

Submission for the International Parliamentary Inquiry on Myanmar by Mekong Watch and Justice For Myanmar

1. **Mekong Watch** is a Japanese NGO working to address and prevent the negative environmental and social impacts of development in the Mekong Region including Myanmar. **Justice For Myanmar** is a covert group of activists dedicated to improving the lives of all the people of Myanmar, working to end the systemic causes of inequality, corruption, violence, war crimes, and crimes against humanity. Both Mekong Watch and Justice for Myanmar are deeply concerned about the business relationships that the Japanese government and companies have with the Myanmar military.

Japan's contribution to the Myanmar military's coup attempt

2. Japan has contributed to the Myanmar military's culture of impunity and effectively facilitated the military's attempted coup in February 2021 through the failure of the Japanese government and Japanese businesses to cut ties with the Myanmar military and its businesses, and to maintain business with the junta and its conglomerates after February 1. Continued business links to military conglomerates, combined with [high level engagement with Min Aung Hlaing](#) and the [training of military troops](#), have provided both financial resources and encouragement to the military leadership that enables them to continue their commission of atrocity crimes and avoid accountability.
3. In addition, as the biggest provider of Official Development Assistance (ODA) to Myanmar before the coup attempt, including ODA throughout the rule of the previous junta that ended in 2011, the Japanese government had significant leverage which it could have used to encourage democratic reform, respect for human rights and accountability for the Myanmar military's crime of genocide against the Rohingya. But the Japanese government failed to take responsibility and fully utilise this leverage, instead prioritising economic development in Myanmar and opportunities for Japanese corporations, including in partnership with military conglomerates. The following projects have provided revenue and lent legitimacy to the Myanmar military.

Y Complex Project

4. Fujita Corporation (a subsidiary of Daiwa House Industry), Tokyo Tatemono, and Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) are investors in the [Y Complex project](#), a mixed-use real estate development being built in Yangon on [land leased from the Office of the Quartermaster General](#), under a build-operate-transfer agreement. The state-owned Japan Bank for International Cooperation (JBIC) is co-financing the project. The Office of the Quartermaster General of the Myanmar Army is responsible for the purchase of arms for the Myanmar military and was sanctioned by the US, UK, and Canada in December 2021. [Annual lease payments](#) amount to US\$2.163 million, which are likely to fund the Myanmar military's international crimes and grave human

rights violations. Further, on completion of the lease, the Myanmar Army, through the Quartermaster General's Office, will receive the buildings, a lucrative asset that the Myanmar military will be able to use as a future source of revenue.

Kirin Holdings

5. Kirin has operated Myanmar's largest breweries, Myanmar Brewery and Mandalay Brewery, through a joint venture with military conglomerate Myanma Economic Holdings Limited (MEHL). MEHL has provided a significant source of revenue for the Myanmar military, including military units that have committed genocide, war crimes and crimes against humanity, and all of MEHL's shares are held and managed by current or former military officers, regiments, and units. In 2015, the Japan Bank for International Cooperation (JBIC) and private banks [provided financing](#) to Kirin for its partial acquisition of Myanmar Brewery Limited. It is questionable whether appropriate due diligence was conducted with regard to this lending. Under Kirin leadership, Myanmar Brewery [made a donation to the Myanmar military](#) to support "clearance operations" against the Rohingya in 2017.
6. After public pressure, Kirin [suspended dividend payments](#) to MEHL. Following the attempted military coup, Kirin [announced](#) that they will [end their business with MEHL](#), and on June 30, 2022, announced a share buyback that will put [MEHL in control of their Myanmar joint ventures](#) and provide an ongoing source of revenue for the Myanmar military. Kirin has not been transparent over its decision making and human rights due diligence regarding its divestment.

