

The true cost of big bank's bucks

PLATFORM investigates the role of RBS in financing oil and gas projects around the world

Take action on BP's BTC pipeline: page 4

February saw Britain's private banks including Royal Bank of Scotland (RBS), HSBC and Barclays post record profits. Revenues were boosted by the high oil price and the increasing importance of private capital to the oil and gas industry. In 2005 RBS's Commercial Banking and Financial Markets division arranged more project finance than any other bank, bringing in over half the company's \$8.25bn profits.

pipeline in Ecuador and BP's BTC pipeline. Its interests in gas projects span from Egypt to the Gulf of Mexico while loans have been made to Angola's Sonangol and SOCAR in Azerbaijan. The largest project finance deal of 2004/5 was structured by RBS: Exxon's \$9.3bn Qatargas II. RBS structured financing of the entire supply chain: field development, gas production, onshore facilities, transport ships and the terminal in South Wales to where the gas is being shipped.

RBS has positioned itself as the oil and gas bank, driving oil development.

Banks' involvement in oil and gas will increase as undeveloped reserves become less accessible. The push into 'frontier' regions - Central Asia, offshore West Africa and the Arctic - requires longer pipelines, deeper drilling and more capital. Shell's Sakhalin II project has already ballooned from \$10bn to \$22bn. The high oil price means the oil majors can afford to bear some of these costs themselves, but ultimately investment to open up capital-intensive frontier regions can only come from private banks.

RBS has positioned itself as 'the oil and gas bank' driving upstream production. As oil corporations increasingly rely on private banks, RBS profits look set to rise further - at the expense of fenceline communities and climate change.

RBS is closely involved in the Satellite Oil Field Project in offshore Nigeria, the OCP



© Liana Cecil/Friends of the Earth

Activists in London dressed as Whales to highlight the risks of Sakhalin II

RBS has positioned itself to play a central role in this drive, developing complex loan agreements for mega-projects and supporting independent oil companies in sucking dry declining fields, such as the North Sea.

obscuring the far more significant impact of their investments. Meanwhile, project finance practice serves as a reminder of the limits of self-regulation. RBS's bid for a slice of Shell's Sakhalin II project, despite clear breaches of both the Equator Principles and Shell's own policies, will further the impression that RBS's drive to profit from oil and gas will override concern for human rights and the environment.

RBS bid for Shell's Sakhalin II project, despite clear breaches of the Equator Principles

RBS trumpet corporate social responsibility (CSR) efforts such as calculating their carbon emissions and adopting the self regulatory Equator Principles. Yet RBS's emissions calculations are based on power used by cash tills and computer screens,

As RBS becomes more successful at driving oil and gas production, so its role in feeding climate change and fossil fuel addiction will grow. With global assets of over \$1120bn, RBS will play a significant role in determining our energy future.



© Sakhalin Environment Watch

Residents of Sakhalin island demonstrate against Shell's Sakhalin II, considered for finance by RBS and EBRD (European Bank for Reconstruction and Development)

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Venezuela: the forgotten cost of oil

Gabriele Muzio explains what inspired him to make a film among forgotten communities in Venezuela's oil producing areas

Venezuela's president Chavez is arguably the only Latin American leader who dares challenge the Washington Consensus and US hegemony over the continent. The reason he has dared do so, and been successful is oil: Venezuela is the US's third largest source of oil. Gabriele Muzio was drawn to the country, but he found fenceline communities forgotten by the Bolivarian revolution...

I was already familiar with South America and I made a few brief visits to Venezuela in the 1990s. I went back in May 2002 shortly after the attempted coup. Few people seemed to be aware of what was happening in this backwater called Venezuela.

Communities in the oil producing areas talk of cancer epidemics

It became obvious to me that Chavez had irritated Washington less due to his proclamations on social justice, more because as president of the only Western OPEC member, he had engaged in active oil diplomacy. Chavez travelled to the Middle East shortly after his election, brokering informal talks between Iran and Iraq, probably the first since the war between the two countries. Despite the 1975 oil nationalisation, previous Venezuelan presidents had always complied with Washington's wishes for lower oil prices and OPEC had sanctioned Venezuela on several occasions for exceeding its quotas. Chavez was instead shuttling between the large oil exporters, contributing to renewed cohesion within OPEC and a determination to stick to agreed production levels which pushed the oil price up.

