

George's oil Dubya-speak

New carbonweb.org website launched, details page 12

As decision-time approaches, the USA pulls levers on Iraqi oil policy

"The oil belongs to the Iraqi people. It's their asset," declared George W. Bush in a press conference on the White House lawn in June.

He had just returned from his surprise visit to Baghdad, in which oil had been one of the main subjects of discussion. "We talked about how to advise the government to best use that money for the benefit of the people", he clarified.

'We will work to reduce barriers to energy investment and trade' G8 declaration on energy security

Since the Iraqi government was formed in May, the US government has scaled up such "advice" even while senior American and British officials warn of potential civil war in the country.

A new framework to restructure Iraq's oil industry is under preparation, and has been presented to the US government and multinational oil companies before even being seen by the Iraqi parliament. Meanwhile, Iraqi civil society and public are being excluded altogether.

Iraq is seen by many as the frontline battle in a global push for multinational companies to retake control of oil production, much of which they lost to nation states in the 1970s.

A month after President Bush's trip, he and the other G8 leaders agreed in their statement on energy security' to "work to reduce barriers to energy investment and trade", so that "companies

from energy producing and consuming countries can invest in and acquire upstream and downstream assets".

Whilst Mr. Bush was shaping the global agenda in St. Petersburg, his Energy Secretary Samuel Bodman was on his way to the frontline. In Baghdad, Secretary Bodman insisted that the Iraqi government must "pass a hydrocarbon law under which foreign companies can invest."

After nearly four years of concerted oil "advice" to Iraq by the USA, Oil Minister Husayn al-Shahristani had already been convinced.

Following his appointment in May, Dr. Shahristani announced that one of his top priorities would be to pass such a law through parliament by the end of 2006 - a timescale set in Iraq's agreement with the International Monetary Fund last December. The agreement also stipulated that IMF officials will review and comment on a draft in September.

The Iraqi parliament will be shown the oil law only after the US government, oil companies and IMF

Since the start of the occupation, former executives of major oil companies have served as senior oil advisers, in daily contact with the Iraqi Oil Ministry. Initially, they were based in the Coalition Provisional Authority, and after June 2004, in the Iraq Reconstruction Management-Office, part of the US Embassy.



Photo: US Department of Energy

Iraqi oil minister Minister Shahristani's July meeting with US Energy Secretary Bodman in Washington DC

Even six months before the invasion, US planning for Iraq's oil had begun, with the State Department's Future of Iraq Project, a grouping of American officials and Iraqi exiles.

In recent months, the Embassy has increased its focus on the oil law.

In February 2006, an oil adviser was hired from the privatisation specialists BearingPoint to provide "legal and regulatory advice in drafting the framework of petroleum and other energy-related legislation, including foreign investment".

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www.carbonweb.org



Alcatraz on the Gulf

BP exploits migrant workers in the Emirates, by Mafiwasta

In the United Arab Emirates, unrestrained capitalism operates without the tiresome inconveniences of democratic institutions and media intrusion. Not surprisingly the world's multinationals have flocked to its shores, lured by low set-up costs, tax-breaks and flimsy, unenforceable labour laws - what the CBI would no doubt call a 'business-friendly environment'.

There is of course a downside to this free-marketteering, and it is felt most keenly by the south Asian workers whose labour has built the country.

Migrant workers, who number over a million, are treated as cheap and expendable.

These migrant workers, who number over a million, are treated as cheap and expendable. Suicide is commonplace, misery is pervasive and escape is usually impossible.

Despite efforts to diversify its economy, oil still accounts for the majority of government revenue. The UAE contains the fifth largest oil reserves in the world, almost all of it in Abu Dhabi.

The current boom, which has seen the UAE's economic growth outstrip China's, has taken place only in the last decade, but one company has been

there from the very start. It was there in 1953 when oil was first discovered, it was there when the UAE won its independence from the British in 1972, and it's there now, holding between 10 and 15% shareholdings in two of Abu Dhabi's three main upstream oil operating companies, ADMA-OPCO and ADGAS, and also in LNG company ADCO.

BP obtains more than 5% of its total oil production from Abu Dhabi.

Step forward our very own BP, which obtains more than 5% of its total oil production from Abu Dhabi. And this may come as a shock, but they haven't exactly been the standard-bearer for workers' rights.

ADMA-OPCO and ADGAS operate from Das Island, a small oil and gas processing facility in the Persian Gulf, 180km north-west of Abu Dhabi. It is home to approximately three thousand workers, the majority of whom are unskilled or semi-skilled South Asians. The island has a capacity of 800,000 barrels of oil a day, about a third of UAE's total production. Its longer-term residents haven't yet taken to calling it Alcatraz, but if they'd seen the film, they surely would.

Parallels with prison life are striking.

Escape is impossible: despite being illegal, the confiscation of workers' passports is common practice in the UAE. Contractors at BP sites confiscate their lower-income employees' passports as a matter of course.

Enforced, often unpaid labour: a typical worker on Das Island can expect to earn around 30 pence an hour for a 70 to 80 hour week, there are frequent reports of unpaid overtime and workers have no access to either trade unions or the UAE Ministry of Labour. (Comparison with prison is being unkind to Her Majesty's prison service, which is legally required to pay its inmates £2.50/hour. Furthermore, UK inmates are rarely required to work in temperatures exceeding 45 degrees, nor are they subjected to dangerously high levels of hydrogen sulphide.)

Contractors at BP sites confiscate employees' passports as a matter of course.

In many ways, you'd be better off in jail in the UK, than working for BP contractors in the UAE. You'd certainly get to see your family more often.

BP's response to this was a fact-finding phone call to find out if we really knew what we were talking about. "You realise we have a very limited sphere of influence in the UAE" said a very polite voice. The sharp intake of breath when I informed him, in an equally polite voice, that the general manager of ADMA-OPCO was actually a BP seconded suggested he was the one who didn't know what he was talking about.

