

Failing the challenge
The Other Shell Report 2002



We tell Shell what we think

In The Shell Report 2003 the multinational asks us to tell it what we think about its progress by using the “Tell Shell” system. In this report we take the company up on the offer. Here people tell Shell about their concerns:

- Shell invites us to tell it about the issues we face – here, the people who live closest to the borders of Shell’s facilities (Shell’s “fenceline” neighbours) ask the company to listen to them.
- Shell says it values our views – we ask Shell to address the problems of its operations on the ground by taking action on every level and by coming to meet the people.
- Shell asks us join the global debate – we ask Shell to live up to its goals on human rights, sustainability and environmental protection.

This report is a testament to the people around the world who have suffered and continue to suffer from Shell’s operations. If Shell is serious about its aims to be an environmentally and socially responsible multinational it has nothing to fear from engaging with local communities. And it should have nothing to fear from our proposed changes to UK company law, that would allow communities to hold corporations to account for their impacts on people and the environment.

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Credits

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Basics

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Chairman: Sir Philip Watts

Sir Philip Watts joined Shell in 1969 and worked in Indonesia, the UK, Norway and The Netherlands. Between 1991 and 1994 he was Chairman and Managing Director of the Shell Development Company of Nigeria. It was during this time that Shell was accused by Ken Saro-Wiwa and other Ogoni people of having links to the Nigerian dictatorship and relying on the military to protect its interests. Watts is currently Chairman of the Executive Council for Sustainable Development and of the UK chapter of the International Chamber of Commerce. Sir Philip Watts owns 66,657 ordinary 25p shares in Shell.¹

Sir Philip Watts was recently awarded Knight Commander Order of St Michael and St George in recognition of services to British business and to the World Business Council for Sustainable Development.

Want to know more?

More on Shell’s problems can be found in the book, *Riding the Dragon: Royal Dutch Shell and the fossil fire* by Jack Doyle published by the Environmental Health Fund at www.shellfacts.com.



Dear Stakeholder

Friends of the Earth welcomes genuine attempts by companies to improve their social and environmental performance.

We congratulated Shell eight years ago for committing itself to sustainable development, and five years ago for finally pulling out of the Global Climate Coalition lobby group. Three years ago, we even stood up at the Shell Annual General Meeting and recognised that the company had done some good thinking on sustainable development.

But the shocking reality is that for many communities living near Shell refineries and depots little has changed over the past eight years. People in Durban in South Africa and Manila in the Philippines and Louisiana in the US are still breathing polluted air, feeling the pain of skin diseases and worrying about accidents. In Nigeria and Argentina communities are still waiting for real changes that they can see and feel. And in Texas and in China, people are fed up because they think that, despite some nominal community work, Shell lacks real commitment to the people whose health and/or livelihoods are threatened by refineries and pipelines.

The communities affected by Shell's operations demand that the company addresses the problems directly. Where requested Shell must send its most skilled and experienced international officials to meet with representatives from the communities of people who live nearest to Shell's facilities.

What matters to these communities is not what the company says in glossy brochures. When people have asthma because they live next to a refinery or their rivers are polluted, promises don't mean very much. Similarly, it is difficult to see how Shell's welcome recognition of the global threat posed by climate change squares with its policy to continue expanding oil and gas exploration and production.

Friends of the Earth supports these communities' demands and also calls for a change in UK company law so that the right to trade is integrated with appropriate duties and responsibilities to ensure that communities can hold corporations fully accountable for their impacts on people and planet.

Then we will see a real change in how Shell — and the rest of UKplc — does business.

A handwritten signature in black ink that reads "Tony Juniper".

**Tony Juniper
Executive Director
Friends of the Earth**

A bad 105 years at a glance

A century of unsustainable development?

Shell is a 105 year-old British/Dutch colossus that operates all over the world. The holding companies that own the group are **The Shell Transport and Trading Company PLC** (UK) and **Koninklijke Nederland** (Royal Dutch Petroleum Company: Netherlands). These two holding companies own 40 per cent and 60 per cent respectively of three subsidiary companies.³ Sir Philip Watts, presides over a corporate empire that stretches over 143 countries with more than 90,000 employees. In 2001 the global sales of this multinational were US\$150 billion, which is more than the Gross National Product (GNP) of most countries.⁴

Shell extracts oil and gas from beneath the earth and ocean floor. Some of its business comes from refining and reconfiguring the oil and gas into base petrochemicals and ultimately plastics, paints and perfumes. But Shell is best known for its 58,000 service stations that sell petrol to power millions of cars, lorries and other vehicles.⁵

Short-term profits before people and planet?

Shell is attempting to cultivate an image of a company that takes climate change seriously. But the company has not, as yet, translated its concern into action. Shell has not ceased or scaled back its exploration or production activities. On the contrary it is expanding wherever possible.

In February 2003 Shell announced that its fourth-quarter net profit was up almost 50 per cent on the previous year to US\$2.78 billion. Profit for the year, although down 23 per cent to US\$9.2 billion, was still the largest in Europe for 2002. The oil sector outperformed the market handsomely over the year.²

In 2002 Shell acquired Enterprise Oil (UK) for £3.5 billion. Analysts suggest that, largely due to this purchase, Shell hit its production target figure of a 3 per cent increase.

Oil sales have also been rising. Shell sold an average of 12,424 thousand barrels daily in 2002, compared to 10,604 in 2001.

Plenty of promises but not enough action

In recent years Shell has successfully reinvented itself as one of the more progressive companies in the energy sector and has worked hard to convince us of its social and environmental credentials. The company publicly committed itself to sustainable development in 1995 and withdrew from the Global Climate Coalition lobby group in 1998. Shell supports the International Labour Organisation's Declaration of Principles and Rights at Work, and its business principles now include a commitment to sustainable development and human rights.⁶

Shell's moves towards good environmental and social practice are welcome and Shell has done some good thinking in these areas. But eight years on from making its commitments to sustainable development what has changed on the ground? Behind the glossy brochures and inspiring sound bites about working with people and for the environment we have found that Shell continues with many of its old ways.

What Shell hasn't done

This report is a message to Shell from people around the world. It presents case studies from just some of the countries, towns and suburbs that are suffering from Shell's environmental and social failures. Communities living near Shell refineries, pipelines and oil spills from places as far apart as Texas in the USA and North West China have accused the multinational of jeopardising their families' health, impoverishing their quality of life and shortening lives. In all these cases ordinary people have had to put a great deal of personal time and energy into persuading Shell to take responsibility for the problems it causes and to live up to its stated aims on human rights and environmental standards. In many cases Shell responds to problems on the ground in places like Norco, Louisiana, and Nigeria only when its bad practices are brought to public attention. And even when the company comes under public pressure and scrutiny such as in Magdalena in Argentina and in Durban, South Africa, it often fails to act or does not do so in good faith.⁷

People ask Shell:

¥ to send its most skilled and experienced international officials to meet with representatives at the sites where people living nearest to Shell are experiencing difficulties, and resolve these problems. Shell should stop relying solely on local site managers to sort out problems that are clearly beyond them. Through dialogue between all these parties, measureable improvements can be achieved.

¥ to support the call for national and international laws that allow affected communities to hold companies like Shell accountable for their negative impacts; a legal framework is needed so that Shell and other companies have to address their failures on social and environmental issues.

Shell can't be said to have embraced sustainable development in anything but words until it responds to these two demands.

Shell's neighbours tell Shell:

People living in the shadow of Shell's refineries even have to fight to be acknowledged by Shell. Too often Shell tells us it is working with local people and the community. But the experience on the ground is that Shell prefers working with people who live far from the refineries and not with the most heavily hit people who live on the perimeter of the refineries — Shell's fence-line neighbours.

A critical component of many of the campaigns has been the alliance formed with the **Refinery Reform Campaign** and the **Louisiana Bucket Brigade**. The groups help ordinary people use a simple and effective air-sampling device made out of a standard sampling bag and modified plastic bucket attached to a pump. By using the bucket ordinary people are able to find out for themselves what chemicals are crossing the perimeter fences around Shell's refineries and entering the air of its next-door neighbours. The Bucket samples have revealed that hazardous chemicals from Shell's operations are in the atmosphere around their facilities in South Africa, Texas, Louisiana and the Philippines.⁸

Conflicts of interest?

