

“The Public Eye Awards”

Nominations form

Nominated company (name): BP for the Baku-Tbilisi-Ceyhan Pipeline

Short description of the company

BP's main activities are exploration and production of crude oil and natural gas; refining, marketing, supply and transportation; and the manufacture and marketing of petrochemicals.

BP operates in 100 countries in Europe, North and South America, Australasia and Africa. It is the third largest oil and gas company in the world (after Exxon Mobil and Shell). In October 2004, BP was quoted as saying it made £1 million profit an hour. Its revenues for 2003 were over \$16 billion (US); with profits of over \$10 billion (US) 80% of which were made in the exploration and production of oil and gas. In 2002, BP employed 115,250 and in 2003 total employed was 103,700. The CEO of BP is Lord John Browne, born in 1948. The company was founded in 1909 as Anglo-Persian Oil and its headquarters are in London, England

Nominated for the following award categories:

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- environment
- human rights
- labour rights
- taxes
- special prize: most utterly useless corporate social responsibility

More than one category can be chosen, if a company has acted irresponsibly in all these areas or if it cannot be assigned to just one category. In this case the organising committee will decide the final category.

Reasons for nomination:

General information on the case and date or time period

BP are the lead shareholders in the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, that is causing serious human rights abuses, could spark or reignite regional conflict, will rob local people of their land and livelihoods, and will deliver yet more oil to already saturated Western markets, further contributing to climate change. The pipeline legal agreements make BP the effective governing power over a strip of land 1,750 miles long, crossing Azerbaijan, Georgia and Turkey, and over-riding all environmental, social, human rights or other laws, present and future, for the next 40 years.

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BP started construction in May 2003. The pipeline plans to be fully built and plan to begin full operation in January 2004, however environmental and safety problems may well delay the start of the project.

Characteristics of the company's irresponsible behaviour

BP's website says "our goal is no damage to the environment" and "no accidents and no harm to people", in fact, nothing could be further from the truth. The BTC project illustrates BP's lack of commitment, in fact, utterly useless so called "corporate social responsibility". BP has a historic record of being utterly useless. At BP's OCENSA pipeline in Colombia, built in the mid-1990s, landowners are still fighting in court for compensation. At the Baku-Supsa 'Early Oil' pipeline, built by BP in 1997-99, along the same planned route as BTC, through Azerbaijan and Georgia, BP still owe communities reparations.

Utterly useless behaviour includes:

- Ineffective safety measures to deal with environmental concerns ranging from earthquake fears for the safeguarding of Borjomi National Park and the Borjomi water industry.
- The lack of recognition and responsibility BP has taken regarding the impact of the project on climate change.
- Subcontractors and consultants of BP have been exposed as incompetent, cost-cutting and shoddy workmanship, yet BP have tried to bury these concerns.
- Human rights defender Ferhat Kaya, who has been working to secure the rights of those affected by the pipeline in the north-east of Turkey, was unlawfully arrested in May and allegedly subjected to torture or ill-treatment. His arrest is linked to his work on the pipeline, yet BP refuse to admit the linkage or take any responsibility.

Consequences

Utterly Useless Health & Safety

Four senior pipeline experts who worked on the Baku-Tbilisi-Ceyhan (BTC) pipeline for BP in Turkey have revealed a catalogue of incompetence, cost-cutting and shoddy workmanship, which raises major questions about the safety of the pipeline. All four have successful careers of over 20 years in pipeline construction, and have said this is the worst project they have ever worked on.

Their revelations include:

- not hiring proper specialists to advise on engineering, including on crossing seismic faults in the earthquake-prone region;
- using inappropriate materials and construction methods, which will not perform the function they are needed for;
- not following construction design specifications and procedures;
- failing to carry out checks or keep records on construction quality;

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- using staff without proper training or qualifications;
- ignoring environmental or health and safety requirements;
- causing bankruptcy of local business suppliers along the route.
- Two of the experts were sacked for raising concerns about the problems.

A recent scandal regarding BP using the wrong kind of paint to cover and protect the pipeline is currently being investigated by the UK Government's Trade & Industry Committee.

Utterly useless treatment of workers

BP are also breaking internationally agreed labour standards. A Fact Finding Mission to Azerbaijan in October 2004, met with several BTC workers who worked 12 hours a day, 7 days a week (also illegal in Azerbaijan). In Georgia, a national trade union "*Georgian Trade Union Amalgation*" held a demonstration against BTC for having their rights violated. Trade unionists working on the pipeline's Georgian section are extremely concerned that both Georgian labour laws and employment standards laid down by the International Labour Organisation (ILO) are being overlooked by BTC Co, under extreme pressure to maintain its construction schedule. BTC workers in Georgia are currently required to work 12-14 hours per day, including weekends and holidays, to secure a minimum subsistence salary.

Utterly Useless Colonialism

One might have expected that the legal basis for a private company's development project in foreign countries would be a set of contracts. But not in the case of the BTC pipeline, BP wanted something far more powerful in this case, and instead went for an international treaty.

The project is governed by an Inter-Governmental Agreement (IGA) between the governments of Azerbaijan, Georgia and Turkey (but drafted by BP's lawyers), and by an individual Host Government Agreement (HGA) between each of the three governments and the BP-led consortium.

