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Extractive Technologies and Civic Networks’ Fight for Sustainable Development

Mikhail A. Molchanov

Abstract

This article describes the fight of transnational civic networks to influence business development strategies and counter the threats to environmental and labor rights posed by the construction and exploitation of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline in Transcaucasia. The article starts by discussing the role of civil society in the global struggle for sustainable development. Then a brief overview of the geopolitical significance of the Transcaucasian-Caspian region in today’s oil and gas markets is presented. The case study looks at how the actions of international and domestic nongovernmental organizations influenced the BTC’s main shareholder and operator company, British Petroleum, as well as host countries’ governments, to switch to more environmentally cognizant and socially responsive practices. The article discusses internationalization of civil society networks in response to the looming environmental crisis in the region, using the BTC case as an illustration. The article concludes by generalizing from this particular case study to the broader issue of transnational civic activism as a risk-mitigating factor in the world dominated by industry-related threats presented by globalization of the extractive technologies.

Keywords
extractive technologies, civic networks, BTC pipeline, Transcaucasia, sustainable development

Introduction

Dilemmas of global climate change and economic development top the list of issues important to people across the world. Economic development comes at a cost, and its primary victim is often the environment. Since the environment determines our way of life in very basic sense of the word, environmental issues bear implicit significance for human rights. Because of that, and because of frequently conflictual relationship between economic development and the environment, on the one hand, business interests and labor rights, on the other hand, these issues are drawing increased attention from nation-states, transnational corporations (TNCs), international institutions, and numerous actors of international civil society. As civil society itself transcends national boundaries, ushering in a new host of phenomena of international and transnational interactions between the governments, nongovernmental organizations (NGOs), individual citizens, and corporations, the ideas of sustainable development and preservation of our global environmental heritage for posterity come to the forefront of public discourse and become couched in the language of essential human rights.

One of the many factors that influence public debate on the issue and decisions of policy makers is the actions of NGOs. Both nationally based NGOs and their international counterparts (INGOs) have expressed concern regarding societal practices that result in industrial, vehicular, and other types of pollution. Pollution leads to environmental degradation, contributes to global climate change, and undermines whatever progress has been achieved in human health and life expectancy. Large-scale industrial pollution changes the way of life of whole communities and undermines their long-term survival prospects. Moreover, industrial development has delivered, with frightening frequency of recurrences, industrial disasters that kill hundreds and sometimes thousands of people and destroy their living habitat for years to come. One can only think of the Three Mile Island, Bhopal, Chernobyl, or Deepwater Horizon tragedies to appreciate the fact that environmental risks have long ago ceased to be a matter of purely technical concern and are fast becoming a matter of human survival as a species. There is little wonder, then, that environmental and human rights NGOs have taken the issue of global climate change and preservation of our common global environment as a vital issue of concern. These organizations are voicing their demands as human

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rights claims and indeed have little difficulty demonstrating clear and direct connection between environmentally unsound profit-oriented industrial policies and the quality of life of the community at large that may suffer the impact of these policies for generations.

Transnational civic networks are, arguably, better positioned to fight the threats posed by globalization technologies than individual governments of the affected nation-states. Although the sovereignty reach of the government cannot extend beyond the national borders, INGOs mobilize cross-nationally and may apply concerted pressure on a TNC guilty of environmental neglect and pollution, taking it to task simultaneously in the country of its origin and the countries where it conducts field operations. INGOs that focus their actions on protection of the human right to a healthy, unpolluted environment advocate for better governance policies and greater corporate responsibility of the environment-affecting businesses throughout all links of the strategic management and business implementation cycle. These advocacy efforts have often focused on ideas such as conservation and protection of the environment, sustainable development, corporate responsibility, and global citizenship. Although they have met with varying degrees of success, there is little doubt that international civil society actors are well positioned to effect positive changes precisely then and there where neither corporations nor governments are willing to take the first step.

Globalizing technologies present special dilemmas to emerging economies and less developed countries. In their fear to be left behind in today’s fast-paced world, the governments of these states are typically prepared to sacrifice environmental sustainability and social justice demands for the sake of technologically propelled economic growth. As developing states jockey for international investments, the burden of social responsibility, which market actors are unwilling to shoulder, is also increasingly shed by the states. Environmental protection and social inclusion, community values and traditional ways of life, ethnic identities and threatened occupations are all issue areas where the state is supposed to play a key role but unfortunately fails to do so, particularly in less developed countries of the world. These same areas have never been of primary concern to business. International civic groups have little choice but to step in and ensure that public interest is served. Ideally, these efforts may promote sustainable development and social stability. Conversely, continuing transfer of the state functions into the private realm may further erode the already weakened governments and destabilize societies. Lax application of the privately owned technologies, when liberated from regulatory and supervisory burdens imposed by the recipient state, runs amok and may jeopardize the very bases of human well-being and even survival of the affected population.

One case in point is the construction of the Baku-Ceyhan pipeline that connects oilfields of the Caspian littoral state Azerbaijan with a seaport in southern Turkey. International environmental groups and civil rights organizations have protested public financing of the project, which, in their view, failed to address legitimate concerns of the Azeri, Georgian, and Turkish constituencies directly affected by the construction and exploitation of the pipeline. Unmitigated risks to the environment, widespread social dislocation, and violation of labor rights were all parts of the original package that British Petroleum (BP), with solid support of the American and British governments and full acquiescence of the Azeri, Georgian, and Turkish power holders, was ready to put in place, and would implement in full, had it not been shamed into adopting more socially responsible practices. Transnationalization of civil society networks has been a crucial element in the fight of the Azeri and Georgian activists for their essential human rights that forces of corporate globalization put into jeopardy. Were the civil action to remain locked within the boundaries of a single nation-state, an authoritarian government in Azerbaijan and a heavily pressured by the West, investment-dependent Georgia would most likely ignore the protests.

In what follows, I will present some general comments on the role of the transnational civil society in a global struggle for the protection of environmental and human rights and for sustainable development, before moving to the discussion of the role that international and national NGOs played in ensuring that BP’s business practices were modified in response to the concerns raised by the citizens of several affected countries.

