

Proceedings

Developing Principles for Interaction Between Nongovernmental Organizations and Transnational Corporations in the Caspian Region

Seminar organized by ISAR and Green Salvation

Almaty, Kazakhstan
September 10-12, 2000



Mission Statement

ISAR promotes citizen participation and the development of the nongovernmental sector in the countries of the former Soviet Union (FSU) by supporting citizen activists and grassroots nongovernmental organizations (NGOs) in their efforts to create just and sustainable societies.

ISAR's offices work to facilitate partnerships between and among NGOs in Eurasia and the United States, and to educate the public in the US and Eurasia about the unique role that grassroots organizations play in shaping a positive transformation in the countries of the former Soviet Union.

Acknowledgments

ISAR would like to express gratitude to USAID, the Central Eurasia Project of the Open Society Institute, Trust for Mutual Understanding, Rockefeller Family Associates, and the Academy for Educational Development for their support of this event. ISAR would also like to thank our NGO colleagues throughout the FSU who helped us plan the seminar, and who continue to provide valuable guidance and support to ISAR's Caspian program.

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“Transnationals are highly organized. Therefore, NGOs must also be well organized in order to work better together and, on an international level, to more effectively structure their relationships with transnationals.”

—David Gordon and Natasha Barranikova

PROCEEDINGS

“Developing Principles for Interaction between Nongovernmental Organizations and Transnational Corporations in the Caspian Region”

**Almaty, Kazakhstan
September 10-12, 2000**

INTRODUCTION

Representatives of nongovernmental organizations (NGOs) from the Caspian Basin (Azerbaijan, Georgia, Iran, Kazakhstan, Russia and Turkmenistan) met in Almaty, Kazakhstan September 10-12, 2000 to participate in the seminar, “Developing Principles for Interaction between NGOs and Transnational Corporations (TNCs) in the Caspian Region.” The seminar was jointly organized by ISAR and The Ecological Society Green Salvation, an NGO based in Almaty.

Designed as a response to NGO concerns about the increasing influence of TNCs throughout the Caspian Basin, the seminar provided NGOs with a forum to discuss past interactions with TNCs. The seminar participants also examined the informational and legal aspects of interaction with TNCs and discussed joint strategies for developing their work in solidarity with each other. During the seminar, representatives from organizations in the Russian Far East, Kyrgyzstan, and the US shared their experiences and knowledge about effective collaboration among NGOs in other regions where the activities of TNCs have a significant influence on the environment. As a result of these discussions, a memorandum on NGO solidarity in interaction with TNCs was developed and distributed widely among NGOs and other organizations interested in the Caspian Basin.

On the final day of the seminar, the NGO participants and representatives from TNCs extracting natural resources in the Caspian region (BP Amoco, Kumtor, OKIOK, Shell, Tengizchevroil, and Texaco) participated in a roundtable session. During the course of the dialogue, the NGOs expressed their common concerns about the increasing oil and gas extraction throughout the Caspian region. They also discussed various issues related to interaction with TNCs, particularly the question of access to information. All of the TNC representatives participating in the forum stressed the readiness of their companies to support independent environmental monitoring.

The seminar was the second in a series organized through ISAR’s Caspian program, which brings together environmental NGOs from around the region to discuss common environmental issues, share information and work jointly on regional environmental problems. The first seminar, held in Baku, Azerbaijan in March 2000, resulted in the creation of a public environmental monitoring network. The next seminar will address the role of NGOs in creating alternative paths of development for the Caspian region and will be held in Astrakhan, Russia in January 2001. Other elements of ISAR’s Caspian program include a cooperative grants program, e-mail grants and technical support to local NGOs, and Caspinfo, an on-line information service.

The program is funded by the United States Agency for International Development (USAID), the Central Eurasia Project of the Open Society Institute, Trust for Mutual Understanding, Rockefeller Family Associates, and the Academy for Educational Development.

AGENDA

for

SEMINAR ON DEVELOPING PRINCIPLES FOR INTERACTION
BETWEEN NONGOVERNMENTAL ORGANIZATIONS
AND TRANSNATIONAL CORPORATIONS IN THE CASPIAN REGION

Seminar Goal: Exploring, studying and evaluating existing experience on interaction between environmental NGOs and TNCs in order to develop mechanisms for NGO solidarity in action.

Objectives:

1. Exploring informational and legal aspects of working with TNCs, as well as direct action;
2. Discussing the possibility for cooperation among NGOs interacting with TNCs;
3. Discussing the necessity for common principles in cooperative activities among NGOs;
4. Concluding an agreement on long-term solidarity in action.

September 10, 2000

- 9:00 AM-10:30 AM Opening, Introductions. Participants will each state their names and affiliations, as well as their expectations from the seminar. In addition, they will have the opportunity to share one positive and one negative interaction with a TNC.
ISAR
- 10:30-11:00 Presentation of the goals and objectives of the seminar. Discussion of the need to develop common principles and solidarity in working with TNCs.
Green Salvation
- 11:00-11:30 Break
- 11:30-1:00 NGO Activism and Transnational Corporations: Informational Resources, Strategies and Tools.
Neil Tangri, Multinationals Resource Center, Washington, DC
- 1:00-2:15 Lunch
- 2:15-3:45 Creating and Organizing Mechanisms for Cooperation between NGOs and Organizations Actively Working with TNCs.
Carwil James, Project Underground, Berkeley, California

- 3:45-4:15 Break
- 4:15-5:45 NGO Response to the Kumtor Mining Accident at Issyk-Kul in Kyrgyzstan.
Emil Shukurov, Environmental Movement, "Aleyne" Bishkek, Kyrgyzstan
- 6:30 Dinner
- EVENING: INFORMAL DISCUSSION: Cooperation with other social movements and organizations: the experience of the USA (Seattle, Washington) and the CIS.
US and CIS presenters in a roundtable discussion on NGO cooperation.

September 11, 2000

- 9:00-10:30 International Cooperation Among Environmental NGOs for the Protection of the Sea of Okhotsk.
David Gordon, Pacific Environment and Resources Center, San Francisco, California, and Natasha Barranikova, Sakhalin Environmental Watch, Yuzhno-Sakhalinsk, Russia
- 10:30-11:00 Break
- 11:00-12:30 Short presentations (5 minutes) from each country on the status of the legal situation regarding TNCs and environmental regulations. Discussion of common factors, areas of great difference. Could there be a common, regional NGO approach to environmental legislation regarding TNCs?
Facilitated by ISAR
- 12:30-1:00 Lunch
- 1:00-3:00 Small Group Discussions on an NGO agreement and principles for working with TNCs.
Facilitated by Green Salvation
- 3:00-3:30 Break

- 3:30-5:45 Preparation for Roundtable with TNCs.
Facilitated by ISAR
- 6:30 Dinner
- EVENING: Films and informal discussions

September 12, 2000

- 9:00 – 1:30 Roundtable with TNC representatives “How can NGOs and TNCs interact? Ideas and Suggestions from TNC and NGO representatives.”
Facilitated by ISAR
- 1:30 Lunch
- 2:00-3:00 NGO deconstruction of the Roundtable: What really happened during the discussion? What concrete results were obtained? Next steps?
Facilitated by Neil Tangri
- 3:00 Press Conference
- 7:30 Dinner

PROCEEDINGS

September 10, 2000

INTRODUCTION:

Kate Watters, ISAR's director of programs, opened the seminar by welcoming the participants and sharing ISAR's expectations for the seminar. Most importantly, ISAR hoped that the seminar would result in a consensus—however broad—among the participants on general principles for interaction with TNCs. Kate then introduced Sergey Solyanik and Sergey Kuratov of Green Salvation, co-coordinators of the seminar.

Sergey Kuratov, director of Green Salvation, described the goals and tasks of the seminar. The goal of the seminar, Kuratov stated, is to increase NGOs' understanding of the role of TNCs in the development of the Caspian Basin and to determine methods for mutual cooperation among NGOs dealing with their influence in the region. The result of the seminar should be an agreement, the basic thesis of which will demonstrate that NGOs are not “for” or “against” TNCs. Even during the seminar, as organizers, we are not trying to state our positions and thoughts in this regard. The goal of the seminar is that NGOs will decide their own positions with regard to TNCs.

Kuratov delivered the keynote address based on the following research paper.

TNCs, Nature Protection, and the Role of Society

Sergei Kuratov, Green Salvation, Almaty, Kazakhstan

“We didn't teach dialects according to Hegel.” V.V. Mayakovsky

That quote from the famous poet accurately reflects the situation that nongovernmental organizations (NGOs) in the countries of the former Soviet Union (FSU) are currently colliding with as they try to resolve the difficult task with many famous transnational corporations (TNCs), moving along a path of trial and error. It is apparent that truth is becoming better acquainted with actual experience.

And anyway, before one gets involved in any activity, it is necessary to understand with what one is dealing and determine one's goals, tasks and methods of work. It is possible that this material will help to determine basic problems that NGOs in our countries are struggling with, in connection with

the specific role that TNCs are playing in our countries, using natural resources and actively influencing the condition of our natural world. It's possible that it will be useful in searching for a template to decide these problems.

I. TNCs Appear on the Scene

With the development of market relations in the countries of the CIS, transnational corporations are more and more deeply taking root in the



Sergey Kuratov, Green Salvation, and David Gordon, Pacific Environment

economy of our countries. They have a growing influence on our natural environment, and on the political, socio-economic and cultural aspects of life in our countries. The growth of their influence is not accidental. First, it is formed in the very essence of a TNC; second it is a completely natural result of the socio-economic changes occurring in the countries of the CIS that are facilitating the successful penetration of international and national companies. Their influence has become one of the major factors determining the development of these countries.

What attracts TNCs to the CIS? Just as in other developing countries and countries with transitional economies, the main attractive features include a cheap labor force and natural wealth: enormous reserves of useful minerals,

and diverse biological and rich recreational resources. As a matter of fact, individual corporations do not hide this. For example, according to specialists of the German Society for Technical Cooperation (GTZ), "Currently in Kazakhstan, there are no positive conditions for investors other than cheap labor and an incredibly rich base of natural minerals." (Panorama, 15.10.99).

If we look at the current situation from the perspective of the history of interaction between nature and society, one can see several divisions between the contemporary and Soviet periods. Industrial giants with advanced technology and a reputation for thriving firms that are preoccupied with the prosperity of their shareholders have taken the place of the industrial giants of the Soviet period.

The major difference between these different periods is that the TNCs that have come to our country with their colossal financial and technical capacity are aiming—first of all—to exploit our natural and human resources for their own interests. The industrial giants of the Soviet period acted within their own country and took responsibility for the social sphere. A significant portion of the population was engaged in these enterprises; that is, people had a job, housing, a definite perspective on the future and a belief in tomorrow. Ecological problems were also significant, but people knew less about them and they didn't seem to be as serious as they appear to be today.

However, one cannot look at all TNCs the same way and place them in the same category. As historical experience has demonstrated, the character of

activity of a corporation is highly diverse, and its profile is usually broad: from the development and introduction of advanced, environmentally sound technology to the exhaustion of the natural resources of the planet. Therefore, before one falls into the arms of the TNCs, or, on the other hand, raises the barricades, it is necessary to painstakingly analyze the situation of each transnational corporation separately.

The diversity of TNC activities also calls for different relationships between the TNC and the populations and governments of different countries. They are so universally recognized that there is probably not a country in the world that is not influenced—directly or indirectly—by TNCs. One could say that the world has been captured by TNCs.

Therefore, participants in the environmental movement—in their everyday work—must take into account the activities of TNCs. They must understand which of their activities frequently ignore the human right to life in a healthy environment and which violate the rights of nature.

II. Specific Activities of TNCs

In contradistinction to other countries, the activities of TNCs have particular political and socio-economic nuances in the CIS.

HUMAN RIGHTS AND RIGHTS OF NATURE

It is generally recognized that the human rights situation in the countries of the CIS is far from optimal, and that the incredibly difficult socio-economic situation benefits TNCs. There are no strong, independent trade unions, there is no united green movement or strong movement to protect the rights of consumers. Citizens' access to legal procedures and environmentally critical decisionmaking needs to be improved. The governments of the countries of the CIS do not pay the required attention to observance and protection of human rights. This means that TNCs may also ignore even the most basic of human rights, because the fulfillment of these rights in the West is generally accepted. The less they have to observe the rights of others, the greater the chance they have to receive a larger profit.

ACCESS TO INFORMATION

A good example of the relationship of TNCs to the observation of human rights is the access to information on the effect of corporations on the natural environment. Publicly disseminated materials provide only the most general profile of company activities. Therefore, often the public has no idea what a TNC is doing and how it is impacting the environment and health of the population. Personal gain that can be obtained from the company plays a significant role, especially for people who don't have a crust of bread.

The general character of the information that is presented gives the impression that TNCs are reluctantly demonstrating the honest position of their activities, and the conditions of environmental protection, without even considering honest figures of profit (EXXON..., p. 16, 19).

However, using their financial and informational possibilities, TNCs do not pass up the opportunity to advertise and create for themselves the image of

a socially responsible firm. In order to do that, TNCs carry out various voluntary activities, including environmental, earmarking funds to support health, education, and culture. Information about such activities is always widely distributed.

For example, since 1993, Phillip Morris Kazakhstan has provided \$2.5 million in funding to support cultural, educational and social projects. (*Panorama*, 14/07/00). In 1999, Karachaganak Petroleum Operating (an alliance of the companies Agip, British Gas, Texaco, and Lukoil) spent \$19 million to finance the construction of health establishments and the gasification of other region. (*Panorama*, 03/12/99).

Although TNCs are not successful in convincing many representatives of the NGO sector and green movement of their love for the environment, they actively work to improve their reputation, practically creating a schism in the ranks of the greens. In 1998, the corporation Mobil financed a conference, “Ecology and Sustainable Development.” In 1998-99, Mobil supported an Earth Day trash cleanup in the foothills of the Zailiisky Alatau mountain range. In 1997-98, Exxon and Mobil supported the education of student ecologists at Kazakhstan State Architecture Construction Academy.

In this way, one can underscore that the official information on corporations is completely accessible, but receiving additional information, even of a general character, is not simple, and this doesn't even include information that involves the reputation of the company. The majority of companies relate to the public in the same negative way that our government relates to the public. For example, only 5 companies provided an official answer to Green Salvation's request to fill out a simple questionnaire, which was sent out twice in Russian and English to the addresses of 18 TNCs that have representation in Almaty. This fact supports the impression of the public that only a few companies demonstrate a readiness to engage in open dialogue. However, it is evident that many of them do this as a result of public pressure.

TNCs provide technical information more willingly. This information is less understandable to the broad public and is difficult to refute or confirm without specific knowledge. Argumentation in this instance is easy: the company possesses advanced technology, therefore the population and the public have nothing to fear. For examples of this, one can look at the web site of OKIOC at www.okioc.kz.

It is worth mentioning that the authorities in the field of environment also lack sufficient information to make decisions regarding the activities of TNCs. In Kazakhstan, the system for monitoring environmental pollution functions in extremely difficult circumstances because of insufficient budgetary finances. For a number of years in Kazakhstan “the financing of work existed on the basis of agreements with influential local natural resource businesses. (*Informational Ecological Bulletin*... p. 22).” One other question comes up in connection with this: how reliable is information received in this way? (*Panorama*, 15/12/00.)

Analysis demonstrates that we are continually running up against a deficit of information about the activities of TNCs, which considerably complicates the decision about how to define NGO relationships with the latter. And this

occurs in spite of the fact that companies understand the importance of supplying open information about their activities.

INTERNATIONAL AND NATIONAL ENVIRONMENTAL LEGISLATION

Corporations are conducting exploration and drilling for oil in the Caspian Sea, the international legal status of which has not yet been determined. It is apparent that this situation and the uncertainty of a series of other international legal questions between the Caspian states and world community does not disturb TNCs. However, this does not mean that corporations do not influence the realization of international environmental agreements. On the contrary, TNCs and their activities have a strong influence, but it is usually not direct and it is not easily uncovered, because they use a variety of mechanisms, including unofficial channels, which are difficult to control. (Hunter, et al., p. 435.)

