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**Nominated for the Public Eye Award 2005
in the category:**

E N V I R O N M E N T

**Nominated by: Environmental Rights Action/Friends
of the Earth Nigeria and Friends of the Earth England,
Wales & Northern Ireland**

Royal Dutch / Shell Group

Headquarters: The Hague, Netherlands
Turnover / Net profit: US\$ 268.892 billion (turnover 2003) / US\$ 12.496 billion (net profit 2003)
Branch of trade: petrochemicals, Shell is operating in more than 145 countries
Owned by: Royal Dutch Petroleum Company Netherlands (60%) and The Shell Transport and Trading Company plc, United Kingdom (40 %)
No. of employees: over 119,000 (in 2004)
CEO: Jeroen van der Veer
Member to the WEF: YES (in January 2004)

Outline

Shell has been pumping oil and flaring gas in the Niger delta since 1956, irrespective of the adverse impact of its operations on local communities, their livelihoods and the environment. The company refuses to assume liability for the damage it causes. In addition, even though Shell committed to stop gas flaring until 2008, it backed down again claiming it would be too expensive.

General Information on the Case

The Niger River Delta, on the southern coast of Nigeria was once the bread basket of Nigeria with fertile soils, widespread agriculture, and mangrove forests that support more freshwater fish than anywhere else in West Africa. The Delta is highly valued by companies like Shell for its oil and gas resources. Shell is the operating company and largest stakeholder of Nigeria's main oil consortium. Oil provides more than 95% of Nigeria's hard currency earnings but very little of the earnings is returned to the affected communities.

Characteristics of Irresponsible Corporate Behaviour

- Shell wastes US\$2.5 billion each year in Nigeria through its persistent gas flaring. Moreover, there are indications that Shell prefers paying fines for gas flaring instead of ending it. Shell has continually delayed its commitment to end gas flaring from 2000 to 2004 and still does not seem to be ready to keep its promise in 2008.
- None of the more than 4,000 oil spills caused over the past four decades have been thoroughly cleaned up by Shell.
- Shell holds the Nigerian communities and the statutory courts in contempt because it fails to accept liability for damage it causes. Approximately 1,000 lawsuits were filed against Shell, but

the company does not respect the judgements of the law courts and is delaying the procedures.

- Over the years, Shell has invested only US\$200 million in the Niger Delta to address the huge social and environmental problems it created. This is just 1.6% of its profit for 2003. Moreover, although the Shell Nigeria 2002 report stated that “through focusing on water and sanitation and on health, we continue to promote healthy living standards”, most of the Shell community projects have never been finished.
- In January 2004, Shell shocked its shareholders by announcing that it had overstated its oil and gas reserves by 20% (nearly 4 billion barrels of oil).

Consequences

The Nigerian oil industry disproportionately generates both developmental and environmental problems. For villagers in the Niger Delta, Shell’s gas flares are part of daily life. They burn day and night roaring like jet engines. The air is thick with sooty particles that stick to skin, clothes, food, and lungs. More than 4,000 oil spills have been recorded in the Niger Delta over the past four decades with devastating consequences for the environment and the local population.

Current Status and Demands

- The Nigerian government banned gas flaring since 1969. Shell committed to end its flaring in 2008. Unfortunately, Shell is again backsliding on its commitment by claiming that it will be expensive. The nominating organisations demand that Shell keeps its commitment and stops gas flaring
- Shell must clean up its oil spills properly and adhere to international environmental standards.
- Shell has to accept Nigerian court rulings and respect the legislative organs of the country. The nominating organisations demand that Shell pays the compensations owed to the affected communities.

Link to the details of the nomination: www.evb/nominations.htm

Further information and links:

Failing the Challenge: The Other Shell Report 2002: www.foe.co.uk/resource/reports/failing_challenge.pdf

Behind the Shine: The Other Shell Report 2003: www.foe.co.uk/resource/reports/behind_shine.pdf

Christian Aid: Behind the mask: www.christian-aid.org.uk/indepth/0401csr/