The Struggle Over Oil
Conflicts, Profits and Alternatives
19 January 2017

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Martina Neuwirth: Good evening ladies and gentleman I warmly welcome you to our discussion.

Let me first welcome our two international guests: Philippe Le Billon and Manana Kochladze. I also welcome Karin Fischer, our moderator, with whom I have programmed today’s panel discussion. My name is Martina Neuwirth, I am working at the VIDC on international finance and economic issues. My work focus is on international taxation, including the taxation of oil and gas industries - a very important issue for resource rich countries, as there is a lot of money at stake. But neither are companies always paying a fair share of tax and bonus payments, due to illegal tax evasion, legal tax avoidance or tax incentives, nor are host governments always transparent. They often do not tell their citizens how they spend revenues that are earned from the extractive industry. Gubad Ibadoglu from the Economic Research Center in Baku (Azerbaijan) already told us in 2013, at a VIDC panel discussion, that oil and gas revenues are supposed to flow into the state budget of Azerbaijan but 60% of the budget are not publicly disclosed. Furthermore, family members of president Aliyev participated in foreign oil and gas companies that were active in the country. So we see a close connection of state elites and the oil and gas sector. Opacity and corruption are part of a phenomenon that is called a resource curse. That means that resource rich countries are not always rich. On the contrary, the domination of the extractive sector can crowd out and hamper economic development. Rent seeking elites might fight for dominance, leading to conflicts and wars. Some researchers even argue that oil rich countries in general tend to be less democratic and more autocratic. Moreover, what we also should not forget tonight is the environmental problem. The use of fossil fuels does not only contribute to climate change. Their extraction and transit also cause environmental degradation. At one of our last VIDC panel discussions, we looked “Beyond the Borders” to find new ideas for reconciling economy and ecology. In April 2017, we will have a closer look at a global player with a particularly strong appetite for resources, and that is China.

Today we are linking up all those issues and we look at the role of the oil and the gas sector in our economy, and at the political implications of the quest for oil and gas. And we will discuss whether and how we can get out of the fossil fuel traps.

Finally let me introduce our moderator, Karin Fischer. She is the head of the Politics and Development Research Department at the Institute of Sociology at Linz University as well as a consultant to the VIDC. She is the chairwoman of the Mattersburg Circle for development.
studies at Austrian universities, and in 2016 she co-edited the book “Rohstoffe und Entwicklung. Aktuelle Auseinandersetzungen im historischen Kontext“ (Resource and development. Current debates in a historic context.) You can also find the German translation of a very good article of Philippe Le Billon in this book. So Karin the floor is yours. Thank you.

Karin Fischer: Thanks, your introduction leads us directly to the main points of our discussion. But first let me introduce our excellent guest speakers, Manana Kochladze and Philippe Le Billon.

Manana Kochladze comes from Tbilisi, Georgia. She works at CEE Bankwatch Network. CEE stands for “Central Eastern Europe” and it is one of the largest NGO and grassroots organizations’ networks in the region. She works on the thematic areas energy, transport and international finance and we heard already how interwoven these areas are. She is the cofounder and the chairwoman of an environmental watch-dog group, “Green Alternative”, also based in Tbilisi. And she is concerned about the Baku-Ceyhan pipeline project, a huge infrastructure project in the region, since the late 1990s. Manana is trained as a biologist and she uses her scientific knowledge to give voice to environmental concerns and to the local population.

Philippe Le Billon is a professor at the Department of Geography and the Liu Institute for Global Issues, at the University of British Columbia. In his research he focuses on social and environmental problems associated with resource exploitation. Amongst his many publications I want to mention only two books: One is simply called “Oil”, co-authored with Gavin Bridge, which appeared in 2012. The other is a book called “Wars of plunder: conflicts, profits and the politics of resources” from 2014. Philippe’s work is based on direct field experience - this is is of course true for both of you – of over a decade or even more. He did extensive field research in many countries, from Angola to South Sudan and former Yugoslavia.

These many years’ experience and engagement with resource related conflicts make both, Manana and Philippe, excellent contributors for the hot topic of tonight’s discussion. In this discussion, we would like to address three areas. One is the oil and gas network - its actors, their power relations, interests and the geopolitical implications associated with these actors and different interests. Secondly, the conflicts on the ground, based on your field research. And, last but not least, possible ways out of the resource dilemma: What should or could be done in favor of a sustainable and peaceful development.
If you look at the Fortune’s list of the world’s largest companies, 6 out of 10 leading corporations are oil and gas companies, followed by another 2 on rank 11 and 12. So my first question goes to Philippe and I ask him to give us a short introduction into the basics of the sector. Who are the main actors, what are their interests and what are the power relations among them and above all who gets what out of this big business?

Philippe Le Billon: Again, thank you all for coming. I come from France but I work in Canada, especially in western Canada. Sometimes Canada comes up in the news in relation to the tar sands, which you probably have heard about and I’ll talk a little bit about that. So I provide a very quick overview of the oil sector.

We use a lot of energy, at least the privileged part of the population that has the ability to afford a lot of energy. Since the beginning of the 21st century we are using more and more oil. That transition is what we have called the oil age. It has started essentially in the US and has become very popularized by the use of cars but also at the time by heating, you may remember your parents were using heating oil. So essentially the oil age has been really taking over the world since the end of the Second World War. The question is, how long is that going to continue, who is going to make money out of this and who is going to lose out of the consequences of the oil sector?

A new type of oil sector is actually not really digging for oil, it’s mining for oil, and it’s a very energy intensive process to get oil out of this bitumen mining sites. In many ways that’s what people think the future of the oil is. A future that brings about a lot of contribution to climate change, around a third of it at the moment. Yet it remains a very practical fuel. Many of us use to cycle to work but we go on, we use fuel in our daily lives and it’s very difficult to go out of it, in part because we live in a world that has been kind of constructed around it. So many of you who live in Europe, you have the great advantage to live in a city that has been developed before the age of oil. As such the infrastructure is built for people that are on foot, that are on horse carriages and so the density is generally higher, the infrastructure is there, trams etc. That is not the case for the developing world and most of the northern continent of course.

The world does not only have a lot more people but a lot more people are consuming. So how many cars were sold in China last year? 22 million. On average they consume eight liters per 100 km. So they are not very efficient. The government is trying to make an effort but this is building up, those cars are going to be on the road for ten, fifteen, twenty years from now.
And so we come to rely more and more on those hard-to-find oil resources, some of them are in Canada. Two decades ago, peak oil was around, people were making bets. The best one at the time was about 2006. Conventional peak oil would be there then, and there was this idea that we would be running out of reserves. Well, the problem, as many people indicated at the time, was that maybe we will not run out of oil but we run out of time to slow down the rate of carbon emissions.

