Shell nigeria assignment



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Assignment 3: Research Report on Issues Related to the Construction of the
Three Gorges Dam and the Sustainable Development Initiatives of Royal
Dutch Shell. Student #: 100098805 September 2008 TABLE OF CONTENTS
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Report on Ways Royal Dutch Shell is Transforming to More Sustainable
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Describe some of the conflicting social, economic, and environmental costs, benefits, and issues associated with construction of the Three Gorges Dam. Remember to consider the global as well as local and regional issues and impacts (or potential future impacts) of construction and operation of this dam (25 marks). " If a decision was undertaken on undemocratic and unscientific grounds then the laws of nature will mirthfully punish us and we will pay even more dearly" – Sun Xu Chi

Conflicting Social Costs - Relocation - Destroying of villages, homes, and farms - Embezzlement by corrupt officials of Government aid (relocation funds) - Protests not being heard "One crucial aspect of the Three Gorges

dam project which until now has received little public attention is that of the project's potential for causing major human rights violations in the proposed reservoir region.

The present report focuses upon two main issues of concern: first, the Chinese government's continuing suppression of dissenting viewpoints on the Three Gorges dam including a decades-long tight restriction on public information and debate, extending most recently to the actual arrests of political activists opposed to the dam's construction; and second, the human rights issues that surround the forced resettlement of more than one million current and future inhabitants of the Three Gorges reservoir area and the rights of workers on the dam site.... The two provinces most affected by the Three Gorges dam, Sichuan and Hubei, both contain numerous political and religious prisoners held in China's laogai system of penal labor camps. " (http://www. hrw. org/summaries/s. china952. html) Human Rights Watch. (1995, February). Recommendations, In The Three Gorges Dam in China Forced Resettlement, Suppression of Dissent and Labor Rights Concerns (Section VII) Retrieved September, 2008, from http://www. hrw. org/summaries/s. china952. html "The relocation process has also brought about unrest with the targeted people as well as claims of human rights violations.

According to the Human Rights Watch(1995), any opposition to the project, whether it be literary works or protest actions, have been dealt with almost immediately via position dismissal for government officials to arrests for political activists. China's use of penal labor camps have also brought about concerns from many human rights groups. " (http://darwin. bio. uci.

edu/~sustain/state/hsu. html) " Over 10 million Chinese have been relocated by dam-related projects throughout China's history, 46% of them living in extreme poverty. Of the 1. million relocated so far by the Three Gorges Dam, 500, 000 are peasant farmers, many of whom earn just 1/3 of the World Bank poverty level of \$1 per day. The resetllers were not offered substantial compensation to cover the cost of new housing. Most were moved into to urban centers near Chongging, or into the new cities built specifically for relocation, on steep unstable slopes that have now been determined unfit for development or farming. " (http://www. mtholyoke. edu/~vanti20m/classweb/website/socialconsequences. html) " A total of 1. 3 million have been displaced by the dam already. (http://www. timesonline. co. uk/tol/news/world/article2537279. ece) " The dam will have an enormous effect on the environment, flood over 300 villages, and force over one million farmers and villagers off their homeland. " (http://sun. menloschool. org/~sportman/ethics/project/topics/zider/) Conflicting Economic Costs -Great cost (22. 5 billion or more US dollars) - Relocation costs (Government and citizens) - Money from foreign capital (investments) - Additional energy charges, even to provinces not receiving power from dam - Loss of farms From the start, the central government promised cash compensation for all those forced to move. It also promised them new homes and new livelihoods. But that process has been highly controversial. Many families complained that much, in some cases most, of the compensation due to them was siphoned off by corrupt local bureaucrats. Official accounts seem to support their complaints that millions of dollars have been embezzled. The Chinese media has reported that some officials have been investigated for corruption - but the complaints continue. (http://news. bbc. co.

k/2/hi/asia-pacific/5000198. stm) "Every day 18, 000 Chinese are working on the dam. It is unclear how much the project will cost, but it is estimated between \$17 and \$100 billion, in which the Chinese government will have to borrow money from supporting countries." (http://sun. menloschool. org/~sportman/ethics/project/topics/zider/) "Commenced in 1994, it has cost more than \$US25 billion and is still not fully completed. Pushed by former President Jiang Zemin as a prestige project, the dam came to symbolize Chinese Communist Party (CCP) policy in 1990s of "opening up" to foreign capital.

