

Speech by Christoph Wiedmer, Director, Society for threatened peoples Switzerland

Swiss financial institutions must reconsider their investments in Sudan

The spoken word shall prevail

Ladies and gentlemen,

Whilst Europe and the United States pass or discuss sanctions against Sudan, China and its companies invest billions of dollars in this country. The newly developed, massive oil fields in southern Sudan are especially of great strategic interest to China. China already procures 7% of its oil demand from Sudan and has become its most important oil consumer. Around 70% of Sudan's income from the oil business is used on military expenses. China National Petroleum Corporation, together with its listed subsidiary company, PetroChina (China), as well as Sinopec (China), ONGC (India) and Petronas (Malaysia), belong to those companies that provide the Sudanese government with great revenue and can, therefore, be directly or indirectly connected with the crisis in Darfur. They are a financial mainstay of the Sudanese government.

As a reward for unrestricted access to the energy sources in Sudan, China protects the Sudanese government against sanctions by the United States. In the United Nations Security Council almost every resolution against the Sudanese government has failed because of China's veto. China also protects Burma against sanctions by the international community. PetroChina has invested more than a billion US dollars in a pipeline project for the extensive sources of gas which were found a few years ago off Burma's coasts. This will supply Burma's government with around 150 million US dollars income each year in terms of transit taxes. In this way, PetroChina is financially supporting the military junta in Burma.

The genocide in Sudan is continuing unabated. To date, the international community has failed to stop what is, according to the UN, the largest humanitarian catastrophe in the world. Hundreds of thousands of people have already died and over two million have become internally displaced. Whilst the Sudanese government has been able until now to resist any political pressure, it has been susceptible to economic pressure. The crimes against humanity and genocide being carried out by government-supported rebels call for a clear and consistent response from the political and economic world.

Despite widespread international criticism however, a major Swiss bank, UBS, is expected to underwrite the IPO (initial public offering) of the Chinese oil giant, PetroChina, on the Shanghai stock exchange on 5 November. This service will make around 6 billion US dollars more of new financial resources available to PetroChina. PetroChina will not only have more liquid assets because of these new resources, but their mother company, Chinese National Petroleum Corporation, will also benefit enormously.

Several Swiss financial institutions own investments in the four above-mentioned oil companies with the following stock market value. This information has been taken from the mid-October 2007 Bloomberg Financial Services:

- Credit Suisse owns investments with a market value of more than 2.8 billion US dollars; UBS, 2.7 billion US dollars.

- The Geneva-based bank „Pictet&Cie Banquiers“ owns investments with a market value of 221 million US dollars; „Lombard Odier Darier Hentsch Ltd“, 98 million US dollars.
- The joint venture of the Swiss cantonal banks „Swisscanto Holding AG“ owns investments with a market value of 22 million US dollars; the Vaud cantonal bank, 15 million US dollars.

Together with other banks and insurance companies, Swiss financial institutions currently own investments with a total value of around 6 billion US dollars, which is about 7 billion Swiss francs.

Both of the major Swiss banks, UBS and Credit Suisse, rank amongst the largest, international investors in these controversial companies. They have both signed the UN Global Compact and have committed themselves to the 10 principles in the areas of human rights, work, environment and anti-corruption. Keeping business dealings with the companies in question clearly contradicts the spirit of this agreement.

We demand that Swiss financial institutions urge their business clients acting in Sudan to take consistent measures to prevent their direct or indirect contribution to genocide. If the oil companies in question do not react, the financial institutions should withdraw all services, including their investments. Furthermore, Swiss financial institutions should make commitments regarding their investments in Sudan. Such an obligation can be found in the media dossier. In this case, the UBS must resign from underwriting the IPO of PetroChina. The economy can no longer deny its responsibility in regions where human rights abuses of this dimension are taking place. Either the investors achieve a change of thinking in the concerned governments and oil companies, or they should cancel their business relations with the problematic companies.

Translation