According to the United Kingdom Parliament website the following Members of Parliament are listed as having registrable shareholdings in Shell.

Sir Robert Smith: MP for West Aberdeenshire and Kincardine
Archie Norman: MP for Tunbridge Wells
Alan Howarth: MP for Newport East
Mrs Marion Roe: MP for Broxbourne
Dominic Grieve: MP for Beaconsfield
Jonathon Djanogly: MP for Huntingdon
Rt Hon Sir John Stanley: MP for Tonbridge and Malling

Untrusted in Durban, South Africa

“Hazardous sites are always near black and coloured communities. It’s South Africa’s historical blueprint”

Bobby Peek, Director of groundWork (Friends of the Earth South Africa)

Durban is South Africa’s third largest city, Africa’s busiest port and a popular holiday destination. It is also home to the massive South African Petroleum Refinery (SAPREF) which is the largest crude oil refinery in South Africa. Jointly owned by Shell and BP, the SAPREF refinery began operating in the 1960s and is now capable of processing more than 185,000 barrels of oil a day. Seven pipelines radiate out from the refinery in various directions. Some of these connect to a tank terminal just north of the refinery called Island View which doubles up as a ship-refuelling depot. This terminal consists of a number of above-ground storage tanks linked to each other by more pipelines.

The complex is in an area of south Durban that is made up of poor black, Indian and mixed-race communities. People here believe they have suffered because the Shell refinery and facilities operated with little government oversight for decades. Apartheid-era laws gave many companies a free hand and there was barely any environmental accountability. By the 1980s the apartheid regime in South Africa was condemned across the world. But Shell continued to do business in Durban and elsewhere in South Africa despite an international protest that led many other major companies to leave the country.

Since the plant opened in the 1960s there must have been numerous spills and accidents at the Durban refinery, but few were publicly documented. It was only with the ending of the apartheid regime that the extent of accidents and pollution incidents have been fully realised.

To this day respiratory illnesses of school children in south Durban are four times higher than similar children elsewhere and leukaemia rates are reportedly 24 times higher than the national average. Local residents have their daily lives disrupted, and they are forced to move away because of pipeline leaks.⁹

A recent report produced in partnership by the South Durban Community Environmental Alliance and Denmark’s Naturfredningsforening reveals just how much Shell’s standards vary. The differences between air pollution levels and polluting incidents at the SAPREF refinery in Durban and Shell’s Frederica refinery in Denmark are stark. The report recommends new laws to make companies like Shell accountable in South Africa.¹⁰

SAPREF lowlights

This is a brief list of SAPREF’s leaks, spills and other accidents since 1998:¹¹

- May 1998: A failure of the alkylation unit resulted in the release of 5 tonnes of hydrogen fluoride.
- February 2000: The local manager of SAPREF admitted that the refinery had been under-reporting sulphur dioxide emissions to government authorities by as much as 25 per cent over the past five years.
- 23 March 2001: SAPREF had a leak of 25 tons of tetra ethyl lead from a rusty storage tank at the Island View Tank Terminal, some of which travelled into an adjacent residential area.
- July 2001: SAPREF confirmed a major leak of nearly 1 million litres of petrol from a rusty underground pipeline near and beneath residential areas and the Bluff Nature Reserve; five families left their homes after high levels of benzene were detected.
- August 2001: A leak was confirmed in fuel pipelines along Tara Road on the Bluff.
- 14 October 2001: Oil spilled into Durban Harbour during refuelling of a ship at the Island View Tank Terminal. The amount spilt was disputed by Shell but one estimate by Portnet, the South African Port Authority, put the amount at 2,000 litres.
- 30 December 2001: 15,000 litres of oil spilled into Durban Harbour during refuelling of a ship at the Island View Tank Terminal.
- 14 January 2002: 3,000 litres of oil spilled inside the Island View Tank Terminal.
- April 2002: Water-pressure testing revealed another corroded pipeline at the Island View Tank Terminal.

The people of Durban tell Shell...

The South Durban Community Environmental Alliance

(SDCEA) is a coalition of community organisations from varied ethnic, racial and religious backgrounds. The group is highlighting the industrial pollution Shell's operations cause in the South Durban area.

The environmental justice organisation, **groundWork** (Friends of the Earth South Africa) is part of this alliance and has played a key role in helping vulnerable and disadvantaged people challenge Shell to take action.

Bobby Peek tells Shell about Durban...

Bobby Peek is the Director of groundWork, South Africa, and co-founded SDCEA. He was awarded the coveted Goldman prize, a green Nobel for grassroots environmental work in 1998. He has thrown his limitless personal energy behind the international push for binding rules to make businesses accountable for their impact on people and the environment.¹²

"I live near the Shell plant in South Durban and my mother died of cancer, my niece died of cancer, three of my friends died of cancer. I had asthma as a kid and only in 1995 when I was doing research for the university and I could access company records did I realise Wow, OK, the air's the problem — and that's how I got involved.

"Shell has not always been truthful about their chemical emissions to the public. In the past, the community has exposed that Shell was miscalculating the extent of their pollution. In February 2000 Shell finally admitted to under-calculating their sulphur dioxide emissions by as much as 4,380,000 kilograms per year. In Shell's first South African Refinery Environmental Performance Report in 2001 once again Shell failed to state relevant facts, this time by failing to mention that they had a fuel leak on their pipelines in 1995 that resulted in people being hospitalised.

"South Africa is a state with weak environmental laws and regulations. So Shell can pollute and we can't hold them accountable. The key thing is to get government and the industry to realise that we must have a good law to hold the industries accountable."

Desmond D'Sa tells Shell what people want...

Desmond D Sa is a Durban resident and Chairperson of the South Durban Community Environmental Alliance.

"Shell wants us to sign a confidentiality agreement to get environmental information that is vital for us to assess their impact on our environment and health. It should be public. Under the apartheid system Shell could deny us information, and Shell benefited and we could not speak out. In a democratic South Africa they are still denying us unconditional access to information.

"The Shell refinery in Denmark is many times cleaner than the Shell refinery in Durban. They must not wait for the South African Government to develop new programmes when Shell already knows how to clean up.

"Shell's top management from London needs to come to Durban, South Africa, and correct the problem immediately — ie replace the pipelines, reduce the pollution to Shell best practice in Europe and to give us access to all information."



Bobby Peek, Director of groundWork, South Africa and co-founder of SDCEA.

Photo credit: Calliste Lelliott/Friends of the Earth



The South African Petroleum Refinery (SAPREF) in south Durban.

Photo credit: Bobby Peek/groundWork

Too little progress in Port Arthur, Texas

"We want to work with industry. We want them to put the necessary controls on their stacks, put the necessary controls on their valves, so they will quit emitting so much unnecessary pollution into the community."

Hilton Kelly, Port Arthur resident

The oil industry has been central to the economy of Port Arthur since 1901. By the 1950s, because of the plethora of oil refineries and favourable position on the coast of the Gulf of Mexico, the port became known as the centre of the world's most prosperous oil refining facilities. Today it is home to 47 refineries and petrochemical plants. One of these, the Port Arthur Refinery, is operated by Shell as part of a joint venture with Texaco and Saudi Aramco. This is one of North America's busiest and most productive oil refineries, currently processing more than 235,000 barrels of oil a day.^{13,14} A new butadiene plant being built in Port Arthur will make it one of the largest in the world according to Shell itself.¹⁵

Shell profits financially from the refinery and it produces energy for the US at the expense of the low income, rundown community that lives in its shadow. Locals call the area around West Port Arthur gasoline alley because of the high levels of toxic pollution.¹⁶

Other statistics have placed Texas at the top of the list nationwide for production of industrial pollution. And according to the US Environmental Protection Agency, the Port Arthur plants emit a wide variety of chemicals including benzene, sulphur dioxide and toluene. These substances are known to cause breathing problems and cancer, as well as affecting brain functions, organ development and reproduction.¹⁷

Local people are particularly concerned by the frequency of accidents at the plant. These accidental releases are referred to as upsets, a euphemism for toxic air pollution, part of a stream of pollution emitting from smokestacks towering above the town. As a result of these upsets the people of Port Arthur are plagued by ill health.¹⁸

Shell has made some progress in community relations but these haven't been matched in terms of addressing health problems. People worry that Port Arthur has very high rates of infant mortality, deaths and cancer. Equally, although industry officials say pollution controls have improved dramatically over the past 25 years, in order to meet America's growing fuel needs the refineries continue to expand, and that means more emissions and pollution coming into areas such as Port Arthur.¹⁹

2002 lowlights

Shell itself reported 56 major accidents, process upsets and fires or explosions in 2002. Over the year 169,860 pounds of sulphur dioxide and 30,009 pounds of toxic and volatile organic compounds such as benzene were released into the air around Port Arthur. Large amounts of health-threatening gases are also known to be released and these drift into nearby residential neighbourhoods where there are schools, parks and churches.

