

Involvement of Credit Suisse in the global mining and oil & gas sectors

**A research paper prepared for Berne
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Scope of the report

This report aims to identify and describe the financing activities undertaken by the Credit Suisse Group in the global mining and oil & gas sectors. Most emphasis is given to the involvement of Credit Suisse in financing mining and oil & gas projects and companies which are controversial because of their consequences for the environment, local communities and/or human rights.

Financing activities can include loans and other credits, investment banking activities (share and bond emissions), hedge and swap contracts, project finance, as well as share ownership and asset management activities. The research focused on financing activities undertaken by Credit Suisse during the past five years until February 2006.

Chapter 1 Credit Suisse - Oil & Gas

1.1 BP

1.1.1 Short profile of BP

The British company BP is the largest oil company in the world. Its main activities are the exploration and production of crude oil and natural gas; refining, marketing, supply and transportation of oil and gas; and the manufacture and marketing of petrochemicals. BP also has a growing presence in gas and power and in solar power generation. BP has 103,000 employees in more than 100 countries in Europe, North and South America, Australasia and Africa. In 2004 the company produced 3.997 million barrels of oil equivalent per day (oil and natural gas).

Since the end of the 1990s BP has grown considerably through a series of mergers and take overs, of which the mergers with the American oil companies Amoco (1998) and Atlantic Richfield (2000) and the British company Burmah Castrol (2000) were the most important.¹ In 2004 BP realized annual sales with a total value of US\$ 294,849 million. This resulted in a net profit of US\$ 15,961 million.²

1.1.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to BP:

- In March 2000 BP and Shell (Netherlands / UK) sold their oil production joint-venture Altura Energy in Texas (United States) to Occidental Petroleum (United States) for approximately US\$ 3.6 billion. BP's share in the joint-venture was about 65%. Credit Suisse First Boston advised BP on the transaction.³
- In January 2001 BP sold a 7% shareholding in Lukoil for US\$ 657 million. Atlantic Richfield had acquired the shareholding in the 1990s. Credit Suisse First Boston and UBS Warburg advised BP on the sale. As a consequence, Credit Suisse lost its position as underwriter of Lukoil's planned ADR issuance (see paragraph 1.4).⁴
- In July 2001 BP sold a number of Burmah Castrol's speciality chemicals businesses to the private equity firm Cinven for £ 204 million. Credit Suisse First Boston advised BP on the transaction.⁵

- In January 2003 BP sold Sericol, the speciality printing chemicals business of Burmah Castrol, to funds managed by Saratoga Partners (United States) for £ 74.5 million. Credit Suisse First Boston advised BP on the transaction.⁶
- In January 2003 BP sold Fosroc Mining, the speciality mining chemicals business of Burmah Castrol, to funds managed by Close Brothers Private Equity (United Kingdom) for £ 32 million. Credit Suisse First Boston advised BP on the transaction.⁷
- In September 2004 BP Capital Markets issued US\$ 500 million 3.25% three year bonds on the European capital market. Managing the issuance were RBC (Canada) and Credit Suisse First Boston.⁸
- In March 2005 BP Capital Markets issued US\$ 300 million 4.125% four year bonds on the European capital market. Managing the issuance were HSBC (United Kingdom) and Credit Suisse First Boston.⁹

1.1.3 Controversial issues

The following information was found on the involvement of BP in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Oil fields in Azerbaijan:** BP is the operator of the Azerbaijan International Operating Company (AIOC), which is developing the Azeri, Chirag and Guneshli oil fields in the Azerbaijan part of the Caspian Sea. First oil was produced in 1997, Central Azeri began producing in 2005 and start up of West Azeri was in January 2006.¹⁰
The project poses various risks to the environment, as drilling waste water is discharged directly to the Caspian Sea, the Western Route Export Pipeline (WREP) passes through five conservation areas and 27 watershed areas in Azerbaijan and Georgia and the Supsa Terminal is threatening the Kolkhety wetlands, which are protected under the Ramsar
 - CEE Bankwatch Network: www.bankwatch.org
 - Ecological Society Ruzgar: azenviron.aznet.org/inter_env/inter_env.htm
- **Tanggung in Indonesia:** BP is the operator of the Tangguh LNG project in West Papua (Indonesia).
The Tangguh project is criticised because the area will experience massive social, environmental and economic changes. Despite company commitments to transparency, community development and human rights, the concerns over the impact of these changes are mounting. Local communities loose their lands, protest are suppressed.¹¹
 - Down to Earth: dte.gn.apc.org/camp.htm#Tanggung
 - JATAM: www.jatam.org/indonesia/case/bt/
 - West Papua Information: www.westpapua.se/papua/enviroment/bp.htm
 - Walhi: www.eng.walhi.or.id/kampanye/tambang/
- **BTC pipeline in Georgia:** BP is the operator of this oil pipeline, running from Baku (Azerbaijan) via Tblisi (Georgia) to Ceyhan (Turkey).
The pipeline is damaging roads and irrigation systems in Georgia, damaging potable water supply systems and depriving local populations of crops and lands. The pipeline is a barrier blocking the chance to escape poverty. As 25 kilometers of pipeline runs through the Borzhomi national park in Georgia, the project fails to comply with international nature preservation standards.¹²

When the BTC pipeline was opened in October 2005, a coalition of NGOs observed the following problems in Georgia:¹³

- BTC-related human rights abuses have increased. BP officials were alleged to have threatened affected villagers with violence. Police repression since has led to villagers being hospitalised.
 - Compensation remains disputed for 30% of land parcels. All villages visited complained that damage caused during construction was neither compensated for nor repaired. In Tsemi the water supply has been polluted, ending the village's tourism industry, its primary source of income.
 - The support given to villagers whose livelihoods were critically affected by the pipeline has been inadequate or non-existent. All 98 homes in Dgvari village are structurally collapsing due to landslides intensified by the pipeline. A US\$ 1 million compensation package previously offered by BP has not materialised.
 - Damage to important heritage sites was not dealt with and continues.
-
- Baku-Ceyhan Campaign: www.baku.org.uk
 - Green Alternative: www.greenalt.wanex.net
 - CEE Bankwatch Network: bankwatch.ecn.cz/project.shtml?s=153907
 - CarbonWeb: www.carbonweb.org/BTCcampaign.htm
 - Kurdish Human Rights Project: www.khrp.org/news/pr2005/12-10-05.htm
-
- **East Siberia gas pipeline:** see paragraph 1.13.
 - **Oil spills in Western Siberia:** see paragraph 1.13.

1.2 CNOOC

1.2.1 Short profile of CNOOC

China National Offshore Oil Corporation (CNOOC) is a major Chinese oil and gas company. It is listed on the Hong Kong stock exchange, but majority owned by the Chinese government. CNOOC engages primarily in the exploration, development and production of crude oil and natural gas offshore China. CNOOC is also one of the largest offshore crude producers in Indonesia and recently embarked upon other foreign investments in Kazakhstan, Nigeria, Australia and other countries. CNOOC produced 140 million barrels of oil equivalent in 2004.

CNOOC is listed on the stock exchanges of Hong Kong and New York. In 2004, the company realized annual sales of US\$ 4,460 million, resulting in a net profit of US\$ 1,960 million.¹⁴

1.2.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to CNOOC:

- In February 2001 CNOOC issued 1,640 million shares in an Initial Public Offering (IPO) at the stock exchanges of Hong Kong and New York. This equalled 20% of all shares issued by the company and raised total proceeds of US\$ 1,260 billion. The issuance was managed by three banks including Credit Suisse First Boston.¹⁵

- In September 2001 CNOOC announced today that it had obtained a *Baa2* rating from Moody's Investors Service and a *BBB* rating from Standard & Poor's. Rating outlook for CNOOC from both agencies is stable. Credit Suisse First Boston served as the ratings advisor for CNOOC.¹⁶
- In March 2002 CNOOC issued US\$ 500 million 6.375% ten year bonds on the international capital market. The issuance was managed by a banking syndicate arranged by Credit Suisse First Boston and Merrill Lynch (United States).¹⁷
- In February 2003 CNOOC acquired from the British oil company BP (see paragraph 1.1) an equivalent 12.5% stake in the Tangguh LNG Project in Indonesia for US\$ 275 million. Merrill Lynch (United States) and Credit Suisse First Boston were financial advisors of CNOOC in connection with this acquisition.¹⁸
- In March 2003 CNOOC reached agreement with BG (United Kingdom) to acquire a 6.67% stake in the Kashagan field in the Kazakhstan for US\$ 615 million. Credit Suisse First Boston and Merrill Lynch (United States) were acting as financial advisors to the Company in connection with the transaction. However, the sale later was blocked by the other shareholders in the Kashagan field.¹⁹
- In May 2003 CNOOC issued US\$ 200 million 4.125% ten year bonds and US\$ 300 million 5.50% thirty year bonds on the international capital market. Credit Suisse First Boston and Merrill Lynch (United States) were the joint bookrunners for the offering.²⁰
- In November 2004, CNOOC offered US\$ 850 million of five-year convertible bonds on the international capital market. The offering was managed by a banking syndicate headed by five banks including Credit Suisse First Boston.²¹
- In December 2004 CNOOC acquired an equity interest in the North West Shelf Gas Project in Australia. Credit Suisse First Boston and Merrill Lynch (United States) Limited were financial advisors to the company in connection with the acquisition.²²

1.2.3 Controversial issues

The following information was found on the involvement of CNOOC in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Tangguh in Indonesia:** CNOOC is participating in the Tangguh LNG project in West Papua (Indonesia).
The Tangguh project is criticised because the area will experience massive social, environmental and economic changes. Despite company commitments to transparency, community development and human rights, the concerns over the impact of these changes are mounting. Local communities loose their lands, protest are suppressed.²³
 - Down to Earth: dte.gn.apc.org/camp.htm#Tangguh
 - JATAM: www.jatam.org/indonesia/case/bt/
 - West Papua Information: www.westpapua.se/papua/enviroment/bp.htm
 - Walhi: www.eng.walhi.or.id/kampanye/tambang/
- **Investments in Burma:** CNOOC invests in oil extraction in Burma, thereby supporting the dictatorial regime.²⁴

- International Confederation of Free Trade Unions (ICFTU): www.icftu.org/displaydocument.asp?Index=991221183&Language=EN
- Federation of Trade Unions - Burma: www.tradeunions-burma.org
- Burma Campaign UK: www.burmacampaign.org.uk
- Association Suisse-Birmanie: www.birmanie.ch

1.3 Gazprom

1.3.1 Short profile of Gazprom

The Russian company Gazprom is the largest gas producer in the world, with a global market share of about 20%. Gazprom controls almost 60% of the Russian gas reserves and produces about 90% of Russian gas. The company is responsible for 8% of Russia's GDP and employs 300,000 people. Gazprom is producing and exploring gas in various parts of the Russian Federation, including Western Siberia, European Russia, the Yamal peninsula, Eastern Siberia, the Far East and on the Barents and Kara seas' shelves.

Gazprom operates the Russian gas transport system with a total length of 152,800 kilometers, which delivers gas to 68 regions of the Russian Federation, and exports gas to 27 European countries. Outside Russia, Gazprom is active among other Slovakia, China and Iran.²⁵

In 2004 Gazprom realised annual sales amounting US\$ 35.2 billion, resulting in a net profit of US\$ 7.4 billion.²⁶

Gazprom is also increasing its activities in the oil sector. In September 2005 Gazprom acquired a 75.7% shareholding in Russia's fifth-largest oil producing company, Sibneft, in a deal worth US\$ 13.1 billion.²⁷ Sibneft produced 45.12 million tons of oil in 2005, including its 50% stake in Slavneft (see paragraph 1.11).²⁸

State-owned oil company Rosneft (see paragraph 1.9) in June 2005 acquired a 10.7% shareholding in Gazprom. Gazprom is now 51% state-owned.²⁹

1.3.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Gazprom and Sibneft:

- In December 2000 Sibneft secured a US\$ 180 million one-year pre-export financing facility from an international banking syndicate, arranged by Glencore (Switzerland). Credit Suisse was one of the 17 banks participating in the syndicate.³⁰
- In February and March 2002 Sibneft issued US\$ 400 million 11.5% five-year bonds on the international capital market. Credit Suisse First Boston was one of the ten banks participating in the issuing syndicate.³¹
- In April 2002 Gazprom issued US\$ 500 million 9.125% five-year bonds on the international capital market. The issuance was managed by Citigroup/SSSB (United States) and Credit Suisse First Boston.³²
- In October 2002 Gazprom issued US\$ 700 million 10.5% seven-year bonds on the international capital market. The issuance was managed by Citigroup/SSSB (United States) and Credit Suisse First Boston.³³

- In March 2003 Gazprom secured a US\$ 450 million 5.5-year loan from an international banking syndicate. Credit Suisse First Boston was one of the 27 banks participating in the syndicate.³⁴
- In April 2004 Gazprom issued US\$ 1,200 million 8.625% thirty-year bonds on the international capital market. Managing the bond issuance were Deutsche Bank (Germany) and Credit Suisse First Boston.³⁵
- In May 2005 Gazprom issued € 1,000 million 5.875% ten-year bonds on the international capital market, in the framework of its EuroMTN-programme. Managing the bond issuance were ABN AMRO Bank (Netherlands) and Credit Suisse First Boston.³⁶
- In November 2005 Gazprom secured a US\$ 13.1 billion loan from an international banking syndicate arranged by ABN Amro Bank (Netherlands) and Dresdner Kleinwort Wasserstein (Germany). The loan was used to finance Gazprom's acquisition of a controlling stake in oil and gas producer Sibneft. Credit Suisse First Boston was one of the four mandated lead arrangers in the banking syndicate and participated with US\$ 75 million.³⁷
- In December 2005 Gazprom issued € 1,000 million 4.56% seven-year bonds on the international capital market, in the framework of its EuroMTN-programme. Managing the bond issuance were ABN AMRO Bank (Netherlands) and Credit Suisse First Boston.³⁸

1.3.3 Controversial issues

The following information was found on the involvement of Gazprom in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **West-East gas pipeline in China:** The Chinese West-East gas pipeline was constructed by Petrochina together with three foreign oil and gas companies. Gazprom has a 15% stake in the pipeline. It has an annual throughput capacity of 12 billion m³ and runs 3,900 kilometer to bring gas from the Tarim basin in north western Xinjiang Autonomous Region to the gas market around eastern China's Shanghai city. Total project costs were US\$ 20 billion. The pipeline started operation in December 2004.³⁹
Tibet solidarity groups opposed the West-East pipeline on the grounds that China is exploiting resources which rightfully belong to people under occupation, and that the project is part of China's Western Development Plan designed to consolidate political control of Tibet and East Turkestan.⁴⁰
In December 2005 it was announced that China is considering to build a second West-East Gas pipeline. This pipeline would follow the same route as the first pipeline, until it reaches Zhengzhou, the capital of central China's Henan province. There the line would turn south to supply gas to Guangzhou city, capital of south eastern China's Guangdong province.⁴¹
- Free Tibet Campaign: www.freetibet.org
- Tibet Environmental Watch: www.tew.org

- **Blue Stream pipeline:** In December 1997 Gazprom and ENI (Italy) announced the Blue Stream pipeline project to supply gas to Turkey. The pipeline connects Izobilnoye in Russia with Ankara, a total length of about 1,213 kilometers. A stretch of about 396 kilometers is laid on the bottom of the Black Sea. The total costs of the pipeline were US\$ 3.5 billion and it is designed to carry 16 billion m³ of natural gas per year from 2010. The construction was finished in October 2002 and gas started to flow in early 2003. The official opening of the pipeline, however, was postponed to November 2005.⁴² One of the main reasons for this long delay was the corruption probe started against two former energy ministers in Turkey in December 2003, because of their possible involvement in fraudulent or illegal dealings relating to the Blue Stream project.⁴³ The pipeline in Russia also suffered delays because of NGO protest against the environmental consequences for the Black Sea and the coastal regions traversed by the pipeline. The pipeline runs through several protected natural areas and through Gelendjik resort sanitary zone. Protests against this were suppressed heavy-handed by the Russian police.⁴⁴
 - Socio-Ecological Union: www.seu.ru
- **Oil production in West-Siberia:** Oil production by Sibneft in west-Siberia has caused enormous oil lakes, which have severely polluted the environment, drinking water, food sources, et cetera. As a consequence, the people living in the region suffer under significantly higher cancer rates.⁴⁵
 - WDR: www.wdr.de/tv/diestory/050307.phtml

1.4 Lukoil

1.4.1 Short profile of Lukoil

The Russian company Lukoil is one of the world's leading vertically integrated oil & gas companies. Most of the company's exploration and production activity is located in Russia, and its main resource base is in Western Siberia. Lukoil is the second largest private oil company worldwide by proven hydrocarbon reserves, controlling around 1.3% of global oil reserves and 2.1% of global oil production. Lukoil is carrying out international exploration and production projects in Kazakhstan, Egypt, Azerbaijan, Uzbekistan, Saudi Arabia, Iran, Columbia, Venezuela and Iraq.