The Mafiwasta campaign, one of whose founder members was an oil contract-worker in the UAE, was set up two years ago to highlight the exploitation of the country's migrant workers. We are calling on BP to initiate an investigation into working practices at its sites, and on the government of the UAE to sign up to International Labour Organisation (ILO) core conventions on freedom of association and collective bargaining.

www.mafiwasta.com



South Asian workers in UAE travel in lift designed only to carry materials

The fight for oil in Africa's last colony

Natalie Sharples of War on Want explores oil and independence in Western Sahara

Over the past decade, Western Sahara's struggle for independence from Morocco has played out through resource politics. With potential offshore oil and gas reserves, the Sahrawi Arab Democratic Republic (SADR) government in exile and the occupying Moroccan government both recognise the rewards of production agreements.

Exploration licencing has become a political struggle, with Morocco attempting to appropriate Western Sahara's natural resources and SADR desperately trying to assert its sovereignty through legal processes and creative licencing from exile. After years of legal disputes and pressure from Sahrawi activists, US oil company Kerr-McGee finally ended its co-operation with the Moroccan occupiers earlier this year.

Western Sahara is Africa's last colony. In 1975 Morocco used Napalm and phosphorus to drive 165 000 Sahrawi into exile in the Algerian desert. In 2000 the Moroccan state oil company granted reconnaissance permits to Total and Kerr-McGee for exploration in Western Sahara's waters. Adjoining Mauritania's MSGBC basin, a hotbed of exploration, a 2000 US geological survey estimated Western Sahara's oil and gas reserves at 14 million barrels and gas at 77 billion cubic feet.

Kerr-McGee and Total's operations were legally disputed. A 2002 UN legal opinion on activities in Western Sahara concluded that if exploitation "were to proceed in disregard of the interests and

wishes of the people of Western Sahara, they would be in violation of the international law principles applicable to mineral resource activities in Non-Self-Governing Territories."

Public pressure forced Total and three contractors to pull out in 2004 but Kerr-McGee refused to budge, referring to the occupied area as Morocco. Kerr-McGee's activities were widely seen as blocking peace efforts.

In 2005, the Norwegian Petroleum Fund dropped \$52 million of shares, labelling Kerr McGee's actions 'a serious violation of fundamental ethical norms.' Following this and sustained pressure from activists under the Western Sahara Resource Watch Coalition Kerr-McGee announced its withdrawal in May.

Meanwhile, SADR, recognised by over 40 countries and a full member of the African Union, began its own licensing round. With legal sovereignty over oil reserves but no control of the territory, it offered virtual oil exploration licences that will come into effect following independence. Despite UN inaction suggesting this may be a long way off, several major European and African companies signed agreements, including Premier, Encore, Europa and Ophir Energy.

SADR hopes to use the economic interests of the successful bidders to create pressure for progress towards independence.

www.waronwant.org/westernsahara



Smara camp home to Sahrawi people displaced by Moroccan government

George's oil Dubya-speak

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Commenting after his visit, Secretary Bodman approved of the way things were going. "We got every indication that they were willing and also felt a necessity to open the sector," he said.

But not content with reviewing the draft law himself while in Baghdad, Mr. Bodman arranged for Dr. Shahristani to meet with nine major oil companies - including Shell, BP, ExxonMobil, ChevronTexaco and ConocoPhillips - for them to comment on the draft as well, during the Minister's trip to Washington DC the following week.

Meanwhile, the Iraqi parliament will be shown the oil law only after the comments and amendments by the US government, oil companies and IMF. Even that is more than Iraqi civil society will get.

According to Hassan Juma'a, leader of Iraq's oilworkers' trade union, "What was not taken into consideration is the fact that there are [Iraqis] qualified scientifically and technically... Were these experts in oil policies asked to participate in drawing up the oil law?"

In a telling interview for Iraqi radio by the Jordan-based Media in Cooperation and Transition (MICT), oil ministry spokesman Asim Jihad was asked whether Iraqi civil society would be consulted before the parliamentary vote on the oil law. "We believe that most members of parliament are also active members in civil society institutions", he replied. So civil society could be considered consulted.

Would there be a public debate? No. "Everything depends on the Iraqi parliament. Surely, the Iraqi parliament will look out for the interests of Iraq and its people".

But what about external bodies such as the IMF and BearingPoint? This time the answer was different: "We will benefit from the experts' experience."

For most Iraqis, oil is considered a national asset, which should remain in the public sector. That is why the Iraqi people are not being asked what is in their interests.

During June, PLATFORM served as oil editor for the not-for-profit MICT. You can see analysis, interviews and resources on Iraqi oil in the economy section of their website.

www.niqash.org

The demise of Teflon John

As speculation intensifies about who will lead BP after boss John Browne's retirement in two years time (page 8), with it comes the question of Browne's legacy in the company.

Browne's leadership has been defined by his branding BP as a progressive oil company, concerned about climate change, investing in environmental and safety improvements and going 'beyond petroleum'.

What is most surprising about this spin is how long it lasted. Sufficient repetition of these largely unfounded claims gave the company's reputation a 'Teflon coating', to which no bad news would stick. Time and again, activists, trade unionists and communities would point to evidence of brutal or irresponsible practice, only to be disbelieved, because "BP's not like that".

Now, finally, the Teflon is peeling away, after a string of high-profile failures in the USA.

Stories highlighting the gap between BP's image and reality will continue to increase

Last year's explosion at the company's Texas City refinery, in which fifteen workers tragically lost their lives (Carbon Web issue 3) was followed by recent documentation of systemic safety flaws at BP's Toledo refinery. An inspection by the Occupational Safety and Health Administration proposed a \$2.4 million fine finding 39 violations, many of them echoing problems at Texas City.