2002 accidents

The following accidents show how some process units have persistent problems. Other accidents can last for weeks at a time:

- February — A delayed Coker Unit Flare lasted 60 hours and released 9,755 lbs of sulphur dioxide.
- May — Another delayed Coker Unit Flare lasted 81 hours and released 7,455 lbs of sulphur dioxide.
- October — A CCU No 3 Flare and Alkylation Flare lasted 33.5 days and 15,699 lbs of sulphur dioxide was released
- December — Smoke and unknown particles were released from a Boiler Bypass Stack for nine hours and 14 minutes.

Recent health surveys done by University of Texas toxicologist Dr Marvin Legator, and MacArthur Genius Award-winning scientist Wilma Subra, have shown vast differences in the health of people living in the shadows of refineries such as Port Arthur compared to people living in non-industrial areas. Eighty per cent of those questioned had heart conditions and respiratory problems in refinery neighbourhoods, compared to 30 per cent in non-refinery areas. Health symptoms and emergency room visits increase when there is a spill or unexpected release from the plants. Many refineries have buffer zones around them to help protect local residents. But not in Port Arthur, where the refinery is built right next to schools, homes and churches. People from Port Arthur have even woken to find their gardens covered with soot.

People of Port Arthur tell Shell to shape up...

The people have formed a community group, **Community In-power and Development Association (CIDA)**, which aims to persuade Shell to address the human and environmental cost of its operations. The group campaigns for a reduction in pollution and wants to meet with top Shell managers from Europe. As a first step towards cleaner air CIDA wants permanent comprehensive toxic chemical monitors in the West Side of Port Arthur with all raw data available. Currently, unlimited upsets escape through a legal loophole. Although industry is expected to provide some explanation of their causes, people distrust this policy because it relies on the honesty of plant managers to report the releases accurately.

Instead of working with CIDA, Shell and the other refineries have responded by setting up their own hand-picked group, the Port Arthur Industry and Community Leaders Advisory Group. Shell recently set up an air monitor without consulting with CIDA, and has refused to share information about the system and the data.

Focus on: Hilton Kelley

In 2000, after 20 years away from Port Arthur, Hilton Kelley returned home from California. What he found in his home town concerned him deeply. Port Arthur had been changed beyond recognition by expanding oil refineries.

Kelley is disturbed by the ill-health, poverty, crime and unemployment in the area and sees the unpleasant living conditions caused by the refinery as the root of the community's problems. Kelley's girlfriend, Marie, has a newborn granddaughter, who has already developed asthma. Marie cannot afford to leave Port Arthur.

Kelley records levels of toxic emissions and urges other residents to do likewise. He reports the high levels of pollution he finds to the Texas Natural Resource Conservation Commission (TNRCC). Kelley hopes that the more complaints about releases that the TNRCC receive, the more likely it is to enforce the law: "I am not trying to put the refineries out of business," he explains. "We need oil. But oil can be processed more cleanly and efficiently."

Hilton Kelly has set up a community centre and has plans to start up an internet centre. He hopes to help people combat a political system that he believes favours industrial development over people, and to help people learn more about refinery pollution. He is not demanding anything radical — he simply wants to push the industry to work in line with existing clean-air legislation and to protect the community which sustains it.

Hilton Kelley tells Shell to get better...

"I grew up in Port Arthur's West Side in the Carver Terrace housing project right next to the cluster of refineries. I am on a crusade to empower local citizens to fight for their health. Shell is the closest plant to our community.

"It seems that these heavy industries concentrate in low-income communities and communities of colour where there is the least resistance. They operate 24 hours a day, 365 days a year and expand constantly.

"This problem has a human face. In Port Arthur, almost every day, 10-year-old Cullen Como who lives right across the street from the refineries gets treatment for asthma. This causes him to miss school often. His mother and sister also have trouble breathing. Cullen's sister, Kendra Prince, says, 'It's dangerous, and everybody around here is sick, It's just killing off people.'

"Annie Edwards, who suffers from breathing problems, has two breathing machines and has a terrible reaction to the air in the neighbourhood. 'I panic and I can't catch enough air, and if I go outside, it's worse. I have to strap on my breathing machine at night so I don't pass on while I sleep.'

"I know from walking door to door that these problems are widespread. Too many people are dying from cancer. Too many people have thyroid problems. We have two dialysis clinics in this small town. It's time for the citizens to say, 'Enough is enough,' and it's time to do something about it."

Hilton Kelly asks Shell...

"Shell's top management from London needs to come to Port Arthur, Texas, and correct the problems of upset and routine emissions that create a health burden on their neighbours. We are ready and waiting to work with them but so far they have failed to take up the challenge."



Port Arthur resident Hilton Kelley is campaigning to make Shell correct the problems from its refineries in his town. **Photo credit:** Denny Larson/Refinery Reform Campaign



In Port Arthur many children have asthma. Up to 80 per cent of people have breathing difficulties and heart conditions. **Photo credit:** Denny Larson/Refinery Reform Campaign

Health challenge in Norco, Louisiana

“Like a lot of people in Norco, I am sick. Who is going to pay for my ongoing health needs?”

Iris Carter, Norco resident

The town of Norco, on the banks of the Mississippi River, is home to a large Shell chemical processing plant and a Shell oil refinery. The two complexes are about a mile apart and the town is sandwiched between them. The predominantly black district of Diamond is particularly affected because the chemical plant is built right next door, about 20 feet away from people's homes. But this small neighbourhood isn't the only part of Norco suffering from Shell's operations. The wider area is so polluted it is now known as Cancer Alley. More than 5,000 Norco residents breathe chemical-laden air carrying intense smells and are plagued by 24-hour lights and noise from the Shell plants. Explosions at the plant have damaged homes and properties and even caused deaths.²⁰

The people of Diamond are descended from slaves, sharecroppers and farmers who worked the land in the area until Shell moved in. They can show you where their parents were born, and where their grandparents lived.²¹ Over the past 25 years Shell has been buying property in the neighbourhood and polluting this once-rural area. Today many historic local landmarks, like Belltown, the Big Store and the Big Yard are part of the Shell chemical facility.

Members of the Diamond community are convinced that the spate of health problems they are suffering is caused by chemicals from the plant. They know that the generations of people who lived on the land before the plant was built did not experience the health problems of today.²² Local residents say that some people have fled the area without selling because they could no longer stand the pollution. Parts of Diamond are like a toxic ghost town because of abandoned homes and vacant lots.

Since the 1950s, when Shell bought out the families of Norco and built the chemical processing plant on their property, the company has been in conflict with local people over land, public health and community issues. But in 1973 residents' fears and protests escalated when there was a lethal accident at the chemical plant. Gas shot from the plant's pipeline and two people were killed in their own homes.²³ In 1985 and 1988 there were more explosions at the refinery, the second of which killed eight workers, injured 20 more and caused the evacuation of 4,500 others. Shell's two operations were by now not only affecting Norco but people throughout the region through chronic

releases of chemical pollutants into the air and water. At this time the two plants were producing substantial quantities of waste, water and air pollutants, and accidental chemical releases.

