

Poisoning the Amazon

*Cancer, birth defects and skin diseases affect 30 000 rainforest residents in Ecuador
Joseph Mutti investigates*

It's the smell that hits you first as you approach a pit the size of a football field filled with a choking sludge of oil and dead animals. In the humid heat of Ecuador's Amazon jungle, the toxic fumes are overwhelming as you thrust your hand into your pocket in search of a handkerchief. The pit - an aberration deep in the pristine forest that surrounds it - is one of an estimated 1000 of varying dimensions that cover an area larger than Portugal. Children here suffer from leukemia at four times the national average. Birth defects and miscarriages soar, as carcinogens contaminate drinking and bathing water for thousands of kilometers.

Children here suffer leukemia at four times the national average

The unhindered oil pollution in Ecuador's rainforest began in 1964 and lasted for almost three decades. When Texaco walked out of the country pocketing a \$30 billion profit, it left a toxic legacy for 30 000 rainforest dwellers. From 1964 until 1992, the US corporation had dumped in excess of 18.5 billion gallons of toxic 'produced water' into open, unlined pits, as well as directly into the swamps, streams and rivers that make up the rainforest of north-eastern Ecuador.

Produced water - a byproduct of drilling - contains some of the world's most dangerous chemicals, including benzene, toluene, and Polycyclic Aromatic Hydrocarbons (PAHs). The result has been what environmental experts



Photo: Greg Mutti

Pits of toxic wastewater pepper Ecuador's rainforest

consider the worst case of oil pollution on the planet and, after Chernobyl, possibly the worst environmental catastrophe in human history.

Texaco chose not to use standard oil industry practice of firing toxic waste into a bored well cavity next to the primary well hole, an operation called re-injection. It thus saved itself between \$1.5 and \$4.5 billion in operation expenses in a conscious decision to choose profit over the lives of the local population. Texaco's home state of Texas has laws requiring re-injection that date back to 1919.

In 2002, Chevron took over Texaco and inherited its

responsible and ethical manner". Five indigenous groups, under the aegis of the Ecuadorian NGO Amazon Defense Coalition, filed a class-action lawsuit against the oil giant in 2003, claiming damages of \$6 billion, estimated as the very minimum necessary to clean up the devastation.

Chevron maintains the government released it from clean up operations after a 'remediation program'

Many legal experts believe the indigenous groups will prevail, especially with the recent victory for Ecuador's president Rafael Correa, who has shown himself to be very sympathetic to the cause.

Chevron does not deny that Texaco dumped toxic waste into the rainforest, but defends its position by maintaining that the Ecuadorian government released it from further clean-up operations after a fraudulent remediation program that did nothing to offset the damage.

One of the attorneys on the joint Ecuadorian-US legal team is New York-based Steve Donziger. He says that the remediation work was more "a cover up than a clean up..."

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Western banks threaten Kazakh communities

Elena Gerebizza & Kate Watters

A recent fact-finding mission by Crude Accountability and CRBM (Campaign for reform of the World Bank) found expansion of Kazakhstan's Kashagan field by an international consortium promises environmental degradation and economic uncertainty for residents of western Kazakhstan. Elena Gerebizza and Kate Watters investigate.

Kazakhstan's Kashagan oilfield is the largest untapped oil and gas discovery of the last 10 years. Operated by Italian company Agip as part of a consortium including Exxon, ConocoPhillips, Total, Shell and the Kazakh state oil company, the offshore field is estimated to hold 13 billion recoverable barrels of crude - twice Azerbaijan's total oil reserves.

Conditions are hostile with temperatures ranging from -40°C in winter to 40°C in the height of summer

Extracting this oil from beneath the Caspian Sea remains highly problematic, with extremely shallow water and a volatile climate. Fenceline communities have raised serious concerns, while the project threatens endangered sturgeon and the whelping grounds of the

Caspian seal. Despite the many social and environmental problems, western development banks have already financed Kashagan, and are looking to work with private banks to finance further oil extraction.

Agip faces conditions in the northern Caspian hostile to oil and gas development. Temperatures range from -40°C in winter to 40°C in summer and the sea is frozen from November to March.

Western development banks have already financed Kashagan despite threats to endangered wildlife

Unlike Azeri Light, the Caspian crude produced off Kazakhstan contains high levels of sulphide impurities, which must be removed before oil can be exported. Sulphur removal is extremely polluting, and carries major risks for nearby communities. A fudged waste management plan has heightening local concerns over a lack of consultation.

