ethics Code". Link:

<http://www.chevron.com/documents/pdf/chevronbusinessconductethicscode.pdf>

Total S.A. "Code of Conduct". Link: http://www.total.com/sites/default/files/atoms/files/code_de_conduite_en.pdf

³³ Total E&P Myanmar Official Webpage. "2010 Society and Environment Report". Link: http://burma.total.com/MEDIAS/MEDIAS_INFOS/126/EN/Total-2010-csr-va-v1.pdf

³⁴ Total E&P Myanmar Official Webpage. Link: <http://burma.total.com/myanmar-en/the-socio-economic-program/the-code-of-conduct-200170.html>

general oversight of the implementation of the Code of Conduct. Furthermore, both companies have policies that require that the expectations and requirements in their code of conducts be implemented in new contracts with key suppliers and security providers.

5.3. Constellations of Actors and Patterns of Engagement

While we can conclude that Unocal/Chevron and Total has committed themselves to proactively contribute to peace and security in Myanmar by adopting policies that could potentially be indirectly linked to peace as they strengthen human rights, corruption/transparency and the rule of law, it opens up the question of output vs. outcome. In other words, what does Unocal/Chevron and Total actually mean when stating that they emphasize ‘constructive engagement’ in their operations in Myanmar? The outcome of this rhetoric is of outmost importance for the purpose of this paper, in order to distinguish between ‘proactive engagement’ and ‘business as usual’ or ‘take advantage’ forms of engagement

As hypothesized by Wolf et al (2007), the effectiveness of private efforts to provide public security would probably be seriously reduced if companies acted unilaterally. Only a collective approach with a high involvement of the public sector, are likely to overcome the challenges in security governance in Myanmar. In the following, I will try to analyze the security governance landscape in which Unocal/Chevron and Total operates. Within this landscape, there are especially four global governance initiatives with relevance for this analysis, i.e. the EITI, the VPSHR, the UNGC and the UNGP.

5.3.1. The EITI

The EITI was formed after numerous consultations between governments, international organizations, civil society representatives and corporations, after it became commonly acknowledged that there was a need to redress the issue of the ‘resource curse’ within some developing countries. Both Chevron and Total S.A. are co-creators and members of the EITI, which has become a comprehensive multi-stakeholder initiative that brings together governments, extractive companies and civil society representatives to promote good governance of natural resources. The EITI maintains the EITI Standard, which subscribing countries must implement to ensure full disclosure of taxes and other payments made by oil, gas and mining companies to

governments. These payments are disclosed in an annual report, which allows citizens to see for themselves how much their government is receiving from their country's natural resources³⁵. While Myanmar is not yet EITI Compliant, as it was only first recognized as a Candidate Country on 2nd of July 2014, the process of implementation is happening. Since then, four multi-stakeholder group meetings have been held and three sub-committees have been established to take forward the work on reporting, outreach and communications, work plan and governance³⁶.

The EITI is a rather unique initiative, and possess a great potential in improving the quality of resource governance in Myanmar, which are one of the key drivers to the conflicts in the country. Emerging from decades of military dictatorship, Myanmar has no experience in the mechanism of a functional democratic governance system. The government needs guidance in the reform process to ensure effective and proper legislation, which is why President Thein Sein has made the EITI a central part of the government's reform agenda, in particular on public financial management reforms (ibid.). One of the main reasons why the EITI can have profound positive effects on the level of public security in Myanmar, is the fact the amount of revenue the government receives from the extraction of the countries' natural resources will become transparent, which will make it increasingly invulnerable to misdirection. Furthermore, transparency leads to accountability, and it will enable a public debate on how these revenues are spent in the public budget. The multi-stakeholder governance structure can also be a powerful tool to strengthen civil society organizations' capacities as they were until very recently outlawed. Civil society therefore also needs more experience in their role of holding their governors accountable, thus promoting peaceful dialogue rather than violent conflict.

Chevron stated:

"We believe that the EITI's multi-stakeholder approach... is the best approach for providing transparency between company payments and government revenues in resource-rich countries. We will continue to work constructively with other stakeholders involved in revenue transparency initiatives that strive

³⁵ Extractive Industries Transparency Initiative Official Webpage. Link: <https://eiti.org/eiti>

³⁶ Extractive Industries Transparency Initiative Official Webpage. Link: <https://eiti.org/Myanmar>

to provide citizens of resource-rich countries with information they can use to reduce corruption and improve governance”³⁷.

Total also made a statement on its role in guiding governments in achieving transparency. Total stated:

“Efforts to promote the principle of transparency must be carried out in a way that respects the sovereignty of host countries, because sustainable progress cannot be achieved without the voluntary commitment of governments. Together with the EITI Secretariat, we work to promote the EITI principles to our host countries and help them put the principles into practice”³⁸.

This clearly indicates that both companies are dedicated to the implementation of the EITI in Myanmar. They both have critical roles to play in this respect. Chevron is actually the longest continuous serving member of the international board and has conducted joint training session for civil society representatives on the Myanmar Board meeting in October 2014³⁹. The CDA report (2011) noted that Total is generally seen as a trusted partner within various arms of the government and has leveraged this relationship to inform the Ministry of Energy of upcoming events, and even took the opportunity to extend an invitation to the Ministry to explain the benefits of EITI for participating countries and companies.

5.3.2. VPSHR

Both Chevron and Total are participants in the VPSHR, which were established in 2000. The VPSHR is a multi-stakeholder initiative involving governments, companies, and civil society organizations that promotes implementation of a set of principles that guide oil, gas, and mining companies on providing security for their operations in a manner that respects human rights. Specifically, the VPSHR guide companies in conducting a comprehensive human rights risk assessment in their engagement with public and private security providers to ensure human rights are

³⁷ Extractive Industries Transparency Initiative Official Webpage. Link: <https://eiti.org/supporters/companies/chevron-corporation>

³⁸ Extractive Industries Transparency Initiative Official Webpage. Link: <https://eiti.org/supporters/companies/total>

³⁹ Extractive Industries Transparency Initiative Official Webpage. Link: <https://eiti.org/supporters/companies/chevron-corporation>

respected in the protection of company facilities and premises⁴⁰. Today, a little more than a decade after its founding, the initiative has established a formal internal governance structure, making it more than just a dialogue forum, and has a broad participation base of 7 governments, 13 civil society organizations and 19 multinationals (Guáqueta 2013).

One of the biggest challenges for implementation according to the participating corporations in the initiative is the engagement with host governments regarding public security⁴¹. The participating corporations have attempted to overcome the challenge by leveraging the multi-stakeholder nature of the initiative and taking a coordinated approach using ‘in-country working groups’, comprising various companies from the energy and extractives sectors along with home government members. This coordinated approach reduces the exposure of any one company and increases the likelihood of progress (ibid.). However, a common challenge for both of these in-country processes has been a lack of NGO involvement. Companies have also called for increased support from home government partners in their role as a diplomatic channel. Members of the VPSHR have discussed the value of offering official membership in the VPSHR to host country governments, as well as private security firms and multilateral organizations (ibid.).

5.3.3. UNGC

The UNGC is a global initiative that encourages corporations to adopt sustainable and socially responsible policies, and to report on their implementation, in close cooperation between UN agencies, governments, labor groups and civil society organizations. The UNGC is based on a set of 10 principles in the areas of human rights, labor, the environment and anti-corruption. The principles are derived from four main sources: the UNUDHR, the ILO Declaration, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption⁴². Of particular relevance for this paper is the ‘Business for Peace’ platform within the UNGC, which provides a practical guide for companies on how to pro-actively contribute to peace. Launched in 2013, the role of the platform is to

40 Voluntary Principles on Security and Human Rights Initiative. Link: <http://www.voluntaryprinciples.org/what-are-the-voluntary-principles/>

41 IPIECA Case studies. “The Voluntary Principles on Security and Human Rights”. Link: <http://www.ipieca.org/topic/social-responsibility/case-studies>

42 UN Global Compact Official Webpage. Link: <https://www.unglobalcompact.org/AboutTheGC/index.html>

engage with the UNGC Local Networks to support companies in implementing peace-contributing practices, within the specific local context⁴³.

Myanmar joined the UNGC on the 1st of May 2012, and in his speech at the signatory ceremony UN Secretary-General Ban Ki-moon highlighted the importance of multi-stakeholder collaboration, stating:

”Collaboration and partnerships — between business, civil society and government — are essential. This is the only way to build societal trust in the marketplace and, then, ensure that the market delivers long-term benefits for all”⁴⁴.