At the same time, CIS governments need to attract investors and create favorable legal conditions for the activities of TNCs, even if this frequently violates human rights. In the near future, it will be necessary to expect the strengthening of activities of nationally-based TNCs (from the countries of the CIS), as a result of the March 6, 1998, signing of the Convention on Transnational Corporations in Moscow by a series of CIS countries (as of September 2000 this document had not yet gone into effect). This convention, “will serve as the general basis for cooperation of all parties in the area of creation and activity of transnational corporations.” (Article 1.1), including “state support and stimulation of the activities of corporations” (Article 8). One of the examples of this stimulation is the secret lowering of taxes on profits for TNCs, which, in the form of speeding up amortization of basic funds for companies that are extracting natural resources, will serve to strengthen the new tax code of Kazakhstan.

In our countries, as in other regions of the world, TNCs seek to create an image of themselves as a company that respects the letter of the law. The “Position on general principles for activity” of Royal Dutch Shell says that the companies “comply with the laws of the countries in which they work.” Oil company OKIOC continually stresses that it firmly complies with the legislation of the Republic of Kazakhstan. However, the companies do not explain that they act in situations where they come up against serious differences in the legislation of the countries in which they work. The situation is made more difficult when the host countries have poorly developed environmental legislation, which cannot control the activities of companies that are regulated in developed countries.

But TNCs do not only passively follow the letter of the law; they also actively impact the legislative process. According to specialists at Worldwatch Institute, TNCs have a real influence on the creation of legislation in many developing countries. More than 70 countries in the world developed their legislation regulating the extraction of useful minerals in order to make their countries more attractive to foreign mining companies. And only a few countries are moving along the path of strengthening their environmental legisla-

tion and its enforcement. (State of the World, p. 154). There is no basis to indicate that in our countries TNCs will operate in a different way.

For example, there are serious reasons to assume that point 2 of article 48, “State protected zone of the northern part of the Caspian Sea” of the law “on special protected natural territories” of the Republic of Kazakhstan in 1997 was adopted under the pressure of TNCs. Conducting “state geological study, exploration and drilling of hydrocarbon resources based on special environmental conditions” was forbidden on the territory of the state-protected zone. When oil was found on the shelf, in an amendment to the current law from May 22, 2000, the government introduced for review by the parliament a proposal to exclude this article, possibly, because of pressure from interested parties. It is clear that this was done with the goal of nullifying the environmentally protected status of the territory and “the special environmental conditions.”

The parliament is currently reviewing other amendments to existing environmental laws of the Republic of Kazakhstan, which were introduced by the government. One can define the general goal of the amendments as a weakening of the environmental legislative conditions. This strengthens the exploitation of nature and the changing status of the nature protection ministries. For example, in Kazakhstan and Russia, the ministry of natural resources and the ministry of environmental protection are one and the same. These changes will be, without a doubt, in the hands of TNCs.

Nevertheless, TNCs do not hide the fact that they have influence on the formation of national legislation. Granted, company representatives believe that this leads to the improvement of laws. Exxon does not hide this fact, and asserts that it cooperates with “state and industrial groups,” assisting in the adoption of “effective legal norms for environmental protection” (Exxon...p. 19). Thus, the question arises, with which national legislation do TNCs comply? That which was adopted in our countries before their arrival, or the changes enacted as a result of their influence?

TNCs are interested in lowering the fees for polluting the environment, knowing that the standards of the quality of the environment, for example, air, in the majority of Eastern European countries “is much stricter” than in the countries of the European Union (Plan of Action..., pp. 38-39). In Kazakhstan in 1998, environmental specialists had serious concerns about the decision of the Ministry of Ecology and Natural Resources to review the limit of normative exhaust for the joint venture “Tengizchevroil,” in order to increase it to the actual volume of discharge of the company. In the opinion of ecologists, this decision would lead to the loss of fines of several million tenge on emissions that exceeded the norms, “which would have served to compensate the population for their loss of health.” (*Panorama*, 01/05/98). The new limit was agreed on by the ministry at a level acceptable to the company, but lower than that asked by Tengizchevroil. In this year, Ken Goddard, the general director of the company, stated, “Within Tengizchevroil, there is uninterrupted control of the condition of air quality at Tengiz, both in the industrial zone and in the workers’ villages and nearby population points. Starting in 1993, we not only never

violated the norms, ... but on the contrary, the air here has become cleaner with every year.” (Panorama, 09/10/98).

Western Kazakhstan oblast administration of the Ministry of Natural Resources and Environmental Protection (MNREP), which tried to bring economic sanctions against the company, “Karachaganak Petroleum Operating,” discovered that the company was freed from paying environmental protection fines. Article 24 of their production sharing agreement states, “the contractor will be freed from payment or responsibility for paying all environmental protection fines...and will be ensured compensation in relation to various environmental protection claims.” In the opinion of MNREP, this agreement on republican environmental protection legislation is completely “normal.” “For a foreign company in this contract there are no privileges,” stated the minister of MNREP (*Panorama*, 11/06/99).

Recently, the mass media has published materials with information about the fact that TNCs, with their unlawful activities, actually support bureaucracy and encourage the development of corruption in the counties of the CIS.

According to data in the Wall Street Journal, foreign companies must spend a specific percent of their annual income on bribes to bureaucrats in CIS countries: 8.1% in Georgia; 6.5% in Azerbaijan; 4.7% in Kazakhstan; 4.1% in Russia (*Izvestiia*, 13/07/00). The companies claim that bribery contradicts the principles on which their business is founded, but at the same time acknowledge that isolated incidents do occur, without naming specific countries (How do we stand?, p. 30). Fairness demands that one notice that the same TNCs battle with legal chaos and the arbitrariness of bureaucrats in the CIS countries. But, it is clear that for them, it pays to play the game.

The legal chaos in our countries provides corporations with a good basis for strengthening the exploitation of natural resources, and the destruction, depletion, and pollution of the environment.

SOCIO-ECONOMIC SITUATION

It pays to notice another side of the activity of TNCs. In the difficult socio-economic conditions, TNCs contribute to the economic and political stability of many countries by creating employment and a significant quantity of services and production, which guarantee the existing financial flow to the budget.

For example, the company Chevron invested \$1 billion in Tengizchevroil. Direct and indirect flow to the budget of the Republic of Kazakhstan from the activity of Tengizchevroil in 1999 was \$490 million (*Panorama*, 23/06/00). Phillip Morris Kazakhstan in 1997 hired 21 thousand tobacco growers and up until the present has contributed to the development of industry, the building of new factories and the establishment of a \$300 million agricultural program (*Panorama* 26/06/00). The group LNM invested \$650 million in the development of IspatKarmet (the daughter company of LNM). This enterprise is one of the largest private employers in Kazakhstan (*Panorama*, 07/07/00).

However, in spite of significant investment by TNCs in the economy of Kazakhstan, the benefits the republic receives could be much bigger given the

conditions of fair world economic practices and well-thought out internal economic politics.

The budget of Kazakhstan annually fails to receive more than \$500 million from transfer price-setting. Powerful foreign oil/gas and metallurgy firms sell raw materials for lowered prices through offshore companies (*Panorama*, 01/09/00). In the opinion of official organs, a group of oil companies, including Hurricane Kumkol Munai (a subsidiary of the Canadian company, Hurricane) and Tengizchevroil, exports oil at prices 3-4 times lower than the average world prices. The discussion is “about premeditated lowering of profits from export operations, that is a closed form of calculating the capital from Kazakhstan.”

This contributes to a confusing situation of proprietary rights to natural resources. For example, in Kazakhstan, as land owners, local organs of the executive power make decisions about the use of land of various categories, without the participation of the parliament—and fail to consider the interests of local residents. A similar situation with land occurred in Russia which led to the massive sale of parcels of land, “from agricultural and other purposes for individual dacha construction” (Erofeev, pp. 199-200). As a result of the chaos with property rights in Kazakhstan, the state lost “control over major and perspective oil and gas deposits, which, as a result of privatization, are under the control of transnational corporations” (Smirnov, p. 63).

The level of TNC influence in other areas of life is not yet significant, but is growing at a fast pace. Consumer interests are formulating very quickly. Goods, services, TV programs, and advertising, produced or financed by transnational corporations, are filling up our markets and stores, cities and villages, streets and apartments. TNCs, in practice, are imposing irrational models of production and consumption, which will create new ecological and social problems.

THE EXPERIENCE OF NGOs AND TNCs IN THE COUNTRIES OF THE CIS

The influence of TNCs on the environment and the possibility of attracting their means to the natural environment is underestimated by local NGOs and the public, although several of their actions attract general attention. Biotechnical companies attract greater concern. One can judge this by the materials of the “green” press of the CIS countries, in which information on the appearance in the market of genetically modified products is frequently published. Other aspects of TNC activity attract much less attention. In Russia, this can be explained by the fact that privatized industrial giants have practically become TNCs (Lukoil, for example), yet the public has not yet recognized these businesses as TNCs.

As a result, there is a lack of experience of interaction between TNCs and NGOs. Brief principles of work with them demonstrate that a wide variety of relationships exists between NGOs and TNCs, from close cooperation to open confrontation.

Foreign NGOs have accumulated significant experience working with TNCs, but it is impossible to say whether they have been able to successfully solve issues of nature protection, which have resulted from TNC activity. Accumulated experience permits organizations to develop principles, which

they follow in their interaction with TNCs. At the present time, the first examples of cooperation between nongovernmental organizations from the CIS and developed countries of the West are developing in this area.

“Greens” do not have significant experience in cooperating with trade unions, consumer rights activists, and other organizations that have a rich experience in interacting with TNCs.

We need to turn over a new leaf. Can we use the western experience? Can we create a mechanism for solidarity among NGOs and other social movements in interacting with TNCs? Both the conduct of TNCs and the condition of natural resources in our country will impact this a great deal.

III. What Issues Does Society Face?

Just as participants in the environmental movement must learn about TNC activities as part of their daily work, we must also identify criteria on which we can build a basic template for interaction with them. We believe that the basic criteria could be the following:

HUMAN RIGHTS AND RIGHTS OF NATURE

The civil sector must build its relationship with TNCs on the basis of widely accepted human rights and the rights of nature. Any TNC activity must first take into account its influence on the rights of humans and nature. These rights must be acknowledged and considered by TNCs and be defended by the state organs of the country in which they are working. Similar concerns have already been incorporated, for example, into the Sierra Club’s policies on environmental protection in dealing with transnational corporations. The International Committee of the Sierra Club approved this document on October 17, 1998 (point 24).

Most likely, there is not one company that has not violated human rights. For example, Royal Dutch Shell, which is infamous for tragic incidents in Nigeria in 1995, proclaimed its adherence to the general declaration on human rights in its annual report for 2000 (*How do we stand?*, p. 25). Therefore it is important to be able to demonstrate such violations of human rights.

On the other hand, if TNCs actually do promote human rights, they should not invest finances into the economy of a country whose leadership does not observe human rights. The role of the third sector includes verifying the observation of those principles acknowledged by the companies and to demand they are observed.

INFORMATION

Information about the influence of the activities of TNCs on the condition of the environment and on the health of the population should be accessible. It is necessary to demand from our governments that the authorized state organs gather this information and provide it to society along with other environmental information from the company.

The quantity and composition of information must be sufficient for the public to make well-founded decisions. This is particularly important because the information usually given by companies is inadequate to make a well-

thought out decision. This information should also serve the interests of those TNCs that are ready for constructive dialogue, and not simply be publications with pretty pictures.

In order for information to be sufficient for decision makers, it must contain answers to key questions. For example, what were the conclusions of the state environmental impact assessment for the selected company projects? How will the TNCs use the recommendations on conducting environmental accountability developed by the Intergovernmental working group of experts in international standards of calculating and accounting of the UN Conference on Trade and Development? How will TNCs observe and protect basic human rights at their establishments, and particularly the environmental rights of people and the rights of nature?

INTERNATIONAL AND NATIONAL LEGISLATION

First of all, it is necessary to strive to recognize the responsibility of TNCs for the condition of the environment and to observe the human right to live in a favorable environment, which is not yet included in such a well-known international document as the “Agenda for the 21st Century.” Eight years after the appearance of this document, the question of TNCs’ responsibility on this issue continues to not be on the table. For example, in the “project for environmental strategy of the World Bank for the regions of Europe and Central Asia,” there is no mention of the influence of TNCs on natural resource use and environmental pollution, although the World Bank maintains long-standing and permanent ties with TNCs.

TNCs, as powerful users of natural resources, must promote the observance of international environmental conventions, and not protect incompetent bureaucrats and their own supposed political neutrality.

Because the issue of TNC responsibility is not adequately developed in the national legislation of the countries of the CIS, it is necessary to push for the creation of national laws that will permit state organs to exercise control over the influence of corporate activities on the environment. Such laws would require those corporations to present complete reports. Such laws exist, for example, in the Netherlands, where they have also developed a law on environmental accountability (Environmental accountability... p. 170).

As long as there are no appropriate laws developed in the country, it is necessary to demand that TNCs operate in accordance with progressive laws of developed countries.

NATURE PROTECTION

In this sphere, we are struggling with serious problems. Should we recruit TNCs for nature protection? Should we engage in joint activities with TNCs? Should we accept financial support from TNCs? Because of the region’s difficult socio-economic situation, these questions stand sharply before NGOs. On the one hand, NGOs would like to preserve their independence and reputation; on the other hand, significant financial resources from TNCs could be used for real environmental protection work.

It is possible that the answers to these difficult questions lie in three-sided projects. One example might be nature protection institutions, TNCs, and NGOs targeting the resolution of a specific problem. TNCs could finance a particular project, such as tree planting. The NGO would exercise control over the implementation of the project (which would be carried out by the nature protection institution) as well as the overall use of resources, and would not take money from the TNCs for this activity.

ON THE QUESTION OF JOINT ACTION WITH OTHER SOCIAL MOVEMENTS

The only effective means to generate genuine dialogue with TNCs (independent from the question of whether or not there will be long term cooperation with TNCs) is solidarity among environmental organizations, trade unions, societies for the protection of consumer rights and other social movements. Voluntary cooperation must lie at the basis of such solidarity. As at the same time, the point of contiguity between “greens” and other social movements is not so small that solidarity in the name of saving the earth and life on the planet could not find support.

Many questions relating to the interaction of NGOs and the public with TNCs remain to be answered. But we are facing serious problems, which we cannot ignore. It is necessary to search for the path to their resolution, and to do what is necessary now, while it is still not too late, and while there is still hope.

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NGO Activism and Transnational Corporations: Informational Resources, Strategies and Tools

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Introduction

TNCs are now seen around the world as some of the most powerful institutions that exist. They are increasingly powerful economic actors, as more and more of us find ourselves working for TNCs, buying goods or services from them, or even investing in them through our retirement savings. In some export-oriented countries, TNCs dominate the economy: 50 percent of the Nigerian government's income, for example, comes from a single oil corporation, Royal Dutch Shell. As part of their routine business decisions, corporations increasingly determine what goods we will consume, what conditions we will work under and what information we will be able to access.

Corporations also wield incredible cultural power. People spend more and more of their lives watching corporate-owned television, which alternates between corporate advertising and programming designed to attract people to watch corporate advertising. As more of us work for corporations, we begin to accept the corporation as normative. We think that it is normal to work in a large bureaucracy; to take orders from those above us and command those below us; and to devote our lives to increasing others' wealth. As corporations take over more and more of the economy, we see fewer and fewer options, so we forget that we did not always live this way; that we had other values, other means of making a living, and other ways of integrating livelihood with life.

Clearly, this gives corporations incredible political power, and they routinely exercise it at a number of levels. Corporate power can be as crude as a bribe, or as subtle as "greenwashing"—environmentally friendly advertising that disguises the true environmental record of a corporation. But there is no doubt that in many, if not most, of the world's countries, corporations now exert as much influence in the political system as do unions, churches, voluntary associations, universities—indeed, any other institution in society. Corporations have become more powerful than citizens.

Yet this was not always the case. As recently as 20 years ago in the US, the home of corporate metastasism, relatively few activists focused their attention on corporations. The vast majority of the activist community's time and attention was spent on pressuring government. We wanted the government to enact laws or change them, to enforce them, to fund research, or to stop funding weapons. Government, whether local or national, was seen as the source of power. If you were faced with a polluting company, you went to government to enact stricter regulations or enforce the ones that existed. If your favorite green space was threatened by development, you pushed your government to declare it a protected area or buy it outright.

