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April 29, 2003

VIA FACSIMILE and MAIL

Mr. Duncan Lawson
UK National Contact Point for the OECD Guidelines for Multinational Enterprises
Department of Trade and Industry
Bay 365
Kingsgate House
66-74 Victoria Street
London SW1E 6SW

Dear Mr. Lawson

Friends of the Earth - England, Wales and Northern Ireland, together with the other signatories to this letter, is raising a specific complaint against BP for breaching the OECD Guidelines for Multinational Enterprises (the "Guidelines") with respect to the Baku-Tbilisi-Ceyhan oil pipeline¹ (the "BTC"). The specific areas of concern we raise here relate to the BTC Consortium, of which BP is a part. It is submitted that the Consortium:

- exerted undue influence on the regulatory framework;
- sought or accepted exemptions related to social, labor, tax and environmental laws;
- failed to operate in a manner contributing to the wider goals of sustainable development;
- failed to adequately consult with project-affected communities on pertinent matters; and
- undermined the host governments' ability to mitigate serious threats to the environment, human health and safety.

<sup>&</sup>lt;sup>1</sup> The oil pipeline will span 1,056 miles (1,760 kilometers) from the Azerbaijan capital of Baku, through Tbilisi Georgia, ending in the Mediterranean city of Ceyhan, Turkey.

### Applicability of the Guidelines to BP and the BTC Consortium

As a signatory to the Guidelines, the UK government has committed itself to encouraging multinational companies operating on its territory to observe the Guidelines wherever they operate. BP's operations in Azerbaijan, Georgia and Turkey are therefore subject to the Guidelines by virtue of the fact that it is incorporated and headquartered in London and has its primary securities' listing on the London Stock Exchange.

The BTC is operated by BP Exploration (Caspian Sea) Ltd., which holds 30.1 percent in the BTC Consortium (the "Consortium"). Unocal Corporation holds 8.9 percent, ConocoPhillips holds 2.5 percent and Amerada Hess holds 2.36 percent through its joint venture – Delta Hess – with Saudi Arabian-owned Delta Oil. Other shareholders include the State Oil Company of Azerbaijan, which holds 25 percent; Norway-owned Statoil, 8.71 percent; Turkish Petroleum, 6.87 percent; AGIP Azerbaijan (a subsidiary of the Italian-owned ENI group), 5 percent; and Japanese-owned Itochu, 3.4 percent.

The Applicants contend that BP is fully answerable for the breaches relating to the BTC pipeline project. The Guidelines are addressed "to all entities within the multinational enterprise (parent companies and/or local entities)." The activities of BP Exploration (Caspian Sea) Ltd are therefore covered by the Guidelines.

The Applicants would find it wholly inappropriate if the applicability of the Guidelines were limited on legalistic or technical grounds. Indeed, this would be counter to their non-judicial nature.

# Legal Agreements Reached between the Consortium and the Governments

The BTC is to be designed, constructed, and operated in a manner intended to conform to a number of legislative instruments, the main categories of which are listed hierarchically below:

- 1. The Constitutions of the Republics of Azerbaijan, Georgia and Turkey (the "Governments"):
- 2. An Inter-Government Agreement (IGA) reached between the Governments;
- 3. Individual Host Government Agreements (HGAs) reached between the Consortium and the Governments<sup>3</sup>;
- 4. Domestic law of the Governments not superseded by the IGA or HGA; and
- 5. Other regulatory requirements such as Governmental Decrees, Regulations, Communiqués, Ministerial Orders, Instructions, to the extent that they do not conflict with the IGA or HGA.

The HGAs reached individually between the Consortium and the Governments differ in minor respects.

It should also be noted that the HGAs were only made available to the public following complaints to the International Finance Corporation (IFC) and other international finance institutions in June 2002 from 77 non-governmental organizations (NGOs). (*See Appendix 1*)

<sup>&</sup>lt;sup>2</sup> Chapter I Clarifications: The Guidelines do not define the term "multinational enterprise," a concept which embraces a diversity of situations found throughout the business world. Rather, they describe some general criteria covering a broad range of multinational activities and arrangements. These arrangements can include traditional international direct investment based on equity participation, or other means which do not necessarily include an equity capital element. Majority ownership is not the exclusive form of linkage between two companies in different countries that allows one to exercise a significant influence over their activities of others. Accordingly, an entity may be considered part of a multinational enterprise without necessarily being a majority owned subsidiary.