Several years ago, when the Shell managers were asked about relocation they would say they would be happy to buy out anyone at a fair market value. But how could the company assess a fair market value with a chemical company next door? Many residents believed Shell was refusing to purchase at a price allowing people to afford to buy comparable property elsewhere without going into debt.²⁴

Norco and Diamond residents tell Shell — it's about our health...

The Concerned Citizens of Norco is a community group that has been campaigning for over a decade to persuade Shell to relocate residents. Through its concerted campaign and by joining forces with others the group has finally persuaded Shell to join in productive, trust-building talks that have led to greater understanding among all the parties involved and a fair property purchase programme for those Diamond residents who wished to relocate away from the fence line of the Shell plant. Shell is to be credited for engaging directly in talks with its fence line neighbours that suffer from the impacts of its facilities. The next responsible step is to work with past and present Diamond residents who want Shell to address the health problems they have suffered. They want an accurate and comprehensive health diagnosis and treatment of the problems linked to Shell's industrial pollution.

Focus on Margie Richard and Iris Carter

Margie and Iris are Norco residents. Margie is the founder and former president of the Concerned Citizens of Norco. On two separate occasions Margie and Iris have had to travel to Shell's headquarters in London and The Netherlands to ask Shell to relocate them and resolve the health problems.

Margie Richard tells Shell about life in Norco...

“I am a life-long resident of Norco. I grew up in a section of Norco nicknamed Belltown. We had plum trees and a lot of peach trees. And every family in Belltown was closely knit. I remember when I was in about fifth grade my mom and dad sitting us down and telling us we had to move. We weren't going to go very far [but] there were some people buying all of the land. The people who owned the land — the plantation owners — they were selling the land to the company. To Shell.”²⁵

"My sister died when she was 43. She taught school for 20 years. Her health wouldn't allow her to do more. She died of sarcoidosis and no one knows if it is in the air or a chemical. It attacks the vital organs. In the end she had no lungs: she was on pure oxygen. One doctor asked her: 'Do you live near a chemical plant?' She said: 'Yes.' After that I said I am going to do all I can because there are too many people who are sick. Our children have asthma. I almost lost my daughter who is now 30: her lungs collapsed on her. Her son has it and he is allergic to a lot of things. But because of modern medicine, technology and education we were able to deal with it. Her [my daughter's] lungs collapsed when she was seven. My mother died recently, but she was on a breathing machine for years as well."

(Interview with Stephen Lerner, Commonweal)

Margie tells Shell what Diamond people think...

"Now we have won our struggle for relocation away from the Shell plant, but that is only part of our struggle. We worked for a fair and just relocation because of our health problems and the impact of industrial pollution. Now we are asking Shell to make sure that there is a new kind of accountability to the past and present residents of Diamond, even after relocation. We need Shell to be accountable for all their new initiatives, like air monitoring, the future of our historic section of Norco, and most important the health survey and health services issue to the past and present residents of Diamond. It is not acceptable to forget about the Diamond residents that have relocated to neighbourhoods nearby Norco and still within in the impact of their operations. Shell needs to take responsibility for all the health problems that their chemicals caused."

"That is why we are travelling to the headquarters of Shell again to tell the top people to pay attention to what is happening in Norco and stay involved. Shell Norco's future health programme and services should include all past and present residents of the Diamond community."

Iris Carter tells Shell about problems in Norco...

"I have chronic problems, such as bronchitis and sinus conditions, and my doctor recommended that I move out of Norco away from Shell. My family has also suffered serious health problems. My mom and my sister died from living in Norco. My mom died in 1997 and doctors couldn't explain it, but they suggested it was because we lived near a refinery. When my mother got ill, she lost weight and the use of her limbs. She was bedridden for a couple of years. I had to quit my job and move in with her. I was on call 24 hours a day, seven days a week because she was helpless. Eventually we had to hire someone to watch my mom because I had to go back to work."

"My older sister was 47 when she died of lupus and scleroderma. Her skin was hardened and discoloured and she was totally disfigured. She died six months after my mom."



A flare from the Shell refinery in Norco which dominates the area.

Photo credit:
Thom Scott



Margie Richard founder and former president of the Concerned Citizens of Norco is calling for Shell to address health problems in the area.

Photo credit:
Denny Larson/Refinery Reform Campaign

Shocking performance in Nigeria

"We depend on fishing and farming, and to take that away from us — it's genocide. If you take away our land, and then you pollute the water and so on, it's just saying we don't have any right to live."

Ken Saro-Wiwa

The Niger River Delta, on the southern coast of Nigeria is a vital natural resource with fertile soils and mangrove swamps that support more freshwater fish than anywhere else in West Africa. But it is the Delta's oil and gas that are most valued by businesses like Shell. This area is the ninth-largest source of natural gas in the world and has estimated oil reserves of 22.5 billion barrels. The oil has created much promise but with it much peril.²⁶

Oil has been central to Nigeria's fortunes but neglecting agriculture in favour of oil has had dire consequences. Since independence in 1960 Nigeria has suffered from civil war, corruption, military governments and economic exploitation. In the midst of this chaos oil prices have been as unstable as Nigerian society itself. Prices reached an all-time high of US\$37.20 a barrel in 1980, but subsequent price shocks brought prices as low as US\$10 a barrel in 1996. The consequences were particularly harsh because of corruption. Nigerian states and local communities were regularly short-changed and the volatility of prices and political leadership took its toll on the Nigerian people.²⁷

Out of 17 oil companies operating in Nigeria today Shell has the largest share of production and influence. Its Nigerian joint venture accounts for 35 per cent of Nigeria's oil production and about 53 per cent of its hydrocarbon reserve base. Although Shell works in partnership with the Nigerian National Petroleum Corporation (NNPC), it is Shell that makes most of the day-to-day decisions. The Shell Petroleum Development Company of Nigeria, or Shell Nigeria, produces about 900,000 barrels of oil per day, with Shell holding 30 per cent of the venture, NNPC 55 per cent, and Elf and Agip the remaining share.

Since 1958 Shell has extracted US\$30 billion worth of oil and natural gas in Nigeria. Between 1976 and 1991 it was responsible for 2,976 oil spills, an average of four spills a week.²⁸ Sir Philip Watts began his tenure as Director in Nigeria in 1991 and at the 1992 Earth Summit Shell finally addressed the consequences of its impacts and gave guarantees that *"quality and safety standards would not be compromised, and good environmental management would be enhanced"* during its Nigerian activities. This was 11 years ago. Watts and his successors have achieved little change on the ground where oil spills and gas leaks have continued to be a common occurrence.

On the east of the river Delta the minority Ogoni people continued to suffer. The Ogoni were concerned that Shell was close to the Nigerian dictatorship and relying on the military to protect its interests. **The Movement for the Survival of the Ogoni People** (MOSOP) was founded by Ogoni leader Ken Saro-Wiwa to fight for local people and the environment. But just three and a half years after the Rio Earth Summit, the Nigerian government hanged Ken Saro-Wiwa and eight other Ogoni. In his book about Shell, *Riding the Dragon*, Jack Doyle explains that a case against Shell has now been filed in the US by the family of Ken Saro-Wiwa alleging, amongst other things, that his execution was carried out with the knowledge, support and consent of Shell. Shell rejects the allegation and is defending that action.

To this day oil is at the root of conflict and suffering in Nigeria. In March 2003 violence escalated in the Delta. Up to 15 people were killed and youths have threatened to blow up oil facilities in the Delta in a bid for a greater share of the oil wealth. As a result of this latest crisis Shell has been forced to shut down 10 oil flow stations and has been losing 126,000 barrels of crude oil a day.^{29,30}

Although pressure from local people has recently moved Shell to respond to a gas and water escape from a well head in Ogoni, it's more often a case of one step forward two steps back.³¹

There are still hundreds of oil spills dating back to the 1960s and rusty pipes criss-cross the Delta. Shell is currently involved in three law suits regarding human rights issues; and the company still refuses to accept responsibility to clean up properly or pay compensation.³² It is time Shell took responsibility for being the major oil company for more than 40 years in one of the most heavily polluted parts of Africa, if not the planet.³³

The people of Nigeria have come together to fight for human and environmental justice in Nigeria and to demand that Shell face up to its responsibilities.