This map shows you where all these reserves are. So essentially you recognize two countries in dark brown - one you will be familiar with, which is Saudi Arabia, with 260 billion barrels of oil, and another one we are less familiar with, in the northern part of South America, which is Venezuela. The two countries are very different. On represents the past, the big conventional oil finds, and one represents the dirty future of oil. That very dirty future is essentially very heavy oil, quasi bitumen. But they have a lot of it. So when OPEC is saying “we´ve got a lot of reserves out there” they are mixing those two: the relatively clean oil of the past and the very dirty oil of the future. And when we add the non-OPEC countries, then of these remaining 20 percent [of world oil production] two thirds are actually taken by those dirty oils again. So we have a lot of dirty oil out there, ready to be burnt if the price is right. And if the price is right, people are going to do it because they can make money out of it.

If we look at the latest assessment of reserves that you can find (from the private sector) and, quite surprisingly, the United States has the greatest reserve. This was published in July last year and this is why we have Trump in power, if we shortcut a bit. In essence its selling the dream of “America is great again” and it’s going to be great again because they can have the big V8 cars, they can consume etc. Why they can do that? Because of dirty oil and the new technologies that allow to unlock those reserves that are out there. Russia is not far behind and it’s the idea that they are both competitors and allies. You can also see that OPEC and non-OPEC reserves are split in halves, a very different picture from the previous one.

So what has been the world production so far? If we look back to when I was born, in the mid-1960s, we are roughly on track for disaster. By 1990, we would have already gone over 100 million barrels a day of consumption. To give you an idea, Austria consumes a quarter of a million. But thanks to the oil shock, many people realized that oil can be a dangerous thing, it can be blocked, it can be expensive, it can be difficult to get. So let’s keep it in the sectors were we really need it. In transportation it’s hard to replace, but we can replace it in other sectors. And that was done for electricity and for heating houses etc. Since the early 1980s we have been on a slower pace of growth but nonetheless oil consumption has been maintained. And it has been maintained in part despite energy efficiencies because we´ve had
newcomers into the world development and large consumption. From 2000 onwards we’ve had Chinese consumption, and the big unknown is now: Will Indians in India consume as many cars as we have seen the Chinese consuming recently? It’s not going to happen overnight. At the moment they just consume a little bit more than France or the UK. But we are talking of 1.5 to 1.6 billion people, not 60 million.

There are disruptions that are coming in, and that’s part of the equation of how this sector works. I just spent a year where Tesla is based, in Stanford, Palo Alto. There the idea was, well maybe we can see a revolution in transportation and that will bring the end of oil consumption. I am very doubtful. The most serious conservative estimates, still optimistic, say that by 2040 about 15 to 20 percent of oil consumption could have been redirected towards electric consumption. We hope for that in some ways. Maybe it will get us out of that nasty curve that we have seen so far, which is to say that more and more oil is being added since to the unconventional, dirty oil.

But it’s not only about new forms of oil but also where we find those reserves. And of course one of the big debates at the moment is the arctic. You know that in Russia, thirty people from Greenpeace were incarcerated. It was because of their attempt to stop exploitation in the arctic.

So now let me come quickly to the oil actors. There is some kind of historical configuration. If you look at the first third of the age of oil, we are in a configuration where we are still in a colonial world, dominated by Western powers that had colonies. And in many ways, the Western oil companies operated more or less where they wanted to be operating, within the confines of the colonies. By the 1950s, we’ve got a decolonization process, when many of the protectorates in place get challenged and attenuated. Then the oil companies have to enter into negotiations with the exporter states. The exporter states in the 1960s set up their own companies, they set up the club that you are hosting here in Vienna, which is OPEC. And the Western countries respond to it by creating the International Energy Agency. By the 1990s, new actors are coming up that should have been there since the beginning. And those are local communities. More attention is given to local communities by the oil companies, by the domestic governments, and by consumers in consuming countries in particular. Why? It’s because the debate about human rights became much stronger. We understand more the impact on the environment on the long term.

So suddenly, the power relation between the actors shifted a little bit between all of these actors. What are the main power relations? Traditionally, we oppose producer states and
consumer states. But both need each other. The trade-off is of course that when the price is high, the producer states feel it is gaining. When the price is low, the importer state feels it is winning, the consumers are winning. So finding the right price is important to keep both parties in line. That’s why we have a price band, which used to be between 20 and 25 USD per barrel, at the moment it is between 45 and 55. That’s what we are heading for this year apparently. And then there is a fight over trying to get access to oil. The international oil companies, as I mentioned, they were pretty much doing what they wanted to do. But that changed and they had to enter into negotiations with the national oil companies from the 1960s, 1970s onwards. But now there is a new type of national oil companies. They are essentially national oil companies that have come out of countries that have become large consumers themselves. They are not looking for markets, they are looking for reserves and resources, and they are doing that in competition with IOCs (International Oil companies). So there are Sinopec, CNPC, Petronas, Petrobras and other BRICS’ IOCs, if you want. They are very hard competitors because, like the international companies, they are able to mobilize their home government, in Beijing or in Brasilia, to negotiate deals for them, in terms of diplomacy, access to financing etc. So out of this comes generally a modus operandi between those two types of companies. Very often they will try to compete at the time of bidding, but sometimes they also get associated. It is not US against Chinese companies, it’s a consortium of Chinese and American companies against another consortium, maybe of an Indian and a French company.

Important actors are civil society organizations, and what they try to bring is a moral, an ethical dimension to the functioning of the oil sector - knowing where the money is going, the developmental impact, the environmental impact. What they do a lot is documenting and shaming the companies and trying to change the system. So among the organizations that I have worked with in the past are organizations like Global Witness, they go and do investigations in countries and try to document patterns of corruption, release it to the media, and try to bring about an initiative like the Extractive Industry Transparency Initiative that tries to say how much money is being paid by oil companies to governments to hold the governments into account.