Increasingly, however, activists have been frustrated in these approaches. Big business is flexing its muscle in every arm of government. In Washington,

DC, corporate lobbyists routinely write the bills that cooperative congressmen then propose as laws. Few congressmen are uncooperative, as they rely on these corporations to fund their re-election campaigns. City mayors or state governors who wish to strictly enforce labor or environmental provisions are threatened with the loss of jobs, as corporations can easily move to another, less strict jurisdiction. Advertising—in the US, corporate advertising is a constitutionally protected right—is designed to blunt any public outrage over loss of control over their own political system.

Clearly, activists and NGOs are badly outgunned. So many have chosen to bypass the government and focus directly on the source of power. Activists are increasingly targeting specific corporations with specific demands: stop drilling for oil in a certain area; pay restitution to communities affected by pollution; stop using unsustainable products. Rather than asking the government to bring an entire industry in line, we select one corporation and pressure it to change. Globalization is an important part of this change as well: so many corporations now operate across national borders that national governments are limited in their ability to affect the operations of the corporation as a whole. So we are seeing more corporate campaigns: campaigns focused on individual companies.

As our targets have changed, so have our tactics. When we focused our attention on governments, our first and primary tool was our vote. The citizens' ability to vote public officials out of office was always our trump card; even a threat to significantly affect their election chances was taken seriously. But corporate bosses are not elected by the public. Nor do they have any legal obligation to the citizenry—indeed, quite the opposite: they are legally obliged to make as much money as possible for their stockholders, and may be removed if they fail to sacrifice everything for the sake of increasing profits.

So what leverage do we have over corporations? What tools can we use to bring their actions in line with the public interest? Clearly, there is no magic bullet. All of us who work on these issues have more questions than answers, and tools that work in one country or culture may not work elsewhere. So there is no way I can be exhaustive, but I will share some thoughts on a few tactics that have been used, and what their potential may be in the Caspian region. Let me say, though, that our greatest asset is our creativity. Corporations are staffed by intelligent people who are very interested in minimizing our ability to affect their operations and profits. So whenever we devise a new tactic, they will try to create a countertactic. The nature of our struggle is that we must constantly find new ways to assert citizens' power over corporations—so our originality will be the key to our success.

Although we may occasionally be able to influence corporations by reaching out to directors and senior managers as individuals, I would argue that the corporation as an institution is not going to be moved by anything other than a direct threat to its profit. In doing so, we have to distinguish between the institution and the individuals who work in it and guide it. Regardless of the goals and morals of these individuals, the corporation is an entity unto itself. It is ultimately guided by one motive alone: profit. Employees—even managers—who make decisions based on other factors will eventually be found “ineffi-

cient” and replaced. Even chief executives may be replaced in a takeover or merger if they allow factors other than profitability to affect their decisionmaking. So ultimately, to achieve long-lasting decisions, we need to find ways to affect the corporation’s profitability.

Labor

The oldest, and probably most powerful anti-corporate tactic is the strike. We often do not think of a strike as a tool that civil society can bring to bear against corporations, because too often we fail to include organized labor in our thinking. Yet labor actions—strikes, worker slowdowns, lockdowns, etc.—go to the heart of the corporation’s ability to make a profit. The strike is such a powerful tool that it has been legally protected in many countries. In Mexico, for example, when a union calls a strike against a factory, it is illegal for the factory owners to cross the picket lines and enter the factory. In the US, workers who strike may not be fired by the company. Even in China, where strikes are illegal, they are a regular occurrence. But of course, an environmental NGO is in no position to call a strike; only the workers can strike. This underlines the importance of building ties between organized labor and other parts of civil society. If we do not have a strong bond with the workers, we are weakened both tactically and politically. Tactically, because we are denied the most powerful anti-corporate tools. Politically, because we are leaving ourselves open to the possibility of the corporation driving a wedge between workers and environmentalists, or workers and local residents. This is an extremely divisive and effective tactic. The corporation will often say that there is a tradeoff between jobs and the environment. Yet there should be no such tradeoff necessary. Fundamentally, all of us in civil society wish the same things—a healthy economy, a clean environment, effective social services. Businesses, whether they be TNCs or local, are simply one tool to help us achieve those goals. If a business is not helping society reach all of its goals, then it is the business that must change. I think focusing on this message will help us bridge the gap to organized labor.

Labor organizations around the world have been weakened in the last few decades by increasing globalization. A country with high labor standards and militant unions is too likely to see its employers shifting to countries with lower standards—this is part of the race to the bottom that the WTO, IMF and World Bank are so assiduously pushing. Yet the Caspian Basin countries have one advantage in this respect. The TNCs are coming here for the oil that is in the ground. As long as the oil is located here, they must do business here. It is up to you to make sure that you—society—set the rules for the TNCs, and not they.

There is one story of particular note from the US about the recent rapprochement of labor and environmental organizations. There is a corporate raider by the name of MAXXAM Corporation, run by Charles Hurwitz. A corporate raider is a company that specializes in taking over other companies and either selling off their components or running them into the ground so as to produce the maximum profit in the shortest time possible. With this profit

in hand, it then turns to another company—leaving behind a wrecked company, but having extracted a large profit. In 1985, MAXXAM took over Pacific Lumber, a family-run logging company in California that was known for its relatively benign logging practices. It did not clear-cut; it logged a very small proportion of its acreage in any given year; and it treated its workers fairly well. To MAXXAM, those things all spoke of unrealized profits. So MAXXAM took over Pacific Lumber in a hostile takeover and proceeded to clear-cut stands of old-growth redwoods in order to generate profits as quickly as possible. This resulted in several landslides, including into populated areas. Environmental organizations, appalled at the destruction of the ancient forests, geared up to oppose MAXXAM—and found allies in the steelworkers’ union. MAXXAM also owned a company called Kaiser Aluminum, which had locked out its own workers in an attempt to break up the union. So the union and the environmental groups, realizing that they shared a common enemy in MAXXAM, formed an alliance. In doing so, they recognized that the crucial question is not jobs vs. the environment, but who makes the decisions? Do we, the citizens, make decisions about how our economy is run and how our resources are used? Or are those decisions made by corporations that are accountable to no one but the stock market? This is the crucial question in confronting the power of corporations in society: who decides? For MAXXAM, the battle continues to this day.

Media

I want to talk a little bit about media activism, because this is the type of activism that is most common in the west. Media activism comes in many forms, but essentially the purpose is to bring public pressure to bear on a corporation by spreading a message through mass media. When it works, this is quite powerful, but most of us are finding that media activism is getting harder and harder. The organization that has probably done more than any other to pioneer media activism is Greenpeace. Indeed, it is the pillar of the organization’s existence: using dramatic stunts to draw media attention to some environmental problem. Greenpeace deliberately chooses visually appealing targets, or it makes them visually appealing. Once you have seen images of men clubbing pristine-white fur seals and splattering their blood over the snow, or activists completely covered in “moon suits” stopping a drainpipe pouring out toxic effluent, it is hard to forget them. Greenpeace has also made it a point to back up their actions with very sound science, which gives them greater credibility than they might otherwise have. But I think their effectiveness is largely because of the telegenic nature of their actions. There are several drawbacks to this method, however. First, of course, it is incredibly expensive. Not only does the equipment, training, preparation, etc. require a lot of time and energy, but there is a lot of work to be done in regularly getting people out of jail once the action is over! Second of all, it is increasingly being perceived as a stunt. Greenpeace was incredibly effective at getting news coverage in the US with these kinds of

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tactics in the 1970s and '80s. But I have not seen a single story on Greenpeace in the major media in the US in the last year. Part of the reason, I believe, is that the corporate media have decided that a Greenpeace “stunt” is no longer newsworthy. This shows one of the major weaknesses of media activism: as long as the media are owned by corporations, we are at their mercy in terms of coverage. A strong, independent journalism ethic is some defense against corporate censorship, but this is harder and harder to find these days, particularly in the US.

Of course, you do not have to pull a Greenpeace action in order to get your views out through the media. There are many other tactics that can be just as effective. One organization in the US, RESULTS, focuses on the op-ed pages. The op-ed and letters-to-the-editor pages in US newspapers are the most-widely read pages after the front page. So having one's opinions appear regularly in the opinion pages is an important way of reaching the general public. RESULTS is a small network of about 500 individuals who are each pledged to take one action per month. The organization sends out a monthly suggestion on an issue, and maintains contact information for newspapers, etc.; and the individual members each write columns or letters to the editor, which they then submit. Five hundred people writing one column a month has a widely dispersed, but important impact in terms of what ordinary Americans read in their papers every day.

One difficulty with media campaigns is their lack of depth. By using mass media, you are trying to reach a wide audience. If successful, you can generate a large amount of public pressure. But your ability to communicate a complex message is very limited. In a typical news story, whether on television or in a newspaper, reporters need to set a “hook”—something interesting that will draw the audience in—trace a brief story, and provide some balanced viewpoints. Too often, in a story entirely devoted to your action or your issue, you receive no more than a one or two-sentence quote. So a lot of effort goes into crafting the perfect soundbite: a quote that will sum up the issue and put your perspective on it, all in one line. Obviously, you are not going to be able to communicate the complexity of an issue in one line, so you are sacrificing depth of coverage for breadth. There may be times when you decide that a smaller, but better-educated group of people will be more effective for you in generating public pressure, and you should bypass the major media for other forms of communication.

All of this leaves open the question of when and where is media effective? Again, there is no simple answer, but I would offer two. The first is, look at a company's advertising. If a corporation is spending a lot of money on public relations, its reputation is important to it. If you can affect that reputation, you can have a little leverage over them. Be warned, however, their first response to a media campaign is unlikely to be a phone call asking you what they need to do so that you call off your campaign. They are much more likely to counterattack, using their money, resources, and prestige to mount a positive-ad blitz that they hope will drown out your criticism. Nevertheless,



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planting seeds of doubts about a corporation's record, abilities, or ethics can be important to you in future campaigning.

More targeted media campaigns however, depend on timing. Embarrassing information regarding a company's environmental track record, for example, is best revealed when they are trying to win environmental approval of a new facility. Often, however, the audience that they care most about is not where their operations are, but where their sales are. Shell oil, for example, is reviled throughout the Niger Delta, but doesn't care—it owns the Niger Delta. When Europeans thought that Shell was dumping the Brent Spar oil rig into the North Sea, however, its sales in Europe took a significant hit. One potential oil spill in the North Sea—because it was played heavily in Europe—did more damage to the company's reputation than decades of oil spills, impoverishment and violence in the Niger Delta. This also reveals the importance of a competitive market. When consumers have an option to choose between several companies selling the same product at the same price, a company's reputation is important. As the oil companies consolidate into fewer and fewer brands, however, consumers' ability to avoid brands because of their reputation will be diminished, and so will the importance of a company's reputation.

Finally, a word about the new media: the Internet. Much has been made of the Internet's power, but I think it is important not to overestimate its potential. It certainly increases the ability of some of us to communicate, and some groups are trying to organize 'cyberactions' which involve shutting down a company's website, but in the end, I do not believe it significantly alters the balance of power between citizens and corporations. The Internet reaches a very small proportion of humanity, but they are literate, relatively wealthy and mostly located in the same countries that are home to the corporations we are fighting. So their influence is disproportionate to their size. In the end, however, nothing replaces the necessity of organizing: emails only reach people who are, by and large, already involved in the issue. To expand our constituencies, we need to reach the 99.9 percent of humanity who are not part of the activist community. One thing you should know about the Internet is that it is not secret: US intelligence agencies are known to monitor even supposedly private emails, and they are surely not alone. So by all means, use it as a means to communicate, but do not think that the Internet will prove a silver bullet.

Economic

As activists have shifted from targeting governments to targeting corporations, we are increasingly looking at economic tools. The first economic tool that most people think of is the boycott. Boycotts can certainly be effective against small companies, which tend to have few markets, small cash reserves, and small advertising budgets. But boycotts against TNCs are hard to carry out, for a number of reasons. One is that a TNC has markets in many countries, and finding activists who are willing and able to raise a boycott campaign in each country is quite difficult. TNCs, by their nature, often dominate

markets, which means that consumers often have no choice to turn to; so boycotts are hard to enact. Also, TNCs operate under a plethora of subsidiaries, joint ventures, brand names, etc., which makes it difficult to identify what the parent company is. And since TNCs are usually heavily diversified, losses in one sector may easily be made up in another. In this regard, I think the long-standing boycott against Nestle is instructive. Nestle is a Swiss TNC that is a food conglomerate. It was heavily attacked for marketing infant formula in third world countries. Its marketing suggested that infant formula was superior to breast milk (not true). As a result, many women in third world countries would spend what little money they had on formula—often mixing it with contaminated water. It was estimated that several thousand infants died each year of diarrhea, specifically because their mothers were feeding them formula instead of breast milk. So an international boycott campaign was launched from 1977 until 1984. This was a very high-profile boycott, with activists in dozens of countries, and the public backing of the World Health Organization and UNICEF. In 1984, Nestle announced that it would abide by the terms laid out by the World Health Authority; but in 1988, activists found that Nestle was violating its agreement, and the boycott was reinstated. Unfortunately, Nestle seemed to be making more profit from selling infant formula in the third world than it lost due to the boycott. Still, the boycott was effective in getting Nestle to end some of the worst of its behavior, and it was an effective tool for bringing this issue to the public's attention.

Probably the most dramatic form of economic activism in the US was the anti-apartheid divestment campaign. This was launched in the late 1970s on college campuses in the US. Many universities in the US have considerable investments in the stock market. Students demanded that their universities pull their money out of companies that did business in South Africa. There

were bitter fights at the college level: university presidents said that the university's investments had nothing to do with the students, and they should not be involved in its fiscal management. But increasingly, universities found that it was good publicity to join the divestment campaign, and many did. They were also joined by many churches and some pension funds, which pulled their money out of companies which did business in South Africa. In response, several TNCs announced that they would suspend doing business in South Africa, although they rarely admitted that the divestment campaign was the reason. Anti-apartheid activists credit this movement with being an important part in weakening the apartheid economy, which made it easier for them to eventually end the apartheid regime.

Another strain of activism, called shareholder activism, has recently gained more prominence. It seeks to use the power of shareholders to force corporations to act responsibly. In the

West, more and more individuals are invested in the stock market, either directly or through their retirement accounts. Many of these investments are through mutual funds—you put your money in a fund, which then buys stocks in various corporations. Most of these mutual funds simply look for the

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greatest return on your money, without being concerned about what kinds of companies they invest in. But a few, called socially responsible investors (SRIs), have “screens” on their investment. In other words, they will not invest in companies engaged in what they consider unethical activities. Examples include the tobacco industry, weapons manufacture and nuclear power. The hope is that, as more people put their money in SRIs, companies engaged in these activities will suffer in the stock market; so it creates a financial disincentive for companies that are considering entering these markets, and an incentive for companies to get out. A few SRIs go even further. Since they hold shares in the company, they can attend the company’s annual stockholders’ meeting, question the board of directors about their activities and even propose resolutions that would be legally binding on the company. This is a fairly new tactic, and I think we will have to wait to see how effective it may be in the long run.

Legal

Finally, I want to touch on some new legal initiatives that I think have great promise. Normally, I am not enthusiastic about activists using legal initiatives, because the law is the domain of lawyers. That is, there is very little scope for popular involvement, and it is rarely empowering to ordinary individuals. But these new initiatives are interesting because they strike at the heart of corporate power. At the beginning of this talk, I said that in order to change corporate behavior, we have to threaten their profitability. They will change their behavior if we make it more profitable for them to change than otherwise. The corollary to this is that we should be willing to let them make a profit, as long as they do so by our rules. It leaves unquestioned the need for TNCs to make a profit—indeed, to continuously expand their profitability, and therefore their size, power, and influence. Increasingly, people around the world are challenging this assumption, and calling into question the very existence of corporations.

With your indulgence, a little history is an interesting teacher here. Corporations today little resemble the original creations, pioneered in the 16th century. Corporations are essentially a legal creation: they are the result of a charter that the government grants to a business. In other words, the government permitted the corporation to exist and to operate because of certain benefits that would accrue to society. These early corporate charters were a far cry from today’s corporations. They incorporated several aspects, which have since been removed:

- corporations were chartered for a limited time, often 20 to 30 years. After this, the corporation was to dissolve itself and distribute its assets;
- corporations were for a specific purpose: they were not permitted to engage in businesses other than those explicitly laid out in the charter;
- corporations could be dissolved at the whim of the government if it decided that the corporation no longer served the public interest;
- corporations were not allowed to own other corporations—subsidiaries and joint ventures were unheard of;

- directors of corporations could be held personally responsible for any criminal activity of the corporation;
- the legislature could inspect all corporate records and paperwork—it was not proprietary;
- corporations were not allowed to participate in, or contribute money to, politics.