Civil Society and Sustainable Development

Civil society is usually understood as a realm of organized, voluntary social activities and practices that lies between the individual and the state. It exists parallel to the state but remains separate from both formal political institutions and organized business practices animated predominantly by money-making considerations. According to Carothers (1999-2000, p. 19), civil society is a broad concept “encompassing all the organizations and associations that exist outside of the state (including political parties) and the market.” Social practices that constitute the realm of civil society may be political, economic, or cultural in nature, but in any case, these are practices based on self-organization of citizenry. Civil society is constituted through a collective and publicly significant action that happens independently from the state and in pursuit of some common public good, or something taken as such by the participants.

While most definitions of civil society separate it from the state and relate it to voluntary participation in various forms of collective action, there is less agreement on the exact nature of the relationship between civil society, family, and the economy. Some aspects of the current debate originate
in the differences between the Hegel-Marx tradition, which relates the notion of civil society to private economic interests separate from the state (and hence, includes market actors in its definition of civil society) and the Locke-Tocqueville tradition, which in its current reincarnation emphasizes associational life distinct from both the state and the markets.

For Gramsci, civil society was the realm where capitalist state legitimizes its hegemony. There are strong traces of the Hegelian view here, with an important distinction that, for Hegel, the state was called forth to withstand egotistic impulses of the self-serving bourgeois society, whereas Gramsci asserted the essential collusion between the two. Both Marx and Engels saw civil society as a system of class-based relations of domination that was fully determined by material relations of production and, in turn, fully determined the nature of the class-based state power. However, subsequent development of the concept de-emphasized its economic determination and reemphasized, first, equidistance from both the state and the market and, second, the ability to balance against both state and market failures.

For Habermas (1996), civil society is a sphere of public solidarity and collective activity animated by general public good. It is “composed of those more or less spontaneously emergent associations, organisations and movements that, attuned to how societal problems resonate in the private life spheres, distil and transmit such reactions in amplified form in the public sphere” (p. 367). It is useful to subscribe to such reading for both analytic and practical purposes. Analytically, this helps distinguish between the profit-motivated activities of corporations whose power often exceeds that of a typical smaller state, and the voluntary, nonprofit activities of civic associations in the so-called third sector of the economy. In practical terms, it is naive to see both corporations and civic groups as somehow equally concerned with issues such as global democratic deficit or environmental degradation. They are not, and they cannot be, as the first often contribute to those very problems that the second are trying to address.

An activist interpretation of civil society finds it in the sphere of social and political activity that lies outside established political parties. Here, individuals, organizations, groups, and nonhierarchically organized movements attempt “to democratize the state, to re-distribute power, rather than to capture power in a traditional sense” (Kaldor, 2003, p. 9). In doing so, they have to engage private sector actors that may not only act in tandem with the state but also respond to the articulated demands of civic movements and organizations. Not so much an assembly of bowling leagues, sport clubs, dilettante choirs, churches, and basket-weaving enthusiasts, civil society today is being increasingly seen as a constellation of politically consequential forms of social activity.

But what exactly can concerned citizens and NGOs achieve in what looks like an uphill battle with the forces of corporate greed and political-economic “prudence,” with the TNCs that pay no heed to the protection of the environment and politicians and bureaucrats that tend to elevate business interests above those of the community? NGOs have no means to stop the transgression directly and have to rely on the government to do the job. Their main strategies are public opinion mobilization, litigation, problematization of the issue, advocacy, and expert advice. Their fight initially focuses on recognition of an issue as a matter of public concern. Following issue recognition, they seek to contribute to the formulation of policy that will aim at risk prevention and mitigation. Finally, civil society actors get increasingly involved in policy implementation and monitoring of the results. If these efforts are successful, the society at large benefits from the learning curve that NGOs, governments, and corporations will have passed through together. Lessons learned from past errors and tragedies form the foundation of policies aimed not only to prevent the reoccurrence of a similar disaster but also proactive elimination of a new risk factor before it can have a chance to materialize as a full-blown catastrophe:

One result of this is that corrective measures are often felt throughout the industry and in other parts of economy and society: the Exxon Valdez oil spill led to a US design mandate for double-hulled tankers, while Sandoz’s contamination of the Rhine led to a drastic tightening of environmental liability legislation in Germany (Winsemius & Guntram, 2002, p. 44).

Environmental groups and civil rights organizations over the years have used a variety of strategies to draw attention to environmental and social justice issues and more recently to the critically important issue of climate change. They have directed pointed criticism against the industries and governments, problematized traditional business practices, and mobilized large public following in consumer boycotts of products and companies that failed to live up to the modern standards of corporate social responsibility. They have used mass media, especially its more innovative forms made possible by the advent of the Internet, to shape public opinion, influence governments, and shame corporations into the adoption of more environmentally friendly practices.

Environmental NGOs increasingly encourage alliances of NGOs, policy makers, and private corporations who work together in joint initiatives aimed to protect the environment (Bauer, 2006).

Environmental advocacy, which has been spearheaded by NGOs and INGOs, has revealed issues of cross-national significance. Industrial development and economic progress can be realized in a variety of ways, some of which promote both accumulation of wealth and environmental sustainability,
while others sacrifice the latter to the former. Emerging economies need globalized technologies and international investments, just as corporations need access to resources to propel further economic growth. However, economic growth as such is meaningless if the society at large does not partake in its benefits and sacrifices long-term environmental health to profit making, while bearing the brunt of environmental and social risks. “Sustainable development” can only be achieved on the basis of international cooperation, which brings together corporations, governments, and civil society actors capable of articulating interests and demands that transcend national boundaries. In the absence of civic environmental leadership that focuses on long-term benefits for the community, corporations and governments may well remain preoccupied with the bottom line, short-term perspectives on national and international priorities, thus jeopardizing our long-term prospects for growth and, indeed, continued existence on the planet.