Phase 1 of Kashagan's development, now due for completion in 2008, has already been extended twice. Construction costs have spiralled from

\$27 billion, towards current projections of \$60 billion. The Kazakh government is pressing the consortium to conclude Phase 1 and begin commercialisation.

In November 2006, the EBRD (European Bank for Reconstruction and Development) pledged to finance construction of the Bautino Supply Base, making it easier for private banks, particularly Equator Principle signatories, to join a project finance deal. Export credit agencies are also likely to become involved; Japan's JBIC has already financed Phase 1 and is likely to finance the expansion of export pipelines.

With Azeri oil production set to peak in 2012, EU and US energy policies support a "trans-Caspian" pipeline linking Kashagan to BP's Baku-Ceyhan pipeline. Chevron has already begun to tanker Kazakh crude from its Tengiz field to Baku. With competing incentives to pump Kazakh oil east towards China or through the existing Russian pipeline network, the EU and US are offering financial support and political pressure for West-oriented oil projects, while social and environmental problems disappear off the agenda.

Elena Gerebizza is Finance Campaigner with CBRM (Campagna per la Riforma della Banca Mondiale - Campaign for reform of the World Bank). The campaign brings together environmental, human rights and development NGOs and works for democratisation and deep reform of international finance institutions.

Kate Watters is Executive Director of Crude Accountability and has been working with environmental activists in the Former Soviet Union since the early 1990s. Crude Accountability works in partnership with local activists and citizens' groups in the Caspian region to ensure environmental justice for communities impacted by resource development.

Crude Accountability, CRBM and local partners are campaigning to stop or condition IFI financing of the Kashagan field in Western Kazakhstan. For more information see:

www.crudeaccountability.org

www.crbm.org



Photo: Kate Watters

Children play in the village of Karabatan which lies close to AGIP KCO's Bolashak processing plant, currently under construction near Atyrau.

Shell's greed punished in Sakhalin

After months of haggling over the Sakhalin II gas project, differences between Shell and the Russian government have been resolved through a change in project ownership. The Russian state gas company Gazprom will become the majority shareholder, while Shell, Mitsubishi and Mitsui will halve their stakes.

In August, the Russian state environmental watchdog attempted to revoke licences and put project construction on hold. Shell's environmental violations included damaging salmon fisheries and threatening the critically endangered Western Gray Whale. These environmental failures are widely accepted as real. However, most analysts agreed that Russian state interest was focused more on the project's economics.

Much of the media coverage expressed sympathy for Shell and its partners, portrayed as victims of an unfair and forceful Kremlin. However, the true cause was not President Putin's greed, but the oil companies' - expressed in a deeply unfair contract signed when the Russian state was new and weak in the early 1990s.

In 2004, PLATFORM commissioned an analysis of the deal by energy economist Ian Rutledge of SERIS. The report revealed that the project's production sharing agreement permitted the Russian state to receive revenues only after the companies had not only recouped their costs but also made healthy profits. It is this which has dismayed the Russian government most.

The real turning point came in 2005, when Shell admitted cost overruns would double the project budget to \$20 billion. Higher costs would mean lower and later Russian revenues. By late 2006, some analysts predicted a lifetime project return so low that 'production sharing' could never set in, and Russia would not get a penny, other than the mere 6% royalty. While the PSA has not been changed, the new project arrangements mean that at least the Russian state will take a share of profits through Gazprom.

The European Bank for Reconstruction & Development is now unlikely to

finance Sakhalin II, due to the high level of state involvement. However, both Gazprom and Shell need financial support from private banks and export credit agencies. With reduced political risks resulting from Gazprom's involvement, banks including RBS and ABN AMRO may still seek to arrange a project finance deal. Although Russia may have clawed back at least some of the revenues from Shell's ripoff contract, the environmental damage remains. PLATFORM and BankTrack have warned private banks that if they finance the project, they will be in breach of their own lending standards, Russian and international environmental law.

www.carbonweb.org/sakhalin



Photo: Greg Muttitt

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...They just took dirt and ran it over the pits without cleaning them out. You cannot live over a toxic waste pit without being exposed to carcinogens."

Independent environmental engineering consultancy, E-Tech International, says that Chevron's waste management practices in the Amazon would never have been permitted in the US. Environmental law would classify such conditions as not fit for human habitation.

