

Introduction: Challenging oil

The oil economy generates conflict and destruction at every stage of its cycle. It seizes land, pollutes rivers and rides roughshod over those who stand in its way. It will fight wars and undermine international law to secure new supplies. It fuels the climate change which threatens all our futures with increasing freak weather, and blinds us to its impacts. This booklet brings together the info and contacts to break the cycle of oil addiction. The energy for a sustainable future is in your hands.

This booklet was written by Jo Hamilton, Lorne Stockman, Mark Brown, George Marshall, Greg Muttitt, and Nick Rau, designed by Stig and edited by Mark Lynas.



www.risingtide.org.uk



**Platform
Research Ltd.**

www.carbonweb.org



www.foe.co.uk

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Further info and websites

Degrees of Capture: Universities, the oil industry and climate change, 2003. Corporate Watch, Platform, NEF. For copies call: 01865 791 391.

www.corporatewatch.org.uk/pages/degrees_of_capture.htm

Fuelling Poverty: Oil, war and corruption, Christian Aid, 2003. Tel: 020 7620 4444.

www.christian-aid.org.uk/indepth/0305cawreport/fuellingpoverty.htm

Behind the Mask: The real face of corporate social responsibility, Christian Aid, 2004.

www.christian-aid.org/indepth/0401csr/csr_behind_themask.pdf

Exxon's climate footprint; Failing the Challenge: the other shell report, 2003, and more reports. www.foe.co.uk/pubsinfo/pubscat/reports.html#web

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www.foe.co.uk/resource/briefings/conflict_climate_change.pdf

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The Price of Power: Poverty, climate change, the coming energy crisis and the renewable revolution, New Economics Foundation, 2004. www.neweconomics.org/gen/z_sys_publicationdetail.aspx?pid=182

The Energy Tug of War: The Winners and Losers of World Bank Fossil Fuel Finance, 2004; The World Bank and Fossil Fuels: At the Crossroads; Crude Vision. SEEN. www.seen.org

Petropolitcs conference briefing book, 2004. www.fpif.org/papers/03petropol/

New Internationalist Issues: *Mired in crude* (335); The Big Switch (357); Pipeline Cowboys (361). www.newint.org Or call: 01858 438 896 for back issues.

Sustainable Energy for poverty reduction: an action plan, 2002. ITDG / GPI. www.itdg.org/?id=energy_action_plan

Behind the Shine: the other Shell report, 2003. FoE. www.shellfacts.com/pdfs/shellreport_behind_theshine.pdf

Books:

High Tide: News from a Warming World, 2004. Mark Lynas www.marklynas.org

Stormy Weather: 101 Solutions to Global Climate Change, 2001. Guy Dauncey & Patrick Mazza.

How we can save the planet, 2004. Mayer Hillman with Tina Fawcett.

Paying for the Piper: Capital and labour in Britain's offshore oil industry, 1997. Charles Woolfson, John Foster & Matthias Beck, pub Mansell.

Key oil websites:

www.carbonweb.org - excellent info on the oil corporations.

www.nonewoil.org - this booklet, campaigning info, transcripts of talks and events.

www.petropulse.com - the impact of oil on everyday life - articles, news, links.

www.corporatewatch.org - see briefings on Halliburton and Bechtel.

www.petropolitcs.org - for weblinks on petropolitcs.

www.warprofiteers.com - profiling companies profiting in Iraq.

Campaign / solidarity groups:

Oilwatch: www.oilwatch.org/ec/ - Southern-based network of resistance to Big Oil.

Rising Tide: www.risingtide.org.uk - grassroots action on root causes of climate change.

Friends of the Earth: www.foe.co.uk - campaigns on climate, energy and corporate regulation.

Greenpeace: www.greenpeace.org.uk - campaigns & sign up for green electricity.

People & Planet: www.peopleandplanet.org - key UK student campaign organisation.

Baku-Ceyhan Campaign: www.baku.org.uk - ongoing monitoring and campaigning.

Stop Esso: www.stopesso.com & www.theyrule.net - the campaign and Exxon's tentacles.

www.yes2wind.com

Airport Pledge: www.airportpledge.org.uk - new coalition campaigning against airport expansion.

Rainforest Action Network: www.ran.org

Project Underground: www.moles.org

Global Community Monitor: www.gcmonitor.org

OILC: www.oilc.org - the offshore union (UK North Sea).

ExxonMobil Solidarity: www.exxonmobil-solidarity.org - connecting worker struggles internationally.

ICEM: www.icem.org - international confederation of energy-workers' unions.

Colombia Solidarity Campaign: www.colombiasolidarity.org.uk/bpcampaign.html

Amazon Watch: www.amazonwatch.org

West Papua/ Indonesia: www.eco-action.org/ssp/ & www.jatam.org

Environmental Rights Action: www.eraction.org

Niger Delta Women for Justice: www.ndwj.kabissa.org

Burma: www.burmacampaign.org.uk

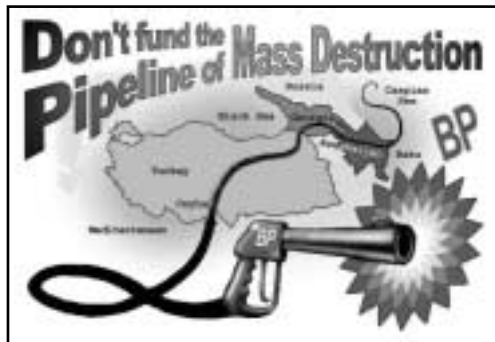


Case study: The Baku Ceyhan campaign

BP's Baku Tbilisi Ceyhan (BTC) pipeline - a huge oil pipeline from Azerbaijan to Turkey - is being built largely to help satisfy the West's "need" for secure access to non-Middle Eastern oil.

A big pipeline needs a big campaign and alliances were formed with NGOs, unions, affected communities overseas and the UK Kurdish community. The coalition focused attention on the corporations, banks and government departments behind the project with regular protests at all their offices. Public awareness grew through meetings, website and postcard campaigns.

Fact-finding missions met affected communities along the pipeline route; whistleblowers got in touch to highlight construction problems; project documentation was scoured to identify failures to live up to promises. Although all deals were eventually signed, campaigning against the pipeline delayed the financing for many months. It created a powerful opposition to the use of public money for similar future projects. The ongoing campaign is working to hold those institutions accountable for their decisions, and to support communities along the route through the construction period. For further info see www.baku.org.uk.



Rising Tide

...is a grassroots network taking action on the root causes of climate change. It focuses local campaigning on oil, war and climate change, runs campaigns, and supports local and national action on these issues. It produces materials and a monthly email news-sheet, runs talks and workshops, and supports local initiatives and action. Contact: Rising Tide - 16b Cherwell St, Oxford, OX4 3EN phone: 01865 241 097

PLATFORM

...is an interdisciplinary organisation working on issues of environmental and social justice. It specialises in research and analysis into oil corporations, and together with its sister organisation Platform Research, it develops new and creative strategies for long-term change. It is currently focused on the BTC pipeline, on Shell in Nigeria, on oil developments in Iraq and on the Sakhalin project in Russia's Far East, as well as exposing the connections between oil corporations and the British government. Contact: Platform - 7 Horselydown Lane, London, SE1 2LN phone: 020 7403 3738

Friends of the Earth

...lobbies government, MPs and industry for increased support for renewables, tougher emission limits on big polluters, and joined-up policy across government to meet our climate targets. FOE also works to promote better regulation of corporations, and make them responsible for protection of environment and people.

FOE encourages people power through easy actions targeting key decision makers, and a network of over 200 local groups campaign at a local level.

FOE has been working closely with 'fenceline' communities living near polluting Shell refineries, pipelines and oil wells around the world. By attending the company's annual general meetings, and through the production of an 'alternative' company annual report, these affected people are given a voice to tell their story to shareholders, press and public.