Globalization and the accompanying retreat of the nation-state are prompting NGOs to claim certain rights of representation and advocacy that were historically exercised by means of participatory politics. Reversing the process of climate change and taking actions to rehabilitate our environment are tasks of a daunting magnitude. These should be the areas where governments lead. However, the traditional mind-set continues to dictate policies that are primarily supportive of business interests, even at the long-lasting cost to the community at large. Moreover, environmental concerns and human rights issues have not been of primary importance to corporations. As extractive technologies in particular are becoming increasingly globalized, there is always an option to escape stringent environmental regulations of an advanced industrial society and move the polluting technologies elsewhere, where such regulations do not exist. Violations of environmental and labor rights in many countries of the global South tend to go unchallenged, which encourages corporations to save on the environmental protection costs and engage in labor practices that would be deemed exploitative in the North. A further risk to the global society lies in the fact that these corporations may get emboldened by their ability to commit transgressions with impunity in the so-called “remote areas” of the world and then attempt to sneak the same, or similar practices, back to the countries of their origin. Numerous safety violations that investigation into the 2010 Gulf of Mexico oil spill revealed lend ample evidence to the claim that the advanced industrial economies of the North are not immune against technological and human errors that get so frequently ignored in the South.

As the Third World governments often collude with the transnational business interests, the last recourse that citizens affected by the encroachment of globalized technologies have is to mobilize themselves and, with the help of the transnational civic networks headquartered in North America and countries of the European Union, to fight the TNCs’ assault on human rights both locally and globally. The concerted transnational effort usually pays off, as corporations have to withstand legal challenges, consumer boycotts, and the political pressure transmitted through the respective channels of political representation and democratic accountability in the societies where they are subject to direct regulation by democratically elected governments. Although buying off corrupt dictatorships may be relatively easy, dealing with civic campaigns in a society where politicians’ are answerable to their constituencies is demonstrably less so. Consequently, the fight for environmental and labor rights in authoritarian and semiauthoritarian Third World nations increasingly draws on political and civic resources available to citizens of advanced democracies, who willingly extend a helping hand to their counterparts abroad.

As a result of public campaigns and corresponding increase in government pressure over the past few decades, transnational and multinational corporations had to develop more environmentally friendly agendas and policies. Equally, consumer boycotts of corporations such as Nike, GAP, Adidas, Reebok, and others have led to the adoption of corporate codes of conduct that aim to promote principles such as labor rights and social responsibility. Nonetheless, parallel to the success of international civil society’s efforts and the establishment of new internationally accepted regimes for monitoring of corporate behavior overseas, there have been reductions in government budget allocations and committed personnel to deal with the potential environmental risks in the West. This leaves civic groups with little choice but to step in and to lead corporations, bureaucracies, and politicians alike through the whole process of recognition of the problem, devising the appropriate solutions for it, consulting the stakeholders, mobilizing public support for the suggested plan of actions, and, finally, resolving the problem. Ideally, these informal leadership efforts may lead to the creation of wide social coalitions that will promote environmental protection and sustainable development.

The notion of sustainable development itself, although a buzzword since at least the 1990s, is open to different and sometimes conflicting interpretations. The concept as such can be traced back to the 1972 Stockholm Conference on the Human Environment and the Brundtland Commission’s Report Our Common Future. The ideas expressed in the Report challenged the heretofore unquestioned paradigm of the industrial era—the idea of man’s domination over nature—and replaced it with the assumption that human life and society are themselves part and parcel of the natural world, “are nested within the environment” (Hopwood, Mellor, & O’Brien, 2005, p. 39). The 1992 United Nations’ Earth Summit in Rio de Janeiro, Brazil, had strongly emphasized linkages between environment and development, and between social and economic aspects of development. The summit’s Agenda 21 insisted on reevaluation of
the present concepts of economic growth and the need for new concepts of wealth and prosperity which allow higher standards of living through changed lifestyles and are less dependent on the Earth’s finite resources and more in harmony with the Earth’s carrying capacity. (Agenda 21, 1992, chap. 4)

It encouraged international cooperation in combating poverty, changing consumption patterns, and protection and management of fragile ecosystems. The summit concluded that challenges of environment and development represent a single package of interconnected issues.

Most definitions of sustainable development focus on prudent resource management, fair income distribution, non-declining consumption, and nondeclining utility (Pezzy, 1992, pp. 13-14). More radical interpretations go further than that and gravitate toward egalitarian, socialist, or conservationist positions. The so-called deep ecological critique rejects an unqualified emphasis on human rights, seeing it as a prime example of an anthropocentric and speciesist viewpoint. A cautious median of these disparate views is an idea of sustainable development as “development that meets the needs of present generation without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987, p. 43). Here, sustainable development appears as a historical objective of humanity as a whole, a process that unites people of the world both spatially and temporally, relying for its success on globally coordinated efforts of several generations.

Sustainable development correlates with notions such as fairness, futurity, and equity: equity in intergenerational distribution of resources and preservation of living conditions on the planet for posterity; social justice in comparable levels of access to life-sustaining resources across the globe; and geographical equity, or transfrontier responsibility, which should guard against uncompensated displacement of ecological problems across the border (Haughton & Hunter, 2003, pp. 16, 193). Sustainable development embraces economic, social, and environmental goals simultaneously. However, neoliberal globalization fosters achievement of narrow economic goals to the virtual exclusion of all others. This calls for a new type of international relations that will not sacrifice sustainability to the bottom-line considerations. With the collapse of the neoliberal project amid the global financial crisis of 2008-2010 and subsequently revealed limitations of the capitalist state activism in the economy, transnational civil networks are playing an increasingly more prominent role in filling in the gaps left by the state and market actors alike.

Both environmental sustainability and prudent appropriation of the cutting-edge technologies depend on the existence and effective functioning of several safety valves that must be positioned on the interface between the national and global economies. A national leadership responsive to the long-term needs of society is the key one. A robust civil society that ensures the government’s accountability to the people is yet another one. Governments that encourage continuous consultations with civil society stakeholders can effectively bring societal concerns into the decision-making process. This fosters democratic participation and community ownership of decisions. As civil society expands its reach and influence, domestic actors find their counterparts abroad and establish transnational links, which feed into the development of a truly global network of civic organizations. Such civic networks may prove indispensable in tackling the problem of sustainable development, which transcends national boundaries and does not yet itself easily to the traditional forms of interstate activity.

