

**extractive industries:
blessing or curse?**

Environmental impacts of European oil companies

For most people within the European Union the use of gas and oil is part of daily life. Natural gas is used for heating, cooking and to generate electricity. Oil is needed to make the fuel for nearly all cars, trucks, aeroplanes and ships.

Shell, BP, Total and ENI (Agip)

The main EU-based oil companies are Shell, BP, Total and ENI (Agip). At least one of these companies is active in nearly all of the world's oil and gas producing countries. In 2006 their revenues together totalled a stunning USD 870 billion and their profits USD 74 billion. In revenue, Shell ranks third, BP fourth, Total tenth and ENI 26th amongst the biggest companies in the world.

The main mission of these companies is to look for oil/gas, extract it from the earth, bring it via pipelines (and often via oil tankers) to refineries, refine it (into kerosene, petrol, diesel, etc.) and sell it. These companies all have guidelines to fulfill their purpose in a humane and environmentally responsible way, including in developing countries. However, practices may differ from these guidelines. For example: Shell has a huge – undealt with – legacy of oil pollution in Nigeria; Total still supports the military junta of Burma, which is responsible for decades of serious human right violations.

climate change

These four European oil companies contribute a great deal to climate change. For example, in 2006 Shell emitted more greenhouse gases than the total gases emitted within Austria, Portugal and Hungary.

Much of the greenhouse gas is caused by flaring gas, instead of selling this valuable product. Flaring is the burning of natural gas that is produced along with oil during oil production. Total and ENI claim that in 2006 no less than 28 percent of their greenhouse gas emissions were due to gas flaring. All oil companies have a policy to reduce gas flaring, but little has been done as yet. Total wants to achieve a 50 percent reduction by 2012. Shell wants to stop its Nigerian flares at the end of 2009, while the Nigerian government has declared gas flaring should be stopped in 2008. ENI doesn't have any concrete goal and BP says it doesn't flare much gas anymore. A conservative estimate is that the gas flaring operations of the four companies in 2006 were equal to the yearly greenhouse gas emissions of 16 million European cars.

trend: looking for oil in pristine areas

Based on proven reserves, BP estimates that just over 45 years of oil reserves remain, at current prices and consumption. Nowadays, oil companies are investigating ways of getting to more difficult oil reserves, often taking severe environmental risks.

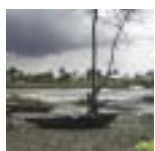
For example, Shell is the leading foreign company exploring ways to boost oil production from tar sands in the province Alberta, Canada. Extracting oil from the sands requires a huge energy input: three times more greenhouse gases are emitted compared to conventional oil production. Moreover, the mining has a serious negative impact on the surrounding wetlands, forest, wildlife and indigenous people.



Gas flaring, Niger Delta, Nigeria.
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Whale off the Sakhalin Island.
© sakhalin environment watch



Shell oil spill at Goi, Ogoni Land, Niger Delta.
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SCALE

CAUSES AND CULPRITS

	EXTRACTION	DISASTERS	BIODIVERSITY	
SEVERE ENVIRONMENTAL IMPACTS		GLOBAL	OIL & GAS	WATER

SCALE

Another example is the Sakhalin II oil and gas project in the far east of Russia. This project is a threat to the 100 or so remaining western pacific gray whales, one of the most endangered populations on earth. In February 2005, an independent panel of scientists found that "existing and planned large-scale offshore oil and gas activities pose potentially catastrophic threats to the population." The 800-kilometre Sakhalin II pipelines will dangerously cross more than 1,000 rivers, a key resource for the island's fishing (mainly salmon) industry and local population. Shell and Dutch private bank ABN Amro are involved in this project.

oil production in developing countries

European oil companies are also active in developing countries, where labour, social, human rights and environmental regulations may be less stringent. Refineries often run on fuel oil, polluting the air that neighbouring communities have to breathe. Most western refineries run on cleaner gas. An oil spill in the European oil consumer market draws more attention than a similar one in developing countries. Moreover, it's not only the day-to-day activities of oil companies in developing countries that cause social and environmental problems. In many countries the oil companies have left a legacy of toxic waste behind, which has still not been cleaned up.

IMPACTS

a Shell legacy: oil spills in the Niger Delta

Oil spills, mostly from Shell operations, have polluted the rich ecosystem of the Niger Delta. A recent report by Nigerian scientists and the CEESP-commission of the World Conservation Union (IUCN) concludes that "an estimated 1.5 million tons of oil has spilled in the Niger Delta ecosystem over the past 50 years, representing about 50 times the estimated volume spilled in the Exxon Valdez oil spill in Alaska in 1989." Drinking water has been affected, fish populations have died and farmers have lost their income because soils have been destroyed. The vast majority of all spills over the last 40 years are a consequence of ageing facilities and human error. Of present spills, Shell routinely claims that most are the consequence of sabotage. This is a partial explanation, but Shell also has a backlog in upgrading pipelines and other infrastructure. The cleaning up of oil spills is often done very superficially, leaving much oil in the area.

EXAMPLE

Oil industries should be sure their projects have a social license to operate (including local communities' free, prior and informed consent) and best environmental practices are applied.

Free, prior and informed consent means that an equal and respectful relationship with local communities (including women) is entered into. It starts with respecting the rights of local communities to their lands and resources. 'Free' means that nobody should be forced or manipulated. 'Prior' stands for consultation in advance of planned activities. 'Informed' means that planned activities are fully disclosed in accessible and understandable forms. 'Consent' means approval of planned activities by the community.

DEMANDS

our demands:

- Extractive industries should stop destroying the environment and wrecking people's lives around the world. There should be a ban on any new projects unless free, prior and informed consent of local communities has been fully implemented.
- EU countries, the European Commission and international financial institutions should stop using foreign assistance and other public resources to subsidise the activities of the mega profit-making international oil companies. Private banks and pension funds should stop investing in projects extracting fossil fuels.
- EU-based companies should immediately stop gas flaring.

information resources: <http://priceofoil.org> | <http://www.oilwatch.org/index.php?lang=en> | Fortune Global 500 of companies 2007. | Sustainability reports 2006 Shell, BP, Total and ENI. | BP, statistics oil consumption and proven oil reserves, 2007. | Pembina Institute, report 'The Environmental Implications of Canada's Oil Sands Rush', 2005. | IUCN, report of Independent Scientific Review Panel of Sakhalin Project, 2005. | Nigerian scientists and IUCN CEESP-commission, report 'Niger Delta Natural Resource Damage Assessment and Restoration Project', 2006.

RESOURCES



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