In October, PLATFORM's Greg Muttitt was a member of a People's Tribunal on ChevronTexaco's damage to the Amazon, which made a moral judgement on the legal case. See the ruling at:

www.carbonweb.org

Oil on hold in Belize

Belize's supreme court has quashed US Capital Energy's permit to conduct seismic testing inside Sarstoon Temash National Park. The company will now have to reapply for its permit after completion and approval of an environmental impact assessment (EIA).

The court ruling is a second victory for Sarstoon Temash Institute for Indigenous Management (SATIIM, the managers of the National Park), which had earlier won an injunction when it objected to the company's production sharing agreement which specified no EIA was required. (see Carbon Web - Issue 5, p7).

www.satiim.org.bz www.ecologic.org

San Carlos, a village in the worst affected area, has reported 27 cancer deaths out of only 500 residents since Texaco began operations. The village has been nicknamed "the cancer zone" by local people.

Donziger argues that Chevron "masquerades in the US as the environmental oil corporation that respects the law, supports universal human rights, protects the environment, and benefits the communities where it works," while in reality its actions "amounts to no less than chemical warfare and genocide." The case is now in its final stages with attorneys expecting a court decision by the end of 2007, despite delaying tactics by Chevron.

Joseph Mutti works in the press office of the Amazon Defense Coalition. For more information:

www.texacotoxico.org
www.chevrontoxico.com

US Iraq strategy: oil objectives unchanged

As Carbon Web goes to press, an announcement is expected of President Bush's "new strategy" for Iraq. But one thing unlikely to change is his approach to Iraqi oil.

In December, the Baker-Hamilton Iraq Study Group urged the US government to provide "technical advice" on a new Iraqi oil law and to encourage multinational companies to invest, but to publicly claim that the USA has absolutely no interest in Iraq's oil.

While Bush is expected to reject many of the Group's recommendations, their oil proposals were entirely consistent with existing policy. Having given "advice" since 2002, US officials have recently been applying increasing pressure for the passing of an oil law by the end of 2006. Indeed, this deadline was one of the 'milestones' US Ambassador Zalmay Khalilzad and General George Casey ordered the Iraqis to comply with in October.

The Iraqi government is a little behind schedule, but not much. According to reports, a draft law was presented to the Iraqi cabinet in late December. It currently awaits their approval before passing to the parliament for ratification. The law would give control over around two thirds of Iraq's oil to foreign companies, mostly through production sharing contracts of up to 20 years.

In December, just weeks before parliament is expected to pass the law, PLATFORM asked a seminar of 20 Iraqi MPs how many had seen the draft. Only one of them had, five months later than the US government and oil multinationals.

Meanwhile, all five of Iraq's trade union federations met last month to plan their response to the oil law. Furious at their complete exclusion from the decision-making process, their view on its content was categorical. "We strongly reject the privatization of our oil wealth, as well as production sharing agreements", they said in a joint statement, describing such moves as "a red line that may not be crossed."

While Baker-Hamilton's approach to achieving the USA's oil objectives may

have been more sophisticated than Bush's is likely to be, their mistake is to preserve the objectives themselves - which are fundamentally at odds with those of the Iraqi people.

On the other hand, the trade unions' agreement to work together to insist on public consultation on the oil law is a rare positive development in Iraq. For all the great and the good's deliberations on how to move from sectarian conflict to democracy, they would do well to look to Iraq's own civil society.

www.carbonweb.org/iraq

Sing for Shell

It didn't quite make it to Christmas No.1, but some zealous Shell employees have put together a corporate anthem to sing the company's values and achievements. Apparently the product of a staff away-day, it includes the moving line "We're on a journey to streamline the way we work" in the first verse. It's hard to visualise Nigerian oil workers whistling while they work, with gas flares playing a roaring accompaniment. Unsurprisingly, the song has caused embarrassment at head office.

Listen at: tinyurl.com/y3mn3w

Lagos Pipeline Blast

256 Nigerians were killed when a pipeline blast ripped through a poor Lagos suburb on Boxing Day. A crowd had gathered to collect petrol after a black-market tanker left without closing a tap on a pipeline. It is unclear what sparked the explosion.

With Christmas and the Muslim festival of Eid al-Adha falling in the same week, fuel had been scarce in Lagos. Pipeline tapping is common in Nigeria, with high levels of energy poverty throughout the country. Despite being Africa's largest oil producer, a lack of refining capacity means Nigeria must import most of its petrol. Fuel shortages are common due to infrastructure problems and corruption. Pipelines often pass through poor communities, who are the most frequent casualties in such disasters.