Who gets what? The first thing to ask is essentially who gets the oil. Well, those people who can live a relatively privileged live, worldwide about 10 to 15 percent of the population. Not that many are actually having access to the privilege of owning a car. It’s still a great luxury even in China. The second aspect is how much of the oil money do people get. If you take a classic scenario for the past decade, where oil was roughly around 100 dollars (to make it
easier to capture), and you are in a European country that taxes fuel in a relatively heavy way, not like in the US, then roughly 40 dollars is going to be the proportion you will get. It will cost about 20 dollars to get the oil out of the ground. The government that is producing the oil will be able to pocket 35 dollars in order to compensate for the damage done and, more importantly, to distribute it to public services etc. The consumer government will get 40 dollars. The oil company will get only seven dollars but that can still amount to a lot of money. When we are talking about 2008, Exxon made profits of about 42 billion dollar. So [then Exxon’s chief executive, now US Secretary of State] Rex Tillerson did a good job that year but there were high prices. But those proportions vary tremendously across time and across space. Across time because the price of oil varies tremendously and even if the price is low, the costs will actually stay more or less the same. Of course when the price of oil is lower, the companies make a lot of efforts to reduce the costs, currently about 30 cents to the dollar. So for each time the price of oil goes down by a dollar, they are trying to get about 30 cents of price reduction. The producing government will then also get less money. Very often the consumer government will try to maintain its tax base. Especially because in our countries, people are very cautious about being taxed, there is budget oversight etc.

Karin Fischer: Thank you Philippe. The same question goes to Manana. The Caucasus is an extremely important region for the gas transport and a gas producing area, not to forget the oil in the Caspian Sea. In the last years huge infrastructure projects were built up, as a pipeline system that should bring gas from authoritarian Azerbaijan to Western Europe where we consume it. Could you tell us about the actors involved, their interests and the money that absorbs this project? Is the gas network different from the oil network?

Manana Kochladze: First of all, thanks for this opportunity to speak about this topic. This is the work I am doing since 1997. I am monitoring the pipelines that come from the Caspian Sea, which actually hold quite some reserves of the oil and gas resources. Azerbaijani oil and gas reserves only are about 3 to 4 percent of world reserves. Baku is not a new oil and gas port on the world oil map. It started in the 19th century, with the Rothschild’s and Nobel’s, and the first pipeline constructed was from Baku to Batumi. Also for the Soviet Union, this was an issue of very high interest after its occupation of the South Caucasus by the Soviet troops between 1919 and 1921. When it got power over the full South Caucasus, one of the major driving forces was the oil from Baku because, as Philippe just mentioned, this was the driving force
for economic development at this stage. Now there are three pipelines. You have the Baku-Supsa pipeline, the pipeline that connects Baku to the Black Sea. It’s quite a small pipeline, it cost only one billion USD that time. Then you have two pipelines, going along the same corridor. One of them is the oil pipeline which is called Baku-Tbilisi-Ceyhan pipeline. It ends in the Turkish Ceyhan bay and it transports up to 50 million tons of oil per year, most of this oil is going to Europe and Israel. These are two major points where the oil is consumed. It’s very high quality oil, that should be stressed, it doesn’t contain the sulfur like the other Caspian oil. But why did it suddenly became a political issue? Because, as Philippe mentioned, there are two major super powers with major super oil reserves – Russia and the US. So when the Soviet Union peacefully or not peacefully disrupted, the power relations of course started to change in the South Caucasus, historically being the sphere of influence by different big powers. You have Russia, you have Turkey and do not forget about Iran. Also the western governments had interests there. So in 1994, British Petroleum signed a so-called “Contract of the Century” with the Azeri government. This happened directly after the coup in Azerbaijan where the popularly elected president was dismissed, and the one who replaced him was Heydar Aliyev who had been the first secretary of the Azerbaijani communist party for long. The signing of the contract gave the US and the EU (because who knows whom British Petroleum represents, one day it is a US company, next day a UK company) a push for their interests. But we should not forget about Russia. As soon as these two pipelines - Baku-Supsa and Baku-Tbilisi-Ceyhan – were built, Russia considered that it was against its interests. So you can see all these projects, you will see that also most all the projects have the same shareholders except for the TAP (the Trans Adriatic Pipeline) and we will speak about that. Concerning the oil pipelines, it appears that there are not enough oil reserves in Azerbaijan as it was predicted in the 1990s, but huge gas reserves were found and then the story of the oil and gas started.

You may know that the South Caucasus is one of the most unstable regions of the world. Georgia has two ethnic conflicts and it is actually at war with Russia, there are no diplomatic relations between Georgia and Russia. You have also Armenia and Azerbaijan who are at war with each other over the Nagorno-Karabakh region, there are also no diplomatic relations. There is a cease fire, but at times there is an outburst, especially during the last two years. These outbursts also have consequences on oil. So it is interesting that pipeline security was always an issue for the NGOs - what the pipelines in this very fragile environment will bring. When the BTC [Baku-Tbilisi-Ceyhan] pipeline security was considered, they came to the conclusion that there would be a security zone around the pipeline which would be inspected
by military forces hired by British Petroleum. This sounded very undemocratic and not human rights based. So after a long campaign an agreement was reached: BTC will have unarmed safety guards and Azerbaijan, Georgia and Turkey will protect the pipelines. This was achieved after a long campaign, it was not given as a gift. But still there is an issue which is rising lots of problems, and this is to guarantee pipeline security when blasting is happening. This is happening even more often than is reported by the international media. So the first blasting happened to the BTC pipeline just directly before the war between Russia and Georgia, in August 2008. Then, after a few days, the pipeline was bombed by the Russians. And parts of Baku-Supsa site pipeline was also kind of overtaken by Russia in 2015, and then British Petroleum was forced to award this overtaken area because of the so called “borderization” process when Russia occupied 20% of Georgia’s territories. So suddenly they also took over parts of pipeline which they did not know that they were there. But this is how it works. And then we have terror attacks. But this was not really unexpected. The only problem is that after a blasting happened, investigations never say who the terrorists were that attacked this pipeline. For example, in the case of the BTC pipeline’s first blowing up, the PKK (which is the Turkish Kurdistan Workers’ Party) claimed that this was done by them. But then everybody, including the British Petroleum, tried to convince the world that this was a technical problem. Was it a technical problem was it not a technical problem, who knows. But the problem is that in this very sensitive area where the pipelines and the oil and gas platforms are situated, an even bigger pipeline is planned. It is called the Southern Gas Corridor, a project of the direct interest of the European Union, as it is part of the EU list of priority projects. It has already got green light from the Commission. The pipeline will start again in Baku, at the Sangacha terminal, and then it will go from Azerbaijan to Georgia, Turkey, will cross Greece, Albania and then will enter Italy. So the conflicts we have in all these areas will remain. I will speak later about those conflicts, when we speak about the impacts on the ground.