We made our first film in Venezuela in 2002. Our aim was to offer the outside world an honest picture of what was happening in the country. We interviewed ordinary people, about the promise and the reality of positive change under Chavez's Bolivarian government. The film highlighted the oil origin of the 2002 coup and foresaw continuous destabilisation of the country by national oil company (PDVSA) managers loyal to US interests.

In the 1980s and early '90s Gabriele Muzio was an investment banker in Paris and London. Since 1993 he has studied economic development and the 'ruins' of economic globalisation, particularly in South America. He also works as an independent development adviser to Scandinavian governments.

Gabriele Muzio co-produced the following:

- Another way is possible: in Venezuela, 2002
- How Bush won the election (in Ecuador), 2003
- Bolivia is not for sale, 2004
- Nuestro Petroleo y otros cuentos (Our oil and other tales), Venezuela, 2005

Ordinary Venezuelans outside the oil producing regions know very little about the dark side of crude. Thus our second film focuses on the people living and dying in the oilfields and those workers who were the saviours of the national oil industry in 2002-2003 when a second, so called "oil coup" was staged.

Forgotten communities in the oil producing areas talk of cancer epidemics, of children born with deformities or disabilities, of the unbearable corruption of trade union officials in the oil industry who "sell" temporary positions for large cash sums to destitute workers. The legal system has been incapable of dealing with these systematic abuses and the current government has done little to bring justice to affected communities.

Union officials in the oil industry "sell" temporary positions for large cash sums to destitute workers

New projects generally lack credible environmental impact assessments. The state environment agencies seem condescending and lack the means to implement even the minimal environmental legislation in existence.

The film was premiered in Caracas in 2005. A few days later there was to be a second high-profile presentation at the National Cinema, a prestigious venue run by the Ministry of Culture. After the first showing, the Ministry decided to call off the second. So we contacted international and Venezuelan media,

inviting them to a screening in the open-air outside the cinema - of the first film that the revolutionary government of Venezuela was censoring.

The day before the screening we received a call from the Ministry of Culture, apologising for the "misunderstanding" and insisting that the screening inside the National Cinema could go ahead after

all. The caveat was that the Ministry's name as funder of the film be removed from the credits. We replied that we would need a request in writing from the minister himself, because we had been required by contract to credit the ministry. No letter arrived, so the film was screened including the credit.

Our 2002 film highlighted the oil origin of the coup and foresaw destabilisation of the country by national oil company managers

When we made our first documentary in Venezuela in 2002 we were using film as an instrument of counter-information, challenging misinformation presented to the world about Venezuela. With the 2005 oil film our aim was to counter misinformation from the Venezuelan government. The film highlights to ordinary Venezuelan citizens the inexplicable contradictions within their government's oil policy, despite the anti-imperialist, socially revolutionary and environmentally sound discourse of the President. Oil is the holy cow, which normally no one in Venezuela criticises.

Nuestro petroleo y otros cuentos: Our oil and other tales, documents a journey across Venezuela, from Lake Maracaibo to the Orinoco Delta, exploring the experience of communities, oil workers and indigenous peoples. 2005, 83 min.

Elisabetta Andreoli, Gabriele Muzio, Sara Muzio and Max Pugh

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Weapons of Mass Disruption: Fossil fuels and the Iranian nuclear crisis

Matthew Taylor and Paul Ingram, British American Security Information Council (BASIC)

As the crisis between the international community and Iran escalates, the media continue to focus exclusively on Iran's nuclear ambitions.

The nuclear issue is one part of the story. The international non-proliferation regime, weakened by its failures to progress disarmament, is in danger of unravelling. Israel, India and Pakistan have nuclear arsenals and are outside the regime, North Korea appears to have joined them. But it is against Iran that the United States and Europe have now chosen to take a stand, after they led a war against Iraq for similar, though discredited reasons.

Europe is currently Iran's primary economic partner accounting for 35% of trade

The relationship between the Islamic Republic and the United States has been poor since the Iranian revolution of 1979, partly for historic reasons (especially memories of the hostage crisis that followed the revolution), partly for ideological reasons, and partly for strategic reasons (Iran openly challenges US and Israeli dominance within the Middle East). In January 2002 President Bush labelled Iran part of the axis of evil; for some time Iran has been the principal target of neo-conservatives in Washington. There are many reasons behind the US and Israeli antipathy towards Iran: sufficient in themselves to explain the slow deterioration of diplomatic relations and calls for the use of military action.