Public criticism of the dam was suppressed. " (http://www. wsws. org/articles/2007/oct2007/chin-o12. shtml) " The 22. 5 billion U. S. dollar project was launched in 1993. " – Sept. 08, 2008 (http://news. xinhuanet. com/english/2008-09/08/content_9859678. htm) " When finished, the project will have cost 180 billion yuan, over 20 billion yuan less than the initial estimated budget of 203. 9 billion yuan, just under 30 billion USD. This is because the calculation accounts for the effect of inflation, and the lower costs are attributed to a low inflation rate in recent years.

It is estimated that the cost of construction will be recovered when the dam generates 1000 TWh of the electricity, which will be sold at the price of 250 billion yuan. This will take 10 more years after the dam starts full operation. Sources for funding include the Three Gorges Dam Construction Fund, revenue from the Gezhouba Dam, policy loans from the China Development Bank, loans from domestic and foreign commercial banks, corporate bonds, and revenue from Three Gorges Dam before and after it is fully operational,

with additional charges for electricity contributing to the Three Gorges

Construction Fund.

The additional charges are as follows: Every province receiving power from the Three Gorges Dam has to pay an additional charge of ? 7. 00 per MWh. Provinces that will not receive power from the Three Gorges Dam have to pay an additional charge of ? 4. 00 per MWh. Tibet does not have to pay any additional money. " (http://en. wikipedia. org/wiki/Three gorges dam -Economics) Conflicting Environmental Costs – Likely extinction White fin dolphin, Yangzhe sturgeon – Silt build up – Earthquakes – Water pollution – Landslides A number of species will be adversely affected by the construction of the dam. There are 300 species of fish in the Yangtze River. The dam will create a barrier in the river that these species will not be able to cross. Fish will not be able to travel upstream to spawn, so the populations of the species will decrease. Other affected species include the Chinese River Dolphin, Chinese Sturgeon, Chinese Tiger, Chinese Alligator, Siberian Crane, and the Giant Panda. There are a total of forty-seven rare or endangered species in the Three Gorges Dam area that are protected by Chinese national law.

The only natural habitat of the Chinese River Dolphin is the Yangtze River, and there are less than one-hundred of these endangered dolphins in the river. " (http://www. mtholyoke. edu/~lpohara/Pol 116/enviro. html) " The audit must include " dangerous" buildup of silt in the Three Gorges Reservoir behind the dam that will flood 632 square kilometers (395 square miles) of land to create a reservoir about 644 kilometers (400 miles) long by 112 kilometers (70 miles) wide. " (http://www. ens-newswire.

com/ens/may2006/2006-05-29-01. asp) Even after the water rises, though we can not exclude the possibility of any earthquake due to the reservoir, the possible max earthquake intensity will not exceed class VI, and will not influence most of the project buildings that are designed on the basis of a earthquake of class VII. " (http://www. ctgpc.

com/environmental/environmental_a_4. php) (Note: Class VI earthquake: VI. Everyone feels movement. People have trouble walking. Objects fall from shelves. Pictures fall off walls. Furniture moves. Plaster in walls might crack. Trees and bushes shake.

Damage is slight in poorly built buildings. No structural damage.) " A report issued by the Xinhua news agency, mouthpiece for the Government, said: ' There exist many ecological and environmental problems concerning the Three Gorges Dam. If no preventive measures are taken, the project could lead to catastrophe. " (http://www. timesonline. co. uk/tol/news/world/article2537279. ece) Also: "There are many new and old hidden ecological and environmental dangers concerning the Three Gorges Dam," the Xinhua report quoted officials as saying. If preventive measures are not taken the project could lead to a catastrophe. " (http://www. guardian. co. uk/world/2007/sep/27/china. international) " Chinese officials have admitted that the dam was spawning environmental problems like water pollution and landslides that could become severe. " (http://www. nytimes. com/2007/11/19/world/asia/19dam. html) Benefits - 2020, 10% power needs of china - Residents getting better homes/apartments -Tourism (attraction of the dam, underwater cities) - Makes river more navigable Workers' Daily (June 15) likewise focused on the project's

expected role in powering Chinese development: 'With the capacity to generate 18, 200 megawatts, roughly one-tenth of China's entire electric power output, the Three Gorges Dam will guarantee sufficient energy resources for China's economic development and provide additional momentum for further growth. " (http://www. worldpress. org/Asia/1245. cfm) " Although the TGP Reservoir is not the reservoir with the biggest capacity in the world, its reserved flood control capacity can help cut flood peak by 27, $000 \sim 33$, 000 m3/s, the biggest for a water conservancy project in the world. (http://www.colorschina.com/opencms/chinahighlights/Southwest/chongging3. html) "...dam's capacity to control seasonal flooding and generate hydroelectric power. The Three Gorges dam is now producing enough electricity each year to replace 50 million tonnes of polluting coal and reduce China's carbon emissions by 100m tonnes. " (http://ipsnews. net/news. asp? idnews= 39621) " When the TGP is completed, the flood control standard of the middle and lower reaches of the Yangtze, especially the Jingjiang Section, will be largely upgraded from the present level of preventing under-10-year floods to that of preventing 100-year floods.