But first I want to bring to you some kind of a more fundamental, systemic failing. So with this Southern Gas Corridor, or TAP/TANAP [Trans Adriatic Pipeline/Trans Anatolian Pipeline] as it is called, there is the idea that each project is separate. So there is separate gas and oil extraction in the Caspian then you have the one project that brings oil or gas from one point to another point and then another project starts. They are not separating the project because they don’t understand that this is one system but to decrease the costs. The costs for the whole pipeline system, just this one pipeline system, will be around 40 billion USD. It’s
supposed to bring 60 billion cubic meter of gas annually. So this would look like very high-cost. But if you cut everything into slices, then the costs of part will go down. But in general, that is what it costs. What is more important to consider: We have heard that oil companies are only getting 7 percent of the revenues, but we need to keep in mind that it is not only the profit which they are getting. There are also subsidies, free money as the oil companies themselves call it, coming from the governments. This is money they are getting from the major international financial institutions and a number of the international institutions, including the World Bank, the Asian Development Bank as well as the EBRD [European Bank for Reconstruction and Development] already gave them a vast amount of the money for this pipeline. So if you look at the 40 billion, about 10 percent of it is already funded by the major international financial institutions, including the newly created Asian Infrastructure Bank, which is a Chinese led bank. Another 4.5 billion USD is expected to come from the same major international financial institutions. This doesn’t include [national] export credit agencies (ECAs), which will follow for sure, like OPIC [from the US] or SACE [from Italy]. Every company involved in the construction will turn to their national ECAs and ask them for money, and this money they really call “free public money”.

Karin Fischer: To get more concrete: The strategic interest is to bypass Russia?

Manana Kochladze: The strategic interest is to bypass Russia and then look what is Russia’s response because the EU is not just acting and Russia is waiting. Russia, at the same time, is working with almost the same partners, including British Petroleum, and trying to develop alternatives for not losing the European market. There were a lot of problems with Turkey recently over Syria, it’s overcome. So recently, it was October 2016, Gazprom and the Turkish company Botas agreed to construct Turkish Stream, which is supposed to bring 300 mio. cubic meter of gas from [the Russian city] Anapa to Istanbul, then to Greece, and then there is also an option with Bulgaria. Negotiations between Russia and Bulgaria already took place a long time ago, in 2014. The European Commission managed to stop the contract, but with the newly elected president of Bulgaria you never know what happens. So things are not only economically driven but also politically driven. I lobbied the World Bank not to finance the project with the amount of the money. They said: “But these pipelines will be constructed anyway and anyway we need the gas”. Why do we need them? The project document says that the main reason for their financing is the diversification of the oil and gas supply routes. So they agree from the beginning that more pipelines will be constructed in the region. And
they don’t have the understanding that this creates problems all along the pipeline and it doesn’t really bring any type of wealth to the population that is there. One more thing about the situation and the conflicts in the area. You remember that Azerbaijan and Armenia are really on war over Nagorno-Karabakh. Oil and gas revenues really give them quite a big opportunity to increase and strengthen their military, which Armenia could not do. You could think that Russia is always on the side of Armenia, that they would help Armenia. But no, Russia is playing a very nice game, both with Azerbaijan and Armenia. Both have very good relation and recently Azerbaijan was supported by Russia against Armenia which makes Armenia crazy. But what can they do? The only neighbors they are having good relations with are Georgia and Iran. They have bad relations with Azerbaijan and no relations with Turkey. In this small region so many political interests override each other. Therefore any intervention that makes one country much stronger than another, through these oil and gas revenues, really creates problems in the larger region.

**Karin Fischer**: So the thing is there is a lot of money in this, private and public, from international financial institutions. Recently the “Bank Watch Report” appeared and showed that there are mafia connections and great difficulties with that project. We can speak about that maybe later. Your point was also that the fossil fuel money deteriorates the human rights’ situation. You mentioned that in case of Azerbaijan, and this will be the next point to address - the conflicts on the ground, emerging from these projects. Later on we will address the geopolitical dimension again, you already mentioned Trump. Philippe, I would like to ask you about the conflict situations. You called your book “Wars of plunder” and resource wars appear very often in your publications. Can you give us examples from your field work? How did these multiple forms of violence evolve around resource exploitation?

**Philippe Le Billon**: In short we’ve got about five types of relationships between oil and conflicts: 1) Peak Oil: The idea is that if there is going to be no oil around, there is going to be a struggle. So for mainstream politicians, people like Michael Klare, that’s the idea, the struggle over the last few resources, a Zero-Sum-Game etc. 2) Return of Geopolitics: This is a much more dirty form of conflicts, maybe not as overt, where local governments are tried to be manipulated. It’s a little bit the return of geopolitics, whereby the territorialities of control play a role - for energy corridors, for oil fields. It’s not simply that we are running out of oil, it’s simply that there are some projects which are more profitable than others. There are
projects that are essential to run the economy, like in Russia. 3) Climate Change: The third one is little bit the kind of environmental doomsday type of narrative about climate change. We’ve got climate change, we will have millions and tens of millions of migrants, it’s going to be a mess all over the world etc. These things perk ed up with Darfur in 2003, and of course it popped up again with the crisis in Syria. People were saying: “Look, there is a recurring drought in Syria for a long time, and that was part of the problem.” There is a little bit of conspiracy. These conflicts are at work but they are rarely overt conflicts.

Where we really see an everyday relationship that is conflictual and often violent is here: 4) Environmental conflicts: They are often about micro level attempts to control oil, for example in Nigeria. So all of you have read in the press that in the Niger delta there were recurring patterns of violence. It actually started with an attempt of a secessionist movement to achieve the independence of what was called at the time the Biafra region. That was put down through a very bloody civil war that killed about a million people, most of them starving to death. But out of that essentially a new strategy for people on the ground emerged, a kind of social movement, demanding more local control over oil and fair compensations, but not using arms. And they did that through most of the 1980s and 1990s, but that didn’t lead anywhere, in part because there was a very tough military government in place. And the companies, like Shell and others, were not able to influence the governments enough. And they were making profits. So you all know about the Ogoni. I suppose the Ogoni struggle was very symptomatic of that. Their leader Ken Saro-Wiwa was hanged along with seven others, and it was a little bit like hanging environmental and community activists. Those things continue to happen and the result of this was in the mid-1990s that a number of youths decided that - since protesting was very dangerous and largely ineffective - you may as well go clandestine, take up an AK 47 and roam the creeks to extract money from the oil companies, from the local communities sometimes, and run a show that is much more within the narrative of a violent opposition to the oil companies and to the government. So there is a kind of low intensity war that takes place in the Niger delta. These types of situations are relatively unheard of. It is partly the case in Nigeria because of the geography, the strong networks and that many of the oil companies pay those people. So at the moment it’s just resurrected a little bit because the government stopped paying an amnesty payment to the former combatants. Since June we’ve had a little bit more of that. 5) The last one is the so called conflict oil. It’s a little bit like blood diamonds, you all have heard of this. So conflict oil is simply the financing of armed combatants through oil money, and it can take many different forms. Sometimes it can take very sophisticated forms. For example in Colombia, where I did some work, typically the
guerilla would have a lot of difficulty getting oil directly from the company. So what they would do is that they would enter into contractual relationships with the municipalities that get royalties from the oil companies. There are different strategies but the end result is a little bit the same: You’ve got people that are non-state armed groups who are able to sustain the struggle. Sometimes there is a struggle and sometimes it’s simply like benefitting.