BP is also facing a grand jury investigation over its March Alaska oil spill, the state's sixth largest ever spill (Carbon Web issue 4). The incident was caused by pipeline corrosion, combined with the failure of BP's leak detection systems. As Carbon Web goes to press, BP has announced the closure of its Prudhoe Bay oilfield, the largest field in North America, because of further corrosion fears.

Now civil rights activist Jesse Jackson has launched a campaign accusing the company of 'profiteering and racial discrimination.' Since June, Jackson's Rainbow Push Coalition has been pick-

eting BP/ARCO stations across the US. "BP has the largest share of the African American market, yet its pattern of discrimination amounts to a virtual lock out of African American businesses and consumers. They want our business but don't want to do business with us," said one member of Jackson's coalition.

Meanwhile, BP faces a lawsuit brought by the US Commodity Futures Trading Commission, accusing BP of "unlawfully attempting to manipulate and manipulating" the price of propane gas. Dennis Abbott, a former BP energy trader, pleaded guilty to federal charges of conspiracy to manipulate prices and could face up to five years in prison.

So where does all this leave Browne and BP?

With the Teflon flaking away, the stories highlighting the gap between BP's image and reality will continue to increase. For example, it is well-documented that BP has cut corners on safety on the newly-opened Baku-Tbilisi-Ceyhan pipeline, making leaks almost an inevitability, although the company will likely blame them on sabotage.

In the run-up to Browne's departure, his personal reputation will decline with that of BP. Depending how far this goes, his successor may try to distance the company from the thirteen-year Browne era, whose real legacy may be seen as maximising financial returns whilst papering over increasingly profound environmental and social impacts.



Artwork:
shtig.net

Has BP's helios logo lost its shine?

Energy security - for whom?

Some commentators saw this summer's G8 meeting in St. Petersburg as a clash of empires, with Vladimir Putin using the theme of "energy security" to reassert Russia's global power. What has received less attention is how the concept is intended to bring ever-increasing supplies of energy to all of the G8 countries, potentially at the expense of the rest of the world.

The meeting came just days after the official opening of the Baku-Tbilisi-Ceyhan oil pipeline, a project explicitly designed to bypass Russia. Putin's theme served as a reminder that Russia is the world's second largest producer of oil, and largest of gas. Europe is expecting to import 70% of its gas by 2030, much of it from Russia.

Although Russia has tried to portray itself as a reliable supplier to Western markets, its three-day shut-down of gas exports to Ukraine in January had knock-on effects in Europe, leaving the Europeans worried about further disruptions. Nominally, the dispute was over price, but in reality it was an attempt by Russia to reshape the politics of its immediate backyard, following Ukraine's orange revolution.

It is within Russia itself that the visions of East and West are furthest apart. Since 2003, Putin has increasingly centralised control in his own hands, and buoyed by the high oil price, has moved to close the door to foreign companies.

Europe has tried unsuccessfully to pressure the country to ratify the Energy Charter Treaty, which would guarantee foreign companies equal investment rights to Russian companies. And as St. Petersburg geared up for the summit, in Moscow the Duma approved a bill stipulating that Russian gas exports (except exports from Shell/Exxon's Sakhalin production) must flow through pipelines owned by the state monopoly Gazprom.

But when talking about the world outside Russia, the G8 leaders agreed. The summit's declaration on energy security emphasised 'competitive, open, equitable and transparent markets', with enforced investor rights.

In Iraq, for example, one of the companies working hardest to try and obtain contracts is Lukoil - backed by Putin's government.

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The energy challenge

The UK government's Energy Review was published in July, only two years since the last. Few outside the nuclear industry were pleased with its findings.

Despite the focus on new nuclear plants as the solution, the presentation to Parliament by Alistair Darling, Secretary of State for Trade and Industry, made no mention of nuclear power until three quarters of the way through his speech. Instead, Darling began by talking about energy efficiency in the home, making little of the 70% of UK emissions which emanate from industry and commerce, his own departmental responsibility.

Even British Gas was disappointed by the substance of the report, which it said missed an opportunity to help "nine million homes with insufficient insulation, wasting £1 in every £3 of their energy."

The review did mention micro and distributed generation, but remains focused on centralised electricity genera-

tion and a market approach to energy supply, while incorporating much-criticised emissions trading and unproven carbon capture technologies, which might allow carbon dioxide to be stored underground.

Continued reliance on oil and gas was evident from Darling's announcement that "Last month we saw a record number of applications for further development in the North Sea" and his acknowledgment that there would be increased dependence on imported oil and gas.

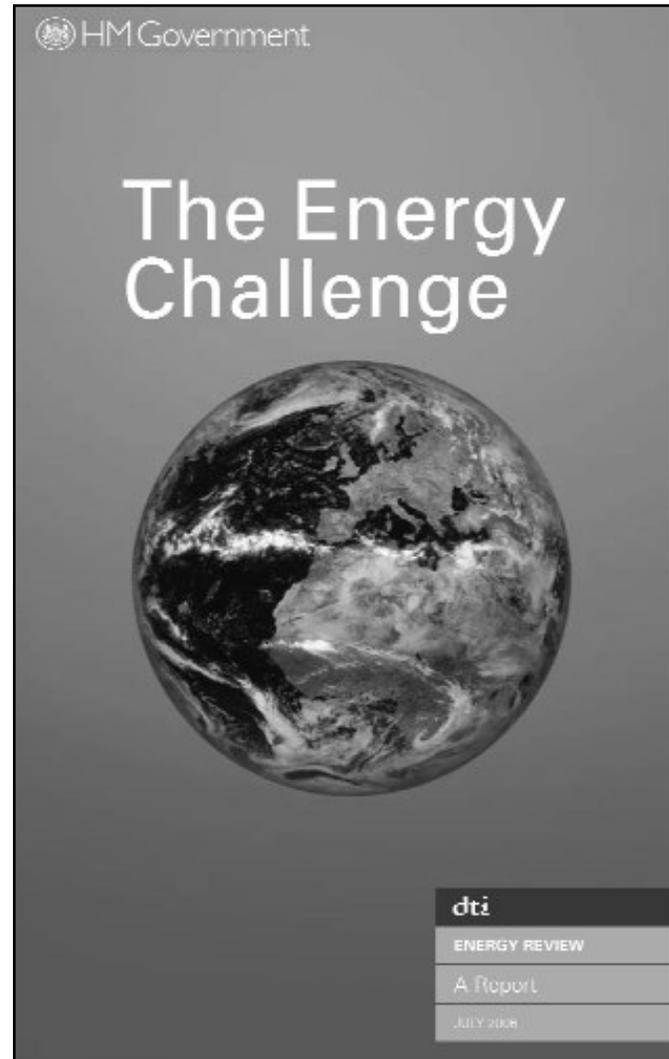
"This review cannot be reconciled with the government's repeated commitment to . . . cut carbon dioxide by 60% by 2050," said the Tyndall Centre for Climate Change Research.