These agreements have largely exempted BP and its partners from any laws in the three countries – present or future – which conflict with the company's project plans. The agreements allow BP to demand compensation from the governments should any law (including environmental, social or human rights law) make the pipeline less profitable. The agreements have for these reasons been described by NGOs as "colonialist".

Utterly useless human rights and conflict prevention

Throughout the pipeline, all three host states have made major moves to station military units to protect the pipeline. Amnesty International warns that during the construction and 40-60 year operation of the pipeline, could result in:

- inferior rights of redress for the 30,000 people who will be forced to give up their land rights to make way for the pipeline;
- inadequate enforcement of health and safety legislation to protect workers and local people;
- serious risk to the human rights of any individuals who protest against the pipeline;

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- a threat to access to water for local people (in an area of water shortage).

An International Fact-Finding Mission to Turkey in March found major repression and lack of freedom of speech in Kurdish areas in northeast Turkey - so serious that the mission called for a moratorium on pipeline construction activities, as genuine consultation would not be possible within that situation.

In July 2003, a report about the likelihood of a threat to the Baku-Tbilisi-Ceyhan oil pipeline and acts of sabotage appeared on the Georgian Ministry of State Security web site. The report speaks about certain subversive groups which are likely to organize explosions at certain sections of the pipeline and the Ministry of State Security says that certain political interests are behind these possible actions.

A Turkish campaigner has allegedly been tortured because of he spoke out against the pipeline. Groups in Azerbaijan have been threatened for criticising the project.

Utterly Useless Social Development

Azerbaijan, Georgia and Turkey suffer high levels of economic hardship and poverty. For many communities living along the route, the pipeline project stands to actually exacerbate poverty. As Oxfam America explains in its recent report, *Extractive Sectors and the Poor*:

"Not all forms of economic activity are equally good at promoting development . . . Extractive sectors tend to be capital-intensive and use little unskilled and semi-skilled labour; they are geographically concentrated and create small pockets of wealth that typically fail to spread; they produce social and environmental problems that fall heavily on the poor; they follow a boom-and-bust cycle that creates insecurity for the poor; and they are generally run by the state, or by large corporations, in ways that lead to high rates of corruption, repression and conflict."

BP has claimed it is investing millions through its social investment programmes to help local people, yet fact finding missions across the region have reported many planned programmes have not happened, the local community has not been informed of the programme, and some projects have been associated with corruption.

A Fact-Finding Mission to Turkey in March 2003, found other problems with compensation, including:

- Levels of compensation were imposed on people
- Non negotiated levels of payment were only a fraction of the true value of the land;
- Major concerns about damage to the land and facilities surrounding the pipeline.

This was what happened in BP's OCENSA pipeline in Colombia, built in the mid-1990s, and for which landowners are still fighting in court for compensation. It was what happened with the Baku-Supsa 'Early Oil' pipeline, built by BP in 1997-99,

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along the same planned route as BTC through Azerbaijan and Georgia. And it was what happened on the East Anatolian Natural Gas Pipeline (NGP), built in 2000-01 by Botaş (which would also build BTC, under contract to BP), along the same planned route as BTC through much of Turkey.

Utterly useless for the Climate

Once in full production, the Baku-Tbilisi-Ceyhan (BTC) pipeline will transport 365 million barrels of oil. When burnt this would produce 160 million tonnes of Carbon Dioxide (CO₂) each year. This is:

- equal to the pollution from every power station in the UK (163 million tonnes CO₂)
- far more than the pollution from every car, truck, bus and train in the UK (125 million tonnes CO₂)
- twice as much as heating every house in the UK (89 million tonnes CO₂).

Utterly useless for the Environment

The Georgian government has already suspended work on BTC for a week last summer, following BP's decision to start construction in the ecologically vulnerable Borjomi region, despite its repeated failures to obtain the necessary environmental certification to proceed. The region contains the Borjomi national park, an area of outstanding natural beauty and mineral water springs whose bisection by the BTC pipeline has long been the subject of fierce opposition by environmentalists. Besides the national park, the Borjomi region also contains the Kodiana Mountains, an area of geological complexity and extreme vulnerability to landslides and earthquakes.

Demands made to the company

Include:

- Work should be suspended in Borjomi until environmental concerns have been fully addressed
- Villagers are paid in full for all losses sustained as a result of construction
- Accurate information regarding appropriate legal remedies be provided to all persons affected by the construction of the pipeline and Independent legal advice should be made available to all affected persons.
- Immediate action be taken to ensure that persons voicing criticism of the pipeline are able to access effective, independent and confidential legal advice and representation in accordance with international fair trial standards.
- BP make public its figures on local sourcing and employment and that the project lenders ensure that target figures are met.
- An independent full quality control audit of the construction work is undertaken

Sources / references

www.bankwatch.org
www.greenalt.wanex.net
www.baku.org.uk
www.foe.co.uk

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Nomination submitted by:**Caucasus NGO Confederation**

Baku, Azerbaijan

CEE Bankwatch Network / Green Alternative

Tbilisi, Georgia

Friends of the Earth England, Wales & N.Ireland

London, England

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