Gabriele Muzio, co-producer: *Nuestro Petroleo y otros cuentos* - Our oil and other tales - (see page 2 opposite)

But achieving consensus within the international community is proving difficult, especially as Iran has put greater emphasis on engagement with foreign players.

Iran's first contract with a foreign oil company since the revolution was with Total in 1995, to develop the Sirri field.

Western oil investments in Iran have expanded rapidly since 1999

Further investments were slow to begin with, but have expanded rapidly since 1999. Even since the latest IAEA Board resolutions in January and March, with threats of sanctions coming from Europe, the Iranians have been offering Total, Shell and Repsol upstream development contracts in the huge South Pars gasfield. Europe is currently Iran's primary economic partner, accounting for 35% of its trade.

These relationships heavily influence European gambits. France and Germany in particular feel their economic ties give them leverage. But that leverage works in both directions: European countries are all too aware of their growing dependence on Gulf oil.

Iran's wealth of oil and gas may not provide the explanation for the current crisis, but it certainly explains much of the global interest, and many of the dynamics that will determine future events. Iranian oil and gas reserves are particularly attractive because of their size, because they are relatively underdeveloped, and because they could supply both India and China via pipelines.

Regular Carbon Web readers will know of the astronomic growth in energy imports to south and east Asia.

Guest writers wanted

We would like to encourage other Carbon Web readers to contribute. If you have ideas you would like to share through the pages of Carbon Web please email:

info@platformlondon.org

China overtook Japan as the world's second largest consumer of petroleum products in 2004, with a total demand of 6.5 million barrels per day. In four years' time, imports will account for half China's oil consumption.

In 2003, Iran provided 14% of Chinese oil imports, a figure set to rise significantly. Deals over Iranian natural gas are equally important. In October 2004, Iran signed a \$70-100 billion, 25-year contract with the Chinese company Sinopec, which includes the supply of 250 million tons of Liquefied Natural Gas (LNG) and constitutes one of China's biggest overseas investments.

A 2004 gas deal with Iran is one of China's biggest overseas investments

India is in a similar position of import dependency. According to Brajesh Mishra, National Security Advisor, 'We see a synergy between the energy resources in Iran and the energy markets in India.' Both India and China are rumoured to have concluded significant arms deals with Iran. India already has a 50% share in the world's largest gas field at South Pars.

Many in Washington are intent on building up pressure upon Iran. But they find many Europeans reluctant, not just because of their previous Iraqi experience and a belief in soft power, but because they are not willing to make economic sacrifices again. For similar but more powerful reasons, they may find outright opposition from China.

If the West is to strengthen the non-proliferation regime and prevent weaponisation of Iran's nuclear programme it has no choice but to positively engage. The bigger conflict may yet centre around access to that most strategic of energy sources - oil.

British American Security Information Council (BASIC) is a progressive and independent analysis and advocacy organization which researches and provides a critical examination of global security issues:

www.basicint.org

Ken unveils greener London

March 16th saw London Mayor Ken Livingstone unveil his vision for a low carbon London - without nuclear energy - at the Greenpeace Business Lecture. As a shot across the bow of the government's current energy review, which many believe will favour new nuclear-energy plants, the Mayor's Office with Greenpeace presented a report which undermines the nuclear lobby's claims to CO2 reduction by comparing emissions from four scenarios for meeting London's energy needs.

The report focuses on the use of decentralised energy systems to power London's buildings and argues that replacing retiring nuclear plants with new gas-fired or nuclear plants will not

achieve government targets for CO2 reduction.

However, two scenarios for meeting London's energy needs with renewables and decentralised, mostly gas-fired, combined heat and power (CHP) systems were shown to meet London's needs while exceeding government targets. CHP systems can be 80-90% efficient compared to 50% for the best centralised power stations.

The report focuses on London's buildings (73% of energy consumed in London) not on transport. However, the Mayor responded to questions on transport emissions, pointing to existing initiatives.

For the full report:
www.greenpeace.org.uk
 For the Mayor's initiatives:
www.london.gov.uk/mayor/environment/energy/

Alaska leak goes undetected

A March spill from a BP pipeline in Alaska has raised questions over the efficacy of leak detection systems. The sixth-largest spill in the 29 year history of production on Alaska's North Slope spread around 6000 barrels across two acres.