The government claims that it will relax the planning system to make new nuclear power stations possible and to encourage renewable energy developments. The Campaign to Protect Rural England (CPRE) warned that reduced public consultation could hold up plans for new renewable energy by radicalising opposition.

Mega-profits, mega-payouts

While oil companies' continue to return staggering levels of profits, the one thing even more shocking is the scale of the Exxon chief's golden handshake. At the end of July, ExxonMobil announced profits of \$10.4 billion for the second quarter of 2006, amounting to \$4.7 million per hour – the second highest in corporate history. It narrowly missed the world record, achieved by the same company six months earlier with \$10.7 billion. BP and Shell reported only slightly more modest second quarter profits of \$6.1 and \$7.3 billion.

ExxonMobil documents filed with the Securities and Exchange Commission in April revealed that former CEO Lee Raymond received nearly \$400 million from the company in 2005, his final year. While some of this was accumulated from stock options and pension contributions in previous years, the New York Times calculated that he received \$686 million since 1993 – equivalent to more than \$140,000 per day. Thus Mr Raymond earned more than a thousand times even the UK graduate starting salary of £24,000 – which is far from the lowest paid in the company.



G8, energy security

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In fact, much of the declaration seemed targeted at forcing Middle Eastern oil out of the public sector into the hands of multinational companies - while also countering nationalist moves elsewhere, especially South America.

The declaration promised that "We will work to reduce barriers to energy investment and trade. It is especially important that companies from energy producing and consuming countries can invest in and acquire upstream and downstream assets internationally".

The free market approach will naturally favour those with most power in the market, the largest consumers of energy. Indeed, it is a sad

irony that often the peoples of major oil-producing countries suffer severe energy poverty, and their countries are forced to import expensive refined products - a situation reinforced by the long-term contracts with multinational companies that the G8 favours, as those companies focus on export to the largest markets.

The other respect in which Russia and other G8 members agree on energy security is on the use of military force to achieve it. The USA is best known for this, notably in the Middle East and more recently in the militarisation of West Africa. But it has been equally obviously manifested in Russia's war on Chechnya, which sits on a key pipeline route. All of which makes it harder to see the world as more secure.

Oil-rich South America forces US free trade agenda on the back foot

In a sign of increasing resistance to US hegemony in South America, both Bolivia and Ecuador have moved towards nationalisation of their oil industries.

Bolivian President Evo Morales in May issued an ultimatum to foreign oil companies to negotiate new contracts or leave the country. The revised contracts are essentially service provision contracts to Bolivia's national oil company (YPFB), with Morales stating that foreign companies should not be owners of Bolivia's natural resources. He also announced that his country will not join Andean Free Trade Agreement (AFTA) negotiations with the United States as previously expected, and instead will seek agreements with other countries which prioritise the protection of national industries and human wellbeing.

The announcement follows moves by Venezuelan President Hugo Chavez last year to renegotiate the economic terms of contracts with foreign companies, although he stopped short of nationalisation.

Two weeks after Morales' announcement, Ecuador cancelled a contract with US-owned Occidental Petroleum, accusing the company of breach of contract in selling 40% of its operation to a

Canadian company. Occidental has long been accused of environmental destruction and of intimidating its opponents in Ecuador, and the indigenous party Pachakutiq described the cancellation of the contract as a triumph for indigenous peoples.

Although Ecuador has stated that the move against Oxy is not part of a broader nationalisation, the US state department expressed concern, and commentators said the decision would spell an end to US-led AFTA negotiations with Ecuador. Occidental is pursuing an arbitration case through the World Bank's International Center for Investment Disputes in Washington.

Illustrating the regional power play between Brazil and Venezuela, Chavez has agreed to invest \$1.5 billion to exploit new oil and gas fields in Bolivia, while Ecuador has agreed a deal with Venezuelan state oil company (PDVSA) to refine 100,000 barrels per day of Ecuador's crude. Bolivia, which is Brazil's largest source of gas, has struggled to renegotiate gas supply contracts with its larger neighbour, but has joined negotiations with Venezuela, Argentina and Brazil over the 10 000 km 'Great Southern Gas Pipeline'.

The struggles also have a global dimension, with the high oil price sparking

challenges to foreign company operations around the world. Russia, Kazakhstan and Algeria, have all recently questioned the terms of their production deals. The lesson of the 1970s - in contrast to Iran's defeated nationalisation in the 1950s - is that oil producers can be successful when they all move together.

The potential exception to the current trend is Iraq (see coverstory). Given the scale of Iraq's reserves, if oil companies are successful in regaining a hold there, it could be a significant setback for nationalising moves in Latin America.

Art not oil

If BP's reputation hadn't suffered enough of a battering in the US, artists and activists in London caused further headaches for the company as it tried to launder its reputation through sponsorship of the National Portrait Award. When the exhibition opened at the National Portrait Gallery, activists from London Rising Tide were there to meet it.