So 15 million people and 1. 5 million hectares of farmland in the Jianghan Plain are relieved from flood threats, and devastating plagues of massive death caused by big floods are avoided. " (http://www. ctgpc. com/benefifs/benefifs_a. php) -From official Website, more benefits there " Since the Three Gorges project began to store water the conditions along the waterways have been greatly improved and the Three Gorges water area has begun to become a 'golden water-channel'. Last year witnessed a total sluice-gate operation of 8719 times with a total of 75, 000 ship/times to ply

in and fro through the gate and a passenger flow of 1. 2 million person/times and the goods transport to have reached 34. 30 million tons. The annual goods transport volume passing through the sluice gate has seen double that of 18 million tons (the highest transport volume) since the completion of the hinge project at Gezhou Dam. " (http://english. peopledaily. com. cn/200503/09/eng20050309 176193. html) Issues - global as well as local and regional issues and impacts (or future impacts) - Environmental (Earthquakes, animals, silt build-up, etc.) - Possible further relocations Garbage problem from new cities - Monuments and artifacts lost forever " The environmental impacts of the project are profound, and are likely to get worse as time goes on. The submergence of hundreds of factories, mines and waste dumps, and the presence of massive industrial centers upstream are creating a festering bog of effluent, silt, industrial pollutants and rubbish in the reservoir. Erosion of the reservoir and downstream riverbanks is causing landslides, and threatening one of the world's biggest fisheries in the East China Sea.

Scientists estimate that annual catches may be reduced by one million tons due to the decline in fresh water and sediment reaching the sea. "
(http://www. internationalrivers. org/en/china/three-gorges-dam) " The natural environment of the river is extremely diverse and contains numerous forms of aquatic life that are already in danger. The Yangtze Sturgeon and the Yangtze Dolphin, to name the most prominent, and over twenty other species are sure to have their ecosystem permanently disrupted by the dam. (http://toxipedia. org/display/toxipedia/Three+Gorges+Dam) " China's massive three gorges Dam project across the Yangtze River will take another

two years to complete, but the world's largest dam is already changing the local weather, claim scientists. Both modeling and actual meteorological data suggest that the reservoir is cooling the Yangtze Valley, which is causing changes in rainfall patterns. " (http://www.bio-medicine. org/medicine-news/Chinas-Three-Gorges-Dam-Changing-Local-Weather-3A-Scientists-22608-1/) ".. n 1984, the State Science and Technology Commission formally commissioned a study called The studies on the Environmental Impact of the Three Gorges Project and Its Countermeasures, as one of the major components of the project's scientific research completely or partially inundate two cities, 11 counties, 140 towns, 326 townships and 1, 351 villages, which will create the huge problem of garbage, raising serious health concerns. The reservoir will also submerge many archeological and cultural sites of national and global importance and valuable monuments of ancient history will be lost forever. (http://www. nepiol. info/index. php/HN/article/viewFile/892/979) " The reservoir already has forced 1. 4 million people out of their homes amid criticism the project has wreaked ecological havoc and forced people to move to places where they cannot make a living. On Friday, state media and the region's local government signaled rising concern over the dam's impact, saying as many as several million more people would have to be moved from areas adjacent to the reservoir in a form of "environmental migration.

(http://waterfortheages. wordpress. com/2007/10/15/three-gorges-dam-china---more-to-move-and-environmental-problems-acknowledged/) " A further four million have been 'encouraged' to move by 2020, officials said last year, although the government now insists those relocations are unrelated to the dam." (http://www.terradaily.

https://assignbuster.com/shell-nigeria-assignment/

com/reports/Final_protest_as_village_cleared_for_Chinas_Three_Gorges_dam_ 999. html) Biases, Perspectives or Experiences that influence my views on the various costs and benefits of the three Gorges Dam Project.