<sup>&</sup>lt;sup>3</sup> HGAs can be downloaded at <a href="http://www.caspiandevelopmentandexport.com">http://www.caspiandevelopmentandexport.com</a>

The HGAs came into force after they were ratified by the respective parliaments and published in the official parliamentary gazettes. The IGA and the HGAs constitute binding international law and are now part of the domestic legal systems of the host governments. They constitute the prevailing domestic law in Azerbaijan, Georgia and Turkey governing the BTC.<sup>4</sup> These Agreements define the capital and resources that each signatory is to provide to the project, the timetable and the standards that the Governments must meet.

The IGA is an international agreement signed by the Governments, and thus is binding only on these three countries. The HGA is defined as a private law contract signed by the Governments and the Consortium.

The Applicants are deeply concerned about the human rights, environmental and developmental implications of the HGAs for Turkey, Georgia and Azerbaijan. For the purposes of this submission, reference is made primarily to the clauses of the Georgian and Turkish HGAs. The Applicants note that Turkey is itself a member of the OECD and is thus committed to ensuring adherence to the Guidelines.

### **Breaches of the Guidelines**

# Exerting undue influence on the regulatory framework

The Applicants contend that the BTC Consortium exerted an undue influence on the drafting of the HGAs, thereby circumscribing the Governments' right to prescribe the conditions under which multinational enterprises operate. In doing so, BP is not adhering to Chapter I, Paragraph 7 of the Guidelines.

Press statements made by Mr. George Goolsby of Baker Botts (the law firm that acted for the Consortium) evinces that Baker Botts – not the Governments – stipulated the regulatory framework for the BTC. In an interview reported in the October 23, 2001 issue of the *Petroleum Economist*, Goolsby refers specifically to the BTC and Azerbaijan:<sup>5</sup> (*See Appendix 2*)

Goolsby notes that some of the recent major energy projects have required new legal expertise. "The Azerbaijan pipeline projects are a good example. We've created laws for that. It's very interesting because, as well as normal agreements, the first order of business in many regions, especially with pipelines, is that you need legislation at treaty level and domestic law level. Sometimes there's no legislation there. For example, laws may date back to the Soviet era, when the fiscal regime was gauged for a different kind of commerce, so that has to be changed." He adds: "In a developed situation, for example, in Turkey, you do a combination of both; it has some developed laws and then you need to interweave these into the existing ones. That requires a talented local counsel and you need to network."

<sup>&</sup>lt;sup>4</sup> Host Government Agreement between and among the Government of the Republic of Turkey and the State Oil Company of the Azerbaijan Republic, BP Exploration (Caspian Sea) Ltd., Statoil BTC Caspian AS, Ramco Hazar Energy Limited, Turkiye Petrolleri A.O., Unocal BTC Pipeline, Ltd., Itochu Oil Exploration (Azerbaijan) Inc., Delta Hess (BTC) Limited. 19 October 2000. Hereafter HGA. The Turkish HGA states: "Whereas, in connection therewith, the Intergovernmental Agreement shall become effective as law of the Republic of Turkey and (with respect to the subject matter thereof) prevailing over all other Turkish Law (other than the Constitution) and the terms of such agreement shall be the binding obligation of the Republic of Turkey under international law; this Agreement shall gain legal effect following publication in the Official Gazette as a part of the appropriate Decree of the Council of Ministers of the Republic of Turkey; the Government Guaranty and the Turnkey Agreement shall become effective and shall be binding and enforceable in accordance with their terms; and any other Project Agreements shall be binding instruments, enforceable in accordance with their respective terms."

<sup>&</sup>lt;sup>5</sup> Petroleum Economist, October 23, 2001, Pg.29, "Analysis; Globalization Of Law Firms."

### Seeking or accepting exemptions related to social, labour, tax and environmental laws

In exerting undue influence concerning the HGAs, the Applicants contend the Consortium has sought exemptions with respect to environmental legislation, labour, health and safety regulations and taxation. In doing so, BP is not adhering to Chapter II, Paragraph 5 of the Guidelines, which calls on multinational enterprises to "refrain from seeking or accepting exemptions not contemplated in the statutory or regulatory framework related to environmental, health, safety, labor, taxation, financial incentives, or other issues." The Turkish HGA is illustrative (the comparable clauses for Georgia are footnoted). The Consortium has sought or accepted exemptions from:

- Any obligations under Turkish law, aside from the Constitution that conflict with the terms of the HGA/IGA.<sup>6</sup> The agreement (together with the IGA) establishes a legal regime that prevails over all other current or future domestic law that may conflict with the Project Agreement or otherwise prejudice the economic interests of the Consortium. Any conflict between the HGA and other current or future Turkish law would be resolved in favor of the HGA. Otherwise the Turkish Government would be in breach of contract and a claim for damages would be open to the Consortium. The Consortium's acceptance of the agreement clearly limits the powers of the Turkish government to protect Turkish citizens from potential environmental damage and associated health and safety hazards to the extent that they are not protected by the HGA.
- The financial impacts of any new environmental, social, health, safety, tax or any other laws affecting the pipeline that Turkey may introduce in the next forty years, the lifetime of the Agreement. Under the HGA, Turkey is committed to compensating the Consortium if new taxes or health or safety or environment laws adversely affect the finances of the project.
- Any future environmental and social standards affecting the pipeline that are more stringent than "the standards and practices generally prevailing in the international Petroleum pipeline industry for comparable projects."."

  For future social standards, the HGA states: "If any regional or intergovernmental authority having jurisdiction enacts or promulgates social regulations or guidelines applicable to areas where Project Activities occur, the MEP Participants and the Government will confer respecting the possible impact thereof on the Project, but in no event shall the Project be subject to any such standards to the extent they are different from or more stringent than the standards and practices generally prevailing in the international Petroleum pipeline industry for comparable projects."

<sup>6</sup> HGA Turkey, op. cit. 104, Preamble: "... [the] Intergovernmental Agreement shall become effective as

law of the Republic of Turkey and (with respect to the subject matter thereof) prevailing over all other Turkish Law (other than the Constitution) and the terms of such agreement shall be the binding obligation of the Republic of Turkey under international law." For Georgia: HGA, Preamble.

<sup>&</sup>lt;sup>7</sup> HGA Turkey, op. cit. 104, paras Article 7.2 (vi) and (xi): "The Government hereby covenants and agrees (on its behalf and acting on behalf of and committing the State Authorities) that throughout the term of this Agreement . . . If any domestic or international agreement or treaty; any legislation, promulgation, enactment, decree, accession or allowance; any other form of commitment, policy or pronouncement or permission, has the effect of impairing, conflicting or interfering with the implementation of the Project, or limiting, abridging or adversely affecting the value of the Project or any of the rights, privileges, exemptions, waivers, indemnifications or protections granted or arising under this Agreement or any other Project Agreement it shall be deemed a Change in Law under Article 7.2(xi) . . . the State Authorities shall take all actions available to them to restore the Economic Equilibrium established under the Project Agreements if and to the extent the Economic Equilibrium is disrupted or negatively affected, directly or indirectly, as a result of any change (whether the change is specific to the Project or of general application) in Turkish Law (including any Turkish Laws regarding Taxes, health, safety and the environment . . . For Georgia, HGA, Article 7.2 (vi) and (x) note: clause 7.2 (x).

<sup>&</sup>lt;sup>8</sup> HGA Turkey, op. cit. 104, Appendix 5 - Codes of Practice, paras 3.3 / 4.2. For Georgia, see HGA Georgia, Appendix 3, Environmental Standards, para 3.3 and Appendix 5, Health and Safety Standards, para 4.2. Note: the Georgian environmental standards section does not refer to the standards prevailing in the petroleum industry but to the standards set out in the HGA (which refers to the prevailing standards among others).

NGOs have requested that the Consortium specify which social standards they have in mind when they refer to "standards and practices generally prevailing in the international Petroleum pipeline industry. To date, the Consortium has failed to supply the information. Research by the Applicants and other NGOs, meanwhile, has failed to reveal the existence of such standards." (See Appendices 3-4)

- Any future law that might abridge or affect adversely the rights granted to the Consortium or take precedence over any part of the Project Agreements. Future governments in Azerbaijan, Georgia and Turkey are bound by the HGAs, and therefore would not have the ability to invoke their executive powers to amend the agreements so as to afford its citizens greater environmental, health and safety, or other protection.
- Contractor and subcontractors having to pay domestic taxes. 11 Other tax concessions include exemption from taxes on "payments or deemed payments made in connection with MEP Activities by all or any of the MEP Participants that are incorporated or otherwise legally created or established outside the Territory . . . "12 This latter exemption would seemingly include BP.