In March 2012, The UNGC, with the help of the Office of the Resident & Humanitarian Coordinator and the Peace-building Support Office, organized a discussion around *“Promoting Responsible Business in Times of Transition – Towards Inclusive Job Creation and Sustainable Development”* in Myanmar. The two main priorities of the event was the 1) *Promotion of coexistence and peaceful conflict resolution* and 2) *supporting early economic recovery*. Noteworthy is the fact that, while Total was represented by two representatives (Country Manager Remi Leruste and HR Manager Daw Aye Moe Myint⁴⁵) Chevron was not represented because Chevron is not a participant of the UNGC. This is arguably a clear indication of a lack of commitment, especially as research shows that companies subscribing to the UNGC are more responsive to civil society concerns than companies that haven’t committed themselves in this way (Kamminga 2015).

5.3.4. UNGP

Both Total and Unocal/Chevron endorses the UNGP⁴⁶ which are a set of principles that provides operational guidance to states and businesses in the implementation of

⁴³ UN Global Compact Official Webpage. Link: https://www.unglobalcompact.org/issues/conflict_prevention/

⁴⁴ United Nations Official Webpage . Link: <http://www.un.org/press/en/2012/sgsm14267.doc.htm>

⁴⁵ United Nations Development Group. Final Report (31th Dec. 2012). Link: <http://mptf.undp.org/factsheet/project/00083475>

⁴⁶ On Totals endorsement of the principles follow this link: <http://www.total.com/en/society-environment/ethics-and-values/areas-focus/respecting-human-rights-our-sphere-operations?%FFbw=kludge1%FF>
On Chevrons endorsement of the principles follow this link: <http://www.chevron.com/corporateresponsibility/approach/humanrights/>

the “Protect, Respect and Remedy” framework⁴⁷. The framework consists of three core principles:

- The State has a duty to protect its citizens against human rights abuses by third parties, including businesses.
- Businesses must respect human rights.
- Appropriate mechanisms must be put into place by both States and businesses to investigate, punish and redress abuses

The UNGP, which were unanimously endorsed by the UN Human Rights Council in 2011, articulates the complementary but distinct roles of states and business in protecting and respecting human rights and are now an authoritative global reference point on business and human rights (ibid.). Total supported the view that both national governments and corporations have important roles to play in protecting and respecting human rights, and Total furthermore contributed to different working groups related to human rights and transparency issues, such as the “Corporate Law tool” project and the “Responsible Contracting” working group⁴⁸.

The UNGP complement the UNGC by establishing a framework to guide participants in fulfilling their commitment to respect human rights. This includes guidance on implementing effective policies and procedures and communicating annually with stakeholders on progress⁴⁹.

Under the UNGP, companies are expected to adopt a policy commitment that commits the company to respect human rights and carry out human rights due diligence. Human rights due diligence should identify, prevent, mitigate and account for adverse human rights impacts, which will help business respect human rights and avoid complicity in human rights abuses. The due diligence process should be ongoing, drawing on internal and/or independent external human rights expertise and involve meaningful consultation with stakeholders.

⁴⁷ United Nations (2011). Guiding Principles on Business and Human Rights - Implementing the United Nations “Protect, Respect and Remedy” Framework. Link:

http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

⁴⁸ Total, 21st May 2010. “Total response to “A Call for Total, Chevron, and PTTEP to Practice revenue Transparency in Burma (Myanmar)”. Available through the Business and Human Rights Center Webpage. Link: <http://business-humanrights.org/en/call-for-oil-companies-to-practice-revenue-transparency-in-burma-company-responses-0>

⁴⁹ UN Global Compact Official Webpage. Link:

https://www.unglobalcompact.org/issues/human_rights/the_un_srsg_and_the_un_global_compact.html

The UNGP requires companies to assess and manage their potential adverse impacts as a core part of meeting the corporate responsibility to respect human rights. Being as transparent as possible, including communicating the dilemmas they face and the measures they are taking to address them is part of “knowing and showing” that a company is taking steps to respect human rights (MCRB 2014).

The “corporate responsibility to respect” exists independently of States’ abilities or willingness to fulfill their own human rights obligations. The Myanmar government is known for its human rights abuses, however during the recently held ASEAN Next-Gen CSR Forum (3rd-7th February 2015) in Bali Indonesia, The Economic Advisor to the President of Myanmar Dr Aung Tun Thet, expressed the government's intention to develop a National Action Plan on Business and Human Rights. He stated in an interview:

*"Having a national action plan will mobilize the government, the private sector and civil society towards a better future for our country."*⁵⁰

If implemented as intended, the UNGP could potentially contribute to instantiate a particular market form in Myanmar, that explicitly and directly address key aspects of business behavior that have an impact on democratic norms (Guáqueta 2013). Irene Qvist Mortensen (2015) made the following remarks regarding the UNGP:

"It is one of the best things, that corporations can do; that is to follow the standards set forth in the UN Guiding Principles and to ensure that you do business on a more enlighten foundation, so you know what is the potential negative impact when doing business in countries like Myanmar, where the legal institutions are weak and reform process is fragile. More or less every challenge you can imagine, is present in the Myanmar context. If you are dedicated to positively contribute to the development of the country, it is paramount that you understand how you might potentially harm, and off course how you might contribute positively" (Mortensen 2015:8.52)

⁵⁰ Business and Human Rights Resource Center. “Myanmar & other govts. commit to develop National Action Plans on business & human rights, at ASEAN conference”. Link: <http://business-humanrights.org/en/myanmar-other-govts-commit-to-develop-national-action-plans-on-business-human-rights-at-asean-conference>

5.4. Scope of Engagement

I have presented the *form of engagement* that Total and Unocal/Chevron has committed themselves to and their *constellations of actors and pattern of engagement* that are relevant to peace and security in Myanmar. In the following I will investigate how Unocal/Chevron and Total indirectly and/or directly addresses the issue of peace and security at the micro-level and the macro level.

5.4.1. Micro Level Activities

Grievance Mechanism System

In 2010, Total set up a Social Management Plan with the aim of establishing a formal process allowing local communities to raise complaints regarding the impact of Totals' activities and these complaints to be addressed and resolved in a timely manner. The scope of the grievance mechanism is broad and includes complaints raised related to activities of Totals contractors, its employees, its operations or from third parties. A database was also developed to record all societal incidents, i.e. matters of concerns/issues, even when they are not matters of grievances in connection with impact of the project⁵¹. It should also be noted that the grievance system existed, albeit more informally, since the beginning of operations in 1995. To ensure dialogue between the pipeline project and local communities, Total enacted Village Communication Committees (VCC) that consist of local people from the village thus functioning as an interface between the villages and the Yadana pipeline project. Local villagers could thus tell their grievances to the VCC, which then passed the message along to Total. Total also regularly consulted with the doctors, nurses, veterinarians etc. from the socio-economic programme, if they had heard or been witness to any problems or abuses.

Before the reform process began, people had virtually no platform within the public authorities to raise complaints. Since then, the government has opened up for complaints, however given the low capacities of the authorities and an inefficient bureaucracy, the authorities are unable to handle the thousands of complaints from the public regarding abuses by state authorities and military. Many of these people still

⁵¹ Total's workshop presentation at the "Multi-Stakeholder Workshop on Community Engagement in The Extractive Industries" 27-28th of January 2015, Yangon, held by MCRB. Link: <http://www.myanmar-responsiblebusiness.org/news/workshop-community-engagement-in-the-extractive-industries.html>

await a resolution to their problems (MCRB 2014). Therefore, the grievance mechanism system by Total can have a profound positive indirect effect on the level of security in the region, as it quickly and effectively mitigate grievances that might otherwise have escalated into conflict. Furthermore, Myanmar citizens' rights to speak freely have been forcefully suppressed for 60 years, which has resulted that many individuals are still reluctant, even fearful, about speaking out against the government or the Tatmadaw in particular (MCRB 2014). Total thus also play a significant role in supporting local communities' democratic rights to speak up and hold their governors accountable, by acting as an intermediary between the individual citizen and the government or military. The fact that the whole grievance mechanism process is now formal and transparent could also be regarded as an indirect governance contribution to security, i.e. by furthering transparency and the rule of law.