As the disastrous 5-month-long BP oil spill in the Gulf of Mexico amply demonstrated, the threat that the forces of corporate greed pose to precarious ecosystems and established ways of life is amplified by the very nature of the oil- and gas-extracting and -transporting technologies. Although timely engagement of competent civil society actors may sometimes mitigate the risks that globalized oil industry poses to the environment, in other times and cases, corporations can temporarily divert public attention and buy out politicians, literally or figuratively speaking. In the remainder of the article, I examine what might be considered a relative success story in getting the transnational company change its behaviors in response to criticism from the environmental and human rights activists. I start this case study with a brief political-economic overview of the Transcausian-Caspian region, which will help explain the origins of the West’s strategic interest in the region. I then present debates that surrounded construction of the Baku-Ceyhan pipeline in Transcausasia and follow with the story of NGOs’ shaming BP into changing its policies in line with more robust interpretations of the idea of corporate social responsibility.

**Geopolitics of Oil in the Transcaspian**

The Caspian Sea’s estimated 44 billion barrels of oil reserves alone could place the region among the richest in the world in energy resources. The region’s proved oil reserves are three times larger than Europe’s and more than twice bigger than those of the United States. According to the international energy statistics, as reported by the U.S. Energy Information Administration, in 2009, three of the five Caspian littoral states—Azerbaijan, Kazakhstan, and Turkmenistan—had pumped more than 2.7 million barrels of oil per day (bbl/day), which was more than 3% of the total world output and 275,000 barrels more than the production output of South America’s largest oil producer, Venezuela. Caspian oil is of sufficiently good quality, lies within close reach to the established international trade routes, and belongs to a group of developing, commodity exporting, and investment-hungry countries.
The region is also extremely rich in natural gas endowments. Its proved natural gas reserves exceed 380 trillion cubic feet (tcf) between the same three littoral states and without even counting Russia and Iran’s littoral areas. Adding Uzbekistan’s 65 tcf in proved natural gas reserves, the Central Asia–Caspian area natural gas reserves exceed those of Saudi Arabia and Algeria combined. Caspian natural gas is considered among potentially crucial sources of energy supply for China, India, and, with the completion of the Nabucco pipeline project, European Union. Extraordinary energy endowments make the Transcaucasian-Caspian region strategically important for international trade and development.

Caspian oil became a factor in the international scramble for control of energy resources as early as the 1880s. Imperial Britain took the lead, fighting, in Foreign Secretary Curzon’s words, to keep control over “Turkestan, Afghanistan, Transcaspia, Persia” as the strategically located “pieces on a chessboard upon which is being played out a game for the dominion of the world” (Kearns, 2009, p. 215). The collapse of the Russian empire and the ensuing loss of Western oil concessions in the Caucasus moved Britain to invade both Russia and Azerbaijan. The campaign was crowned with the establishment of the British Oil Administration in Baku. At the time, British imperial policy was guided by the idea that every effort must be made now, and in the future, not only to develop existing oilfields in British territories or spheres of influence, but to acquire new fields that will be from the outset in British commercial hands and under British control. (O’Hara & Heffernan, 2006, p. 64)

Caspian oil remained a bargaining chip in great power politics ever since. With the collapse of communism, the region has once again become an object of the “Great Game,” now played by energy corporations and their home country governments. The bargaining positions of the smaller post-Soviet states proved unequal to those of the larger players. As industrial production in Transcaucasia more than halved in 1991-1995, domestic demand for locally produced hydrocarbons went into a tailspin. Economic downturn stalled transitions to democracy and entrenched authoritarianism and financial dependency. As national budgets dwindled, postcommunist regimes turned to courting Western investors.

The chaotic sell-off of oil and gas fields had caused intense jockeying for control over the national slices of one of the largest energy pies on the planet. Oil majors had all showed up on the Caspian shores. Not a single transnational could let the opportunity pass. Privatizing governments had soon found themselves outflanked by foreigners. In addition to business executives, the U.S. government officials, too, came in force. The U.S.-Azerbaijan Chamber of Commerce boasted names of Dick Cheney, Zbigniew Brzezinski, and Henry Kissinger, along with Brent Scowcroft and James Baker, on its “Honorary Council of Advisors,” while Richard Armitage was a member of its Board of Directors and Richard Perle sat on the Board of Trustees (Rutledge, 2006, p. 108). Politicians were followed by geostrategists, intelligence officers, and military advisers. At first, investments and know-how were the West’s primary bargaining chips. Later, the U.S. war in Afghanistan dealt yet another trump card to the Anglo-American oil majors in the region and furthered U.S.-led militarization of Transcaucasia (Johnson, 2004, pp. 172-173).

The citizens affected by a new round of the global scramble for energy resources have a distinctly lesser say in the region’s politics and economics. Privatization and auctioning of nationalized industries had dispossessed millions, while enriching postcommunist rulers and their business associates. The region’s NGOs and their counterparts abroad have expressed concern over industrial practices that exact heavy toll on the environment and put extra pressure on local labor and other vulnerable groups in Georgia and Azerbaijan, as well as Kazakhstan and Turkmenistan on the other side of the Caspian Sea. Advocacy efforts of the transnational civic networks focus on the idea of sustainable development of the region and the protection of people’s collective right to a healthy, unpolluted environment, as well as labor and human rights endangered by TNCs’ exploitative practices.

An upsurge in investments did not translate into immediate public benefits. By and large, energy exploration and development proceed in a haphazard manner and without due regard to the environment or the needs of the society at large. Industrial activities threaten natural habitat of many species of birds, fish, and sea animals. Among those most threatened are the Caspian beluga and other species of sturgeon that have been listed as endangered in several Red Data Books and under the provisions of the U.S. Endangered Species Act. If these species are extinct, there can be no replacement, as 90% of their world population is to be found only in the Caspian Sea area. Oil extraction pollutes the sea and contributes to sturgeon extinction, which alone costs regional states at least 6 billion dollars in lost trade annually (Golubchikov, 2002, p. 91).