Yetagun Gas Project

7. Japan's government and corporations have been involved in the Yetagun gas field which began production in 2000. For years, the Yetagun project was operated by Petronas Carigali, with PTTEP, Japan's Nippon Oil Exploration (Myanmar), and the military-controlled Myanma Oil and Gas Enterprise (MOGE) as partners. Nippon Oil Exploration (Myanmar) in turn is jointly held by the Government of Japan through the Minister of Economy, Trade and Industry, JX Nippon Oil & Gas Exploration (subsidiary of ENEOS Holdings), and Mitsubishi Corporation.
8. In the late 1990s, in order to "secure" the pipeline corridor to transport gas to Thailand, [the Myanmar military was deployed along the pipeline route and subjected local ethnic communities to forced relocation, forced labor, looting, rape, and extrajudicial killings](#). The pipeline from the Yetagun field was laid along this route. In addition, revenues from gas production have generated significant income for the Myanmar military. [MOGE's own estimate](#) for revenue in the six months to March 2022 was US\$22.37 million. The estimate was provided in a report to the State Administration Council (SAC), on the request of Min Aung Hlaing, showing concern over the receipt of gas payments from the highest level of the junta.
9. In April and May 2022, Petronas Carigali, PTTEP, and Nippon Oil Exploration (Myanmar) expressed their intention to withdraw from the project. The illegitimate junta reportedly has [appointed Gulf Petroleum Myanmar \(GPM\)](#) as the new operator,

but the contract terms are unclear, including whether GPM will be working with any joint operators. The appointment provides the junta with a continuing source of revenue, and heightens environmental risks from the decommissioning of the gas field which is near depletion. Nippon Oil Exploration (Myanmar) and its investors did not clearly disclose their decision-making in relation to disengagement.

10. GPM is a private oil and gas company backed by the Thai tycoon Chatchai Yenbamroong. Yenbamroong is a politically exposed person with long standing business links to the Myanmar military and the Thaksin government in Thailand. GPM's business is structured through shell companies in tax haven jurisdictions including Bermuda and the British Virgin Islands. GPM has partnered with the Myanmar crony conglomerate, SMART Group of Companies, which was established under the former military junta.

Bago River Bridge Construction Project

11. In March 2014, Yokogawa Bridge Corporation, a wholly-owned subsidiary of Japanese Yokogawa Bridge Holdings Corporation, signed a Memorandum of Understanding (MoU) with the military conglomerate Myanmar Economic Corporation (MEC) on the Bago River Bridge Construction project, which is backed by Japan's ODA through JICA. MEC is [owned by Myanmar's Ministry of Defence and controlled by the Quartermaster General's Office](#). MEC is sanctioned by Canada, US and UK.

Telecommunications

12. Since 2014, Myanmar's state-owned telecommunications firm Myanma Posts and Telecommunications (MPT) has been running its telecommunications business under a joint operation agreement with KDDI Summit Global Myanmar (KSGM), a subsidiary of a Singapore-based joint venture of KDDI Group and Sumitomo Corporation. KDDI and Sumitomo pledged a USD 2 billion investment over ten years. MPT is now fully controlled by the illegitimate junta, which is able to use the revenues from the telecommunications business to fund its nationwide campaign of terror and to conduct surveillance.
13. In addition, in 2012 and 2015, the Japan International Cooperation Agency provided a grant and a loan respectively for improvement of communication networks in Myanmar. Sumitomo also has an agreement with the Multilateral Investment Guarantee Agency (MIGA), a member of World Bank Group, to provide a guarantee for its equity and shareholder loan investment in KSGM. On August 31, 2016, MIGA [issued](#) a guarantee of \$406.2 million.
14. The two JICA projects improved MPT's investment and network rollout, but the network supported by this assistance is now under control of the military which has imposed protracted internet shutdowns, especially in areas where armed conflict has escalated since the attempted coup, denying affected populations freedom of expression and access to information.

15. Further, it was [reported](#) that MPT complied with orders from Myanmar's illegitimate junta to install intercept technology at its data centers. Given the total absence of legal safeguards, there is a [serious concern](#) that the junta is using MPT's infrastructure to violate the right to privacy of its customers, especially given that the junta has made it clear that it will use every means to crack down on dissent. By providing a source of revenue and surveillance capabilities to the military junta, KDDI and Sumitomo Corporation are directly contributing to grave human rights violations, which are likely to include crimes against humanity.

Conclusion & Recommendations

16. Under the [OECD Guidelines for Multinational Enterprises](#) (OECD Guidelines) and the [United Nations Guiding Principles on Business and Human Rights](#) (UNGPs) – two global standards of responsible corporate conduct – companies whose products or services are directly linked to severe human rights impacts through a business relationship (for example, with a military junta) are expected to consider responsibly and immediately [disengaging](#). This responsibility is a global standard of expected conduct for all companies wherever they operate. This standard exists independently of the willingness of the Myanmar military to fulfil its own human rights obligations.