The Yadana Socio-Economic Programme

Both Total and Unocal/Chevron promote their socio-economic program in the Yadana region, and states that it provides profound benefits to the lives of 50.000 people living in the region⁵². But in order for these socio-economic initiatives to qualify as corporate governance contribution to peace and security as a public good, they need to uphold certain criteria. First of all, they need to be *intentional*, *voluntary* and possess a *political quality*, and furthermore be *relevant for peace and security* (Deitelhoff & Wolf 2010). All of the initiatives undertaken by Total and Unocal/Chevron in their socio-economic program are all intentional and voluntary. There is no legal requirement in American, French or in Myanmar that requires Total and Unocal/Chevron to undertake these programs, and it is not an unintentional bi-product of the corporations' business operations. The program also has the potential of contributing to peace and security, as it addresses some of the root causes to insecurity in the region, i.e. the severe social inequality caused by the lack of human capital investment. It therefore targets a socio-economic divide at the root of the conflicts.

⁵² Total E&P Myanmar Official Webpage. Link: <http://burma.total.com/myanmar-en/the-socio-economic-program/the-socio-economic-program-200171.html>
Chevron Official Webpage. Press Release (Okt. 18th 2007). "Update to Chevron Statement on Myanmar". Link: http://www.chevron.com/chevron/pressreleases/article/10182007_updatetochevronstatementonmyanmar.news

At a glance, some of the elements of the socio-economic programme might seem less *political* in nature, and might resemble more that of *philanthropy* which is generally perceived as having little or no effect. Especially ERI has made several reports, claiming that the socio-economic programme of the Yadana consortium is largely ineffective and in some instances actually does more harm than good⁵³. Generally, it is argued that the impact of initiatives that are ‘disconnected to the business’ is minimal (Frynas 2005; Harvey 2014). However, the approach that the Yadana consortium used to identify and prioritize the issues could be regarded as an indirect corporate governance contribution to peace and security. The Yadana socio-economic programme focuses on four key areas, public health, education, economic development and infrastructure, which were defined in close cooperation with the villages in the region. By listening to the specific needs of the communities, and furthermore implementing programs that are in accordance with these wishes, provides the local communities with a sense of empowerment through direct participation in the settings that ultimately determines their future prospects. This is connected to peace and security, as engagement, information and genuine two-way communication by business with stakeholders has historically been almost completely absent in Myanmar, leading to mistrust, misunderstanding and conflict. Furthermore, the program aims to drive sustainable development, and provides the communities with full ownership and employment possibilities. Total states:

“The program aims to achieve a balance through a combination of ongoing dialogue with the villagers and economic and social development measures financed by the project. Its success requires genuine commitment from the villages and villagers, since it must drive a sustainable improvement in living conditions throughout the region. It therefore has to meet the needs of the residents and respect their culture and way of life, which is why it was imperative to put Myanmar nationals in charge of its implementation.”

The socio-economic program also includes a micro-finance initiative, which aims to improve the access to credit and savings services to the communities and is run and owned by the local community. According to Total, the availability of credit is hard to get in the region, and the interest rate in some areas is as high as 5% on a daily rate.

⁵³ A full list of ERI reports regarding the Yadana pipeline, use the following link: <http://www.earthrights.org/campaigns/yadana-pipeline>

Therefore, Total created the initiative in 1997 through a partnership with Entrepreneurs du Monde, a French civil society organization specialized in micro-finance⁵⁴. The initiative was reformed in 2009, to provide special loans to the most vulnerable households, to ensure that the loans provided the neediest with economic development, and avoiding that repaying their loans actually worsened their situation⁵⁵. As the poor and marginalized are particular vulnerable to join the non-state armed groups, the micro-finance initiative could have a profound positive impact on the level of violence in the region, as it provides them with renewed opportunities in licit business activities.

In stark contrast to some civil society reports such as the ERI reports, other independent sources describe the socio-economic programme as having a profoundly positive effect on the communities (Kouchner 2003; CDA 2011). After numerous interviews conducted with locals living within the Yadana socio-economic program over a period of 9 years, the latest report from the CDA (2011) noted:

“People attributed economic improvement mainly to three factors: remittances from family working in Thailand, increased rubber prices on the international market, and Yadana’s economic programs” (CDA 2011).

The report further concluded that the local communities in the pipeline area expressed a genuine appreciation for the Yadana consortiums socio-economic programme and indicated that they perceive the Yadana consortium as genuinely committed to working to achieve positive impacts (ibid.). The improvement in economic progress, together with improvements in health, education and infrastructure provided by the Yadana consortiums socio-economic programme, are indirectly linked to peace and security as it support life expectancy and the very basic livelihood security of the rural poor in the region, thereby targeting the social divide caused by the lack public investment and the general lack of benefit sharing of resource revenues, which are some of the root causes to previous conflicts. The report also found that there is a divide between being inside the scope of the socio-economic programme and outside of its reach. The report states:

⁵⁴ Total E&P Myanmar Official Webpage. Link; <http://burma.total.com/myanmar-en/the-socio-economic-program/local-socio-economic-initiatives/support-for-economic-development/improve-access-to-credit-and-savings-services-200286.html>

⁵⁵ Total E&P Myanmar Official Webpage. Link: <http://burma.total.com/myanmar-en/the-socio-economic-program/local-socio-economic-initiatives/support-for-economic-development/reach-out-to-the-most-vulnerable-households-with-adapted-programs-200285.html>

“People who travel in and outside of the pipeline area... note the relative difference of quality of life inside versus outside the pipeline area. They state that people inside the pipeline area have better access to health services, educational benefits, and economic opportunities than those outside the pipeline area” (CDA 2011).

This fact does however also clearly demonstrate a weakness of micro-level initiatives to produce security as a public good. While the grievance mechanism system and the socio-economic programme might have a positive effect on the region within its sphere, it fails to provide the same level of security to areas outside of its scope. This finding supports the hypothesis that macro-level initiatives with a high involvement of the public sector should be more likely to produce security as a public good.

Human Rights

Against the atrocities committed by the Tatmadaw for decades, a firm stance on human rights can be seen as one way of promoting peace. For example, in late 1995 the VCC informed Total that incidents of the public security forces using forced labor had occurred. Total responded by making it known to local authorities and the government at all appropriate levels that forced labor would not be tolerated. Total furthermore provided support to the victims of forced labor as if the people concerned had been employed⁵⁶. Actions such as these undoubtedly sends a strong signal both to the government and the Tatmadaw that forced labor are unacceptable, thus strengthening the protection of human rights in the region. The fact that Total compensated the victims furthermore enhances trust in the local communities that their grievances are heard, thus fostering a non-violent way of dispute resolution.

The positive impact of Total, was validated by the findings of the CDA reports, which concluded that the Yadana project’s presence is seen as a shield against human rights abuses.

“At the local level, several local community members stated an appreciation of Yadana’s willingness and capability to intervene on human rights issues

⁵⁶ Total E&P Myanmar Official Webpage. Link: <http://burma.total.com/myanmar-en/faq/did-the-army-commit-human-rights-violations-when-ensuring-the-security-of-the-construction-project-and-the-facilities-200233.html>

when needed. Locals expressed concern about the possibility that forced labor might return when Yadana leaves” (CDA 2011).

Again, these statements indicate that there is a clear difference between being inside versus outside of the Yadana projects sphere. Therefore, the CDA suggested, that now that Total has established a zone where cases of forced labor are not tolerated, it could think about the potential leverage it has to foster a broader application of what it has been able to achieve in the pipeline area (CDA 2011).

5.4.2. Macro-Level Activities

Promoting Transparency in Resource Governance

Apart from stimulating greater transparency and accountability through participation in the EITI, corporations could arguably also promote transparency through other means. They can for example lead by example, as many non-western corporations have very little experience in dialogue with civil society organizations and in working with transparency in general, or put pressure on the government. In 2009, even though Myanmar wasn’t even an EITI Candidate at that time, Total disclosed that its portion of the Yadana natural gas project in Burma generated US\$254 million for the Myanmar authorities in the fiscal year of 2008⁵⁷. Actions like these are rarely well received by governments, which Total is nonetheless completely dependent upon in order to do business.