Delta Kidnappings Continue

MEND (Movement for the Emancipation of the Niger Delta) has refused offers of ransom payments for four kidnapped Agip workers, instead demanding a prisoner exchange for separatist leaders imprisoned by the Nigerian state. MEND also wants a larger share in oil revenue for the Ijaw people. In a separate incident, a British oil worker was killed in crossfire when his kidnappers ran into a Navy patrol.

On the 11th anniversary of the execution of Nigerian writer and activist Ken Saro-Wiwa, London witnessed the unveiling of a unique 'Living Memorial'.



Above: The crowd examines the 'Living Memorial' at the unveiling ceremony in November.



Left: Artist Sokari Douglas Camp with the completed bus.

Sokari Douglas Camp's Battle Bus will be at Goldsmith's College, New-Cross, London, from late January.

US Elections mark energy policy shift

An international coalition of social and environmental organisations has seized on a possibility created by the November US elections: that US Congress might reduce or end oil subsidies. With increasing hostility towards oil corporations' record profits in the wake of rising energy prices, Hurricane Katrina and the Iraq war, the Democrats made repealing subsidies to "Big Oil" a key element of their campaign. Nancy Pelosi, incoming Speaker of the House of Representatives, has begun determining which domestic tax breaks and giveaways will be targeted.

Grassroots movements and NGOs are lobbying Pelosi to follow this with an end to international oil aid in 2007. A sign-on letter co-ordinated by OilChange International demands that "foreign assistance should not be used to subsidise one of the most profitable, well established and destructive industries in the world."

The United States provides billions of dollars in loans, aid and export credit that subsidise Western oil projects in the Global South. Yet oil aid is widely accepted as driving oil-producing countries deeper into poverty and economic inequality. Subsidies for oil projects in the South are "not about alleviating energy poverty - they're about corporate welfare for Big Oil and feeding oil addiction in the US and Europe," said Graham Saul of OilChange International.

Oil-related aid and its counterproductive role in increasing poverty while benefiting wealthy corporations was highlighted in PLATFORM's 2005 report 'Pumping Poverty'.

OilChange: www.priceofoil.org
PLATFORM's report: carbonweb.org/documents/pumping_poverty_web.pdf



Indonesian Explosion Kills Thirteen

A gas pipeline in East Java, Indonesia, exploded in late November killing 13 people. The blast was blamed on subsidence caused by a mudflow of 200 000 cubic metres per day, which has been leaking from a gas well since May (Carbon Web 5 p8). Indonesia's president Susilo had already ordered the closure of more than 1000 acres of 'dangerous' land before the explosion.

Mud is still flowing despite attempts to plug the well. Indonesia's Environment Minister has proposed channeling the sulphurous mud into the Porong river to the dismay of environmentalists, but the government is keen

not to allow further land to be contaminated. In December Lapindo Brantas, the owner and operator of the well, agreed to pay 2.5 million rupiah (\$270) per square metre for swamped land and damaged buildings. Some victims had asked for compensation of 3.5 million.

Local people are concerned that compensation, which could take two years to settle, could be threatened by the sale of Lapindo to a group of investors registered in the British Virgin Islands. Lapindo is currently controlled by the family of Aburizal Bakrie, Indonesia's powerful welfare minister. Commentators raised concern that the group might engineer insolvency, thus limiting Lapindo's liability in the mud flow cleanup.

Ditch Dirty Development

In November, student network People & Planet Development, a national campaign to end oil aid. Students are demanding that the UK Department for International Development (DfID) end its public support for fossil fuel exploration and extraction, and massively increase support for renewable energy.

DFID is being targeted because it is the critical link between the Government and international financial institutions including the World Bank. People & Planet campaigner Bronwen Thomas argued, "It's disgraceful that while the DfID claims to be acting to tackle climate change, they continue to fund projects which will result in massive carbon emissions in the future." The campaign's immediate demands are that DfID adopt a timebound energy and climate change strategy to phase out fossil fuel subsidies, increase support for renewables and promote decentralised energy.

peopleandplanet.org/ditchdirty-development

Sutherland appointment opposed

Students delayed a November speech at London School of Economics (LSE) by BP Chair Peter Sutherland. They took to the stage with banners and placards and organisers were forced to move the event to a smaller room with a selected audience.