By the end of 2004 Lukoil's sales network covered 17 countries of the world, including Russia, the CIS (Azerbaijan, Belarus, Georgia, Moldova, Ukraine), Europe (Bulgaria, Hungary, Cyprus, Latvia, Lithuania, Poland, Serbia, Romania, Czech Republic, Estonia) and the USA, and consisted of 199 tank farms and 5,405 filling stations.

In 2004 Lukoil realised annual sales with a total value of US\$ 11,727 million, resulting in a net profit of US\$ 4,248 million.⁴⁶

1.4.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Lukoil:

- In October 2000 Lukoil acquired the American petroleum marketing company Getty Oil. Financial advisor to Lukoil on this transaction was Credit Suisse First Boston.⁴⁷
- In January 2001 Lukoil issued US\$ 237.1 million of shares on the international capital market. The issuance was managed by UBS Warburg and Credit Suisse First Boston.⁴⁸

- In February 2001 Credit Suisse First Boston lost the mandate for the American depository receipt issue from Lukoil. The bank was due to manage the deal with Morgan Stanley Dean Witter, but was fired by the Russian government after it led a € 675 million sell down of Lukoil stock by BP.⁴⁹
- in August 2001 Lukoil acquired a 55% shareholding in the Russian joint-venture company OOO AmKomi for US\$ 38.5 million. The deal secured Lukoil a 65% controlling share in the company, which is active in oil production in the Timan-Pechora region. The seller was the British company Animex, which was partly owned at that time by CFSB.⁵⁰
- In July 2003 Credit Suisse First Boston arranged an export-receivables backed four-year loan with a value of US\$ 250 million for Lukoil.⁵¹
- In September 2003 secured a US\$ 225 million loan from HBK Fund (United States) to finance the construction of a terminal to transship petroleum products on the island of Vysotsk, near St. Petersburg. The US governmental agency OPIC provides a guarantee for the amount of US\$ 130 million, while Credit Suisse First Boston, who arranged the financing, provided a US\$ 75 million guarantee. Lukoil for the first time shipped oil products with a large-capacity tanker from its oil-loading jetty in September 2005.⁵²
- In March 2004 Lukoil reportedly mandated Credit Suisse First Boston and Deutsche Bank to arrange an international US\$ 500 million ten-year bond issuance.⁵³ But probably this bond issuance has been cancelled later.
- In June 2004 Lukoil sold its 80% stake in the Russian bank Petrocommerce for US\$ 200 million to the Russian group IDF Kapital. Financial advisor to Lukoil on this deal was Credit Suisse First Boston.⁵⁴
- In September 2004 the American oil company ConocoPhillips acquired a shareholding of 7.59% in Lukoil from the Russian government for a price of US\$ 1,988 million. ConocoPhillips plans to expand its shareholding to about 20% and the two companies formed partnerships in Russia and Iraq. Credit Suisse First Boston (Credit Suisse First Boston) and Citigroup Global Markets (United States) acted as financial advisors to ConocoPhillips on the transaction. Credit Suisse First Boston is conducting ConocoPhillips' planned tender offer for LUKOIL shares.⁵⁵

1.4.3 Controversial issues

The following information was found on the involvement of Lukoil in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **D6 (Kratsovskoje) in Lithuania:** Lukoil plans to open and extract oil deposit from the D6 (Kratsovskoje) region offshore for the coast of Kaliningrad and Lithuania. The project would create a precedent for oil drilling in the Baltic Sea region, which could result in polluting oil spills. It is especially feared that oil spills could threaten the Curovian Spit National Park, on a narrow island for the Lithuanian coast. This is a very sensitive ecosystem and part of UNESCO World Heritage. Lukoil organized local hearings without fully informing citizens and not according to legal procedures.⁵⁶
 - Friends of the Earth International: www.foei.org/publications/link/mining/36.html
 - Lithuanian Green Movement: www.zalieji.lt/english/activities/Lukoil
 - CEE Bankwatch Network: bankwatch.ecn.cz/publications/document.shtml?x=167041

- Ecodefense: www.ecodefense.ru/pubs_reports_lukoil_eng.html
- Socio-Ecological Union (SEU): www.seu.ru/seu-news/eng/soceco28.htm
- **Oil fields in Azerbaijan:** Lukoil is a participant in the Azerbaijan International Operating Company (AIOC), which is developing the Azeri, Chirag and Guneshli oil fields in the Azerbaijan part of the Caspian Sea. First oil was produced in 1997, Central Azeri began producing in 2005 and start up of West Azeri was in January 2006.⁵⁷
The project poses various risks to the environment, as drilling waste water is discharged directly to the Caspian Sea, the Western Route Export Pipeline (WREP) passes through five conservation areas and 27 watershed areas in Azerbaijan and Georgia and the Supsa Terminal is threatening the Kolkhety wetlands, which are protected under the Ramsar
- CEE Bankwatch Network: www.bankwatch.org
- Ecological Society Ruzgar: azenviron.aznet.org/inter_env/inter_env.htm
- **Oil investments in the Caspian Sea region:** Lukoil is unclear about its payments to the various governments of the countries in the Caspian sea Region where it extracts oil. The company might be involved in corruption practices, supporting the undemocratic regimes in most countries in this region.⁵⁸
- Caspian Revenue Watch: www.revenuewatch.org
- **Karachaganak in Kazakhstan:** Lukoil is one of the companies participating in the development of the Karachaganak oil and gas project in Kazakhstan.
The project produces dangerous levels of hydrogen sulphide, methylene chloride, carbon disulfide, toluene and acrylonitrile in the air, which have a negative health impact on villagers of Berezovka (Kazakhstan)
Activists and residents affected by the Karachaganak field on both the Russian and Kazakh side of the border have also been subject to intimidation, threats and harassment at the hands of local authorities over the past several months, as a result of efforts to protect their right to a clean environment, a healthy life and access to environmental information.⁵⁹
- Crude Accountability: www.crudeaccountability.org/eng/campaigns/karachaganak/karachaganak.htm
- Bretton Woods Project: www.brettonwoodsproject.org/article.shtml?cmd%5B126%5D=x-126-178184
- **Oil development in Khanty-Mansiyskiy region:** In the autonomous region Khanty-Mansiyskiy, in the southern part of Western Siberia, various conflicts have occurred between Lukoil and the indigenous Khanty and Mansi people living in the region. The land of indigenous people was illegally occupied and protests were suppressed with intimidation.
- Association of the Indigenous Peoples of the North (RAIPON): www.raipon.org
- **Vysotsk terminal:** Since September 2005 Lukoil operates an oil export terminal in Vysotsk, near St. Petersburg. The terminal is situated in the shallow part of Vyborg Bay, among many small islands. Its operation required the construction of a special channel for tankers.⁶⁰

The project threatens the large populations of polar birds (eider-ducks, ducks, geese and others), which make a temporary stop each spring and autumn on a location several tens of kilometers from the terminal, right in the centre of the tanker course. The terminal also endangers the game reserves Viborgsky and Birch Islands, which are protected by the international Ramsar Convention. An environmental impact assessment of the terminal to these reserves in case of oil floods was not carried out. Basic spawning places of several species of fish in the eastern part of the Finnish Gulf are situated in the Vyborg bay. But according to Lukoil representatives "there is no problem of possible danger of Vysotsk port for the environment".⁶¹

1.5 Medco Energi Internasional

1.5.1 Short profile of Medco Energi Internasional

PT Medco Energi Internasional Tbk. is an Indonesian oil and gas company, which is involved in oil and gas production in Sumatra and Kalimantan and in a number of exploration projects in various parts of Indonesia. The company is also active in providing drilling services, methanol production and electricity production.

In August 2004 Medco Energi acquired Novus Petroleum, a leading Australian oil and gas company managing productive fields in Indonesia, Australia, Oman, UAE, and the United States. Medco Energi also started exploration activities in Libya.⁶²

In 2004 Medco Energi realised annual sales with a total value of US\$ 535.1 million and a net profit of US\$ 70.1 million. Oil and gas sales made up 65.8% of total turnover. Major oil & gas customers are PTT (Thailand) and Mitsui (Japan).⁶³

Medco Energi Internasional was founded in 1980 by Arifin Panigoro, under the name Meta Epsi Duta Corporation. Panigoro later became a leading politician in Indonesia, first in the Golkar party of ex-president Suharto and later in the PDI-P party of ex-president Megawati Soekarnoputri.⁶⁴

Medco Energi is listed on the stock exchanges of Jakarta and Surabaya, and is 85.51% owned by Arifin Panigoro and his family.⁶⁵

1.5.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Medco Energi Internasional:

- After the Asian financial crisis of 1997/98 Medco Energi Internasional got into trouble, but the company underwent a successful debt restructuring in 1999. As a result Credit Suisse became the owner of up to 85.44% of the company's shares. In the following years Credit Suisse has gradually sold this shareholding. In January 2005 its last block of shares (representing a 17% shareholding) was sold to Encore International Ltd., the holding company of the Panigoro family.⁶⁶
- In March 2002 Medco Energi Internasional issued five-year Senior Guaranteed Notes with a total value of US\$ 100 million on the international capital market. The bonds bear 10% interest per year and are listed on the Singapore stock exchange. The bond issuance was managed by Credit Suisse. The proceeds were used for general corporate purposes. Almost all of these bonds were exchanged by the bondholders in May 2003 for the seven-year Guaranteed Notes which Medco Energi Internasional issued then.⁶⁷

- In May 2003 Medco Energi Internasional issued seven-year Guaranteed Notes with a total value of US\$ 250 million on the international capital market. The bonds bear 8.75% interest per year and are listed on the Singapore stock exchange. The bond issuance was managed by Credit Suisse and UBS. The proceeds were used for general corporate purposes.⁶⁸
- In August 2005 the dominant shareholder of Medco Energi, Encore International owned by the Panigoro family, was offering about 30% of the shares of Medco Energi to the public (reducing its own shareholding to about 55%). The shares were listed in Jakarta and Luxemburg. Merrill Lynch & Co. (United States) and Credit Suisse were the bookrunners. The share offer earned US\$ 261 million for the Panigoro family, which was used to repay part of the US\$ 458 million loan arranged in February 2005 by Merrill Lynch & Co. for the family, to repurchase shares of Medco Energi owned by PTTEP (Thailand) and Credit Suisse First Boston.⁶⁹
- In November 2005 Encore International announced it will issue bonds for a total value of US\$ 180 million. The bookrunner will be Credit Suisse First Boston. Shares in Medco Energi will serve as collateral for the bonds. The proceeds of the bond issuance will be used to repay the final part of the February 2005 loan by Merrill Lynch & Co.⁷⁰

1.5.3 Controversial issues

The following information was found on the involvement of Medco Energi Internasional in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Corruption:** Medco Energi was involved in a corruption scandal in 2001 when the company was US\$ 75 million in debt to Bahana Pembinaan Usaha Indonesia, a state financial body. Arifin Panigoro has allegedly used his position as a member of the energy commission of Indonesia's national parliament to obtain the loan. Panigoro was named as a corruption suspect for investigation by the Attorney General during the presidency of Abdurrahman Wahid in 2001 and is known to have strongly supported the former president's impeachment.⁷¹
- **Oil and gas in Central Sulawesi:** Together with state oil company Pertamina, Medco Energi is develop oil and gas fields in Central Sulawesi. The Serono gas field is located onshore and is planned to be exported as LNG. The area is close to Morowali nature reserve, home of the Tau'taa/Wana indigenous people. The Tiaka oil field is located offshore, which was planned to be developed from a 100 ha artificial island for which 3 million tonnes of sand and gravel would be dredged. This threatened the 44 hectare Tiaka Reef located at the site, which is in a good condition and is inhabited by hundreds of species of fish and molluscs. In January 2006 oil production started. According to environmental groups the oil and gas activities have triggered land appropriations and caused destruction of community fisheries along the shore of Peleng Strait and agricultural lands. The deterioration of Tiaka reef, a large fish spawning habitat, has further caused the decrease of small-scale fisher peoples catch.⁷²
 - Down to Earth: dte.gn.apc.org
 - Walhi Central Sulawesi: www.eng.walhi.or.id/ttgkami/ed/wsulteng_prof

1.6 Novatek

1.6.1 Short profile of Novatek

Novatek is the second-largest natural gas producer in Russia. The company is engaged in the exploration, production and processing of natural gas and liquid hydrocarbons. Novatek's upstream activities are concentrated in the Yamal-Nenets Region, which accounts for over 90% of Russia's natural gas production. Annual production totalled 25.2 billion m³ of natural gas and 2.6 million tons of liquids (gas condensate and crude oil) in 2005.⁷³

In 2004 the company realised annual sales with a total value of RUR 24,615 million (US\$ 887.0 million), resulting in a net profit of RUR 5,694 (US\$ 205.2 million).⁷⁴

1.6.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Novatek:

- In July 2005 Novatek made an initial public offering on the London stock exchange, selling 17% of its shares. The IPO was managed by UBS, Credit Suisse First Boston and Morgan Stanley (United States) and raised US\$ 879 million for the company. The largest buyers of Novatek shares were US and UK funds, which took around one-third of the issue each, followed by Russian investors with 15% and German accounts with 7%. Credit Suisse First Boston underwrote for 17% of total shares sold.⁷⁵

1.7 Petrobras

1.7.1 Short profile of Petrobras

Petróleo Brasileiro S.A., better known as Petrobras, is an integrated company operating in exploration, production, refining, trading and transportation of petroleum and its by-products in Brazil and abroad. In Brazil Petrobras operates ninety-three production platforms, ten refineries, almost sixteen thousand kilometers of pipeline and seven thousand service stations. Abroad, Petrobras and its majority-owned subsidiary Petrobras Energia, operate in Angola, Argentina, Bolivia, Chile, China, Colombia, Ecuador, Iran, Mexico, Nigeria, Paraguay, Singapore, Tanzania, the United States and Uruguay.

The largest shareholder of Petrobras is the government of Brazil, which holds 39.8% of the shares and 57.6% of the voting rights.

Annual turnover of Petrobras amounted to US\$ 37.4 billion in 2004, resulting in a net profit of US\$ 6.2 billion.⁷⁶

1.7.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Petrobras:

- Petrobras International Finance Company (PIFCo) in the Cayman Islands is the main financing company of the Petrobras group. PIFCo in December 2003 issued bonds due in 2018 with a total value of US\$ 750 million on the international capital market. The proceeds were used for general corporate purposes. The underwriters of the bond issuance were Credit Suisse First Boston and Lehman Brothers (United States), each underwriting half the amount.⁷⁷

1.7.3 Controversial issues

The following information was found on the involvement of Petrobras in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **The Gasyrg pipeline in Bolivia:** The Transierra Consortium composed of Petrobras, Total and Andina in 2002 constructed the Gasoducto Yacuiba - Rio Grande (Gasyrg) pipeline from Yacuiba in the South of Bolivia to Rio Grande in the centre of the country. The pipeline increases the risks of oil spills and forest destruction. Bolivia's dry forests are among the richest in the world and are classed as 'globally outstanding' in the WWF/World Bank ecoregions conservation assessment. The biota of the region has affinities with the Amazon and contains many endemic species.
The Gasyrg pipeline cuts through large sections of Guaraní and Weenhayek indigenous ancestral homelands including six legally recognized indigenous community territories, which contain 13 Guaraní communities and three Weenhayek communities. Indigenous people's livelihood, food and water supply, cultural integrity and psychological well-being are threatened.⁷⁸
 - Amazon Watch: www.amazonwatch.org
- **Block-31 in Ecuador:** Together with the Japanese oil company Teikoku Oil Petrobras is preparing the development of Block-31 in the north east of Ecuador. More than two-thirds of this oil project is located in the Yasuni National Park, which is also the indigenous territory of the Huaorani people. The project will include the building of oil infrastructure, roads and pipelines inside the national park. The Yasuni National Park is the most important national park in Ecuador with one of the highest levels of biodiversity on the planet. The project will put under threat both this biodiversity, as well as the cultural survival of the indigenous communities (including some non-contacted communities). Various irregularities were reported in Petrobras' procedure to obtain an environmental license for oil extraction.⁷⁹
 - Yasuni Rainforest Campaign: www.saveamericasforests.org/Yasuni/
 - Amazonia, Amigos da Terra: www.amazonia.org.br/english/guia/detalhes.cfm?id=179312&tipo=6&cat_id=1&subcat_id=1
 - Acción Ecológica: www.accionecologica.org/webae/index.php?option=com_content&task=view&id=361&Itemid=39
 - Environmental Defense: www.environmentaldefense.org
- **Urucu in Brazil:** Petrobras is developing oil and gas fields in the Urucu region in Amazonas state. For the transport of gas, Petrobras is planning to construct a 550-kilometre pipeline to the city of Porto Velho in Rondonia state, as well as a 650-kilometre pipeline to the port of Manaus in Amazonas state.
The pipelines are feared to open up corridors that facilitate logging and expansion of agricultural activities in the Amazonian Basin. Such a corridor is likely to attract thousands of illegal settlers and loggers and spoil the life of Indian tribes through an increase of: prostitution, child prostitution, drug traffic, robberies, domestic violence and sexually transmitted diseases including AIDS.⁸⁰
 - Amazonia, Amigos da Terra: www.amazonia.org.br
 - WWF Brazil: www.wwf.org.br
 - Environmental Defense: www.environmentaldefense.org
 - Amazon Watch: www.amazonwatch.org/amazon/BR/urucu/

1.8 Pluspetrol

1.8.1 Short profile of Pluspetrol

Pluspetrol is an Argentinean oil and gas company, which has operations in Argentina, Colombia, Ivory Coast, Bolivia, Tunisia, Algeria and Peru. In 2005 the company produced about 250,000 barrels of oil (equivalent) per day. Pluspetrol is also active in the production of electricity in Argentina.⁸¹

Annual sales of Pluspetrol amounted to US\$ 927.7 million in 2002.⁸²

1.8.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Pluspetrol:

- In March 2003 Pluspetrol Norte, a Peruvian subsidiary of Pluspetrol, secured a US\$ 75 million loan from Credit Suisse First Boston to finance its exploration and production activities. The loan had a 4.5-year term and was used to pay for maintenance and the drilling of new wells in Pluspetrol's 1AB and 8 blocks in northern Peru. Although the loan was independent of the Camisea project, it frees up funds at the parent company, allowing Pluspetrol to finance its equity contribution to the Camisea project.⁸³

1.8.3 Controversial issues

The following information was found on the involvement of Pluspetrol in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Camisea in Peru:** The Camisea project, which is operating since August 2004, comprises the exploitation of the large gas reserves in block 88 located along the Camisea river in the southern Amazon region of Peru, the construction and operation of two pipelines - one for natural gas and one for natural gas liquids (NGL) - and the distribution network for natural gas in the Peruvian cities Lima and Callao. The natural gas is transported to Lima, where it is used for residential and industrial purposes and to generate electricity, that is distributed nationwide. The NGL is supplied on the domestic LPG market and is also exported.

