

Bringing the G8 Home: Corporate Involvement in and around the G8

In July 2005, the leaders of the eight most powerful countries in the world are coming to Gleneagles for the annual G8 summit. In some respects, the G8 leaders are coming home to their roots: Scotland was home to the 18th century 'Scottish Enlightenment' that originally gave us 'free market ideology'. Scotland is also an appropriate place for the G8 to discuss climate change and poverty in Africa, as it is a regional centre for the oil industry and historically gained huge financial wealth from colonial rule.

The Scottish Executive wants the G8 to be an opportunity to promote Scotland PLC. What it is unlikely to be 'showcasing' is the erosion of democracy and the social and environmental damage these companies are causing both in Scotland and worldwide. It certainly won't be highlighting that 6th July, the start date of the summit, is the anniversary of the Piper Alpha disaster, a clear example of corporate negligence that cost 167 Scottish lives.

Scotland is an example of corporate globalisation in microcosm. The biggest companies in Scotland have gained their wealth through privatising public services; through unsustainable industries such as oil extraction; through co-opting traditional industries and through financing corporate activity worldwide. The Scottish Parliament, rather than heralding a new era in Scottish history, is continuing the process of the corporate takeover of the democratic process that is happening worldwide.

Oil, climate change, war and poverty

If G8 countries were serious about addressing climate change and poverty in Africa, they would systematically examine the impact of their oil corporations in Africa and worldwide. Oil extraction has worsened rather than reduced poverty for most people in oil-rich countries. Alongside oil extraction are regular patterns of conflict and human rights abuses; air, water and land pollution; and governments insulated by oil money and unaccountable to their populations. The links between oil and climate change are well known, with climate change already adversely effecting the poorest and most marginalised peoples around the world.

The G8 governments and the oil industry
G8 countries produce around 47% of all global CO2 emissions.

USA – the links between the Bush Administration and oil corporations are well known. Key corporations are ExxonMobil, ChevronTexaco and ConocoPhillips. **• Russia** – has the biggest oil reserves in the G8. Its economic growth depends on energy exports. With instability in the Middle East, Western governments and oil and gas companies are courting Russia. Key companies include Lukoil, TNK (50% owned by BP), Gazprom, Sibneft and Yukos Oil. Shell is drilling on the ecologically sensitive Sakhalin Island in Russia's Far East. **• France** – Total (formerly TotalFinaElf) **• UK** – BP and Shell. **• Italy** – ENI **• Canada** – PetroCan.

The World Bank and oil

Since 1992, the World Bank Group has provided \$11bn for fossil fuel projects – 82% designed for export to Western countries.

Baku-Tbilisi-Ceyhan (BTC) pipeline

The BTC pipeline, opening in 2005, runs from Azerbaijan's oil fields in the Caspian Sea to Turkey via Georgia. Passing through or near seven conflict zones, the pipeline will create a 1,000-mile militarised corridor through three countries with poor human rights records. It will cause environmental, economic and physical disruption to hundreds of communities without delivering energy to them.

The UK government has financially backed the pipeline. The oil and gas extracted will be equivalent to more than the combined CO2 emissions from all the UK's power stations.

The G8 and the arms trade

All G8 countries except Russia are NATO members, and most are major arms producers. Between 1997 and 2001 at least 66% of the world's arms deals came from the USA, Russia, France, Britain and Germany. From 1998 to 2001 the UK, US and France earned more from trading weapons to the Global South than they gave in aid. There is a direct link between poverty and violent death: of the 150 wars fought between 1945 and the mid 1990s, over 90% were in poor countries in the South.

G8 meetings traditionally discuss reducing weapons in terms of 'global security' and 'combating international terrorism', ignoring the role of conventional weapons. Small arms cause 90% of civilian casualties. UN secretary general Kofi Annan has said the death toll from small arms 'dwarfs that of all other weapons systems, and in most years greatly exceeds the toll of the Hiroshima and Nagasaki atomic bombs.' In 2002 the G8 allocated \$20 billion to a programme to prevent 'terrorists' acquiring nuclear, chemical and biological weapons. There are no global regulations on the conventional and small arms trade.

Despite signing non-proliferation treaties, and denouncing countries who *may* be developing nuclear weapons as 'barroists', G8 countries continue to develop their own nuclear weapons. At the 2003 G8 Summit, Brazilian president Lula da Silva proposed a global hunger fund through taxing the international arms trade. This was ignored by the G8.

The USA and the 'war on terror'

The USA spends \$400m annually on the military – more than all its 'enemies' combined – and contributes 45% of the world's exported weapons.

Since September 2001, the USA has increased military aid abroad, including to 32 countries which its State Department classifies as having a 'poor' human rights record, or worse, including Israel, Afghanistan, Colombia, Turkey, India and Pakistan. It provides weapons or training to almost 90% of the countries it says harbour terrorists. In 2004 the US set aside \$4.7 billion for counter-terrorism, including military assistance to 25 states which support its anti-terror policies. In the same period just \$2 billion was spent on anti-poverty programmes.



The UK and its military-industrial complex

It is estimated that UK arms exports cost the public about £888 million annually in subsidies, including civil servants working as sales representatives for arms companies and travel grants for foreign buyers to attend arms fairs. 600 civil servants work for the arms trade through the Defence Export Services Organisation (DESO). Nearly half the work of the Export Credit Guarantee Department (ECGD) relates to arms exports. Since 2000, BAe Systems has provided 45% of seconddees to the MoD. The UK government alone has sold billions of dollars worth of arms to South Africa, Egypt, Ghana, Kenya, Sierra Leone and Zambia.