Leak detection systems were ordered four years ago after the state of Alaska fined BP \$ 300 000 following another leak. But the latest leak - apparently caused by corrosion - may have been too slow to be detected, and was only spotted by a worker driving past.

Despite its size the spill has been played down by state regulators as Senate again debates a proposal to open Alaska's Arctic National Wildlife Refuge (ANWR) to oil drilling. Bad publicity could also damage negotiations on a new pipeline to bring gas from Alaska to the lower 48 US states.

Around the world in 50 fill ups

Not to be outdone by its rival BP, Shell has made a bid to highlight its green credentials. Shell announced on 17th January that it was part of a world record attempt to drive "around the world in 50 fill ups" following the route of the legendary Phileas Fogg. Perhaps in answer to BPs full page ads (see Carbon Web issue 3) Shell hopes to enter the Guinness Book of Records alongside fuel-efficient drivers Helen and John Taylor.

However, unlike Fogg, the plucky little VW golf was flown from Greece to Pakistan, avoiding Africa and

the Middle East altogether. Shell like the other western majors was forced out of most of the Middle East in the 1970s and while it may be eagerly eyeing reserves in the new Iraq, if this trip is anything to go by it is not yet brave enough to re-enter the region.

The Taylors might also be nervous about setting foot in Africa wearing their Shell jump-suits. With Nigeria still on a knife edge (see page 5) the company's reputation continues to suffer in Africa.

A Shell spokesperson insisted that the route was purely decided on the basis of "difficulties taking all the cars through customs".



BP's US website was celebrating the 15 billionth barrel of Alaskan oil as the cleanup got underway

Take Action - Demonstration against BP pipeline

The pipes are buried but we're not going away...

On 27th May BP's Baku-Tbilisi-Ceyhan (BTC) pipeline is set to come onstream. Its construction has disrupted the lives of local people for three years and left an environmental scar. **This is only the start:** now, communities living along the pipeline must live with the rising threat of leaks and intimidation by security forces.

Communities fear that when oil starts flowing, the world will forget about them.

Prove them wrong

When: Friday 26th May, 5:00 - 6:00 pm

Where: BP, St. James Square, London SW1Y 4PD *Tube: Piccadilly Circus/Charing Cross*

Show BP that we will monitor the project throughout its lifetime.

More info: bakuceyhan@googlemail.com www.baku.org.uk



Break up BP, says top investor

A recent report by investment bank Cazenove called for the breakup of BP. Many environmentalists would agree, though perhaps for different reasons.

Cazanove argues that since production of oil and gas is far more profitable than refining and selling oil products, why do the major oil companies tie the two together?

Investors and analysts have made similar arguments before, but Cazenove is BP's broker. What is surprising about the report is not that the arguments are being made, but who they are coming from.

On a far smaller scale, Deutsche Bank's JJ Traynor argued last year that renewables should be separate from the production of oil and gas, as investors would rather manage their own risk exposure, than be stuck with what Cazenove refers to as the "sterile,

conglomerate asset structure" of the oil majors.

But renewables help to illustrate why oil companies and investors disagree. For Deutsche Bank, renewables are a distraction from the core business of oil and gas. In both BP and Shell, renewables account for less than 0.5% of turnover. So why bother?

The reason is that while investors are interested purely in financial performance over the short to medium term, the companies themselves take decisions to preserve their long-term future. BP and Shell's renewables investments have helped portray the companies as part of the solution, reducing pressure to act on climate change. As BP and Shell control a large share of the nascent renewables industry, they control the pace at which alternatives to oil and gas develop, and while renewables will do little for BP or Shell's bottom line over the next five years, they are more significant for their position in 30 years time.

It is similar with downstream assets. Forty years ago, the oil majors were powerful because they controlled access to consumers, largely through petrol stations. Upstream may be king now, but oil companies know that may not last. Just as important, BP in particular has recognised it requires the active support of government, and it needs to attract top graduates to its future boardrooms. In this sense, branding through petrol stations contributes to political power.

* * *

Despite Cazanove's criticism, the oil industry may not be so sterile after all; where branding is not at stake, some break-ups have already begun. Last year BP sold the bulk of its chemicals business and Shell used good end of year results this February to bury news that it was disposing of most of its solar division, at knock down price to SolarWorld AG.