In essence, corporations had no rights as such; they were not supposed to be political actors in their own right. Corporations were merely tools that society created to achieve a particular economic purpose.

As you can well imagine, in that era, the corporation was subservient to the government. Many of these governments were not themselves democratic, which means that the corporations were not either; but where these governments were elected, that meant that the corporation was effectively subservient to the citizenry. Through their elected representatives, citizens could demand that corporate charters—their terms of operation—could be changed or even cancelled. The corporation was a tool; but it was a tool that quickly became the master.

Corporations are institutions with a single purpose: the accumulation of wealth. Wealth is power, of course, and as corporations became more powerful, they succeeded in diluting and eventually canceling most of the restrictions that were imposed upon them. The crowning accomplishment for US corporations came in 1886, when the US Supreme Court ruled that corporations are “natural persons”—meaning that they are entitled to the same rights and legal protections as a human being. One of the few rights they still lack is the right to vote—and the fact that they have not bothered to get it probably indicates how little voting is worth in the US.

So a number of citizen efforts have sprung up in the US to challenge the set of laws that have enshrined corporations and to return them to being subservient to society, rather than its master. At the moment, most of these efforts are quite humble, as they are only beginning. Some states have laws that prevent corporations from owning farmland, to prevent further takeovers of family farms by agricultural corporations. There are proposals that would prevent corporations from setting up new facilities if they have violated labor or environmental regulations more than 3 times. The most ambitious efforts aim at actually dissolving corporations. In New York, two corporations set up as front groups by the tobacco industry were dissolved by the attorney general, as he found that they were inimical to the public interest. Their assets were distributed to charity. This sort of action—charter revocation—was not uncommon in the US in the 19th century, but corporations have become so powerful in the last 100 years that we hardly even think about it being possible now. The most ambitious charter revocation effort is against UNOCAL, a California-based oil company accused of (among other things) human rights violations, including the use of slave labor, in Burma.

Conclusion

What is the relevance of these efforts for the Caspian basin? You can learn from our mistakes. We in the west have allowed corporations to metastasize far beyond their original intent, to the point that the largest TNCs now have economies larger than most countries. You do not need to follow our path. While TNC influence in your politics is still weak, you can set in place the kinds of legal measures that will ensure that they remain subservient to society. Of course, such legal safeguards will be attacked, and they must be defended vigilantly; but working together you can prevent the disasters that have happened to us.

I have just come here from India, which, contrary to popular belief, was not conquered by the British Empire. It was conquered by the British East India Company—a corporation so powerful that it pitted sovereign kings against each other and usurped the crown of the Mughal emperor. Finally, the Company made such a mess of India that the British government stepped in to take it over. We learned in our history books that World War II marked the end of the European colonial period. But in fact, the independence won by most countries in the last 50 years is now being threatened by the same forces that conquered them in the 18th and 19th centuries: unchecked corporate power. Nation-states, after all, no matter how undemocratic, eventually must answer to their people. But corporations are beholden to no territory and no people; if here is a natural limit to their power, we have not seen it yet. It is up to us to impose those limits.



Creating and Organizing Mechanisms for Cooperation between NGOs and Organizations Actively Working with TNCs

Carwil James, Project Underground, Berkeley, California

I am the coordinator of oil extraction issues at Project Underground, which is a nonprofit organization working internationally on human rights issues related to oil since 1995 to bring together activists through an environmental and human rights network. My remarks will focus on:

1. how oil development has affected the environmental and human rights situation in different countries and;
2. how communities have resisted these effects and how they have developed networks with other NGOs around the world.

The oil industry impacts ecosystems in various ways. The construction of oil facilities, building of roads, oil extraction and transport, seismic exploration, and oil spills, have all impacted communities around the world. People have organized to resist these impacts. I want to provide two examples of resistance to the oil industry: the efforts of the Ogoni people in Nigeria, and the Uwa people of Colombia.



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1. After 30 years of resistance against Royal Dutch Shell, the Ogoni in Nigeria have turned to grassroots organizing methods to rally local communities against the oil company and the government. After Shell failed to meet a deadline on a Declaration of Rights in 1993, Ogoni activists began nonviolent protests against Shell. The Nigerian government, with Shell support, began to attack the Ogoni people. After a mass protest, Shell withdrew the majority of its personnel from the region.

2. In the case of the Uwa people of Colombia who are struggling against Occidental Oil, citizens in the region opposed oil development because they believed that it would cause civil war and environmental damage. Under pressure from the Uwa and other partners abroad, Occidental withdrew from the project in order to protect its image. A delicate balance remains between the Uwa, their local supporters, and the Colombian military. The Uwa used the power of language and culture to successfully organize against Occidental.

The ability of western allies to positively assist people resisting TNCs and oil development in other parts of the world depends on the nature of the conflict in which local people are engaged. Additionally, there are many difficulties in dealing with TNCs. Some of these include:

- In 1994, the CEO of Exxon called for environmental standards to be lowered in countries other than the US and threatened to withdraw investment. No other CEOs from other companies dissented.
- Oil companies are capable of lying. Shell, for example, lied when it offered gunboats against the Ogoni.
- Many of the companies have used deadly force against local communities.
- TNCs often have US government backing for their action. The US can use, for example, diplomatic relations to coerce certain actions in favor of TNCs within other countries (as they did in Bangladesh). The US uses the World Bank and its aid programs to influence politics of other countries, as well as direct military support.

Activists need to know the source of power and money the oil companies use in order to resist them. Culture is also an important source of power. Oil companies bring with them a culture of consumption and environmental non-sustainability. Local cultural traditions can be a source of power in resistance against this.

Possible partners in resistance include:

- Expatriates in the home country of the TNC;
- In-country partner organizations operating where the TNC is working;
- Organizations that work thematically, setting up networks among countries;
- Organizations working on specific issues that relate to the local situation—e.g. environmental organizations or human rights organizations;
- International support organizations, for example the US group “Direct Action” (which was created following WTO events in Seattle to promote social justice issues generally);
- Solidarity actions with labor unions within country.

NGO solidarity can force changes in US policy in relation to TNCs.

One example of a resource available to activists working around the world is the Oil Watch Network. Oil Watch is a network working in many countries resisting the oil industry. It acts as a common voice for communities, asking for the complete transition from fossil fuels, working to establish solidarity with labor unions, and speaking out against structural adjustment programs and third world debt. Oil Watch is currently establishing a global movement, guided by local struggles.

Open Forum for Discussion

Recommended strategies for impacting the work of TNCs:

- Gather and disseminate information and make contact with labor unions;
- Work with existing mass media and create independent media and databases;
- Collect best practices information rather than act “against” TNCs (who play an important role in improving the economies of all Caspian countries);
- Find mechanisms for mutual cooperation with US and other international organizations as well as with local organizations in the field of information exchange, etc.
- Work with TNCs at the environmental impact assessment (EIA) stage;
- Create a center for independent environmental monitoring of the Caspian;
- Request that ISAR include in its program a monitoring system of environmental harm in the Caspian basin and link data to the work of TNCs;
- Monitor companies working and planning to work in region and, with assistance of American colleagues, gather information on these companies to use against them (database of companies);
- Support science (that is, base NGO decisions on reliable data); currently scientists working in the region lack adequate financial support;
- Push for the completion of national legislation in the Caspian basin. Currently, no national standards exist;
- Create a system of income for local residents of oil extraction areas (ex: the oil fund in Alaska);
- Involve local population in environmental decisionmaking;
- Create a coalition of all NGOs (not just ecologists), for example a regional NGO parliament with interested international organizations;
- Involve NGOs in the Caspian Association, which exists in Almaty;
- Create an independent monitoring center that will also work out general standards;
- Develop mechanisms for protection of and compensation to native peoples;
- Pressure governments to sign and conclude a Caspian convention;
- Work with legal experts on the problems of the Caspian;
- Begin actions at the stage of contract conclusion with government, rather than later when it will be more difficult to make an impact;
- Create a database of trusted experts for environmental assessment (so that TNCs can be forced to include them in their work);
- Enforce financial transparency of TNCs by putting pressure on companies.



NGO Response to the Kumtor Mining Accident At Issyk-Kul in Kyrgyzstan

Emil Shukurov, Aleyne, Bishkek, Kyrgyzstan

(See Attachment A, page 62 for more complete remarks by Shukurov on the cyanide spill in the Issyk-Kul region of Kyrgyzstan.)

Shukurov described the positive and negative interaction between NGOs and the TNC, Kumtor Operating, in Kyrgyzstan following an accident at Barskoon, when cyanide was spilled into a river exposing local residents and the environment to chemical contamination. According to Shukurov, the interaction exposed the unprofessional, incompetent and inexperienced nature of the NGOs. He provided an example of NGOs receiving grants from foundations to conduct environmental analysis with inadequate equipment and methodology. This underscored the need to monitor TNCs, but also the need to do so on a professional, competent level. The problems need to be resolved sensibly rather than politically, and we cannot trade personal for public interests. This creates political factions. And who is responsible for this? Usually it is NGOs in the capital city who have no understanding of the local situation.

In dealing with TNCs, we need to look at each individual circumstance and respond to it specifically, rather than using general guidelines. From opposition to agreement on concrete activities with TNCs, NGOs should use the following principles in interacting with TNCs: the environment should not be destroyed; the local population should not suffer; and personal ambitions of NGOs should not drive the decisionmaking process.



**Emil Shukurov,
Aleyne**



September 11, 2000

International Cooperation Among Environmental NGOs for the Protection of the Sea of Okhotsk

Natasha Barannikova, Sakhalin Environmental Watch (Ekologicheskaya Vakhtha Sakhalina) Regional Organization, Yuzhno-Sakhalinsk, Russia, and David Gordon, Pacific Environment and Resources Center, San Francisco, California. Translation by Andy Reese.

Sakhalin Environmental Watch In Defense of the Sea of Okhotsk

Leading transnational corporations are participating in oil and gas drilling on the Sakhalin Island shelf, prompting nongovernmental organizations (NGOs) in the Far East to seek international cooperation between NGOs of different countries in order to protect the Sea of Okhotsk from pollution and the threat of damage to its biological resources. This presentation describes how this cooperation has developed.



**Natasha Barranikova,
Sakhalin Environmental
Watch**

Background in Brief

Currently, three oil and gas projects are underway on the north-eastern and northwestern shelf of Sakhalin Island.

Sakhalin-1 Project. Operator: Exxon Oil and Gas Ltd. (Bahamas). Other participants in the project include Sodeco (Japan), Sakhalinmorneftegaz and Rosneft (Russia). To date only exploratory drilling has taken place, but plans call for setting up several drilling platforms.

Sakhalin-2 Project. Operator: Sakhalin Energy, a consortium registered in Bermuda. This consortium is owned by three companies: Shell Sakhalin Holding B.V., Mitsui Sakhalin Development Co., Ltd., and Diamond Gas Sakhalin B.V. (a subsidiary of Mitsubishi Corporation). Under this project, in 1998 the Molkpak platform was set up, and oil extraction began at this platform on the Sakhalin shelf in July 1999.

Sakhalin-4 Project. Operator: Sakhalinmorneftegaz. The first exploratory well was drilled in Sakhalin Bay in 2000.

In addition to these projects, two more are planned: Sakhalin-3 (ExxonMobil, USA) and Sakhalin-5 (British Petroleum, UK).

Activities of Sakhalin Environmental Watch

Sakhalin Environmental Watch, in working with companies drilling for oil and gas on the Sakhalin Island shelf, has set the following goals:

1. Achieve a complete ban on the emission of drilling wastes (drilling cuttings) into the sea.
2. Demand that the maximum level of safety be ensured during the transport of oil in tankers.
3. Conduct research to determine the prospects for developing the fishing and oil industry on the shelf, with the purpose of resolving the “oil or fish” dilemma.
4. Determine the true extent of the damage to marine bioresources and ecosystems from oil and gas extraction.

What We Have Accomplished

In 1997, with help from the Pacific Environment and Resources Center (PERC), our organization learned that Sakhalin Energy had applied for financing from the European Bank for Reconstruction and Development (EBRD) for the first stage of the Sakhalin-2 Project. At that time, the economic feasibility study for the project was still not complete, and it had not been submitted for a government environmental impact assessment. When staff members at PERC learned of this, they prepared a letter to the EBRD on behalf of five American and four Russian organizations, including Sakhalin Environmental Watch. The letter stated that the Sakhalin-2 Project did not sufficiently take into account the environmental impact of drilling oil on the shelf and that, because of this, there was the risk of pollution. The letter also noted that Sakhalin Energy had not conducted public hearings, that the project has not gone through an environmental impact assessment, and that therefore, were the EBRD to issue credit to the company, it would be violating Russia’s environmental protection laws.

Having received the letter, the bank’s board of directors decided to put off review of the Sakhalin-2 credit application until Sakhalin Energy had conducted public hearings and until the board had received a positive environmental impact assessment. The bank also recommended making public all information concerning the project. As a result, implementation of the first stage of the Sakhalin-2 project was put off for six months, and Sakhalin Energy organized public hearings in which Sakhalin Environmental Watch actively participated.

In the fall of 1997, prior to the beginning of public hearings on the Sakhalin-2 Project, our organization, together with ISAR-Far East, carefully studied the materials in the environmental impact assessment. Various relevant issues were raised, and concrete proposals were prepared and presented during the hearings in Yuzhno-Sakhalinsk. With assistance from PERC, international experts were brought in to help review the environmental impact assessment. These experts prepared their own report.

Unfortunately, the translation of the report into Russian was delayed, and we were unable to use it at the public hearings. The report did not include information about the experts and their qualifications, which was a big mistake on our part and which had an impact on the degree to which government officials were willing to trust this document. Nevertheless, the report from the

international experts was widely distributed among the local population and especially among the press. It was used to prepare a resolution on the results of a roundtable called “Environmental Aspects of the Sakhalin-2 Project,” which our organization conducted.

The combined activities of the NGOs forced the company to significantly rework the project and to subject it to an environmental impact assessment. The regional government paid the strictest attention to the issue of the company’s financial liability for accidental oil spills. This issue was constantly raised at all the negotiations between the authorities and the company.

As soon as the company began its operations, one of the chief objectives for our organization was to shape public opinion about the proposed project for taking oil out of the shelf. However, the public voice went virtually unheard since the transnational corporation advertised its project in all the top regional newspapers. Therefore, at the end of December 1997, Sakhalin Environmental Watch, jointly with PERC, organized a meeting with representatives of environmental NGOs, including Ecojuris (Moscow), ISAR-Far East (Vladivostok) and Trustees for Alaska (USA). The roundtables and meetings, with Russian and international experts participating, provided us with a good opportunity for informing Sakhalin’s people about the dangers of oil drilling on the shelf.

From its very beginning, Sakhalin Environmental Watch has actively opposed the emission of drilling wastes into the sea since they represent a genuine threat to the sea’s biological resources. In 1998 the Russian Ministry of Natural Resources granted Sakhalin Energy permission to emit drilling wastes into the sea, despite the many laws and regulations banning this. Permission was granted based on the positive finding of an environmental impact assessment of the project. Encouraged by Sakhalin Energy’s example, other companies working on the shelf also are trying to gain permission to emit wastes into the sea. This problem could be resolved by a court order that would establish a precedent for an unequivocal ban on waste emissions into the sea in accordance with Russian law.

In 1999 the Ecojuris Institute for Environmental-Legal Issues filed a suit using a negative finding from an environmental impact assessment (June 1999) of a project for drilling exploratory wells by Exxon, the plan for which included the emission of drilling wastes into the sea. The Russian government ignored the environmental impact assessment and issued an order that essentially gave permission to emit drilling wastes into the sea. Then the Russian State Duma’s Ecology Committee and Ecojuris, in the name of environmental NGOs and residents of the Far East, protested to the Russian Supreme Court about this order. The court invalidated the order. After a few months, the government’s order was nullified by then-Prime Minister Vladimir Putin.