BP security worked with police to blockade the gallery and banish passers by to the opposite pavement, where they found street theatre and Art Not Oil information.

The Art Not Oil counter exhibition opened at London's 491 Gallery in June with a launch party, music and poetry.

Art Not Oil will continue to tour, shadowing the BP portrait award to Norwich, Aberdeen and Bristol.

Shell are also making a bid to clean up their image with sponsorship of the Wildlife Photographer of the year award. A counter exhibition is currently calling for submissions. The Wild Lie exhibition opens in October.

Submit photographs via the website:
shelloiledwildlife.org.uk
www.artnotoil.org.uk
nationalpetroleumgallery.org.uk



Artwork: Nick Turner, Art Not Oil 2006

Angola oil loans fuel corruption

New oil-backed loans from private banks including the Royal Bank of Scotland (RBS) are increasing Angola's debt burden and undermining World Bank/IMF transparency standards. A new \$1.4 billion loan has been agreed between banks and Sonangol Sinopec, an Angolan-Chinese joint venture. The company holds a 50% stake in the BP-managed Block 18 development.

RBS' efforts make it easier for the Angolan government to bypass transparency standards set by the public banks, a serious matter given Angola's ranking 151 of 159 in Transparency International's corruption index. The World Bank has described the government's oil-backed borrowing as the core obstacle to Angola's development. Despite its vast oil and diamond resources, most citizens live on less than \$2 a day.

The Royal Bank of Scotland was described by Euroweek magazine as taking "a much more aggressive approach" than other banks. Analysts and other bankers were shocked by RBS' zeal, undercutting rival bids and driving down borrowing terms.

US Court brings justice to Burma

Unocal, now part of Chevron, has lost a case in a California court. The company will be forced to compensate victims of the Yadana pipeline project in Burma, which has caused numerous human rights abuses. Unocal agreed to pay compensation last year but tried to sue its insurance companies when they refused to meet the payments.

Read the verdict and download new report on Burma 'Supply and Command': www.earthrights.org

Boom Time Blues

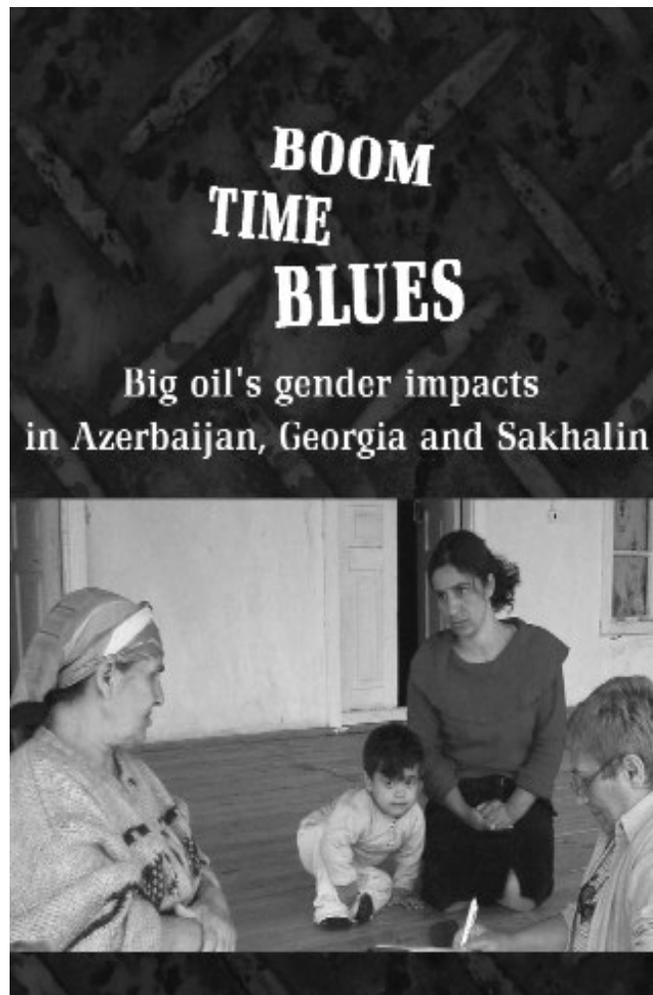
Corporations and financial institutions have long ignored gender-specific impacts of oil and gas production. A recent investigation by CEE Bankwatch into gender-specific effects of BP's BTC pipeline and Shell's Sakhalin II project uncovers a dark picture of increased burden for women.

Responsible for supporting families after men migrated to Russia or Ukraine for work, women have borne the brunt of pipeline-induced increases in poverty, discrimination in employment and failures to compensate adequately for lost land. Micro-credit schemes, which could have been expected to support income-generating projects for women, were too short-term and not generous enough to function adequately. Economic hardship was accompanied by rising sexual harassment, trafficking of women and sexually transmitted diseases.

Affected residents complained of the social fabric of communities being disrupted, local infrastructure and resources being swamped and women's status and independence being undermined following influxes of pipeline construction workers.

Besides assessing project impacts, Bankwatch examined project documents, concluding that the European Bank for Reconstruction and Development, the International Finance Corporation, BTC Co. and Sakhalin Energy, failed to make plans to avoid a disproportionate impact on women.

www.bankwatch.org



Court halts work in Belize

Presentations to the Supreme Court uncovered the bias of Belize's Production Sharing Agreement (PSA) with Texas oil company US Capital Energy. The court placed a temporary injunction on seismic work within the Sarstoon Temash National Park after lawyers representing indigenous interests argued that the lack of an Environmental Impact Assessment was in contravention of the Environmental Protection Act and the National Parks Systems Act. Yet Alistair King of US Capital Energy reiterated that his company would not be conducting an EIA as "our PSA says we don't have to do an EIA."