The people of Nigeria tell Shell...

The Movement for the Survival of the Ogoni People (MOSOP) demands economic justice, human rights — including the right to choose the use of their land and its resources — and to a future free from violence. MOSOP's stated aim is to be the democratic voice of the Ogoni people. The group's campaigns have centred on stopping oil companies such as Shell from exploiting the Ogoni oil wealth. The group holds Shell responsible for the suffering of the Ogoni people, economic deprivation, the devastation of their land and the discriminatory policies of successive Nigerian governments.

It was MOSOP and its leader Ken Saro-Wiwa's commitment to non-violent protest against the environmental destruction created by Shell Oil and the Nigerian government that brought this cause to world attention. The group moved tens of thousands of people in the Niger Delta to stand up against the environmental destruction wrought by Shell's oil drilling.

Since 1993 the environmental campaign group, **Environmental Rights Action of Nigeria** (Friends of the Earth Nigeria), has been fighting for environmental justice in Nigeria. The group has coordinated action to persuade Shell to address the human and environmental costs of its oil profits in Nigeria.

Focus on: Elder Bernard Agbagwa³⁴

Elder Bernard Agbagwa is 90 years old and father of five children and 60 grandchildren. He is a farmer and fisherman who co-owned the rural area where the Shell Development Company Nigeria Ltd (SPDC) has operations and pipelines. Bernard's community is poor and 90 per cent of local people depend on farming and fishing to survive. There is no electricity or plumbed water, no hospitals, good housing or decent roads in the area.

Elder-Bernard Agbagwa tells Shell about a recent oil spill...

"I visited the Ovio swamp on the afternoon of Friday 28 August 2000 to check my fishing traps and ponds. When I got there I perceived a very bad odour and as I moved further I saw that my traps and ponds had turned completely red. I was distressed and hurried home and alerted my eldest son. He immediately called an emergency meeting of co-landlords of the swamp, and we later confirmed that it is a crude oil spill. Not long after that, a

man, who gave his name as Jude (a community liaison officer of Shell at Egbema Oil field), came with three other persons and discussed with us briefly, promising to return to stop and clean up the spill, send relief materials, and pay compensation to us. I tell you that since that day till now Shell never came to do any of the things they promised. We have visited their office in Port Harcourt and nothing has been done."

The spill could easily be a result of equipment failure due to excessive corrosion and rust. Shell's pipes are about 30 years old and are well past their sell-by date. This failure of Shell's facilities was reported to Shell's officials who visited the community on 28 August 2002.

Nnimmo Bassey tells Shell what people think

Nnimmo Bassey is an active member of the Environmental Rights Action of Nigeria and a poet.

"Blood is thicker ... than water, To you who sucks my hopes ... Tell me, is oil thicker than blood?"

"Shell continues to violate the human and environmental rights of the African people in Nigeria. Shell's activities need to rise to the level of human rights, rather than the non-existing legislation and enforcement within African countries."

Not benefiting local people in North West China

“The oil companies take farmers’ land. Farmers have no other skills. What can they do?”

Enver Tohti, exiled cancer surgeon

In June 2002 Shell was awarded the lead role in the Tarim Basin Gas Fields and the company is also a potential partner in a 2,600 mile gas pipeline across China. This is a proposed US\$14 billion construction being coordinated by the 90 per cent state-owned energy company PetroChina. Shell is likely to have a 15 per cent share in the project. The pipeline would bring natural gas from the Tarim Basin in the north west of China to the boomtowns of Shanghai province in the east. The Shell group and other foreign partners, PetroChina, the Chinese Government and the richer Chinese towns in the east may benefit financially from this speculative venture but environmental groups and human rights activists accuse Shell and the Chinese government of ignoring the needs and rights of local people.³⁵

The pipeline would originate in Xinjiang (pronounced Sinjiang), a north western province of China that has suffered repeated invasions and subjugations by the Chinese. The majority of the people here are Uighur, who are Turkish speaking Muslims. In 1955 when the Chinese renamed the province the Uighur Autonomous Region more than 90 per cent of the population was non-Chinese and there were about 33 different nationalities living in the area. Since then industry has brought waves of Chinese people into this Autonomous Region where the Uighur’s autonomy from their Chinese overlords is only nominal.³⁶

The Chinese authorities and foreign companies including Shell are keen to profit from the large reserves of oil and gas in the Tsaidam Basin of Tibet’s former Amdo Province and the Tarim Basin of Xinjiang province. But as well as the financial wealth the oil and gas might bring, human rights activists and people living in exile are concerned about the Chinese government’s political motivations. They believe there is a hidden agenda to bring more Chinese to the area and to displace the native Uighur population.

Exiled Uighur, Tibetan and human rights activists have been asking Shell to pull out of the pipeline which could result in the relocation of up to 2,000 households. They urge Shell to withdraw from China completely. But Shell has not yet withdrawn and its involvement in the country is not limited to the pipeline.³⁷

Despite pressure from environmental and humanitarian groups Shell is proud to occupy a privileged position as a major energy player in China. Shell has been working methodically, building its position carefully and partnering the Chinese government and its energy companies such as PetroChina. Shell is also involved in a number of other projects such as chemical plants and gas development. Sir Philip Watts has said that investment in China will continue and that by 2005 Shell expects to have invested US\$5 billion in China. *“China is a new area for us,”* he says *“and I think if you look 20 years into the future, it will be a key area of focus.”*

Shell has attempted to defend its position. Sir Philip Watts boasts that he met personally with Chinese President Jiang Zemin in Beijing and told him that Shell would only enter the venture *“if the environmental and social dimensions are properly addressed”*. Watts also highlighted that Shell has been in consultation with non-governmental organisations over the pipeline and is working under a United Nations Development Program (UNDP) agreement to carry out social and environmental impact assessments. Human rights activists doubt the impartiality of assessments like these in China where freedom of speech is so limited and opposition to the Government so unwelcome.

People exiled from Xinjiang province tell Shell...

In China it is virtually impossible for minority ethnic groups such as Uighur and Tibetan people to make their voices heard. But people from the Uighur community living abroad are fighting for their rights. **The Free Tibet Campaign**, the **Uighur UK Association** and **American Uyghur Association** have all expressed their doubts about the project to Shell.

Dr Enver Tohti tells Shell to think about local people

“I grew up in Xinjiang province and am a member of the Uighur community. I used to be a cancer surgeon but I left to study and now I live in exile in the UK. I am worried that Chinese propaganda tells us that the oil companies will develop the Xinjiang area but in fact the Chinese Government want to bring more Chinese workers into the province.”

"Oil has brought millions of Chinese workers into my country. These oil company workers are destroying the local economy because they do not mix with local people and prices go up. A friend recently came from the 'oil city', Kariami. He told me how local Uighur people are unable to work for or benefit from the oil companies.

"Local people are educated in the Uighur language and then can't find jobs because the system favours the Chinese. These people are forced to move but still can't find jobs because they haven't been educated. So, local people dislike oil companies such as Shell because they are in league with the Chinese system.

"They can't speak for themselves in China as they will be penalised. I clearly understand why local communities are frustrated and angry. I have heard that the Chinese leader of Xinjiang province asked the central Chinese Government to give 5 per cent of the oil profits to the people of Xinjiang. He lost his job as a result.

"In the city of Korla you can see the situation very clearly. One road leads to the residential area where the Chinese oil company workers live and the other way leads to the Uighur part of town. The Chinese oil workers have high-quality housing but the Uighur are living in run down settlements. When there was an earthquake recently it was the Uighur people's homes that were destroyed."

Enver Tohti asks...

"I have been to meet with Shell recently and I said you are going to make a lot of profit from this pipeline but so many people are going to lose their jobs and homes because of it. Please don't just take from my people but put something back into the community. Some people are living without plumbed water, the hospitals don't have equipment. I am asking Shell to work with the local community and not just with the Chinese Government and oil industry."

Alison Reynolds, Director of the Free Tibet Campaign, tells Shell what she thinks

"The pipeline is part of China's western development strategy, designed to consolidate control of troubled regions like Tibet and Xinjiang. Such large and unsustainable projects benefit rich Chinese on the east coast, not local people, whose natural resources are exploited.

