

Locals from the village of Phayagyigon in Mandalay, Myanmar, fetch water from the new drinking water supply system funded and built within the framework of the Myanmar-China oil and gas pipeline project



Linked In

The benefits of the China-Myanmar oil and gas project go beyond the two countries

By Yu Lintao

Zayar Oo has never been to China and has little idea of what it is like there. Yet there is a tangible link connecting the 37-year-old villager from Myanmar and its northern neighbor. It's the China-Myanmar crude oil pipeline.

The pipeline, running from Made Island on the western coast of Myanmar to Ruili, a city in southwest China's Yunnan Province, is part of the China-Myanmar oil and gas project jointly built and operated by China National Petroleum Corp. (CNPC), China's largest oil and gas producer, and Myanmar Oil and Gas Enterprise.

Zayar Oo works as a special vehicle driver at the crude oil terminal on Made Island. "The project has not only given me a stable job

with a good income but also improved the lives of other villagers," he said.

Originally a farmer in Yangon, Zayar Oo decided to settle on the island after marrying a local girl. "When I first arrived here eight years ago, it was barren and there was no electricity, motorable roads or clean drinking water. People here mainly lived on farming and fishing," he told *Beijing Review*. "Now almost everything has changed. Since the pipeline project started, we have roads, tap water, electricity, schools and clinics."

As the father of two young girls, Zayar Oo is happy that they now have access to better education. In the past, islanders could go little beyond basic literacy but things are changing with two more schools on the is-

land built with the assistance of the pipeline developers.

Widening horizons

U Hla Tun, who also lives on the island, described how the project has been expanding villagers' horizons. Without electricity, the island used to be cut off from the rest of the world. But now some families have TV sets and villagers have begun to learn more about the world.

"The pipeline developers have installed a power supply system and now we have electricity from 6 p.m. to 10 p.m.," the 55-year-old said. "We have been told we will have power 24/7 once the grid is connected with the power station in Kyaukpyu." Kyaukpyu

is a prominent town in Rakhine State in western Myanmar.

When the pipeline was to be developed, villagers had misgivings. Since their land was required for the project, they feared they would lose their source of livelihood. As a result, there were protests.

"We thought our land would be taken away without any compensation but that fear was unfounded," U Hla Tun said. "We were paid compensation. For my plot, which was nearly 8,000 square meters, I was paid 30 million kyat (around \$38,000 in 2010). It is not a small amount of money for us. I can support my family with the interest on the amount. Besides, I still have some more land to grow fruits and rice."

Myanmar is among the most impoverished countries in the world. According to UNDP data, the annual per-capita income is around \$702, but the real income of people in remote areas, such as Made Island, is much lower.

While some villagers lost part or all of their land, some found jobs in the pipeline project. Hla Win, the local grocer, described how someone he knew used the compensation money to start a small business.

According to Han Jianqiang, Director of the Made Island oil terminal, of their 500 employees, more than 300 are locals while around 50 are from the island. In the whole construction process, more than 1,000 local villagers were employed—almost one-third of the island's population.

"Besides paying compensation, improving local infrastructure and offering jobs, we have also provided farming training to increase villagers' income," Han said. "Gradually, they realized that rather than creating an adverse impact, the project actually benefited them."

According to Han, the protests were orchestrated by some organizations in the name of environmental protection rather than by the villagers. Hla Win said some ditches have been dug on the island to lay the pipeline but they have noticed no damage to the environment.

Besides the oil pipeline, there is also a gas pipeline and the project staff patrols them to check for subsidence. "Most villagers continue their normal farming and fishing lifestyles," Han said.

He sees the project as bringing in considerable direct economic benefits. These include tax revenue, investment dividends, road tolls and transit fees. For instance, according to data from CNPC, Myanmar earns \$13.81 million from road tolls as well as \$1 per ton of crude oil transported each year.