Sunset in the Sarstoon Temash National Park

Oil companies spent 50 years searching for oil in Belize before commercial deposits were located last year. While the government is eager to exploit oil resources, indigenous groups and affected communities in Spanish Lookout are resisting such moves. Ervin Thiessen, a spokesman for the local Mennonite community, argued "We would prefer to not have any production in our lands rather than money. Our way of life means more than money."

Sarstoon Temash Institute for Indigenous Management (SATIIM)
www.satiim.org.bz
www.ecologic.org

Five hundred hospitalised in Indonesia

A gas contractor in Indonesia is facing accusations of negligence after sulphurous mud overflowed from a gas well in Sidoarjo, East Java, burying three villages and a nearby main road. The exploration well, operated by PT Lapindo Brantas, also released hydrogen sulfide gas which lead

more than 500 people to seek hospital treatment for eye and breathing problems. The company has been accused of failing to case the drilling hole, a safety procedure intended to ensure wells can be sealed off in the event of drilling problems. The Indonesian Environmental Forum, Walhi, urged the government to revoke the company's drilling license.

www.eng.walhi.or.id

BP pipeline launched

After 18 months of delays and \$1 billion of cost over-runs, BP's Baku-Tbilisi-Ceyhan pipeline, described by the FT as "the world's most controversial pipeline", was finally launched on 13th July.

While the official launch drew presidents from the region and minor dignitaries, the first oil was collected in early June. Construction delays in Turkey meant BTC had not pumped enough oil to fill up the tanker British Hawthorn; the ship was filled instead with oil shipped through the Bosphorus and unloaded in Ceyhan.

The beginning of the operational phase brings with it new risks. In early August, the Kurdistan Workers' Party (PKK) ambushed a Turkish military patrol in Siran, only 30km from the pipeline route. BTC has long been considered a likely target for PKK strikes.

As millions of barrels of oil begin to pass through the pipeline, fears have risen about corrosion. Derek Mortimore, a specialist consultant to BP, advised that the anti-corrosion coating chosen "is utterly inappropriate". In Georgia cracking was recorded in over 25% of field joints. Experts believe BTC will rapidly corrode, leading to potentially catastrophic leaks. Mayis Gulaliyev of the Azeri Centre for Civic Initiatives questioned, "After the Alaska debacle, why should we believe BP's claims of safety standards?"

Wales coast threatened

Cardigan Bay, off the west coast of Wales, is under threat from oil exploration once again. The area, last explored but not developed by Chevron in the mid 1990s, is home to bottlenose dolphins, includes part of the Cardigan Bay Special Area of Conservation and is close to the Pembrokeshire Coast National Park.

A cabinet-written statement in June revealed that an unnamed consortium of two companies had applied for 3 blocks close to Struble Head, Newquay and Cardigan as part of the 24th UK licensing round. Last time Cardigan Bay was threatened, public pressure including an occupation of Chevron's London office lead the company to delay and ultimately abandon plans to drill.

Friends of Cardigan Bay are leading a campaign against new licencing, together with the Whale and Dolphin Conservation Society and Friends of the Earth Cymru.

Take Action

Please write to Malcolm Wicks, Energy Minister at the DTI, telling him not to grant these licences:

Malcolm Wicks,
Department of Trade and Industry,
1 Victoria Street,
London, SW1H 0ET

For more information:

Mick Green, consultant to Whale and Dolphin Conservation Society:

Whale and Dolphin Conservation Society,
P.O. Box 232,
Melksham,
Wiltshire, SN12 7SB

www.wdcs.org



Fifty demonstrators protested outside BP's London headquarters to mark the first tanker pick-up on 26th May

Shell doctors Sakhalin report

Russian civil society groups have accused Shell of misrepresenting the impacts of a new pipeline on Sakhalin Island's wild salmon rivers, in order to obscure failures to combat erosion at river crossings. The crossings have been identified as a swing-issue for Shell to receive EBRD and private financing for the \$20 billion project.

Monitoring reports by Shell's consultants Golder Associates found failures including violations of Russian law but key findings were deleted from the publicly-released versions. Data only came to light after whistleblowers released the original reports.

Pacific Environment and Sakhalin Environment Watch, who uncovered the reports' omissions, argued that "the generation of conflicting monitoring reports - one conducted independently but concealed, and the other disclosed but cleansed of critical findings - can be likened to maintaining two differing sets of financial books, a criminal offence in many jurisdictions."

The EBRD will announce its decision in September. Comments from the Bank are increasingly defensive, indicating loan approval is likely.

STOP PRESS

The Russian Ministry of Environment claims to have put Sakhalin-II construction on hold due to legal violations in Shell's practice. Shell claim not to have received any documentation from the Ministry. NGOs have welcomed the state intervention, while pointing out that environmental failures are being used as an excuse for state owned Gazprom to gain a greater share of the project.



Drums of toxic antifreeze used illegally in winter pipeline tests leak into an unlined pit on Sakhalin island

Shell resolution gets support

A resolution calling for Shell to negotiate memoranda of understanding with local communities was brought to the company's AGM in May by the Ecumenical Council for Corporate Responsibility (ECCR). 17% of voters refused to support Shell management, with 6% backing the resolution and 11% abstaining. The ECCR complained that Shell marginalised the resolution by allowing four hours to elapse before introducing it. Shell chairman Aad Jacobs apparently encouraged out of order interruptions to delay the vote.

At the AGM, Shell "expressed regret" for its role in the jailing of the "Rosspport Five" in Ireland, despite continuing to threaten their livelihoods.

www.eccr.org.uk
www.shelltosea.com

Victims of the oil boom

The International Whaling Commission criticised the oil industry's use of seismic blasting at its June meeting. The blasts, used to obtain geological data, damage marine species' hearing, disrupt migratory patterns and reduce fish catches. The noise can be heard thousands of miles away.

