

Premier Finale

John Jackson recounts the demise and fall of Premier Oil. This Autumn the company finally bowed to pressure from BCUK to pull out of Burma, after operating in the country for 12 years.

Premier Oil was once a little known oil and gas exploration company. By the mid-90s it had succeeded in building a solid brand - based on the infamy of its partnership with Burma's brutal military junta. On 16th September this year, after a long and aggressive campaign by the Burma Campaign UK (BCUK), Premier finally decided to throw in the towel and pull out of Burma (see this summer's edition of Metta) Premier's two largest shareholders, Petronas and Amerada Hess, will strip the company of its Burmese and Indonesian assets respectively.

Premier was the first oil company to sign an off-shore gas exploration contract with Burma's military dictatorship in 1990. The joint venture was to extract gas from the Gulf of Martaban, and pump it through a pipeline across Burmese territory to Thailand.

BCUK's campaign highlighted the financial lifeline the project provided to the junta, the human rights abuses committed by pipeline security forces, and the calls by Burma's pro-democracy movement that the company should pull out of the country.

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Aung San Suu Kyi, leader of the National League for Democracy, said of the company's operation: "Premier Oil is not not only supporting this military government financially, it is also giving it moral support and it is doing a great disservice to the cause of democracy. It should be ashamed of itself."

The campaign gained further momentum when the UK government took the unprecedented action of calling directly for Premier to withdraw from Burma. Robin Cook, then Foreign Secretary, said: "I'm going to make it quite clear, we do not approve of what Premier are doing, they know that perfectly well, we would much rather they stopped and they know that perfectly well." But Premier refused to budge.

A critical turn of events began when BCUK started to investigate Amerada Hess' 25% shareholding in Premier. Hess, a US company, invested in Premier in 1999 despite President Clinton's 1997 ban on new investment in Burma by US corporations or citizens. To do this Hess told shareholders that the capital used to purchase shares was provided on condition that it would not be invested in Burma. It also gave strict instructions to the two Directors appointed to Premier's board not to participate in any discussions relating to Premier's Burmese operation.

BCUK sought legal advice on the issue. We soon discovered that Hess had made no stipulation that its capital could not be used in Burma -- in fact it was likely that the capital would be used for what was after all Premier's largest operation. We also discovered that Hess Directors on Premier's board would not be fulfilling their legal (fiduciary) responsibilities under UK company law, were they not to take part in board discussions concerning Premier's most significant

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investment. Directors of public companies are responsible for the totality of a company's operation, and its overall financial well-being. To fulfill this responsibility Hess directors would have to be involved in discussion of Premier's Burmese project.

BCUK informed US investors, who held shares in Hess, that there were serious legal questions hanging over the company's investment in Premier. With investors concerned that Hess had broken the law, as well as demonstrations at Hess petrol stations by US Burma activists, the company was left no option but to withdraw from Premier. Its withdrawal was then a catalyst for Petronas to similarly dump Premier. Both companies combined had a 50% holding in Premier. As a result, within 12 months, Premier will no longer have any operations in Burma. Petronas will own all of Premier's assets in the country. The net effect of the pull out has been a god-send for Premier, as its share price rose on the news. Yet more evidence that pulling out of Burma is good for your company's financial health.

Premier Oil was the most significant UK investor in Burma and it was critical that they were forced to withdraw. BCUK had always understood that it would be extremely difficult to completely stop the Yetagun (Premier) or the Yadana (Total and Unocal) pipelines from pumping money into Burma's dictatorship. However, the ferocity of the campaigns against these companies has likely resulted in silent victories that we will never be aware of.

These victories take place behind closed doors in company board-rooms, where potential investors in Burma decide against investment in a country where there is simply far too much of a risk factor. They decide not to make the same mistakes as Premier, Total or Unocal -- having seen the mess that these companies have got themselves into. Even now, there are groundbreaking law suits taking place against Unocal in the US and against TotalFinaElf in France and Belgium, because of human rights abuses linked to their operations.

The demise and fall of Premier is a warning to any company thinking about investing in Burma it's simply more trouble than it's worth.

We thank all of you who have protested in the rain outside Premier's annual meetings year after year, have written letters to the company,

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or have - through your membership - provided the essential funds that have fuelled this campaign. You should all celebrate your success - your efforts have paid off. But please also remember that we may have won a battle but we've yet to win the war. The pressure now needs to be turned up on TotalFinaElf and Unocal, who are as guilty as Premier of propping up one of the most brutal regimes in the world. We'll get back to you on how you might help us as our new targets come into focus. Watch this space.

Anatomy of a Campaign

1995 BCUK launches campaign targeting Premier Oil.

April 1998 Aung San Suu Kyi directly attacks Premier Oil saying 'it is doing a great disservice to the cause of democracy. It should be ashamed of itself'.

May 1999 Dissident shareholders fail to unseat Premier chief Charles Jamieson but argue that Burma stake should be sold.

September 1999 Mark Thomas' programme for Channel 4 obtains a statement from Foreign Secretary Robin Cook that Premier should withdraw from Burma, and confronts Premier's head of corporate responsibility, Richard Jones, with testimony of human rights abuse in the pipeline region.

April 2000 Robin Cook as Foreign Secretary condemns Premier Oil, saying, "I'm going to make it quite clear, we do not approve of what Premier are doing, they know that perfectly well, we would much rather they stopped and they know that perfectly well".

- British Foreign Office minister John Battle tells Premier chief executive Charles Jamieson that his company should withdraw from Burma. Battle said, "I set out our position in a way which could not be misunderstood... I really expect Premier to do the decent thing without having to resort to legal pressure."

- Accountability (Institute of Social and Ethical Accountability) agree to cancel Premier's sponsorship of their conference on sustainable accounting under threat of protests outside meeting and speakers pulling out.

May 2000 Leaked Environmental Impact Assessment provides evidence that Premier were warned in 1996 of the potential for widespread human rights abuses if they proceeded with pipeline construction. Premier's AGM is dominated by Burma questions. Guardian headline reports that Premier's board 'crumbles' under fire of human rights campaigners. Upstream, the largest international oil journal, calls for Premier's chief, Charles Jamieson, to resign.

November 2001 Letter sent to US investment funds by BCUK advises that Amerada Hess has possibly contravened US sanctions and UK company law through its investment in Premier oil.

Dec 2001 Investment Funds representing £400 billion assets, launch statement on Burma calling on companies to justify their presence in that country. Premier fails to meet the investment funds' code of best practice on Burma.

March 2002 BCUK launches campaign in co-ordination with US activists targeting Amerada Hess because of its relationship with Premier.

Ethical Corp cancels Premier Oil's participation at its conference as a result of pressure from Friends of the Earth and BCUK, and the threat of protests outside the meeting.

September 2002 Premier agrees to pull out of Burma saying the decision is purely commercial.