17. Under the UN Guiding Principles, states have a duty to prevent businesses domiciled in their territory from having a negative human rights impact in another jurisdiction. The Guiding Principles specify added responsibility for state-owned enterprises, which include JBIC and JOIN:

States should take additional steps to protect against human rights abuses by business enterprises that are owned or controlled by the State, or that receive substantial support and services from State agencies such as export credit agencies and official investment insurance or guarantee agencies, including, where appropriate, by requiring human rights due diligence (I.B.4).

18. Under the OECD Guidelines, member states, which includes Japan, are [recommended](#) to “actively promote the use of the Guidance by enterprises operating in or from their territories with the aim of ensuring that they observe internationally agreed standards of responsible business in order to prevent the adverse impacts of their activities”.

19. The Japanese businesses described here have either failed to disengage from their relationships that cause negative human rights impacts, or are disengaging irresponsibly, but not conducting meaningful stakeholder engagement and not remedying negative impacts. The conduct of Japanese businesses supporting the Myanmar military and contributing to grave violations not only breaches the human rights responsibilities of those businesses, but also the Japanese state as the regulator.

20. The Japanese government and Japanese companies must ensure revenues do not flow to the Myanmar military, that continued human rights and environmental impacts

are avoided, and that negative impacts are remediated, in line with the UNGP and OECD Guidelines.

21. Tokyo Tatemono, Fujita Corporation, and JOIN should withdraw from contractual obligations under which rent payments are made to the Office of the Quartermaster General.
22. JBIC must suspend its loan to the Y Complex Project.
23. Kirin must mitigate negative human rights impacts and exit in a way that prevents the military from earning future revenues from its breweries.
24. The Japanese investors in the Yetagun gas project must ensure that the gas field is responsibly closed and remediate any negative social and environmental impacts.
25. Yokogawa Bridge Corporation must suspend the Bago River Bridge Construction Project until they can ensure that the project can proceed without benefitting MEC.
26. KDDI Group and Sumitomo Corporation must withdraw from the joint operation agreement with MPT and cease all business activities with junta-controlled or any state-owned companies.
27. The Japanese government must impose targeted sanctions on the Myanmar military and its business interests, suspend all development assistance to the junta and support cross-border aid. Immediately stop military cooperation, including Japan's program to train Myanmar officers in Japan.
28. The Myanmar military junta is not the legitimate government of Myanmar and Japan must not recognise it as such, which would further embolden the junta to continue to commit international crimes.

Contact Information

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Appendices

- Y Complex Project

Mekong Watch, et al., "[Call for Engagement with Companies Involved in the Y Complex Project in Myanmar](#)" (May 24, 2022)

[Joint Submission Concerning Japanese Business Entities Operating in Myanmar](#)
(February 17, 2021)

Justice for Myanmar, "[Land Lease Payments Tie Japanese Gov and Investors to Myanmar's Military](#)" (March 24, 2021)

- Yetagun Gas Project

Justice for Myanmar, "[Petronas, PTTEP, ENEOS, Mitsubishi Corp & Japan Gov irresponsibly exiting Yetagun gas project](#)" (June 28, 2022)

Mekong Watch, et al., "[NGOs cautiously welcome ENEOS' withdrawal from Myanmar: call for responsible disengagement and decommissioning of Yetagun gas project](#)" (May 4, 2022)

- Bago River Bridge Construction Project

Human Rights Watch, "[Myanmar: Japan Construction Giant Should End Military Partnership Questions about Yokogawa Bridge Corp.'s Ties Since Coup Go Unanswered](#)" (February 9, 2022)

Human Rights Watch, "[Japan: Suspend Aid Benefitting Myanmar Junta Urgently Review All Non-Humanitarian Projects](#)" (April 27, 2021)

- Telecommunications

Frontier Myanmar, "[Junta steps up phone, internet surveillance – with help from MPT and Mytel](#)" (July 5, 2021)

Fanny Potkin and Poppy Mcpherson, "[How Myanmar's military moved in on the telecoms sector to spy on citizens](#)" (May 19, 2021)

- Japan's training of military officers

Human Rights Watch and Justice For Myanmar, "[Japan-Trained Officer Among Abusive Forces](#)" (May 23, 2022)