"The conduct of Social Impact Assessments in China is deeply problematic, as freedom of expression is so limited, and people cannot be expected to express opposition to projects that are so clearly Government priorities. Free Tibet Campaign has been in extensive dialogue with UNDP, and raised a number of problems with their survey."



Dr Enver Tohti is a member of the Uighur community from North West China who is now living in exile in the UK.

Photo credit:
Enver Tohti

Safety and health risks in the Philippines

"I think they only pay attention to their profit...the priority is the company."

Maria Wilma Barrias, Pandacan resident

The Pandacan oil and gas depots are built on the banks of the Pasig River in the city of Manila. Run jointly by Shell, Caltex and Petron, the depots occupy acres of land in the heart of Pandacan, which is a typical city suburb of about 84,000 people. All the regular features of early 21st century urban life are here. As well as small businesses, churches, restaurants, and the Philippine Presidential Palace, thousands of children and young people study at nearby schools and colleges. But this is a suburb with a difference. The people of Pandacan are living and working next door to millions of litres of volatile substances and the poorest people's houses are often built the closest. On any given day the depot contains 330 million litres of potentially toxic crude oil, bunker oil, diesel and aviation fuel.³⁸

Over the years there have been oil and chemical leaks, pollution and fires at the depots. Hundreds of residents and students have been hospitalised. People suffer from respiratory infections, skin diseases and other related illnesses. In 1999 one accident ended in tragedy. A pipeline running to the depots through the heavily populated district of Metro Manila leaked gas, burned 325 homes and businesses and one person died in the district of Muntinlupa.

Shell's portion of the complex is right across the street from the Carlos P Garcia High School which is frequently exposed to the risk of Shell's trucks transporting flammable and toxic substances back and forth. Shell itself has reported fires at its depots. In 1987 there was a fire after a loading hose was disconnected from a truck at the filling station. Property was damaged and work days were lost. Although Shell says there are no reports of other incidents before 1996, local people tell stories of vents being struck by lightning and escaping gas catching fire. In October 1997 there was a flash fire in one of Shell's loading bays at the main fuel terminal because of a faulty grounding system.

The most recent controversy has been over high levels of benzene found in a Bucket Brigade sample from the area close to the depot. The long term exposure to this compound can cause cancer and blood-related disorders that cripple the nervous, respiratory and immune systems. According to Francesca Francia of the **Global Community Monitor** non-governmental organisation (NGO), that helped establish the community Bucket Brigade, local campaigners have found "a connection between the symptoms [displayed by many Pandacan residents] and the toxic emissions". Local people are especially concerned that the levels of benzene in Pandacan are higher than the levels considered safe by the health standards set by various agencies in the United States.³⁹

Shell and the other companies have declared that they comply with Government requirements on toxic emissions and that their operational procedures and fire-fighting capabilities meet international safety standards. But is this good enough in such a densely populated area?

Local people don't think so. Students, school officials, church leaders and residents have been asking Shell and the other companies to move the depots because of the danger. The people of Pandacan want Shell and the other oil companies to honour a 1993 agreement they made with the Philippines Government to move the depot to a new location by 2003. But as the deadline for relocating the facility has approached the companies have been stalling for time, calling for further study, or even reconsidering the move entirely.

Local public hearings found that the oil depot facilities are unsafe, and in 2001 Manila City Council said the depot land should be reclassified as commercial rather industrial. The Council gave Shell and the other oil companies six months to close down the depots. But Shell, Caltex and Petron presented plans to scale down their operations, open a buffer zone and set up a joint storage facility instead. They made new agreements to this effect with the local Mayor. To this day the oil companies are still operating. Local campaigners are furious at what they see as a violation of the original council rulings.

Campaigners say that scaling down the depots operations will not make Pandacan and Metro Manila safe. People are concerned that the oil depots in Pandacan are a disaster waiting to happen. An accident or a terrorist attack could result in catastrophe on an unthinkable scale, they say.⁴⁰ Shell says it may have to do a risk study on the move, and questions whether “we really need to transfer or just improve our facilities”. But relocation studies were conducted in 1993. Jocelyn Dawis-Asuncion, a Manila City Councillor, believes that proposing further studies that could take another six to 18 months is just a delaying tactic from Shell. A Shell billboard outside the Pandacan complex proclaims ‘Safety is our concern – Because We Care’. But residents don’t see much tangible evidence of Shell’s good intentions.

People of Pandacan tell Shell to leave town...

Many people living near the depots are campaigning for a national policy that will guarantee the protection, security and safety of people from the continued operation of the Pandacan oil terminal. They say that industrial facilities like these should not be allowed to operate in densely populated areas.

The United Front to Oust the Oil Depots is spearheading the coalition comprised of civic groups and residents who want the depots to be moved away from this residential area.

Focus on Maria Wilma Barrias

Maria Wilma Barrias has lived in the Pandacan area since 1969. The number of people living in the area has grown considerably since then. She is very concerned about the fumes from the depots and worries about what the chemicals are doing to people’s bodies in the long term.

Maria tells Shell and the other oil companies...

“When there was a fire here, the employees of Shell were locked up inside. They didn’t let them out. The first place they fought the fire was inside instead of outside. They locked the doors. I know because my husband was working there. Putting out the fire at the depot was given priority before extinguishing it at the residences.”⁴¹



A street in Pandacan, Manila, with the oil and gas depots in the background.

Photo credit:
Francesca Francia/
Global Community
Monitor

Destroying biodiversity in Argentina

“This kind of accident exposes the danger of delivering toxic substances through the canals of Rio de la Plata.”

Ala Plástica, Argentine environmental and arts organisation⁴²

In the town of Magdalena near Buenos Aires Shell has been accused of evading responsibility for an oil spill on the river Rio de la Plata for over four years. The people from the town of Magdalena have had to resort to legal action and have even written to the Dutch Crown Princess for help. The town council is so disappointed by Shell's lack of action that it now accuses Shell of resorting to legal tricks.⁴³

The controversy started in January 1999 when a Shell oil tanker collided with a German ship in the mouth of the river. The resulting oil spill stretched 5,300 cubic metres for 16 km along the riverside. Thousands of tonnes of pollution affected the Rio de la Plata and devastated the Parque Costero del Sur, a valuable wildlife area that is considered a biosphere reserve by UNESCO.⁴⁴

At the time Shell refused to take responsibility. It was only after massive pressure from the local community and a court case that it took any action. Shell initially claimed that because it was the German ship that had run into the Shell tanker and because the German ship's skipper and the chief engineer were the only two people accused in a criminal case it saw no reason why it should undertake a clean-up. The people of Magdalena finally filed charges against Shell's former chairman in Argentina, Jorge Brea and current chairman David Breer. The people claimed that Shell had abandoned the hazardous waste so it should clean up.⁴⁵

Shell finally cleaned up some of the oil from the river and shore. But according to local residents Shell still hadn't made up for the damage it had caused. Residents accused Shell of using bulldozers to clean the coastline. These bulldozers had badly damaged the soil, reeds and other vegetation. Federal Judge Julio Cesar Miralles ruled that the clean-up wasn't adequate and ordered Shell to complete the work and sort out all the environmental damage the oil spill had caused. The case descended into a legal wrangle with the judge threatening Shell with a US\$30,000 fine for each day of delay. Shell is still appealing against the ruling and has taken the case to the Supreme Court, claiming that the coastline is back to normal and that the clean-up was complete. Shell has not made itself popular with many of the people of Magdalena and there are two other cases currently going through the Argentine courts. One is seeking nearly US\$20 million in compensation for collateral damage caused to industry, trade and tourism and the other is an action brought by 500 Magdalena residents who claim their livelihood has been affected by the spill.⁴⁶

Shell claims that the container was loaded with light and highly volatile hydrocrude and that thanks to evaporation and the clean-up only 8 per cent of the spill reached the shore. Local people remain unconvinced.

People of Magdalena tell Shell...

Magdalena residents, the local government and the conservation group **Ala Plástica** have worked together with a local branch of **UNESCO** to investigate the oil spill and to convince Shell to clean up the the Rio de la Plata coast line.