Another clear example of international cooperation is the public inspections of government and private systems for preventing and reacting to major oil spills in Sakhalin’s coastal waters. For the purpose of organizing a public inspection, Sakhalin Environmental Watch developed a project called “Professional Participation.” As part of this project, we worked with PERC to organize a visit to Sakhalin in October 1999 by three independent experts from the United States (Alaska) and Great Britain (the Shetland Islands). These experts

had extensive experience in preventing and cleaning up oil spills in the sea. Over the course of ten days, the experts studied various materials and documents, met with local residents and representatives of government agencies and the oil companies, and inspected the northeastern coast of Sakhalin, where the probability of pollution is particularly high. Based on the results of the inspections, 78 detailed recommendations were prepared and published, outlining heightened measures for safety during the extraction and transportation of oil along the coast and on Sakhalin Island itself.

The report was sent to all the government regulatory agencies, the regional legislature and the regional administration. It was also provided to the local press and publicized broadly. After receiving the report, the Russian Transportation Ministry began an expert analysis of current tanker routes and began developing new, safer routes for tanker movement. The report received high praise within government agencies. The success of this project and the recognition of its results were also aided by the detailed information that we had prepared in advance regarding the invited experts. This information was extensively used at meetings with the public and was provided to the press for publication. Therefore, no one had any doubts about the competence and qualifications of our experts. It should be noted that we, on our own, could have made a large number of the recommendations from the experts' report since our organization has been working on these issues for several years. However, it is unlikely that the opinion of an NGO would have received the same attention as that of international experts.

One of the most widely publicized cases of joint activities was the investigation of the cause of the mass die-off of Pacific herring in Piltun Bay, on the northeastern coast of Sakhalin, in June 1999. The Sakhalin Scientific Research Institute for Marine Fisheries and Oceanography (SakhNIRO) estimated at the time that about 5,000 tons of fish had died. Working jointly with Greenpeace Russia, a field expedition was mounted to the site of the herrings' die-off and samples of the dead fish were collected for an investigation of the reasons behind the catastrophe. The samples were sent to two Moscow laboratories that have been specially certified for conducting analyses of the contents of polluted substances. The results of the analyses showed that the amounts of petroleum products in the tissues of the dead fish were several times higher than the maximum levels, while the amounts of heavy metals were within the maximum levels but much higher than background levels. High levels of barium and synthetic surface-active substances were also found. These data were studied by toxicologists from Greenpeace Russia and the Pacific Fisheries Research Center, who concluded that one of the primary causes of the die-off was processed washing fluids for drilling and petroleum products. The source of such pollution could only be the Molikpak oil platform operated by Sakhalin Energy. At the time of the mass die-off, only this platform was emitting drilling wastes while tests of the production rate of drilled wells were under way.

Government agencies conducted their own investigation. They concluded that the fish died of natural causes (insufficient oxygen due to a high level of ice covering the bay), even though they did not conduct analyses to measure

the levels of petroleum products, surface-active substances and barium in the dead fish. The identification of the oil found in the dead fish could have provided conclusive evidence in this case. We tried for more than six months to get the company to provide a sample of the oil from the Molikpak platform. Finally, in June 2000, the company provided a sample of the oil to the administration of the Sakhalin Fisheries Department, with which we worked closely in investigating the causes of the catastrophe. Currently these samples are at a Moscow laboratory, and we are expecting the results of the analysis. This matter is still ongoing.

What conclusions can we draw from our experience?

First, we must educate the local populace, influence public opinion about the dangers of large-scale oil drilling on the shelf and inform the local people about transnational corporations that have an irresponsible attitude toward the environment.

Second, we must make active use of lawsuits to oppose illegal activities on the part of transnational corporations.

Third, to the maximum extent possible, we should bring independent local and international experts into our work.

Fourth, we must expand and strengthen joint activities among NGOs and the peoples of different countries for the purpose of opposing the illegal activities of transnational corporations.

PERC's Experience Participating In a Coalition of NGOs on Sakhalin

When we talk about international solidarity among NGOs in working with transnational corporations, we need to recognize two things. First, transnationals are highly organized. Therefore, NGOs must also be well organized in order to work better together and, on an international level, to more effectively structure their relationships with transnationals. Second, we must take into account the specific nature of the activities of each NGO. We must develop effective partnerships between local and international organizations. Local organizations are an important source of information, and, more important, they care about their environment and their future. International NGOs have extensive ties with specialists and access to the mechanisms for getting decisions approved on an international level, as well as access to the media and funding sources.

To create an effective partnership, it is important to determine beforehand each organization's areas of activity. For example, on Sakhalin, many organizations were drawn into an informal coalition. Among them, the following played key roles:

Sakhalin Environmental Watch—coordination;

Ecojuris Institute for Environmental-Legal Issues—legal issues;

Greenpeace Russia—radical actions and media relations;

Friends of the Earth (Japan)—publicity campaign in Japan;

Pacific Environment and Resources Center (PERC)—work with banks, international financial institutions and specialists.

So that each group could make a real contribution to the common cause, the organizations selected those areas of activity that they knew best. For example, PERC worked with Sakhalin Environmental Watch on the issue of oil spills, while Greenpeace Russia investigated the causes of the mass die-off of Pacific herring. This helped increase the impact of the work.

At the same time, we must admit that not everything went smoothly in this informal coalition. Problems did arise for a variety of reasons. First, sufficiently stable communications were never established between the partners, and the language barrier was an issue. Second, the strategic goals of the organizations differed significantly from one another. For example, Greenpeace Russia called for a total ban on oil drilling, while Sakhalin Environmental Watch and PERC demanded strict environmental monitoring of oil drilling. Nevertheless, we have to admit that both strategies must be pursued. Third, the organizations were able to allocate different amounts of time to the joint work. Fourth, the organizations had differing financial and other resources. Fifth, the demands on each organization were extremely high. Sixth, within the informal coalition, each organization independently made decisions about its activities. However, a formal coalition would have required much greater effort.

As for PERC's experience working with Sakhalin Environmental Watch, we would like to address the following issues:

INVOLVING INTERNATIONAL SPECIALISTS

The first step is to establish the connection between local and international issues. For example, Sakhalin could benefit from Alaska's experience in preventing and cleaning up oil spills. Therefore, when an event was held in Alaska to mark the tenth anniversary of the Exxon Valdez oil spill, we invited several people from Sakhalin and the Far East. They participated in the scientific conference devoted to an appraisal of the consequences of this catastrophe. Subsequently, PERC had an easier time organizing a visit by international experts to Sakhalin to evaluate measures for preventing and cleaning up oil spills.

INFLUENCE ON INTERNATIONAL FINANCIAL INSTITUTIONS AND BANKS

PERC and Sakhalin Environmental Watch established an effective partnership in working with international financial institutions. PERC staff members provided access to the institutions and explained the methods for influencing them. Sakhalin Environmental Watch provided necessary information and expressed its concerns over possible environmental consequences of ongoing projects. In order to influence international financial institutions, it is extremely important for local NGOs to be drawn into the process because the officials of the institutions react more rapidly to the concerns of local organizations and local populations. However, it should not be forgotten that influencing banks and international institutions is just one method for working to ensure that all environmental-protection regulations are met. We must also remember that the international institutions are interested in protecting the interests of their corporate clients and do not always pay sufficient attention to environmental issues.

DIRECT DIALOGUE WITH COMPANIES PARTICIPATING IN PROJECTS

For example, on Sakhalin we entered into a direct dialogue with the company Sakhalin Energy. A key point in this type of work is access to information. NGOs have the right and, in my opinion, the obligation to access socioeconomic information regarding projects. They must also work to disseminate this information. NGOs can receive information directly from companies, from banks and financial institutions supporting projects, or from the US government using the Freedom of Information Act. Any person, even a non-US citizen, has the right to take advantage of this law. Frequently it is a legal method for forcing the government or a company to provide information. For example, PERC had to go to court to force the US Overseas Private Investment Corporation, a US government agency, to provide information about its projects in Russia. In the end, OPIC was obliged to do so and was forced to reexamine its guidelines for divulging information to the public.

NGOs can also work through banks or international financial institutions to organize direct meetings with transnational corporations. This method of work is frequently extremely necessary since transnationals are not always willing to enter into direct contacts with NGOs.

NGOs must undoubtedly engage in dialogues with companies. But the NGOs must not forget that the transnational corporations—even though they employ people who are concerned about environmental issues—nevertheless are pursuing other objectives. Lowering environmental costs allows transnationals to increase their revenues and maximize their profits. Therefore, they will not work to resolve environmental issues as a top priority.

MONITORING

It is extremely important to constantly monitor on a local level. International NGOs can track the world press and decisions made on an international level, but many violations can be identified and investigated only on the local level. Local NGOs must seek out resources and develop the capacity to conduct regular monitoring. For example, without the monitoring conducted by Sakhalin Environmental Watch, we would never have known about the mass die-off of herring on the northeastern shore of Sakhalin. It is unlikely that the transnational corporations or even the press would have reported this.

THE PRESS

A key issue for both local and international NGOs is joint work with the press. Frequently coverage of problems in the press is the best means of forcing a transnational or the government to include in a project all the requirements of the law for environmental protection.

In summing up, we would like to point out key elements of a fruitful partnership between NGOs that can have an effective impact on transnational corporations.

1. Respect differing approaches to addressing environmental problems. You need to develop a variety of different strategies. Radical environmental groups can expand the range of activities of even the most moderate

groups. However, to achieve this, radical and moderate environmental groups must work together.

2. Local NGOs should assume the leadership role in setting long-term goals for campaigns since they better understand the environmental situation in their own region.
3. Strengthen the trust and ensure the constant communication that will be extremely necessary for an effective partnership.
4. You can't spend too much time and effort expanding the capabilities of NGOs, particularly among local organizations.
5. Be realistic in planning the time that you can devote to working with partners.
6. Be open and honest with your partners on issues of funding and regarding the use of the time at your disposal.
7. Considering the nature of coalitions (formal or informal), define how you are going to approve decisions.
8. Be creative in your approach to your work, and seek solutions "outside-the-box."



Reports from Each Country on the Legal Situation

Azerbaijan:

Legal Base: There is a law on environmental protection, and codes of conduct on radiation safety, protection of public health, environmental impact assessment.

Situation and problems: The law on environmental protection was passed democratically in 1992, but with the arrival of TNCs the laws changed. They became beautiful and empty. Control over the observation of environmental protection laws and the possibility for public participation changed for the worse. There was no law on environmental assessments.

Laws protect the interests of TNCs and industry; contracts and their application have the strength of law, taking second place to the Constitution, and because they are not published, they are difficult for NGOs to access.

There are no laws regulating the activities of TNCs. The existing standards are from 1992, and

in necessary instances, there is a law, which has the authority of international standards, based in the US. The Aarhus Convention and other conventions may help us to act.

Georgia:

There is a basic law on environmental protection. Georgia has signed various conventions dealing with transborder issues, National Environmental Action Plan for protection of the Black Sea basin, and the Aarhus Convention was ratified.

Iran:

We had bloody battles with TNCs; 15 years ago we nationalized all TNCs. Iran has a law on EIAs. We have not yet realized the costs of the oil business—for example, the oil industry has not

been regulated by special laws and there are no oil spill response plans. We are completely dependent on the activities of the companies that are working on- and off-shore. TNCs tend to be more proactive than the government—they have an oil spill response plan and insurance. According to our constitution, TNCs are not allowed to work in Iran, but there are some exceptional conditions and possibilities. TNCs can come to Iran for 2-3 years and transfer all equipment and property to Iran. The government administers the financial side and the companies cannot work directly with the Ministry of Environmental Protection. A national Iranian company can partner with a TNC, and the Ministry of Environmental Protection plays a bureaucratic role on the level of agreement and approval. For NGOs it is important to work with government and TNCs.

Kazakhstan:

Our situation is similar to the situation in Georgia and Azerbaijan. The procedure for bringing environmental law into alignment with the Constitution results in a weakening of environmental legislation. This is because the environmental section of the Constitution is weak. TNCs benefit the capital and a portion of their profits goes into the national budget. Thus, the government is on their side. For NGOs, the government is an embarrassment; the procuracy does not meet its responsibilities, and we (Green Salvation) distribute publications on legislation to the deputies. Bringing a legal suit against the government would be a good “niche” for NGOs, but a series of serious obstacles hinder that

possibility, including the administrative process. Such action would require a protocol, but NGOs are only able to write an “act”; the initiative criminal actions lie only with the procurator, and NGOs cannot afford to pay the legal fees were they to lose the case.

Russia:

The legal basis consists of the following: laws on environmental protection, EIAs, protected territories, convention on state secrets and information. Regarding environmental impact assessments, we have no basic section that calls for public participation. Assessments are confirmed by state organs. The European economic commission of the UN (including practically all the Caspian countries, which are its members), are initiating the signing and ratification of the Convention on EIAs in the transnational context. This is a great opportunity for those countries that are not yet members of the European commission. By signing this convention, we would find ourselves in a single legal arena with Iran and the US. The Aarhus Convention holds little significance for Russia.

Turkmenistan:

Laws and their development were inherited from the Soviet period and have not been executed. For example, the law on mineral wealth from 1992 has not been important; even in its current weak form, it has not been effectively implemented.



September 12, 2000

NGO-TNC Roundtable

INTRODUCTION

As the element of the seminar, 10 representatives from TNCs that operate in the Caspian region joined the NGO participants in a roundtable discussion on ways to build effective cooperation between NGOs and TNCs. (See list of participants.) Corporations and NGOs in the Caspian interact when local community concerns arise, but this event provided a unique opportunity to introduce a region-wide approach—where many NGOs with differing perspectives joined their voices and entered into a dialogue with representatives from the largest companies that extract natural resources in the Caspian. Prior to the roundtable, the NGOs prepared questions that represented their most pressing concerns and then elected a “presidium” of ten people to address the TNCs on behalf of the entire group. Co-moderators Sergey Kuratov of Green Salvation and David Gordon of Pacific Environment and Resources Center facilitated the session. Sitting in a circle—NGOs on one side of the room, TNCs on the

other—NGOs asked tough questions for two hours; this forum quickly became unsatisfactory for the TNC representatives, who were eager to ask their own questions and engage in more of a dialogue, as they put it. The NGOs responded that this was their first opportunity to gather information from their TNC colleagues, and that the questions they put forward were of interest to the NGO community at large, which had not had the opportunity to learn such information in other forums. The roundtable was extended for an additional two hours, and when TNC representatives asked questions of the NGOs, a genuine two-way dialogue began. While only a first step, this forum was an important start to what we hope will be ongoing interaction. As participants noted during the discussion, the two sides have much in common, but only when they share information in a transparent and open way can they make the most of that common ground.

TNC REPRESENTATIVES:

Joel Adamson, Regulatory Affairs Coordinator, Safety and Environmental Affairs, Tengizchevroil (TCO), Kazakhstan

Matthew Bateson, Head of External Affairs, Offshore Kazakhstan International Operating Consortium (OKIOC)

Richard Dion, External Affairs Advisor for the Caspian/Central Asia, Shell Exploration and Production International

Zhanna Dyusenbina, Public Affairs, Texaco, Kazakhstan

Steve Lawrence, Public and Governmental Relations Director, BP Amoco, Azerbaijan

Steve McHugh, Regional Safety, Health and Environment Coordinator, Texaco, Kazakhstan

Tinara Shaildaeva, Manager of Corporate Relations, Kumtor Operating Company, Kyrgyzstan

Gulzhan Smagulova, Community Liaison Advisor, OKIOC

NGO PRESIDUM MEMBERS:

Natalya Barranikova, Sakhalin Environmental Watch, Sakhalin, Russia

David Gordon, Pacific Environment and Resources Center, San Francisco, CA (facilitator)

Behzad Haghighi, Green Front, Tehran, Iran

Samir Isayev, Ecolex, Baku, Azerbaijan

Carwil James, Project Underground, Berkeley, CA

Sergey Kuratov, Green Salvation, Almaty, Kazakhstan (facilitator)

Inessa Kuzanova, Akvademiia, Tbilisi, Georgia

Kate Watters, ISAR, Washington, DC

Andrey Zatoka, Dashkhovuz Ecological Guardians, Dashkhovuz, Turkmenistan

OTHER NGO COMMENTARY:

Natalia Bykovets, Consumer Protection Association, Almaty, Kazakhstan; Galina Chernova, Kaspii Tabigati, Atyrau, Kazakhstan; Nikolai Grishin, Ecoterra, Moscow, Russia; Farida Guseinova, Azerbaijan Greens, Baku, Azerbaijan; Islam Mustafaev, Ruzgar, Baku, Azerbaijan

NGO-TNC Roundtable

Kuratov: Our purpose today is to determine what kind of relationship can be built between TNCs and NGOs. The purpose of the seminar overall was for us to gather in solidarity as NGOs and members of communities around the Caspian Sea to protect its environment. TNCs working in this region have a particular responsibility in this regard. They must do everything in their power to protect the environment, and we would like to build constructive relationships with TNCs in order to ensure that this will be so. Let's begin.