The demonstration formed part of an ongoing campaign against Sutherland's appointment as LSE Chair from 2008. The students claim BP's core business causes climate change, social and ecological injustice, and thus conflicts with LSE's founding commitment to 'the betterment of society.'



LSE students occupy the stage to protest against BP

China Woos African Leaders

In November, 40 heads of state from Africa's 53 countries met for the Beijing summit on China-Africa Co-operation. Much has been made of Chinese-African relations as China's growing economy has sought access to raw materials, including oil and gas. China is not alone in eyeing resources: 30% of China's oil imports come from Africa as do 20% of US oil imports. In competition for the same resources, western diplomats privately conceded China pulled off a major diplomatic coup with the summit.

At the summit China announced \$1.9 bn of trade deals with 10 African countries. After the summit a deal was signed to explore offshore oilfields in Libya. Other Chinese deals have included

\$4.4 bn of infrastructure loans to Angola, tied to future oil sales. China now lends four times as much to Africa as the World Bank does.

Western financial institutions and governments complain that Chinese aid and loans come without World Bank demands on human rights and governance. China argues that this is hypocritical and insists that it will not interfere in other countries' domestic affairs. An advisor to President Obasanjo of Nigeria hinted at the likely reason for Western concerns, saying that China is "systematically dismantling America's sphere of influence".

Human Rights Watch questioned China's claim to be a friend of the African people, saying "that doesn't square with staying silent while mass killings go on in Darfur."

Welsh coast: spills inevitable

Cardigan Bay in West Wales continues to face the threat of oil exploration (Carbon Web issue 5, p8), as two oil exploration companies have submitted applications to drill there. The UK's Department for Trade and Industry (DTI) has carried out assessments required under the 1992 EU Habitats Directive for projects affecting Special Areas of Conservation (SACs). The Department concluded that oil spills are "inevitable", but claimed that these will not affect the SAC. www.cardiganbaysac.org.uk

For information on the campaign against Cardigan Bay oil licencing contact Mick Green consultant to the Whale and Dolphin Conservation Society: www.wdcs.org

Wales pipeline occupation

Protesters from Cardiff Rising Tide halted construction of a new gas pipeline in South Wales by occupying a section of pipe for nearly two weeks in late November. The controversial high pressure pipeline will carry gas from two terminals in Pembrokeshire to England. Local communities and the Brecon Beacons National Park Authority have opposed construction.

The local landowner supported the protest, but was forced to ask protesters to leave after she was threatened with

legal action by the operators National Grid. A protest camp alongside a public footpath adjoining the construction site continues to receive local support.

Gas pumped through the pipeline will be imported from Qatar, Egypt and Nigeria in the form of Liquefied Natural Gas (LNG), before being being regasified in Milford Haven. The Dragon and South Hook LNG facilities, operated by Exxon, Qatar Petroleum and BG and financed by RBS, have raised major safety and environmental concerns among the local community.

cardiff@risingtide.org.uk

Opera for the Era of Climate Change

At the end of November, PLATFORM launched 'And While London Burns', an operatic audio walk, to major acclaim.

A feature item in The Independent described it as 'unlike anything being performed across town within the sumptuous confines of Covent Garden. This is an interactive opera: part love story, part hard-hitting polemic, part walking tour that uses the streets of The City and its personnel as its backdrop.'

The opera critic of the Evening Standard gave it four stars and wrote: 'The aim is to disentangle what the libretto calls the 'carbon web', the network of wealth and exploitation, often London-based, which strangles the planet by fuelling our oil addiction. A murder story then, but from the start it's plain whodunit: oil companies. Some will find it tendentious, others (count me in) will have their darkest fears confirmed. As the narrator describes London's globally warmed fate, you almost feel the Thames rushing to engulf you.'



Go to the website now: www.andwhilelondonburns.com download the audio file onto your mp3-player and take the walk.

Esso faces an inconvenient truth

In the dying months of 2006, Al Gore's *An Inconvenient Truth* broke box office records for documentary cinema. As the public queued at cinemas, Britain's leading scientists challenged ExxonMobil to stop funding groups that attempt to undermine scientific consensus on climate change. In an unprecedented letter to Esso, Exxon's UK arm, the Royal Society said it was concerned that company brochures misrepresent the science of climate change and that the company funded groups that misrepresent climate science to the tune of \$2.9m last year.