Human habitat suffers, too, since oil industry claims vast swaths of the Caspian Sea board and agricultural land. Both social and environmental sustainability of the region are at risk. Capital stock requires urgent modernization. Labor productivity is relatively low, and the living standards in all countries of the region remain below their respective 1990 levels more than 20 years into the capitalist restoration. Excessive emphasis on monocultural oil economy threatens traditional businesses and established lifestyles, annihilates industrial diversity, and severely affects fisheries and agriculture in both oil-producing and oil-transporting states. Although NGOs advocate international consultations and tripartite cooperation in the development of the region’s energy sector between the governments, TNCs, and civil society actors, such consultations have never been a priority for the governments.
The interests of the TNCs involved in the Caspian energy production frequently diverge, as do interests of their “home” states. Russia supports oil transportation through the Baku-Novorossiysk and the CPC (Caspian Pipeline Consortium) pipelines that it controls, whereas Washington and London back alternative energy transportation routes. The idea of the U.S.-led development of the Caspian energy resources was part and parcel of the Bush/Cheney National Energy Strategy, which had been “founded on the understanding that diversity of supply means security of supply” (Kretzmann, 2003, p. 13). The U.S. energy strategy encourages building of oil and gas pipelines fully under the Western protection and control. China, the second largest oil consumer in the world, is wary of the U.S. plans and has supported construction of the Atyrau-Alashankou oil pipeline from Kazakhstan to the Chinese province of Xinjiang. Parallel to that, a major gas pipeline from Turkmenistan to Xinjiang was launched in December 2009. Russia is behind the plans for two extra pipelines that will pump Russian oil, brought across the Black sea by tankers, to the Aegean port of Alexandroupolis, in Greece and Ceyhan in Turkey.

BP, Chevron, ExxonMobil, and others have invested more than $50 billion dollars into the oil and gas exploration along the Caspian littoral, predominantly in Azerbaijan and Kazakhstan. In Azerbaijan alone, foreign direct investment (FDI) stocks rose from $330 million in 1995, to $3,735 million in 2000, to $9,044 million in 2009. Kazakhstan’s annual average FDI inflow in 1995-2005 stood at $1,903 million, whereas cumulative stock hit $15,775 million in 2008, before decreasing to $12,649 million the year after (UNCTAD, 2010). The American, British, and select West European energy companies accounted for two thirds of the total FDI stock growth over 1995-2002 period, with over two thirds of all FDI inflows in Kazakhstan and over 70% in Azerbaijan going into the oil and gas industry.

Following their 1998 merger, BP and Amoco have dramatically extended their operations in the Caspian Sea littoral. As a result, by 2010, Britain and the United States accounted for more than half of all FDIs in Azerbaijan’s economy. The two companies had also become key lobbyists for the U.S. oil interests in the area and directly engaged themselves in local politics. The Amoco executives were instrumental in securing the approval of a controversial state visit of the late Azeri dictator Heidar Aliyev to Washington in August 1997. The state visit was crowned with signing of a new Amoco oil exploration deal. Next year, company’s interests in Azerbaijan were further expanded with a 25% stake in the oil exploration consortium. Amicable relations between the company and the Azeri government continued after Heidar Aliyev’s death, with presidential succession of his son and former SOCAR’s vice president Ilham. By 2004, BP’s interest in the Azeri-Chirag-Gunashli (ACG; Shirag) oil field in Azerbaijan exceeded 34%. By late 2010, BP owned 37.4% of operating interest in the ACG, whereas the sum total of the stakes controlled by the U.S.-headquartered Chevron, Exxon, and Hess amounted to 22%.

To consolidate its gains, the BP-led consortium proceeded to build the $3.9 billion Baku-Tbilisi-Ceyhan (BTC) export pipeline with the planned capacity of 50 million tonnes of oil a year, or nearly 10% of the total annual oil supply by Saudi Arabia. Compared with the 7.5 million tonnes capacity Baku-Supsa pipeline, BTC represents a significant boost in exports from the region. Opened in 2005, it pumped 850,000 bbl/day on average in 2010. In comparison, only about 2.5 million tonnes of Azeri oil went through the Baku-Novorossiysk pipeline in 2009, which amounted to about 51,000 bbl/day for a 100,000 bbl/day capacity transportation route—a reflection of Russia’s relative marginalization in political economy of the Caspian oil. With most of the Azeri oil destined for Ceyhan, Russia has refocused its attention on Kazakhstan and the east Caspian littoral. Even so, it appears to be losing what some analysts see as the “pipeline war” with the West, which has been waged over the control of the Caspian sea oil exports. Although the Kazakhstan-Russia CPC pipeline transported 740,000 barrels of crude a day in 2009, the combined volume of oil pumped to the Russian terminal in Novorossiysk remained below the BTC-achieved throughput.

Strategic interest in the Caspian oil was acknowledged in the official report to the U.S. President and the U.K. Prime Minister, known as the U.S.-U.K. energy dialogue. Noting the “huge energy potential of Russia, Central Asia, and the Caspian,” both governments gave strong backing to the BTC project (Evans & Hencke, 2003). George W. Bush had lauded BTC for “the project’s ability to bolster global energy security, strengthen participating countries’ energy diversity, enhance regional cooperation, and expand international investment opportunities” (U.S. Department of Energy, 2005). The so-called Caspian Guard initiative, launched in the fall 2003, committed the United States to spending up to $100 million for “a network of police forces and special-operations units in the Caspian Sea region that can respond to various emergencies, including attacks on oil facilities” (Fialka, 2005).

While BTC construction was proceeding apace, negotiations on the status of the Caspian shelf failed to produce a mutually acceptable agreement. In January 2005, Turkmenistan issued a statement that called on other littoral states to submit to the binding international arbitration. The second summit of the Caspian Sea heads of state, held in 2007, brought no solution to the problem. As official negotiations came under strain, the role of nongovernmental groups directly talking to each other became even more prominent.