**Karin Fischer:** I would like to address Manana again. I’ve read in a paper, or was it when you received the Environmental Prize, that you said that you are the citizens’ ears and eyes, when monitoring the pipeline projects. So there obviously was a lot of conflict also on the ground in the Caucasus and in Georgia, where you are working on. And I think it would be good to hear what these conflicts were about, how they evolved and if they were resolved or not. Who was involved there, the local population, the fishermen?

**Manana Kochladze:** You take the Baku-Tbilisi-Ceyhan pipeline, which covers three countries. In Georgia, the route was shorter, over 284 kilometers, but it was the most difficult route for British Petroleum. Why? It was not a problem of technology, but in Georgia there were more than 200 strikes, when people were blocking the pipeline construction. There were permanent strikes of the workers they hired during the construction. Permanently something was happening and the only explanation is that in Azerbaijan the people were really very much oppressed by the Azeri internal security forces. In Turkey at that time there was more democracy. But you should remember that the pipeline was crossing the areas populated by the Kurdish and Cherkessian communities which have been under a long time pressure from the government. So the major outburst of conflicts was happening in Georgia, but it does not mean that there was no conflict in Azerbaijan and in Turkey. We witnessed lots of conflicts in Azerbaijan, Georgia and Turkey. The human rights defenders got death threats, they have been really taken to police and there were clamp downs. The conflicts were around very simple things, as Philippe said. People in the settlements usually may not be eager about high politics, but they are eager about their incomes and the land that the government together with British Petroleum takes from them and that was not properly compensated. These were the major issues all along the pipeline. In the end it turned out that in Georgia they paid three times more per hectare than in Azerbaijan and in Turkey, because there was the highest possibility to sue British Petroleum in court, compliant to the international recourse mechanism. Then you have major conflicts where the pipeline crosses environmentally
sensitive areas, as across the major water eco-sphere in Azerbaijan; it also crossed a national park in Georgia and sensitive areas in Turkey. In Georgia there was also a battle between environmental groups and British Petroleum around relocation. It was not about stopping the pipeline, it was about relocating the pipeline. Because the Borjomi national park has not only a beautiful scenery, it is also the reservoir of the Borjomi mineral water which Georgia is exporting to 56 countries. This is quite a big resource of our exports, around three percent, and Georgia is a poor country. At the same time, the Borjomi company tried to get investors from France, having quite intense negations with Danone. One day we got this leaked letter from Danone which they sent to the Borjomi company. It stated that they were not able to invest the agreed 2 billion USD because of local issues in Georgia. But this more or less has been settled. There are continuing issues in Turkey because of the new pipeline that is coming [the Southern Gas corridor], but this time we have even less time to monitor what is there. Azerbaijan should be the major winner of this deal because the oil is their resource. But although they say that poverty has decreased, the percentage of the budget spent on education or the health care system has not increased. It’s the same. In the last two years, they resettled 140,000 people who were living in the center of Baku. They renovated the city, first for the Eurovision and then first the first European Olympic games. It cost eight billion Euro! Because the oil price has gone down and because the economy is still not diversified, they have a budget deficit, they have problems. They forced civil servants to accept that their salaries are reduced, as contribution to this renovation. You also have lots of funds that were created by the Aliyev family. And they for example reconstructed Versailles. There are lots of such projects all around Europe and the world. On top of it, the Aliyev family is now so strong that they managed to have constitutional changes. The presidential term is no longer limited in the Azeri constitution. He [Ilham Aliyev] can run for presidency forever. So this is the conflict that the Azeri society right now is facing. People with whom I have worked for more than 20 years, have tried to convince me that oil development for Azerbaijan is a good thing. But now they agree with somebody from OPEC who said that oil is the excrement of the devil. The saddest story, I can say, is that 80 percent of the civil society actors are arrested. They have political prisoners, everybody who does not agree with the official course of the Aliyevs is arrested. We have lots of the colleagues who are in prison right now.

Karin Fischer: Philippe, I have to ask you about reforms and alternatives. One of the last chapters of your book “Wars of Plunders” is called “Resources for Peace”. That would be a
good motto for discussing this topic and a good motto for our future, too. What are your suggestions of possible ways to a more peaceful and sustainable future?

**Philippe Le Billon**: First, one has to understand that there are lots of actors. It’s a community that’s difficult not to get rid of but to live without. I’ve participated in many policy initiatives over the past two to three decades, and what you can do generally is to start by looking at where the problem is worse. If you have got conflict oil and it’s financing something like ISIS, you often see a mix of sanctions and militarily interventions, including bombing production areas. That is not peaceful but it can curtail production, if done precisely. And that’s what was done to some extent. The Russians also tried to expose some of the deals that ISIS had with Turkey-based operations. Once such deals are exposed, they tend to decline, and that’s what happened.

When you are looking at environmental conflicts it’s something that you can manage without violence. You should take the violence out of it in the first place, although it’s not always easy to do. There are several ways of doing it. The first initiative that was taken in the mid-1990s was the so-called “US-UK Voluntary Principles on Security and Human Rights”. I participated in that and the idea was to tell oil and mining companies: You are going in those politically sensitive areas and you know you are facing security risks. You are generally going to be hiring or passing contracts with the local security forces, police or army units. But you need to do a few things before you hire them and think about the consequences. First, do the people you are engaged with have a bad track record of human rights abuses? Second, do they have proper guidelines, do they have discipline behavior, will they be punished if they have committed abuses or not? Depending on the list of the no’s, you need either to hire somebody else or do not go in the area in the first place. That’s a first step. As you [Manana] have showed in the case of the pipeline when you said to BP “well, you need to think about it”, and BP was part of those discussions. After that, the next step is generally for the companies to try to engage with the communities and trying to say, “what would make you happier?” Sometimes they will say, well it’s about a school, it’s about something that can be delivered. But often it’s about changing the government, not only at the central level but also local elites. They sometimes can be very predatory and play the double game of blaming the companies, while at the same time taking the money from the companies and excite local communities. So that is also something one can work on.

