

In-Depth Investigation

# Italian steel giant Danieli called out at home for lack of 'transparency and accountability' in covert Myanmar operations

Activists say Italy's authorities must investigate the company for the alleged violation of business and human rights guidelines and possibly European Union sanctions on Myanmar

Sally Kantar • October 27, 2023



 Danieli equipment seen in the Myingyan steel mill's Melt Shop 1 in a junta press release on June 1 (Military council via Infosheet.org)

A Rome-based advocacy group urged Italian steel firm Danieli Co., Ltd. to reveal the extent of its relationship with Myanmar's military regime at Italy's parliament this week, questioning whether the country's authorities had put the company's interests ahead of international efforts to cut off support to the junta.

The organisation, Italia-Birmania Insieme or Italy-Burma Together, presented "Guilty Silences: The Danieli & C. S.P.A.

Case” at a press conference at the Lower House on Tuesday, with contributions and support from civil society, trade unions, and media, alleging decades of collaboration by multinational Danieli with the Myanmar military.

The report cites a Myanmar Now [investigation](#) into Danieli published in June, in which the company’s involvement in recommissioning the No. 1 Steel Mill in Mandalay’s Myingyan Township under the current coup regime was confirmed—a task for which junta chief Min Aung Hlaing himself was infamously photographed thanking Danieli staff on-site with a fruit basket.

Danieli did not respond to Myanmar Now’s requests for comment at that time.



The company, which reportedly operated with a [revenue](#) of more than 4 billion euro this past year, has ties to Myanmar dating back to the opening of the country’s first steel mill in Anisakharn, Pyin Oo Lwin, in 1979 under Gen Ne Win’s dictatorship. Yet it still has not publicly listed the country as

a one of its many locations of operation despite having an office there—one that it re-registered after the 2021 military coup—a point raised by presenters on Tuesday.

Riccardo Noury, spokesperson for Amnesty International Italy, said that Danieli “lacks transparency and accountability,” noting that he found it “deeply concerning” that the company does not mention its activities in Myanmar on its website.

“According to international standards on business and human rights, Danieli should have done a risk assessment, when applied for a new registration in 2021, on the direct or indirect impact on human rights of the people living in the country where it operates. It is clear Danieli did not do it,” he told Myanmar Now following the conference.

Laura Boldrini, who also spoke at the report launch in her capacity as the head of the House of Representatives’ committee on global human rights, said she is drafting a relevant bill on corporate due diligence and would “monitor the developments of the situation.”

“We recommend Danieli be transparent and clarify its position and its relationship, if any, with the military regime of Myanmar,” she added.

The company, according to Tuesday’s report, “maintains a strategy of secrecy in Myanmar,” releasing no known public data about its contracts, partners, the implementation of its code of ethics, or disclosure of due diligence processes it may have undertaken in the country.

In its “prolonged industrial collaboration” with military-owned companies to develop Myanmar’s steel industry, particularly since the 2021 coup, Danieli may be in violation of several relevant business statutes, Italia-Birmania Insieme explained. Among them are the Office for Economic Coordination and Development’s (OECD) Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the principles of the International Labour Organisation (ILO), and “probably” European Union (EU) sanctions, including both older measures and the restrictions imposed in recent years, post-coup.

The Italian report alleged that Danieli’s presence in Myanmar “may have directly and indirectly endorsed, and therefore may have contributed to, producing negative impacts on workers, local populations, and the environment [and] strengthened the impunity and corruption of military companies and consolidated the power and strategy of the military, which is responsible for war crimes and crimes against humanity.”



[Myanmar junta’s steel industry aided by secretive Italian firm Danieli](#)

Both Italia-Birmania Insieme and Myanmar Now illustrated Danieli’s long relationship with military-owned entities such as the Myanmar Economic Corporation (MEC), a holding

company once controlled by the Ministry of Defence and now owned by the Office of the Quartermaster General despite claims of privatisation. Evidence suggests Danieli **installed** machinery at a major steel facility in Kyauk Swae Kyo in Magway Region's Aunglan Township in the late 1990s, and **upgraded** another plant in Ywama, in Yangon's Insein Township in the early 2000s. The Myingyan site was also under MEC when it initially opened in 2010, before being transferred to the Ministry of Industry two years later and shuttered in 2017 by the now ousted National League for Democracy government.

MEC was one of the first entities to be targeted with sanctions by the US, EU, UK and Australia following the 2021 coup; sanctions pre-dating the coup were already in place against MEC in Canada.

“Danieli may have repeatedly violated the sanctions imposed by the European

Union during the previous and current dictatorship, or it may have been authorised by the

Italian authorities, in derogation of the restrictive measures,” the report said. “If this were the case, this would indicate that the Italian authorities, who have the obligation not only to monitor the correct implementation of the restrictive measures, but also to adopt the relevant, specific sanctioning measures in case of violation of EU rules, have chosen to favour the interests of a company over the objective of helping to bring down the [Myanmar] military junta.”

The Myanmar military's "long-term plans," speculated Italia-Birmania Insieme, are "aimed at increasing steel production and strengthening the defence industry."

Danieli has not been named as being involved in or supporting Myanmar's weapons industry. Yet there is widespread concern among rights groups that steel produced in the country under the coup regime could feed an established domestic arms manufacturing industry that currently relies largely on imports of such raw materials.

Yet with the Myingyan mill producing its first 9-metre steel billets earlier this year, this may soon change, according to the regime. Myingyan's iron feedstock is to be brought by rail from the No. 2 Steel Mill in Pinpet, located outside Taunggyi in southern Shan State. The site is jointly operated by the junta's Ministry of Industry and VO Tyazhpromexport, a subsidiary of Russia's state-owned Rostec conglomerate and a [known arms supplier](#) to the junta. Danieli reportedly helped [set up](#) the Pinpet project, which has been long opposed by locals for issues including environmental degradation and land confiscation.

Italia-Birmania Insieme claimed that despite several media complaints and inquiries to Italy's current and previous administrations to investigate Danieli's presence in Myanmar, "there were no measures aimed at ensuring that Danieli adopted appropriate choices and respected the principles and regulations adopted at UN, ILO, OECD and EU levels."

“The big issue,” the advocacy group’s general secretary Cecilia Brighi told Myanmar Now, “continues to be the opacity of Italian institutions who should determine the type of action taken in the case of these violations.”

The advocacy group called on Danieli to stop its operations in Myanmar, implement and disclose due diligence processes, update its code of ethics to comply with international rights standards. They also asked the company to adopt measures to prevent retaliation against organisations, unions and individuals that may oppose its activities, and to provide compensation for those affected by land grabs or pollution caused by the steel plants and associated mining.

Italian authorities, they said, must “promptly and transparently adopt all the necessary measures” to “prevent companies from strengthening a dictatorship” like the one in Myanmar.

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