FOE is actively campaigning on the BTC pipeline, and Shell's Sakhalin 2 oil and gas project. Contact FoE EWNI 26-28 Underwood St, London, N1 7JQ, phone: 020 7940 1555

The case for an oil-free future

The economy of the 20th century was built on oil. For some, oil brought unprecedented wealth and power. For others it brought repression and new forms of economic colonialism.



Oil spill, Niger Delta, Nigeria. Photo: Adrian Arbib www.arbib.org

Few oil-producing countries have used their wealth wisely. In many of them, oil has been a curse. It has hijacked their economies and stifled small-scale sustainable development. It has created small, corrupt elites and provided them with the means to repress those who try to challenge their wealth and power.

Above all, oil has centralised power. The world we now inhabit has not just been shaped by oil, it has been shaped by the needs and desires of the small number of people who control it.

Now, as we enter the 21st century, we can see that our continued dependency on oil threatens the future of all of us, rich and poor alike. As supplies fall ever further behind demand, the world faces economic crisis. Western countries are scrambling to secure their access to the last reserves.

Maintaining a continued supply of oil has become a major objective of UK and US foreign policy, leading us into new conflicts and new ethical compromises. And our continued use of oil is bringing a new and ever greater threat. The burning of fossil fuels is the main cause of the rapid and dangerous changes in weather patterns being experienced all around the globe. If we burn the world's remaining reserves of oil, we will induce a catastrophic and permanent shift in our global climate.

Measures to reduce oil-derived greenhouse gas emissions are largely based around substituting oil with gas.

This is a short-term strategy which only makes us more dependent on the oil-producing nations.

Oil is a finite resource - this is an indisputable fact. An energy transition away from oil is not just an option, at some point it is an inevitability. Renewable energy is also the route to our independence and self-determination. It breaks the power of those who control the oil reserves and gives new hope to those who do not, for even the poorest country is rich in sources of natural power.

It is time to embrace an oil-free future and to break away from this cycle of dependency.

Oil and conflict

"From Iraq to Colombia to Nigeria, the exploitation of oil resources is often tightly bound up with violence, whether it be intervention by big powers or internal conflicts. Control over oil serves the profit and power interests of small elites among governments and corporations."
(Michael Renner¹)

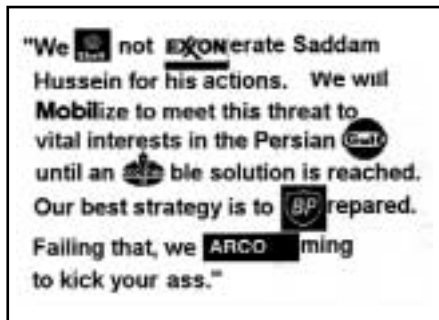
Securing imports....

The presence of oil continues to be a magnet for conflict, power-politics and the carving up of populations and countries, as well as the prime fuel driving modern warfare. As major consumers of oil, the US and UK's prime foreign policy objectives focus around its supply and control. At the centre of this is the Middle East - and in particular Iraq.

This is no less apparent today than it was back in 1914 when Sir Maurice Hankey, First Secretary of the War Cabinet, wrote to the foreign secretary of the time that "control over [Persian and Mesopotamian] oil supplies becomes a first class British war aim". In the 90 years that have passed since the first Mesopotamian oil concession to BP and Shell, Britain has been at war with (or in occupation of) Iraq for 39 of them.

Iraq

Although in February 2003 BP's John Browne demanded a "level playing field" for oil companies in Iraq, oil majors have worked hard not to become associated with the war. While smaller companies have taken most of the early exploration and service contracts, the majors are already lining up for larger production contracts after elections. Both Shell and BP have bid to study the geology of Iraq's largest fields. Shell now has a country chairman and recently sought a public relations officer to "build relationships" and prepare a "reputation management plan" to shield Shell internationally².



Securing exports....

Securing export pipelines is a key security objective for governments, which rely heavily on oil revenues. Pipeline routes create militarised corridors, dividing communities and making them targets in internal conflicts.



Nigeria. Photo: George Osodi

UK and global resistance to big oil

Resistance to big oil is found all over the world wherever it is extracted, transported or refined.

It comes in many forms and has included a treecamp in an area of Ecuadorean cloudforest threatened by a new pipeline; a group of Nigerian women occupying a ChevronTexaco drilling platform; a popular uprising to kick BP and BG out of Bolivia; Costa Rican activists winning political support from the President, who declared that the country would 'not be an oil enclave'⁴⁸; and a group of campaigners from 'fenceline communities' protesting at Shell's Annual General Meeting in London.

In the UK too, a multitude of groups and coalitions actively campaign against the industry and specific projects. All of this resistance and campaigning is greatly strengthened when links are built between people and groups, North and South.



BP's sponsorship of the Tate Gallery, London is disrupted by London Rising Tide.

Blockading big oil's extraction of our consent : peeling off BP's high-gloss greenwash

For three years London Rising Tide (LRT) has been challenging BP's public claims of good corporate citizenship. It has disrupted presentations, invaded conferences, produced a spoof annual report and held a 'Carnival Against Oil Wars & Climate Chaos' outside the 'Oil' (Royal Festival Hall during the company's AGM. It has brought objections to BP's Baku-Ceyhan pipeline directly into the offices of key 'legitimisers', (such as Environmental Resources Management⁴⁹) and funders (such as EBRD and ECGD) of its projects.

LRT has zoned in on cultural institutions such as the Tate Britain, the Natural History Museum and the Royal Opera House. In exchange for cash sponsorship, these institutions give BP its precious 'social licence to operate'. In 2004, LRT

organised 'the 1st Annual Exhibition of Resistance to Big Oil and the Corporate Hijacking of 'the Arts''. This included an 'art not oil' exhibition to coincide with the BP-sponsored National Portrait Award. As the *Financial Times* wrote: "Pride of place goes to a portrait showing Lord Browne's 'benign mask' slipping to reveal 'a satanic look'. Organisers claimed the artwork 'paints a true portrait of an oil company'." (FT, 17.6.04)

Contact:

Email: london@risingtide.org.uk
Tel: 07708 794665 www.londonrisingtide.org.uk
www.burningplanet.net
& www.agp.org

⁴⁸ New Internationalist, Issue 361, p 26

⁴⁹ www.enrager.net/hosted/ermconcerns/what.htm

Political opportunities

In 2005 the UK will host the G8, have presidency of the EU, and hold elections. Climate change and Africa are key issues for the upcoming G8 - an ideal time to expose the hypocrisy of continued support for oil while claiming to be tackling poverty.

There are growing alliances of climate, development and social justice groups making links and mobilising around these issues for the G8 and beyond. Contact the G8 climate action group: g8climatechange@yahoo.co.uk

or the Dissent network: www.dissent.org.uk to find out ways of getting involved in G8 campaigning.



Leaking oil 'Well-head 18', Kpor, Ogoni, Nigeria in July 2004. Photo: Tim Nunn / SDN

Other oily impacts

Climate change is one of the most publicised pollution problems associated with oil.

But there are other impacts that rarely get a mention, and across the world hit poorer and more marginal communities the hardest. These include:

Environmental impacts: Oil development can have a major impact on wildlife and natural ecosystems, and can be the kiss of death for pristine wilderness across the globe.

Large oil tanker spills devastate coastlines but only account for about 22% of human-derived spills. Oil production and transport regularly emits hundreds of thousands of tonnes of oil into the world's oceans. Animal and plant communities are subject to smothering and long-term damage from toxicity⁴⁶.

Respiratory diseases from car emissions: The petroleum-fuelled internal combustion engine emits carbon monoxide, nitrogen dioxide, sulphur dioxide, benzene, polycyclic hydrocarbons and tiny suspended particles. Some of these pollutants aggravate respiratory diseases such as asthma, especially in children and the elderly. Evidence is growing that some forms of air pollution may cause, rather than just aggravate, asthma. Air pollution, much of it from road transport, is estimated to cause around 24,000 premature deaths in the UK annually and is responsible for 1 in 50 heart attacks in London⁴⁷.