The government of Peru in 2000 awarded a concession for the upstream activities (gas and NGL production) to a consortium headed by Pluspetrol, while a concession for the construction and operating of a gas and a NGL pipeline was awarded to a consortium headed by Techint (Italy/Argentina) in which Pluspetrol also participated. Estimated investment costs for the upstream project were US\$ 730 million and for the transport project US\$ 860 million.⁸⁴

The project has been severely criticized by NGOs because of its direct and indirect impacts on indigenous communities known to be living in voluntary isolation in the Nahua-Kugapakori Reserve. In addition, the project is located in one of the world's most ecologically prized rainforests. Exploration, extraction and transport activities have led to degradation and conversion of critical natural habitats in this region. In just fifteen months of operation four major liquid gas spills from the pipeline occurred. Furthermore, the gas export facility on the Peruvian coast has been sited in the Paracas National Marine Reserve, Peru's only marine sanctuary for endangered birds and mammals.

The failure of the consortium to prevent erosion is resulting in major river sedimentation, and fish catches - a key element of local peoples diets - have plummeted. The lack of effective procedures for preventing access to the pipelines' right of way and for removing illegal settlers threatens massive colonization of indigenous lands and pristine forests. Negative health effects in local communities are evident.

- Amazon Watch: www.amazonwatch.org
- Rainforest Action Network: www.ran.org
- Environmental Defense: www.environmentaldefense.org
- Oxfam America:
www.oxfamamerica.org/whatwedo/where_we_work/south_america/news_publications/art681.html
- Amazon Alliance: www.amazonalliance.org
- Asociación Interétnica de Desarrollo de la Selva Peruana: www.aidesep.org.pe

1.9 Rosneft

1.9.1 Short profile of Rosneft

Rosneft is Russia's third largest oil and gas company since it acquired Yuganskneftegaz - the most important of subsidiary of Yukos (see paragraph 1.15) - in a widely criticised auction in December 2004. Yuganskneftegaz was being sold by the government after having been seized from Yukos over a disputed tax bill. The auction valued Yuganskneftegaz at US\$ 9.3 billion, which was substantially less than its real value. After the acquisition of Yuganskneftegaz, Rosneft produced about 70 million tons of oil in 2005.⁸⁵ In 2004 Rosneft realised annual sales with a total value of US\$ 5.3 billion, resulting in a net profit of US\$ 837.3 million.⁸⁶ Rosneft is owned by the Russian state, but it intends to make an initial public offering on the Moscow and London stock exchanges in 2006. About 30% of the shares will be sold to investors.⁸⁷

1.9.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Rosneft:

- In August 2001 Rosneft secured a US\$ 150 million three year pre-export financing from an international banking syndicate arranged by ABN AMRO Bank (Netherlands). Credit Suisse was one of the ten banks participating in the syndicate, with a participation of US\$ 20 million.⁸⁸
- In July 2004 Rosneft secured a US\$ 500 million five-year loan from an international banking syndicate arranged by ABN AMRO Bank (Netherlands), HVB (Germany) and SG (France). Credit Suisse was one of the 30 banks participating in the syndicate.⁸⁹
- In January 2005 Rosneft secured a US\$ 800 million loan from an international banking syndicate of 27 banks. Credit Suisse was participating in this syndicate.⁹⁰

1.9.3 Controversial issues

The following information was found on the involvement of Rosneft in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Sakhalin I project:** The Sakhalin I integrated oil and gas project is situated at Sakhalin Island in Russia's Far East. The project is being developed by Exxon Neftegas, a consortium led by ExxonMobil (United States). Rosneft is a 20% participant in the project. The Sakhalin I project includes the development of three offshore oil and gas fields: Chayvo, Odoptu, and Arkutun Dagi, which contain 307 million tons of oil and 485 billion m³ of gas).

Oil production from the Chayvo field started in October 2005. The initial phase of the project will produce 250,000 barrels a day of oil by year-end 2006. Associated domestic gas sales will start at about 1.7 million m³ per day. A dedicated oil pipeline and terminal facility at DeKastri on the Russian mainland will export crude oil to world markets beginning in 2006. The initial gas production will be sold in the Russian Far East domestic market. Export of the remaining gas reserves via pipeline will commence when a contract with a regional customer is secured.⁹¹

Although most NGO campaign focus on the Sakhalin II project (see paragraph 1.10), much of the environmental and social issues raised are similar. In March 2005, representatives of the Nivkh, Orok, Evenk, and Nanai peoples of Sakhalin held a congress in the town of Yuzhno-Sakhalinsk. The congress concluded that the oil and gas projects are threatening their traditional lifestyle through deforestation, pollution, and by endangering the species that are central to their livelihoods. Many indigenous islanders still sustain themselves through reindeer herding and salt- and fresh-water fishing. The companies engaged in developing the island's natural resources were pressed to contribute to an Indigenous Development Fund that would serve to improve the economic and social conditions of the four indigenous groups on the island.⁹²

- Friends of the Earth Japan: www.foejapan.org/en/aid/index.html
- Russian Association of the Indigenous Peoples of the North: www.raipon.org
- Pacific Environment: www.pacificenvironment.org/article.php?id=258

1.10 Sakhalin Energy

1.10.1 Short profile of Sakhalin Energy

The Sakhalin II integrated oil and gas project is situated at Sakhalin Island in Russia's Far East. The project is being developed by Sakhalin Energy, a consortium led by Royal Dutch/Shell (United Kingdom/Netherlands) which has a 55% share in the project. Mitsui & Co. (Japan) has a 25% share and Mitsubishi Corporation (Japan) has a 20% share. Eventually the Sakhalin II project will consist of three offshore platforms, offshore and onshore pipelines, an onshore processing facility, a liquefied natural gas (LNG) facility and oil and gas export terminal. The project is already exporting oil and will export Liquefied Natural Gas (LNG) to various customers in Asia.

Phase 1 focused on oil development and went into seasonal production during the summer period in 1999. Production from Phase 1 is currently limited to the ice-free period – about 180 days. Phase 2 is an integrated oil and gas development that will allow year-round oil and gas production.

The financing of Phase 1 was the largest green-field Russian oil and gas project to be financed on a non-recourse project finance basis by international lenders: the European Bank for Reconstruction & Development, The Overseas Private Investment Corporation (OPIC) and the Japanese Bank for International Cooperation (JBIC), who each invested US\$ 116 million.

Phase 2 of development will be the single largest ever project to be financed on a non-recourse project finance basis worldwide. The shareholders will provide part of the funding for Phase 2 development, and it will also be partly project-financed. Total investment costs are now estimated at US\$ 20 billion.⁹³

1.10.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Sakhalin Energy:

- Credit Suisse First Boston is the financial advisor of Sakhalin Energy for the financing of Phase 2.⁹⁴

1.10.3 Controversial issues

The following information was found on the involvement of Sakhalin Energy in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Sakhalin II in Russia:** All facilities of the Sakhalin II project will be constructed in an extremely high seismic area (8 and 9 on the Richter scale), which increases the risk of oil spills. Onshore on the Sakhalin island, oil spills would threaten wildlife. The Sakhalin project includes the construction of two onshore pipelines that will cross 1103 rivers and streams, many of which are spawning grounds for salmon. Offshore oil spills threaten the marine environment of the Ochotsk and Japanese Seas, home to the world's last 100 Western Gray Whales. Various endangered bird and fish species are threatened as well. Oil spills would also directly affect the local population, which is largely reliant on fisheries. The Nivkh, Nanai, and Uilta, who continue a traditional subsistence livelihood based on fishing, hunting, and reindeer herding, have felt the negative environmental impacts from the Sakhalin II Project most strongly.⁹⁵
 - Sakhalin Environment Watch: www.sakhalin.environment.ru
 - Friends of the Earth International: www.foei.org/media/2005/1129.html
 - Socio Economic Union: www.seu.ru/projects/eng/whales/
 - Pacific Environment: www.pacificenvironment.org/article.php?id=246
 - Russian Association of Indigenous Peoples of the North: www.raipon.org/english/news/index.cfm?requestedItemId=1318
 - Taiga Rescue Network: www.taigarecue.org/index.php?view_article=130
 - CarbonWeb: www.carbonweb.org/documents/Sakh-EP-analysis.pdf

1.11 Slavneft

1.11.1 Short profile of Slavneft

Slavneft is one of the largest oil companies in Russia, producing 24.26 million tonnes of oil in 2005.⁹⁶

Annual sales of Slavneft amounted to US\$ 2,794.7 million in 2004.⁹⁷

Since December 2002 Slavneft is jointly owned by Sibneft (see paragraph 1.3) and TNK-BP (see paragraph 1.13).⁹⁸

1.11.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Slavneft:

- In August 2001 Slavneft secured a US\$ 160 million one-year pre-export financing facility from an international banking syndicate, arranged by Glencore (Switzerland). Credit Suisse was one of the 17 banks participating in the syndicate, with a participation of US\$ 10 million.⁹⁹
- In March 2003 Slavneft secured a US\$ 180 million three year loan from an international banking syndicate arranged by ABN Amro Bank (Netherlands), Commerzbank (Germany) and Moscow Narodny Bank (Russia). Credit Suisse was one of the fourteen banks participating in the syndicate, with a participation of US\$ 10 million.¹⁰⁰

1.12 Tatneft

1.12.1 Short profile of Tatneft

The Russian company Tatneft is one of the largest oil and gas company in Russia, producing 25 million tons of oil and over 700 million m³ of gas in 2004. The company also operates network of over 540 filling stations in Russia and the Ukraine and is active in manufacturing metal-plastic pipes, tires, synthetic motor oils, cables and other products. The company also controls some banks and investment companies.

Tatneft is listed on the stock exchanges of Moscow, London, Frankfurt and New York. 30.45% of its shares is owned by the Russian Republic of Tatarstan.¹⁰¹

In 2004 Tatneft realised annual sales with a total value of US\$ 5.2 billion, resulting in a net profit of US\$ 850 million.¹⁰²

1.12.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Tatneft:

- In October 2000 Tatneft signed an agreement to restructure RuR 11,844 million (US\$ 354 million) of debt with eight foreign banks including Credit Suisse First Boston. Under the restructuring agreement the debt was due to be fully repaid in 2002. The restructured debt bears interest of Libor plus 3.95% to 4.2% and is collateralized with oil export contracts of approximately 560 thousand tonnes per month. During November and December of 2000, Credit Suisse First Boston transferred a portion of its loans due from Tatneft to four other foreign banks.¹⁰³
- In March 2002 Tatneft secured a US\$ 200 million five-year loan from an international banking syndicate arranged by Credit Suisse First Boston and Bank Zenit (Russia). The purpose of the loan is to finance investment projects. The loan bears interest at Libor plus 3.78% and is secured by Tatneft's oil export contracts in the amount of 200 thousand tonnes per month.¹⁰⁴
- In December 2003, Tatneft entered into a RUR 1,034 million (US\$ 35 million) one month revolving overdraft facility with Credit Suisse. The monthly revolving loan bears interest at 2.85% per annum and was collateralized by crude oil sales.¹⁰⁵
- In March 2004 Tatneft reportedly mandated Credit Suisse First Boston to arrange an international bond issuance.¹⁰⁶ But probably this bond issuance has been cancelled later.

1.12.3 Controversial issues

The following information was found on the involvement of Tatneft in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Tatneft in Sudan:** Tatneft signed onto a joint oil production project in 2001 with the Sudanese oil company, Gulf Petroleum, to explore and develop existing Sudan oil fields. Such projects create revenues for the government war against its own citizens. It is also reported that Tatneft works with the Russian government to advance weapons sales in Sudan and elsewhere in exchange for energy-related contracts and resources.
 - Students Taking Action Now: Darfur (STAND): www.stanford.edu/group/stand/california.html
 - Divest Sudan Blood Stocks: www.divestsudan.org
 - Sudan Divestment: www.sudandivestment.com
 - Sudan Advocacy Action Forum: www.sudanadvocacy.com

1.13 TNK-BP

1.13.1 Short profile of TNK-BP

TNK-BP is the second largest Russian oil company, established in September 2003 as a result of the merger of Russian companies TNK (Tyumen Oil Co.) and Sidanco with the majority of the Russian oil assets of BP (United Kingdom). The company is 50% owned by BP and 50% by a group of prominent Russian investors: Alfa Group, Access Industries and Renova (AAR). The shareholders of TNK-BP also own close to 50% of Slavneft (see paragraph 1.11).

In 2004 TNK-BP produced 73 million tons of oil. TNK-BP's current oil production is roughly 1.5 million barrels per day. Annual sales amounted to US\$ 14.3 billion in 2004, resulting in a net profit of US\$ 4.0 billion.¹⁰⁷

1.13.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to TNK, Sidanco and TNK-BP:

- In 2000 Credit Suisse First Boston has provided two loans with values of US\$ 50 million and US\$ 150 million to TNK. The loans matured in February 2006 and August 2005 respectively.¹⁰⁸ The loans were probably related to the acquisition of a 85% stake in the Russian oil company Onako.¹⁰⁹
- In March 2001 TNK issued RUR 3,000 million (US\$ 104 million) 12% four year bonds on the Russian capital market. The proceeds were used for general corporate purposes. The issuance was managed by four banks including Credit Suisse First Boston.¹¹⁰
- In November 2001 TNK issued RUR 3,000 million (US\$ 104 million) 15% five year bonds on the Russian capital market. The proceeds were used for general corporate purposes. The issuance was managed by five banks including Credit Suisse First Boston.¹¹¹
- In April 2002 Sidanco secured a US\$ 129 million 1.5 year loan from an international banking syndicate arranged by SG (France) and Natexis Banques Populaires (France). Credit Suisse First Boston was one of the 14 banks participating in the syndicate, with a participation of US\$ 10 million.¹¹²

- In May 2002 TNK attempted to issued US\$ 500 million 10% five year bonds on the international capital market. The proceeds would be used for general corporate purposes. Joint bookrunners of the issuance were Credit Suisse First Boston and Citigroup/SSSB (United States). The issuance had to be cancelled at the last moment following an auditing error by accountants PricewaterhouseCoopers.¹¹³
- In November 2002 and February 2003 TNK issued US\$ 700 million 11% five year bonds on the international capital market. The proceeds were used for the acquisition of a 50% share in Slavneft. Joint bookrunners of the issuance were Credit Suisse First Boston, Merrill Lynch (United States) and Citigroup/SSSB (United States).¹¹⁴
- In September 2005 TNK-BP set up a US\$ 5 billion debt issuance programme, arranged by four banks including Credit Suisse First Boston. The programme allows TNK-BP to issue short, medium and long term debt on a regular basis. It will access the money markets through Euro-commercial paper and other securities. The proceeds will used for general corporate purposes.¹¹⁵ The first bond issuance is expected in the first quarter of 2006.¹¹⁶

1.13.3 Controversial issues

The following information was found on the involvement of TNK-BP in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **East Siberia gas pipeline:** East Siberia Gas Company, a joint-venture between the Irkutsk Region Administration and TNK-BP, plans to build a natural gas pipeline from the Kovykta gas field in Irkutsk in eastern Siberia to China and South-Korea. The pipeline will supply gas to China National Petroleum Corporation (China), and Korea Gas Corporation (South-Korea). The East Siberia gas pipeline will have a total length of 4,887 kilometers and will require a total investment of US\$ 17 billion. The pipeline will start in Irkutsk, skirt around the southern shore of Lake Baikal and enter China at Manzhouli on the Russian-Chinese border.¹¹⁷
Environmental organizations are concerned about this project, because Lake Baikal is the world's oldest and deepest lake. It contains one-fifth of the world's freshwater and thousands of endemic species. The lake plays a crucial role today in Russian culture and national pride, remaining one of the most pristine wildernesses in a country scarred by Soviet-era industrial projects. Lake Baikal and the surrounding area was named a World Heritage Site by Unesco in 1996 and its shore is ringed by nature preserves. At the south of the lake the Tunkinsky National Park is located, which would be crossed by the gas pipeline. This is a mountainous, pristine area with unique Siberian pine and fir forests, curative springs, capricious mountain rivers and many endemic species.
 - Save Lake Baikal: www.wellesley.edu/Russian/Baikal/baik_oil.html
 - Baikal Environmental Wave: www.baikalwave.eu.org/Oldsitebew/tunka.html
- **Oil spills in Western Siberia:** In Western Siberia TNK-BP has allegedly covered an area of 3,780 km² with crude oil. The oil has leaked from operation at the Samotlor oil field and the Ryazan refinery. The oil spills threaten the livelihoods of the local population and the environment. As with all good streams, the oil flows into a brook, the Listvyanka, from which it flows into the Oka River. The Oka provides the drinking water for the cities and villages downstream from Ryazan.
 - Globalise Resistance: www.resist.org.uk/reports/archive/bp_russia/index.php

1.14 Total

1.14.1 Short profile of Total

The French company Total is the world's fourth-largest oil and gas company and a prominent chemicals manufacturer. Total operates in more than 130 countries and has over 111,000 employees. The company is active in oil and gas production, refining, trading and marketing, as well as in the production and marketing of petrochemicals. Current oil and gas production is roughly 2.6 million barrels of oil (equivalent) per day.

