

# ***Chevron Lobbies to Head Off New Sanctions on Myanmar***

The oil company is arguing against efforts to restrict its involvement in a gas operation in Myanmar that provides funding for the junta there.



By **Kenneth P. Vogel** and **Lara Jakes**

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WASHINGTON — The Myanmar military’s coup and brutal crackdown on dissent have left it with few allies in the West. But one of the most sophisticated corporate lobbying operations in Washington has mobilized to head off intensifying pressure on the Biden administration to impose broad sanctions against the state-owned oil and gas company helping to finance the junta.

Chevron has dispatched lobbyists — including some former federal government officials, one of whom appears to have left the State Department just last month — to agencies including the State Department and key congressional offices to warn against any sanctions that might disrupt its operations in Myanmar, according to four people familiar with the lobbying.

The California-based oil and gas giant says sanctions could endanger the long-term viability of a big Myanmar gas field in which it is a partner, risk worsening a humanitarian crisis for people who rely on the operation for power and expose the company’s employees to criminal charges.

Chevron, the second-largest oil and gas producer in the United States, has a longstanding relationship with Myanmar Oil and Gas Enterprise, or MOGE, a state-owned company that is closely connected to the military generals who [seized power from elected leaders on Feb. 1](#). Since then, the military has killed an estimated 740 citizens of Myanmar and detained thousands more.

Influential Democrats, diplomats and human rights activists are increasingly pressing the administration to impose sanctions on the state-owned company, which a United Nations human rights investigator [told Congress last month](#) “is now effectively controlled by a murderous criminal enterprise.”

One of the military's largest sources of revenue, bankrolling up to 70 percent of its operations in years past, according to analysts, is a gas field known as Yadana. The field has been operated since the 1990s by the French energy company Total S.A. in partnership with a Thai-owned oil and gas company, Myanmar's state-owned company and Chevron.

This year, Myanmar Oil and Gas Enterprise is expected to collect at least \$536 million worth of gas and revenue from the operation of the Yadana field, according to estimates by EarthRights International, a nonprofit group that has [analyzed Myanmar's gas revenues](#) based on publicly available information.

Additionally, Chevron and its partners in the Yadana project pay taxes to the government in Naypyidaw to be able to operate in Myanmar — at least \$120 million in 2018, according to EarthRights, which supports the sanctions and which joined dozens of human rights organizations last month in [urging Chevron to withhold payments](#) to Myanmar's state-owned oil and gas company.

After taxes and other payments to the Myanmar government, Chevron has been netting annual profits of \$100 million to \$150 million from its stake in Yadana and a pipeline company that transports the gas from Myanmar to Thailand, experts at EarthRights estimated.

“This is a huge source of hassle-free cash that the regime gets right now,” said Marco Simons, the general counsel for EarthRights, who has tracked gas revenues in Myanmar for more than a decade.

In one of its first major foreign policy declarations, the Biden administration in early February [swiftly declared](#) the [military takeover](#) a coup d'état, prompting restrictions on American aid and setting in motion about a half-dozen rounds of sanctions so far against the [junta's leaders](#), [army units](#), and [gemstone companies](#) and other [state-owned financial enterprises](#).

The administration announced [additional sanctions on Wednesday](#) against Myanmar's state-owned timber and pearl industries, whose exports generate what a senior Treasury Department official called “significant funding” for the military.

Now President Biden and top officials at the State and Treasury Departments are facing mounting calls from congressional Democrats, the United Nations and human rights groups to levy sanctions that could restrict or cut off the ability of Chevron and other Western companies to continue doing business with Myanmar's state-owned energy company.

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State Department officials also would not discuss any prospective sanctions. A department statement said the Biden administration "will continue to use all available tools to make clear to the military that it will pay a serious price for its actions and must reverse course."

Last month, Secretary of State Antony J. Blinken, without naming names, [pressured private corporations](#) to rethink providing support for Myanmar's military after the coup.

"Some countries and some companies in various parts of the world have significant investments in enterprises that support the Burmese military," Mr. Blinken said in releasing the State Department's annual report on human rights abuses worldwide. "They should be looking at those investments and reconsidering them as a means of denying the military the financial support it needs to sustain itself against the will of the people."

Braden Reddall, a spokesman for Chevron, said in a statement that "we condemn the human rights abuses in Myanmar and we support the people of the country on their journey to a modern, peaceful and prosperous democracy."

Mr. Reddall said Chevron is "a nonoperating partner" in the Yadana field through an affiliate, which he said does not control direct payments to Myanmar Oil and Gas Enterprise, other than income taxes. "If we do not pay our taxes, we stand in breach of contract, which could put employees at undue risk of criminal charges," he said.

He suggested that there could be other negative side effects from sanctions for people in the region, including the disruption of energy supplies. Gas from Yadana accounts for about 8 percent of the electricity in Thailand and around half of all electricity in Myanmar's largest city, Yangon, Mr. Reddall said, adding that the energy "is crucial for homes, schools, hospitals" and communication.