Isayev: Do you recognize the right of NGOs to environmentally monitor your (TNC) activities and in what ways are you willing to assist in this process?

Bateson: The concept of monitoring includes the idea of social monitoring as well, and contains two main elements: baseline and impact assessments, which take place before a project begins, and follow-up monitoring, which takes place after a project is complete. OKIOC is currently looking at a broader way of monitoring, rather than looking at project-specific options. OKIOC



Matthew Bateson, OKIOC

is interested in bringing in international NGOs for broader strategic assessments because, as we try to include local NGOs in the monitoring process, their institutional and technical capacity has been problematic. Recently, OKIOC has been in discussions with two local Atyrau NGOs, Kaspïi Tabigati and Caspian in the 21st Century, on monitoring OKIOC's activities. We have been trying to convince local NGOs that we want them there and want them involved. I have a question for you: What mechanisms are NGOs using to contact companies? As far as OKIOC is concerned, we are currently seeking contact with the community, and not the other way around. This has not been a two-way process and we are looking for NGOs to help us in this endeavor.

Adamson: We are also in favor of NGO monitoring. If there were more monitoring, there might be more awareness of improvements made over the last six years in the area of environmental protection in Kazakhstan's Tengiz oil field. There had been problems originally, but vast improvements have been made. The environmental division of TCO would welcome any local NGO to meet with us to discuss how they could become involved in monitoring. Our monitoring is conducted through several government agencies as well (not just through TCO) and we would be happy to work out the specifics of NGO participation.

Lawrence: BP welcomes any additional information; we have nothing to hide and are very open to NGO participation. One way that monitoring might take place would be with a discussion about BP itself (its activities, the environmental measures already in place, and so on). BP recently held an international forum in Baku, which included the company's president and colleagues from the field of health, safety and environment, during which they all announced their willingness to work with others in terms of monitoring.

Mustafaev: My NGO conducted monitoring with an ISAR grant and we immediately came into conflict with BP Amoco. We are now starting discussions with BP Amoco and hope that they will really be open to public environmental monitoring.

Kuratov: Legislative issues are very important in the Caspian Basin. Do you believe that your companies influence the creation of national environmental legislation?

Dyusenbina: Texaco operates in the North Buzachi field north of Aktau. Our company works closely with the local office of the Ministry of Natural Resources and Environment of Kazakhstan, which periodically inspects our operations and issues environmental permits. We also interact at a national level, again, primarily regarding operating permits and licenses. We generally receive a lot of questions about our operations during any permitting process and we provide as much information and advice as possible.

Adamson: I think the term “influence” should be corrected. Kazakhstan government regulators often come up with their own laws without consulting oil companies at all. On some laws, they will come to the oil companies to ask questions, but our influence is very small. The government does its own research. We only answer questions when they come to us. We would like to see the oil companies (and NGOs) more involved in lawmaking in the future.

Kuratov: I’d like to ask an additional question: Newspapers often report that companies exert pressure on the Kazakhstani government to lower existing standards. Are the companies prepared to stop seeking lower standards?

Adamson: We will follow the higher international standard if local standards are lower.

Lawrence: We are not interested in lowering any standards. In response to the first question, we have very significant influence on environmental law drafting in Azerbaijan. We would welcome NGO participation in this process as well. Forums such as this are aimed to strengthen relationships with TNCs, but I would suggest that it

is also important to work to establish good relations with local government.

Isayev: You don’t think that your activity has served to weaken environmental laws?

Shaildaeva: When most companies arrived in the FSU, existing laws were from the Soviet era. Companies do affect legislation, but in a positive way because Soviet law was incomplete. Our company follows three sets of standards: Kyrgyz (where Kumtor operates), Canadian (Kumtor is a Canadian company), and World Bank. Of these three standards, we use the strictest.

Barranikova: We face problems because of a lack of access to information. Are you willing to share with NGOs your environmental impact assessments (EIAs); calculations of marine damage and compensation; production sharing agreements (PSAs); emergency response plans; and monitoring reports?

Bateson: The EIA, emergency response plans and monitoring reports are publicly available information. The PSA is a confidential contract between the government and companies.

Adamson: I haven’t seen the production sharing agreement myself. It is confidential (as required by the government).

Shaildaeva: According to regular business practice, production sharing agreements are commercial documents and never open to the public.

James: Any TNC activity is a partnership with the local community. Are you prepared to ask the local commu-



Samir Isayev, Ecolex

nity if they want you there before you begin work? And if they don't want you, are you prepared not to work in that community?

Dion: Shell's work in Peru confirms our commitment to working with local communities. In the Caspian, Shell is only a partner in consortiums working in the region. It hopes to play a larger role in the Caspian basin in the future. At present, we are not an operator.

Bateson: Shell set the standard for working with local communities in Peru and now others are following it. Consultation does not mean only speaking with certain social strata, but with everyone. This is a continuing process throughout operations (not only at the beginning) and OKIOC is meeting this requirement. It is not possible to simplify the issue to the views of one stakeholder. There are also a number of secondary non-local stakeholders and we have to listen to all of them, take account of the views of all stakeholders and assess whether all stakeholders have the same view (including the government). But to answer your questions: yes and yes (if *all* stakeholders are of that opinion).



Andrei Zatoka, Dashkhovuz Ecological Guardians

Shaildaeva: Companies put their environmental management plans in place in advance. I think NGOs should be involved in the discussion before production starts. NGOs must educate the local population about environmental and health questions. We have not had problems meeting with the local community; people are only waiting for social help, which they receive. In our experience, local NGOs don't place environmental concerns as one of their goals.

Zatoka: The lack of clear legal status for the Caspian Sea is a major problem. I'm sure that you are also interested in this issue. We would like to hear your opinion on what status the Caspian should have, and what status your companies support?

Lawrence: The legal status affects a number of our PSAs because there are conflicts with other countries over territories. Issues of territorial integrity are matters for governments, not oil companies. We want these questions to be resolved as quickly as possible so that we can continue our work in peace.

Haghighi: In what ways are the specific geological and ecological conditions of the Caspian Sea taken into account in your contracts?

Adamson: Our agreements don't just protect, but improve, the conditions in Tengiz. If you were to look at the territory where our company has worked for the past seven years, you would be surprised at how much has been done for the environment. We have alleviated soil contamination by removing oil products from it, and we've set up new special systems so that oil never comes in contact with the soil—we use the latest technologies in extracting oil.

Bateson: The standards in our PSA are the environmental standards set by the Ministry of the Environment regarding Caspian waters. These standards are incredibly high.

Kuratov: This summer, the press published information stating that several oil companies (Mobil, Phillips Petroleum, and BP Amoco) were involved in giving bribes to high-level government bureaucrats in Kazakhstan. To whom and in what amounts did your companies give bribes?

Did your companies think about the fact that this practice must be stopped and that they were supporting corruption in our country?

Bateson: This is in respect to the *Wall Street Journal* article. OKIOC was not mentioned and has never made any direct payments to the government. Payments have been made under the PSA for the contract, but these are regulated, legitimate payments. OKIOC recently printed a pamphlet on its principles. OKIOC has never given bribes and never will. We cannot operate using bribes, simply because it does not make business sense in the long term.

Adamson: I recently participated in a seminar on foreign company practices specifically dealing with this problem of corruption. US law governs foreign companies working in other countries. TCO has never given bribes. Sometimes our work gets “stuck” because we refuse to give bribes. And if we have to, we will go to the person’s boss or to a higher level until we find a way out of the situation without paying bribes. We want to do our part to stop the system of bribery. Bribery contradicts democratic principles, destroys the stability of a society and therefore we will always be against it.

Lawrence: We have our own regulations, to which each employee must agree, that strictly prohibit giving or receiving bribes. If any of you have accusations that BP has given bribes, I am ready to look into them.

Dion: Our Statement of General Business Principles explicitly demands that we do not give, take or solicit bribes. This is actively enforced. I have copies of these principles with me and you are welcome to take a look at them.

Shaildaeva: Not one company has acknowledged that such incidents occur. A significant number of local employees work in our companies, and they must be responsible citizens. It is necessary to talk about every incident, have evidence, and take the case to court.

Zatoka: Bribery is not new to our countries and we would ask you to more actively fight against this practice (rather than simply declining to participate in it). It would be helpful if TNCs would provide

NGOs and/or the press with information about bribes every time they happen.

Isayev: People said that the Azerbaijani president received a large bribe from BP. Your comments?

Lawrence: We don’t speculate and we don’t get involved in local political disputes.

Bateson: I’d like to say something about “consultation.” In this meeting, one side is listening to the other, but this is not supposed to be just a critique, it is supposed to be a discussion between two parties. However, until now, this has been a one-sided discussion. I would also like to ask questions of the NGO groups and engage them.

Zatoka: Your tax payments don’t always reach local populations or go to environmental protection. We know that you are also not happy with this. Is your company willing to think up ways of creating a public fund for local communities?

Bateson: This is a very important point and we are looking at various models around the world to implement when we have profit revenues. Our PSA makes a point on this: \$5 million must go to the western Kazakhstan cities of Mangistau and Atyrau before beginning work. Rather than all this money going to the government, a community-based committee has been set up to manage the fund. It isn’t the ideal model, but it is a first step toward community participation in deciding the purpose of this money. Revenue funds could later be included in this process.

McHugh: Regarding money to local communities, we pay significant fees to the local environmental ministries. We also make annual contributions to social and environmental projects, and we have commitments to train local staff. For example, last year the Karachaganak project, of which Texaco is a partner, contributed more than \$10 million to the local community. Texaco contributed substantially to the community in North Buzachi also. We welcome discussions with NGOs on how best to distribute these resources.

Adamson: We paid \$330 million in taxes last year. Together with other payments, the total sum was \$490 million. It is the task of the government

to distribute this properly. If the government would distribute the money fairly, then the population would live normally and the country would develop. If you could come to the region, you'd see how much we've done to develop it—we've developed the industry and renovated homes, and just as OKIOC does, we've placed money in a local fund.

Watters: There have been a lot of questions from the NGO side. What suggestions do TNCs have for working together with NGOs in the region?

Lawrence: Thank you for the question. I came here today with the expectation of a roundtable and not just a chance to answer questions. I feel the NGOs may have missed an opportunity here to ensure that your questions today are properly addressed in the future. My suggestion would be to think of ways to engage TNCs (not just the large ones) and really establish productive dialogue. We do greatly value NGOs and their work in civil society.

Adamson: We are concerned about a lot of similar issues, as was demonstrated in the questions and answers. We have a lot in common. I suggest that NGOs contact local TNCs and meet one on one. Most oil companies working here are members of the Kazakhstan Petroleum Association (KPA). The Environment, Health and Human Safety Committee of the KPA holds quarterly meetings, in which NGOs could participate. NGOs should contact the KPA office to make a presentation or to simply sit in.

Bateson: This was a good opportunity to talk about issues on a Caspian-wide basis. On the other hand, there seems to be a general impression that companies have done nothing and are new to this. The process of consultation has been ongoing and very intense, particularly with

NGOs. I would like to see a forum established for regional meetings like this one. Perhaps companies should be more involved in setting up these meetings and the goals of the meetings. On the local level, NGOs should be more in touch with their local communities and more representative of their interests, rather than being simply a group of individuals with strong views. We also ask that you tell us when we do something positive.

Smagulova: We encourage moves on the part of NGOs that involve other sectors such as the government. We will only be able to talk about transparency of information when we know where taxes are going—and companies are taxpayers.

Dion: This was a good opportunity to meet together, but what occurred for the past three hours resembled not a roundtable discussion but an

inquisition. We were not able to ask you any questions. Aside from the disagreements shown today and your vocal disagreements with what we do, what can you do to further your constituents' interests? Only NGOs know the situation on the ground and we are open to learning from you, but an element of mutual respect should be shown on the part of both sides. Please ask yourselves the question, "Do we really want to work with TNCs?" I've worked here for nearly three years and I know that some NGOs have used us as a cash cow. If you really want to work with us, then we at Shell welcome this, but if it is just going to be an interrogation, it will be more difficult to cooperate.

Shaildaeva: I'd like to suggest that in future roundtables, the NGOs act as partners, not journalists. We already have funds and committees to meet with communities, we conduct environmental activities, and information about



Steve Lawrence, BP Amoco, and Joel Adamson, Tengizchevroil

our activities is in libraries. This type of general discussion, as a rule, does not lead to much. We need concrete questions to develop principles for interaction and constructive dialogue.

McHugh: We support long-term dialogue with NGOs and invite NGOs working in Aktau and Uralsk to meet with us. We support TCO's recommendation to work closely with the KPA. Although this meeting followed the format of question and answer, it is clear that we are trying to get to know each other better. I hope that you learned more about us and that we are not as bad as you thought.

Gordon: I don't agree that we wasted the opportunity to begin a dialogue. Not all the organizations here have had complete information. We all understand that TNCs play a significant role in the development of society. If you felt this was an inquisition, that was not what we were trying to achieve. We simply had a lot of questions. We'd like to give TNCs the opportunity to ask NGOs more questions as well.

Isayev: We would like to see the kind of collaboration where we, for example, would be invited to spill areas, and where you would contact us yourselves. We would like to see concrete actions on your part. In order to engage in constructive dialogue, we need information. Therefore, we needed to ask questions today. Right now, we do not have this sort of access.

Chernova: OKIOC has become more accessible and open in recent years. We have worked together and had the opportunity to visit the drilling platform. But it wasn't operating and thus was not completely open. Regarding TCO, I know Joel as a person, but I don't accept the information he has provided about TCO's activities today because of other information I have.

Bateson: Are you prepared to work constructively with us?

Bykovets: Yes, we want to work with you. For example, we are concerned about worsening legislation and we ask for your suggestions for legal reform.

Guseinova: I'd like to suggest that we arrange regular meetings.

Grishin: We would like to be involved at an earlier stage—to play a role in developing the EIAs themselves.

Bateson: How far have NGOs gone to consult with their communities so that they really represent a broader community?

Isayev: We have a lot of opportunities to work with the public. We meet with them regularly, and through our actions, publications, etc., we develop an understanding of our communities.

Guseinova: Our organization regularly conducts sociological surveys on various themes. The results of the questionnaires are published, and we conduct annual consultations.

Zatoka: Environmental organizations do not necessarily always have to represent their communities. Our goal is often to raise the level of public understanding about environmental issues.

Kuratov: Thank you for coming. I ask that you understand the tone of our conversation. We are happy to see concrete suggestions. We are seeking information, and if that information is available, then it is possible that the situation in the Caspian will change and that we will better understand each other. We'd like to ask ISAR to create a channel for information exchange between us.

Watters: I believe this was a successful meeting. We would challenge you to interact with one another, so that ISAR's role remains only one part of the collaboration between TNCs and NGOs. The questions that have been raised here need to be discussed further on the local, regional, national, and international levels.



Memorandum

Interaction between NGOs and TNCs in the Caspian Region: Identifying and Resolving Areas of Concern

Representatives from nongovernmental organizations (NGOs) of the countries of the Caspian region (Azerbaijan, Georgia, Iran, Kazakhstan, Russia and Turkmenistan) gathered in Almaty, Kazakhstan September 10-12, 2000 to attend the seminar “Developing Principles for Interaction between Nongovernmental Organizations and Transnational Corporations (TNCs) in the Caspian Region.” NGO representatives from other parts of the world (Russian Far East, Kyrgyzstan, US) with experience interacting with TNCs shared their experience during the seminar.

The increasing influence of TNCs in the Caspian region has caused genuine concern among environmental NGOs. The Caspian is a unique, self-contained natural environment and its renewable biological resources, clean water and clean atmosphere are invaluable and vulnerable. The lives and the well-being of an enormous number of people living on the shores of the Caspian depend directly on the quality of the surrounding habitat. The current large-scale discovery of natural resources in the Caspian is resulting in a powerful wave of interference in the natural environment of the region, bringing with it unpredictable catastrophic consequences. TNC extraction of natural resources in the Caspian Basin is significant. Their penetrating influence manifests itself in all facets of society, including the unlimited consumption of natural resources, lowering environmental and other risk factors, and a tendency to weaken environmental protection standards.