Total is listed on the stock exchanges of Paris, Brussels, London and New York. The company has approximately 520,000 shareholders, of whom 75% are European. About 87% of the shares is owned by a few thousand institutional investors.

In 2004 the company realised annual sales with a total value of US\$ 112.7 billion, resulting in a net profit of US\$ 9.0 billion.¹¹⁸

1.14.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Total:

- In November 2000 TotalFinaElf made an offer for all shares of Petrofina it was not already owning. Financial advisors for the offering were Credit Suisse First Boston and Banque Bruxelles Lambert (Belgium).¹¹⁹
- In November 2003, Total Capital issued sixandhalf-year bonds with a total value of Sfr 300 million on the Swiss capital market. The lead managers of the issuing syndicate were Credit Suisse First Boston and BNP Paribas (France).¹²⁰
- In January 2004, Total Capital issued six-year bonds with a total value of Sfr 200 million on the Swiss capital market. The lead managers of the issuing syndicate were Credit Suisse First Boston and BNP Paribas (France).¹²¹
- In May 2005, Total Capital issued sixandhalf-year bonds with a total value of US\$ 100 million on the American capital market. The lead manager of the issuing syndicate was Credit Suisse First Boston.¹²²
- In November 2005, Total Capital issued seven-year bonds with a total value of Sfr 150 million on the Swiss capital market. The lead manager of the issuing syndicate was Credit Suisse First Boston.¹²³
- In January 2006, Total Capital issued ten-year bonds with a total value of Sfr 200 million on the Swiss capital market. The lead manager of the issuing syndicate was ABN Amro Bank (Netherlands). Participating in the banking syndicate was Credit Suisse.¹²⁴

1.14.3 Controversial issues

The following information was found on the involvement of Total in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Investments in Burma:** Total is a participant in the Yadana Gas Pipeline Project, which represents the single largest foreign investment project in Burma.

Total has invested in a regime with one of the most deplorable human rights and environmental records in the world. Companies involved have contracted the Burmese army to provide security for Yadana project. Total has been taken to court by six Burmese people who were used as forced labour in the preparation of Total's pipeline in Burma. Extra judicial killings, torture, rape and extortion by pipeline security forces have dramatically increased since the Yadana Project was initiated.

The influx of soldiers to the previously isolated region has caused an increase in illegal hunting, logging, and wildlife trade. It thereby poses a threat to the Tenasserim region, one of the largest rainforests intact on mainland Asia.

Complete villages have been forcefully relocation for the Yadana project.¹²⁵

- EarthRights International: www.earthrights.org/burma/yadana.shtml
- Info Birmanie: www.info-birmanie.org/actions/total.htm
- Ligue des droites de l'homme: www.ldh-france.org
- International Federation for Human Rights: www.fidh.org/article.php3?id_article=2508

- **BTC pipeline in Georgia:** Total participates in this oil pipeline, running from Baku (Azerbaijan) via Tblisi (Georgia) to Ceyhan (Turkey).

The pipeline is damaging roads and irrigation systems in Georgia, damaging potable water supply systems and depriving local populations of crops and lands. The pipeline is a barrier blocking the chance to escape poverty. As 25 kilometers of pipeline runs through the Borzhomi national park in Georgia, the project fails to comply with international nature preservation standards.¹²⁶

When the BTC pipeline was opened in October 2005, a coalition of NGOs observed the following problems in Georgia:¹²⁷

- BTC-related human rights abuses have increased. BP officials were alleged to have threatened affected villagers with violence. Police repression since has led to villagers being hospitalised.
- Compensation remains disputed for 30% of land parcels. All villages visited complained that damage caused during construction was neither compensated for nor repaired. In Tsemi the water supply has been polluted, ending the village's tourism industry, its primary source of income.
- The support given to villagers whose livelihoods were critically affected by the pipeline has been inadequate or non-existent. All 98 homes in Dgvari village are structurally collapsing due to landslides intensified by the pipeline. A US\$ 1 million compensation package previously offered by BP has not materialised.
- Damage to important heritage sites was not dealt with and continues.

- Baku-Ceyhan Campaign: www.baku.org.uk
- Green Alternative: www.greenalt.wanex.net
- CEE Bankwatch Network: bankwatch.ecn.cz/project.shtml?s=153907
- CarbonWeb: www.carbonweb.org/BTCcampaign.htm
- Kurdish Human Rights Project: www.khrp.org/news/pr2005/12-10-05.htm

- **The Iraqi Oil for Food program:** Total was one of the larger beneficiaries of the illegal practices surrounding the UN-initiated Iraqi Oil for Food program, which allowed Iraq after the first Gulf War to sell some of its oil to buy food for its population.

However, the Iraqi oil revenues weren't used for the benefit of the Iraqi population, but instead contributed to keeping a small undemocratic elite in power.¹²⁸

- Council on Foreign Relations: www.cfr.org/publication/7631/iraq.html

- **Gas flaring in the Niger Delta:** As one of the major oil producers in the Niger Delta, Total plays a prominent role in the practice of gas flaring in this part of Nigeria. More greenhouse gases are emitted in Nigeria than all other sources in sub-Saharan Africa combined, causing severe noise, light, heat and air pollution. Local communities experience increased health risks because of the gas flaring: respiratory illnesses, asthma, and cancer. Human rights are violated to suppress protests against the practices of the oil and gas industry in the Niger Delta, with the execution of Ken Saro-Wiwa in 1995 as the best-known example.¹²⁹

 - Environmental Rights Action (FoE Nigeria): www.eraction.org/modules.php?name=ERA_News&file=article&sid=41
 - E-LAW: www.elaw.org/news/advocate/default.asp?id=3021
 - Climate Justice: www.climatelaw.org/media/gas.flaring.suit
- **Investments in Sudan:** Total invests in oil extraction in Sudan, thereby providing revenues for the government to pursue the civil war. Oil production will, in the near future, enhance the revenues of the Khartoum government thereby aiding the acquisition of weapons and the prosecution of war against Darfurian citizens.¹³⁰

 - Students Taking Action Now: Darfur (STAND): www.stanford.edu/group/stand/california.html
 - Divest Sudan Blood Stocks: www.divestsudan.org
 - Sudan Divestment: www.sudandivestment.com
- **The Gasyrg pipeline in Bolivia:** The Transierra Consortium composed of Petrobras, Total and Andina in 2002 constructed the Gasoducto Yacuiba - Rio Grande (Gasyrg) pipeline from Yacuiba in the South of Bolivia to Rio Grande in the centre of the country. The pipeline increases the risks of oil spills and forest destruction. Bolivia's dry forests are among the richest in the world and are classed as 'globally outstanding' in the WWF/World Bank ecoregions conservation assessment. The biota of the region has affinities with the Amazon and contains many endemic species. The Gasyrg pipeline cuts through large sections of Guaraní and Weenhayek indigenous ancestral homelands including 6 legally recognized indigenous community territories, which contain 13 Guaraní communities and 3 Weenhayek communities. Indigenous people's livelihood, food and water supply, cultural integrity and psychological well-being are threatened.¹³¹

 - Amazon Watch: www.amazonwatch.org/amazon/BO/gep/index.php?page_number=99
- **Kashagan in Kazakhstan:** Total is a 18.52% shareholder in the North Caspian Production Sharing Agreement, which is developing the Kashagan oil field in the north Caspian Sea. Kashagan is located primarily in the Kazakhstani portion of the shallow nature reserve zone of the north Caspian Sea. Kashagan threatens protected territories, the endangered sturgeon (migration paths to their spawning grounds traverse this area), and the whelping grounds of the Caspian seal. Kashagan also threatens the livelihoods of millions of residents of the Caspian region, as oil development in the north Caspian places the tourism and fishing industries at risk and prevents investment in other economic ventures that could contribute to sustainability in the region. Kashagan is a highly sulphurous field, adding to the environmental concerns about the project.

- Crude Accountability:
www.crudeaccountability.org/eng/campaigns/kashagan/kashagan.htm

1.15 Yukos

1.15.1 Short profile of Yukos

In 2003 Yukos was the second-largest oil company in Russia, producing 80.8 million tonnes of oil.¹³² It was majority-owned by businessman Mikhail Khodorkovsky. When Khodorkovsky developed into a strong critic of president Putin, the Kremlin reacted by starting a n investigation into fraud and tax evasion against Yukos. Khodorkovsky and Yukos-manager Platon Lebedev were arrested in October 2003 and both were sentenced to 9 years jail in May 2005. Yukos' main subsidiary Yukanzneftegaz was seized by the Russian authorities to settle the tax dispute. In an auction it was sold to state-owned oil company Rosneft in December 2004. Yukos still exists, but no longer ranks among the largest oil companies in Russia.¹³³

1.15.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Yukos:

- In February 2002 Yukos issued US\$ 147.4 million of shares on the international capital market. The issuance was managed by UBS Warburg and Credit Suisse First Boston.¹³⁴
- In July 2003 Yukos mandated four banks - including Credit Suisse First Boston - for a US\$ 1.0 billion bond issuance on the international capital market. The issuance would take place later in 2003, to finance the acquisition of Sibneft.¹³⁵ The acquisition and bond issuance were cancelled later, because of the government actions against Yukos.

1.15.3 Controversial issues

The following information was found on the involvement of Yukos in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Oil pipeline to China:** In May 2003 Yukos and China National Petroleum Corporation (CNPC) signed a 25-year deal to supply oil to China through a 2,400-kilometre pipeline linking Siberian oilfields in Angarsk to the Chinese city of Daqing. Yukos proposed a route through the Tunka national park that would curve around the southern end of Lake Baikal.¹³⁶

Environmental organizations were concerned about this project, because Lake Baikal is the world's oldest and deepest lake. It contains one-fifth of the world's freshwater and thousands of endemic species. The lake plays a crucial role today in Russian culture and national pride, remaining one of the most pristine wildernesses in a country scarred by Soviet-era industrial projects. Lake Baikal and the surrounding area was named a World Heritage Site by Unesco in 1996 and its shore is ringed by nature preserves. At the south of the lake the Tunkinsky National Park is located, which would be crossed by the pipeline. This is a mountainous, pristine area with unique Siberian pine and fir forests, curative springs, capricious mountain rivers and many endemic species.¹³⁷

Some time after the crackdown on Yukos, the plan for the Angarsk-Daqing pipeline was abandoned.

- Save Lake Baikal: www.wellesley.edu/Russian/Baikal/baik_oil.html

- Baikal Environmental Wave: www.baikalwave.eu.org/Oldsitebew/tunka.html

Chapter 2 Credit Suisse - Mining

2.1 Adaro Indonesia

2.1.1 Short profile of Adaro Indonesia

PT Adaro Indonesia is Indonesia's second largest coal mining company, operating various open pit mines in an agreement area of 36,000 hectares in the Tanjung district of South Kalimantan Province. The deposits contain total coal resources of approximately 3.0 billion tones of open cut coal characterized by extremely thick seams of up to 50 meters. The coal is exceptionally clean with 0.1% sulphur, 1.2% ash and low nitrogen levels. Adaro Indonesia is therefore marketing internationally as *Envirocoal*.

Production commenced in 1991 and has increased steadily since that time, with sales to both export and domestic markets reaching 25 million tonnes in 2004 making Indonesia's largest coal producer. Adaro Indonesia aims to expand sales to 35 million tonnes per year.¹³⁸

Indonesian businessmen Edwin Soeryadjaya and Theodore Rachmat each own a third of Adaro, with the remaining third controlled by a consortium of international investors, including the Government of Singapore Investment Corp and the private equity divisions of Goldman Sachs and Citigroup.¹³⁹

Annual sales of Adaro Indonesia amounted to US\$ 400 million in 2001.¹⁴⁰

2.1.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Adaro Indonesia:

- In December 2005 Adaro Indonesia secured a US\$ 200 million four-year loan from an international banking syndicate. The proceeds will be used to refinance a US\$ 600 million five-year amortising loan related to the purchase of a 40.8% stake in Adaro Indonesia by a group of Indonesian businessmen in 2004. Credit Suisse First Boston participated for US\$ 3 million in the loan.¹⁴¹

2.1.3 Controversial issues

The following information was found on the involvement of Adaro Indonesia in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Coal mines in South Kalimantan:** In its coal mining area in the Tanjung district of South Kalimantan Adaro Indonesia is repeatedly in conflict with local communities, because their environment and livelihoods are threatened.

PT Adaro mining activities in the area have polluted the Nunggaran River, Balang River and Mangkayah River, which are very important as a source of clean water for the local communities.

The use of dynamite explosions to open up locations that contain coal have caused losses to the community. Sixteen people in one community have been counted as suffering from losses; either their homes have collapsed or become slanted and unstable by the vibrations.¹⁴²

Adaro is also accused of relocating villages without consulting with local authorities.¹⁴³

In February 2004 production was halted for nearly a week after villagers blocked access to Adaro's mining site. The villagers accused the company of causing flooding in their villages.¹⁴⁴

- JATAM Mining Advocacy Network: www.jatam.org/english/
- Down to Earth: dte.gn.apc.org

2.2 Alcan

2.2.1 Short profile of Alcan

The Canadian company Alcan is the world's second largest producer of primary aluminium and an important global producer of value-added engineered products and composites for aerospace, automotive and beverage can applications. Alcan is also one of the world's leading metal traders. Alcan has approximately 470 facilities in 56 countries and regions with some 69,000 employees.

In the past five years, Alcan has taken over two of its largest global competitors: Alusuisse (Switzerland) and P echiney (France). Early 2005, it disinvested a large part of its consumer product subsidiaries into a new independent company, Novelis.

Alcan is largely vertically integrated, operating its own bauxite mines in Australia, Brazil, France, Ghana, Guinea and India.

In 2004 Alcan realised annual sales with a total value of US\$ 24,885 million, resulting in a net profit of US\$ 258 million.¹⁴⁵

2.2.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Alcan:

- In March 2001 Alcan issued US\$ 400 million 6.45% million ten year bonds and US\$ 400 million 7.25% million thirty year bonds on the American capital market. The issuance was managed by seven banks, including Credit Suisse Boston. Credit Suisse First Boston underwrote US\$ 52 million of the ten year bonds and US\$ 52 million of the thirty year bonds.¹⁴⁶
- In April 2001 Alcan issued € 600 million 5.5% five year bonds. The issue was being managed by Morgan Stanley & Co. (United States) and Credit Suisse First Boston. Proceeds were used to repay existing debt.¹⁴⁷
- In September 2002 Alcan issued US\$ 500 million 4.875% ten year bonds on the international capital market. Credit Suisse First Boston Corporation was the lead underwriter and sole bookrunner, underwriting US\$ 225 million. Proceeds were used to repay existing debt.¹⁴⁸

2.2.3 Controversial issues

The following information was found on the involvement of Alcan in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Utkal mine and refinery in India:** Alcan holds 45% in the Utkal Alumina International Limited (UAIL) joint venture with Indal (India). The planned project costs over US\$ 1.0 billion and comprises a bauxite mine and an alumina refinery, both projected for the Kashipur region (Rayagada district) in the eastern Indian state of Orissa.

