

News from Raipon

Archive of News

2005-01-21

RAIPON letter to Exim Chairman

Mr. Philip Merrill
President and Chairman
Export-Import Bank of the U.S.
Washington, D.C. Office
811 Vermont Ave., NW
Washington, DC 20571
USA

Indigenous Peoples' Protest on Sakhalin II and the Need for Independent Cultural Impact
Assessment and Indigenous Peoples' Fund

Dear Respected Chairman Merrill!

The Russian Association of Indigenous Peoples of the North, Siberia and Far East (RAIPON) would like to respectfully raise extremely serious concerns about the adverse impacts from Royal Dutch/Shell's (Shell) and Sakhalin Energy Investment Company's (SEIC) Sakhalin II project on the livelihoods and environment of indigenous peoples on Sakhalin Island, Russia.

Adverse impacts of Sakhalin II on the livelihoods and environment of Nivkh, Nanai, Ulta, and Evenki people, and the lack of responsiveness to these concerns by Shell and SEIC compel indigenous peoples to launch direct action protests against Sakhalin II, which began January 20, 2005.

We urge you to exercise your authority to require that the Sakhalin II project conduct an independent Ethnological Expertisa (cultural impact assessment), support a Sakhalin Indigenous Peoples' Development Fund, take immediate action to mitigate the harmful impacts of the Sakhalin II project on indigenous peoples, and otherwise comply with your environmental and social policies. We call on you to not finance Sakhalin II until these conditions are met.

Exim Bank Environmental and Social Requirements

As a potential financier of Phase 2 of Sakhalin II, the Export-Import Bank (Exim Bank) requires that the project complies with its Environmental Policy. Exim Bank's Environmental Policy applies international guidelines found in the World Bank Group's Pollution Prevention and Abatement Handbook and Operational Safeguard Policies, and guidelines of Multilateral Development Banks such as the European Bank for Reconstruction and Development (EBRD).

The Sakhalin II project includes new drilling platforms in the Sea of Okhotsk and two pipelines that pump oil and gas from the Okhotsk Sea shelf crossing most of the length of Sakhalin Island. These pipelines will cross 1,103 rivers and brooks comprising salmon spawning areas and will split the migration routes of wild animals and domestic reindeer.

The full length of the onshore pipelines will cross seismic zones of potential earthquake magnitude 8-9 and will cross 44 tectonic faults of different types no less than 55 times. The potential for danger to the population is clear and the adverse impact these projects will have on Sakhalin Island's eco-system and coastal waters is undoubted.

Experts have challenged the economic benefit for Russia from the Production Sharing Agreements signed between the Russian Federation and transnational companies. Eight years of oil and gas extraction on Sakhalin Island have provided no significant benefit to the island's population, and certainly not to the indigenous Nivkh, Nanai, Evenki, and Ulta who depend on the land and marine resources of northern Sakhalin. Indigenous peoples have already begun to feel the damaging effects of project implementation, especially to our fishing and reindeer herding.

The indigenous peoples of Sakhalin - the Nivkhi, Nanai, Evenki, and Ulta, who have a traditional self-subsistence economy based on fishing, hunting, reindeer herding and wild plant gathering - disproportionately suffer the negative ecological consequences of project implementation. Structural engineering has destroyed reindeer pastures and forests and construction on the shelf has led to an abrupt decline in fishing and fishing limits for the indigenous population. Indigenous peoples in northern Sakhalin are being left without any sustainable, long-term source of livelihood.

Sakhalin II's project sponsor, Sakhalin Energy (led by Royal Dutch/Shell Group) takes little account of indigenous peoples' interests. An analysis of published impact assessments showed that no serious consideration was taken of the cumulative, long-term negative impacts on indigenous traditional lifestyles. There is also an absence of long-term mitigation programs or programs to adapt indigenous peoples to the serious ecological consequences of the projects, which will be implemented in Sakhalin for decades to come. The attempts of indigenous peoples' organizations to negotiate with industrial companies with regard to assessing the long-term economic, social and cultural consequences have failed.

EBRD Environment Policy and Indigenous People

EBRD requires sponsors of Category A projects to conduct an adequate Environmental Impact Assessment (EIA). We understand that the EBRD has determined the Sakhalin II, Phase 2 EIA is unfit for purpose for many of the same reasons that concern us. We believe that an independent Cultural Impact Assessment should be among the addendum material that is required before EBRD and Exim Bank can conclude that the EIA is acceptable. We note that the Cultural Impact Review must be independent; in other words, experts for the review may not be chosen by Shell and Sakhalin Energy, but rather must be chosen by indigenous peoples themselves.