**Civic Activism Over the Construction of the BTC Pipeline**

All countries of the Caspian Sea littoral are authoritarian states with strict controls over NGOs’ activities. In Azerbaijan, Kazakhstan, Turkmenistan, and Uzbekistan, civil societies...
had no real chance to develop, as authoritarian governments did their best to suppress them. Although the civil society as such has yet to be formed, its individual precursors, national and transnational NGOs have made an appearance and established themselves as more or less permanent feature of public life in the region. It is these actors that we will relate to as an emergent civil society that challenges undemocratic regimes of the Caspian.

By the mid-1990s, several of these organizations established themselves as providers of expert advice to the government, promoters of best practices, and environmental and human rights watchdogs. In Azerbaijan, NGOs such as the Green Movement, Ecological Union of Azerbaijan, Ecoill, ECOS, Ecological Society “Ruzgar,” and For Clean Caspian became engaged in the ongoing fight for environmentally conscious business practices. Ecological NGOs strive to ensure positive changes in business projects and contracts that had originally paid scant attention to the harm they cause to the environment. TNCs were forced to respond to these activities by taking the notion of corporate social responsibility more seriously than before. BP in particular distinguished itself with a series of projects aimed at improving the public image of the corporation and directly contributed to local community development through a host of charitable activities.

Civil society organizations active in Kazakhstan include names such as Green Salvation, Centre of Ecological Initiatives, INKAR, “Kaspii Tabigati,” Caspian for the 21st Century, Central Asian Fund, and others. Some of these contribute to the activities of a parasatal National Environment Centre of Sustainable Development (NECSD) and combine research activities with advocacy that ranges from purely environmental to more complex political, economic, and social issues. Kazakh NGOs “Globus,” “Kaspii Tabigati,” and “Caspian for the 21st Century” have monitored activities of the transnational consortium Karachaganak Petroleum Operating (KPO), which includes American, British, Italian, and Russian firms. Since 2004, international NGO Crude Accountability has lent its support to local activists by starting discussions on the KPO sponsor International Finance Corporation (IFC) on health and safety aspects of emissions from the Karachaganak oil and gas field. Thanks to the efforts of civil society activists that protest pollution of the North Caspian shelf, TNCs such as Offshore Kazakhstan International Oil Consortium (OKIOC) and Tengizchevroil, a subsidiary of ChevronTexaco, have been forced to begin a dialogue with the public (Solyanik, 2001).

In Georgia, the BTC pipeline appeared the main polluter. In 2003, several Georgian NGOs were joined by INGOs Institute for MultiTrack Diplomacy (United States) and the CEE Bankwatch Network to protest international financing of the construction project. Arguing that no public money should be used for “human rights abuse, corruption and environmental destruction,” activists asked the European Bank for Reconstruction and Development (EBRD) to withdraw its support of the construction consortium. Protesters argued that the project “conflicts with Georgian law and fails to include concrete plans for reducing poverty and increasing democracy in Georgia (CEE Bankwatch Network, 2003).

Georgian association Green Alternative continued these protests by launching a legal action against the BP-led consortium and the government’s alleged capitulation before foreign interests. The group maintained that Georgian citizens were not provided with adequate information, nor adequately involved in the decision-making process. It has also charged that the government pressed ahead with construction after being pressured to do so by the consortium. Activists revealed that the Georgian Environment Minister at the time, Nino Chkhobadze, complained to BP’s Chief Executive Lord Browne that “BP representatives are asking the Georgian government to violate its own environmental legislation” (CEE Bankwatch Network, 2002). In spite of that, the minister approved the construction, which directly threatened the Borjom-Charagauli National Park and the Borjomi mineral water industry, just a few days later.

In their struggle for clean environment, social equity, and sustainable development, Caspian NGOs call on the expertise and resources of a number of INGOs and civil society actors in the West. Activities of the Green Alternative in particular have found wide support among Western environmental groups, leading to the acceptance of the NGO’s demands for fair compensation to the people who had lost their land to the pipeline. The leader of the Georgian group Manana Kochladze was awarded a 2004 Goldman Environmental Prize at a ceremony in the United States.

Environmentalists and human rights activists in the West reacted to the BTC controversy with complaints to their own governments that focused on BP and its consortium partners’ alleged violation of the OECD’s Guidelines for Multinational Enterprises. Companies implementing the BTC project, according to the deposition submitted by INGOs, have neglected the OECD-stipulated obligations that ask companies to “contribute to sustainable development and to refrain from seeking or accepting exemptions from environmental, health, safety, labour, taxation, and other legislation.” INGOs, which included Cornerhouse, FERN, Friends of the Earth, Germanwatch, BUND, and Campagna per la Riforma della Banca Mondiale have also cited concerns of a lack of community consultation (Friends of the Earth, 2003).

Concerted efforts of international civil society activists have brought positive changes to BP’s practices in the region. These practices now include building and equipping schools in the neighborhoods traversed by the pipeline, funding scholarships for Georgian students, implementing various community investment programs, and providing grants to support social and economic projects of related nature. In December 2004, BP had published its first Sustainability Report for Azerbaijan, reporting that the BTC consortium
“has undertaken an extensive stakeholder consultation process that has led to many design and construction modifications and has helped shape sustainability initiatives including community and environmental investments” (BP Azerbaijan, 2004, p. 13). Next year, BP Azerbaijan chose to make “a significant [financial] contribution to raising the capacity of local NGOs in Azerbaijan and Georgia,” while acknowledging that “the lack of waste management facilities in Azerbaijan and Georgia capable of meeting European Union standards continued to create difficulties” (BP in Azerbaijan, 2005, p. 3).

Continuing engagement of both domestic and international NGOs is motivated by their concerns over the pipeline’s impact on the nature and civil rights of the people. NGO causes range from protection of the environment to foreign debt to legality of the developmental agreements to corruption and human rights abuse by the national governments. It increasingly appears that these issues form a single package that has to be dealt with as such. Piecemeal solutions will not work. To give but few examples, corruption is bred and exacerbated in no small part thanks to the large amounts of money, some of its “soft,” that foreign investors bring into the country. Developmental assistance, if misused, may well complicate the problem. Environmental protection relies on the TNCs’ respect of national laws, but weak and admittedly corrupt governments are poor protectors of the law. Protests by concerned citizens are frequently suppressed by the investment-greedy governments, which stall the development of civil society and abuse or neglect human rights of the affected population.