And then at the more systemic level it’s about trying to transform power relations within society, so that we don’t see an elite that feels it can do anything, that they can jail people, can
have secret prisons etc. In order to stop that is, first, to get sometimes out of the country. But very often it’s very difficult to orchestrate. Second, it is important to diversify the economy so that the power relations change because then, suddenly, oil is not the only game in town. There are many other business sectors out there. All these are possible steps, there are many more other initiatives to make the government more accountable. Very often it’s about being devoted to one particular code of conduct. Me and some of my former colleagues have worked on the case of Angola for many years and I may, if there are questions on it, come back to this. [Angola shows that] change takes a lot of time because those regimes can be very stable, unfortunately. They resist to change for a very long time, and even if there are no longer the same ruling people, the same type of regime will be in place. There may be a coup d’état, but it would be more or less reproducing the same patterns.

**DISCUSSION**

**Karin Fischer:** maybe you have some more ideas or suggestions on the topics that have been raised during the panel discussion. You are invited to make statements or raise questions.

**Question:** You were going to comment on the incoming Trump administration with respect to oil and, I guess. Rex Tillerson. Could you please come back to the comment that you were going to make?

**Question:** I want to thank you for the presentation. I have a question in regard to the main narratives and I think there is a narrative that you didn’t mention. It is the development conflict narrative, for my understanding. Because we have clear evidence and research is being done in regard to fossil fuels. If you look at the historic development of the western world, if you look at America, a lot of it was based on fossil fuels. Now look at developing countries. Many countries, for example in Africa, and their industries which are not developed as much to switch to renewable energy, have to use fossil fuels. Even at the COP22, there was still some tension in regard to how much the western world is going to contribute to help these countries switching to renewable energies. What would be your alternative in regard to the development state, and the way the developing countries should go since renewable energy is not affordable to many countries?
**Question:** I am a graduate of the Diplomatic Academy. First of all, thank you so much for this enlightening presentation. I have a question regarding the last presentation. You talked about the Southern Gas Corridor and the gas pipeline. And this was driven by the European demand for energy. But we have to consider the rise of China and the future growing consumption patterns of China. How do you see China’s engagement in the Caucasus? And last year, we had the JCP agreement [i.e. the nuclear deal] with Iran, and European companies, especially oil and gas companies, are going to Iran for business? Shell especially. So how do you see Iran and China changing the geopolitics of the region in terms of energy? Thank you.

**Question:** Thank you for your presentation. I need to mention that I studied at an oil and gas university and also worked for more than ten years in the oil and gas sector. I have seen one slide which was very interesting. It was about the amount of energy coming from fossil sources. It was not mentioned too much in this presentation, but today more than 60 percent of the energy worldwide is produced from fossil sources. Correct? We could not even eliminate coal since 300 years ago. Now treat oil and gas as the bad guys, but actually oil and gas could be even prolific for everyone. The problem is the corruption which since the mankind couldn’t be eliminated. What alternatives are there, as my colleague said first, because even in US right now, 58 percent of the electricity is produced by fossil, by coal and oil and gas. Thank you very much.

**Philippe Le Billon:** So for Trump, it might be a shock to many people and they realize, now we’ve got Rex Tillerson, CEO of Exxon. It’s not so new. Before Obama, George W. Bush had a Vice President who had been the CEO of Halliburton, the largest oil service company. It was a smaller company but he had a bigger job, so in some ways it’s not unusual. Nonetheless, in the energy team of the Trump administration, we’ve got four people: Trump, who has clearly stated his brief energy plan and it’s simple, it’s America first. That means being first in trying to become an energy superpower again, it’s about trying to achieve energy independence and it means building up exports markets even. Of course it also means pushing the interests of American companies abroad. Then there is the person who will be in charge of the energy sector, Rick Parry, who is Texas governor, so is very pro oil, at the same time he did not oppose the creation of lots of wind-mill farms in Texas, so he is more open. But nonetheless, during his own presidential campaign he said that the department of energy should be dismantled. So he is one of two people who actually want to dismantle the institution they are given. That’s a very classic objective for corporations, it’s about
institutional breakdown. If you break down the institutions that regulate you, you can generally profit better. So there is again not much of a surprise there. Then we have Rex Tillerson. My sense is that he will be crucial in making diplomatic decisions. He was picked in part because Trump has a classic and quite traditional view of seeing energy as major driver of economic success and diplomatic relations. Finally we’ve got Scott Pruitt who is from Oklahoma. Oklahoma is an oil state, too, just neighboring Texas. And as Attorney General, Pruitt was keen trying to undermine all fracking regulations put forward by the EPA, the Environmental Protection Agency. So essentially they will make it even easier for fracking to take place. So that’s the team. It’s going to have several consequences. We don’t know exactly because Trump has been flip flopping on many issues. But let’s say that normally we should expect sanctions will toughen up on Iran. Possibly taking up a million barrel off the market, - that’s more or less the game that Iran made since the sanctions were first imposed, then hardened and then lifted. Second, there is China: There is going to be a lot of sign-posting including by Rex Tillerson when he was doing his congressional hearing. He had strong words with regard to the South China Sea’s attitude of the Chinese government. Then the Chinese government, through its public media, responded by saying, “okay we are going to prepare for war”. The foreign affairs spokesperson even said that they were not going to use gloves. For me it’s very clear. Then Venezuela: It’s a very important supplier to the US, it is second after Canada. And with Venezuela, Exxon has a little debt to settle. The company tried to settle it through the international business arbitration mechanism of the World Bank, but got only ten cents to the dollar. It aimed at 16 billion dollars and got 1.6. So there are still about 14 billion USD worth of assets to recover from the Venezuelan government. Watch that, it’s going to be quite interesting.

And then of course there is the relationship with Russia and that is much more complicated. I cannot say I am an expert at all. Obviously, for Total, the French company, as a number of other western companies, working with Russia offers great advantages. First, it is a kind of an open market, you can go and get into projects more easily than in the Middle East in some ways. It has less political risks, somehow, except that those political risks can be about the unintended effects that sanctions can have. The US has imposed the hardest sanctions on Russia, as the Chinese have no sanctions and the European have sanctions that have been grandfathered, meaning that if you had a project you can continue. And the US: You stop everything. So Exxon had to stop everything, the Chinese continued business and expanded new projects, and the Europeans had to just maintain the projects that they already had. That is going to change. Trump and climate change - obviously this is going to be a factor of
tension somehow. Getting to the kind of consensus that we’ve got for Paris was difficult, and there was really a sense that we finally arrived in the 21st century, we are not back in the 1950s. But apparently that’s not the idea. So we’ll see what happens.