Describe the biases, perspectives or experiences that may influence your views on the various costs and benefits of the Three Gorges Dam project (5 marks). Part B: Report on Ways Royal Dutch Shell is Transforming to More Sustainable Operations Introduction External forces or Influences (Identify three external factors that have influenced the company's shift to more environmentally and/or socially responsible business management practices. Describe the ways in which these external factors influenced management actions and/or decisions or helped to transform the company. 30 marks

Protesters (Environmentalist Groups, Human Rights, Labor Groups) " The protest campaign for Nigeria has quickly united a coalition against Shell, as well as the Chevron and Mobil corporations. Members of the coalition include: TransAfrica, the AFL-CIO, AFSCME, Greenpeace, the Teamstirs, the Coalition of Black Trade Unionists, the Oil, Chemical, and Atomic Workers Union, and many other African-American, labor, human-rights, and environmental groups." (http://findarticles.

com/p/articles/mi_m1295/is_n1_v60/ai_17963624) ".... the problems of the Niger Delta are largely because of oil extraction.

It is for reasons such as these, and for those communities mentioned, that the release of Shell's EIAs and its Five Year Environmental Plan is imperative. Without them, a full and open assessment of the environmental and social damage along the Delta cannot be conducted. Secondly, so long as Shell

continues to view the problems of the Niger Delta purely as a public relations problem protecting the 'reputation of the Group' for many people of the Niger Delta, reforms, if they happen, will come too late. "Greenpeace -(http://archive. greenpeace. rg/comms/ken/conc. html) "..... we strongly encourage Royal Dutch/Shell to publicly state that the response of government security forces must not be disproportionate to the threat; that they should only resort to force as absolutely necessary in accordance with international standards; that their operation should be conducted in a manner that ensures respect for due process and fundamental human rights; is focused on arresting and prosecuting the actual perpetrators rather than retaliating against whole communities; and any allegations of human rights iolations should be thoroughly and impartially investigated and the perpetrators brought to justice. Such a statement would be consistent with the commitments the company has made under the Voluntary Principles on Security and Human Rights in the Extractive Industries, that state "In their consultations with host governments, Companies should take all appropriate measures to promote observance of applicable international law enforcement principles"; urge investigations of violations; and "actively monitor the status of investigations and press for their proper resolution. (http://www. hrw. org/press/2003/04/nigeria040703shell. htm) Citizens, and Rebels of Nigeria " Michael Watts is advising NGOs on how to educate the local people about their rights. " For Shell to conduct business as usual would be a public relations disaster," Watts says. "Folks say, 'Look, these oil companies are making billions by taking out this black stuff from our territory —they should have some ethical and social responsibilities. " (http://www. citizensfornigeria. com/index. php? option= com content&task= view&id=

227) The sit-in by villagers had forced operator Royal Dutch Shell to cut production by another 170, 000 barrels per day. Militant attacks have shut nearly 900, 000 bpd, or 30% of supply capacity, from Africa's biggest oil producer. " (http://www. arabianbusiness. com/index. php? option= com_content&view= article&id= 12706&Itemid= 1) " With the price of oil skyrocketing, the search is on for explanation. One reason is violence and unrest in Nigeria, which has reduced production by at least a quarter, according to some estimates.

The economic and political failures that lay behind rebel violence in Nigeria's oil-bearing Delta, however, are not amenable to any easy fix. " (http://yaleglobal. yale. edu/display. article? id= 10921) Government/International Pressure " The Nigerian Government is indifferent towards the right to development and to a satisfactory environment. Issues relating to environmental degradation in the River Delta region alleged to be caused by the operations of the Shell Petroleum Development Company have received insufficient attention. "United Nations - (http://www. unhchr. h/Huridocda/Huridoca, nsf/0/a55c3d667425f3cfc125660f004afbcf? Opendocument) " A Nigerian court yesterday ordered Royal Dutch Shell to pay \$1. 5bn (? 858m) in damages for polluting the Niger delta, a fresh blow to the company which was already reeling from a kidnap crisis and a wave of sabotage against its installations. " (http://www. guardian. co. uk/world/2006/feb/25/oil. business) " On 8 November 1995, after days of unyielding pressure and politics from public interest organisations, Shell eventually requested the Nigerian president to grant clemency to the nine prisoners.

The request was of no avail and on 10 November 1995, despite fervent protests from Amnesty International, Pax Christi, international pressure groups, the UN, governments all over the world and Shell, the executions were carried out. The public outcry against Nigeria, but also against Shell, was immense. " (http://www. ib-sm. org/caseShellNigeria. pdf) Internal Forces or Influences (Identify two internal factors that have influenced the company's shift to more environmentally and/or socially responsible business management practices.