# Failing to operate in a manner contributing to the wider goals of sustainable development

The Applicants contend that the Consortium has failed to take due account of the need to protect the environment, public health and safety, and generally conduct their activities in a manner contributing the wider goals of sustainable development.<sup>13</sup> In doing so, BP is not adhering to Chapter V, Paragraph 1 in the following respects:

• Article II (8) of the IGA specifically and unequivocally denies that the BTC should be required to have any public purpose.

"(i) the MEP Project shall not involve the provision of services to the public at large in its Territory for purposes of satisfying the general of common needs of the populace, (ii) the MEP Project is not intended or required to operate in the service of the public benefit or interest in its Territory..."

<sup>&</sup>lt;sup>9</sup> Legal Meeting with BP, 8 Nov 02. Present: Barry Halton, Tom Dimitroff (BP), Nick Hildyard (Corner House), Phil Michaels (FoE), Jane Gordon and Anders Lustgarten (KHRP)."

<sup>&</sup>lt;sup>10</sup> HGA, Turkey, op. cit. 104. para Article 16.1(i), Binding Effect, of the Turkish HGA, for example, states: "This Agreement and the rights, obligations and other provisions of this Agreement and any other Project Agreement shall bind and apply to the Parties and . . . in the case of the State Authorities, shall continue to bind the Government, all State Entities and all Local Authorities notwithstanding any change in the constitution, control, nature or effect of all or any of them and notwithstanding the insolvency, liquidation, reorganisation, merger or other change in the viability, ownership or legal existence of the State Authorities (including the partial or total privatisation of any State Entity)." For Georgia, see: HGA, Georgia, Article 15.1 (I) Binding Effect.

<sup>&</sup>lt;sup>11</sup> See HGA, Turkey, op. cit 4, Article 9, "Contractors" and for example Article 9 (ii): "No taxes shall be imposed on, or witheld with respect to, the Construction Contractor or Back-Back subcontractor in connection with MEP activities". See also, HGA, Georgia, Article 8.3 Contractors: "No taxes shall be imposed on, or witheld with respect to payments to, any Contractor in connection with MEP activities, and Contractors shall have no Tax compliance or filing obligations arising from or related, directly or indirectly, to MEP Activities."

<sup>&</sup>lt;sup>12</sup> HGA, Turkey, op. cit 4, Article 9.4 (2). For Georgia, see, for example: HGA Georgia, Article 8.4 Payments to Certain Persons.

<sup>&</sup>lt;sup>13</sup> Revised Guidelines, Section V, Environment, para 1.

The Consortium pleads that Article II (8) was introduced to avoid the project being treated as a concession under Turkish law. However, the wording (which BP acknowledges to be "clumsy"<sup>14</sup>) is such that the Consortium could resist any measures introduced by host governments to require that the BTC operate in the public interest – a sine qua non of compliance with the Guidelines.

- As documented above, the Consortium has negotiated an exemption from the "framework of laws, regulations and administrative practices" of the Governments as far as they affect the operation of the BTC. It is therefore in *de facto* breach of the spirit and letter of the Guidelines' provisions on the environment.
- As documented above, the HGAs stipulate that any future environmental standards introduced by the Governments should, if they affect the operations of the pipeline, shall not be "more stringent than the standards and practices generally prevailing in the international Petroleum pipeline industry for comparable projects." The wording clearly benchmarks the standards against commercial considerations rather than "the wider goals of sustainable development" and, as such, flouts the Guidelines. Furthermore, the wording establishes industry standards (rather than regulatory or legislative standards) not only as a 'benchmark' but as a 'ceiling' beyond which the states are explicitly prevented from enforcing legislation or regulations.
- The Consortium successfully exerted pressure on the Georgian government to approve a pipeline route that, in the opinion of the Minister of the Environment, contravenes Georgian law (*See Appendix 5*). The Consortium's conduct outlined below undermined the Georgian government's efforts to conduct an ESIA that meets international standards. Likewise, the Consortium failed to undertake bona fide efforts to ensure that the ESIA complied with international best practice, which dictates a thorough study of all possible alternative routes.
  - On November 7, 2002, BP Azerbaijan Associate President, David Woodward, and SOCAR president, Natig Aliyev, wrote to Georgian president, Eduard Shevardnadze, threatening grave consequences if the Georgian government did not approve the Environmental and Social Impact Assessment (ESIA) for the Georgian section of the BTC by the end of the month despite serious concerns regarding the pipeline's route and related matters. Rather than exploring the possibility of routing the pipeline through the Akhalkalaki (Southern) region of Georgia, however, Mr. Woodward stated that "it may be necessary to inform experts who visit with [President Shevardnadze] in the coming weeks that routes through this district are and will remain unacceptable." (See Appendix 6)
  - · Five days later on November 12, twelve Georgian NGOs wrote to BP President, John Browne, to raise their concerns with the proposed pipeline route, the most controversial involved proposals to the route the pipeline through the sensitive Borjomi and Tsalka regions. The NGOs called the Consortium to address these matters before the project proceeded further. (*See Appendix 7*)
  - In the ESIA review commissioned by the Georgian Government, the Netherlands Commission for Environmental Impact Assessment published on November 22, 2002 cited numerous shortcomings in the ESIA including deficiencies in essential security and environmental information and lack of transparency. It concluded an alternative route should be selected through Georgia. The chosen option was the worst one, from an environmental perspective. (See Appendix 8)
  - · At the time, the International Finance Corporation was still in the process of reviewing the ESIA and requesting additional information while other international finance institutions had not yet begun their review processes.