Totals’ disclosure of their payments for the fiscal year in 2008 could have had some positive consequences. For example, it might have put pressure on the Myanmar government to practice revenues transparency, which eventually happened in 2012 when the Myanmar government voluntarily publicized its revenues from the Yadana and Yetagun Pipelines. According to the Energy Ministry report, the government earned more than US\$16 billion from the gas projects during the 2006-2007 and 2011-2012 fiscal years. MOGE benefited from the 15-20 per cent of profits⁵⁸. Furthermore, if Total had continued to disclose payments in spite of government calls

⁵⁷ Earth Rights International. Link: <http://www.earthrights.org/campaigns/call-total-chevron-and-pttep-practice-revenue-transparency-burma-myanmar>

Total E&P Myanmar Official Webpage. Link
http://burma.total.com/MEDIAS/MEDIAS_INFOS/107/EN/Total_-Pin-Myanmar-update.pdf

⁵⁸ The Nation. July 18th 2012. “Ministry reveals gas revenue for first time”. Link: <http://www.nationmultimedia.com/aec/Ministry-reveals-gas-revenue-for-first-time-30186368.html>

not to, it might have done more damage than good. In order for a company to make governance contributions to the rule of law, it has to first of all respect the laws of the country, and not circumvent them.

Constructive Engagement with the Public Sector

In a press release by Unocal, the company stated that:

“Certainly, the transition to democracy is not taking place as quickly as everyone would like. But given its economic hardships and long-standing ethnic divisions, Myanmar cannot be expected to instantly transform itself into a democracy. It is only through economic development that a strong framework for lasting social change can be established... As a private company, Unocal does not support or oppose governments. Our proper responsibility is to find, develop and market resources to help people meet their growing energy needs⁵⁹”.

Former Director of External Relations for Exploration and Production in Total Jean François Lassalle, responded similarly in connection with the criticism following the ‘Saffran revolution’ in 2007, and stated that

“...it is difficult to condemn the ongoing repression because Total is not a moral or political authority. Simply put, we hope that solutions that comply with human rights will be found, that discussions and negotiation...” will be held so that *“no violence will occur⁶⁰”*.

Total also states in its Code of Conduct that:

“In conducting our operations, we respect the natural environment and the culture of host countries. Total respects the sovereignty of host countries and refrains from intervening in or funding the political processes. We reserve the right to express to governments, when necessary, our position concerning our operations, employees and shareholders and our belief in the importance of

59 Chevron Official Webpage (Dec. 19th 1996). ”Unocal outlines social, economic benefits of Myanmar (Burma) gas project”. Link: http://www.chevron.com/chevron/pressreleases/article/12191996_unocaloutlinessocialeconomicbenefitsofmyanmarburmagasproject.news

60 Vaulerin, Arnaud (27th Sep. 2007). “Debate over Total’s presence in Burma”. Libération, France. Note: Translation was prepared by the Business & Human Rights Resource Centre; the original statement is available at: www.liberation.fr/actualite/monde/281123.FR.php

*respecting human rights*⁶¹”.

These statements clearly highlights, that Unocal/Chevron and Total don't perceive themselves as active political actors within the Myanmar political landscape. Their self-perceived role is confined to being instrumental in achieving peace and democracy through economic development and socio-economic programs. However the last sentence in Totals in Code of Conduct indicates that the company does acknowledge that they can exert some leverage on their host countries' political environment. The above-mentioned incident of Totals reaction to human rights abuses in their operations area is a clear example of this commitment. The CDA report (2011) also mentions that Total has been supporting training on humanitarian and environmental law for civil servants and mid-level government officials in collaboration with the United Nations Institute for Training and Research (UNITAR). The aim of the training sessions was to develop the capacities of mid-level technocrats on issues such as environmental, trade, and labor laws, and exposing them to topics such as investment, PPPs, and the UNGC (CDA 2011).

Mads Holst Jensen (2015) explains that corporations that have experience in operating in conflict zones and/or in areas with weak governance, generally tries to avoid too much entanglement in local politics, because they risk becoming accomplices to corruptive behaviors and might even unintentionally contribute to human rights abuses by endorsing the individuals behind the abusive behavior. He further explains that when it comes to security, corporations are however more or less forced to establish cooperation with local public authorities. While the Yadana consortium employs their own security personnel, they need to create alliances with local military officers, because these officers often possess a highly militarized state of mind, and this challenges the corporations' long-term strategy of being proactive and avoid an escalation of conflicts. Because of this, Total has actually engaged in training of public security forces, i.e. the Tatmadaw, in accordance with the VPSHR and in partnerships with civil society organizations. This could arguably affect the broader public and communities and thus qualify as a direct security governance contribution. Mads Holst Jensen stated that:

“We (DIHR) worked together with Total on some of these training sessions and it has actually succeeded for Total to align some of these officers to

61 Total S.A. Official Webpage. Code of Conduct (p.17). Link: http://www.total.com/sites/default/files/atoms/files/code_de_conduite_en.pdf

human rights and security standards... even though it is unknown whether these officers just sit in the back row and doesn't listen – but at least, they (Total) can say that they tried' (Holst 2015 22:38).

The Yadana consortiums own security personnel are furthermore highly trained to avoid an escalation of conflict. None of the security personnel is armed or in uniform, and they are well-trained in all aspects of how to do proactive non-escalating security (Holst 2015.26:28). Though this is arguably not a governance contribution to peace and public security as such, it does nonetheless significantly diminish the risk of doing harm and might stand as a good example for other corporations in the country to replicate.

5.5. Sub-set:

With regard to output, it was clear that both Total and Unocal/Chevron pursued a strategy of proactive engagement as their form of engagement. They both have extensive Codes of Conducts, covering a wide-range of issues that supports political order, which are moreover supplemented by methods of implementation. It is however clear that Total surpassed expectations, as they have furthermore tailored their Code of Conduct into the Myanmar local context, which should make it more responsive to local needs and experiences as they surface.

But output is arguably not enough, to effectively contribute to peace and security as a public good in Myanmar. Therefore, an analysis of the corporations' outcome dimension was also conducted. With regard to actor coalitions and patterns of engagement, both Total and Unocal/Chevron are active participants in a number of multi-stakeholder governance initiatives that are relevant for peace and security in Myanmar, such as the EITI, the VPSHR and the UNGP. It was however noteworthy that Chevron is not UNGC participant, which indicates a lack of commitment.

With regard to scope of engagement, it was found that Total and Unocal/Chevron makes several corporate governance contributions to peace and security. However, some limitations of the micro-level initiatives were identified, which seems to validate that macro-level initiatives should produce a higher impact on security as a public good. While the grievance mechanism system, the socio-economic programme and the firm stance on human rights has a profound positive effect, the impact doesn't seem to reach areas outside of the region of the pipeline project. It was furthermore

found, that although both corporations have a policy of remaining apolitical in their host countries, Total had actually been involved in training of public officials and public security forces, which should be regarded as a direct security governance contribution. Total had furthermore unilaterally promoted greater transparency and accountability (i.e. disconnected from the EITI), by disclosing their payments made to the Myanmar government in fiscal year of 2008, despite government wishes not to.

The findings of the above analysis will enable me to discuss the applicability of the CSecR theoretical framework, which will eventually lead to a discussion on the potential and limitations of corporate governance contributions to peace and security as a public good in Myanmar.

6.0. The Applicability of the CSecR Theoretical Framework

Introduction

In order for this study to qualify as a constructive supplement to the current state of literature within the CSecR research agenda, it is crucial to assess and discuss the causal dimensions that underlie the motivations of the corporations (Wolf et.al. 2007). I will therefore begin my discussion by an assessment of the *case specific characteristics* (independent variables 1). It is not the purpose of this discussion to validate or falsify the theory of CSecR as such, but I will however allow for new interpretations to emerge, given the hermeneutic research strategy.

6.1. Independent Variables 1: Case Specific Characteristics

In the following I will discuss the first cluster of independent variables, i.e. *the case specific characteristics*. The theoretical framework of CSecR proscribes that certain case specific characteristics regarding the corporation, the home- and host state, the product(ion) and the conflict in question, increases the likelihood of CSecR activities (figure 4). Judging from the findings of my analysis, it seems that many of the conjectures are valid, while others may need further investigation in order to establish a comprehensive understanding of cause and effect in the causal mechanism as described by Wolf et.al. (2007).

6.1.1. Conjectures about Actors' Characteristics

Total and Unocal/Chevron are both big MNC and actually two of the biggest oil and gas companies in the world, which makes them highly visible and thus an attractive target for civil society targeting. The campaigns against Total and Unocal/Chevron by for example the ERI⁶² and UK Burma⁶³ are cases to this point. Furthermore, the fact that both corporations were even legally litigated further highlights their visibility. I believe it is safe to assume, that these activities combined with the fear of further targeting, has had an effect on the choices of policies and business conduct in their operations in Myanmar.