Country Obligations: EBRD's Environment Policy states that the Bank will not finance projects that contravene country obligations under relevant international environmental treaties and agreements. However, the Sakhalin II project contravenes Russia's obligations under the International Labor Organization Convention # 169 Concerning Indigenous and Tribal Peoples in Independent Countries, which requires that, inter alia:

Article 4

1. Special measures shall be adopted as appropriate for safeguarding the persons, institutions, property, labour, cultures and environment of the peoples concerned.
2. Such special measures shall not be contrary to the freely-expressed wishes of the peoples concerned.

Article 7

3. Governments shall ensure that, whenever appropriate, studies are carried out, in co-operation with the peoples concerned, to assess the social, spiritual, cultural and environmental impact on them of planned development activities. The results of these studies shall be considered as fundamental criteria for the implementation of these activities.

4. Governments shall take measures, in co-operation with the peoples concerned, to protect and preserve the environment of the territories they inhabit.

Article 15

1. The rights of the peoples concerned to the natural resources pertaining to their lands shall be specially safeguarded. These rights include the right of these peoples to participate in the use, management and conservation of these resources.

2. In cases in which the State retains the ownership of mineral or sub-surface resources or rights to other resources pertaining to lands, governments shall establish or maintain procedures through which they shall consult these peoples, with a view to ascertaining whether and to what degree their interests would be prejudiced, before undertaking or permitting any programmes for the exploration or exploitation of such resources pertaining to their lands. The peoples concerned shall wherever possible participate in the benefits of such activities, and shall receive fair compensation for any damages which they may sustain as a result of such activities.

Environmental Action Plans: EBRD requires that projects have an acceptable Environmental Action Plan (EAP). The EAP for Sakhalin II should include an acceptable independent Cultural Impact Review.

Precedent for Independent Assessment: We note that the public finance institutions played a key role in encouraging Sakhalin Energy and Shell to engage an independent panel of experts under the IUCN to review impacts from the project to Western Pacific Gray Whales. While we support the need to further study the project's impacts on Western Pacific Gray Whales, we do not understand why Sakhalin Energy and Royal Dutch/Shell Group will not also focus effort on studying and mitigating the project's adverse impacts on indigenous peoples.

IFC (World Bank Group) Requirements

The Sakhalin II project contravenes IFC's Operational Directive 4.20 for Indigenous Peoples, inter alia, the following:

For an investment project that affects indigenous peoples, the borrower should prepare an indigenous peoples development plan that is consistent with the Bank's policy....

Prerequisites...[include that studies] should make all efforts to anticipate adverse trends likely to be induced by the project and develop the means to avoid or mitigate harm.

The development plan should be prepared in tandem with the preparation of the main investment. In many cases, proper protection of the rights of indigenous people will require the implementation of special project components that may lie outside the primary project's objectives. These components can include activities related to health and nutrition, productive infrastructure, linguistic and cultural preservation, entitlement to natural resources, and education.

An independent Ethnological Expertiza (Cultural Impact Assessment) can be an important component of the required indigenous peoples development plan. However, we are not aware of any indigenous peoples development plan that has been prepared by Sakhalin

Energy or approved by EBRD or Exim Bank.

Shell and SEIC have never made complete and reliable project information available to us. Furthermore, the disinformation contained in published project documentation and the companies' unwillingness to engage in a serious dialogue with indigenous peoples' organizations has forced them to commence a process of civil protest. The 5th Congress of Indigenous Peoples of the North of Sakhalin Region, held on October 29, 2004, came to the following decision: "To commence a process of defense of our constitutional rights via protest actions against oil companies violating indigenous peoples' rights according to the norms and principles of international justice and Russian legislation." This decision has been supported by the Russian Association of Indigenous peoples of the North, Siberia and Far East. This decision will now manifest in part in the form of protests that began on January 20, 2005. The duration of these protests will depend on the response received from the oil and gas companies and authorities.

Thank you for your leadership at Exim Bank and for your interest in the future of indigenous peoples of Russia. Given the serious nature of our concerns, we will appreciate your personal attention to this matter. We look forward to your prompt response.

Kind regards,

Pavel Sulyandziga
I Vice President
Russian Association of Indigenous Peoples of the North, Siberia, and Far East