<sup>&</sup>lt;sup>14</sup> Tom Dimitroff, lawyer, BP, Meeting with Kurdish Human Rights Project, Friends of the Earth and The Corner House, November 8, 2002.

- On November 26, Georgian Environment Minister, Nino Chkhobadze, writes to BP President John Browne stating, "BP representatives are requesting the Georgian Government to violate our own environmental legislation" and that "not all risks were carefully assessed by BP, particularly in this region, during the Environmental and Social Impact Assessment process." (*See Appendix 5*)
- On November 27, the Georgian Environment Minister approves the ESIA with conditions. BP objects to the conditions. (*See Appendix 9*)
- On December 1, the Georgian Environment Minister approves the ESIA with a revised set of conditions despite the concerns raised by NGOs and the Georgian Environment Minister. (See Appendix 10)

### Failing to adequately consult with project-affected communities on pertinent matters

International NGO fact-finding missions (FFMs) took place in Azerbaijan and Georgia in June 2002 and in Turkey in July 2002 and in March 2003. (*Appendices 11-13*). Based on the findings of the FFMs, the Applicants contend that the Consortium has failed to provide timely, reliable and relevant information concerning its activities<sup>15</sup> and to make official documents, such as ESIAs<sup>16</sup>, available to all project-affected communities. In doing so, BP is not adhering to Chapter III, Paragraphs 1<sup>17</sup> and Chapter V, Paragraphs 2a and 2b<sup>18</sup> of the Guidelines.

# Undermining the host governments' ability to mitigate serious threats to the environment and human health and safety

In exerting undue influence through the HGAs, the Applicants contend the Consortium is undermining the Governments ability to mitigate serious threats to the environment and human health and safety. In doing so, BP is not adhering to Chapter V, Paragraph 4 of the Guidelines, which states that multinational enterprises "not use the lack of full scientific certainty as a reason for postponing cost-effective measures to prevent or minimize such damage."

Article 5, Paragraph 5.2 (iii) of the Turkish HGA and the Georgian HGA guarantees the governments:

shall not act or fail to act in any manner that could hinder or delay any Project Activity or otherwise negatively affect the Project or impair any rights granted under any Project Agreement (including any such action or inaction predicated on security, health, environmental or safety considerations that, directly or indirectly, could interrupt, impede

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<sup>&</sup>lt;sup>15</sup> Georgia FFM: Pgs. 13-14 and 18-20; Turkey FFM: Pgs. 26-32; Azerbaijan FFM: Pg. 14

<sup>&</sup>lt;sup>16</sup> Georgia FFM: Pgs 20-23; Turkey FFM: Pgs. 26-32; Azerbaijan FFM: Pgs. 14.

<sup>&</sup>lt;sup>17</sup> Enterprises should ensure that timely, regular, reliable and relevant information is disclosed regarding their activities, structure, financial situation and performance. This information should be disclosed for the enterprise as a whole and, where appropriate, along business lines or geographic areas. Disclosure policies of enterprises should be tailored to the nature, size and location of the enterprise, with due regard taken of costs, business confidentiality and other competitive concerns.

<sup>&</sup>lt;sup>18</sup> Taking into account concerns about cost, business confidentiality, and the protection of intellectual property rights: a) Provide the public and employees with adequate and timely information on the potential environment, health and safety impacts of the activities of the enterprise, which could include reporting on progress in improving environmental performance; and b) engage in adequate and timely communication and consultation with the communities directly affected by the environmental, health and safety policies of the enterprise and by their implementation.

or limit the flow of Petroleum in or through the Facilities, except under circumstances in which continued operation of the Facilities without immediate corrective action creates an imminent, material threat to public security, health, safety or the environment that renders it reasonable to take or fail to take, as the case may be, such action and, then, only to the extent and for the period of time necessary to remove that threat)."