Fenceline communities: Communities living close to oil refineries are exposed to the greatest level of pollutants. In the USA alone, over 67 million people are exposed to emissions from oil refineries. Added to the daily emissions are occasional toxic chemical releases to prevent fires and accidents. Cancer and respiratory illness rates are very high in these communities, which are predominantly made up of poor and minority groups.

⁴⁶ See The Global Marine Oil Pollution Information Gateway: <http://oils.gpa.unep.org/index.htm>

⁴⁷ BBC (6 May 1999) Exhaust Emissions. See: http://news.bbc.co.uk/1/hi/health/medical_notes/336738.stm

In Colombia, repression and fear predominate: people have been forced off their land, killed in pipeline bombings or targeted by military and paramilitary death squads when they've spoken out. Meanwhile, pipeline protection is revamped in US aid packages such as 'Plan Colombia'.

Caspian Sea states are riven by separatist conflicts and tension, with outside military assistance increasing in the name of the 'war on terror'. The need to control import routes via Chechnya is also a key part of Russia's refusal to grant independence to the war-torn state. Export and transit countries are increasingly locked into 'Host Government Agreements', which effectively put oil companies above national law where they operate, and ensure that pipeline security trumps human rights. (For further info see www.baku.org.uk).

Fuelling the flames

Revenues from oil exports, whether given to government officials or as payoffs to local leaders, often translate into weapons, with state and gang violence feeding each other.

Top oil suppliers get priority treatment for military aid, training and education from the UK and USA³. The World Bank recently admitted that Chad's government spent \$4.5m of oil revenues - supposedly earmarked for poverty alleviation - on arms to fight its civil war.

In Angola, the second-largest oil producer in sub-Saharan Africa, an estimated \$1bn is annually diverted to enrich the government and military elite⁴. In Sudan, control and export of oil has fuelled the current conflicts: tens of thousands of civilians were terrorised into leaving their homes during the construction of a major pipeline in the south of the country⁵. Violence in the Niger delta of Nigeria - fuelled by oil companies⁶ - kills about 1,000 people a year, on a par with conflicts in Chechnya and Colombia.



Conflict over oil will only increase whilst the world remains addicted to a diminishing supply. We need to start the detox now.

¹ Fuelling Conflict www.fpif.org/papers/03petropol/war.html
² 'Shell misleads investors again as it lines up for Iraq spoils,' Press release www.carbonweb.org
³ Michael Renner, Fuelling conflict www.fpif.org/papers/03petropol/war.html
⁴ Fuelling Poverty: Oil, war and corruption Christian Aid, 2003
⁵ Fuelling Poverty: Oil, war and corruption Christian Aid, 2003
⁶ Behind the Mask: The real face of corporate social responsibility, Christian Aid 2004

Repressive regimes

It is no coincidence that most of the world's oil lies in thirty countries which are also governed by repressive regimes.

For big international actors such as the US and UK, it is the stability of the oil-exporting country - not its political nature - that is of paramount importance.

Oil's role in maintaining repressive governments derives from the fact that nearly all countries consider underground mineral resources such as oil to belong to the state, even where they exist below private property. State-owned companies, with the help of multinational corporations, then dominate and reap the benefits.

In the process, national treasuries often become dependent on 'rents' from the extraction of oil in the form of royalties or taxes. These 'rentier states' display a remarkably similar tendency to take on an authoritarian nature. Firstly, they are not dependent on the support of their people for financial security.

DEHAP Ardahan, office of Ferhat Kaya, was arrested and tortured earlier this year, following his efforts to advise landowners affected by the BTC pipeline. Now the office has been attacked and windows smashed.
www.baku.org



Secondly, huge oil revenues also provide governments with the opportunity to develop a repressive security apparatus that further isolates them from the populace. The rentier state can operate almost entirely independently from the wishes of its people.

Saudi Arabia

Saudi Arabia's royal family is the quintessential example of this. Out of control on oil wealth, entirely unaccountable to its people and supported by a US and UK fearful that the oil might stop flowing, the country's 4000 princes live a life of unparalleled luxury.

Meanwhile the general populace has seen its average per capita income plummet from \$28,600 per annum in the 1981 to \$6,800 in 2001⁷.

It is hardly surprising that Al-Qaeda has little trouble recruiting Saudi youth when 40 per cent of the population is under 15 years old and 30 per cent are unemployed.

Amnesty International and Human Rights Watch have published several reports condemning the Saudi justice system for its systematic torture of prisoners, and its exercising of the death penalty. Saudi executions are carried out by public beheading, and limb amputations are regularly prescribed for the smallest of crimes. To maintain its grip on power, Saudi Arabia is one of the UK and US's best customers for military hardware, and has the highest per capita expenditure on arms in the world. Between 1987 and 1997 Saudi Arabia spent \$262 billion on its military, amounting to 18 per cent of national GNP.

What you can do

The UK is a major centre of the global oil industry. We have a key opportunity, and responsibility, to push for change which will have a global impact.

BP and Shell are British companies with headquarters in London. The UK is a public and private financial capital, housing the institutions and decision-makers whose combined leverage is crucial in determining which oil projects go ahead. Our universities provide a vital link between big oil and new graduates. As well as the oil interests of the government and the revolving doors between big oil and Westminster, the UK was the prime partner in the recent war and ongoing occupation of Iraq.

Fossil fuel expansion and consumption

Politically: Call for investment in public transport, oppose airport expansion - sign and organise around the Pledge of Resistance to airport expansion (www.airportpledge.org.uk) and SUV useage (www.stopurban4x4s.org.uk). Campaign against new fossil fuel extraction, and for renewable energy supplies.

Personally: Cut your carbon consumption at home and in the workplace, switch to renewable power, use public transport, choose alternatives to flying, switch to renewable power. See www.foe.co.uk/climatechallenge & www.yes2wind.com Reduce your consumption of resources, and buy local organic food where possible.

Funding

Politically: Campaign against public money supporting fossil fuels, demand immediate cessation of public and private funding for new oil projects, lobby your MP, challenge oil-industry sponsorship.

Personally: Stop investing in fossil fuels - move your bank account (the Co-op is the only high street bank which will not invest in fossil fuels), question the investments of your / your workplace's insurance and pension companies and suggest they move away from fossil fuel investment.

Education

Politically: Oppose big-oil dominated career choices, kick big oil off campuses, challenge their careers talks and dent their graduate intake. Challenge official links between your university and oil companies, and demand courses and research funding which support and develop renewable energy. Get your university to switch to green electricity.

Personally: Find out more - there's a wealth of info on p31 to read, help you get inspired and maybe start or join local and/or national campaigns.

Get active

Taking action on the oil web cannot be done alone. Make these issues locally relevant through linking with other groups. Organise a meeting in your workplace / school / social centre to explore the issues and local possibilities, and contact the groups on p 29-31 to support you with this.



Students occupy Esso's UK HQ, March 2003
Photo: Hugh Warwick / People and Planet

Towards an oil-free future

The shift to an oil-free future requires:

1. An end to UK support for the exploration and development of new reserves of oil and gas

Specifically by:

- Ending direct funding by government and UK-member multilateral agencies, and also subsidies and tax breaks that encourage new oil and gas development;
- Ending political support for oil and gas such as education and research grants, trade promotion and export credit guarantees;
- Reprioritising foreign policy to advance energy independence rather than securing future oil and gas supplies.

2. A rapid and just transition to renewable sources for UK energy

Specifically by:

- Implementing a coherent strategy and timetable for the rapid transition of UK energy and transport to renewable energy sources;
- Supporting further research and development into energy efficiency and renewable energy;
- Ensuring that workers and communities dependent on oil and gas production are given the support necessary to make a successful transition to new livelihoods;
- Implementing far-reaching energy efficiency measures and supporting lower consumption lifestyles in order to reduce overall dependence on energy.



3. The promotion of global energy independence

Specifically by:

- Using our influence to persuade other countries to adopt an international phase-out of export-oriented oil and gas production;
- Supporting developing countries to develop renewable and sustainable energy sources.