The inhabitants of the Kashipur region mainly belong to Adivasis (“tribals”) and Dalits (lowest of the Hindu castes) communities. The affected communities fear environmental degradation and health problems and are in total opposition to the project. In the face of grassroots resistance from the local communities, the project had been stalled since the year 2000, but the latest developments show that it is now going ahead in strength. The number of inhabitants that would be affected, directly or indirectly, by the project, is evaluated at between 10,000 and 60,000, depending on the sources. The only official Environment Impact assessment completed to this day, by Engineers India Ltd., was never made public (though it is mandatory under Orissa state law), in spite of repeated requests from the people’s movement.

- Alcan’t in India: www.saanet.org/alcant/context.htm
- International Rivers Network: www.irn.org

2.3 Alcoa

2.3.1 Short profile of Alcoa

The American company Alcoa is the largest producer of aluminium in the world. The company is vertically integrated and active in all major aspects of the industry, from bauxite mines to aluminium consumer products. In 2004 Alcoa generated total revenues of US\$ 23.5 billion. The company has 129,000 employees in 42 countries. Alcoa operates bauxite mines in Australia, Brazil, Guinea, Jamaica and Suriname.¹⁴⁹

2.3.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Alcoa:

- In August 1999 Alcoa announced a take-over offer for its competitor Reynolds Metals for US\$ 5.6 billion.¹⁵⁰ The offer was later raised to US\$ 6.0 billion and only became definitive in May 2000 after the U.S. Department of Justice and the European Union approved the merger. As a precondition to this approval, Alcoa had to sell its interests in an aluminium smelter and three alumina refineries.¹⁵¹ Credit Suisse First Boston advised Alcoa on the acquisition of Reynolds and on the sale of its interests in the smelter and the three refineries.¹⁵²
- In April 2000 Alcoa secured a US\$ 3,000 million revolving credit facility from an international banking syndicate, comprising a US\$ 2,490 million one-year revolving credit and a US\$ 510 million five-year revolving credit. Credit Suisse First Boston was one of the 14 banks participating in the syndicate, participating for US\$ 234.4 million in the one-year facility and for US\$ 65.6 million in the five-year facility.¹⁵³
- In July 2000 Alcoa issued US\$ 500 million 7.25% five year bonds and US\$ 1,000 million 7.375% ten year bonds on the international capital market. Credit Suisse First Boston was one of the eleven banks in the issuing syndicate. Credit Suisse First Boston underwrote US\$ 50 million of the ten year bonds and US\$ 100 million of the thirty year bonds.¹⁵⁴
- In April 2001 Alcoa amended and extended its revolving credit facility. The total facility now amounts to US\$ 3,000 million, comprising a US\$ 2,000 million one-year revolving credit and a US\$ 1,000 million five-year revolving credit. Credit Suisse First Boston was one of the 17 banks participating in the syndicate, participating for US\$ 170.0 million in the one-year facility and for US\$ 110.0 million in the five-year facility.¹⁵⁵

- In May 2001 Alcoa issued US\$ 500 million 5.875% five year bonds and US\$ 1,000 million 6.5% ten year bonds on the international capital market. Credit Suisse First Boston was one of the eleven banks in the issuing syndicate. Credit Suisse First Boston underwrote US\$ 75 million of the five year bonds and US\$ 150 million of the ten year bonds.¹⁵⁶
- In November 2001 Alcoa issued US\$ 500 million three year bonds with a floating rate and US\$ 1,000 million 6.0% ten year bonds on the international capital market. Credit Suisse First Boston was one of the eleven banks in the issuing syndicate. Credit Suisse First Boston underwrote US\$ 57.5 million of the three year bonds and US\$ 115 million of the ten year bonds.¹⁵⁷
- In April 2002 Alcoa amended and extended its US\$ 2,000 million one-year revolving credit facility. The facility is now provided by a syndicate of 17 banks, arranged by Credit Suisse First Boston and Citibank (United States). Credit Suisse First Boston participated for US\$ 190 million in the credit facility.¹⁵⁸
- In August 2002 Alcoa issued US\$ 800 million 5.875% four year bonds and US\$ 600 million 6.5% eleven year bonds on the international capital market. Credit Suisse First Boston and Morgan Stanley (United States) were the bookrunners. Credit Suisse First Boston underwrote US\$ 276 million of the four year bonds and US\$ 207 million of the eleven year bonds.¹⁵⁹
- In April 2003 Alcoa secured a new US\$ 3,000 million revolving credit facility from an international banking syndicate, replacing its US\$ 2,000 one-year revolving facility of April 2002 and its US\$ 1,000 million five-year revolving facility of April 2001. The new facility comprised a US\$ 2,000 million one-year revolving credit and a US\$ 1,000 million five-year revolving credit. Credit Suisse First Boston was one of the 17 banks participating in the syndicate, participating for US\$ 183.3 million in the one-year facility and for US\$ 91.7 million in the five-year facility.¹⁶⁰
- In April 2004 Alcoa secured a new US\$ 2,000 million revolving credit facility from an international banking syndicate, replacing its US\$ 3,000 revolving facility of April 2003. The new facility comprised a US\$ 1,000 million one-year revolving credit and a US\$ 1,000 million five-year revolving credit. Credit Suisse First Boston was one of the 17 banks participating in the syndicate, participating for US\$ 91.7 million in the one-year facility and for US\$ 91.7 million in the five-year facility.¹⁶¹

2.3.3 Controversial issues

The following information was found on the involvement of Alcoa in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Belo Monte in Brazil:** Alcoa is involved in the construction of the Belo Monte hydroelectric plant, located on the Xingu River in Para State in Brazil. Alcoa has plans to build a primary aluminium smelter near its Juruti bauxite mine, in western of Pará state, and for that purpose it is pushing for the Belo Monte hydroelectric power plant. After the construction of the dam an area of 400 km² of agricultural lands and forest, will be flooded, most of which are located in the Paquiçamba reserve. The forest resources and agricultural lands of the Juruna indigenous people will be destroyed. Thousands of families will be relocated. It is feared that the Belo Monte project will open the way for more hydroelectric dams in the Xingu.

The most prominent critic of the Belo Monte project, Ademir Alfeu Federicci (known as Dema), was shot dead on 25 August 2001. Dema was an outspoken leader of the MDTX, a broad-based grassroots forum against the Belo Monte dam. Activists say there is a climate of impunity, intimidation and fear surrounding the Belo Monte project.¹⁶²

- Movimento dos Atingidos por Barragens: www.mabnacional.org.br/
 - Terra de Direitos: www.terradedireitos.org.br/
 - Amazon Watch: www.amazonwatch.org/amazon/BR/bmd/
 - Global Justice: www.global.org.br
 - Greenpeace International: www.greenpeace.org
 - Amazon Alliance: www.amazonalliance.org
 - International Rivers Network: www.irn.org/programs/latamerica/TenotaMo.html
- **Barra Grande in Brazil:** The BAESA consortium, in which Alcoa is a major shareholder, has constructed the Barra Grande hydroelectric project. 70% of the land in the flood plain of the dam is of extreme biological importance: virgin forest, secondary forest and riverside vegetation. BAESA has not lived up to its promise to support socio-economic development in the region, notably the provision of building materials for the construction of low cost housing.¹⁶³
 - Movimento dos Atingidos por Barragens: www.mabnacional.org.br
 - Terra de Direitos: www.terradedireitos.org.br
 - OECD Watch: www.oecdwatch.org/docs/press%20release%20english.pdf
 - Apremavi: www.apremavi.com.br
 - **Jamalco in Jamaica:** Jamalco is a joint-venture of Alcoa and the Jamaican government, engaged in bauxite mining and alumina refining. Bauxite mining has hazardous effects on environment, agricultural land and health. Agricultural land and water sources are contaminated, because of large scale dumping of hazardous waste in rivers and lakes. The air is contaminated, resulting from the Bayer refining processes and the use of bunker oil for power generation. The industry has serious health impacts on the local communities, resulting in an increase in diseases such as lung disease, asthma, bone disease, bronchitis, dental complications, cancer and Alzheimer's disease.
 - Jamaica Bauxite Environmental Organisation: www.jbeo.com/
 - **Aluminium smelter in Iceland:** Alcoa is constructing a large aluminium smelter in Eastern Iceland. To supply the aluminium smelter with electricity, the Icelandic electricity company Landsvirkjun is now developing the Kárahnjúkar hydropower development. This will involve the construction of a 190-meter high dam as well as other smaller dams, tunnels, power lines, roads and a 57 km² reservoir. The project is feared to result in the destruction of some 3,000 km² of nature, amongst which parts of the unique Dimmugljufur canyon, Iceland's Grand Canyon.¹⁶⁴
 - Icelandic Nature Conservation Association: www.inca.is
 - Saving Iceland: www.savingiceland.org
 - Náttúruvaktin/Naturewatch: www.natturuvaktin.com
 - **Aluminium smelter in Trinidad:** Alcoa is building a new aluminium smelter in the south-west of the country, based on energy derived from Trinidad and Tobago's vast natural gas resources.

Local organisations fear chemical pollution of land, water and air and the destruction of several valuable natural areas such as Clifton Hill Beach and Maracas Bay. The local communities fear the poisoning of water and food supplies, a negative effect on fish stocks and negative health impacts

- No Smelter in Trinidad and Tobago: www.nosmeltertnt.com

2.4 Alpha Natural Resources

2.4.1 Short profile of Alpha Natural Resources

Alpha Natural Resources is an American coal mining company. It produces, processes and sells steam and metallurgical coal from 43 active underground mines, 21 active surface mines and 11 preparation plants located throughout Virginia, West Virginia, Kentucky and Pennsylvania. The company is also actively involved in the purchase and resale of coal mined by others, the majority of which is blended with coal produced from its own mines. The company is listed on the New York stock exchange. Annual sales in 2004 amounted to US\$ 1,269.7 million, resulting in a net profit of US\$ 20.0 million.¹⁶⁵

2.4.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Alpha Natural Resources:

- In May 2004 Alpha Natural Resources issued US\$ 175 million 10% eight year bonds in a private placement offering. The offering resulted in net proceeds of approximately US\$ 171.5 million. The issuance was managed by Credit Suisse First Boston.¹⁶⁶
- In May 2004 Alpha Natural Resources secured a US\$ 175 million credit facility from a banking syndicate arranged by three banks including Credit Suisse First Boston. The credit facility consists of a US\$ 125.0 million five year revolving credit facility and a funded letter of credit facility of up to US\$ 50.0 million.¹⁶⁷

2.4.3 Controversial issues

The following information was found on the involvement of Alpha Natural Resources in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Mountaintop mining in West Virginia:** The forests of southern West Virginia and eastern Kentucky are among the most biologically diverse temperate forests on Earth. World Wildlife Fund calls this area a biodiversity hotspot. This region strongly threatened by coal mining companies engaged in mountaintop mining. The thin seams of coal are often too narrow to be mined by traditional deep mining methods. Coal companies therefore first raze the forests and scrape away the topsoil and then blast up to 300 meter off mountaintops with very strong explosives. Giant machines then scoop out the layers of coal, dumping the former mountaintops into the narrow adjacent valleys. It is not clear if Alpha Natural Resources is engaged in this practice, but Nicewonder - the company it acquired in October 2005 - certainly is.
 - Ohio Valley Environmental Coalition: www.ohvec.org
 - United Mountain Defense: www.unitedmountaindefense.org
 - Mountain Justice Summer: www.mountainjusticesummer.org

2.5 Barrick Gold

2.5.1 Short profile of Barrick Gold

Barrick Gold is a Canadian gold mining company, which in December 2005 reached agreement to acquire the Canadian gold mining company Placer Dome. Early February 2006 Barrick owned 94% of Placer Dome. The combined companies produced about 8.3 million ounces of gold in 2005, with unmined gold reserves of about 150 million ounces. The enlarged Barrick Gold will be by far the largest gold mining company in the world, with gold and copper operations in Argentina, Australia, Canada, Chile, Papua New Guinea, Peru, South Africa, Tanzania and the United States.¹⁶⁸

Annual sales of Barrick Gold amounted to US\$ 1,930 million in 2004, resulting in a net profit of US\$ 248 million. Placer Dome realized annual sales amounting to US\$ 1,888 million in 2004, resulting in a net profit of US\$ 284 million.

Barrick Gold was established in 1983, is headquartered in Toronto and now has 9,000 employees. Placer Dome has 13,000 employees.

Barrick Gold's shares are traded on the Toronto, New York, London and Swiss stock exchanges, as well as Euronext in Paris.¹⁶⁹

2.5.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Barrick Gold and Placer Dome:

- In 2001 Barrick Gold acquired Homestake Mining Company for US\$ 2.3 billion and added mines in North America, South America and Australia to its global portfolio. Credit Suisse First Boston was the financial advisor of Barrick Gold for this transaction.¹⁷⁰
- In April 2002 Barrick Gold secured a credit and guarantee agreement with an international banking syndicate. The agreement has been amended twice, in May 2003 and July 2005. The credit facility now runs until April 2010 and is signed with 15 banks, including Credit Suisse. The credit facility allows Barrick Gold to borrow up to US\$ 300 million and CS\$ 300 million from the banking syndicate.¹⁷¹
- In May 2002 Placer Dome made an acquisition offer for the Australian gold mining company AurionGold for A\$ 2.0 billion (US\$ 1.2 billion). The acquisition was completed in January 2003. Credit Suisse First Boston acted as financial advisor to AurionGold.¹⁷²

2.5.3 Controversial issues

The following information was found on the involvement of Barrick Gold in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Pascua Lama in Chile:** The Pascua Lama gold mine is a proposed binational open pit mining project with an estimated total investment of US\$ 1.5 billion. The deposits, which would have an expected mine life of 17 years, straddle the Chilean-Argentine border high up in the Andes mountains, with 75 percent of the deposits in Chile and 25 percent in Argentina. Construction of the mine involves relocating/destroying three Andes glaciers, which are of crucial importance to the Pascua Lama Highlands and the valley ecosystems. Local communities (est. 70,000 small farmers) in the desert valley of Huasco depend on the water from the glaciers.

Diaguita indigenous communities in the area accuse Barrick of illegally acquiring part of the land needed to carry out the mining project, which, they say, historical documents prove forms part of their ancestral territory. On November 11th, 2005, peaceful protesters in the capital city of Santiago were charged by military police.¹⁷³

- Anti Pascua Lama Front: www.noapascualama.tk
 - OLCA: www.olca.cl/oca/index.htm
 - Oceana: www.oceana.org/index.php?id=851
 - Greenpeace Chile: www.greenpeace.org/chile/press/releases/pascua-lama-no-todo-lo-que-b
 - MiningWatch Canada: www.miningwatch.ca
 - Programa Chile Sustentable: www.chilesustentable.net
- **Western Shoshone in the United States:** The Western Shoshone Lands in Nevada (United States) contain the world's second largest gold deposit, which Barrick Gold is planning to exploit. The mine development is expected to have a negative effect on the region's scarce water resources and in the destruction of Shoshone sacred places. The Western Shoshone People have been deprived from their ancestral lands. They are forced to pay federal grazing fees; meanwhile, there is no financial settlement between the U.S. and the Shoshone people on contracting land to mining companies such as Barrick Gold. Thereby the U.S. Government violates one of its Constitutional Obligations.¹⁷⁴
 - No Dirty Gold Campaign: www.nodirtygold.org
 - Oxfam America: www.oxfamamerica.org
 - Earth Works: www.earthworksaction.org
 - Great Basin Mine Watch: www.greatbasinminewatch.org/mambo/
 - Western Shoshone Defense Project: www.wsdp.org
 - Amnesty USA: www.amnestyusa.org/justearth/indigenous_people/western_shoshone.html
 - **Lake Cowal in Australia:** Barrick Gold is developing a gold mine in the Lake Cowal region in New South Wales (Australia). The proposed Mining Lease Application encompasses approximately 2,650 hectares. One hundred and twenty-eight million tonnes of low to medium grade ore would be excavated from an open cut pit 1 kilometer wide and 325 meters deep on the lake shore and partly within the high water level of Lake Cowal to produce an estimated 2.7 million ounces of gold. Cyanide leakages are feared to the sensitive Lake Cowal ecosystem. Heavy metals such as zinc cadmium and lead could enter soil and waterways. The Wilbertroy-Cowal Wetlands are of national importance, being the home of over 170 bird species) The proposed mining site belongs to Aboriginal Traditional Owners and is often called "the Heartland of the Wiradjuri Nation". They have not been properly consulted and oppose gold extraction, because they fear destruction of this Aboriginal Sacred Site including Aboriginal artifacts, scar trees and other cultural objects.¹⁷⁵
 - Friends of the Earth Australia: www.foe.org.au
 - The Lake Cowal Campaign: www.rainforestinfo.org.au/gold/lakep.html
 - **Bulyanhulu in Tanzania:** After the takeover of the mining license by Barrick Gold in 1996, many small-scale miners and their families in the Bulyanhulu in Tanzania were forced to resettle and some 65 miners were allegedly buried. So far, none of the small-scale miners have been compensated financially for loss of property and/or loss of a family member.