The participants of this seminar recognize the need for dialogue and information exchange with the TNCs, as well as the need to increase the population’s knowledge of TNC activities and their environmental consequences.

The seminar participants identified the following key problems related to their interaction with TNCs: inadequate access to information, unclear legal issues and a lack of adequate participation in decisionmaking on TNC activities in the region. Participants discussed the past experience of NGO and TNC interaction in the Caspian region and in other parts of the world and agreed on the need to develop common principles for joint actions in interacting with TNCs as well as the possibility for cooperation with other NGOs. The seminar participants came to a decision on the need for solidarity in their interactions with TNCs.

This solidarity might exist in the form of creating a coalition, signing an agreement, creating a voluntary code of conduct for TNCs in the Caspian region, and creating a database and Internet-forum for issues of mutual interest.

Press Release

ISAR Seminar Brings Together Environmental NGOs of the Caspian Region

Representatives of nongovernmental organizations (NGOs) from the Caspian Basin (Azerbaijan, Georgia, Iran, Kazakhstan, Russia and Turkmenistan) met in Almaty, Kazakhstan September 10-12 to participate in the seminar, "Developing Principles for Interaction between NGOs and Transnational Corporations (TNCs) in the Caspian Region." The seminar was jointly organized by ISAR and Green Salvation, an environmental NGO based in Almaty.

Designed as a response to NGO concerns about the increasing influence of TNCs throughout the Caspian Basin, the seminar provided NGOs with a forum to discuss past experiences of interaction with TNCs. The seminar participants also examined the informational and legal aspects of interaction with TNCs and discussed joint strategies for developing solidarity in action. During the seminar, representatives from organizations in the Russian Far East, Kyrgyzstan, and the US shared their experiences and knowledge about effective collaboration among NGOs in other regions where the activities of TNCs have a significant influence on the environment. As a result of these discussions, a memorandum on NGO solidarity in interaction with TNCs was developed and distributed widely.

On the final day of the seminar, the NGO participants and representatives from TNCs extracting natural resources in the Caspian region (BP Amoco, Kumtor, OKIOK, Shell, Tengizchevroil, Texaco) participated in a roundtable session. During the course of the dialogue, the NGOs expressed their common concerns about the increasing oil and gas extraction in the entire Caspian region. They also discussed various issues related to interaction with TNCs, particularly the question of access to information. All of the TNC representatives participating in the forum stressed the readiness of their companies to support independent environmental monitoring.

The seminar was the second in a series organized through ISAR's Caspian program. The first seminar, held in Baku, Azerbaijan this March, resulted in the creation of a public environmental monitoring network. The next seminar will address the role of NGOs in creating alternative paths of development for the Caspian region and will be held in Astrakhan, Russia in January 2001.

ISAR's Caspian Program is funded by the United States Agency for International Development (USAID), Open Society Institute, Trust for Mutual Understanding and Academy for Educational Development.

For more information on the seminar, please contact Kate Watters at 202-387-3034 or <kwatters@isar.org>. Additional information on ISAR's work in the Caspian region is available in English at <www.isar.org> and in Russian at <www.isarmos.ru/casp>.

Participants and Contact Information

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The overall objective of EKOS is to promote environmental protection and sustainable development in Azerbaijan. This is done by achieving a balance between the natural aspirations to economic growth and consumption and the capability of the environment to regenerate in order to meet the needs of the present generation, while not subjecting future generations to the risk of not being able to satisfy their needs.

The activities of EKOS include public awareness among the population, business and other interested structures on measures to improve environmental conditions; distribution of scientific and technical achievements in the field of ecology; development of international cooperation in the area of sustainable development in Azerbaijan; assistance in raising the general level of environmental consciousness and education of the public; participation in developing rule of law in the field of ecology; and creation of a database on ecology.

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The Ecological Society “Ruzgar’s” activities include independent monitoring, inventory of pollution sources, environmental education, and organization of the environmental movement, in relation to the petroleum industry, the Caspian Sea, radiation safety, and the atmosphere.

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Ecolex-Azerbaijan

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The goal of Ecolex-Azerbaijan is to render legal help in solving the environmental problems of Azerbaijan and the

Caspian and Caucasian region through the promotion of NGO and public cooperation at the national and regional level among those interested in solving ecological issues; provision of legal assistance to all environmental NGOs and to the public; increased participation of the public in environmental decision-making processes; protection of environmental rights and assistance in their realization; rendering legal assistance to ecological associations of citizens in order to coordinate their efforts in the further development of democratic civil society in Azerbaijan.

Ecolex-Azerbaijan renders free-of-charge legal assistance to numerous NGOs, initiative groups and other public associations of citizens through registration and protection of their rights in court or before other administrative structures; collects, issues and distributes national legislation and international documents on the environment among ecological NGOs and other public associations; and organizes seminars to study legal acts.

Ecolex-Azerbaijan is currently carrying out a project on environmental legal knowledge of the population through support from ISAR-Azerbaijan. Ecolex-Azerbaijan is a nongovernmental, noncommercial organization created by a group of Azerbaijani lawyers. There are 18 members, including experts on the economy, environmental technologies and monitoring, and the humanities.

Georgia

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The Georgian Center of Environmental Research was founded in 1997 to promote environmental protection measures. The principle of the organization is to incorporate global thinking with the realization of concrete actions that take into account local interests. The organization works to increase the environmental education of the public and of individuals involved in decisionmaking processes.

The Center is involved in various environmental projects, including: environmental protection of the Black Sea; biodiversity projects; legislative questions related to

the environment; and transborder aspects of pollution in the Caspian basin. Currently, the Center is developing a cooperative project on transborder water resource pollution in the Armenian, Azerbaijani and Georgian regions of the Caspian basin.

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The Union of Field Researchers “Campester”

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The goals and tasks of the organization include: nature protection; coordination of field research; monitoring the condition of ecosystems; involvement of youth and nature lovers in nature protection actions; research of the current state of Georgian fauna and its protection.

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Akvamedia

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Akvamedia’s goal is to facilitate the creation of a healthy environment in order to prevent ecological catastrophe in the Transcaucasus region. As such, Akvamedia works to: increase the ecological consciousness of people; provide objective information to the population; lobby government officials to establish and implement environmental protection measures to reduce health risks; and monitor the condition of water bodies.

Iran

Mariam Derakhshan
Boomiran

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Mission/objectives: Boomiran is a society of Iranian volunteer environmentalists dedicated to identifying environmental problems and eliminating these problems through education, research, monitoring, training, public awareness, development of national environmental law and project implementation.

Caspian activities:

- “Wonderful Wildlife of the Caspian Sea”: Boomiran recently translated this environmental children’s

book, which is going to be published by the Center for Caspian Studies in Iran.

- Environmental impact assessment and anti-freeway campaign: The private sector has started a project to build a freeway from Tehran to the Caspian coast. If built, the project will lead to a huge influx of people from the capital (12 million inhabitants) to the already overpopulated coastal zones, and will have grave environmental consequences. Boomiran is trying to form a coalition of NGOs to oppose the project. In the absence of any official information, Boomiran is trying to conduct its own environmental impact assessment about the project and inform the public.
- Diversity around the southern Caspian coast: Boomiran is locating and mapping ethnic diversity around the Caspian by collecting historical evidence and migration patterns around the Caspian.
- Ancient roads to the Caspian: Each year members of Boomiran’s pathfinder group search for old routes crossing Alborz to the Caspian. Boomiran has collected valuable information by mapping the mule roads and the movement of human settlements to the Caspian shore and vice versa.
- Boomiran translated and compiled a book on environmental education, distributed to government officials and other NGOs. Some of the contents appeared in school curriculums.

TNC experience: Boomiran is organizing a seminar on quality management in the oil industry. In planning the conference, we have contacted the public relations officers in transnational corporations in Iran, including Royal Dutch Shell, BP, National Iranian Oil Company, Total and Elf.

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Mission/objectives: The Iranian Environmental NGOs Network works to improve the environmental condition of the country and the region by increasing partnership among environmental NGOs, strengthening intersectoral cooperation among NGOs, government and business, and facilitating and supporting NGO activities. The network is comprised of over 100 NGOs throughout the country.

Caspian activities:

- Develop a consultative meeting of Iranian environmental NGOs to organize an effort against deforestation of the Caspian region.

- Encourage environmental NGOs to protect the Caspian environment. Last summer, I was the project manager of the Caspian beach clean-up organized by Green Front of Iran.

Farrokh Mostofi

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Mission/objectives: The Wildlife and Conservancy Foundation is committed to conserving Iran's nature and natural resources in the context of sustainable development through a series of programs: Marine Program, Forest and Plants Conservation Program, Conservation Monitoring Program, Species Program.

Caspian projects:

- The state of national parks and protected areas and wetlands around Caspian shores (Iran). The project studies the state of species, parks management and the impact of population growth on wildlife in these areas.
- Species and habitats conservation around the Caspian. The study focuses on species and habitats outside protected areas.
- The study of flora and fauna of wetlands around the Caspian. The project focuses on the Miankaleh Lagoon and Gorgan Bay east of the Caspian and the Anzali Lagoon on the west. A checklist of flora and fauna in these areas has been prepared.
- State of endemic animals and plants in the Caspian region. The project has identified and listed the endemic flora and fauna in the region with a profile of each species.
 - Polluted rivers around the Caspian. The project has listed all the rivers and streams flowing to the Caspian. In addition, WNCF has determined the size of the fish population, with the number of fish species in every stream compared with old available data.
- Operation tiger. In order to investigate the existence of the Caspian tiger once and for all, a project is being conducted by WNCF in collaboration with the Tiger Foundation.
 - Cheetah. To ensure the existence of viable populations of cheetah in the wild, WNCF is conducting a cheetah search around the Turkmenistan border east of the Caspian.

TNC experience: Some experience with Boomiran, the NGO Resource Center and WNCFI.

Simin Nasser

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Mission/objectives: IRSEN was founded by professors and scientists as a nonprofit, nongovernmental association to assist the amelioration of environmental issues in Iran and to help the government and decisionmakers plan longterm environmental protection and sustainable development programs.

The Iranian Association of Environmental Health was founded by professors and scientists to improve the quality of environmental health in urban and rural areas.

Caspian activities: IRSEN is one of the collaborators in the Caspian Environment Programme (CEP), and has been involved in its pollution point sources, and wildlife and aquatic ecosystem projects. Ms. Nasser has been involved in a few research projects, including study of wastewater discharge into the Sea.

TNC experience: One of the scientific committees in IRSEN is working on energy issues and is in close cooperation with the National Committee on Energy, where they share information on the activities of TNCs in the region, and specifically transnational oil companies. I also have recently cooperated with Boomiran, sharing views on a "Best Practices for Oil Companies" seminar, which is being planned in Iran.

Kazakhstan

Aristan Sarsenov

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The mission of the organization is to protect the rivers of the Aktyubinsk oblast from chemical pollution. Aktyubinsk Ecologist's activities include: the development of new technologies for clean water; scientific research; establishment of new methods; and work with children.

Andrei Sheikin

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The primary goal of EcoBioMed Center is to conduct environmental, medical-biological, and zoological assessments in order to raise the level of public awareness in Kazakhstan of medical-sanitary education and hygiene issues.

Galina Chernova

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The goal of Kaspïi Tabigati's activities is to maintain sustainable development in the region by: protecting environmental rights and a healthy environment for the population of the Caspian region; reforming environmental legislation of the Republic of Kazakhstan; expanding environmental links and mutually advantageous partnerships, including relations with the government and business sectors; and conducting environmental education programs and lectures to increase the level of environmental education among the local population.

Vladimir Karmanov

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The Ecological Club "Biosphere" works to protect the environment and the ecological safety of the population. The main tasks of the organization are to: increase the ecological consciousness of the population; cooperate with other NGOs, and government bodies; and promote information exchange. Biosphere has published more than 120 informational articles and pamphlets.

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The purpose of Ekoinform's activities is to: assist in the development, coordination and cooperation of environmental educational programs for secondary school, university, and post-graduate students and professional

experts working in the field of environmental protection; maintain resources for environmental education programs; expand the distribution of ecological information and materials of public importance; and increase public understanding of environmental issues.

Ekoinform was established in 1996 with support from ISAR's "Seeds of Democracy" grant program, contains a library fund with assistance from various organizations, and a video library from TACIS. Environmental video lectures have been developed cooperatively with the Young Naturalists.

Galina Bykovez

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Consumers' Advocate is non-commercial, public organization, working to protect consumers and civic rights.

Altai Zhatkanbaev

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The "Altai Fund" assists in the survival of threatened species of wildlife and rare breeds of domestic animals; the preservation of biodiversity and its sustainable use; the identification of threats to nature and effective means of resolving threats; and conducting demonstrations and public educational actions.

Russia

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"Ekoterra's" goal is to assist in the development of civil society and sustainable development through the creation of mechanisms for public participation in environmental decisionmaking, including supporting public networks for environmental impact assessments—IPNEIA internationally and ROS-OVOS in Russia.

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“Cherry Garden” works in the field of environmental journalism to promote public initiatives to conduct expert environmental evaluations and publicize the results in the national press. The members of the organization have more than 15 years of experience in the environmental movement, and have authored hundreds of publications, including materials on the role of TNCs in environmental protection and on problems related to the Caspian region.

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The goals and tasks of “Utrish”:

- Coordination of citizen and NGO actions, aimed at the protection of the environment and natural resources of the Anapa resort on the Black Sea coast, from the realization of ecologically dangerous projects and other adverse influences;
- Organization of various public campaigns directed against pollution of the Black Sea and coastal territories in the Azovo-Black Sea region;
- Realization of public hearings and public environmental assessments on ecologically important projects;
- Preparation of articles, TV and radio reports on ecological problems of the region;
- Rendering assistance to state bodies in the struggle against environmental violations;
- Rendering methodological and legal assistance to citizens and public organizations on the protection of environmental rights.

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The goal of the Green World is to unify the intellectual potential, material and financial assets, and organizational opportunities of its members in the name of nature protection and the protection of its living inhabitants; to preserve and restore the natural and cultural heritage of

humankind; to promote the physical and spiritual health of people; and to maintain nuclear and ecological safety, and sustainable development.

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The Regional Caspian Ecological Center was created in June of 1997, after the international conference “Oil and Environmental Safety in the Caspian Region.” The purpose of the Center is to coordinate the protection of citizen and organizational interests, related to: pollution prevention and degradation of the Caspian Sea; ecosystem preservation; sustainable development; rational use of scientific and technical potential to improve the ecological condition of the Sea; and information exchange.

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Sakhalin Environment Watch focuses on monitoring norms and standards in the field of ecology; demanding financial responsibility from companies for large oil spills; researching the mechanisms and legal aspects of this process in other countries; conducting scientific research connected to the impact of offshore extraction and production on ocean ecosystems and biodiversity; interacting with fishing companies and organizations; and exchanging experiences with NGOs in other regions.

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Cheshme focuses on environmental education and monitoring. Since October 1999, the organization has been working on a Counterpart Consortium financed project on environmental education and monitoring. The organization conducts free analysis of drinking water for other NGOs, including “Young Geologists of

Turkmenistan,” Ecoclub “Chinar,” and the NGO “Green Team.” In December 1999, Cheshme was invited by the Turkmenistan Ministry of Environment to a public discussion of a Dragon Oil project in Eastern Cheleken.

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The purpose of the Turkmenistan Hydro-Biological Society is to study and preserve biological diversity in water bodies of Turkmenistan. THBS is a scientific group, informally uniting experts in the field of hydrobiology and ichthyology to promote the study and preservation of biodiversity. The organization carries out a variety of projects, both self-financed and sponsored. THBS was created in 1978 as the Turkmenistan branch of the All Union Hydro-Biological Society of the USSR (1947). After the Academy of Sciences of Turkmenistan was liquidated in 1998, its institutes reorganized, and laboratories and personnel reduced, THBS remained an environmental initiative group with 7 members.

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Dzhan’s goal is to promote improvements in the quality of life for the people of Turkmenistan by solving ecological problems and developing an environmental youth culture. Organizational projects include monitoring of environmental conditions, studying the consequences of industrial activities on the environment (particularly chemical industries working in the Caspian region and in Ashgabad), and providing environmental education in schools and kindergartens.

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Formation’s activities include: protecting human and natural habitats and participating in seismic and general safety issues for the population of Turkmenistan. The organization’s projects involve preservation of natural, intellectual and spiritual values; increased public information on natural resource use and the environmental

movement; and scientific-technological progress in Turkmenistan.