Immigration

In 2005, with over 30 conflicts worldwide, 149 countries practicing torture, economic globalisation causing inequality, a rampant arms trade and environmental degradation, there are over 20 million 'refugees' in the world – 1 in every 300 people alive. Industrialised countries host the fewest refugees. Nearly two thirds of all refugees are hosted in the Middle East and Africa, while the number of asylum applications to the UK in 2002 represented only 0.01 per cent of the global refugee population. Industrialised countries have spent millions on tightening their border controls and implementing inhumane policies, focusing on deterrence rather than helping vulnerable people in need.

Africa

The Commission for Africa

Tony Blair, as President of the G8, is seeking to double aid to Africa by \$100bn and to save poor countries a further \$25bn over 10 years by writing off debts to the IMF, World Bank and African Development Bank. However, G8 promises on aid and debt relief have amounted to very little in the past. Along side this, Blair considers trade liberalisation and the privatisation of public services, essentially opening up Africa to foreign multinationals, as the solution to all Africa's problems. This is a position enthusiastically supported by the business lobby group, Business Action for Africa who have been advising the Commission for Africa. As we can see, foreign corporations plundering Africa's resources have caused many of the problems in the first place.

Oil and turmoil across Africa

Over the next decade, Central and West Africa will probably become the US's second-most important supplier of oil and natural gas after the Middle East.

Nigeria – Shell has extracted oil from Nigeria for 50 years. Nigeria has earned over \$340bn from oil, yet 70% of its population live on below a dollar a day. Shell's destruction of the Niger Delta came to global attention in 1995 with the murder of Ken Saro-Wiwa with eight others. 2005 marks the tenth anniversary of the murders. Shell claims to have improved, although in 2004 a Christian Aid report cast doubt on these claims.

Chevron is being sued in the US federal court for violations of international human rights law in Nigeria, after allegedly providing the Nigerian military with equipment and requesting military help to quell protests, resulting in the deaths of unarmed people, in 1998 – 9.

2004 saw fierce resistance to Shell and Chevron in the Niger Delta. Local activists occupied oil rigs and stopped production.

Chad and Cameroon – The Chad-Cameroon pipeline is mired in corruption. \$4.5m was diverted to arm Chad's government. Cameroon's government has twice been listed by Transparency International as the world's most corrupt, and revenues from oil development are largely unaccounted for. The pipeline, being built by Chevron, ExxonMobil and Petronas and funded by the World Bank, runs through politically unstable areas.

Sudan – The first oil export from Sudan in 1999 marked a turning point in the complex civil war, with oil becoming its main objective and cause. Oil revenues are used by the government to obtain weapons and ammunition, and the expansion of oil production led to the violent displacement of pastoral people. The civil war has seen two million dead and four million displaced since 1983. Companies operating in Sudan until recently included Canada's Talisman Energy Inc., currently facing a court action in the USA for aiding the Sudanese government's ethnic cleansing. BP and Shell are involved through holdings in two China National Petroleum subsidiaries. Rolls Royce and Weir of Glasgow have multi-million pound contracts in Sudan.

Angola – Africa's second largest oil producer. Despite revenues of \$8bn a year, three quarters of the population live on less than one dollar a day. The government is corrupt and dependent on oil revenues to remain in power. Global Witness accuses Western oil companies of giving 'secret signature' bonuses to the state oil company.

After 27 years of war, Angolans now enjoy peace except in the oil rich region of Cabinda, where despite ongoing warfare, the oil companies, led by ChevronTexaco, maintained business in a minefield surrounded enclave. In other Angolan oil producing regions, communities complain of terrible pollution and health costs.

Equatorial Guinea – Africa's third largest oil producer should be among the richest with its small population and oil revenues of £500m in 2003. Instead, the impoverished country has one of the continent's most repressive regimes, propped up by oil revenues.

The US Securities and Exchange commission is probing five US oil firms over bribery in Equatorial Guinea. Companies operating there include Amerada Hess and Tullow oil.

Congo-Brazzaville – Unrest continues despite the recent end to the civil war which killed 3 million people. Africa's fourth largest oil producer, Congo-Brazzaville is saddled with £3.4bn in overseas debt as a legacy of French oil company Elf Aquitaine's (now part of Total) strategy of influence peddling, bribery and obscure off-shore deals. The former president of Elf admitted that his company supplied weapons to both main parties in the civil war.

Mauritania – UK based companies Dana Petroleum, Tullow Oil and Premier Oil all have substantial offshore plots in this country where 'black gold' was recently found. With recent coup attempts, there are fears that oil will be a curse here as it has been elsewhere in Africa.

Iraq has the world's second largest oil reserves. After the invasion in 2002, US corporations Halliburton and Parsons won contracts to rebuild Iraq's shattered infrastructure. Advisors from BP, Shell, ExxonMobil and Conoco-Phillips have been hired by the Coalition Provisional Authority although none have contracts on the ground yet. BP and Shell have signed agreements to evaluate oil fields and train engineers. Since the invasion, there has been considerable resistance by Iraqi oil workers to foreign oil companies and privatisation.

Conclusion

To replace oil, the only way forward is to develop non-fossil fuel technologies which are just, sustainable and do not produce hazardous waste. The lies of climate sceptics and Blair's rose-tinted 'everyone wins' technofix dreams must fall along the way. The barriers to mainstreaming renewable energies are political and financial, not technical. An investment of \$660m would make solar energy competitive – about 0.5% of the \$89bn spent by oil companies on exploration and production in 1998.

Tony Blair claims to be prioritising Africa's problems and climate change at this Summit. Whilst the G8 countries and their corporations extract natural resources including oil and gas, and sell weapons fuelling conflict in Africa, it is hard to see how any significant progress can be made.