Friends of the Earth organise a giant pipeline to protest against the funding of the BCT pipeline by the ECGD.
Photo: FoE



Banner drop for Jump start Ford campaign.

In comparison, even the US spends only around 4.6 per cent of its GNP on its military. Al-Yamamah, the UK's biggest arms deal, has been mired in controversy since the late 1980s, continuing to stain the reputation of British foreign policy as well as the British arms manufacturer BAE.



Equatorial Guinea

Unperturbed by the CIA's assessment of the country as "ruled by ruthless leaders who have badly mismanaged the economy"⁷, oil companies and the US government have lined up to do business with this tiny West African state, which - until oil was discovered in the early 1990s - was considered one of the world's basket cases.

President Teodoro Obiang Nguema Mbasogo took power in a 1979 coup in which he executed his uncle, the former president.

Repressive regimes

"The one thing more worrying to me than the current occupation of Iraq is the current occupation of the United States." - Howard Zinn, US historian, August 2003

Since then he has been accused of massive corruption and the murder and torture of political opponents. While most of the population lives in abject poverty, the President, his family and close associates fill Swiss bank accounts and run businesses in the US and elsewhere.

Political debate is non-existent; there are no daily newspapers in Equatorial Guinea, only monthly propaganda magazines.

Recent coup attempts, made internationally famous by the alleged participation of Mark Thatcher, have led to an increase in the activities of security forces.

⁷ Institute for Advanced Strategic and Political Studies. December 2001. Available at: www.israeleconomy.org/nbn/nbn485.htm

⁸ The Nation April 2002: www.thenation.com/doc.mhtml?i=20020422&s=silverstein

The Midas touch in reverse - Oil and development

In no developing country has oil delivered the promised ticket from poverty to wealth: quite the opposite. It has delivered conflict, internal repression, decreasing self-sufficiency, and an economy reliant on Western companies and imports.

Cash from oil revenues has not 'trickled down': it has often been diverted to prestige projects or lost through corruption. Oil is the 'reverse Midas touch' for development.

The majority of Africa's oil-rich nations have experienced the harsh realities of oil export dependence: Shell has shipped oil from Nigeria, Africa's most populous nation, for 50 years, whilst seventy percent of its 130 million people still live on less than \$1 a day⁹.

Substantial evidence suggests that the more dependent an economy is on natural resource exports such as oil, the worse its long-term economic performance¹⁰. According to one study, countries without petroleum resources grew four times more rapidly than petroleum-rich countries between 1970 and 1993¹¹.

A common scenario is known as 'Dutch disease', where the abundant foreign exchange generated by oil revenues causes inflation and leads to recession in the agricultural and manufacturing sectors of the economy. National production becomes overly concentrated in the oil sector, which employs too few people to spread wealth fairly across the population.

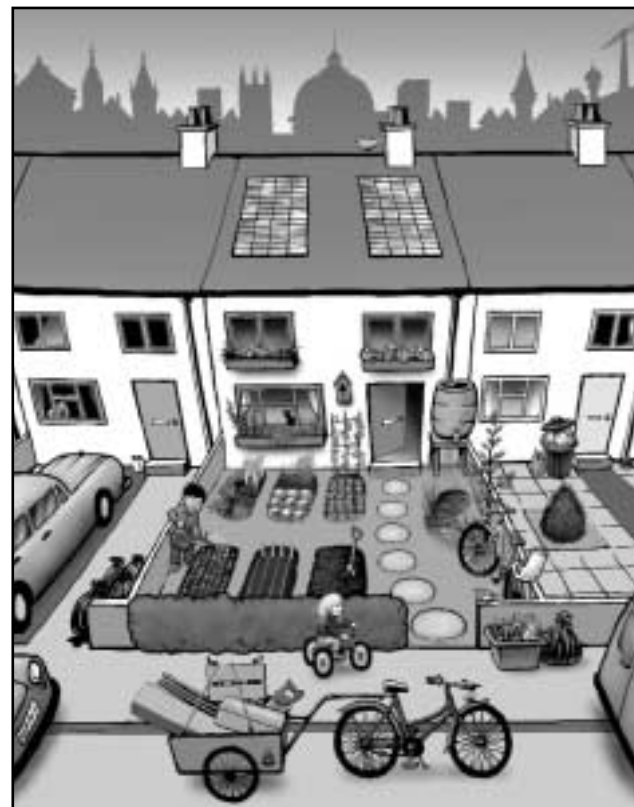


Crude oil in a drinking water well, Kpor, Ogoni, Nigeria, July 2004
Photo: Tim Nunn / SDN

This can be exacerbated by fluctuations in oil prices leading to a boom-bust cycle. The result is worsened, rather than reduced, poverty.

Oil and water do not mix
'When oil is involved the needs of ordinary people - such as a secure supply of clean water - usually come a very distant second.'
(Christian Aid¹²)

Oil wealth is rarely used to provide the most basic development need: access to water. In oil-producing areas local water supplies are often polluted and unsafe for drinking and irrigation. In Angola two thirds of the population has no access to safe drinking water, whilst the Government reaps billions of dollars from oil exports.



Cover illustration for the *Oxford Green Guide*, published by Oxford GreenPrint, 2004. See: www.oxfordgreenprint.com

Then there's the lure of the hydrogen future. In 2003, George Bush announced \$1.7 billion in US government funding to establish hydrogen as a 'clean' transportation fuel.



However, unless fossil fuels are taken out of the equation there is nothing inherently 'clean' about hydrogen. Bush's plan says nothing about renewables: instead it proposes that the hydrogen be split from natural gas and the by-product, carbon dioxide, dumped underground.

The US and Australian governments are each investing around \$90 million into finding ways of pumping CO₂ underground into old oil fields (a technique known as 'geological sequestration'), which has the ironic added benefit that gas pressure from the dumped CO₂ can help squeeze an extra 10% out of depleted oil reserves.

Real solutions

There is no golden fuel to replace oil. We need to mainstream technologies that do not rely on fossil fuels: which are just, sustainable, appropriate and do not produce hazardous or toxic waste (such as nuclear). We also need to cut consumption. Energy efficiency alone can produce savings of 10-50%. Wind power, in combination with a full range of renewable technologies such as wave and solar, could meet all of our electricity needs, whilst local recycling schemes and efficient public transport would cut our oil dependence even further.

⁴⁵ for further info download the briefing 'The Sky is not the Limit on www.tni.org/ctw/ and see Cornerhouse Briefing 24 'Democracy or Carbocracy?' at www.thecornerhouse.org.uk

Solutions

Despite the pessimistic hand-wringing at many levels of government and the private sector, the fact is that technologies already exist to make strong steps towards a low-carbon economy.



Wind already has price parity with conventional electricity and solar is close to achieving it - even within markets distorted by hidden subsidies for fossil fuels. In 1999 Greenpeace estimated that solar power required an investment of only \$660 million to make it directly competitive with carbon-sourced energy. This may sound a lot, but was a mere 0.5% of the oil industry's 1998 expenditure on oil exploration and production.

False positives

Governments are slowly increasing their support for renewable energy. In 2001 the UK government announced £100 million of extra funding to help reach its target of generating 10% of the country's electricity from renewable sources by 2010. But even this positive shift is still dwarfed by support to new oil and gas developments such as BP's Baku-Ceyhan Pipeline.

The oil and gas extracted and transported by the new pipeline will release 160 million tonnes of carbon dioxide into the atmosphere each year - ten times the amount saved by the renewables programme.

Governments and corporations have held back from making a whole-hearted commitment to renewables.

Instead they want to have it both ways; gaining a foothold in the rapidly-growing clean energy sector without jeopardising the future of the highly profitable and very powerful oil industry. Moreover, most of these solutions don't tackle energy consumption, which keeps on rising. UK energy consumption for housing and land transportation is currently increasing by 3% per year. Meanwhile, the number of flights people take each year is expected to triple by 2030.