⁶² Earth Rights International Official Webpage. Link: <http://www.earthrights.org/campaigns/background-yadana-pipeline>

⁶³ UK Burma Campaign Official Webpage. Link: <http://burmacampaign.org.uk/totally-immoral-day-of-action-against-total-oil-over-burma-links/>

Wolf et.al (2007) furthermore mentions that concerning company form, we can distinguish between family-owned companies and those listed on the stock exchange. They argue, that because ownership is more visible and personalized in family-owned corporations, it should increase the likelihood of CSecR activities. Neither Total nor Unocal/Chevron are family-owned, but are both listed on the stock exchange, but nonetheless exercise a wide array of activities that are relevant to peace and security in Myanmar. While I do not completely disregard the point made by Wolf et.al. (2007), I do believe that they neglect certain aspects of the contemporary global economy. In particular, they neglect the fact that shareholders (like consumers in general) and investment firms are becoming increasingly politicized, which means that they increasingly shy away from investing in companies that they perceive to be irresponsible, and existing shareholders increasingly sell shares if a scandal emerges. This means that corporations listed on the stock exchange can actually very easily and quickly be tangibly hurt if a scandal emerges as it affects the shareholder wealth negatively (Frooman 1997). I will therefore postulate that publicly listed companies are, if not more than at least to same degree, likely to engage in CSecR activities.

While Total and Unocal/Chevron contain the same characteristics regarding size and form, there is a notable difference between the two corporations' structures. As Wolf et.al. (2007) puts forth, the existence of a company code of ethics and/or of interfaces between corporations and their social environment, can be assumed to enhance the receptiveness of the corporation to public expectations, and thereby increasing the likelihood of CSecR activities. Therefore, while Unocal/Chevron has a comprehensive Corporate Code of Conduct, the fact that Total is also UNGC member and adopted their Code of Conduct into the Myanmar context and regularly updates this context-specific code of conduct in response to experiences on the ground, should further enhance the receptiveness of the corporation to local expectations and concerns. This is validated by the fact that the VCC was established to ensure dialogue with the local communities. Total also regularly consult with employees of the socio-economic program (doctors, veterinarians, agriculturalists and communication officers) who live in the villages and thus acts as intermediaries between Total and the local environment. How this Code of Conduct and interfaces have resulted in CSecR activities is exemplified by how Total reacted when it became known to them that the military were using forced labor in the region. Also, the

grievance mechanism system and the fact that the socio-economic programme is tailored to meet the specific needs of the people living in the region, provides evidence to the conjecture set forth by Wolf et.al. (2007). Total E&P Myanmar also has its own website, which provides extensive information concerning its operations in Myanmar. Noteworthy, is the fact Chevron only has a few press releases that describe their investment. According to ERI, Unocal had a website like Total before the take-over, but this was shut down after Chevron acquired the company in 2005⁶⁴. That Total might be more receptive to public expectations is also validated by the Business for Human Rights Response Rate, which gives Total a score of 87%⁶⁵, while Chevron scores 79%⁶⁶.

6.1.2. Conjectures about Product (ion) Characteristics

The most notable characteristic of oil and gas is arguably the way it is produced. It is an industry where there exist a particularly long-term relationship between production cycle and return on investment, and significant high sunk costs if a corporation chooses to withdraw.

This is arguably one of the mayor reasons why neither Total nor Unocal/Chevron chose to withdraw in spite of immense criticism of its operations. The fact that the Yadana pipeline was being associated with the increase of instability and conflict in the region, have arguably increased the incentive for the corporations to make CSecR contributions. Especially after a truck carrying a team of Total associates was ambushed in March 1995 leaving five people killed and 11 injured. This made Total aware of their vulnerability and the need to be proactive in order to avoid future attacks. No one claimed responsibility for the attack, but a group of Karen guerillas are thought to have been behind it⁶⁷. This situation confirms that CSecR activities are likely to happen, the higher the sunk costs and close proximity of core business facilities and resources to conflict (Wolf et.al. 2007).

⁶⁴ Earth Rights International Official Webpage. Link: <http://www.earthrights.org/campaigns/yadana-pipeline>

⁶⁵ Business and Human Rights Resource Center Official Webpage. Link: <http://business-humanrights.org/en/total>

⁶⁶ Business and Human Rights Resource Center Official Webpage. Link: <http://business-humanrights.org/en/chevron>

⁶⁷ Total E&P Myanmar Official Webpage. Link: <http://burma.total.com/myanmar-en/faq/did-the-army-commit-human-rights-violations-when-ensuring-the-security-of-the-construction-project-and-the-facilities-200233.html>

6.1.3. Conjectures about the Political, Social and Market Environment of Business in Home and Host State

Wolf et.al. (2007) mentions Myanmar as an example of a country with a ‘war economy’ and assert that in circumstances, where corporations operate within a strong repressive host state environment, differs from circumstances in ‘weak’ or ‘failed’ states scenarios (Wolf et.al.2007:308). In these situations, corporations face the dilemma of collaboration and becoming an accomplice to the regime, or to withdraw or to work against the regime. As Wolf et.al. (2007) states:

“A strong civil society can address a company’s reputation and consumer loyalty as a ‘key corporate asset’, and can put ‘accomplices’ under the massive public pressure if their conduct violates shared notions of basic social and human rights as well as environmental standards” (Wolf et.al. 2007:308).

What is interesting however about this assertion, is that it implicitly tells us that public pressure should guide corporations away from being ‘accomplices’, which basically means that corporations, when faced with immense public pressure, typically either withdraws or works against the regime. However, what the case of Total and Unocal/Chevron in Myanmar shows is that this course of action is not always so clear-cut. During the late 1990s and 2000s, Total and Unocal/Chevron was under immense public pressure to withdraw from Myanmar, especially from civil society organizations, which were accusing Total and Unocal/Chevron of directly fuelling/causing the conflict by financially supporting the repressive regime and exploiting the local communities through human rights violations. In spite of this, Total and Unocal/Chevron did not withdraw, and there is nothing to suggest that either of them engaged in any activities that directly worked against the regime. In fact, if this were the case they would both have been in clear violation of own policies, as both Totals and Unocal/Chevrons code of conduct states that they must always remain apolitical in their host countries.

But this doesn’t mean that, Total and Unocal/Chevron remained completely passive, as the analysis illustrates. This is why I believe that the theory of CSecR as prescribed by Wolf et. al. (2007) lacks some further clarifications of what is actually meant by ‘being an accomplice’ and ‘working against the regime’, as the case of Total and

Unocal/Chevrans' engagement in Myanmar tells me that there could be a middle ground between these two extremes.

6.1.4. Conjectures about Conflict Characteristics

As Wolf et.al. (2007) argues, private contribution to public security would arguably vary with the conflict issue, phase and intensity. In this particular region of Myanmar, the tensions are primarily the result of decades of violent political oppression of the ethnic minorities residing in the region combined with a severe lack of benefit sharing of the revenues. While issues such as ethnicity and religion often appear too complex and insoluble for corporations, issues related to greed and grievances is arguably an area where corporations can have some leverage (Wolf et.al. 2007). That CSecR activities are more likely to happen when economic issues dominate the conflicts seems to correlate in this case. Hence, the primary objective of for example the socio-economic programme is to alleviate the social divide caused by the lack of benefit sharing and thereby meeting the desire of ethnic minority groups for more control over and benefit from natural resource extraction, which has been a major source of grievances and key drivers to conflict.

With regard to phase and intensity, most of the non-state armed groups have ceasefire agreements with the government which means that this particular area in Myanmar is relatively peaceful at present time, especially compared to regions in northern parts of the country, as well as in Rakhine state where there is intense inter-communal violence between the military, local police and the Buddhist majority against the Muslim minority group. This correspondents with the conjecture set forth by Wolf et.al (2007), that the likelihood of proactive engagement is highest in manifest conflicts or in post-conflict phases, because they can have direct and immediate benefits for the corporations. The previously mentioned example where a truck of Total associates were attacked and some of them even killed, also clearly highlights why Total would have an interest in contributing to a more stable environment.

6.2. Sub-set

While most of the conjectures set forth by Wolf et.al. (2007) are validated in the findings of my analysis of Total and Unocal/Chevrans engagement in Myanmar, it is also apparent that some might need further investigation.