Conversely there have been rumours of a Shell bid to buy the wind energy company, Vestas.

Government fiddles while Delta burns

As the Niger Delta becomes increasingly violent, the Nigerian government appears to be in denial about the extent of the crisis.

The armed group, the Movement for the Emancipation of the Niger Delta (MEND), kidnapped nine foreign oil workers in February, before releasing them unharmed, in stages by late March. MEND have also been responsible for attacks on infrastructure that, by late March had shut down 630 000 barrels per day (bpd), 26% of Nigeria's 2.5 million bpd production.

Meanwhile, Nigerian oil Minister Dr. Edmund Daukoru told foreign oil investors at the Offshore West Africa conference in Abuja that the crisis would "soon be solved".

US military analysts are not fooled. Charles Dragonette, senior global maritime analyst at the US Office of Naval Intelligence, warned a conference in Fort Lauderdale that oil supply from the Delta is "hanging precariously in the balance", adding that, "Nigeria may have now lost all ability to control the situation."

Dragonette also revealed that Shell led a group of oil companies in an approach to the US military for protection of their facilities in the Delta. This was rejected as long as rebel attacks remain onshore or in Nigerian waters.

A recent Citigroup analyst report warned that Shell remains the most exposed company in Nigeria, advocating that Shell engage in asset swapping to reduce its risk exposure. The report discloses that by 2010 Nigeria will account for 17% of Shell's production.



Photo: © Human Rights Watch

The armed group MEND have been able to carry out repeated attacks, disappearing into the Delta's dense mangroves

They'll fight them on the beaches

Campaigners against Shell's high pressure gas pipeline in Co. Mayo, Ireland, braved snow at the beginning of March as they established a protest-camp on sand dunes where the pipeline is due to come ashore.

Shell has announced that it will be commencing work on the wellhead out at sea in April. Meanwhile, immediate local concerns centre around water contaminated with aluminium which has been flowing from the Shell site into the local drinking water supply.

A local schoolteacher involved in the campaign has complained of intimidation after her car was tailgated by a group of young men, driving without lights, number plates, tax or insurance discs. The driver was later stopped and identified as a security guard at the Shell site.



Campaigners have established a protest-camp where Shell's pipeline is due to come ashore.

Iraq steps toward contracts

In January, the International Monetary Fund (IMF) released detail of its Standby Agreement with Iraq. Compliance with IMF conditions will earn Iraq 30% cancellation of its foreign debt.

Most controversial was the slashing of fuel subsidies, the first phase of which was required before signing the deal. The resulting hike in fuel prices led to protests on the streets, and the resignation of Iraq's Oil Minister.

The agreement sets a deadline of December 2006 for passing an Oil Law, and imposes a requirement that the IMF be involved. The law will set out the future framework for Iraq's oil industry. The IMF is known to favour bringing in foreign companies, most likely through a form of contract known as a Production Sharing Agreement (PSA) - which PLATFORM's research has

shown could cost Iraq up to \$200 billion in lost revenue. There remains a desperate need for public debate in Iraq.

Meanwhile, the oil majors continue to position themselves for the PSA bonanza. Two weeks ago, Shell was awarded a contract to provide metering at Iraq's export terminals - a job that elsewhere would have gone to a specialist company. Combined with earlier technical deals, Shell now has access to data on Iraqi exports, development plans and geology, and most importantly, access to officials in the Oil Ministry. Other oil companies have similar deals.

However, at a conference last week in Amman, the five Iraqi trade union federations unanimously called on the government to "refuse all foreign control over the oil sector, whether by privatisation or by Production Sharing Agreements".

Shell faces shareholder pressure

Shell's first Annual General Meeting (AGM) as a single company will also see its first shareholder resolution on social and environmental issues for several years.

The resolution organised by the Ecumenical Council for Corporate Responsibility (ECCR) calls on Shell to negotiate memoranda of understanding with local communities based on independent impact assessments before starting operations and to ensure that environmental policies and

procedures are rigorously enforced.

The resolution is inspired by community action against Shell in Nigeria, in County Mayo, Ireland and Sakhalin in Russia's far east.

UK investors have been shy in supporting the resolution while faith-based funds, from the USA are leading the way in holding FTSE listed companies to account.

