

# Investors Against Genocide

Draw the line at investing in genocide

## Statement on PetroChina and the UN Global Compact on May 12, 2008

My name is Eric Cohen, chairperson of Investors Against Genocide.

For the last five years, the world has become increasingly attentive to the atrocities in Darfur and the Government of Sudan's complicity in these crimes against humanity. This close attention to egregious violations of human rights by a member state is consistent with the best traditions of the United Nations.

At its start in 1948, the United Nations General Assembly adopted the Universal Declaration of Human Rights, by which Member States pledged to achieve and promote universal respect for and observance of human rights. At the same time, the General Assembly adopted the Convention on the Prevention and Punishment of the Crime of Genocide. In September 2005, UN members voted unanimously to accept the responsibility to protect populations from genocide, ethnic cleansing, war crimes, and crimes against humanity, pledging to take action through the Security Council when national authorities fail.

For years, the United Nations has had a major focus on Darfur – humanitarian relief, promoting peace, protecting civilians and human rights. In January 2004, a UN commission "found that government forces and militias conducted indiscriminate attacks, including killing of civilians, torture, enforced disappearances, destruction of villages, rape and other forms of sexual violence, pillaging and forced displacement, throughout Darfur." It found that "these acts were conducted on a widespread and systematic basis, and therefore may amount to crimes against humanity." It noted a "policy of attacking, killing, and forcibly displacing" members of certain tribes. It recognized that in some instances, individuals – including Sudanese government officials – "may commit acts with genocidal intent." The commission left it to a court to determine whether genocide was occurring in Darfur, but added, "International offenses such as the crimes against humanity and war crimes that have been committed in Darfur may be no less serious and heinous than genocide."

The UN Security Council has had an ongoing focus on the humanitarian crisis and crimes against humanity in Darfur since the conflict intensified in early 2003. Security Council resolution 1769 in September 2007, though a landmark resolution calling for a robust international peacekeeping and protection UNAMID force, was only one of many resolutions before and since.

Despite close attention from the UN and increasingly stern condemnation and sanctions from world leaders, the Government of Sudan continues to block or slow the implementation of UN Security Council Resolution 1769. It hampers access for humanitarian aid workers to the people of Darfur and access for peacekeeping troops (including land for UN bases). It continues support for the Janjaweed militia. The Government of Sudan is neither adequately engaging in the Darfur peace process, nor living up to its solemn obligations agreed to in the Comprehensive Peace Agreement (CPA) with South Sudan.

Recognizing the role of the Government of Sudan in the deaths of hundreds of thousands of people in Darfur and the displacement of nearly three million people, many governments and non-governmental bodies have been exerting financial pressure on the government. Eleven major international companies have suspended their operations in Sudan or made major changes in their behavior, so as to no longer support the regime in Khartoum. Sudan's oil industry is that government's main source of income. It reportedly uses 70 percent of its oil-related revenue to arm and fund the military and the Janjaweed militia. Sudan relies on foreign companies as partners in its oil industry. Its largest partner is China National Petroleum Corporation (CNPC), a Chinese government-owned oil company that raises capital selling shares of its closely related subsidiary, PetroChina. Other major partners include Sinopec (China), ONGC (India) and Petronas (Malaysia). Many groups have focused on these problem companies, with PetroChina/CNPC being the foremost of the offending companies, whose activities help to fund the

Government of Sudan. In the United States, 24 states have made the decision to divest from PetroChina and other problem companies supporting Khartoum. Similarly, 60 colleges and universities have made the same decision. This reaction is not limited to the US. For example, the Members of the European Parliament pension fund has divested from PetroChina. Similarly, PGGM, one of the largest public pension funds in Europe, has decided to divest holdings in PetroChina due to CNPC's connection to "human rights violations in Sudan."

While governmental and institutional reaction grows against the involvement of PetroChina in Sudan, PetroChina has advanced itself as a signatory to the UN Global Compact. If PetroChina truly aspires to the ideals and principles of the UN Global Compact, then it should use its influence, in partnership with its closely related parent, CNPC, to take substantial action with its business partner, the Government of Sudan. However, PetroChina has consistently ignored entreaties made by many fiduciaries to engage with Sudan, dating back to early 2005 when Harvard University abandoned its fruitless efforts to engage with PetroChina and divested. As recently as April 2008, PetroChina has been trying to dodge criticism by insisting that it has no "direct" involvement in Sudan and no control or influence with CNPC – despite the well-known asset and revenue transfers allowing PetroChina to fund CNPC, and the large overlap in management structures, including Jiang Jiemin, who serves as president of both PetroChina and CNPC, with CNPC holding controlling interest in PetroChina.

PetroChina's protestations may be sufficient defense to avoid penalties on the letter of the law, but it is surely inadequate on the spirit of the law. Further, PetroChina's lack of interest and effort in working for human rights in Sudan is significantly in conflict with the aspirational commitments expected of signatories to the UN Global Compact. Therefore, we ask the Executive Director of the Global Compact to use the privilege and prestige of membership in the Global Compact to engage with PetroChina, on behalf of the people of Sudan, to address the egregious violations of human rights that continue in Sudan to this day. We strongly believe that such engagement can have a very positive impact on bringing an end to the humanitarian crises in Sudan.