First of all, while neither of the corporations are family-owned, they nonetheless exert a wide range of activities that are relevant peace and security. Therefore, I postulated that corporations listed on the stock exchange might be just as likely to make CSecR activities. Secondly, Wolf et.al. (2007) postulates that in repressive host-state environments, corporations face the dilemma of collaboration and becoming an accomplice to the regime, or to withdraw or to work against the regime. I will however argue, that there could be some middle-way between being an accomplice and working against the regime, which may challenge the hypothesis that there should be a difference between operating in a ‘failed’ state scenario and that of a repressive regime. This will be discussed in greater detail in the succeeding chapter.

7.0. Corporate Contributions to Peace and Security as a Public Good in Myanmar

Introduction

Based on the findings of my analysis of Total and Unocal/Chevron's corporate governance contributions to peace and security in Myanmar, and the elements pointed out in the previous discussion on the applicability of the CSecR literature, I will now more broadly discuss the possible limitations and potential of corporations to positively contribute in the provision of security as a public good in Myanmar.

7.1. Limitations of Corporate Governance Contributions

Total and Unocal/Chevron makes several corporate governance contributions to peace and security in Myanmar. At the micro-level they have constructed a socio-economic programme that has a profound positive effect in the local communities (CDA 2011). The issues covered in the programme are indirectly linked to peace and security as it addresses some of the root causes to conflicts in the region, i.e. poor health, poverty and lack of education. Furthermore, to ensure a constructive engagement with local communities, the Yadana consortium created VCCs which functions as a contact point between the communities and the pipeline project. This means that the socio-economic programme is aligned with the locals' needs and wishes, and furthermore enables the pipeline project to quickly mitigate any grievances as they may arise. These grievances might be consequences of the pipeline project, actions of its employees, business partners or security personnel, but also of abuses from the public security officers in the area. This grievance mechanism system was formalized in 2010, and is an indirect contribution to peace and security as it proactively mitigates grievances, thus promoting the rule of law and human rights, and avoiding the grievances to escalate into violent conflict.

While the value of these micro-level contributions should not be downplayed, I will critically discuss them in regards to how they can further our understanding on the role of corporations in the provision of security as *a public good*. For the purpose of this paper, considerations of the corporations' incentive to contribute to peace and

security have not been covered. However, it deserves some comments. While some might argue that because the Myanmar government is entrenched by a military, which still to this day brutally oppress minorities and political opposition groups, and is clearly unable to provide security for its citizens, it might be more beneficial to delegate this task into the hands of responsible corporations, perhaps though in collaboration with civil society organizations. While we can conclude that Total and Unocal/Chevron contributes to peace and security in Myanmar in many ways, their motives behind this is arguably just as much for self-sustaining purposes as it is in the interest of the communities. If the impacts of corporate contributions to peace and security are limited to the immediate sphere of the corporations operations, what happens to the areas outside of its reach? It was noted in the findings from the CDA report (2011) that there is a clear difference between inside versus outside of the Yadana pipelines sphere. As Blowfield and Frynas (2005) point out, if consideration of a social, economic or environmental issue depends on there being a business case for such consideration, what happens to those issues where that case cannot be made? This kind of perspective is important to consider with regard to security as well. If we neglect that corporations provide peace and security in part because of their self-preserving interests, we might overlook critical aspects. Most importantly, if the society becomes dependent on corporation's willingness to provide security, what happens in areas where there are no corporations willing to do so? And what would happen if the corporation left? At the present time, I believe it is safe to assume that the quality of life in the Yadana pipeline region would substantially deteriorate if the consortium, and arguably especially if Total, decided to leave Myanmar. In other words, if hypothetically Total withdrew from Myanmar, the '*protective shield*' (CDA 2011) would probably disappear. Maybe not overnight, but eventually it probably would, because the Myanmar public administration still lacks the necessary capacities. Consequently, it raises the question of how to create *sustainable peace and security* in Myanmar, which is probably unlikely to happen unless the state becomes able to provide it.

In this context it is also important to discuss the direct security governance contribution of Total, i.e. the training of public security officers. The VPSHR states that:

“Companies should communicate their policies regarding ethical conduct and human rights to public security providers, and express their desire that security be provided in a manner consistent with those policies by personnel with adequate and effective training”⁶⁸.

This contribution might have had a profound positive effect on reducing the level of violence, both within the pipeline area but perhaps also in the rest of the country, as these public officers often change location, and we could expect, if the training have been successful, that they bring their experiences with them to other areas of the country. However, it simultaneously also has a distinct limitation in contributing to *sustainable peace and security* as a *public good*. Mads Holst Jensen (2015.21:01) explains that even though Total has made these contributions, it should be noted that it is not always that corporations should do this. He further explains:

“It is often necessary and it is also something we (DIHR) recommend. Generally, it is in line with the fact that corporations are often stronger in every way than their host governments, and therefore takes over some of the government’s duties. This is something that we, as a human rights organization, strongly oppose because it is the state’s duty to “Respect, Protect and Fulfill”⁶⁹, and it is extremely important that states own up to their responsibility. Sometimes big extractive corporations takes over the role of the government, and then when they leave a huge vacuum emerges, because the states have basically been phased out” (Holst 2015. 20:15).

Therefore it is important, that corporations don’t take over the governments responsibilities, but constructively collaborate with the authorities in order to make sure that their capacity to take care of its citizens are strengthened. Mads Holst Jensen (2015) further explain:

“If corporations are witness to something, or are the cause of something, then they should contact the appropriate level within the local authorities, and take a dialogue with regards to how to mitigate the issues and how to avoid these issues from happening again. Total has on-going dialogue with the different levels of Myanmar’s security and military administration, but sadly this is far

⁶⁸ Voluntary Principles on Business and Human Rights Official Webpage. Link: <http://www.voluntaryprinciples.org/what-are-the-voluntary-principles/>
⁶⁹ Reference to UN Guiding Principles.

from enough. And that's why; they in their day-to-day operations handle the issues at the local level". (Holst 2015. 35:30).

We could therefore expect that corporations are more likely to contribute to security as a public good in Myanmar through constructive collaboration and engagement with the Myanmar government than by *working against it*. This argument somewhat challenges the conception of Wolf et.al. (2007) with regard to operating within a repressive host-state environment, and it is perhaps controversial but arguably also extremely important in order to ensure that corporate contributions to peace and security are sustainable and benefits all Myanmar citizens. The controversial nature of the statement is founded in the illegitimate nature of the Myanmar government. Indeed, how could anything good come out of collaborating with a deeply corrupt and ruthless regime that has brutally oppressed its citizens for decades, and continues this practice to this day despite democratic reforms?

However, while Myanmar might be perceived as a *strong* repressive regime, many of the problems that the country is facing are actually rather signs of weaknesses. As previously argued, the main reason why the country is experiencing conflicts is a result of the countries' weak governance structures. In fact, any country that experiences intra-state violence could arguably be defined as a failing state, as it is nonetheless the responsibility of the state to ensure the security and well-being of its citizens. Therefore, working against an already weak government, although it is repressive, would properly not be very helpful in the long-term development of security as a public good. As Mette Holm (2015) argues:

"What Myanmar needs is to get a proper legal system, and maintain it... Companies should support this, and not work against it" (Holm 2015. 28:50, 45.10).

Therefore, I will argue that while corporations should refrain from doing actual harm in being accomplices to the repressive behaviors of the government and the Tatmadaw in Myanmar, they should not work against the government, but rather try to be a positive influence through collaboration and constructive engagement with the government and the military. It also corresponds to the fact, that we should expect the success of governance outcomes to increase, if the relationships among governors are cooperative (Avant et.al. 2010).

Mette Holm (2015) also uses the example of infrastructure to illustrate why it is crucial to strengthen the government's capacities, which shows that it is not only with regard to security and human rights that the Myanmar government has a responsibility. It also needs to become capable of ensuring health, education, economic development and infrastructure for its citizens. Mette Holm (2015) explains:

“Most of the infrastructure in the eastern borderlands is constructed by Chinese and Thai-based corporations, which have simply constructed it where it benefitted them... Off course private corporations should be consulted, but the decision-making power needs to be with the government, in order to ensure that Myanmar benefits from the infrastructure... the government needs to acquire the capacities and the expertise needed to ensure this... The control needs to come back to the government, and away from the hands of corporations.” (Holm 2015.12:30;25:20).’