Previous resolutions at BP's AGM have drawn similar support. ECCR is hoping to convince UK investors to support the measure in a series of April meetings ahead of Shell's AGM on 16th May.



ECCR's shareholder resolution was inspired by community action against Shell in Nigeria (below) and in County Mayo, Ireland (the Rossport 5 - imprisoned for defying a Shell injunction - above)



Stakeholder Democracy Network © 2004 All rights reserved

Thai pipeline raises concern

As the Trans-Thai-Malaysia (TTM) pipeline nears completion, gas blowouts and courtroom delays have angered affected communities in Southern Thailand. Built by Malaysia's Petronas and the Petroleum authority of Thailand (PTT), project finance was arranged by Barclays, who invested \$257 million.

In February, a major gas leak shut the Chana District valve station. Local villager Suraida To-Lee said the incident had frightened nearby residents, who had no faith in TTM's safety procedures. She claimed that hasty construction of the project under pressure from community opposition had led to sub-standard safety features. M. L. Walwipa, an environmental impact expert said that other problems include: "Roads damaged, swamp forest encroached on, public land taken over."

Meanwhile, Songkhla court opened a case on the violent dispersal of a demonstration against the pipeline. In a separate case, following public pressure, the prosecutor is deciding whether to formally charge TTM Co. for trespassing on public land. The Thai National Human Rights Commission has documented how TTM has fenced off land and destroyed rights of way. Villagers have highlighted the irony that three of their number have arrest warrants on trespassing charges.



Communities in Thailand take their protest to Barclays Bank's offices

Obituary - Guy Hughes

We are deeply saddened to report the death of Guy Hughes, in a mountaineering accident on 28th January 2006. Guy was a friend of PLATFORM, and an important colleague. As Director of Crisis Action, he was the driving force behind the media success of our Crude Designs report, exposing the West's plans for Iraqi oil.

Guy was a brilliant activist, and consistently achieved impressive results in fighting injustice. From 1995 to 2003, he worked at People & Planet, ultimately as Campaigns Director. He designed and led a successful campaign to switch the £22 billion university lecturers' pension scheme: USS to ethical investment. He played a key role in forcing Pepsi to pull out of Burma in 1997. He radicalised and empowered thousands of students and he was one of the founders of the Trade Justice Movement.

His bold move in 2004 setting up Crisis Action, to facilitate more effective civil-society responses to international conflict, is already paying off. Crisis Action has forced critical media reporting of and built strong public and parliamentary opposition to the threat of military intervention in Iran - work that is becoming more crucial by the day. Crisis Action has dramatically increased the pressure on the UK government to publish estimates of civilian casualties caused by the war and occupation of Iraq. He will be greatly missed.

<http://tributestoguyhughes.net>

www.crisisaction.org.uk

Kazakh pipeline moves closer

A plan to pipe oil across the Caspian Sea from Kazakhstan to Azerbaijan, to feed into BP's Baku-Tblisi-Ceyhan (BTC) pipeline, has moved closer following US pressure this month. The sub-sea pipeline, which threatens the fragile ecosystem of the northern Caspian, has been a long-term goal of US energy policy and of international oil corporations working in Kazakhstan.

US Secretary for Energy Samuel W. Bodman used a March visit to the Kazakh capital Astana to emphasise "the desire of the United States to see negotiations concluded between Kazakhstan and Azerbaijan." US criticism of Kazakhstan's recent elections and the arrest of political opposition figures remains muted.

China National Petroleum Corp. and Kazakhstan's National Petroleum and Natural Gas Co. recently completed construction of the 1000km Atasu-Alashankou pipeline, taking Kazakh oil to China. The US sees the BTC link-up as essential to ensure Kazakh oil flow west.

In the immediate term, Chevron will ship Kazakh oil to Baku by tanker. The Aktau-BTC pipeline remains blocked by Russia's demands that the nations surrounding the Caspian must first resolve their long-running dispute over how to divide ownership the sea.