Because of the transnational nature of these issues, unfinished democratic transitions and underdevelopment of civil society, neither Azeris nor Georgians are well equipped to solve these problems on their own. While İlham Aliyev’s regime in Azerbaijan at times appears even harsher than his late father Heydar Aliyev’s dictatorship, Saakashvili’s Georgia suffers from ethnic separatism, disunity, and casual oppression of minorities, problems in judicial system and human rights protection. It is still being used as a terrorist transit state by jihadists of the self-proclaimed Caucasus Emirate. The government of Georgia is frequently incapable of providing public services that citizens require or protecting their interests against abuses by local strongmen or foreign businesses active in the country. In both countries, representation and advocacy tasks are often taken by local NGOs. However, these organizations must rely on weighty and continuous support of their international partners.

Activists of the region rely on INGOs headquartered in Great Britain, the United States, France, Russia, Italy, Norway, and other countries. In their fight for sustainable development and corporate social responsibility, these INGOs may have direct or indirect interests and stakes in the Transcaucasian-Caspian region. Local activists also rely on the help of the NGO Branch of the UN Department of Economic and Social Affairs. An informal regional network of NGOs under the aegis of the United Nations (UN-NGO-IRENE) was established in April 2002. The UN Economic and Social Council (ECOSOC) has granted consultative status to several leading NGOs in Azerbaijan and the region. In November 2004, two of these NGOs secured support of the United Nations System in Azerbaijan and the Government of Azerbaijan to launch a High Level Consultation and Capacity Building programme for Azerbaijan and the Caspian region. The NGO Branch of the UN DESA is a partner in the UN-NGO Informal Regional Network in Azerbaijan.

External coordination is necessary to support local NGOs both financially and via the transfer of know-how, exchange of best practices, and the like. It is also needed because some of the key issues these NGOs are trying to address arise out of the activities of the transnational companies, which increasingly define economic developments in the region. The elusive “nationality” of the transnationals involved in gas and oil exploration in the Caspian provides clues for civil society activists that establish cross-national links with their partners abroad, in the transnationals’ home countries. As Naomi Klein (2001) has observed, “Around the world, activists are piggy-backing on the ready-made infrastructures supplied by global corporations” (p. 84).

The efforts of international civil society are bringing positive changes into the Caspian region. Under the influence of the “third sector” campaigns that traverse national boundaries, transnationals started taking the notion of corporate social responsibility more seriously than before. Faced with public criticism, BP has responded with a series of corporate documents that addressed sustainability and social protection issues associated with the pipeline project. BP’s own consultant admitted that “the project broke resettlement guidelines and local laws and violated international standards on no fewer than 173 counts” (Berthelsen, 2003). Concerns over corporate reputation and technological risks associated with the BTC project led a major Italian investor to pull out of the consortium in 2004.

Although the pipeline brings much needed revenues to the region, concerns persist over both social and environmental price of the project. According to several studies, societal burden of the BTC pipeline may outweigh its benefits. A study by the Amnesty International has found that the BTC commercial agreements could have been detrimental to the protection of human rights in the host countries and “created disincentives for the three States to fulfil their current and future international human rights obligations” (Amnesty International UK, 2003).

After publication of the report, the IFC (the financial arm of the World Bank that had underwritten the BTC project) met with Amnesty representatives. Amnesty International had also discussed its concerns with EBRD and the UK Export Credits Guarantee Department. BP responded with a set of unilaterally adopted legal obligations, the so-called BTC Human Rights Undertaking. Here, the company, along with other
Kvinkadze, a lawyer representing Georgian NGO Green local employees, and capriciousness of the employer. Keti working days with no weekends, subsistence minimum construction workers protested against 12- to 14-hour long and international labor norms it pledged to observe. Con-

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However, good corporate citizenship is a quality that cannot be taken for granted. As the example of Transcaucasia shows, there is always room for improvement. In February 2004, Georgian Trade Union Amalgamation had complained that the consortium was not following Georgian labor law and international labor norms it pledged to observe. Construction workers protested against 12- to 14-hour long working days with no weekends, subsistence minimum wages, poor working conditions, discrimination against local employees, and capriciousness of the employer. Keti Kvinkadze, a lawyer representing Georgian NGO Green Alternative, observed,

The company is free to terminate an individual worker’s contract at any time without compensation. When the IFC and the EBRD came to help finance this pipeline, it was claimed that their presence would guarantee the highest international project standards. Where are these banks now? (CEE Bankwatch Network, 2004)

In Azerbaijan, TNCs invested millions to improve their image with local communities. An Enterprise Development Committee and its successor, Business Development Alliance (BDA) co-opt civil society groups and cajole them into approving business activities. An Oil Industry Forum promotes social investment initiatives in areas such as community investment, support for small and medium-size enterprises, good governance, administrative capacity building, and civil society development (Rienstra, 2002, January-February, pp. 54-55; BP in Azerbaijan, 2005). BP woos national and international NGOs by giving them contracts to implement various community investment programs in the area. Since 2005, BP’s social investment initiatives have targeted communities within the range of the 2-km zone on both sides of BTC oil pipeline (the so-called Future Communities Programme). The company has also promoted its Regional Development Initiative that supports enterprise development, effective governance, and access to energy in the region (Gulbrandsen & Moe, 2007, pp. 823-825).

At the same time, the government of Azerbaijan essentially flouted the so-called tripartite dialogue launched in London in 2000 to bring business, NGOs, and government together. Azeri authorities prevented marine scientists from conducting independent assessments of the level of sea pollution around the oil-rich Apsheron peninsula. The state colluded with trans-nationals in pushing through the parliament a legislative amendment granting the American Frontera company oil drilling rights on the territory of a nature reserve (Golubchikov, 2002, pp. 94-95). Leaders of the Human Rights Centre of Azerbaijan and the Institute for Peace and Democracy (both NGOs critical of the BTC project) were publicly ostracized by the government, following which pro-regime thugs harassed them, broke into the NGO offices, and assaulted relatives of the activists (Amnesty International, 2004). Corporations themselves note that investments “potentially encourage” corruption by the government officials in what already is one of the most corrupt countries in the world (BP, 2003).