The livelihoods of 30,000 to 40,000 small scale miners, were destroyed and 200,000 people were forced to resettle. The forced eviction of the miners by the Tanzanian police left some 65 miners buried alive.

Recently, the lawyer of LEAT still fighting for compensation has been arrested and others charged with sedition.¹⁷⁶

- Lawyers' Environmental Action Team (LEAT): www.lead.or.tz/activities/buly/
- MiningWatch Canada: www.miningwatch.ca
- **Marcopper in the Philippines:** In October 2005 the government of the Philippine Province of Marinduque filed a law suit in Nevada (United States) for over a hundred million dollars against Placer Dome, the owner of the mining company Marcopper which exploits several mines in the Philippines. The provincial government of Marinduque holds Placer Dome responsible for decades of destructive mining on the island. The suit seeks funds for: the clean up and rehabilitation of polluted lands, rivers, coastal shores and bays; compensation for economic damages including lost property and livelihoods; damages for resulting health problems now and in the future; and the repair of deteriorating mine structures holding back tonnes of mine waste, which poses an imminent threat to downstream communities and environments.¹⁷⁷
- Miningwatch Canada: www.miningwatch.ca/index.php?/188/Marinduque_suit_backgnd

2.6 BHP Billiton

2.6.1 Short profile of BHP Billiton

BHP Billiton is the world's largest mining company, employing about 37,000 employees in more than 100 operations in approximately 25 countries. Globally, BHP Billiton is a leading producer of iron ore, iron ore, coking coal, manganese ore, copper, energy coal, nickel, lead, zinc, uranium and aluminium. The company also has a significant oil and gas business and substantial interests in diamonds, silver, chrome, cobalt and titanium minerals.

The BHP Billiton group was created through the merger of BHP Limited (Australia) and Billiton Plc (United Kingdom) in June 2001. As a result, the group now has two holding companies (BHP Billiton Limited and BHP Billiton Plc), which have identical boards of directors and are run by a unified management team. Shareholders in each company have equivalent economic and voting rights in the BHP Billiton Group as a whole. Global headquarters are located in Melbourne, Australia.

BHP Billiton Ltd. is listed on the stock exchanges of Sydney, Wellington, London, Frankfurt, Zurich and New York. BHP Billiton Plc. is listed on the stock exchanges of London, Johannesburg, Paris and New York.

In 2004 BHP Billiton generated a turnover of US\$ 24.9 billion, resulting in a net profit of US\$ 3.4 billion.¹⁷⁸

2.6.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to BHP Billiton:

- In September 2000 BHP Billiton acquired a 56% interest in the Worsley alumina plant in Australia from Alcoa (see paragraph 2.3) for US\$ 1.49 billion. Credit Suisse First Boston advised BHP Billiton on this transaction.¹⁷⁹

- In September 2000 BHP Billiton acquired the Canadian copper mining company Rio Algom for US\$ 1.15 billion. Credit Suisse First Boston advised Rio Algom on this transaction.¹⁸⁰
- In April 2003 BHP Billiton issued US\$ 850 million of 4.80% senior notes due 2013 on the American capital market. The proceeds are used for general corporate purposes. The joint lead managers of the underwriting syndicate were Citibank (United States) and JP Morgan Chase & Co. (United States). Credit Suisse was one of the eight banks participating in the underwriting syndicate and had underwritten US\$ 42.5 million.¹⁸¹
- In August 2005 BHP Billiton acquired the Australian mining company WMC Resources for US\$ 7.3 billion. In April 2005 BHP Billiton secured a US\$ 6.5 billion credit facility to finance this acquisition. The facility is split into three tranches: a US\$ 3 billion 18 month term loan with a six month extension option; a US\$ 2.5 billion five year term loan; and a US\$ 1 billion 4.5 year revolving credit facility. The credit facility was arranged by a group of six international banks. Credit Suisse was one of the 24 banks participating in the banking syndicate.¹⁸²
- In December 2005 BHP Billiton issued US\$ 600 million 5.00% five year bonds and US\$ 750 million 5.25% ten year bonds. The proceeds are used to repay debt incurred to fund BHP Billiton's acquisition of WMC Resources in August 2005 and to repay other debt. The joint bookrunners of the bond issuance were Credit Suisse First Boston and JP Morgan Chase & Co. (United States). CSFB underwrote US\$ 225 million of the five year bonds and US\$ 281.25 million of the ten year bonds.¹⁸³

2.6.3 Controversial issues

The following information was found on the involvement of BHP Billiton in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Gag Island in Indonesia:** BHP Billiton is one of the mining companies who have been pushing the Indonesian government to repeal the prohibition on mining in protected areas (forests). The areas under threat of mining include 8.68 million hectares of protected forests and 2.8 million hectares of conservation areas. Mining in protected forests means a threat to rich biodiversity with profuse endemic flora and fauna species in the already scarce protected areas as well as a threat to livelihoods of indigenous people of Indonesia. BHP Billiton is planning to open a nickel mine on Gag Island, west of Papua, in a protected forest. Furthermore, BHP Billiton plans to dump dangerous mine waste into the ocean, employing the controversial Submarine Tailings Disposal technique. According to UNESCO Gag Island has World Heritage potential because of its high biodiversity: 505 species of coral, which is an extraordinary 64% of all known coral species in the world, and 1,065 fish species.
 - JATAM Mining Advocacy Network: www.jatam.org/english/
 - WALHI: www.eng.walhi.or.id/kampanye/tambang/mining_info/
 - Mineral Policy Institute: www.mpi.org.au
 - Oxfam Australia: www.oxfam.org.au/campaigns/mining/
- **Tintaya in Peru:** BHP Billiton is developing the Tintaya copper mine in Peru.

The mining project is criticized by local people who demand for relocation of mine waste disposal areas. BHP Billiton has promised to set up a sustainable development fund with part of the proceeds of the mine, but the slow start in spending has led to public unrest. The mechanisms to administer the fund are inadequately structured and do not allow agile funding decisions satisfactory for most stakeholders. Not all of the projects proposed for funding are in line with the priorities of local farmers. Concerns that funding decisions are disproportionately benefiting projects in the towns, instead of rural zones, where the need is the greatest.¹⁸⁴

- OXFAM America: www.oxfamamerica.org/
- Christian AID: www.christianaid.org.uk/indepth/502peru/
- **Kalahari Diamonds in Botswana:** BHP Billiton's subsidiary Kalahari Diamonds Limited is exploring for diamonds in the Gana and Gwi Bushmen's reserve in Botswana without their consent. These groups of indigenous people have been evicted from their ancestral lands.¹⁸⁵
 - Survival International: www.survival-international.org
- **Ok Tedi in Papua New Guinea:** BHP Billiton was the major shareholder in Ok Tedi Mining in Papua New Guinea and the mine operator until early 2002. At this time, the company handed over its majority stake in OTML to the newly formed and ironically named Sustainable Development Project Company. The main issue now is how will be responsible for cleaning up the Ok Tedi and Fly rivers. For the past 20 years Ok Tedi Mine has dumped 80,000 tons of mining waste into these rivers on a daily basis. Cleaning up the rivers will enable local people to cultivate their land again. So far, their main staple food, the sago palm, has declined dramatically. This has led to food scarcity. Villages downstream from the Ok Tedi mine now refuse to sign a settlement that obliges them to relinquish their rights to lodge future claims against the company in return for nominal compensation payments. This package was originally engineered by BHP Billiton when it divested its shares in the mine. The mine has forced them to choose between these payments and their rights to seek future legal remedies for ongoing pollution and potential health impacts.¹⁸⁶
 - Mineral Policy Institute: www.mpi.org.au/companies/bhpb/
- **El Cerrejon Norte in Colombia:** El Cerrejon Norte is one of the world's largest open-pit coal mines, occupying an original area 50 kilometres long and eight wide and expanding constantly. The mine is equally owned by the mining companies Anglo American, BHP Billiton and Glencore International. El Cerrejon Norte is described as "a continuing horror story of forced relocations of indigenous people, human rights violations, environmental destruction and other assorted injustices". The mine borders and partly covers reservation land of the indigenous Wayuu people. To expand the mine in August 2001, the community of Tabaco was bulldozed flat. The 700 residents, pushed out by 500 soldiers and 200 police who accompanied the mine operator, didn't even have time to retrieve their personal effects. When the job was complete, the village's school and clinic were also razed and the cemetery desecrated. There was no compensation.¹⁸⁷ In June 2004 the mining company again was forcibly displacing a number of Wayuu Indigenous and Afro Colombian communities with no compensation to make way for the expansion of the mine.¹⁸⁸

Sintracarbon, a Colombian coal mining union representing workers at El Cerrejon, has been engaged in collective bargaining with the firm since December 2004. But in the weeks leading up to those negotiations, bargaining team members began receiving calls from unknown members of paramilitary groups demanding payments. The extortion calls also involved death threats on family members of Sintracarbon's bargaining team. Members of the European Parliament and the international trade union federation ICEM called upon the company's owners to condemn this extortion.¹⁸⁹

- Mines and Communities: www.minesandcommunities.org/Action/action37.htm
- Atlantic Regional Solidarity Network: www.arsn.ca
- Friends of the Earth Australia: www.foe.org.au/mr/mr_4_6_04.htm
- Mineral Policy Institute: www.mpi.org.au/companies/bhpb/
- International Federation of Chemical, Energy, Mine and General Workers' Unions: www.icem.org

2.7 Bumi Resources

2.7.1 Short profile of Bumi Resources

PT Bumi Resources Tbk. is an Indonesian mining company, with some limited oil exploration activities. Its main operating subsidiaries are PT Kaltim Prima Coal and PT Arutmin, which operate several coal mines in respectively East Kalimantan and South Kalimantan. With an annual production of about 53 million tonnes, Bumi Resources now is Indonesia's largest coal producer. The company controls 6%-8% of thermal coal supply on the international market.¹⁹⁰

In 2004 the company realised annual sales with a total value of Rp 9,811.7 billion (US\$ 1,056 million), resulting in a net profit of Rp 1,211.8 billion (US\$ 130.4 million).¹⁹¹

Bumi Resources is listed on the Jakarta stock exchange, but the dominant shareholder (42.4%) is the Indonesian Bakrie family.¹⁹² The head of this family, Aburizal Bakrie, currently is the Coordinating Minister for the Economy of Indonesia.

2.7.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Bumi Resources:

- In July 2003 Credit Suisse First Boston provided a US\$ 58.0 million loan to PT Arutmin. This loan was refinanced in March 2004.¹⁹³
- In August 2003 Bumi Resources agreed to acquire Kaltim Prima Coal from the British companies Rio Tinto and BP for US\$ 500 million. The acquisition was financed by a US\$ 404.1 million short-term loan from four foreign financial institutions in October 2003. Credit Suisse First Boston provided the largest tranche: US\$ 202.4 million. This loan was refinanced in October 2004.¹⁹⁴
- In March 2004 Credit Suisse First Boston and UFJ Bank (Japan) arranged a syndicated loan of US\$ 95.0 million for PT Arutmin. This loan was used to refinance CFBS's loan of July 2003 and for other corporate purposes. The loan has three tranches, with maturities ranging from 2 to 4 years. Credit Suisse First Boston provided a two- and a three-year tranche, with a total value of US\$ 45.0 million.¹⁹⁵ This loan was repaid in July 2005.¹⁹⁶

- In May 2004 Kaltim Prima Coal tried to issue an US\$ 450 million two tranche bond on the international capital market, to refinance the loan of August 2003. The issuance would be split between a three year and a five year tranche. Joint bookrunners Credit Suisse First Boston and JP Morgan organized roadshows in Asia, London and the United States, but the interest of investors was low. The bond issuance was cancelled.¹⁹⁷
- In September 2004 Credit Suisse First Boston provided a US\$ 22.88 million loan to PT Kaltim Prima Coal. This loan will be used for the construction of a production facility in Sangatta district (East Kalimantan). This was still outstanding at the end of September 2005.¹⁹⁸
- In October 2004 Credit Suisse First Boston arranged a US\$ 385 million 2.5-year loan for PT Kaltim Prima Coal, the largest loan of its kind issued by an Indonesian company in nearly seven years. Credit Suisse First Boston acted as mandated arranger, sole underwriter, and sole bookrunner on the transaction. A total of 24 financial institutions participated in the transaction, including 12 banks. The loan was used to refinance the acquisition loan of August 2003. Credit Suisse First Boston itself provided more than half of the total sum (US\$ 198.75 million), although some of this was on behalf of some hedge funds. It was estimated in the financial press that Credit Suisse First Boston earned in the region of US\$ 10 million in margin and fees with this deal alone.¹⁹⁹ In July 2005 this loan was repaid.²⁰⁰
- In June 2005 Bumi Resources raised US\$ 600 million on the international capital market by a securitisation of future coal export receivables in the form of seven-year bonds. Merrill Lynch (United States) structured this deal and was the bookrunner. The money was used to repay the syndicated loans of March 2004 and October 2004. Credit Suisse First Boston probably acquired a part of this bond offering.²⁰¹

2.7.3 Controversial issues

The following information was found on the involvement of Bumi Resources in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Acquisition of Kaltim Prima Coal:** The acquisition of Kaltim Prima Coal (KPC) by Bumi Resources in August 2003 was politically controversial. The coal mining company was established in 1982 by the British oil company BP and the Anglo-Australian mining company Rio Tinto. Under the contract, 51% of the company's shares had to be divested to local interests after ten years (in 1992). This never happened but in late 2000 the government of East Kalimantan province began a campaign to take a controlling stake in KPC, putting severe pressure on its owners. After difficult negotiations the Indonesian government in October 2002 had reached a compromise whereby the owners would sell a 20% stake to state mining company Bukit Asam, while another 31% stake was to go to governments of the East Kalimantan province and the East Kuta district. The owners of KPC and the government agreed at that time that the company was worth US\$ 822 million.²⁰² But in August 2003 Bumi Resources suddenly acquired 100% of KPC from BP and Rio Tinto for only US\$ 500 million, in a deal financed by Credit Suisse First Boston and three other foreign banks. Political indignation was large, and various politicians demanded that the new owner would fulfil its contractual obligation to divest 51% of KPC to local interests.²⁰³

In January 2004 Bumi Resources agreed to sell 18.6% of the KPC shares to the local government of East Kutai district. In June 2005 agreement was reached to sell another 32.4% of the KPC shares to a small Indonesian mining services company, PT Sitrade Nusaglobus. At that moment KPC was valued at US\$ 1,400 million, only two years after Bumi Resources acquired the company for US\$ 500 million.²⁰⁴

However, in October 2005 Bumi Resources acquired 99% of the shares of PT Sitrade Coal, apparently the subsidiary set up by PT Sitrade Nusaglobus to manage its 32.4% stake in KPC. Also the sale of shares to East Kutai district appears to be limited to 5%. Despite all political debate on the contractual obligations of KPC's owner, the end result is that KPC is still 95% owned by Bumi Resources.²⁰⁵

- **Coal mining in East Kalimantan:** In Sangata district (East Kalimantan) KPC has taken over much of the communities' lands. In 1986, plantations were taken over, in 1990 ponds were taken over, and four years later more community plantations were taken over. KPC waste has resulted in the drastic decline in the quality of the Sangata River. Deforestation at the mining location has caused severe flooding at underlying areas.²⁰⁶

The company has taken over 20,482 hectares of the land of the Sekerat community in the East Kalimantan, paying an average price of Rp 11.9 (US\$ 0.001) per hectare. In the community several hundred families of the Kutai and Dayak Basaf ethnic groups live. These families supplemented their income with fishing and hunting but could live off of their farming activities. With their land taken away, farming is no longer possible and hunting has become more difficult as the populations of deers, antelopes, wild chickens and porcupines in the mining area changed drastically. While the women were first economically independent, today the women depend on the income from the men who have to migrate to find work.²⁰⁷

For a new mine in Bengalon District (East Kalimantan), KPC in March 2002 cleared and destroyed 60 hectares of agricultural land owned by the United Farmers Association of Sepaso Village. The farmers demand compensation, but this is refused by the company. In stead, the company used the arms of the government and security forces to pressure and intimidate several farmers.²⁰⁸

2.8 Evraz

2.8.1 Short profile of Evraz

Evraz is a vertically integrated Russian steel and mining company, which is officially registered in Luxembourg. The company produced 13.8 million tonnes of crude steel in 2005, making it the largest producer of steel and steel products in Russia and one of the 15 largest producers of crude steel in the world.

