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[NGOs](#)
[Secretary General](#)

[UN Finance](#)
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Unocal Settles Human Rights Lawsuit over Alleged Abuses at Myanmar Pipeline

By Marc Lifsher

[*Los Angeles Times*](#)
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Unocal Corp. settled a landmark human rights lawsuit Monday that accused the El Segundo-based energy company of being responsible for forced labor, rapes and a murder allegedly carried out by soldiers along a natural gas pipeline route in Myanmar. The suit, filed on behalf of 15 Myanmar villagers in Los Angeles County Superior Court in 1996, is the furthest along of about three dozen cases that charge corporations in U.S. courts for alleged crimes that took place in other countries in violation of international treaties. Its outcome was being closely watched both in the U.S. and abroad.

"This will have a ripple effect on cases around the world," said Bama Athreya, deputy director of Washington-based International Labor Rights Fund, a public interest lawyers organization. The Unocal case, brought under the U.S. Alien Tort Claims Act of 1789, alleged that the company knew or should have known that the Myanmar army committed human rights abuses while providing security for the \$1.2-billion pipeline project in the Southeast Asian nation formerly known as Burma.

Monetary terms of the settlement weren't made public. However, a statement released by both sides said the agreement would provide compensation for the villagers and provide money "to develop programs to improve living conditions, healthcare and education and protect the rights of people from the pipeline region." The final settlement followed the general outlines of a tentative agreement reached in December.

Unocal's decision to settle indicates that the company "wanted to avoid a trial where humble villagers get on the stand and talk about rape and murder," said Robert Benson, a Loyola Law School professor who specializes in international human rights law. The settlement bolsters other Alien Tort Claims Act cases, he said, and "signals to corporations that this

law is applicable to them, and they are going to face major litigation." Other U.S. companies facing similar lawsuits include Exxon Mobil Corp. in Indonesia; Fresh Del Monte Produce Inc. in Guatemala; ChevronTexaco Corp. in Nigeria; and Occidental Petroleum Corp., Coca-Cola Co. and coal miner Drummond Co. in Colombia.

Business lobbying groups contend that cases dealing with overseas disputes don't belong in U.S. courts. The Bush administration maintains that the lawsuits make it difficult to conduct foreign policy. Unocal spokesman Paul Silva declined to comment on the Myanmar case. He also would not confirm a published report that the oil company had sued two units of insurance giant American International Group and insurers in Germany and Switzerland for allegedly refusing to provide \$55 million in "personal injuries coverage" connected with the pipeline. AIG also wouldn't comment.

Unocal is one of four investors in Myanmar's Yadana pipeline, which has a 30-year contract to deliver 525 million cubic feet of natural gas a day to Thailand. Plaintiffs in the suit, who lived in a remote region near the pipeline, said they were forced to work on the project in intense tropical heat with little food or rest. Soldiers assigned to guard the pipeline were accused of killing the baby of one worker who escaped from forced labor and raping a girl and her great-aunt. The plaintiffs, fearing for their safety, live in hiding in Southeast Asia and filed suit in the U.S. as John and Jane Does to shield their identities.

In its defense, Unocal has contended that there was no forced labor used on the pipeline project and that it wasn't aware of any of the violent acts the soldiers allegedly committed. The full effect of the Unocal settlement won't be clear until more details emerge about the social, health and human rights protective services that will be funded by the deal, said Arvind Ganesan, who tracks business human rights activities for Human Rights Watch. "What this settlement does is start setting the parameters of what's acceptable and not acceptable conduct for a company doing business abroad," he said. "This is one more piece of the puzzle."

However, Susan Aaronson, a corporate social responsibility expert at the University of North Carolina, said she was "deeply ambivalent" about the Unocal settlement. A trial might have helped answer "larger questions" about U.S. companies' responsibilities for ensuring that human rights are protected in foreign countries where they do business, Aaronson said. The settlement of the state court suit apparently resolves a parallel action filed against Unocal in federal court. Unocal's stock fell \$1.09 to \$61.80 in New York Stock Exchange trading Monday.

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