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Baku-Ceyhan Campaign  
Friends of the Earth  
PLATFORM  
Corner House

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## **Major Private Backer Pulls Out of Embattled BP Oil Pipeline Italy's Largest Bank Selling its \$60 Million Stake in Baku-Ceyhan Project**

Italy's largest bank, Banca Intesa, has decided to sell its \$60 million stake in BP's hugely controversial Baku-Tbilisi-Ceyhan (BTC) oil pipeline, a new article reveals today. So concerned is Banca Intesa at the reputational and other risks associated with the BTC project that it has already sold one third of its share at a loss.

The decision by Banca Intesa to abandon the embattled BTC project is disastrous for BP, as the long-term viability of the pipeline depends on support from private finance. The move, reported in a detailed article by journalist Michael Gillard on the Spinwatch website ([www.spinwatch.org](http://www.spinwatch.org)), follows Banca Intesa's deepening concern over evidence of safety failures and BP incompetence, first raised by former BP consultant Derek Mortimore earlier this year.

Mortimore noted that BP's choice of safety coating for the Georgian and Azeri sectors of the BTC project would not work, leaving the pipeline open to corrosion, leakage and possible explosions. This directly contradicted repeated assurances from BP that pipeline leakage would be "virtually impossible." BTC passes through several areas of outstanding natural beauty on its way to delivering Caspian oil to Western markets.

The UK government has subsequently admitted to a parliamentary inquiry that the coating system has no track record, contrary to its previous assurances, and that the pipeline would be likely to fail some time during its forty year operational life. Engineers' reports further suggest that the equivalent coating for the Turkish sector has suffered "catastrophic failures" on four other pipelines.

According to Gillard, the revelations "staggered" Banca Intesa, which agreed to participate in BTC only because of the involvement of the World Bank, and was "very disturbed" at the Bank's lack of due diligence.

Greg Muttitt of PLATFORM, one of a coalition of human rights and environmental organisations that have been monitoring the BTC project for the last three years, said, "This extraordinary move shows just how widespread concerns about the safety of BTC now are. When a major private backer pulls out of a project, it suggests that something is seriously wrong: the private sector doesn't take financial losses on its investments without a very good reason."

Nick Hildyard of the Corner House, another group involved in monitoring BTC, said, "Banca Intesa's withdrawal adds yet more credence to our demand for an independent audit of the safety of the Baku-Ceyhan project. BP guaranteed affected people that they would not suffer as a result of this project. Why won't they prove that by having the pipeline audited?"

Gillard's article, in addition to its revelations on Banca Intesa, provides a detailed account of the safety issue and of allegations of procurement fraud and incompetence that have dogged BP for the last two years.

*For more information, contact:*

*Michael Gillard 07949 964354  
Anders Lustgarten 07973164363  
Greg Muttitt 07970589611  
Nick Hildyard 01258 817518*