Yadana, he said, is "a mature field that requires ongoing maintenance to maintain safety and future production." If the field were to be shut down for an extended period, he said, it "could adversely affect its future production potential."

Mr. Reddall said Chevron has not had any contact with the new military government and has "had no discussions with MOGE on the potential for sanctions." He declined to discuss Chevron's lobbying activities other than to say that the company "complies with all laws and regulations wherever we operate."

Chevron has long history of investing heavily in Washington influence.

Kelley Eckels Currie, a former top State Department official, said Chevron “lobbied very hard” to omit Myanmar’s state-owned oil and gas company from the last major push to clamp down on the country’s military, a [2007 bill](#) that targeted the country’s lucrative gem industry.

“Chevron was all over the Hill, the State Department and Treasury,” said Ms. Currie, who at the time was working for the under secretary of state for global affairs and democracy. The oil and gas sector was omitted from the bill as Chevron wished.

In the first three months of the year, Chevron spent \$2.17 million on lobbying, according to a [congressional disclosure](#) it filed on Tuesday. It listed several in-house lobbyists who previously worked in Congress and the executive branch, and indicated that the company lobbied the State Department, the National Security Council, the Commerce Department and Congress on “Myanmar energy and investment issues.”

The influential lobbying firm Mehlman Castagnetti Rosen & Thomas indicated in a [separate filing](#) that it was paid \$80,000 by Chevron partly to “monitor all sanctions affecting the oil and gas industry.” The firm did not respond to questions about whether that included Myanmar.

Chevron’s lobbying push has unsettled State Department officials in particular, according to two people familiar with the discussions.

Their irritation has been exacerbated in the last several weeks by one of Chevron’s lobbyists, Craig L. Hall, who indicated in an online biography that he retired from the department last month after two decades as a career diplomat, including working on policy for Southeast Asia. Three people familiar with his efforts said he has been reaching out to his former colleagues to discuss Myanmar.

The Biden administration has [established rules](#) to restrict corporations, lobbying firms and foreign countries from enlisting former government officials to influence their old colleagues — an example of the revolving door that [watchdogs denounce as monetizing public service](#) and giving too much clout to special interests. But Mr. Hall and the other Chevron lobbyists appear to be abiding by the letter of the rules, which cover only political appointees and certain high-ranking career officials.

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Image

Without naming names, Secretary of State Antony J. Blinken pressured private corporations to rethink providing support for Myanmar's military after the coup. Credit...Pool photo by Mandel Ngan

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Mr. Hall did not respond to messages sent through his Chevron email and LinkedIn account, and other attempts to contact him for comment were unsuccessful.

Chevron's lobbying against oil and gas sanctions is particularly notable because Myanmar's military government has little presence of its own in Washington.

The lone registered lobbyist for the new government is an enigmatic Montreal-based former arms dealer named Ari Ben-Menashe, who has registered to represent a number of authoritarian rulers.

He was [dismissed as a fabulist](#) in a congressional report in the 1990s, and the extent of his ties to the junta in Myanmar is unclear. But since [registering with the Justice Department](#) last month as a lobbyist for Myanmar's military government, he has been



credited with [helping to free an Associated Press reporter](#) imprisoned by the junta and with arranging access to Myanmar for other journalists.

Mr. Ben-Menashe said Chevron's lobbying against prospective sanctions aligns with the interests of the Myanmar government and its state-owned oil and gas company, which he said "are supporting Chevron and its efforts," though he declined to elaborate. (Mr. Reddall said that Chevron has had "no relationship" or contact with Mr. Ben-Menashe.)

He said payments from Chevron and other multinational oil producers are "pretty important" to the Myanmar government, "because they don't have that many revenue streams right now."

And Mr. Ben-Menashe suggested that sanctions against Myanmar's oil and gas company could compel it to seek out Chinese partners to replace Chevron and Total, driving Myanmar closer to China.

A growing number of civil society organizations have called for sanctions against Myanmar Oil and Gas Enterprise, as has Thomas H. Andrews, the United Nations envoy for human rights in Myanmar.

Mr. Andrews testified last month to a Senate Foreign Relations subcommittee that the Biden administration "must sanction" MOGE and other state-owned entities "to meaningfully degrade the junta's sources of revenue."

Senator Jeff Merkley, an Oregon Democrat who sits on the subcommittee to which Mr. Andrews testified, is planning to send a letter along with other senators to Mr. Blinken and Treasury Secretary Janet L. Yellen suggesting that if they do not penalize the company, Myanmar's military government will be able to withstand pressure from other sanctions.

In a statement to The New York Times, Mr. Merkley urged the administration "to cut off revenue" to MOGE and to instead require Chevron and the other oil and gas companies doing business in Myanmar to "pay revenue into a trust which can be held for a democratically elected Myanmar government or used for humanitarian purposes."

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