7.2. Corporations as Democratizing Agents

While the immediate ability of Total and Unocal/Chevron engagement to produce public security might be limited, there is however indications that it might have had a powerful indirect effect at the macro-level. In an interview conducted by the CDA (2011) with a senior MOGE official, the person stated that:

“Yadana and Yetagun”⁷⁰ projects have helped me realize the importance of socio-eco. Before that I wasn’t aware of its importance. We are now telling other companies that they need to do at least as much as Yadana.” (CDA 2011).

The CDA report (2011) also noted that several government officials stated that the Yadana project has helped them recognize the importance of social and economic community issues, and they cited Yadana's work as the model for socio-economic standards by which they now require other companies to apply. Already, the government applies to new projects the same local content requirements that Yadana

⁷⁰ The Yetagun project is operated by Petronas. It is linked with the onshore Yadana pipeline which transport the gas to Thailand.

has instituted and Yadana's socio-economic program is being used by the government as a model for the Dawei deep sea port (CDA 2011).

Back in 2005, years before the reform process began, Ian Holliday (2005) argued that if corporations were to adopt a principle-based strategy of engagement...

“... the military junta would not be overthrown in the short and medium terms, it could even reinforce it's position. In the long run, however, collaborative, principled MNC engagement could be expected to have a catalytic and channeling effect on political development, eventually guiding it in a reformist direction.” (Holliday 2005:339).

Therefore, I will argue that Total and Unocal/Chevron might have contributed to the reform process by de facto functioning as 'democratizing agents'. I am not arguing that the engagement of Total and Unocal/Chevron was what eventually lead to the reform process, but their engagement might have had an indirect role, as they have been *'drawn into playing public roles to compensate for government gaps and governance failures at the global and national level'* (Ruggie 2004:30).

It is important to remember that governance and changes in governance structures is not something that just happens; governance implies agency (Avant et.al.2010). The global governance initiatives covered in this study are different in many ways, but also share some fundamental common features. First of all, they are all based on a multi-stakeholder structure, which means that governments, corporations and civil society organizations effectively collaborate to achieve certain governance goals. Furthermore, they are embedded in certain liberal democratic norms, such as participation, transparency, accountability and human rights. Guáqueta (2013) argues that corporations have been socialized into democratic norms and into routines where by agenda-setting, rule-setting and problem-solving are done through participatory dynamics that require an important level of transparency, as open accountability mechanisms, as opposed to intra-industry audits, brings legitimacy.

Furthermore, the fixation on the 'global' dimension of global governance has masked the fact that many of the rules and norms that are being created by global actors in global spaces are implemented locally (Guáqueta 2013; Avant et.al. 2010). Thus, the case of Total and Unocal/Chevrons engagement in Myanmar, illustrates how their social embeddedness in democratic norms at the global level, have made them de

facto ‘democratizing agents’ in Myanmar, by locally implementing policies that is entrenched in democratic norms and processes (such as participation, transparency, accountability and human rights). Such norms were completely absent within the Myanmar institutions and political elite due to decades of military dictatorship and illegalization of civil society organization. Therefore, for example when Total and Unocal/Chevron became confronted with the human rights abuses in the pipeline region, it became necessary for them to acquire a political role, and transfer their norms of human rights onto the public security forces and the government.

“In line with its principles and corporate social responsibility commitment, Total elected from the outset to pursue critical dialogue with the authorities in order to help improve the situation in Myanmar”⁷¹.

This statement, clearly illustrate that Total has assumed a political role, at least to some degree, in Myanmar, and that they have been actively promoting democratic norms and processes in Myanmar. Also with regards to transparency and accountability, has Total lobbied the Myanmar authorities to comply with these norms. In a press release in 2010, four years before Myanmar became an EITI Candidate Country, Total stated:

“Total is doing its best efforts to convince host countries to join the EITI, including the Burmese authorities”⁷².

Generally, it is difficult to make anyone do anything voluntarily, if there is no conception of how they might benefit from it. The sanctions imposed by the EU and the US had little effect on pressuring the government to change its ways, as Asian corporations continued to operate in Myanmar. Thus there was little incentive for the Myanmar government to initiate a reform process, especially since many of the individuals within the public administration profited from the lack of transparency and accountability. Indeed, it seems that the only real effect the sanctions have made, was to hurt the people they were trying to help even further (Holliday 2005). Mette Holm (2015) argues:

⁷¹ Total E&P Myanmar Official Webpage. Link: <http://burma.total.com/live-from-yadana-200199.html&idactu=59>

⁷² Total, 21st May 2010. “Total response to “A Call for Total, Chevron, and PTTEP to Practice revenue Transparency in Burma (Myanmar)”. Available through the Business and Human Rights Center Webpage. Link: <http://business-humanrights.org/en/call-for-oil-companies-to-practice-revenue-transparency-in-burma-company-responses-0>

“The sanctions were counterproductive, because the only effect they had was that organizations such as the UN, World Bank and the IMF were excluded from Myanmar. Furthermore, it had the effect that irresponsible businesses from for example China and Thailand had free rein... The process of democratization has been necessary in order to attract these institutions.”
(Mette Holm 2015:1.29.50)

Although the international community condemned the regime, invoked sanctions and advocated reforms, the current reform process is largely attributed to the fact that less-hard-liners within the Myanmar government realized that its political economy was becoming too entwined with big Chinese state-owned corporations mainly in the extractive sector, which deprived Myanmar of its natural resources and brought little benefits to the development of the country. Irene Qvist Mortensen (2015) explained:

“The government wanted to diminish the Chinese strong-hold, and open for western corporations and the standards of CSR that they bring with them”
(Mortensen 2015.12:30).

Therefore, the Myanmar government increasingly acknowledged the need to attract the international development institutions and western corporations, which depended on democratic reforms. I will argue that through their critical dialogue with the government and by indirectly demonstrating the benefits of socially responsible business behavior, Total and Unocal/Chevron might have had some leverage on the Myanmar authorities, which indirectly contributed to the reform process. Irene Qvist Mortensen (2015) argued in a response concerning her thoughts on global governance initiatives:

“This is especially where corporations can contribute to the democratic development of the country. To incorporate all of these initiatives; to set the agenda of CSR; and spread a better understand of how we can be better at contributing to a sustainable development.... The best way to promote democracy in Myanmar, is to do business in a proper manner. To show that there is another way of doing business. (Mortensen 2015. 11:45,19:42).

At the ILO's International Labour Conference in Geneva Switzerland on June 14th 2012, Myanmar Member of Parliament and Nobel Peace Prize Laureate Aung San Suu Kyi called on foreign investors and governments to support the changes moving Myanmar towards democratization. During the conference, she furthermore stated that:

"I have to say that I find that Total is a responsible investor in the country, even though there was a time when we did not think they should be encouraging the military regime by investing in Burma.... They were sensitive to human rights and environmental issues and now that we've come to a point in time when we would like investors who are sensitive to such issues, I am certainly not going to persuade Chevron or Total to pull out."⁷³

It is also important to remember that corporations are not passive bystanders in the formations of these global governance initiatives or the norms that underpin them. In other words, they are co-governors together with governments, international organization, civil society organizations and other actors in the global governance landscape (Avant et.al. 2010). In Appendix 3, I have constructed a timeline that provides an interesting illustrative picture of the dynamical processes, starting from when Total and Unocal/Chevron first started operations in Myanmar to the present day. However, arguably a more in-depth analysis is required to properly assess how Total and Unocal/Chevron might have affected governance outcomes and what the impact has been at the level of violence in the region.

Returning to the issue of security as a public good, it is important to clarify why democracy is particularly relevant in order to create a sustainable level of peace and security in Myanmar. As Mette Holm (2015) argues:

"A big part of the problem with the non-state armed groups are off course poverty. The development, i.e. economic growth, education etc., needs to reach these outer areas. That being said, the main problem regarding the civil wars is the fact that the promises made under the Panglong conference was

⁷³ Reuters News Agency (Thursday 14th June 2012). Article by Stephanie Nebehay and Tom Miles. Link: <http://www.reuters.com/article/2012/06/14/us-myanmar-swiss-suukyi-idUSBRE85C1NA20120614>

never fulfilled... Peace requires that the non-state armed groups are converted into political parties, in order for disputes to be solved through dialogue, and not violence (Holm 2015. 1:03:30).