For its part, the Kyoto Protocol doesn't mention the need to reduce the supply of hydrocarbons. Thanks to lobbying by vested interests it includes mechanisms such as carbon trading, which allows corporations and states to buy the right to pollute and sanctions the de-facto dumping of this pollution in the global south⁴⁵.



The oil industry is trying to improve its environmental image by developing

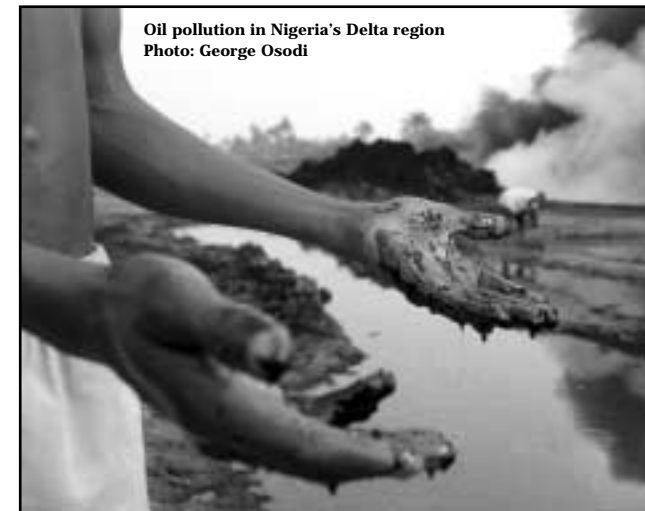
technologies which turn fossil fuels into lower emission 'eco-fuels'. Shell and Conoco are investing \$10 billion in 'Gas To Liquid' technologies to convert lower-emission natural gas into a liquid fuel that can be poured directly into car tanks. Mitsubishi is building a \$600 million plant to convert natural gas into dimethyl-ether (DME), another low-emission vehicle fuel.

The Millennium Development Goals

The Millennium Development Goals (MDG) are internationally-agreed targets to tackle poverty, to be achieved by 2015¹³. Two billion people in the developing world currently lack access to sufficient energy for their everyday needs which, alongside water, underpins sustainable development. A world economy reliant on fossil fuels is failing the poor, with the harsh realities of climate change likely to undermine further progress.

Local development projects

Despite the gloss in company reports, local development projects in oil-extracting areas tend to be little more than a sham. According to a recent Christian Aid report, 'community development programmes' are more about pay-offs for access for land than helping communities develop according to their needs. *"The Niger Delta region is a veritable graveyard of projects, including water systems that do not work, health centres that have never opened and schools where no lesson has ever been taught,"* the report reveals¹⁴.



Access to energy

The energy needed by the two billion mostly rural poor in developing countries can best be provided by decentralised renewable energy systems. Locally-owned and operated renewable energy systems across the world already provide both physical power and political empowerment to rural communities, giving them direct control over this essential resource. The task ahead is to mainstream such solutions on a much bigger scale. As a New Economics Foundation report concludes: *"The price of power will be too high unless safe, renewable energy becomes the option of choice to fuel an end to poverty."*¹⁵

⁹ Karl Meier, 2004: 'Shell 'feeds' Nigeria conflict, may end onshore work, Bloomberg, 10 June 2004. www.nigeriavillagesquare1.com/Articles/Karl_Meier_shell.html

¹⁰ Sachs, J. and Warner, A. (1997) Natural Resources and Economic Growth. Revised version. Harvard Institute for International Development Discussion Paper.

¹¹ Auty R. (1997) Natural Resources, the State and Development Strategy. In Journal of International Development Vol9, No. 4, pp.651-663.

¹² Christian Aid, 2003: 'Fuelling Poverty: Oil, War and Corruption'. www.christianaid.org.uk/indepth/0305cawreport/fuellingpoverty.htm

¹³ see www.unmillenniumproject.org/html/dev_goals.shtml

¹⁴ Christian Aid 2004: 'Behind the Mask: the real face of corporate social responsibility'. www.christian-aid.org.uk/indepth/0401csr/index.htm

¹⁵ New Economics Foundation, 2004: 'The Price of Power: Poverty, climate change, the coming energy crisis and the renewable revolution'.

The oil industry - a boon or a burden for its workers?

Controversies over oil development are often seen as a conflict between jobs and the environment.

It is argued that if society were to dramatically reduce its use of fossil fuels, this would destroy tens of thousands of jobs. Yet workers are not always clear beneficiaries of the oil industry's operations. Indeed, within the industry workforce there are dramatic inequalities between who shoulders the risks and who reaps the benefits of oil operations.

This inequality can be clearly seen through differentials in pay. For example, in 2003 BP's Chief Executive Lord Browne received a salary of £1.3 million, plus a further £3 million in benefits and bonuses¹⁶. In contrast, a drilling team worker battling the elements out on a North Sea oil rig (an extremely dangerous job) can expect to earn £26,000 a year¹⁷ - about the same as Browne earns in two days.

Often there are wide disparities between the treatment of different workers, even on the same facilities and in the same company. Trade unions in Azerbaijan report that on the Baku-Tbilisi-Ceyhan (BTC) pipeline, Azeri construction workers earn less than a twelfth of their western European counterparts, live in far worse conditions and even eat in different canteens.

Oil refinery at Milford Haven, Wales
Photo: Adrian Arbib www.arbib.org



Meanwhile, workers are often forced to handle machinery that is old and poorly maintained, threatening severe injuries and even death in accidents. In Alaska, despite repeated warnings from its own experts, BP continues to avoid investing in maintenance - despite two accidents in 2002 which left one worker dead and another critically injured. At the time of writing, in September 2004, workers are giving new warnings that operations still remain unsafe.

Universities can offer a wide range of expertise to help meet all these aims - ultimately helping lower production costs and increase the supply of oil or gas. Whilst BP, Shell and BG (formerly British Gas) are the biggest oil and gas sponsors of academic R&D, Shell alone spends £3.6 million a year in universities⁴¹.

Opening up new fields

Technological advances pioneered with the help of UK academic research expertise have brought vast quantities of new oil onto the world market. According to PILOT, the joint government/industry oil and gas taskforce, from 1990 to 1997 technological advances upped UK offshore reserves by 5.8 billion barrels of oil equivalent (boe). New technology could help open up 4.3 billion barrels worth of new fields over the next five years and add 1.3 billion barrels to the amount recovered from existing fields⁴².

Hotline to students

"In the new connected knowledge economy, the first war of this century will be the war for human talent" BP's Rodney Chase⁴³

The UK is a prime recruiting ground for graduates. Half the 1998 intake came from just four institutions: Robert Gordon University (Dundee), Aberdeen University, Imperial College (London) and Heriott-Watt University (Edinburgh⁴⁴).

Oil companies have a direct line to students through personal and institutional connections, influence over research and teaching, departmental advertising, staff advice, sandwich courses, and student sponsorship. Image matters: sponsorship in key departments can promote the image of the company as environmentally responsible.

Setting the agenda

Government policy sets the framework for higher education, and has increasingly encouraged academic bodies to work with and for the oil and gas industry. Big companies are also well-represented on the policy-making bodies which set research priorities and award grants.

The skill shift to renewables

Avoiding dangerous climate change means we cannot afford to consume a quarter of known reserves of fossil fuels. R&D aimed at increasing the supply of fossil fuels or subsidising training in the oil and gas industry is a step in the wrong direction, and universities should develop strategies for diversifying away from industry-dependent support. The skill shift required for increased energy efficiency and the transition to renewable energy should be reflected by university research and support.