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MRC is designed to help activists, journalists, academics and others seeking information on the activities of corporations operating in their communities. MRC provides information on topics such as company history, environmental and workplace hazards associated with various production processes, and health and environmental problems associated with products.

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PERC protects endangered ecosystems around the Pacific Rim through grassroots advocacy, environmental education, and law and policy analysis. PERC has number of specific campaigns including efforts focused on oil, mining and international finance and bank monitoring. A number of relevant publications, including “The Great Ecological Game: Will Caspian Sea Oil Lead to Environmental Disaster?” are available through the website.

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Project Underground works to expose corporate human rights and environmental abuses and to support communities threatened by the mining and oil industries. Their website is a great starting place for research on the mining and oil industries.

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The Karaganda Ecocenter was established as a community organization in 1992 on the basis of environmental monitoring at Karaganda State University. It conducts environmental protection projects in four major areas: ecological monitoring of industrial and radioactive pollutants; protection of biodiversity; environmental education; and support for NGO development in the central Kazakhstan region.

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Inkar was created in 1997. The Fund's board includes representatives from three Caspian countries: Kazakhstan, Russia and Turkmenistan. Inkar has two main objectives: promotion of reform in the social and economic spheres of Western Kazakhstan through the provision of alternative programs of development to government and non-governmental organizations; and collection and analysis of information, related to the Caspian Sea for the local and international community.

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Young Geologists of Turkmenistan is a youth organization for secondary school students ages 10-17. The organization works to promote the professional orientation of pupils and to teach children the basic earth sciences. It conducts ecological activities in the field of geology and biology, including ecological monitoring of garbage containers, the territory around apartment houses, bus stops, and waterspouts in separate areas of Ashghabad.

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The Dashkhovuz Ecological Club was formed in 1992, and has prepared hundreds of ecologically competent young people and more than 70 teachers under the program "Game Ecology." The Club has published materials, including a manual for teachers "From Khazara to Dzeikhuna," a collection of environmental protection legislation of Turkmenistan, and various bulletins and video programs—all of which are actively used in about 10 information centers in the city and oblast. The Club also promotes NGO capacity development in Turkmenistan.

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The Green Movement of Azerbaijan works to improve the environmental conditions of the Caspian, reduce sewage discharges and other pollutants, and raise public awareness of the Caspian's valuable biological resources and ecology.

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The Azerbaijan Ornithological Society focuses on biodiversity loss in bird species and works to increase environmental literacy among the population. The

Society's activities are primarily related to public environmental and ornithological monitoring. Results of this monitoring include exposure of environmental incidents, data on the number and distribution of rare and valuable birds, dissemination of information on rare bird species, and development of preservation strategies.

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CENN focuses on the following topics: wildlife protection; sustainable development; eco-tourism; environmental education; publication of booklets, books, and articles; the organization of environmental summer camps and seminars for students; and the creation of a database on Georgian fauna.

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ATTACHMENT A

The Barskoon Incident: Relations Between NGOs and Transnational Corporations

The Barskoon River in Kyrgyzstan flows into Lake Issyk-Kul, high in the mountains. On May 20, 1998, on the banks of the river, about eight kilometers from the village of Issyk-Kul, there was an accident involving a truck carrying 20 tons of sodium cyanide. The truck belonged to a gold mining company called Kumtor Operating, which is a subsidiary of the Canadian company Cameco. As a result of the accident, the truck wound up in the river. It was pulled out of the river within five hours, but official reports show that 1,762 kilograms of the sodium cyanide got into the water. Later, bleaching powder was used to neutralize the cyanide.

All this had an impact on the health of the residents of the two villages that use the water. By May 29, according to a report from Kyrgyzstan's Environmental Ministry, 240 local residents had sought medical assistance (later that number grew significantly). Sixteen people were hospitalized (see the article in *Panorama* from May 29, 1998).

This incident struck a chord on a broad scale and continues to worry the public not only in Kyrgyzstan, but beyond that country's borders as well.

In the aftermath of this incident, nongovernmental organizations (NGOs) had to deal with a transnational corporation. Transnationals are having an increasing impact on the environment and economy in our countries. Therefore, at the request of the editors of *Zelenoe Spasenie* (*Green Salvation Journal*), the chairman of the Aleyne environmental movement, Emil Dzhaporovich Shukurov (Bishkek, Kyrgyzstan), answered a few questions regarding relations between NGOs and Kumtor Operating.

Question: What part did the public, including environmental organizations, play in investigating the causes of the incident and the process of dealing with its consequences?

Answer: Private organizations participated at a fairly active level. Literally the week following the accident, when the first information came out about the scale of the incident, the organization Interbilim initiated a meeting to review the situation. The discussion involved a great number of representatives from environmental and other NGOs, with journalists also attending.

There really was no "information blackout" about the incident. Of course, at first there were attempts to say that there was no information available, or that the information was not accessible. Participants in the meeting had at their disposal official documents, filled with facts and figures, which were received in a timely manner from government agencies and the company (in particular, Aleine provided Interbilim with various documents of this nature). Later Kumtor Operating provided the opportunity for NGO representatives to visit the enterprise itself and the site of the accident.

One might think that this situation would get the NGOs working in constructive directions. But some of the organizations apparently decided to take

advantage of the accident for their own gain rather than trying to investigate its causes and deal with its consequences. There was talk at the meeting of creating a political party, as well as discussions to the effect that the company should pay lifetime compensation to the local residents. This was despite the fact that we had documents showing the scale of the incident. Specialists spoke and explained that the consequences for Issyk-Kul would not be that significant, and for the lower part of the river, they would be temporary (if the surrounding villages stopped drawing water from the river soon enough, there would be no serious consequences). But still the fact that it might be possible to get money from the company and the thought that pressure had to be brought to bear on the company had an impact and affected the subsequent course of events.

At the same time, people paid no attention to the fact that, under orders from Deputy Health Minister Glinenko, an enormous amount of bleaching powder was spread at the accident site and in the two villages. Tons of bleaching powder! The Health Ministry has still not publicly released exact data on how much bleach was in fact put down. If this were to be done within any other populated area, the result would be the same without the cyanide. Representatives of the public compared what had happened to an attack by chlorine gas, and yet all the consequences were attributed to the cyanide.

Government agencies, the Health Ministry in particular, covered up this information, even though it was the bleach that most affected people's health. Meanwhile, the company and the Emergency Situations Ministry gave free access to what information they had. These facts became known and were at first covered in the press, but then they began to be mentioned with decreasing frequency. The public also ignored these facts. You can't get anything from the Health Ministry, so people continue to shake the tree from which they thought they could get something.

No one is trying to say that the company isn't responsible for the incident—and most of all for the fact that the public was not informed in a timely manner and that the canals bringing water to the villages were not closed. Had all that been done immediately, people would not have suffered, and the environmental damage would have been minimal and temporary in nature.

Question: What actions did the public take?

Answer: Soon after the incident, the text of a letter to the president, Parliament and the Cabinet of Ministers was approved and signed by a fairly large number of various private organizations. Incidentally, it was not the environmental groups that initiated this letter. Then another letter was sent.

The letters did have a certain impact. Commissions of parliamentary deputies were formed and worked with the private organizations. However, not all the opinions to which they listened were paid equal attention. The commission members saw only that which confirmed their own points of view. One sensed a degree of bias in their relationship to their work.

Several private groups received funding from the commission and from international donor agencies, which allowed the NGOs to take part in the onsite investigation at the scene of the accident. The money came from various sources, so that one did not get the impression that one side or the other was funding the effort. The investigations produced contradictory results.

In cases when an investigation involved highly qualified specialists, the work went smoothly. The specialists did not discover dangerous concentrations of harmful substances in the environment, and they noted that the process of restoration was underway.

Certain organizations that did not have environmental specialists, but that received grants to conduct investigations presented findings that contained more conjecture and fears than reliable facts. What is most interesting is that the information that they produced began to be “closed,” that is, it did not circulate within the environmental community. I think that one of the main reasons for this is that their research was incomplete. For example, one of the participants in a public movement published a newspaper article that included clearly inaccurate and distorted facts. She paid a price for that article (she was fired), but at the same time she gained an image as someone who was fighting for a just cause, even though objectively the article was false and even seemed like a “paid advertorial.” Later she tried to explain it away by saying that the newspaper supposedly altered her article. Unfortunately, all this has a negative impact on the image of the country’s environmental movement. On the whole, public participation came down to those two forms.

I would again like to emphasize that, from the start, the Kumtor Operating incident unfolded somewhat strangely, and this trend has continued to this day. First, the true scale of the poisoning was artificially inflated. The inept actions of the Health Ministry had a much more significant impact on people’s health. The local population’s difficult situation was exacerbated by the government’s political decisions, such as the temporary resettlement of the local populace from the accident zone. Second, people who clearly had their own interests at heart got involved, including politicians, as well as some environmental and other organizations that saw a good opportunity to receive grants and to improve their own reputations. Third, all of what I discussed above continues to damage the economy of the Issyk-Kul Region and the image of the country to a greater extent than the limited consequences of the incident itself.

As a result, the local people have come to believe firmly that they have missed out on something, that everyone around them is deceiving them: the federal government, the local authorities and above all Kumtor Operating. They blame the company for the chlorine attack, and they have decided to block the roads leading to the enterprise. Anytime someone gets sick or dies, the company is blamed for it. This sort of scandal-mongering benefits certain politicians, segments of the media and other parties that have an interest in it.

It is interesting that we have another large gold mining enterprise, but it is state-owned. It pollutes the environment with the same cyanide to a much greater extent than Kumtor Operating. But no one says anything about that enterprise! No one—not one organization—has raised a voice in protest! Why? Because you can’t get anything from them!

Question: Did the country’s environmental organizations develop a common position on this issue?

Answer: Despite the differing opinions regarding the accident, the Kumtor Operating incident did not cause any kind of split or confrontation between NGOs.

Some of the organizations took part in the investigation of the causes of the accident and the cleanup without really being adequately informed on this issue. But after they got objective information, many of them began to take a more measured attitude toward the problem. Unfortunately, most of the environmental organizations still do not have a real understanding of the environmental consequences of what happened. They can only repeat what they hear on the radio or read in the newspaper. In fact, only a few organizations are actively involved in the issue. All the rest only have opinions—opinions that are not always well founded. The NGOs have not had a common position on this issue.

Question: Did the environmental NGOs work in solidarity with other private organizations?

Answer: There was no solidarity in the full meaning of that word, but there was a degree of support from the non-environmental organizations.

The human rights folks immediately occupied an extreme position, comparing the situation on the banks of the Barskoon River with the famous tragedy in Bopal (India). They concluded that after this accident the company should support the local residents and their children for life. But they accomplished nothing. Their position has changed little since then. Their calls for action have begun to irritate even the local residents. Of course, there were and still are legal issues that must be resolved, but this must be done in accordance with the law. Only a court can determine the number of victims and the size of the compensation for damages.

Other organizations have also participated in address this problem. But they too were largely guided by emotions. Their thinking was that the public and the region's economy had suffered, so compensation had to be paid. Unfortunately, there have been few constructive ideas for actually addressing the problem.

Question: What positive and negative experience was gained by those of Kyrgyzstan's environmental organizations that participated in addressing this problem?

Answer: When we speak of positive and negative experiences, we need to keep in mind not only Kyrgyzstan's NGOs but also all the participants in the events. The positive aspect was that the company understood that it needed to work more closely with the local population and needed to inform the public about its activities. Now the company is taking steps in these directions. The negative was that the authorities at all levels who should have reached the same conclusions did not do so. There is still no access to information or openness with regard to decisions being made.

The media, quite unfortunately, frequently used the Barskoon accident for their own purposes. Apparently, a confrontation with Kumtor Operating was much more important than discovering the real causes of the accident. They did not maintain an objective attitude regarding the events. However, the media's coverage of the incident did have a positive aspect: people finally began to recognize that environmental problems are real and that they must be addressed, that these problems are no less important than socioeconomic issues.

For the environmental movement, one positive aspect was that the most active organizations were able to participate in resolving concrete and fairly com-

plicated environmental tasks. The company and the authorities recognized the NGOs as a real force.

Participation in addressing the issue in question promoted the exchange of information, the strengthening of ties and the development of interaction among organizations. Now it has been proposed to create an association of NGOs that could help establish contacts between the groups and other bodies. This would allow the organizations to gain strength institutionally. Already the Forum for the Public and Business, an NGO, has been operating for a year. It works with people in districts adjacent to the Kumtor gold field, private groups and representatives of Kumtor Operating, and it has already done a great deal to develop a dialogue among them.

Negative experience. The old “diseases” of the “greens” were in evidence. Certain participants in the movement are pursuing political, material or other aims, or are realizing their personal ambitions. In principle, this is a normal phenomenon, and such things occur in any movement. But in our movement, there is no counterweight to this. We do not have an open tribunal that would allow us, without condemning anyone or chasing them out, to simply discuss issues that interfere with our activities and that damage the authority of the movement.

Another negative point was that certain representatives of private groups reached their own conclusions without sufficient data and without gaining a full understanding of the problem. In such situations, we cannot be guided by personal opinions and emotions. We need to bring in specialists and rely on a broad circle of environmental knowledge.

Question: Did the environmental organizations manage to get the local population to stand up more actively in defense of their rights?

Answer: Given the general increase in the number and influence of NGOs in the country, we can't say definitively that the Kumtor Operating incident promoted this to a significant extent. The Barskoon accident did not lead to the creation of new NGOs or associations, which would have been a sign that the local population was becoming more active.

Question: Will the environmental organizations be better prepared for action in the event that a similar situation occurs in the future.

Answer: Should such a situation occur again (and they wouldn't necessarily have to involve Kumtor Operating), I would hope that the environmental organizations would be largely prepared for action. A process of consolidation is already underway: the first congress of environmental NGOs has already taken place, and preparations for the second congress are underway. Certain public agencies have been set up. NGOs are not the Emergency Situations Ministry, that is, we must work on a daily basis, continuously, and not wait for something to happen. If we work in this manner, we will not be caught unawares.

Question: Do the NGOs have common principles or a common policy for working with transnational corporations such as Kumtor Operating?

Answer: Certain organizations have discussed such issues, primarily with regard to Kumtor Operating. Should they ignore the company or not, how should they behave? Most organizations have leaned toward the view that they must work with such companies since the companies are operating in our country. It

would be stupid to ignore them. The main principle that must serve as the foundation for interaction is that we must work with everyone with whom we can reach agreement on common, concrete, beneficial actions. In the course of discussing the concept for the association that I mentioned above, the issue of how NGOs can work with transnationals will also be reviewed.

Question: What impact could the transnationals have on the country's environment?

Answer: In general, my view is as follows: if the transnationals damage or pollute the environment, it occurs not because they have the goal of injuring Nature. They are primarily concerned with their profits, and their attitude toward the environment typically is ambivalent. Only under the influence of opposing factors (laws, protests, NGO activities and so on) will they take the steps necessary so as not to lose profit. Much depends on the positions of the government and the public.

On the other hand, many transnationals have standards that are much higher than the countries in which they are operating. Therefore, the public's role comes down to putting pressure on the transnationals to force them to apply these standards everywhere, regardless of the requirements of the laws in the countries in which they are working. However, the public must be doubly vigilant. We must first of all carefully watch the activities of our own government, and only then the activities of the transnationals. In the incident in question, Kumtor Operating was more open and flexible than the government of Kyrgyzstan.

I believe that the main principle governing relations between the public and the transnationals is not confrontation but a joint search for ways to resolve the issues at hand, such as ensuring that the highest standards are observed. We cannot establish normal relationships with transnational corporations while putting forth groundless demands and assuming extreme positions. Transnationals must be monitored, of course, but we also must work with them. In this case, Kumtor Operating showed its good will. But instead of taking a step toward cooperation, certain NGOs continued to take a hostile position. It would be much more beneficial to direct our efforts toward improving the country's environment, which would make it easier to find ways to cooperate.

Companies not only must observe all environmental protection requirements but must also allocate additional funds toward concrete environmental measures. For example, if Kumtor Operating were to help protect the snow leopard throughout the country, or at least in the districts adjacent to the gold fields, they would earn praise and honor for many years to come. This would not require great expenditures, and the company itself could hire people and monitor the expenditure of the funds.

This article was prepared by Sergey Solyanik and translated by Andy Reese.

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