Environmentalists have long highlighted the risks of seismic testing for whales and other marine species. The IWC has now called on the industry to reduce the impact of seismic blasting. "The idea that sound-sensitive species can co-exist with this is simply incredible," said Joel Reynolds of the Natural Resources Defense Council.

World Bank climbdown on Chad

The World Bank has capitulated in its stand-off with Chad's President Idriss Deby. In January the Bank suspended all loans to Chad after the government unilaterally rewrote the agreement for the World Bank-backed Chad-Cameroon pipeline, redirecting revenues from social projects into military spending (see Carbon Web issue 3). In April, Chad's oil minister retaliated by threatening to stop the flow of 160 000 barrels a day.

As pressure on the World Bank mounted from the oil-hungry West, it became clear that Chad held the upper hand. By July, the World Bank had announced a revised agreement. Although 70% of Chad's 2007 budget will be spent on poverty alleviation, observers warn the new agreement gives increased leeway for corruption. Critics warn that events in Chad highlight the limitations of state oil funds in promoting development.

Deep Sea Land-Grab

A new area for deep-sea oil and gas exploration is being mapped out by the UK, Ireland, France and Spain. On 21st August a UN commission will consider a joint submission by the four countries claiming an area beneath the Celtic sea and the Bay of Biscay where geologists hope to find frozen methane deposits which could be a future source of energy. Greenpace who in 1997 occupied Rockall as part of a campaign against Atlantic oil licencing characterised the latest move as a "land grab".



A log-jam hits Shell's Sakhalin pipeline following spring snowmelt

BP settles in Bogotá

BP has finally agreed to compensate Colombian farmers displaced by the OCENSA pipeline, after more than ten years of legal struggle.

BP came to the negotiating table in Bogotá spurred by the threat of legal action, which lawyers Leigh Day & Co. were taking to London's High Court. The suit alleged that laying of the pipeline during the 1990s led to environmental damage ruining livelihoods of local people. A community leader was killed by a far-right paramilitary group and the local lawyer representing the farmers was forced to flee Colombia after being placed on a paramilitary hit list.

BP will not pay direct compensation, instead setting up an Environmental and Social Improvement Trust Fund. The exact settlement remains secret but is believed to be close to three million pounds. The Colombia Solidarity Campaign stated that "still the corporation has not admitted liability. This is not yet justice... it's a step in the right direction."

www.colombiasolidarity.org.uk
www.leighday.co.uk

Former NATO chief joins BP

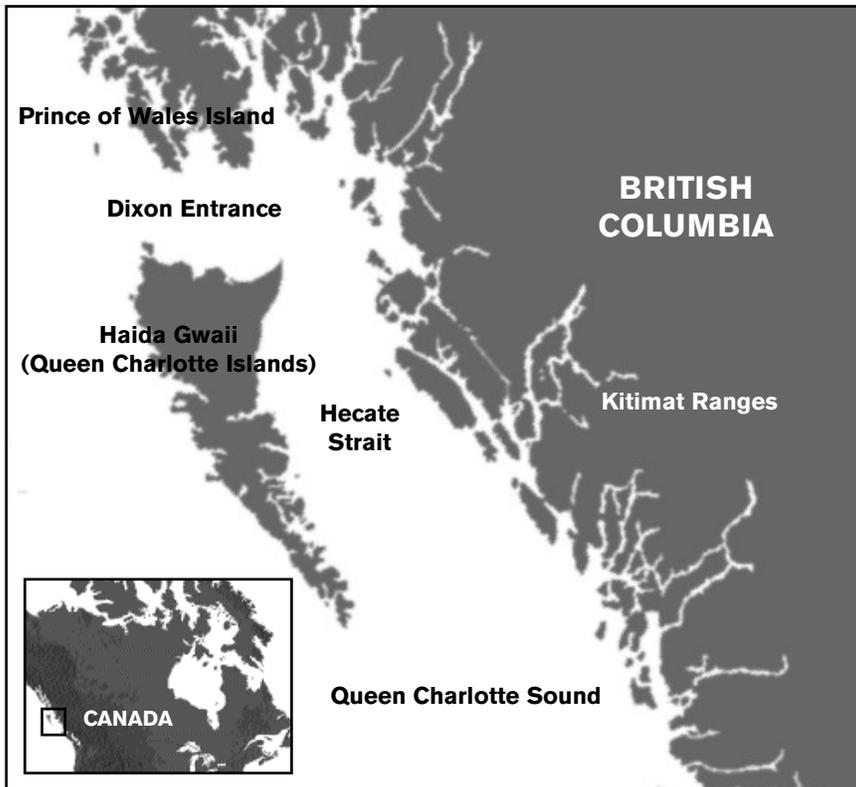
BP has appointed Lord Robertson, the former secretary-general of NATO and previously UK Defence Secretary, as vice chairman of TNK-BP, the Russian venture it owns 50% of. Robertson is the latest in a long line of high-level political, military and diplomatic appointees to BP. He joins Jeremy Greenstock, Britain's former ambassador to Iraq, who is now an adviser to the company, and former Tony Blair aide Anji Hunter, who is now BP's Director of Communications. Other heavy-hitting recent BP board members have included Lord Wright of Richmond (1991-2001), former Head of the Diplomatic Service and Sir James Glover (1987-98), former Commander-in-Chief of UK Land Forces.

British Columbia coast under threat

The Canadian federal government is being pressured to lift a 34 year moratorium on oil and gas exploration off British Columbia. The BC provincial government wants the Pacific coast opened up to oil and gas development by Chevron and Shell, who

explored the area in the 1960s.

BC Energy Minister Richard Neufeld is anxious to begin seismic work to assess an estimated 10 billion barrels of oil and 40 trillion cubic feet of gas. Federal Minister for Natural Resources Garry Lunn has stated his cautious support for exploration off BC's coast.