The question about development: If for example the European countries consume less oil and really push for the world to get out of oil, the price of oil is going to come down and that is going to make oil cheaper for developing countries, which is a good thing. I would say that we don’t even need to coordinate that, all we need to do is reducing the demand while making sure that enough oil is being produced where it’s necessary. So from a developmental perspective it is not bad. And I think that can be done for example within the European Union. It has been done somehow with minimum taxation, so we have import excise duties on oil and on fuel oil. So those things can be done more massively. We could have China increasing taxation on oil and maybe even in the US. Well if these three consumer regions were increasing fuel taxes to a level where it has an effect on demand, then for sure we’ll see a depressed oil price. Not everybody could produce at that price but there is still quite a bit of a margin. So you could still have lots of oil for poor countries that is relatively affordable. But one should remember that oil is great but it also does nasty things, including in developing countries. It killed people on roads, 1.3 million people die of car accidents, the very vast majority of them are pedestrians and cyclists in developing countries.

**Manana Kochladze**: I will start with China and I think all of you know that China has lots of money and they don’t know where to put this money. This is a major challenge for China. In the last two years they created three major banks. One is the Asian Infrastructure Investment Bank, where also some European governments hold their shares. This bank is supposed to invest up to 100 billion USD annually around the globe. Then they have another bank which they created together with Russia, Brazil, India and South Africa, so with all the BRICS countries. It is not that big, but up to 20 billion USD per year can be expected. And then there is the Silk Road Fund for the countries around China, this includes the Caucasus and the Balkan as one of the priority areas. So strangely, we are still in the neighborhood. They tried a few times to start oil exploration in the Caspian Sea, both in Kazakhstan and in Azerbaijan. But they could not get enough shares; therefore they have lots of problems. But it is interesting to see how China is pushing the projects forward. I think there will be some problems in terms of China’s environmental policy. It is quite strict, although this does not mean that it is implemented even in China. So if you consider the ‘neighborhood’, which
includes Georgia, Azerbaijan, Armenia and even Turkey, lots of environmental legislation is very weak, social legislation is also very weak. There are lots of things which are not written in the countries’ legislation but done because there is a practice to do so. This concerns the social impact assessments, both in Georgia and Turkey. It is never written in the legislation that it needs to be done, its simply done because this is the practice. And then the companies are following the practice because they depend on their own government’s support. So in this case the Chinese companies are quite objective in asking themselves, why they should do something which is not written down. This is one issue. China’s involvement is very soft, they don’t try to create conflicts between the countries, like Azerbaijan against Armenia. At least on this stage, they are choosing the concrete projects and contribute to small projects that are not of particular interest for other countries.

In case of Iran, we don’t know what will happen. But actually the lifting of the sanctions against Iran really plays a big role in the energy sector of the South Caucasus, not in terms of all oil and gas but in energy sector as a whole. Because along the pipelines, also ‘wars’ about the transmission lines were started. So one of the first things which Iran proposed to Armenia, Georgia and Russia (not to Azerbaijan) was to create regional energy distribution networks. On one hand, that is not a bad idea, on the other hand one has to ask, who depends on whom and what will be the rules. If, for example, it would be the European Union, there would be clear that there are rules written. But without rules written, who is doing what is not clear, and for small countries this is a big problem. So Iran tries to invest and they have quite good relations with Azerbaijan. Maybe you have recognized that Iran already has a share in Shah Deniz project – after Azerbaijan had some direct fights with Iran over these oil reserves in the 1990s.

Concerning development, I just want to stress one thing: I am working with development institutions who are investing in Third World countries. But they are doing this not for developing their economy but to extract the resources and bring them to the western world. Let’s say it that way. And I never saw any project which was designed in a way that it really helped people on the ground and the country’s economy to develop. It’s not only about oil and gas, the type of resource doesn’t matter. It can also be solar. You can construct huge solar panels somewhere and export the energy from the desert to the European Union, like what is planned with the Desertec project, and it still would be an awful project in a way. It would not really bring anything additional to the people who are living there. So maybe we really need to redesign the paradigms, in terms of what do we really invest in with the money, what does it really bring for this country. And another thing is that oil glut is happening, gas glue is
happening in the European Union. But no-one speaks about those things, maybe they are too technical on one side, but on the other side it’s up to the citizens of a country to ask: Do we really need to consume that amount of gas, that amount of the oil? Do we really need to push for a development of these resources?

Karin Fischer: Your answer addressed already the big question on reform alternatives and on a transition to a decarbonized energy system. But how to do it? I want to invite you again to raise your hands for a second round of questions.

Question: Thank you for your wonderful discussion panel. But at least I am a little shocked by hearing the results. I shortly need to introduce myself. I did a bachelor in development studies and currently do a master in global studies additionally I am a left wing political activist so you can imagine I am heavily concerned with the climate change and what I found shocking today evening that it is just told being one of the narratives of the 21st century. I am convinced it is not one harmless narrative of the 21st century. It is the most important narrative of the 21st century and we need to act. As by 2020, 200 million human beings will need to escape from their homelands because of the climate change, we need to act now and not in a few years and not slowly. And as I heard today that in Azerbaijan, people are not equally compensated for the land taken by, for example the British Petroleum I can imagine that one colleague in front of mine asked before for Africa, that with renewable energies we could help those people to work to get a future of high promise and we should escape from our oil work. Thank you.

Question: As a petroleum-engineering student we are more from the technical side and you mentioned electricity, cars like Tesla. But I don’t think that’s a solution because I mean what about all the hydrocarbons going in the production of the batteries which are not sustainable at all at the moment. It’s not like Elon Musk tries to sell it like with his home batteries and all this stuff. There is so much energy going in there and as well as so much oil going into technology, into making cars lighter with the polymers-using so I don’t think the electrical cars are the solution at all at the moment.

Question: First of all, before I ask my question I think that there is a small consent that I feel that should be addressed because I feel the whole thing is sort of an oxymoron. You use or take one part of the same earth to think you are solving the problem and at the end of the day
you cause one damage on the other side, so the whole thing is an oxymoron. So is there a space in whatever you are doing in all this numbers to address this kind of issues. And my second question is an effort to explore oil from southern states particularity African states. There is always this narrative of help coming inside. Why does everyone feel the need that there should always be help involved? If you want to do business why don’t we do business? But at the moment this kind of dichotomy of south versus north is no longer a business-business, when the narrative of help comes inside. So this are my two questions.

**Question**: Thank you and good evening. I believe it was in one of your slides, that you had peak demand versus peak oil. Because in the past it was mostly peak oil that we were talking about and I believe it was last year that Shell released a statement that they were more talking about peak demand than about peak oil. Since you didn’t really go in depth here, I just wanted to say, how do you see this debate and do you think that this is something that might be a more regional focus. So could peak demand be something that might be real here in the western world and not so much in China and maybe more in emerging and developing countries, and if you do so, when do you think this might be possible? Thank you.