³⁸ Aberdeen Press & Journal, 8/9/99, 'City university committed to North Sea industry'

³⁹ 'Degrees of Capture', March 2003

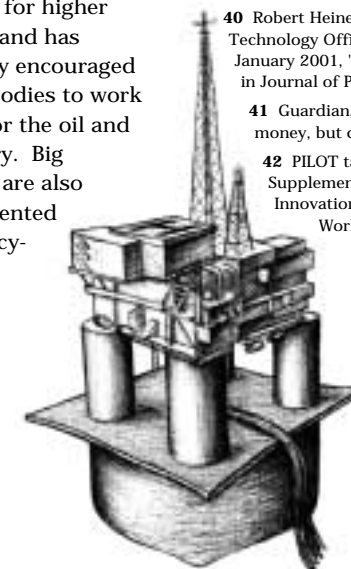
⁴⁰ Robert Heinemann (Chief Technology Officer, Halliburton Co), January 2001, 'A brief look forward', in Journal of Petroleum Technology

⁴¹ Guardian, 6/5/98, 'Take the money, but check the source'

⁴² PILOT taskforce Supplementary Paper, 1999, Innovation and Technology Workgroup Report

⁴³ Rodney Chase, 15/5/00, 'The Value of Knowledge', speech to the FT Conference, Chicago

⁴⁴ 'Degrees of Capture', March 2003



Corporate capture of universities

"For us as a university, not to want to do everything we can to serve the [oil and gas] industry would be irresponsible". (Principal of Aberdeen University³⁸)

Taken from 'Degrees of Capture: Universities, the oil industry and climate change' report by PLATFORM, Corporate Watch and New Economics Foundation, 2003

With funding increasingly tight, universities are finding it ever more difficult to resist tempting offers of oil industry cash. Through its sponsorship of new buildings, equipment, professorships and research posts, the oil and gas industry has 'captured' the allegiance of some of Britain's leading universities. As a result, universities are helping to lock us into a fossil fuel future - and to ever more dangerous climate change.

Sponsorship gives companies influence over research priorities and makes their branding visible to students considering a career in the industry. In addition, course curricula have been increasingly tailored to meet the needs of industry: areas of study are set in consultation with industry representatives; some degree courses now entirely specialise in oil and gas; and many universities provide training services to existing industry personnel.



Imperial College London's Royal School of Mines, home of Centre for Petroleum Studies. Photo: Louise Sales

The value of research projects carried out in UK universities is estimated to be about £67 million per year, with an estimated 50 per cent of that paid for by the taxpayer³⁹. Government sponsorship of research and development (R&D) is now focused on achieving industry co-funding. This favours fossil fuels over renewable energy projects because the oil and gas industry is vastly larger and richer.

The oil and gas industry spends an estimated US\$2 billion per year in R&D worldwide⁴⁰, focusing on finding new fields; extracting from existing smaller and more difficult fields; reducing the cost of extraction; and improving environmental performance and safety (both to meet tighter regulations and improve corporate PR).

No-go for unions

While trade unions present the best opportunity for negotiating fairer pay and better workplace safety, Western oil corporations - keen to resist any restriction of their power - are renowned for their efforts to prevent unionisation. The UK oil industry de-recognised unions throughout its refinery and transport operations between 1991 and 1995, affecting nearly 10,000 workers. North Sea offshore oil workers experienced blacklisting and victimisation from the 1970s to the early 1990s when trying to unionise, although since then company strategies have shifted to more subtle approaches, such as divide-and-rule tactics, co-option and marginalisation.

The difficulties in organising unions are exacerbated by the structure of the industry. The 'outsourcing' of the majority of work to service companies - such as engineering, construction or drilling contractors - helps to insulate the oil companies from the demands of employees.



Grangemouth oil refinery in Scotland
Photo: Denny Larson

There is often a wide disparity between the conditions in which direct employees and contractor staff have to work, further undermining attempts at unified organising.

'Just Transition'

Given the difficulties oil industry workers already face, it would clearly be an injustice if environmental campaigns hurt workers the hardest. In response to this threat, a movement has grown in North America to unite workers and communities affected by oil exploitation under the banner of 'Just Transition'¹⁸. This movement argues that workers must be intimately involved in the process of transition away from environmentally damaging activities, and that the polluting industry must contribute to a fund to support employees who lose their jobs, as well as to help them retrain in new areas.

A number of unions - such as the Canadian Communications, Energy and Paperworkers Union, the US Paper, Allied-Industrial, Chemical and Energy Workers and the International Federation of Chemical, Energy, Mine and General Workers' Unions¹⁹ - are now calling for strong action on climate change, based on a principle of Just Transition. Although this call has yet to be taken up by British trade unions, it represents one of the most exciting developments in the debate on oil and climate.

¹⁶ BP Annual Report and Accounts 2003, Directors' Remuneration Report

¹⁷ For common rates of pay in North Sea oil operations see eg www.rigjobs.co.uk/jobs/drill.shtml

¹⁸ Just Transition - www.jtalliance.org/

¹⁹ CEP: www.cep.ca/campaigns/kyoto/kyoto_e.html

PACE: www.ourfuture.org/projects/next_agenda/ch9.cfm

ICEM: www.icem.org/climaen.html

Climate change: the biggest threat

The debate about climate change is over.

At least 98% of climate scientists agree that our planet is warming up due to the accumulation of greenhouse gases in the atmosphere, and that this process is set to worsen unless urgent measures are taken to rein back emissions.

The evidence is mounting quickly: global temperatures are higher than they have been for two thousand years²⁰. Mountain glaciers are thawing quickly across the globe, whilst the melt rate in Greenland is also accelerating, adding further to global sea level rise. These rising oceans have begun to overwhelm low-lying atoll countries, and even the east coasts of England and the United States are suffering the effects²¹.

The extreme summer heatwave of 2003 cost over 20,000 lives in Europe. Droughts and floods are becoming increasingly severe as global warming speeds up the planet's hydrological cycle.



According to the UN's Intergovernmental Panel on Climate Change, temperatures this century will rise between 1.4 and 5.8°C²². Even the lower ranges of this estimate would involve the submergence of island nations, a catastrophic loss of coral reefs and the continued melting of ice caps and mountain glaciers. The higher levels would spell disaster for human civilisation and natural biodiversity alike: one recent study has suggested that global warming before 2050 could tip a quarter of animal and plant species over the edge to extinction²³.

Particularly hard hit could be the Amazon rainforest: a computer model projection by the UK-based Hadley Centre envisaged the forest transforming into savannah and desert as temperatures rose and rainfall plummeted²⁴.

None of this is inevitable, but avoiding the worst impacts will involve substantial cuts in fossil fuel emissions. Greenpeace calculated in its

Carbon Logic report²⁵ that humanity could burn only a quarter of existing fossil fuel reserves if we were to avoid what the UN Framework Convention on Climate Change calls "dangerous human interference with the climate". As Greenpeace concludes, the exploration for new fossil fuel supplies must be halted and resources shifted into renewable energy sources.

²⁰ Mann, M. and Jones, P., 2003: 'Global surface temperatures over the past two millennia', *Geophysical Research Letters*, 30, 15, p.1820.

²¹ Lynas, M., 2004: *High Tide: News from a Warming World*, Flamingo. See Chapter 3.

²² IPCC, 2001: *Summary for Policymakers*. This is the best roundup of climate science.

²³ Thomas, C. et al, 2004: 'Extinction risk from climate change', *Nature*, 427, 145-148, 8 January 2004

²⁴ Cox, P. et al, 2000: 'Acceleration of global warming due to carbon-cycle feedbacks in a coupled climate model', *Nature*, 408, 184-187

²⁵ Bill Hare, Greenpeace: 'Fossil fuels and climate protection - the Carbon Logic'. <http://archive.greenpeace.org/climate/science/reports/fossil.pdf>



FoE BTC demonstration outside BP

Civil society challenge

In response to growing condemnation of the role of IFI funding of oil, gas and mining projects, the World Bank launched a review of its policies - the Extractive Industries Review (EIR³⁷). The review was

highly critical of the Bank, and concluded that in most cases its investments in oil, mining and gas were not alleviating poverty or promoting sustainable development. The EIR called for a moratorium on Bank support for coal, a phaseout of oil funding by 2008, and a radical increase in support for renewable energy. In August 2004 the Bank responded - rejecting the majority of the EIR recommendations.