This provision prohibits the Turkish and Georgian governments from undertaking governmental action except to address an imminent and material threat, thereby precluding any action whatsoever in instances when threats are long-term or when there is a lack of full scientific certainty concerning serious threats to the environment or human health. Through the terms of the HGA, the Consortium has thus effectively impeded the Government's ability to take appropriate protective action.

Moreover, once the project is underway, only the Consortium has the power to terminate the HGA, except in extraordinary circumstances. The Turkish and Georgian Governments are thus not in a position to regulate or ensure *de facto* oversight of the operation or construction of the pipeline on a precautionary basis.

#### Additional concerns

The Applicants are concerned that the HGA for Turkey places the responsibility for securing the pipeline with the Turkish State<sup>19</sup>, potentially placing the Consortium in a situation where it is not adhering to Chapter II, Paragraph 2 of the Guidelines, which calls on multinational enterprises "to respect the human rights of those affected by their activities consistent with the host government's international obligations and commitments."

The Turkish government has routinely been found to be in breach of the European Convention on Human Rights. The wording of the relevant paragraph of the HGA refers to protecting the pipeline from "civil disturbance," a phrase that could be used to justify human rights abuses by the Turkish government in its obligation to ensure the stability of the project. In this respect, the Applicants question whether the security arrangements envisaged for the pipeline, and the role and duties assigned to the Turkish Government, are compatible with the Consortium's adherence to the Guidelines.

The Applicants are also concerned the Consortium may be violating Georgian regulatory requirements and consequently, Chapter I, Paragraph 7 of the Guidelines that states the entities of a multinational enterprise located in various countries are subject to the laws applicable in these countries.

It has come to the Applicants' attention that the Consortium has initiated construction of camps and storage facilities in two areas not specified in the current ESIA approved by the Georgian

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<sup>&</sup>lt;sup>19</sup> HGA, Turkey, op. cit 4, Article 12 – Security, para 12.1; "[...] the State Authorities shall ensure the safety and security of the Rights to Land, the Facilities and all Persons within the Territory involved in Project Activities and shall protect the Rights to Land, the Facilities and those Persons from all Loss or Damage resulting from civil war, sabotage, vandalism, blockade, revolution, riot, insurrection, civil disturbance, terrorism, kidnapping, commercial extortion, organised crime or other destructive events." For Georgia, see: HGA Georgia, Article 11.1 Security.

<sup>&</sup>lt;sup>20</sup> As of 10 February 2003, the European Court of Human Rights (EctHR) had ruled against Turkey in 403 cases concerning torture, disappearance, extra-judicial killing, the destruction and evacuation of villages, violations of freedom of expression and other violations, with a further backlog of 5, 236 cases pending. These numbers are rising all the time: of the 1390 judgments giving rise to the finding of a violation of the Convention in the last two years, 227 – nearly one in six of all judgments - concerned Turkey. For details of the specifics of these rulings, please see Kurdish Human Rights Project Information Sheet 1, available from the KHRP website <a href="https://www.khrp.com">www.khrp.com</a>.

Ministry of Environment on December 1, 2002. There are questions as to whether the Consortium is adhering to the stipulations contained in the December 1, 2002 approval of the ESIA. It is the Applicants' understanding that the Consortium is required to conduct an additional ESIA that must be subsequently approved by the Ministry of Environment before construction can take place.

#### **Conclusion**

Given that the Consortium is currently seeking public funding for the BTC from the International Finance Corporation, the European Bank for Reconstruction and Development and several export credit agencies including the Overseas Private Investment Corporation, the Applicants strongly urge that this submission receive immediate attention. The Applicants also call for an immediate moratorium of construction activities and for financial support, either directly or via multilateral institutions, to be placed on hold until the Consortium has remedied the aforementioned breaches to the Guidelines.

Procedural Guidance on Implementation in Specific Instances requires the National Contact Points to make an initial assessment of whether the issues raised merit further examination and respond to the party or parties raising them in an efficient and timely manner. We therefore request a written response indicating how the National Contact Point (NCP) intends to proceed at this time. Please address this correspondence to Nick Rau, Friends of the Earth, 26 Underwood Street, London N1.

Sincerely,

Nick Rau Paul de Clerck

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The Corner House Kurdish Human Rights Project

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