

Corporate Colonialism – The Baku-Tbilisi-Ceyhan Pipeline

Corporate accountability and trust, and the lack of both, was again the focus of this morning's panel discussion on the Baku-Tbilisi-Ceyhan oil pipeline. The goal of the panel was to provide information on this massive project and engage in an open dialogue with the most important corporation involved in it, BP. Lord Browne, CEO of BP, UK was invited to sit at the same table as Ketji Gujaraidze of Green Alternative, a Georgian NGO, Antonia Tricarico of Reform the World Bank Campaign, Italy and Richard Howitt, Labour MEP, UK. Lord Browne declined to attend or send anyone from BP to defend the company's actions around this controversial project. Corporate transparency thus suffered another blow.

However, this did not hinder the audience being treated to an eloquent overview of the project and the significant environmental, legal and geo-political issues the project raises.

Ketji Gujaraidze, who works closely in Georgia with the communities affect by the planned pipeline, described the questionable means being employed by the consortium to win approval for the project from local communities and national governments of the three countries through which the pipeline will pass. Concerns were raised regarding the ways in which BP had sought to push through a deal regarding the acquisition and compensation of land from landowners, criticism centred on the lack of information given to people and the pressure that was exerted upon them to sign. Many people today are still unaware of the exact terms of the agreement that they signed.

Criticism was also made of the environmental and social impact assessment produced by the consortium. In Georgia, the pipeline will cross both a national park and a natural reserve as well as mineral water catchment area. Any leaks have the potential to cause significant environmental damage to protected areas and irreversibly pollute mineral water sources, in turn destroying the bottling industry which accounts for 25 % of employment in the region. The Dutch government requested an independent audit of the environmental and social impact study drawn up by BP, and this review cited many of the same concerns local NGOs have been drawing attention to.

Antonio Tricarico began by pointing out that one of the significant aspects of the project from a geo-political point of view is that it is a huge investment in a non-OPEC oil source. In his view this fact must be considered when explaining the support given to an economically questionable project from American and European governments, and international lending institutions such as the World Bank and the European Bank for Reconstruction and Development. Lord Browne, BP CEO, once admitted that the project would not be economically viable without free public money. Why the investment then? Because of the strategic importance of the oil it will deliver.

Another important issue raised by Antonio has to do with the legal aspects of the agreements entered into by the governments of Azerbaijan, Georgia and Turkey with the private consortium building and operating the pipeline. The contract that was signed has the force of international law, and explicitly overrides all national laws in countries affected except those of the various national constitutions. The Minister for the Environment of Georgia, for example, asked for changes in the terms of the contract because she felt that the country was being told to commit to plans that were in violation of Georgia's environmental laws. Although never proven, allegations were raised that many bribes had to be paid in order to secure this contract was accepted by the executive in the countries concerned.

In effect, Antonio argued, the outcome of the agreement is to take power out of the hands of national governments. Also clearly stated in the contract is that the project is under no obligation to serve any public needs. He raised again the question why, if the World Bank professes to be committed to the goal of poverty reduction, it would be willing to finance a project that has the stated goal of not serving any public needs? He also pointed out that the company was advised to register in the Cayman Islands, a tax-free haven, ensuring that the public would not even gain from any potential tax revenues.

Several other sections of the agreement underline the way in which the consortium has been placed above national law, for example a clause which states that national governments of the three countries must compensate the consortium for any adverse business effects of new legislation even if that legislation is enacted to serve the public interest.

These facts led Antonio to characterise the whole project as nothing less than "corporate colonialism."