³⁷ EIR civil society views www.eireview.info/

IFIs and the global climate

In spite of overwhelming evidence of the need to cut greenhouse gas emissions, IFIs continue to fund projects that contribute to global emissions on a massive scale. The oil transported by just one project, BP's Baku-Tbilisi-Ceyhan pipeline, will produce 160 million tons of carbon dioxide per year - equivalent to 30% of the annual emissions from the whole of the UK.

Meanwhile, the estimated lifetime carbon dioxide emissions from all the World Bank's fossil fuel projects since 1992 will be a staggering 47 billion tons. IFIs are funding infrastructure that will be in use for forty years or more, locking developed and developing countries alike in to a fossil fuel-dependent future.



Acronyms

- EIB** - European Investment Bank
- EBRD** - European Bank for Reconstruction and Development
- JBIC** - Japan Bank for International Cooperation
- ECGD** - UK Export Credit Guarantee Department
- EXIM** - US Export-Import bank

International Financial Institutions - key players unlocking global oil

IFIs - what are they?

International Financial Institution is a term used to describe 'multilateral development banks' - public banks with a mandate to promote development by provision of loans to governments and private corporations - and export credit agencies like the UK's Export Credit Guarantee Department, whose role is to promote British exports through loan guarantees and insurance. However, a closer look at these organisations reveals their commitment to a 'dirty development' model, with huge investments in the oil, gas, mining and conventional power sectors. Despite the threat of climate change and the damaging impacts of extractive industries on local communities, IFIs continue to support projects which seem to have everything to do with Western energy security and big corporations and nothing to do with benefiting local people.

Exxon's Chad-Cameroon oil pipeline: 225,000 barrels of oil a day from West Africa, destined for Western consumers. World Bank/EIB-funded to the tune of \$300 million.

Shell's Sakhalin 2 project: 0.5 million barrels oil and gas per day, \$5bn finance for Phase 2 currently being considered by EBRD, JBIC, ECGD and EXIM.

BP's Baku Tbilisi Ceyhan (BTC) pipeline: 1 million barrels of oil a day - unlocking the vast oil reserves of the Caspian. World Bank/EBRD finance: \$600 million.

IFIs: it's our money

The UK is a major shareholder in the European Bank for Reconstruction and Development (EBRD - 9% share) and the World Bank (5%), and has a smaller share in several other development banks. In the World Bank the UK is in the 'top 5' club, an influential position guaranteeing a representative on the Board.

Without the same financial clout, others are not so lucky - 46 sub-Saharan African countries are jointly represented by just two World Bank officials.

Perverse subsidies

The World Bank and the EBRD are two of the biggest IFI funders of oil and gas projects. Since 1992 the World Bank has provided \$11 billion finance for fossil fuel projects around the globe, including \$4 billion for oil projects, the vast majority of which (82%) were for export. EBRD finance for oil and gas since 1993 totals \$1.8 billion. But the true value of IFI finance is much greater - the involvement of these institutions makes projects much less politically risky and encourages the flow of further private money, effectively subsidising the deal.

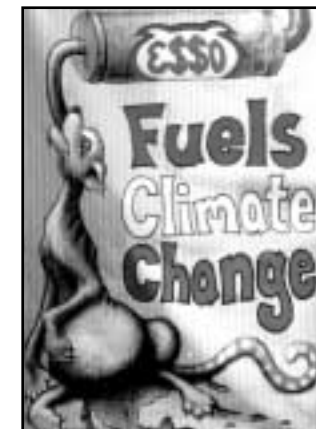
**I AM
NOT
AT WAR**

but my savings, taxes
and pension all help to
finance war for oil.

Oil corporations

The global oil industry is worth an estimated US\$5 trillion annually. The three biggest oil companies, ExxonMobil, BP and Shell, are the world's second, third, and fourth largest companies respectively²⁶.

Only Wal-Mart, the giant US supermarket chain, regularly clocks up a greater turnover than the oil giants. With turnovers which rank them amongst the top thirty richest countries, and operations in over 100 nations, the oil majors are richer than many of the countries they operate in.



ExxonMobil (Esso)

Turnover (2003): US\$237 billion
Production: 4.2 mboe/d ²⁷

In brief: Exxon-Mobil has always been a giant amongst giants. While BP has caught up with it in recent years by pulling off major deals, Exxon-Mobil has experienced steady and consistent growth for decades and consistently registers some of the biggest profits of any company. It operates the World Bank funded Chad-Cameroon pipeline and is planning significant growth in its production in Africa, the Middle East, Russia and the Caspian.

BP

Turnover (2003): US\$236 billion
Production: 3.97 mboe/d

In brief: Until recently known as the 'two pipeline' company (with its two major operations confined to the North Sea and Alaska) BP has seen a tremendous spurt of growth since the late 1990s. It has expanded greatly through mergers (Amoco, Burmah and Arco) and recently made the biggest foreign investment ever in Russia (the world's second-biggest oil producing country) by buying two major Russian oil companies and merging them to become TNK-BP in a US\$7 billion deal.



Shell

Turnover (2003): US\$201 billion
Production: 3.9 mboe/d

In brief: Shell currently has its oil and gas production heavily concentrated in Europe, with major assets also in the USA and Nigeria. Recently rocked by a scandal over the coverup of its declining reserves, the company recently announced an aggressive strategy to improve reserves replacement, and has high hopes for new deals in Libya, Sakhalin (where it is the main operator), offshore Nigeria and for heavy oil in Canada.

²⁶ Rankings based on the 2004 Global Fortune 500. Companies ranked by their gross turnover in 2003.

²⁷ Mboe/d = million barrels of oil equivalent per day. This is an industry standard for amalgamating oil and gas production figures

How much oil is left?

Reserves

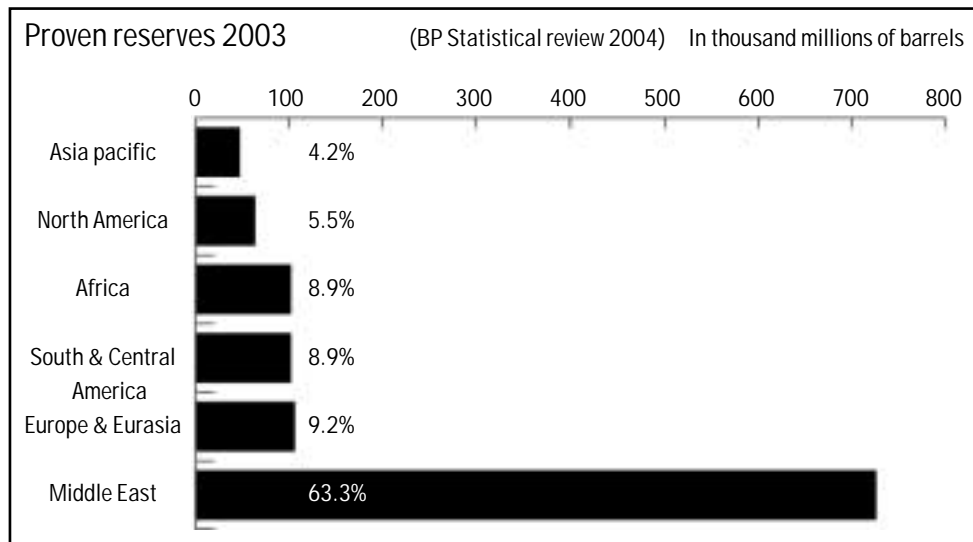
Precise figures for existing oil reserves do not exist. This is partly due to limitations in the technology used to estimate the size of underground oilfields, but also because companies and countries have an interest in exaggerating their so-called 'proven' (defined as 90% certain²⁸) reserves. For example, OPEC²⁹ countries are allocated a production quota based on their proven reserves - it is therefore in their interest to exaggerate reserves in order to maximise production and income.

At the end of 2003 there were estimated to be over 1.1 trillion barrels of proven oil reserves around the globe³⁰. But these reserves are very unevenly distributed.