The Hecate Strait and Dixon Entrance could be opened up for oil exploration and development

More than 70 groups ranging from fishermen and tourism-dependent businesses to First Nations and environmentalists have formed the Oil Free Coast Alliance demanding the moratorium be maintained. Opponents of oil development also point out that renewable energy could generate more long term jobs in the province.

The federal moratorium, which also applies to Alaskan tanker traffic, has most recently been tested by ships using BC ports to offload petroleum condensate destined for Alberta's tar sands developments.

www.bcoilslick.org
www.livingoceans.org/oilgas



Colombian farmers with their London lawyers in Bogotá

Photo:
Lindsey
Spinks

London project looks to Delta

The Niger Delta is aflame, violence in the region is arguably at an all time high, with deaths not only in the western, Ijaw areas, but now in the east in Ogoni and other communities.

The renewed upsurge began in January when MEND (The Movement for the Emancipation of the Niger Delta) took Shell contract workers hostage. Despite their release the incident sparked reprisals by Nigerian state forces, and a new spiral of violence leading to further hostage taking, assassinations and inter-community struggles. For eight months, around 25% of Shell's

Nigerian production has been shut down.

The Remember Saro-Wiwa project, initiated by PLATFORM and driven in coalition with Greenpeace, Amnesty International and Christian Aid, aims to focus public attention in London, a city that plays host to Shell - the corporation at the heart of these troubles - on the crisis in the Delta.

On 10th November, the eleventh anniversary of the murder of Ken Saro-Wiwa and eight other Ogoni activists, Remember Saro-Wiwa will launch it's first Living Memorial public art work in London.

remembersarowiwa.com



Sokari Douglas Camp's Battle Bus hits the road from 10th November in memorial to Ken Saro-Wiwa and the Ogoni eight

Costa Rica prepares to drill

In a move which has dismayed environmentalists, Costa Rica looks set to overturn its 2002 moratorium on oil exploration. The moratorium has been under threat since 2003 when Costa Rica began negotiations on joining the US-led Central American Free Trade Agreement. Under the agreement, the oil moratorium is seen as a barrier to free trade.

Pro-US Costa Rican president, Oscar Aryan, struck a deal in May with Petrobras, the Brazilian state oil company. The company is to advise RECOPE, Costa Rica's national oil refinery company, on the feasibility of new offshore fields in Costa Rica. In response, the Costa Rican Federation for the Conservation of the Atmosphere (FECON) has relaunched its campaign "Peace With Nature", aiming to unite politicians and environmentalists against oil exploration in the country.

www.feconcr.org

www.grupoadela.org

The corporation that changed the world

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Nick Robins, *The Corporation that Changed the World*, Pluto Press. ISBN 0 7453 2523 8



THE CORPORATION THAT CHANGED THE WORLD

How the East India Company Shaped the Modern Multinational



NICK ROBINS



Notes from Gog & Magog

Knowing when to go

Surely, it is common understanding that if Tony Blair had stepped down in the winter of 2002, after five years in office, two election victories and before the Iraq war, he'd have been hailed as 'the greatest Labour Prime Minister since...'. Now three and a half years later, he's floundering, reviled from nearly all sides, surrounded by rumours of plots, looking like he may go the way of a predecessor 'The Blessed Margaret', stabbed in the back and then blamed for so many of the party's future woes.

What stands in Westminster stands too in the City. Remember Phil Watts, who was forced to fall on his sword? In the two years since, he's become the scapegoat for many of Shell's woes. The 'Watts era' becomes ever darker as we move away from it. So too in the history of BP. Robert Horton was appointed CEO and Chairman of BP in 1990, hailed as the man who would revive the 'Old Lady' with management techniques from the US. By the time Horton was ousted by the board in 1992, he was vilified and into the 1990s the woes of the company were blamed on the 'Horton era'.

This pattern must haunt John Browne, BP's CEO, as he struggles with the dilemma of when to go. Until recently Browne was hailed as 'the greatest since...', but two things have surfaced at the same time, the debate about Browne's retirement date, and a string of serious blows to BP's reputation, mainly in the US.

It seems that Browne fought hard to extend his employment beyond

February 2008, his 60th birthday, the traditional date for retirement of the CEO in BP. After a head-to-head with Peter 'The Bruiser' Sutherland, he gained 10 months. That gives him until December 2008 at the helm, but will this be a poisoned chalice? Will his final three years be marred by failures and problems? Will the 'Browne era' lose its shine? Is Browne, like Blair, going to end his days desperately struggling to pull off that one last coup that will round off his legacy?

*

Carbon Web found reports of the struggle between Browne and Sutherland a gripping read. What most caught our eye, was the revelation that Browne had been pushing for BP to make a takeover bid for Shell, and Sutherland had apparently quashed the plan. Quite apart from the relative power of the men, we were entertained that this plan, which would have created the world's largest oil and gas company, came to light as an aside. It's amazing what's being cooked up behind the scenes.

*

On the subject of moving on, shortly after the European Bank for Reconstruction and Development (EBRD) declared Shell's controversial Sakhalin project "fit for purpose", and ready to be considered for a loan by the board (See Carbonweb issue 4), the bank's Acting Chief Economist, Steven Fries, upped sticks and became Chief Economist at Shell. Our pink rival writes: 'Fries is knowledgeable on Russia, an important territory for Shell... (and) is regarded as intelligent and meticulous, if a little reticent in his public pronouncements.'

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Organising workers from wellhead to wheel

Two Global Union Federations have established an alliance to organise oil and gas workers from the "wellhead to the wheel," according to the federations' motto.



The International Transport Workers' Federation (ITF) and the International Chemical, Energy, Mine & General Workers' Unions (ICEM) agreed this month to establish a Global Oil and Gas Industry Trade Union Alliance.

The ITF represents 4.5 million transport and logistics workers from 624 affiliated trade unions in 142 countries. The ICEM represents 20 million trade unionists from 379 affiliates in 123 countries.

www.icem.org
www.itfglobal.org

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