In both Azerbaijan and Georgia, environmental regulations are trampered by the bottom line considerations. In July 2004, construction in the Borjomi National Park of Georgia, where internationally famous mineral water springs are located, was started in the absence of construction permits. After the so-called Letter of 50 addressed to President Saakashvili criticized the pipeline construction in the environmentally unique region, the work was temporarily suspended by authorities (Baku-Ceyhan Campaign, 2004). Same year, activists drew attention to the choice of safety coating for the BTC pipes, which, according to BP insiders, may not hold against potential oil leakages. By April 2005, BP faced legal action from its own contractors who cited a scientific
report critical of the pipeline’s anticorrosion coating (Gillard & Connett, 2005).

Protests continued after the BTC launch in 2006. In 2007, complaints were raised about detrimental health effects of the Sangachal oil and gas terminal—complaints that went essentially ignored by both BP and the Azeri government (“Life Along the Pipeline,” 2007). By mid-2008, the World Bank’s Office of the Compliance Advisor/Ombudsman received 31 complaints about the BTC project from individuals, communities, and local organizations—mostly from Georgia. Concerns were raised in regards to the company’s adherence to the “Guide to Land Acquisition and Compensation in Georgia for BTC and South Caucasus,” which stipulated policies and procedures for land reinstatement and compensation (Compliance Advisor/Ombudsman, 2008, p. 21).

The case of the BTC adds extra weight to the argument of those who, together with Amnesty International’s Irene Khan, retain healthy skepticism about TNCs’ voluntary compliance with international labor, environmental, and human rights standards. These activists of international civil society believe that “while voluntary initiatives can be useful, they have very clear limits” (Khan, 2003). The role of civil society actors is to make sure that corporations make good on their pledges of corporate social responsibility. Both host countries’ governments and civil society activists must monitor firms’ compliance with environmental and labor standards continuously. If they fail to do so, businesses may be tempted to relax the agreed-on operation protocols or even completely renege on earlier taken commitments. These worries cannot but haunt Transcaspian states and societies in the wake of the Gulf of Mexico oil spill disaster.

In October 2010, BP’s new chief executive Robert Dudley signed a contract with Azerbaijan to develop a vast offshore natural gas reservoir—the Shafag-Asiman field, which lies at the depth of 7,000 m beneath the Caspian Sea waters of 650 to 800 m deep. While BP’s new contract gives the company access to estimated gas reserves of 17,000 billion cubic feet, the fear of the repetition of the Gulf of Mexico disaster persists. As cochairman of Azerbaijan’s Green Party Mais Gulaliyev noted,

The accident in the Gulf of Mexico shows us that such a disaster could happen anywhere. The United States, with its super-modern technologies, is barely capable of stopping this disaster. You can imagine the scale of the damages to the environment from such incidents in countries like Azerbaijan. (RFE/RL, 2010)

Conclusion

Protection of human rights forms an essential dimension of sustainable development. As the 21st century progresses, it becomes increasingly evident that TNCs, especially those involved in extractive industries, are culpable of numerous violations of environmental and civic rights. Proliferation of civil lawsuits against multinational extractive companies, significantly those involved in oil and gas exploration and development, on the basis of the alleged human rights violations, illustrates the trend. Typically, these cases involve allegations of abuse clustering in three areas: cases involving TNCs’ use of security forces and paramilitaries for protection, cases involving employment and labor-related issues, and a variety of environmental claims (Drimmer, 2010).

It is expected that the host states where these transnationals operate should act as the first line of defense protecting human rights of the affected population and punishing human rights violations committed within their areas of jurisdiction. According to the established norm of international law, host countries are obliged to protect their citizens against human rights abuses, including those committed by international business corporations. However, investment-greedy governments often neglect these obligations and turn a blind eye to environmental violations, transgressions of the domestic and international labor laws, and outright human rights abuses committed by a TNC that brings sizeable revenues to the domestic economy. Therefore, new forms of social and political participation are called into being. Transnational civic movements and solidarity campaigns engage societal forces that can no longer be fully articulated within the framework of a nation-state. The international civil society that these movements bring to life may well be crucial in promoting truly global ethics of social responsibility.

Emerging economies, especially those run by authoritarian and semiauthoritarian governments, and easily influenced by outside forces, are less protected from potential corporate abuses. The forces of civil society are all too often not enough to prevent government-business collusion or counter its negative consequences. Because of this, civil activists in the Transcaspian region are establishing international connections and seeking assistance from their counterparts in the West. Sometimes, international partners are leading in this fight, whereas local NGOs are following and ensuring domestic monitoring of the relevant initiatives. One example of this is the Publish What You Pay campaign involving a coalition of over 300 NGOs worldwide. It calls for the mandatory disclosure of payments made by oil, gas, and mining companies to host country governments. The coalition also demands that resource-rich governments publish full details of the revenues they earn from the transnationals. NGOs in Azerbaijan and Kazakhstan are now part of this international campaign, and they also monitor implementation of the Extractive Industries Transparency Initiative, which seeks to prevent corruption and improve accountability of both extractive firms and domestic authorities in the host countries (UNCTAD, 2007, pp. 176-184).

Civic engagement on a transnational basis balances off corporate globalization and provides those anchors of moderation, responsibility, and accountability that profit-motivated
activities of TNCs rarely generate on their own. Thanks to these activities and internationally generated pressures, corporate behaviors are adapting and responding in a way that may bring the idea of sustainable development closer to reality. The example of BP’s activities in the Caspian Sea littoral states, and specifically the developments surrounding the Baku-Ceyhan pipeline’s construction and launch, illustrate the point. Even so, the key lesson learned from this example should not be that of complacency. To build on the results achieved and to prevent regressing into the state of near-lawlessness that often accompanies corporate exploits in less developed countries, civic monitoring of corporate activities and the fight for sustainable development generally speaking must be premised on the principle of proactive and continuous engagement.

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