Ala Plástica research has been vital to the campaign and subsequent court cases. The group conducted extensive research and released public documents about the oil spill on a daily basis. Ala Plástica also suggested sensitive ways to clean up the spill and limit the damage. The group found that oil spills could lead to toxic pollution in the local canals and that the initial cleaning operations by Shell had eroded soil and destroyed important plant life.⁴⁷

Focus on Magdalena's Mayor Juan Sibetti

Mayor Sibetti has led his town's campaign to make Shell take responsibility for the disaster. The mayor is concerned that unless urgent measures are adopted it could take up to 80 years to recover the Magdalena area's flora and fauna. In November 2002 he led a residents' protest outside the house of the Dutch Crown Princess Maxima Zorreguieta to ask for her help in the case.

Mayor Sibetti tells Shell...

*"This is a disaster and the company is resorting to every legal and political trick not to abide by the judges order."*⁴⁸



Local people clearing up the oil spill on the banks of the Rio de la Plata.

Photo credit:
Fundacion Ala Plastica

Greenwash and unsustainable development?

Still not meeting the climate change challenge

Shell admitted that climate change is a real threat when it pulled out of the Global Climate Change Coalition in 1998. The oil companies and industry associations that were members of the industry lobby group put heavy pressure on governments and ran advertising campaigns in the US to convince people they didn't need to act on fossil fuel emissions and to undermine public support for action to curb climate change. Known as the carbon club, the group spent more than US\$60 million denying the science of climate change in the 1990s.⁴⁹

Times have changed. These days Shell likes to represent itself as a responsible multinational and so takes a leading position within the World Business Council for Sustainable Development (WBCSD). Senior Shell executives now represent the WBCSD at United Nations climate change negotiations.⁵⁰ Shell is attempting to cultivate an image of a company that takes climate change seriously.

But the company has not yet translated its concern into action. On the contrary, Shell seems intent on expanding its exploration and production activities. As a 2001 Corporate Watch report has noted, scaling back production isn't in the interests of Shell, which measures its success in terms of production, volumes and proven reserves.⁵¹ Shell is committed to spending only US\$1 billion at the most on renewables over the next five years. At US\$200 million a year, that is roughly equal to 1.7 per cent of Shell's annual capital expenditure of US\$12 billion. At the same time Shell is still spending around US\$8 billion a year on fossil-fuel exploration and production.⁵²

Great Greenwash performance

In honour of its outstanding Greenwash in 2002, Shell was named among *Multinational Monitor* magazine's worst 10 corporations of the year for continuing business as usual as one of the world's leading environmental violators while marketing itself as a socially and environmentally responsible company.^{53,54}

At the Johannesburg Earth Summit in 2002 Shell was awarded a Green Oscar by the American research organisation **CorpWatch**, by **Friends of the Earth International** and South Africa's **groundWork**. Shell was awarded the **Best Greenwash Lifetime Achievement** for an advert featuring an angel activist who is helping people in poor countries and seeking a cleaner future for the environment. It initially appears she is protecting people from the destructive behaviours of oil companies but as she flies away in a helicopter bearing the Shell logo, the audience realises she is the oil company. Shell is quick to boast that it is

working with communities and for the environment. Its performance in places like Nigeria and Argentina doesn't always live up to these boasts.

Using PR companies for strategic greenwash

To merit these awards and high ratings the company has spent a great deal of time and energy on its glossy brochures and advertising. A selection of the advertising agencies Shell uses are Fishburn Hedges, J Walter Thompson, Burdett Martin and Publicist Focus. Shell's public relations consultants are: Shandwick International and the Associates in Advertising. Company advertising has focused on portraying the company as caring, sharing and green but behind the pretty words is it just the same old story?⁵⁵

The Ecologist magazine tells Shell what it thinks of the glossy adverts...

The Ecologist magazine has analysed a recent Shell advert that proclaims the company's green credentials. In an advert bearing the strap "Cloud the issue — or clear the air" Shell tells us: "Shell believes that action needs to be taken now...". But at no point does Shell suggest it is going to stop oil extraction.

On the subject of climate change *The Ecologist* noted some startling contradictions side by side in the same advert. While Shell claims to be tackling climate change on the one hand, it questions its very existence on the other. Shell says it is committed to reducing emissions, saying "action needs to be taken now". But simultaneously Shell also implies that what it refers to as the "debate" is still very much alive by suggesting climate change could be "just a lot of hot air".⁵⁶

Where Shell claims to be "delivering on our commitment to reduce greenhouse gas emissions from our operations" *The Ecologist* finds that oil produced by Shell accounts for more carbon dioxide (CO₂) than most countries. In 2001 Shell's greenhouse gas emissions rose by 2 per cent, to the equivalent of 103 million tonnes of CO₂.⁵⁷

Greenwash in Nigeria

The UK research organisation, Corporate Watch has reported on Shell's greenwash in Nigeria:

"In response to the massive public criticism around its role in Nigeria, Shell moved beyond greenwash in an attempt to whitewash its human rights image. Conveniently forgetting the years of complicity with apartheid in South Africa, Shell began pointing to its support for political prisoners. Seeking to recast itself as a protector of civil liberties, it posted the Universal Declaration of Human Rights on its website, and had the gall to point to Nigeria as a positive example of its human rights advocacy. Using the technique of blatantly co-opting the message of one's critics, Shell featured a photo of a pro-Ogoni rally on its website."⁵⁸

Shell — can we take the company word for it?

• **Shell says:** *"During the 1990s, we were heavily criticised for our lack of commitment to Human Rights, for our environmental track record and for failing to address the needs of the communities of the Niger Delta. There have even been accusations of corrupt practices in relation to our Community Development projects. Some of these issues are in the past, but many continue to be debated in the world press."⁵⁹*

• **We tell Shell:** This is a sophisticated riposte to the concerns of Nigerians. The company's admission that there have been problems in the past is welcome.

• **Shell says:** *"Where land has already been degraded as a result of oil production and oil spills, we now have an extensive remediation programme in place to ensure that in due course, all this land will be rehabilitated to what is agreed, by international standards, to be an environmentally acceptable condition."⁶⁰*

• **We tell Shell:** Shell is not slow to make promises to redress the damage, but people haven't noticed any changes in Shell's attitude in Nigeria.

Sir Philip Watts — can we take his word for it?

• **Sir Philip Watts says — on sustainable development:** *"The need for sustainable development has never been clearer. Companies have an essential role in contributing to this journey — in finding innovative ways of meeting present and future needs that are socially and environmentally sustainable."⁶¹*

• **We tell Sir Philip:** It's time Sir Philip lived up to his ambitions for Shell on sustainable development. Shell should address environmental and social problems on the ground wherever it

operates, scale back its fossil-fuel exploration and production and invest more in renewable energy.

• **Sir Philip Watts says — on regulation:** *"For my part, I think effective regulation is essential for markets to work properly — and meet society's needs."*

• **We tell Sir Philip:** If Sir Philip is serious about meeting society's needs he will support the need for national and international regulation on corporate social responsibility that would ensure companies like Shell act responsibly wherever they operate.

• **Sir Philip Watts says — on transparency:** *"Transparency is absolutely key. Recent corporate scandals have underlined just how fundamental it is. It would be tragic if these events undermined confidence in business in general — but we clearly need to rebuild trust."*

• **We tell Sir Philip:** We agree with Sir Philip. Transparency is central to responsible corporate citizenship. Another good reason Sir Philip should support the need for legislation to ensure all companies are accountable for their activities.

• **Sir Philip Watts says — on working with communities:** *"...engage with communities — working with local and international NGOs to help them to pursue their own development rather than presuming we know best."*

"We need to make sure that we will be able to uphold our business principles, and that local communities benefit from our participation."

• **We tell Sir Philip:** People in Texas, Durban, Louisiana, the Philippines, Argentina, China and Nigeria all want to benefit from Shell's participation on health, pollution and human rights issues. They want Shell to stop presuming they know best. Sir Philip talks about working with communities and environmental and social organisations but we don't see enough evidence of this in Shell's behaviour.