The project employed 6,000 local workers

at its peak. Today, more than 800 local staff are still employed. Also, 58 Myanmar college graduates were sponsored to study construction and operations in China, and two were funded for post-graduate studies. By the end of March 2017, the project had invested \$23 million to build and restore 72 schools, nearly 30 hospitals and clinics, water and power supply systems and two telephone signal stations.

Collaborating and sharing

The China-Myanmar crude oil pipeline has an annual transmission capacity of 22 million tons. On April 10, the 140,000-metric-ton oil tanker Suezmax began offloading crude oil at the Made Island oil port and into the pipeline. Once the pipeline becomes fully operational, Myanmar can get 2 million tons of crude oil annually through several offloading stations. Since it began operation in 2013, the parallel gas pipeline has transported more than 13.34 billion cubic meters of gas to China, while Myanmar has used 1.55 billion cubic meters, according to CNPC data.

Jiang Changliang, President of CNPC South-East Asia Pipeline (SEAP), said the two pipelines have provided China a strategic energy channel to guard against risks in maritime energy transport systems and also constituted an energy artery for Myanmar's economy.

"China's southwestern regions have long suffered from energy shortages. The pipelines guarantee the energy security of the region," Jiang said. "They also give China an option for energy transport besides the Strait of Malacca. For Myanmar, they constitute an important energy artery for its industrial development. Due to power shortages, many factories in Myanmar are often in a semi-idle state, which has hindered economic development."

According to Myanmar media reports, by 2016, the domestic installed power capacity was less than 6,000 megawatts. Among the over 10 million households, only around 34 percent had access to electricity.

Ting Win Aung, an interpreter residing in Yangon, said even residents in the former capital suffer from power shortages. "Every year from March to May, the hottest season in Yangon, power failures become frequent," he said. "Factories have to use generators."

Nyunt Maung Shein, Chairman of Myanmar Institute for Strategic and International Studies, said besides the pipeline project, transportation and other infrastructure also need foreign investment.

By December 2016, the number of China-

invested projects in Myanmar had reached 284.

Since 2012, China Three Gorges Corp., one of China's biggest hydropower companies, has engaged in power development in Myanmar. Its current projects are the Mong Ton Hydropower Project in upper Thanlwin and wind power projects in the Chin State, Rakhine State, Yangon Region and Ayeyarwaddy Region. The 126-megawatt Chaungtha wind farm in Ayeyarwaddy will begin commercial operation in 2019.

China National Transportation Equipment & Engineering Co. Ltd., a major transportation equipment exporter in China, is building two train and crate assembly factories in the capital, Naypyidaw, and Mandalay, respectively, to upgrade rail transportation in the country.

The Chinese Ambassador to Myanmar, Hong Liang, said China has been Myanmar's largest trading partner and foreign investor for years. As the Silk Road Economic Belt and 21st-Century Maritime Silk Road Initiative proposed by Chinese President Xi Jinping—to create more trade, infrastructure and cultural links between Asia, Europe and Africa—develops, more foreign investment will flow into Myanmar.

Benefits accrue

"The success of the oil and gas pipeline project lies in our principles of good faith, mutual benefit and common development," Jiang said. "Though the two pipelines connect only China and Myanmar physically, they involve many more countries and parties and benefit all."

The gas pipeline is invested in and operated by South-East Asia Gas Pipeline, a multinational venture established in Hong Kong in 2010 by six companies from four countries: Myanmar Oil and Gas Enterprise, China's CNPC SEAP, South Korea's Daewoo International Corp., Korea Gas Corp., and India's ONGC Caspian and GAIL Ltd.

The construction of the two pipelines involved more than 220 companies from Asia, Europe and North America.

"For instance, the environmental impact assessment of the project was conducted by German companies, a lot of the mechanical equipment is from the United States, and some Indian, Myanmar, Thai and Chinese companies are contractors for the construction. The success of the project should be attributed to the joint efforts of these companies," said Han, who is also assistant president of CNPC SEAP. ■



Scan QR code to visit *Beijing Review's* website
Comments to yushujun@bjreview.com