**Question**: My question belongs also to the environmental part and it’s like you pointed out, one of the 5 main errors with climate change etcetera. My question is: can we achieve the Paris goals or is it unrealistic and what has been done to achieve them because when we don’t do anything it’s very unrealistic to achieve them.

**Karin Fischer**: I’ve shut the speakers list to give each 5 minutes to conclude and answer to your questions. Philippe, you want to start?

**Philippe Le Billon**: Several of the questions are related so I try to articulate that. First, if you take a realist position on this, meaning essentially go for a progressive status quo. But it’s still a status quo, including the habits of consumptions that we have, and that powerful companies are projecting throughout the world. What is the good life? If you are Chinese, you want to have a car, that’s part of the package. Then indeed we are not going to move very fast, it seems like it’s almost impossible to get out of fossil fuel and that is popularly problematic in the sector of transportation because carbon-capture at the tail-pipe - after burning the oil in your car engine - is extremely complicated. It’s not like a core power plant, where maybe the
technology at a certain level of price could be engineered and implemented. So it looks like it’s very difficult to get out of that.

How can we find solutions? I went to China in 1991 and I remember one thing: there were very few cars and I checked later on and I realized there were about a 100,000 private cars in China at that time. People were still living, they still had maybe a more difficult life but they also had less pollution. And when you go to Holland, I think that is a possibility. That’s what I do in my own life: when I don’t have to come to Vienna, I cycle. More and more people are realizing that a healthy society can be made up of healthier energy use habits and some of this can be shifted to their car consumption. The electric car for me it’s a Tesla, and of course the Tesla is like Apple, it’s coming from the very top of the market. But remember the Apple computer when it came out, the really innovative one. It was too expensive also, it cost 2500 dollars. Now many of you have IPhones and the IPhone has been mimicked in very cheap version. That’s the hope that I place in electric cars. We don’t need a 4000 pounds model-S car with a battery that proposes you to go at 200 kilometers on a German highway. No, it needs something to bring you to the grocery store maybe twice a week and the rest of the time the car is shared by many other people. I’ve got access to a car-to-go in Vancouver, that’s my car and otherwise I’ve got my bicycle. So the electric car for me is not just the electric car but the whole system, the whole ecosystem of transportation around it. And it means good public transport but on all the little branches that go into residential areas like in the US, where you have got many of them, you need those kinds of shared cars. So it’s just part of it, not the solution you see, but it is part of the tools that can be used.

Second, with regard to peak oil and peak demand it is very much related to that. I think Europeans have peaked already. OECD oil demand has peaked, in part in a context of high oil prices. What is very depressing to see the relationship of low oil prices and consumer habits in the US. Again we find ourselves in the situation where people are going back to the pick-up trucks, the SUVs and all this types of gas-guzzling vehicles. They have become more fuel efficient but to be frank, I was pretty disgusted when I saw Volkswagen being sued for 14 billion dollars, knowing damn well that those big diesel trucks (we are talking of 7,3 liter trucks) are sometimes driven by 35 years-old beefy guys in town, alone. So you know it’s like double standard. I think that needs to change and hopefully we get more activism on the side of Europe to change that. I think that the European Union had a good chance to say well, this is the model of car that we would like you, the US, to use. Who is guilty, the criminal here? Is it the one doing a little bit more of nitrogen oxide tricking or is it you guys, having many hundred million pick-up trucks on the road. I mean it’s obvious to me. That was not done, I
think it was a missed opportunity. But it’s up to people like in this audience to just find something to fight for and orchestrate a little campaign on this.

With regards to aid and why this north-south dimensions comes in all the time. Well, first to be frank, sometimes when you are operating in those contexts, you need to be a little bit aware of the impact. The Norwegians having been praised to manage the oil sector so well, and they did. They sit on a trillion-dollar sovereign fund at the moment. My folks in Alberta are in a budget deficit, indebted, and they have the same amount of money from oil. But we don’t pay tax in Alberta, that kept the same party in power for 40 years. Then, of course, when the oil price drops, they change the party. Now they have a left wing party in government, with no money in the coffers. But anyway, that’s for the great Canada. It’s important that we think okay, we are going to exploit oil in that country and we are going to try help that the country manages it better. But it’s often a pretense. When you look at the Norwegians, they have got this aid-for-development thing, it’s very well-funded, about 15 million dollars per year. They have been working in many places. I have been working a little bit, observing them at least in South Sudan. Well, it didn’t prevent a disaster from happening. What I didn’t like much was when Rex Tillerson, during his congressional hearing, was interrogated about the oil curse and what he intended to do, given that it’s such a problem. And his response was simply “oh, USAID [the US foreign aid agency] has lots of institutional capacity building and they will just do more. So for me it’s a way to push the problem away. And that’s why aid is bad, it allows you to say well, here we are, we have spent 10 million dollars on the governance of oil in South Sudan and so it’s going to be okay. No, it is not going to be okay. It’s a very good effort but managing oil better in and out of itself is not a solution to the whole governance problem of these countries.

Karin Fischer: But what about the uneven consumption patterns, we consume here what is extracted from there.

Philippe Le Billon: Yes of course, and historically it’s been massive. Look at the oil consumption in the US. I have not done the figure because I have it up from 1965 only, but I wouldn’t be surprised if we would consume only half of the oil that has been produced, 1.5 trillion barrels of oil. Plus, we have to understand that we are living in a petrol culture, a culture that is sick through oil and it’s not only the highways but it’s also the adulation that we have for cars. Of course in Vienna people understand the adulation we can have for horses. All these elements of freedom, beauty that comes also with cars, like they
were coming from horses. The status you had came from how beautiful your horse was and how well you could ride etcetera. It’s true to some extent. And so cars are a little bit the same, people identify, but petrol culture is there, also in much more insidious ways. In the way British Petroleum for example tried to be one of the chief sponsors of the Tate gallery in London and there was a big push back, saying well, wait a minute, you are a climate criminal we don’t want you to get a good name by becoming your nice little logo associated with art. Art should be protected from your greedy fingers. So it’s all about thinking what kind of culture can come out that is different from the petrol culture with which we have grown up with for probably 4 or 5 generations now.

**Manana Kochladze:** I will want to say one thing: the problem starts in the developed countries. Unless the public money which is going to the south, would not be very transparent and would not really go to help those people because this is the ODA money and unless our companies will be benefiting from this ODA money rather vice versa the people living there benefitting, nothing will change. It’s a part of this culture you are speaking its historically that way Nobel started through oil exploration and we follow this pattern. So we really simply need to change our ways how we are asking and also ask our governments where they are paying their tax payers money. I am living in Georgia but I am paying taxes to the European Union. So it’s also my tax payer’s money.

**Karin Fischer:** Thanks again to both of you and to the great audience for your excellent questions that enriched our debate.