



Shortlist 2009

Public Eye Global Award

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**Nominated for the Public Eye Global Award 2009
by Friends of the Earth, France:**

BNP Paribas

Based in:	Paris
Industry:	Banking and financial services
Turnover / Net profit:	USD 45'602 Mio. / USD 12'211 Mio. (2007)
CEO:	Baudouin Prot
Owned by:	shareholders
Workforce:	162'687 in 85 countries (2007)

In Brief

Risk management at BNP Paribas, a leading French bank, resembles a game of "Russian roulette involving 100 Hiroshima bombs". Why? As of 2008 the bank is the sole underwriter for the Belene nuclear power plant, after a dozen other banks had concluded the project was too risky and had withdrawn their support. The reactor is to be built in a Bulgarian earthquake zone near the Rumanian border. In 1977 an earthquake shook the region and 120 people died. The project originally dates back to Soviet times and was revived in 2006. Hoping to spur construction at the nuclear plant, BNP Paribas loaned the Bulgarian utility NEK some €250 million in 2007. The plan calls for two reactors of a type that has never been in operation anywhere in the world. In view of the risk of a second Chernobyl-type event, we urge BNP Paribas to follow the example of other large international banks like Credit Suisse and withdraw from the high-risk project at Belene.

Irresponsible Corporate Behavior

The French bank BNP Paribas is organizing the finances for a nuclear power plant to be built near the small Bulgarian town of Belene. Only 12 kilometers from the planned reactor site 120 people died in an earthquake in 1977. Plans call for the construction of two Russian reactors of a type that has never been in operation anywhere and has never been assessed for safety. The Belene project dates back to the communist era and was moving toward construction after 1985. Protests and mounting safety concerns led the Bulgarian government to stop the project in 1992. But in 2006 the government changed course and awarded another contract for a nuclear power plant to be built near Belene. NEK (51%), the Bulgarian power utility, and Germany's second largest utility RWE (49%) would be the owners of the plant. In the following year, the French bank offered its €250 million loan to NEK to allow the start of construction. After various banks including Credit Suisse walked away from the project, BNP Paribas now bears the sole underwriter for the project.

Consequences

According to Georgui Kastchiev, the former head of the Bulgarian nuclear authority, Belene represents an intolerable safety risk and threat to the environment. Even just the test of a new reactor type in the earthquake region of Belene could lead to a repeat of Chernobyl. In the case of a meltdown, an amount of radioactivity equal to 100 Hiroshima bombs might be released. Earthquakes of a magnitude of 7.5 to 8.5 on the Richter scale are a real possibility, even though the government plays down the safety problem. The lack of qualified personnel and effective quality controls will likely undermine safety standards from the start. The Bulgarian energy sector is rife with corruption and as much as a third of all project funds might disappear in illegal accounts. Atomstroyexport, a subsidiary of Gazprom, has been selected to build the plant. As the first Russian built nuclear project to be realized in the EU, Belene would serve to advance the interests of the Russian nuclear industry. Greenpeace criticizes the incompleteness of the report that accompanied the environmental impact assessment of 2004. This report certifies the absence of seismic risks that might jeopardize the construction of the reactor. Although at the time of the study no reactor type had been selected, the government refuses to produce a follow-up study. Waste disposal for the plant is also a problem. NEK wants to send the nuclear waste to Russian storage sites, which are even now leaking radioactivity into the environment.

Current Situation and Demands

The Bulgarian government wants to avoid a serious review of the project. Construction is scheduled to start in December 2008. However, since plans for the technical execution were only submitted to the Bulgarian nuclear authorities in September 2008, the approval process is unlikely to be completed by then. Environmental organizations have responded to the construction announcement with a number of vigils. It is not clear at present whether the German utility RWE will participate in the project with a share of €1.5 billion as planned. The board of RWE is divided on the issue. Even if RWE were to opt in, the project still needs an additional €5 billion. A dozen banks have already turned their backs on the risky project. Financing, in other words, remains a problem. BNP Paribas has announced that it will not put its own money into the project but “merely” sees itself as a financial advisor. The nominating organization urges BNP Paribas to abandon its advisory function for the risky nuclear project without delay.

For more information:

- http://bluelink.net/upload/2afb06f547266f3ba701eddf8f118ac0/Seismic_Belene_20080212_light.pdf
- <http://www.urgewald.de/index.php?page=3-64-156&artid=298>