



*Press release / July 1, 2015*

# COCA-COLA CAUGHT OUT BY MYANMAR LINK TO NOTORIOUS MILITARY COMPANY

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The Coca-Cola Company’s partner in Myanmar part-owns a mining firm linked to infamous army company **Myanmar Economic Holdings Ltd (MEHL)**, **research by Global Witness has revealed** MEHL is subject to U.S. government sanctions and its Letpadaung copper mine project has faced persistent allegations of land-grabbing, pollution and the use of violence against protestors.

Before re-starting operations in Myanmar in 2012, Coca-Cola hired major due diligence companies and spent a seven figure sum on checks and vetting procedures before entering into a joint venture. However, these checks failed to pick up that its only local director also had interests in a jade mining business called Xie Family – a long-time subcontractor of MEHL. This connection instead came to light through Global Witness investigations.

The global drinks giant **today released a statement** disclosing its local director’s relations to the company, and acknowledging that its original due diligence checks had not picked this up. Whilst there may not be any wrongdoing by Coca Cola’s partner and Xie Family, it’s important that such connections are identified and investigated so that companies can make informed decisions on who to get into bed with.

“Coca-Cola did the right thing by spending a lot of time and money checking on its partner, but still failed to pick up the connection with an infamous army conglomerate and the deeply murky jade business. This shows reliance on private due diligence isn’t working, and what is needed is public disclosure of the information companies have on their local partners.” said Juman Kubba of Global Witness.

Xie Family and MEHL have told Global Witness that they have not worked together since 2012. But figures from last year’s government jade auction show that they jointly marketed jade that sold for over five million euros.

Harvard University has estimated that Myanmar’s jade sector generated between \$6 and \$9 billion dollars in 2011 alone, and yet the business remains plagued by corruption and is controlled by the same military elites, drug lords and cronies the government says it is consigning to the past as part of its reforms efforts.

In Myanmar’s Kachin State where the stone is largely mined, citizens deprived of desperately-needed infrastructure, healthcare and education are watching their futures disappear into the pockets of their oppressors. Myanmar currently has the lowest life expectancy in the region, and the second-highest rate of infant mortality. Instead of using the state’s jade riches to fund badly needed health clinics and infrastructure, the money is being gobbled up by those who have pushed the country into poverty.

Global Witness is calling for more robust due diligence and public reporting by international companies. Investors should publish the names and identifying information of the individuals who own and control their in-country ventures, together with information on these people’s other business interests and any political or military connections. Global Witness,

which has worked in Myanmar since 1990, will soon be releasing the results of a year-long investigation into the Myanmar jade sector.

For further details, please see Global Witness' blog [here](#).

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