Photo: Greg Muttit/Bank Information Centre

Until a pipeline can be agreed Chevron will ship Kazakh oil across the Caspian by tanker. Photo: BP's Sangachal BTC terminal near Baku

Notes from Gog & Magog

Movie Time

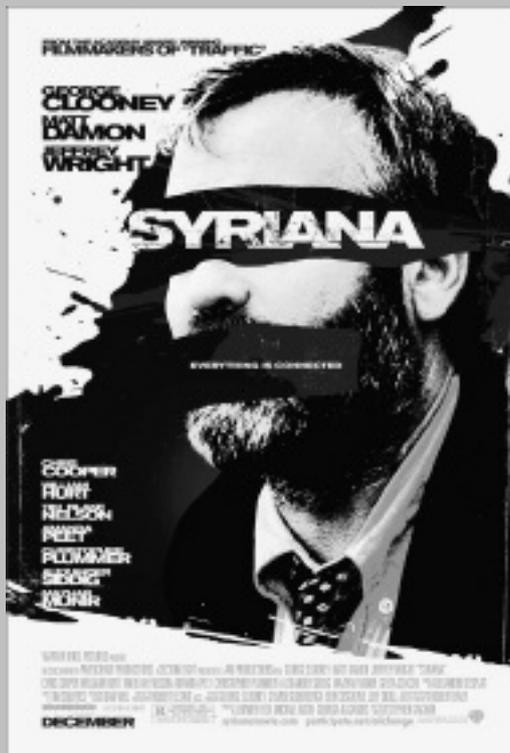
Who's been to see that whirlwind exploration of 'energy insecurity', *Syriana*?

"I had to go and see that" said Dave O'Reilly, CEO of Chevron, adding that his wife told him afterwards "Well, the real thing is a lot more fun", and John Browne of BP, is clearly a movie goer. He opened a speech at the Energy Institute gala dinner on 15th February describing the film: "there are a lot of guns and missiles, and a lot of people get killed. I'd always thought life in BP was pretty exciting. But I never quite realised what I was missing."

Browne went on to say the film was a myth and "It will add to the mythology - the cloud of misunderstanding - through which we are all seen by the public and politicians, who don't know the reality. I hope no-one beyond the conspiracy theorists will take *Syriana* seriously."

In his speech he explored several 'myths', including Peak Oil: "This is a myth you will find reinforced in most newspapers every day, and in any bookshop. I went into one bookshop here in London and found a special

display of 14 different books published over the last year with titles such as *The End of Oil* and *Twilight in the Desert*.



The idea that oil is running out is simply untrue. There is no physical shortage of oil or gas."

Syriana is the first 'oil movie' for some time, but there is a tidal wave of books on oil (though we'd be pushed to count 14!). Big Oil faces a growing storm of public scrutiny. Watch as it pulls on the protective layers - as the PR teams add to the 'cloud of misunderstanding', with slogans like 'Beyond Petroleum'.

Gong Time

One of those protective layers is a close relationship with government. March is the season to collect New Years Honours from Buckingham Palace, it must be a comfort (but not a surprise) to Browne, that his old friend David Woodward, President of BP Azerbaijan, is now 'Commander of the Order of St. Michael and St. George', on the recommendation of the Foreign Office, for services to 'British business interests and security of energy supplies' - overseeing the construction of BP's Baku Tbilisi Ceyhan (BTC) Pipeline.

Thirty-six years in BP, seven in Azerbaijan - have Woodward's actions increased our energy security? Or our insecurity, our vulnerability to the scenarios played out in *Syriana*?

Sweden to go 'oil free'

Sweden has announced that it plans to go "oil free" by 2020. The announcement is in line with a 1999 policy to resolve all of the country's major environmental issues within one generation.

A 1980 referendum decided that nuclear power should be phased out so Sweden's oil free economy will be based entirely on renewables. Iceland has already said that it plans to power all vehicles with hydrogen from renewable electricity by 2050.

"A Sweden free from fossil fuels would give us enormous advantages, not least by reducing the impact of fluctuations in oil prices." said Mona Sahlin, Swedish minister for sustainable development. Meanwhile, US president Bush used his recent state of the union address to admit that "America is addicted to oil."

Sakhalin prepared for spills

Those following Shell's Sakhalin II project should note that Jamie Walls has temporarily become 'Oil Spill Response Project Manager'. Usually International Relations Manager handling media enquiries for Sakhalin Energy Investment Company, he declared his new title at an IUCN (World Conservation Union) meeting in Vancouver.

The meeting was called to discuss the threat Sakhalin II poses to the Western Pacific Grey Whale. Attendance was intended for those who had specialist knowledge to contribute. Walls' new job title allowed him to attend, Carbon Web hopes that Walls does not use his public relations expertise as a primary response to spills.

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