Evraz's owns three of the leading steel plants in Russia: Nizhny Tagil (NTMK) in the Urals region, and West Siberian (Zapsib) and Novokuznetsk (NKMK) in Siberia. The company also owns steel plants in the Czech Republic and Italy. Its mining businesses in Russia comprise the Kachkanarsky (KGOK), Evraz Ruda and Vysokogorsky (VGOK) iron ore mining complexes and NeryungriUgol coal company and an equity interest in the Rapsadskaya coal mine. Evraz's total iron ore production amounted to 13.0 million tonnes in 2004, which was mainly used in its steel-making operations.

Evraz' consolidated revenues in 2004 amounted to US\$ 5,925 million, resulting in a net profit of US\$ 1,345 million. The company is listed on the London stock exchange, but its president Alexander Abramov holds a dominant shareholding.²⁰⁹

2.8.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Evraz:

- In July and September 2004 Evraz issued US\$ 300 million 10.875% five-year bonds on the international capital market. The issuance was managed by Credit Suisse First Boston and ING (Netherlands). The bond was sold to investors in Russia (30%), the United Kingdom (25%), continental Europe (25%), the United States (10%), Asia (4%) and other countries (6%). Proceeds were used for general corporate purposes.²¹⁰
- In 2005 or earlier Credit Suisse provided a US\$ 12.2 million loan to Evraz, which will mature around 2013.²¹¹
- In June 2005 Evraz was listed on the London stock exchange by an Initial Public Offering of 9.7 million shares (8.3% of its share capital). The share issuance raised US\$ 422 million for the company and was managed by three banks including Credit Suisse First Boston.²¹²

2.9 Falconbridge

2.9.1 Short profile of Falconbridge

The Canadian mining company Falconbridge Limited is one of the world's largest producers of zinc and nickel and a significant producer of copper, primary and fabricated aluminum, cobalt, lead, molybdenum, silver, gold and sulphuric acid. Falconbridge is also one of the world's largest recyclers and processors of metal-bearing materials. Falconbridge employs 14,500 people in 18 countries.

In its present form Falconbridge was formed by the merger with the Canadian mining company Noranda in June 2005. The company is listed on the New York and Toronto stock exchanges.²¹³

In October 2005 the Canadian mining company Inco (see paragraph 2.13) made an acquisition offer for Falconbridge. The board of Falconbridge has accepted the offer, but the acquisition is not yet completed.²¹⁴

In 2004 Falconbridge realised annual sales with a total value of US\$ 6,764 million, resulting in a net profit of US\$ 521 million.²¹⁵

2.9.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Falconbridge:

- In April 2001 Noranda issued US\$ 300 million 8.775% bonds on the international capital market. The issuance was managed by an underwriting syndicate of five banks, including Credit Suisse First Boston.²¹⁶
- In May 2001 Noranda sold its 4% shareholding in Newmont Mining (see paragraph 2.15) to Credit Suisse First Boston for US\$ 160 million.²¹⁷ Credit Suisse First Boston later sold the shares to investors.

2.9.3 Controversial issues

The following information was found on the involvement of Falconbridge in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Alumysa in Chile:** Falconbridge is trying to build a US\$ 2.75 billion aluminum smelter in the important Aysen wilderness area of Patagonia, in Southern Chile. It encompasses 11 million hectares of forests, wetlands and glaciers, and holds 30% of Chile's lakes. It is sparsely populated, and inhabitants work at fishing, logging and tourism. Aluminum smelting threatens the ecosystem in a sensitive wilderness area. It spews out toxic, greenhouse, and acid rain sulfuric gasses. It also requires an enormous amount of energy: to get this energy Noranda was proposing to build six dams on local rivers, flooding 10,000 hectares of temperate rainforest.

- Alianza Aysén Reserva de Vida: www.noalumysa.cl
- Greenpeace Canada: www.greenpeace.ca/e/feature/noranda/index.php
- Miningwatch Canada: www.miningwatch.ca/index.php?/Alumysa_en
- Native Forest Network: www.nativeforest.org/action_alerts/alumysa_8_29_02.htm
- Renace: www.renace.cl/campanas/queesalumysa.htm

2.10 Fording Canadian Coal Trust

2.10.1 Short profile of Fording Canadian Coal Trust

Fording Canadian Coal Trust is a Canadian producer of metallurgical coal and industrial minerals mining. Fording has a 60% interest in Elk Valley Coal, the world's second largest exporter of metallurgical coal. Fording also owns Nyco Minerals, the world's largest producer of the industrial mineral wollastonite with mines in the United States and Mexico.²¹⁸

Fording Canadian Coal Trust was formed in February 2003 by a combination of the coal mining activities of the Canadian companies Fording, Teck Cominco, Westshore Terminals and Sherritt Coal Partnership.²¹⁹

Fording Canadian Coal Trust realised annual sales with a total value of C\$ 1,168 million (US\$ 899 million) in 2004, resulting in a net profit of C\$ 150 million (US\$ 116 million).²²⁰

2.10.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Fording Canadian Coal Trust:

- In 2001 the Canadian conglomerate Canadian Pacific decided to split itself in five independent parts. One of these was Fording Inc., which included Canadian Pacific's coal and wollastonite operations, which became independent in August 2001. Credit Suisse First Boston advised Canadian Pacific on this transaction, which had a value of US\$ 700 million. Later Fording Inc. became part of Fording Canadian Coal Trust.²²¹

2.10.3 Controversial issues

The following information was found on the involvement of Fording Canadian Coal Trust in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Cheviot Creek mine in Alberta:** Elk Valley Coal is planning to develop the Cheviot Creek open pit mine near Hinton in Alberta province. The mine is expected to initially produce 1.4 million tonnes of coal a year, but that could grow to 2.8 million tonnes if there is enough demand.²²²

Environmental groups fear strong environmental harm from the project. The 7,450 hectare mine is situated less than three kilometers from the Jasper National Park, on public lands in the core of a high-elevation wildland earlier determined by the federal and provincial governments to be critical wildlife habitat and warranting of protection as a nationally significant natural area. NGOs are campaigning against selenium contamination of the McLeod River watershed and for preservation of the remaining 386 square kilometers of the candidate Mountain Wildland Park. They claim, the company and governments fail to compensate for the loss of critical wildlife habitat as promised in the approvals.

- Sierra Legal Defence Fund: www.sierralegal.org/m_archive/pr05_09_30.html
- Alberta Wilderness Association: www.albertawilderness.ca

2.11 Foundation Coal

2.11.1 Short profile of Foundation Coal

Foundation Coal Holdings is the fifth largest coal producer in the United States. The company produced 61.4 million tons of coal in 2004 and controlled approximately 1.8 billion tons of proven and probable coal reserves.

Foundation Coal operates a total of 13 mines in Pennsylvania, West Virginia, Illinois, and Wyoming. The nine underground and four surface mines yield high quality steam and metallurgical coal. The steam coal is supplied to about 100 coal-fired electricity plants in the United States and the metallurgical coal to domestic and foreign steel producers.

In 2004 Foundation Coal realised annual revenues with a total value of US\$ 995.6 million.²²³

Foundation Coal was formed in August 2004, after the acquisition of the American operations of RAG Coal International (Germany) by a private equity consortium for US\$ 975 million.²²⁴

The company was renamed into Foundation Coal and listed on the New York stock exchange in December 2004.

2.11.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Foundation Coal:

- In July 2004 Foundation Coal secured a US\$ 820 million credit facility from a banking syndicate, to finance the acquisition of the American coal mines of RAG Coal International. The facility consisted of a US\$ 470 million seven year loan facility and a US\$ 350 million revolving credit facility. The revolving credit facility expires in July 2009. The banking syndicate was arranged by Citigroup (United States) and Credit Suisse First Boston.²²⁵
- In July 2004, Foundation Coal issued US\$ 300 million 7.25% ten year bonds in a private transaction. In December 2004 the notes were resold on the American capital market. The issuance was managed by Credit Suisse First Boston.²²⁶
- In December 2004 Foundation Coal issued 23.6 million shares in an Initial Public Offering at the New York stock exchange. Total proceeds of US\$ 487 million were used to repay debts in pay a dividend. The issuance was managed by a syndicate of eight banks, including Credit Suisse First Boston. Credit Suisse First Boston underwrote 2.1 million shares with a total value of US\$ 46.2 million.²²⁷

2.12 Glencore International

2.12.1 Short profile of Glencore International

The Swiss company Glencore International is a producer of, and a trader in, a wide range of commodities and raw materials. The company owns its own mines, refineries and processing facilities, but also buys commodities from other producers of Metals and Minerals, Crude Oil and Oil Products, Coal and Agricultural Products. Glencore International supplies customers in industries such as automotive, power generation, steel production and food processing. Glencore is a privately held company owned by its management and employees. In its trading operations Glencore directly or indirectly employs over 2,000 people worldwide in 60 offices in over 50 countries. In its mining and industrial operations Glencore directly or indirectly employs 50,000 people in 23 plants in 14 countries.

In 2004 Glencore International realised annual sales with a total value of US\$ 72.0 billion.²²⁸

2.12.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Glencore International:

- In May 2000 Glencore International secured a US\$ 3.0 billion one-year revolving credit facility from an international banking syndicate comprising 48 banks. The syndicate was arranged by Chase Manhattan (United States) and Deutsche Bank (Germany). Funds will be used for general corporate purposes. Credit Suisse First Boston participated in the syndicate.²²⁹
- In June 2000 Glencore International secured a US\$ 350 million asset backed liquidity and US\$ 150 million asset backed standby letter of credit facility. The facility was provided by an international banking syndicate arranged by Chase Manhattan (United States). Credit Suisse First Boston participated in the syndicate.²³⁰
- In June 2001 Glencore mandated Credit Suisse First Boston and Deutsche Bank (Germany) for an Initial Public Offering of Enx Resources, a company which would own its coal mines in Australia and South Africa on the Sydney stock exchange. Glencore International aimed to retain roughly 40% of the shares. The IPO should raise more than A\$ 2.2 billion.²³¹ After 11 September 2001 the listing was cancelled.²³² In February 2002 the coal assets were sold to Xstrata (see paragraph 2.18).²³³
- In June 2001 Glencore International secured a US\$ 3.0 billion one-year revolving credit facility from an international banking syndicate. The syndicate was arranged by a group of five banks. Funds will be used for general corporate purposes. Credit Suisse First Boston probably participated in the syndicate.²³⁴
- In June 2002 Glencore International secured a US\$ 3.0 billion one-year revolving credit facility from an international banking syndicate comprising 39 banks. The syndicate was arranged by a group of five banks. Funds will be used for general corporate purposes. Credit Suisse First Boston participated in the syndicate.²³⁵

- In May 2003 Credit Suisse First Boston acquired 24% of the rights issued by Xstrata (see paragraph 2.18) from Glencore, which owned 40% of the shares of Xstrata. Xstrata issued the rights to finance its acquisition of the Australian mining company MIM. As a 40% shareholder Glencore had the right to buy 40% of this rights, to keep its shareholding at the same level. But Glencore did not want to buy all these rights as this would mean the company had to borrow more money, thus raising its gearing. In stead, its sold 24% to Credit Suisse First Boston for a total cost of £ 293 million. Credit Suisse First Boston had to spend a further £ 371 million to exercise the rights to buy Xstrata shares. After completion of the rights issue Credit Suisse First Boston owned 24% of Xstrata. Credit Suisse First Boston has the voting rights, but Glencore keeps the economic ownership. The agreement had a maturity of 18 months, after which Glencore could buy the stock back or Credit Suisse First Boston could sell the stock onto the market. The transaction was an innovative way for Glencore to keep a 40% economic interest in Xstrata while controlling its own gearing.²³⁶
In November 2004 the agreement was extended until December 2006.²³⁷ Together with Glencore, Credit Suisse First Boston is now owning 40.59% of Xstrata's shares.²³⁸
- In June 2003 Glencore International secured a US\$ 3.77 billion revolving credit facility from an international banking syndicate comprising 33 banks. The syndicate was arranged by a group of seven banks. The facility consists of a US\$ 3.0 billion one year revolving facility and a US\$ 770 million three year loan. Funds will be used for general corporate purposes. Credit Suisse First Boston participated with US\$ 50 million in the syndicate.²³⁹
- In September 2003 Glencore issued US\$ 800 million seven-year exchangeable bonds on the international capital market. Managing the issuance were BNP Paribas (France) and Credit Suisse First Boston. The bonds are exchangeable into shares of Swiss based mining company Xstrata, which is 16% owned by Glencore. If all bonds are exchanged, this shareholding will reduce to 6%.²⁴⁰
- In June 2004 Glencore International secured a US\$ 5.34 billion revolving credit facility from an international banking syndicate comprising 45 banks. The syndicate was arranged by a group of ten banks, including Credit Suisse First Boston. The facility consists of a US\$ 4.57 billion one year revolving facility and a US\$ 770 million two year loan. Funds will be used for general corporate purposes.²⁴¹
- Some years ago Glencore has set up a EuroMTN programme. This programme would allow regular issuances on the European capital market, up to a maximum of € 1 billion. The programme has six dealers, including Credit Suisse First Boston. In April 2005 the programme was increased to US\$ 2.5 billion.²⁴²
- In May 2005 Glencore International secured a US\$ 6.425 billion revolving credit facility from an international banking syndicate comprising 52 banks. The syndicate was arranged by a group of 11 banks, including Credit Suisse First Boston. The facility refinances the US\$ 4.57 billion one year revolving facility signed in June 2004 and the US\$ 770 million three year deal signed in June 2003. It is split between a one year and a three year tranche. Funds will be used for general corporate purposes.²⁴³
- In November 2005 Glencore secured a US\$ 850 million one year committed bond facility from an international banking syndicate. This allows Glencore to issue different types of financial guarantees and bonds. Credit Suisse First Boston was one of the 26 banks in the syndicate.²⁴⁴

2.12.3 Controversial issues

The following information was found on the involvement of Glencore International in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **El Cerrejon Norte in Colombia:** El Cerrejon Norte is one of the world's largest open-pit coal mines, occupying an original area 50 kilometres long and eight wide and expanding constantly. The mine is equally owned by the mining companies Anglo American, BHP Billiton and Glencore International.
El Cerrejon Norte is described as “a continuing horror story of forced relocations of indigenous people, human rights violations, environmental destruction and other assorted injustices”. The mine borders and partly covers reservation land of the indigenous Wayuu people. To expand the mine in August 2001, the community of Tabaco was bulldozed flat. The 700 residents, pushed out by 500 soldiers and 200 police who accompanied the mine operator, didn't even have time to retrieve their personal effects. When the job was complete, the village's school and clinic were also razed and the cemetery desecrated. There was no compensation.²⁴⁵
In June 2004 the mining company again was forcibly displacing a number of Wayuu Indigenous and Afro Colombian communities with no compensation to make way for the expansion of the mine.²⁴⁶
Sintracarbon, a Colombian coal mining union representing workers at El Cerrejon, has been engaged in collective bargaining with the firm since December 2004. But in the weeks leading up to those negotiations, bargaining team members began receiving calls from unknown members of paramilitary groups demanding payments. The extortion calls also involved death threats on family members of Sintracarbon's bargaining team. Members of the European Parliament and the international trade union federation ICEM called upon the company's owners to condemn this extortion.²⁴⁷
 - Mines and Communities: www.minesandcommunities.org/Action/action37.htm
 - Atlantic Regional Solidarity Network: www.arsn.ca
 - Friends of the Earth Australia: www.foe.org.au/mr/mr_4_6_04.htm
 - Mineral Policy Institute: www.mpi.org.au/companies/bhpb/
 - International Federation of Chemical, Energy, Mine and General Workers' Unions: www.icem.org
- **Iscaycruz in Peru:** Miners at the Iscaycruz mine in Peru were threatened with dismissal if they did not resign from their union, the FNTMMSP. After intimidating a number of workers into leaving the union, the company in August 2001 applied to have the FNTMMSP derecognised - on the grounds that it no longer had the legally required number of members for collective bargaining.²⁴⁸
 - International Federation of Chemical, Energy, Mine and General Workers' Unions: www.icem.org
- **Mopani in Zambia:** Mopani Copper Mine (MCM) is the second-largest copper mine in Zambia. The company is 73.1% owned by Glencore. In February 2005 300 miners' wives staged a protest against the spate of accidents at the mine's Nkana division. Labour conditions in the mine are very dangerous and a string of fatal accidents has happened in the past years. Some of the causes are negligence, usage of very old equipment, contracting of outside firms with little or no mining background.²⁴⁹

People living on Zambia's Copperbelt are also confronted with a barrage of toxic chemicals and other pollutants all of which undermines their right to health and damages their livelihoods. But the development agreements between the government of Zambia and the new owners of Zambia's recently privatised copper mines give a green light to pollution.²⁵⁰

- Mines and Communities: www.minesandcommunities.org/Action/press791.htm
- Oxfam: www.oxfam.org/en/programs/development/safrica/zamb_copper.htm

2.13 Inco

2.13.1 Short profile of Inco

The Canadian company Inco is the largest nickel mining and processing company in the world. The company processes nickel into other employs over 10,000 people and is listed on seven stock exchanges around the world. The company operates two nickel mines in Canada and one in Indonesia. A new nickel mine is developed in New Caledonia.