In December ExxonMobil was awarded 'Worst EU Lobbying' award for its efforts to obstruct political measures aimed at reducing CO2 emissions. Over 9400 people took part in an online poll to decide the winners of the awards presented by Corporate Europe Observatory, Friends of the Earth Europe, LobbyControl and Spinwatch. The groups are campaigning for an end to secrecy around lobbying in Brussels.

www.worstlobby.eu
www.exxonsecrets.org

Art Not Oil reaches Aberdeen

The BP-sponsored National Portrait Award exhibition has reached Aberdeen and hot on its tail follows Art Not Oil. On show at the Belmont Cinema, in the heart of a town which hosts much of the UK's oil industry, Art Not Oil aims to offer a truer portrait of an oil company.

www.artnotoil.org.uk
nationalpetroleumgallery.org.uk

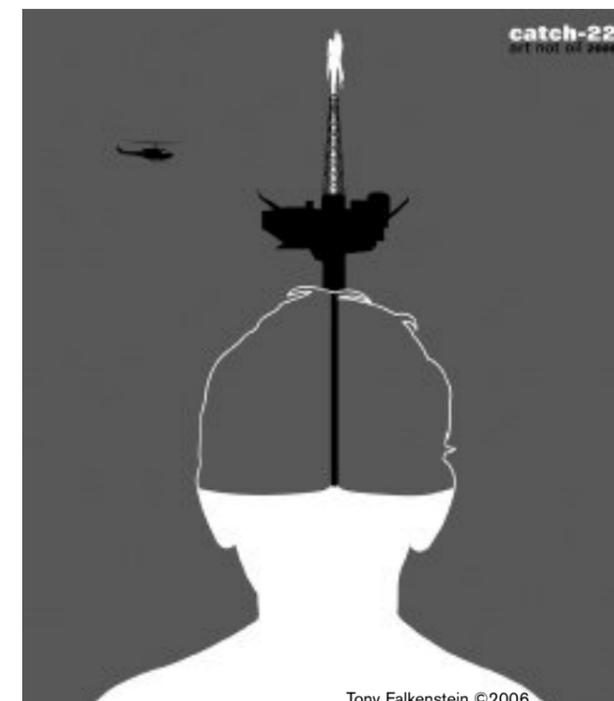


Achuar victory in Peru

The Achuar nation has been celebrating victory in a campaign against the oil industry in Peru. More than 800 people blockaded the country's largest oil facility for nearly two weeks in October, shutting down half of Peru's oil production. The blockade followed two years of failed talks with the Peruvian government over the discharge of one million barrels per day of 'produced water', a toxic by-product of oil extraction, directly into the rainforest.

Following the blockade, the government and Argentinian operators Pluspetrol agreed to re-inject produced water. Re-injection is industry standard practice, but often ignored in less developed countries (see coverstory). Achuar community development projects also won a share of oil royalties. "We have achieved 98% of our demands, and won recognition of our rights" said Andres Sandi, President of the Achuar organization FECONACO.

However, concerns remain about the increasing pace of oil development in the Peruvian rainforest. The conservation group Save America's Forests warned in December that oil concessions now cover half the area of the Peruvian Amazon. There are 39 active concessions, all but eight of them signed in the last three years.



Tony Falkenstein ©2006

Texas trouble over BP tricks

The first civil legal case on BP's 2005 Texas City refinery blast led to an out-of-court settlement the day before the trial opened. BP agreed an undisclosed settlement with 22-year-old Eva Rowe whose parents were both killed in the explosion. Rowe had claimed that "To BP my parents were just a number." BP was also criticised for hiring private investigators to gather information on Rowe, members of her legal team and their girlfriends.

As part of the settlement, thousands of key documents unearthed by the case will be made public. Documents already released show that BP placed a monetary value on the "cost of a human life" that "can be specified for the purposes of cost benefit analysis." More civil cases are due in court in February. BP could also be fined for trying to influence the jury pool, by mailing the 900 members of the Texas City Chamber of Commerce with materials on BP's efforts to improve safety.

In a separate case, BP settled with six fired refinery workers who claimed they were libelled when BP said the "root cause" of the accident was operator error. BP later retracted that statement. The wife of one of the claimants said. "We wanted to take this case to court so the public would know the truth, but for months without an income, we had no choice but to settle."

Preliminary findings by the US Chemical Safety Board showed that high-level decisions to defer overhauls and cut costs helped cause the accident.