Proper institutionalized democratic structures are thus essential in creating sustainable peace and security in Myanmar. First of all, it strengthens transparency and accountability. A transparent system means that corruption is weakened, and it provides the Myanmar population with the leverage to demand a fair sharing of benefits. Setting aside the atrocities in Rakhine state against the Muslim minorities, democracy is perhaps also the only way to ensure peace in the borderlands where fighting still continues in some areas between the non-state armed groups and the Tatmadaw. The non-state armed groups demand a political settlement that allows them to retain arms and have a federalist system (Kyed & Graver 2014), which ultimately depends on the granting of political status to the non-state armed groups (Hiebert & Nguyen 2014). However, this process is crippled by the fact that the electoral system in Myanmar is a First-Past-The-Post system instead of proportional representation, meaning that the smaller parties are struggling to have real influence, and the fact that the military does not endorse a federalist structure. Whether this, together with a constitutional reform giving the military less influence in the political system, will be changed after the upcoming election later this year, is therefore of outmost importance in order to create sustainable peace and security in Myanmar.

8.0. Conclusion

To answer my research question on how private corporations can positively contribute in the provision of security as a public good in Myanmar, I have empirically investigated the policies and actions of Total and Unocal/Chevron in the Yadana pipeline project. Through this empirical investigation, I was able to deduct some key findings.

Corporate governance contributions, such as a socio-economic programme or a grievance mechanism system, might have an immediate effectiveness in reducing the level of violence, as some of the root causes to conflict are alleviated. However, they have clear limitations in contributing to security as a public good, as the sphere of influence is conscribed to a specific area. In other words, the provided security is only applicable within the region in which the corporation is able to provide it, and thus also becomes dependent on the corporation's willingness to provide it. This dilemma also became evident in discussing direct security contributions, by for example training public security officers. While such contributions have the potential of reducing the level of violence in other areas of Myanmar as well, it becomes problematic if corporations assumes this role altogether. Therefore, I will argue that corporation's ability to contribute to peace and security as a public good in Myanmar highly depends on a cooperative and constructive engagement with the public authorities. The Myanmar government is not well-equipped to undertake the major challenges that lies ahead but western corporations can play a vital role in supporting the government's implementation efforts of global governance initiatives such as the EITI, the Myanmar UNGC Local Network and a Myanmar UNGP National Action Plan. This means that corporations can function as de facto 'democratizing agents' in Myanmar, by locally implementing and raising awareness of policies that is entrenched in democratic norms and processes, such as participation, transparency, accountability and human rights. While such an engagement may be problematic because corporations risk being viewed as accomplices to a government, that despite recent reforms haven't become free from a military that continues to brutally oppress its citizens, it is however arguably of outmost importance to build a democratic and sound legal system in Myanmar to ensure a sustainable level of peace and security in Myanmar in the years to come.

9.0. Further Research

Given the selection bias in the literature on the role of business in conflict zones, which have primarily focused on corporations' contributing role in causing or prolonging conflicts, the objective of this study has been to make a constructive addition to the growing literature that tries to conceptualize how corporations can proactively engage in the provision of security as a public good

To further our understanding of how and under which circumstances corporations can positively contribute to peace and security in Myanmar, I will recommend that future research include 1) *comparative research* and 2) *longitudinal research*.

With regard to *comparative research*, interesting findings could be discovered through a more thorough comparative analysis of corporate engagement in governance contributions to security in Myanmar. The inclusion of both Total and Unocal/Chevron in my analysis, allowed me to identify some differences in their policies and actions, which arguably indicate that differences exist in the corporation's underlying motivations to contribute to security governance. Given that the *conflict*, *product(ion)* and *the societal and political environment of the host state characteristics* were the same in this particular case, it seems that there are variables with regards to *actors characteristics* and/or the *societal and political environment of the home state* which have not been covered in this study. For example, what is the role of company culture? What is the role of home state culture? What about management? These questions and arguably many more needs further investigation, which suggest a need of crossing the borders of academic disciplines. While sociological and anthropological disciplines might be best suited to investigate questions concerning cultural embeddedness, management and business disciplines might be better suited to investigate the role of management (Deitelhoff & Wolf 2010).

Given that the recent bidding rounds for offshore and onshore oil blocks have recently been finalized, it would be intriguing to analyze how these corporations will address issues of security governance in Myanmar. Do they have individual and/or collective policies that address issues relevant to peace and security? If so, how is this translated into outcomes and activities? In Appendix 3, I have sketched out which of the 'bid-winners' have subscribed to the governance initiatives covered in this study. A

comparative analysis of these corporations could uncover some of these unanswered questions. While it is primarily the major oil corporations (i.e. Total, BG, Shell, Unocal/Chevron, Statoil) that have committed themselves to the global initiatives, only an in-depth comparative analysis will discover if for example size, form or structure really matters? Or is it more a question of corporate/country culture and/or a manager dedicated to contributing positively? While there might be some time before actual production will commence, at the present stage it would be interesting to further investigate whether the Production Sharing Contracts will be transparent and open for public scrutiny, and whether the same requirements will be placed on all the operators, for example by opting the EITI disclosures of contracts, social expenditures and beneficial ownership opportunities or the UNGP on Responsible Contracting. Furthermore, it would also allow a more systematic comparison of corporate behavior in different regions of Myanmar with different conflict characteristics. Such a cross-regional analysis could also be done at the present moment by comparing the Yadana project with the Shwe Gas pipeline, which is operated by Korean Daewoo and runs from western Myanmar in the Bay of Bengal through Rakhine State and all the way up to the Yunnan Province in China.

There is also a need to do comparative studies across sectors. Although, corporations within the extractive sector are appealing cases of analysis due to the fact especially these industries are perceived particularly at risk of contributing or causing intra-state conflicts, it is important that future research avoids this selection bias and include other sectors as well. If the current development continues, Myanmar will most likely experience a sharp increase in production across sectors. Estimates predict that especially manufacturing will grow substantially (Appendix 4). While such an industry provides opportunities for the Myanmar population, as it is labor intensive, there are still major risks involved. It would therefore be interesting to analyze how the corporations deal with issues such as land grabbing and ethnicity. Especially in Rakhine state, where the ethnic tensions between Buddhist and Muslims seems to be getting worse, a strong corporate policy on diversity might have positive effects. On the other hand, if corporations do not consider such an issue, and hire primarily from one ethnic group, they could generate jealousy and ultimately exacerbate the conflicts.

In order to properly understand the dynamics and processes of security governance, it might be beneficial to conduct *longitudinal analyses*, which is currently absent in the

current state of research on CSecR. Longitudinal research, will allow us to assess the periodical changes of variables over time. The timeline in appendix in 2, should this not be regarded as a comprehensive longitudinal research, but it is included to further debate and inspiration for such research. Observations on how corporate and government behavior might change over time combined with changes in global codes of governance, might enable us to further our understanding on the dynamics of security governance and empirically demonstrate how corporations are increasingly becoming politicized. This is highly relevant to further evaluate how corporations might act as ‘democratizing agents’ in countries or regions with undeveloped democratic institutions and violent intra-state conflicts.

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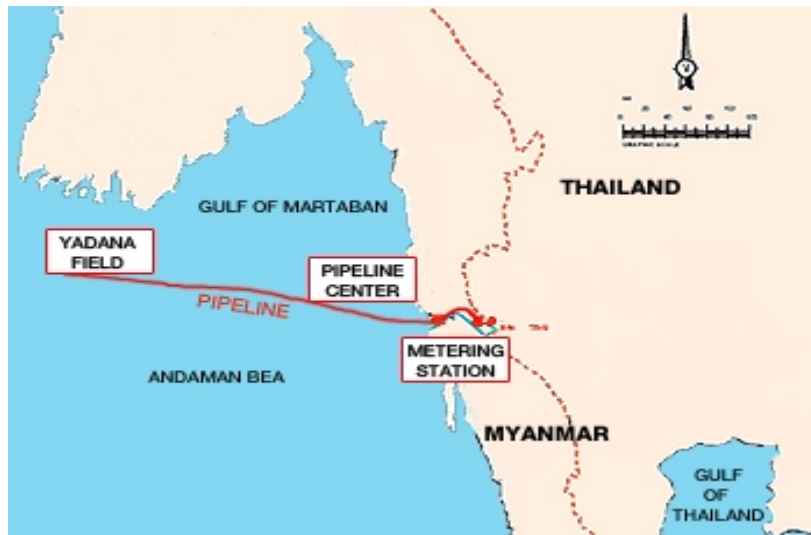
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Appendix

Appendix 1



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