Saudi Arabia holds about a quarter of these oil reserves, while Iran, Iraq, Kuwait and Abu Dhabi account for another nearly 40% between them³¹. Outside of the Middle East, the two largest reserves are in Venezuela (6.8%) and Russia (6%).

Production and consumption

Global oil consumption is close to 80 million barrels per day, and is also very unevenly distributed. The USA consumes over a quarter of this, whilst producing only 9.2%, making it (on a per capita basis) the most heavily-consuming and import-dependent country in the world. The Middle East, meanwhile, produces 29.6% of global production but only consumes 5.9%. The Asia Pacific region (including Australia, China, India and Japan) imports the greatest percentage of its consumption, using 28.8% of global supply but only producing 10.2%.



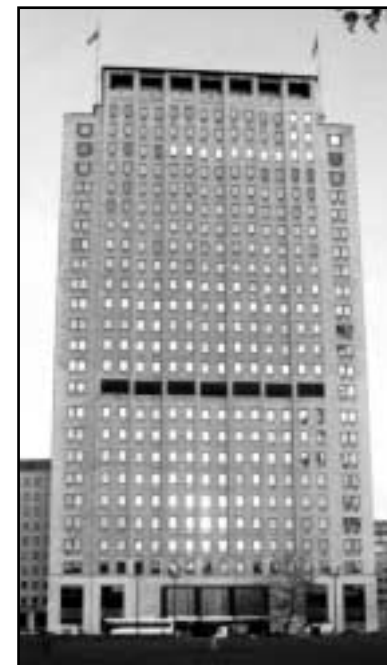
Friends in high places

Top managers of BP and Shell have always been close to senior members of the UK government. In fact, the two companies are so thoroughly enmeshed in the British state that it is less a case of looking for connections than trying to see any separation.

They have no need for crude methods of influence such as party donations or brown envelopes. Instead, there is a revolving door for staff and strong personal ties - particularly between BP and the Blair regime today.

Much of the relationship is informal - government and corporate elites move in the same circles. **Tony Blair** and BP head **John Browne** are personal friends³⁵. Browne was invited to put his name forward for appointment to the House of Lords and was among the first 15 'Life Peers' to be appointed under the new system in April 2001. **Nick Butler**, Head of Policy at BP, is a close friend of **Jonathan Powell**, Blair's Chief of Staff, and of **Peter Mandelson**. He has stood in the past as a Labour candidate.

BP's trump card has to be Blair's teenage friend and former personal secretary **Anji Hunter**, who became BP's Head of Communications in 2001 after working with **Tony Blair** almost continuously since his first election to Parliament in 1983. During her time with Blair, Hunter has variously been described as "*the gatekeeper*", "*the comfort blanket*" and "*the most influential non-elected person in Downing Street*"³⁶. Shell also benefits greatly from connections in high places. Shamed Chairman **Phillip Watts** was replaced by **Lord Oxburgh**, former Chief Scientific Advisor to the Ministry of Defence and an active member of the House of Lords.



The Shell tower, London

Eileen Buttle, a Shell non-executive director since 1998, has seats on a number of influential panels and committees, including being a UK member of the European Environment Agency's Scientific Committee and Deputy Chairman of Imperial College's Council.

³⁵ See eg Financial Times, 1/8/02 'Oiling the political engine'

³⁶ The iVillage top 20 - Anji Hunter. See: www.ivillage.co.uk/newspol/polpeople/top20/articles/0,,162333_183350-2,00.html

State support for oil

The UK government identifies 'energy security' as one of its key foreign policy strategic priorities.

Behind this official phrase lies a hidden agenda: to support the penetration of UK oil companies into as many exporting countries as possible, encourage oil-exporting governments to open up their markets, and prop up authoritarian regimes in the interests of keeping the oil flowing. Here are some other ways the British government uses taxpayers' money to support the private sector UK oil industry.

Tax breaks

The UK has one of the world's most generous tax regimes for its oil and gas fields in the North Sea, and has developed and drained these fields at an extremely fast rate. In comparison, Norway - a country with similar oil and gas resources to the UK - demands twice the tax take. This represents a massive hidden subsidy to UK North Sea operators.



Safer suppliers

The Foreign and Commonwealth Office is actively promoting an energy security policy primarily aimed at decreasing reliance on Middle East oil and securing oil and gas flows from Africa, Russia, the Caspian and Central Asia. It identifies key partners in government as: DTI, DEFRA, DfID, the Treasury, MOD, Devolved Administrations and the Department for Transport.

Embassy assistance

British embassies in key oil-producing countries work closely with companies to help them secure contracts and improve their local reputation. For example, the British Ambassador to Indonesia, Richard Gozney, visited BP's massive gas project in Tangguh, West Papua, in 2001, and assured local residents that BP would do a good job.

Underwriting deals

The Export Credit Guarantee Department has provided around £500 million of export guarantees to the oil and gas sector per year in the last three years. This is about 14 per cent of its overall business. The British Embassy in Libya hired a Shell employee in its commercial section in 2001-2; in 2004, on the same day Blair shook hands with Gaddafi, Shell announced an exploration deal in the country.

Conditional aid

The government has used international development aid to support the interests of BP and Shell. DfID in particular helps oil-rich countries set up regulatory and taxation regimes which favour investment by foreign oil companies.



The UK consumes about 1.6 million barrels daily. The UK currently consumes slightly less than it produces and so remains a net oil exporter. However, production is in decline and the UK will become a net oil importer by 2010³².

Oil and the global economy

Oil provides around 40% of globally-traded energy and 90% of global transport fuel, and is crucial to the global economy. A reliable supply also underpins most national economies, leaving them vulnerable to price increases - which tend to increase inflation, depress consumption and bring down economic growth³³. 2004 saw a particularly sharp climb in the price of crude oil, as a result of increasing consumption in China and India, as well as conflict in oil-producing states like Iraq, Nigeria and Venezuela.

Peak oil

As rising oil demand begins to outstrip increases in supply, this will hit the global economy. Although known reserves could sustain current consumption levels for the next 41 years, an increasing number of analysts are concerned that the peak of oil production will hit soon, and rate of production will thereafter be unable to keep up with growth in consumption.

Global consumption has already overtaken the discovery of new oil fields - that mark was passed in 1981. The world has been eating into its reserves ever since. Although production has so far been able to keep pace with demand, at some stage this declining rate of discovery will lead to a downturn.

Although the rate of depletion has slowed as improving technology makes previously inaccessible reserves commercially viable, there is growing evidence that the really big discoveries have all been made and that consumption is set on a collision course with production. This collision could come as early as this decade.

How much oil is left?

Since the world continues to be dependent on oil, the spectre of a supply crunch has enormous implications. Inefficient and dirty fuels like heavy oil will become increasingly attractive³⁴. Violent campaigns to control governments in countries with remaining reserves will intensify. Without an effort to develop clean, renewable and locally-sourced fuels to replace oil, the ensuing scramble for energy could be disastrous for both the environment and world peace.

²⁸ The industry generally uses three categories to describe the status of oil reserve estimates. These are proven, probable and possible. Here we will discuss proven reserves, which are described as reserves which on the available evidence are virtually certain to be technically and commercially producible, i.e. have a better than 90% chance of being produced. DTI, Oil & Gas. See: www.og.dti.gov.uk/information/bb_updates/chapters/reserves_index.htm

²⁹ Organisation of Petroleum Exporting Countries

³⁰ All figures from BP Statistical Review of World Energy 2004 unless otherwise stated

³¹ Iraq's reserves are said to be the second greatest in the world but official figures are currently unavailable due to the period of sanctions and war. They are generally held to be around 10 per cent but could prove to be more.

³² DTI (Feb 2003) Energy White Paper
³³ See International Energy Agency (May 2004) Analysis of the Impact of High Oil Prices on the Global Economy

³⁴ Bitumens, oil sands and tar sands, which require greater refining and are generally more polluting to exploit.

World oil 2004: reserves, consumption, trade and conflicts

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Beyond oil
the oil curse & solutions
for an oil-free future