Don't take our word for it

Basis of reporting

The idea for this report came from a book about Shell called *Riding the Dragon: Royal Dutch Shell & the Fossil Fire* by Jack Doyle. Some of the cases here are featured in *Riding the Dragon*. Others are new to this report. In *Riding the Dragon*, Doyle concludes by applauding Shell's many good works and intentions but his final analysis of the company is that: "*Shell is [still] a hardened, 100-year-old fossil fuels leviathan that knows little else.*"

In his research for *Riding the Dragon*, Doyle catalogues many of the explosions, oil spills, accidents, fires, leaks, burst, pollution incidents and toxic releases that Shell has been involved in. Details of these events dating back to 1995, and an electronic copy of *Riding the Dragon*, are available on the Shell Facts website: www.shellfacts.com.

Want to know more?

More about Shell and extracts from Jack Doyle's book, *Riding the Dragon*:

www.shellfacts.com

More about groundWork South Africa (Friends of the Earth South Africa) and its environmental justice campaign:

www.groundwork.org.za

More on the Campaign to clean up Port Arthur, Texas, and information on the national campaign to clean up America's refineries at the Refinery Reform Campaign:

www.refineryreform.org

For more on the Environmental Rights Action Group (Friends of the Earth Nigeria):

www.eranigeria.org

For more on the Campaign to Oust the Depots in Manila see: www.gcmonitor.org

For more about the Uighur community in Xinjiang province, North West China:

www.uighur.co.uk

Free Tibet Campaign

www.freetibet.org

For more about Argentina's environmental and arts campaign group, Ala Plástica:

<http://orbita.starmedia.com/alaplastica/>

For more about the UK Corporate Responsibility Bill and corporate responsibility campaign:

www.corporate-responsibility.org

More about Friends of the Earth's campaigns challenging corporate globalisation:

www.foe.co.uk/campaigns/corporates/index.html

Corporate Watch's website has reports on Shell and other companies:

www.corporatewatch.org.uk

The Shell website and report:

www.shell.com

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Our conclusion

Shell tries hard to cultivate an image of a responsible multinational. It spends millions on glossy brochures and advertising to convince us all — and perhaps itself — that it is a leader in corporate social and environmental responsibility.

At conferences and international meetings such as the Johannesburg Earth Summit Shell tries to persuade governments and politicians that it is committed to sustainable development and meeting the challenge it poses. But is the hidden agenda, “*Leave us alone – we don’t need regulating*”?

The real-life stories in this report suggest senior management should spend less time on the message and more on making a difference where it matters most — on the ground and in the communities living next to Shell’s operations.

We tell Shell...

Shell has not met the sustainability challenge it set itself in 1995, and is still putting short-term profit before people and the environment. It is time for Sir Phillip Watts, Chairman of Shell, to take charge personally and ensure this changes as a matter of utmost urgency.

Specifically, he must:

- Send skilled and experienced international officials to meet with fence-line community representatives in Durban, South Africa, Port Arthur, Texas, and Pandacan, Manila.
- Provide an accurate and comprehensive health diagnosis in Norco, and resolve people’s health problems.
- Address the human and environmental costs of Shell’s oil profits in Nigeria.
- Work with the people of Magdalena, Argentina, to find sensitive ways to clean up the 1999 oil spill on Rio de la Plata.
- Cease involvement in large, unsustainable projects that don’t benefit local communities in China.
- Honour Shell’s 1993 agreement with the Philippines Government to move its oil and gas depots away from Pandacan.
- Address the human and environmental impact of Shell’s financial profits in Norco, Durban, Port Arthur, Nigeria, Magdalena, China, Pandacan and wherever else it is needed.

Each example here represents a potential liability suit just five, 10 or 15 years down the line. And Sir Philip, his shareholders and analysts should be aware that for every case detailed here there are many more.

Sir Philip should also show genuine commitment to sustainable development by putting Shell’s concerns about climate change into action and putting a stop to year-on-year increases in oil and gas production.

Sir Philip has said *We believe that sustainable development is good for business and business is good for sustainable development* in the Shell Report 2003.

So he should have no problem in invoking a change in Shell’s priorities. People and the environment must come before presentation and — where necessary — before short-term profits.

We tell the UK Government...

The UK is the fourth-largest economy in the world, and the largest foreign direct investor. The way in which UKplc goes about its business directly affects the lives of hundreds of millions of people across the globe.

On taking office in 1997 the Government committed itself to an ethical foreign policy. Since then Foreign Secretary Jack Straw has said *We cannot leave companies to regulate themselves globally, any more than we do in our national economies. Setting common standards at a global level requires legislation.* ¹

At the Jo burg Earth Summit in 2002 Prime Minister Tony Blair acknowledged *We know the solution – sustainable development[...] So the issue [...] is the political will.* ²

The Government now has a unique opportunity to demonstrate that political will with the introduction into parliament of its new Company Law Bill expected in the next couple of years. The Bill must create a legal framework that ensures UKplc behaves in a way which reflects stakeholder concerns, promotes an ethical foreign policy and helps deliver sustainable development.

To do this the Government's legislation needs to place duties on directors to take steps to minimise any negative social and environmental impacts of their business operations. It also needs to provide mechanisms that enable communities in the UK and abroad to hold the company accountable and seek redress when directors fail to uphold such duties.

These and other measures have been proposed in the Corporate Responsibility Bill, tabled in the 2001-02 Parliamentary session and promoted by Amnesty International (UK), Christian Aid, Friends of the Earth, GMB Union, New Economics Foundation, Traidcraft, Unison and Unity Trust Bank among others (see www.corporate-responsibility.org for more information). The Bill already has the support of more than 280 cross-party Members of Parliament.

But the UK Government's proposals contain no such measures. Instead, it is pursuing policies in the World Trade Organisation (WTO) that will make it even easier for companies like Shell to risk people's health and livelihoods and damage their environment.

In short, the UK Government is doing everything possible to increase the opportunities available to big business but nothing to increase the appropriate duties and responsibilities on them. The Government is putting big business before the needs of people and the environment.

This must change. On the international stage, the UK should be advocating Fair Trade, not free trade at all costs. And in the UK, the government should be drawing up proposals for company law that are fit for the 21st rather than the 19th century.

Otherwise UKplc will continue to put vulnerable communities at risk, and we will be even further from achieving sustainable development.

As Mr Blair said, it is a question of political will.

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Message from the Independent Auditors

As Shell's neighbours, we have been comparing — for decades — the information that Shell puts out in glossy brochures against what's really happening on the ground.

We have aligned ourselves with standards of truth, accuracy and justice for all. We live in the hot spots that Shell has created by placing refineries, pipelines and wells in our communities. We do not represent a hand-picked external panel of so-called experts working in comfortable offices hundreds or even thousands of miles away. We are the true experts, and pay the price for our proximity to Shell's polluting activities.

We don't use complicated symbols to categorise data. We have no caveats, complicated disclaimers, limitations or aggregate numbers in our testimonies.

Our first-hand accounts are based on something far more reliable: our experience of having Shell as a neighbour.

Assurance report

Assurance Report

To: Friends of the Earth

Introduction

We have been asked to provide assurance over the community testimonies and first hand accounts detailed in this Report.

This Report is the responsibility of Friends of the Earth. Our responsibility is to express an opinion on the information, testimonies and statements indicated, based on our experiences referred to above in *'Message from the Independent Auditors'*.

In our opinion

The social and environmental performance of Shell, as indicated in this report, properly reflects reality. Personal statements are sufficiently supported by experience of living next to Shell's polluting activities.

Assurance work performed

In forming our opinion, we have studied this report in the context of our expertise and experiences as detailed above in *'Message from the Independent Auditors'*. We used a multi disciplinary team, comprising fence-line neighbours and environmental and social specialists.

Considerations and limitations

None

We believe our experiences provide a reasonable basis for our absolute opinion.

Refinery Reform Campaign
A National Campaign to Clean Up US Refineries
www.refineryreform.org
(A project of the Texas SEED Coalition)

and

Global Community Monitor
A project of the Tides Center

For and on behalf of the fence-line communities.



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