BP is also facing over \$384 000 in fines for safety violations at its refinery along Lake Michigan in Indiana, including failing to test equipment such as fire hydrants.

www.texascityexplosion.com

Notes from Gog & Magog

Gambling Giants

Recently Carbonweb had the privilege of listening to a presentation by one of the world's leading climate scientists, Professor Hans Joachim Schellnhuber, Director of the Potsdam Institute for Climate Impact Research and advisor to Chancellor Angela Merkel of Germany.

The graphs and data presented on possible climate scenarios were pretty frightening. Schellnhuber told his audience at the RSA that a 1-2 degree rise in temperature was inevitable, and that we have 50% odds of inducing a "planetary crash". He emphasised that we had to stabilise CO2 concentration in the atmosphere at between 350 and 450 parts per million (ppm) and that though some had

spoken of an upper limit of 550 ppm, this was "simply not tolerable".

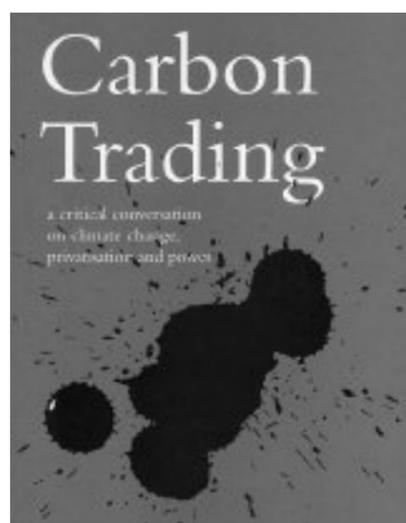
This last line reminded Carbonweb of news that received a few months back that James Smith, CEO of Shell UK, had made comments during a small meeting. He had revealed that the company was working on the assumption that carbon concentrations would certainly reach 550 ppm, and could well go higher. This "acceptable" level is clearly guiding Shell's investment strategy in relation to oil, gas and unconventional hydrocarbons such as the Alberta tar sands.

Intolerable to one, acceptable to another. The giants are truly dicing with the future of the planet as we know it.

Carbon trading - a critical conversation

A new book by Larry Lohmann of The Corner House exposes the myths around carbon trading. He argues that the more carbon dioxide we pour into the air and the more we destabilise our climate, the more urgent it becomes that we leave remaining fossil fuels in the ground. Yet the dominant approach to the crisis is carbon trading, originally promoted by the US and enshrined in the Kyoto Protocol and the EU Emissions Trading Scheme. This book provides evidence that carbon trading slows social and technological change and dispossesses people in the South of their lands and futures, and undermines positive approaches to cutting emissions, prolonging society's dependence on fossil fuels. It is bad for the South, bad for the North, and bad for the climate, Lohmann concludes.

www.thecornerhouse.org.uk



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More problems in the pipes

BP's pipeline woes continued in late October with news that its Baku-Supsa pipeline from Azerbaijan to Georgia has been forced to shut due to safety problems, paralysing oil exports from the Georgian port of Supsa.

BP's London office announced that pumping was suspended after "anomalies" were found in the pipes. However, it remains unclear whether the faults were caused by failure of the anti-erosion coating, Alaska-style corrosion or inadequate maintenance. Safety concerns were raised when it emerged that BP used second-hand Soviet era pipes to cut construction costs. There have been no claims of tampering or sabotage.

In a possible cover-up attempt, BP Azerbaijan, operator of the Baku-Supsa pipeline, denied the existence of "anomalies" mentioned in BP London's press release and claimed pumping was stopped for routine maintenance. The Georgian Deputy Minister for Environmental Protection and Natural Resources Zaal Lomtadze said the ministry had received no statement from BP about the shut-down.

It is unclear when exports via the pipeline will resume, some analysts predicting it will be out of service until February. Launched in 1999, the pipeline pumps 155 000 barrels a day of Caspian oil from Azerbaijan to the Georgian Black Sea coast.

Shell venture threatens Alaska

The Bush Administration looks set to allow oil and gas exploration in Alaska's Bristol Bay, a hugely productive marine habitat key to Alaska's fishing economy. The area, saved from oil drilling in the 1980s, has attracted interest from Shell, raising many of the same concerns as the company's controversial Sakhalin II project in neighbouring Russia. With Alaska's Arctic National Wildlife Refuge (ANWR) still out of bounds to oil companies and BP's Prudhoe Bay problems, government support for the drilling looks likely.

www.pacificenvironment.org