Inco's consolidated revenues in 2004 amounted to US\$ 4,278 million, resulting in a net profit of US\$ 612 million.²⁵¹

In October 2005 Inco made an acquisition offer for the Canadian mining company Falconbridge (see paragraph 2.9). The board of Falconbridge has accepted the offer, but the acquisition is not yet completed.²⁵²

2.13.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Inco:

- In September 2000 made an offer to its shareholders to buy back a specific class of shares issued by the company (VBN shares) which were issued in 1996 to finance the acquisition of Diamond Fields Resources. Inco offer to buy back the shares for about C\$ 195 million in cash and 11.7 million warrants. Credit Suisse was one of the three financial advisors to Inco on this transaction.²⁵³
- In March 2003 Inco sold US\$ 272.9 twenty year convertible bonds and US\$ 227.1 million 49-year subordinated convertible bonds. The issuance was managed and underwritten by a syndicate of seven banks, including Credit Suisse First Boston.²⁵⁴

2.13.3 Controversial issues

The following information was found on the involvement of Inco in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Nickel mine in Sulawesi:** Inco operates an open-pit nickel mine near Sorowako in South Sulawesi. The nickel ores are converted by the company's refineries in matte nickel, which is exported to Japan for further purification. From Japan the nickel is sold to stainless steel factories in Japan, South Korea, Taiwan and China.²⁵⁵

Since its start PT Inco has caused a large number of social and ecological problems. The Karonsi'e Dongi community in the Sorowako region has been uprooted from its ancestral lands without compensation and has lost access to resources that once sustained them. The Larona river and the Matano Lake, a source of freshwater fish, have been heavily polluted as a result of heavy dust and smoke coming from the PT Inco plant, the dumping of raw sewage and wastes from houses built on top of the lake and mud slides from the mine. The landscape is destructed, soils and air are polluted. Local inhabitants live in structural poverty because they lost community resources and are discriminated in work hiring practices by the company.

An open letter endorsed by fifty NGOs from Indonesia in December 2003 states: "Since May 2003, incidences of intimidation and violence perpetrated by police and military forces in Sorowako have escalated. Threats, razing of the villager's huts and the arrests of community members with the reason that they were conducting activities in PT Inco's contract of work area are examples. Six members of the community were arrested and punished unfairly in October 2003. The Karonsi'e Dongi community feel that their lives are threatened because of the intimidation and violence perpetrated by PT Inco and security forces."²⁵⁶

The original concession area of PT Inco currently covers 218,500 hectares spread over in South, Central and Southeast Sulawesi. PT Inco now is expanding its activities into Central and Southeast Sulawesi, despite strong protest by local communities in these regions.²⁵⁷

- JATAM: www.jatam.org
- Halifax Initiative: www.halifaxinitiative.org
- Mining Watch Canada: www.miningwatch.ca/index.php?/Sulawesi
- **Goro Nickel in New Caledonia:** Inco owns a 69% share in the Goro Nickel mine the company is developing in New Caledonia, a French territory in the South Pacific. The indigenous population, the Kanaks, are struggling for the recognition of and respect for local indigenous rights and they do so against tremendous odds. In a parallel fashion, the unions representing the mine and smelter workers are also trying to determine how best to protect the collective rights of the workforce in a situation where environmental regulations, health and safety legislation and enforcement and vocational training are at a bare minimum. In February 2005 members of the indigenous Kanak Rhéébù Nùù Committee blockaded the entrance to the Goro Nickel site. They demanded that Inco would halt construction of the Goro facility; initiate a negotiation process that would result in a agreement with recognized Kanak authorities that responds to their social and environmental concerns concerning the Goro project and allow an independent assessment of Inco's Environmental Impact Assessment (EIA).
 - Mining Watch Canada: www.miningwatch.ca/index.php?/inco_in_new_caledoni
 - Mineral Policy Institute: www.mpi.org.au/campaigns/indigenous/kanak/

2.14 Kazakhmys

2.14.1 Short profile of Kazakhmys

The British company Kazakhmys plc is active in mining, processing, smelting, refining and sale of copper and copper products, including cathodes and rods. As by-products the company also processes, refines and sells zinc, gold and silver. Kazakhmys is the tenth largest refined copper producer and the tenth largest mined copper producer in the world.

Kazakhmys operates several open pit and underground copper mines and smelting and refining complexes in Kazakhstan, as well as power plants. In Germany the company owns a copper products fabrications company. Kazakhmys has approximately 66,000 employees worldwide and produced 428,000 tonnes of copper cathode in 2004.²⁵⁸ Kazakhmys is listed on the London stock exchange. In 2004 the company realised annual sales with a value of US\$ 1,259.5 million, resulting in a net profit of US\$ 306.1 million.²⁵⁹

2.14.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Kazakhmys:

- In October 2005 Kazakhmys sold 122.4 million shares on the London stock exchange in an Initial Public Offering (IPO), for a value of £ 760 million (US\$ 1,315 million). The bookrunners for the issuance were Credit Suisse First Boston and JP Morgan Cazenove (United Kingdom).²⁶⁰

2.15 Newmont Mining

2.15.1 Short profile of Newmont Mining

The American mining company Newmont Mining Corporation is the second largest gold mining company in the world, behind the combination Barrick Gold - Placer Dome (see paragraph 2.5). Newmont Mining employs approximately 14,000 people, the majority of whom work at Newmont's mines sites in the United States, Australia, Peru, Indonesia, Canada, Uzbekistan, Bolivia, New Zealand and Mexico. Newmont Mining is also advancing two development projects in Ghana. At the end of 2004 Newmont Mining had gold reserves of 92.2 million equity ounces.²⁶¹

Newmont is listed on the New York stock exchange. In 2004 Newmont Mining realised annual sales with a total value of US\$ 4,524 million, resulting in a net profit of US\$ 443.3 million.²⁶²

2.15.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Newmont Mining:

- At the end of 2003 Newmont Mining purchased a 50% stake in European Gold Refineries, a European gold refinery and distribution company. EGR owns the Valcambi precious metals refinery in Switzerland and owns a 66.65% stake in Finorafa, a Swiss company active in sales, trading and the financing of gold and other precious metals. The other 33.35% of the shares of Finorafa are owned by Credit Suisse.²⁶³

2.15.3 Controversial issues

The following information was found on the involvement of Newmont Mining in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Afaho gold mine in Ghana:** Newmont is developing the Afaho gold mining project in Ghana.

The project's impact on human health and the environment has been of major concern from the initial stage of the project. Critical tests to fully assess contamination threats such as acid generation have not been completed, nor are the proposed remediation measures adequate, according to an independent technical review.

Access to land also remains uncertain for a large number of the 9,500 people who have so far been displaced by the project and whose livelihoods are at stake. Affected people are experiencing economic hardship and food security has become a pressing issue. So far, Newmont has not addressed the community concerns. Instead it has spent resources on research to support its public stance that the community problems are nonexistent.

- Earthworks: www.earthworksaction.org/WorldBankCriticized.cfm
 - FIAN International: www.fian.org/fian/index.php?option=com_frontpage&Itemid=1
- **Buyat Bay in Sulawesi:** In 2004, the Newmont Minahasa Raya (NMR) gold mine began closing down its operations in North Sulawesi leaving local communities in Buyat Bay and Ratatatok with a dubious legacy: long-lasting environmental damage, economic decline, and a host of health problems such as serious skin diseases. Affected communities have appealed to Newmont Mining Corporation and the Indonesian government to address their concerns.
NMR was the first mine in Indonesia to use a submarine tailings disposal (STD) system, a method of waste disposal that has been banned in many countries due to its harmful environmental and health impacts. NMR pipes its mining waste approximately ten kilometers from the open-pit and discharges it into Buyat Bay at a depth of 82 meters. Since it opened in 1996, the mine has dumped more than 4 million tons of mine waste into the bay.
Alarmed by many protests the Indonesian government took action and jailed some managers of the company for a few weeks at the end of 2004 and started a civil law suit against the company. In November 2005 Newmont won the US\$ 133 million civil lawsuit but the criminal suit against the company will continue well into 2006. Newmont faces almost US\$ 80,000 in fines and one of its senior executives is threatened with up to 10 years in prison.²⁶⁴
- JATAM Mining Advocacy Network: www.jatam.org/English
 - No Dirty Gold: www.nodirtygold.org
 - Earthworks: www.earthworksaction.org/buyatbay.cfm
 - Walhi: www.eng.walhi.or.id/kampanye/tambang/buanglimbah/
- **Yanacocha in Peru:** The Yanacocha mine is a 251 km² open pit gold mine, operated a joint venture between Newmont and Buenaventura (Peru). The IFC has a 5% shareholding.
The mining operations, which use large quantities of cyanide in a very fragile region, have contaminated the water sources, leading to the disappearance of fish and frogs. Cattle have become sick, the air has been polluted, and medicinal plants have been lost. Communities living close to the mine have put forth an official complaint, asking for funding to clean up their water. They also demand a reclamation and preservation program for medicinal plants, a fish and frog repopulation scheme, and compensation for former landowners in the form of equivalent land and funds to re-establish farms.
In June 2000, a truck from the Yanacocha mine spilled 151 kilograms of liquid mercury along a 40-kilometer stretch of highway passing through Choropampa and two neighboring villages. People gathered up the mercury, believing it to be a valuable metal. According to conservative government estimates, more than 900 people were poisoned. Several of the victims were hospitalized, and one woman went blind.

- Center for International Environmental Law: www.ciel.org/lfi/ifccaseperu.html
- No Dirty Gold Campaign: www.nodirtygold.org
- Friends of the Earth International: www.foei.org/esp/publications/link/mining/22.html

2.16 Peabody Energy

2.16.1 Short profile of Peabody Energy

The American mining company Peabody Energy is the world's largest private-sector coal mining company. In 2005 the company sold 240 million tons of coal to electricity and steel producers. The coal supplied by Peabody Energy fuels approximately 10 percent of all U.S. electricity and 3 percent of worldwide electricity.

Peabody Energy operates coal mines in the United States (Wyoming, Colorado, New Mexico, Arizona, Indiana, Illinois, Kentucky, West Virginia), Venezuela and Australia.²⁶⁵

Peabody Energy is listed on the New York stock exchange. In 2004 Peabody Energy realised annual sales with a total value of US\$ 3,631 million, resulting in a net profit of US\$ 175.4 million.²⁶⁶

2.16.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Peabody Energy:

- In March 2004 Peabody Energy issued 6.5 million shares and US\$ 250 million 5.875% twelve year bonds on the American capital market. Proceeds of the share issuance amounted to US\$ 292.5 million. Managing the share issuance was a syndicate of eight banks, including Credit Suisse First Boston. Credit Suisse First Boston underwrote 1.34 million shares with a value of US\$ 60.4 million. Managing the bond issuance were Morgan Stanley (United States), Citigroup (United States) and Credit Suisse First Boston. Credit Suisse First Boston underwrote US\$ 82.5 million of the bonds. Proceeds of both issuances were used to fund the planned acquisition of coal operations from RAG Coal International (Germany) and for general corporate purposes.²⁶⁷

2.16.3 Controversial issues

The following information was found on the involvement of Peabody Energy in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Black Mesa coal mine in Arizona:** The Black Mesa region of northeastern Arizona is a land of sweeping beauty, deep colors, and thriving cultural roots. This area is the traditional land base and home to both the Navajo and Hopi peoples. Water is precious on this land, the high plateaus of the Black Mesa region can be described as a semi-desert. The coal mine of Peabody Energy in this region uses more than 100 liters of pristine ground water to mix it with crushed coal, simply to transport coal. Drinking water sources are constantly polluted and taken away from a land and peoples that need it most.
 - Black Mesa Water Coalition: www.blackmesawatercoalition.org
 - American Indian Movement of Colorado: www.coloradoaim.org
 - Not With Our Money: www.notwithourmoney.org/04_lehman/peabody.html
 - Natural Resources Defense Council: www.nrdc.org/water/conservation/nblmesa.asp
 - Black Mesa Trust: www.blackmesatrust.org

2.17 Rusal

2.17.1 Short profile of Rusal

The Russian company Rusal is one of the three largest producers of aluminium and alloys in the world, with an aluminium output of 2.7 million tonnes in 2004. The company employs over 50,000 people in seven Russian regions and eleven foreign countries. The company owns very significant bauxite mining operations in Guinea.

In 2004 Rusal realised annual sales with a total value of US\$ 5.4 billion.²⁶⁸

2.17.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Rusal:

- In August 2002 Rusal secured a US\$ 100 million one-year loan from an international banking syndicate, arranged by ING (Netherlands) and Standard Bank (South Africa). Credit Suisse First Boston was one of the nine banks participating in the syndicate.²⁶⁹
- In October 2004 Rusal secured a US\$ 800 million structured aluminium pre-finance loan from an international banking syndicate, arranged by Citigroup (United States) and BNP Paribas (France). Credit Suisse Trade Finance was one of the 23 banks participating in the syndicate.²⁷⁰

2.18 Xstrata

2.18.1 Short profile of Xstrata

The Swiss company Xstrata is a major global diversified mining group, listed on the London and Swiss stock exchanges. Xstrata is an important producer of copper, coking coal, thermal coal, ferrochrome, vanadium and zinc, with additional exposures to gold, lead and silver. Xstrata is active in Australia, South Africa, Spain, Germany, Argentina, Peru and the United Kingdom. The company has 24,000 employees worldwide.

Xstrata originally was a subsidiary of Glencore International (see paragraph 2.12), but since Xstrata was listed on the London stock exchange in March 2002, Glencore has reduced its shareholding. Glencore still has the economic ownership of 40% of Xstrata's shares, but Credit Suisse First Boston owns the voting rights on 24% of these shares.²⁷¹

In 2004 Xstrata realised annual sales with a total value of US\$ 6.5 billion, resulting in a net profit of US\$ 1,194 million.²⁷²

2.18.2 Financial involvement of Credit Suisse

The following information was found on financial services provided by Credit Suisse to Xstrata:

- In February 2001 Xstrata secured a € 600 million facility from an international banking syndicate to finance its acquisition of Asturian de Zinc (Spain). The syndicate was ranged by three banks including Credit Suisse First Boston. The facility comprises three tranches: a € 250 million three year amortising term loan; a € 300 million four year term loan, which will convert into a revolver on full repayment of the first tranche and a € 50 million four year revolving working capital facility.²⁷³

- In May 2003 Credit Suisse First Boston acquired 24% of the rights issued by Xstrata from Glencore, which owned 40% of the shares of Xstrata. Xstrata issued the rights to finance its acquisition of the Australian mining company MIM. As a 40% shareholder Glencore had the right to buy 40% of this rights, to keep its shareholding at the same level. But Glencore did not want to buy all these rights as this would mean the company had to borrow more money, thus raising its gearing. In stead, its sold 24% to Credit Suisse First Boston for a total cost of £ 293 million. Credit Suisse First Boston had to spend a further £ 371 million to exercise the rights to buy Xstrata shares. After completion of the rights issue Credit Suisse First Boston owned 24% of Xstrata. Credit Suisse First Boston has the voting rights, but Glencore keeps the economic ownership. The agreement had a maturity of 18 months, after which Glencore could buy the stock back or Credit Suisse First Boston could sell the stock onto the market. The transaction was an innovative way for Glencore to keep a 40% economic interest in Xstrata while controlling its own gearing.²⁷⁴ In November 2004 the agreement was extended until December 2006.²⁷⁵ Together with Glencore, Credit Suisse First Boston is now owning 40.59% of Xstrata's shares.²⁷⁶

2.18.3 Controversial issues

The following information was found on the involvement of Xstrata in issues which are controversial because of their consequences for the environment, local communities and/or human rights:

- **Minera Alumbrera in Argentina:** Minera Alumbrera is the largest gold and copper mine in Argentina and one of the largest in the world. The company is located at an altitude of 2,600 meters in the northeast of the province Catamarca in the north of Argentina. Xstrata Copper has a 50% interest and management rights.²⁷⁷ The company is confronted with strong community protests, large demonstrations and legal actions over the past year. The community of Andalgalá, a town of 17,000 inhabitants, is impoverished: water is undrinkable, the ground is polluted air is better left unbreathed. But social groups, government and judicial agencies are warning that the growing contamination is affecting three Argentine provinces: Catamarca, Tucumán and Santiago del Estero. And a new mine is proposed, three times larger, even closer to the town and among the peaks which provide water to all of the region.²⁷⁸
 - No a la Mina:
www.noalamina.org/index.php?module=announce&ANN_user_op=categories&category=6
 - Centro de Derechos Humanos y Ambiente (CEDHA):
www.cedha.org.ar/es/eventos/go.php?id=8

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