Describe the ways in which these internal factors influenced management actions and/or decisions or helped to transform the company) 20 marks. Shareholders "Royal Dutch Shell was lashed by scathing shareholder criticism over its troubled Nigerian operations after suffering yet another hit to production. Exploration chief Malcolm Brinded admitted at the firm's annual general meeting to 'immense challenges' in the Niger Delta, where the security situation has deteriorated so dramatically that Shell can't even quantify how much crude it is leaking into the wetland. (http://www. thisismoney. co. uk/investing-and-markets/article. html? in article id= 420397&in page id= 3) " ECCR (The Ecumenical Council for Corporate Responsibility) has actively engaged with Shell since 1994, initially in relation to issues in the Niger Delta. Seeing no change, in 1997, along with the Pensions and Investments Research Consultants (PIRC), we sponsored a resolution on environment, human rights and local communities. In 2001 an ECCR delegation visited Nigeria to check on progress and we have continued to raise guestions with the Company. (http://bankwatch. org/documents/0602 shell resolution statement. pdf) " US and UK regulators

have held that the market was misled about reserves over the last four years. Shell's summer has been beset by regulatory fines and court cases and shareholder pressure for reform, with more strife yet to come. " (http://www.ethicalcorp.com/content.asp? ContentID= 2753) Employees & Contractors "The Nigerian Labour Congress (NLC) has warned that the strike, beginning on 16 November, will be indefinite and will target oil production in the country. We will try to disrupt production, but we cannot reveal all our arsenal before the beginning of the movement. We decided to move against production because we have no other option,' said Brown Ogbeifun, president of the PENGASSAN (Petroleum and Natural Gas Senior Staff Association of Nigeria) white-collar union. Shell has recently launched a court action to try prevent PENGASSAN members from joining the strike. ' Shell is trying to stop the workers from exercising their right to protest,' NLC national mobilisation officer Denja Yacqub told Agence France-Presse. (http://www.ethicalcorp.com/content.asp? ContentID= 3103) "SCIN (Shell Companies in Nigeria) contracting policy states that contractors are responsible for their own community relations. However, about 70 percent of the conflicts that lead to work interruptions relate to contractor issues and there are currently no guidelines or policies in contractors' contracts that determine their behaviour in dealing with communities. Contractors each have their own approach. " (http://www. shellnews. net/2007/shell wac report 2004. pdf) Villagers' terror was intensified when Shell contractors set alight crude oil on top of the creeks and lakes which surround almost all village land. " (http://www. africaaction. org/docs01/shel0107. htm) Global Impacts of Sustainable Development Initiatives (Describe one real or potential global impact of the sustainable

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development initiatives of this company. Indicate the magnitude or significance of this impact in terms of its influence on global business and/or society) 10 marks.. http://www.shell.

com/home/content/nigeria/news_and_library/publications/2007/sust_comm_d ev/report2006 sust comm dev introduction, tml Harnessing Technology for Sustainable Development (Describe, with examples, how this company is using technology to help implement sustainable development initiatives). 10 marks " Eliminating all routine flaring by 2008 is a major corporate commitment..... In 2003 we continued the installation of bulk and ultrasonic gas meters in flowstations to enhance the quality of measurement of gas volumes. This significantly improved the quality of data over manual measurement techniques. We were unable to complete the meter installation programme in 2003, but ultrasonic equipment will be installed at all flare points in 2004. "Technology and Innovation SPDC's commitment to improved productivity through technological innovation was maintained in 2003. The key breakthroughs achieved during the year include: Deployment of Remote Cableless Technology: Cableless technology transmits well data through existing hardware, such as the steel of the well and pipeline (as against installing fixed cables) to the flowstation/office. This enables timely diagnosis of well problems at relatively low cost and also reduces operator intervention at field locations. The technology was installed in SPDC's Imo River well-60 and was the world's first deployment.

Use of Expandable Sand Screen (ESS) in Wells: The use of ESS enabled us to drill smaller-diameter wells and still obtain levels of oil and gas recovery that would normally be expected from bigger wells. We made a cost saving of

some \$3 million in 2003 from the use of this technology. Application of the Hydrocarbon Field Planning Tool (HFPT): The HFPT tool is a software program that allows modelling of an integrated (oil-gas-water) production system from the subsurface, via the wells, through the surface facility network to the sales delivery point. This technology was applied in the Forcados Yokri field in 2003.

The results showed that the planned upgrade of some of the surface facilities was unnecessary, leading to potential savings of over \$30 million.

Application of 4D Seismic: The 4D (four dimensional) seismic technology tracks the subsurface movement of hydrocarbons as they become depleted through production. The data help to optimise new well locations and minimise surface footprints. In 2003, significant progress was made in the interpretation of the Nembe 4D seismic data, processing of Cawthorne

Channel 4D seismic and acquisition of Imo River 4D seismic. Deployment of Geochemical Fingerprinting: This proprietary technology was