

# Investors Against Genocide

Draw the line at investing in genocide

FOR IMMEDIATE RELEASE

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## **PETROCHINA ACCUSED OF COMPLICITY IN GENOCIDE BY OVER 80 CIVIL SOCIETY ORGANIZATIONS** ***Groups ask UN Global Compact to remove PetroChina as a participant unless it acts to help end genocide***

Boston, MA – January 7, 2009 - Today, over 80 civil society organizations including human rights, corporate accountability, and religious groups from 25 countries, as well as government officials and actor, Mia Farrow, submitted an open letter to the United Nations Global Compact (UNGC) in support of a formal complaint against PetroChina, a Global Compact participant. (See letter at [investorsagainstgenocide.org/ungcandpetrochina2](http://investorsagainstgenocide.org/ungcandpetrochina2).) PetroChina, the publicly traded arm of China National Petroleum Corporation (CNPC), is Sudan's largest oil industry partner and has financial links to the regime perpetuating the six-year humanitarian crisis in Darfur which many consider to be genocide.

The UN Global Compact's founding principles call for businesses to support and respect human rights, and its "Integrity Measures" define steps to safeguard the reputation, integrity and good efforts of the Global Compact and its participants. The complaint, which was submitted under these Integrity Measures, asks the UNGC to use its "good offices" to influence PetroChina to engage with the government of Sudan on behalf of the Darfuri people. If, after three months, there is no satisfactory resolution of the issues raised, the group requests that the Global Compact "consider PetroChina's participation to be detrimental to the reputation and integrity of the Global Compact and remove the company from the list of participants."

"The UNGC must take a strong stand against the abuse of its founding principles," states Eric Cohen, Chairperson of Investors Against Genocide. "PetroChina is in violation of UNGC principles for its failure to respect human rights, its lack of due diligence in avoiding human rights violations, its continuing refusal to correct the abuses and the widespread recognition that it is a major contributor to the conflict in Darfur."

The Government of Sudan has a well-documented history of susceptibility to economic pressure. It is highly reliant on foreign direct investment not only to pay its debts and subsidize government expenditures, but also to fund its military and finance the conflict in Darfur. The government's financial dependence on PetroChina/CNPC creates a unique opportunity for the company to influence events in the region.

Although PetroChina has claimed independence from CNPC, the two companies are inseparable. In a May 2007 report on the relationship between PetroChina and CNPC, KLD Research & Analytics, an independent research firm, concluded that "investors should treat CNPC and PetroChina as if they were a single entity." Comprehensive research by the Genocide Intervention Network reaches the same conclusion. The Multinational Monitor named CNPC as one of the worst companies of 2008 as a result of its role "fueling violence in Darfur".

This request for the UN Global Compact to engage with its participant, PetroChina, follows the UN's year-long campaign in 2008 to recognize the 60th anniversary of the Universal Declaration of Human Rights (UDHR). The UN Global Compact derives the first two of its ten principles from the UDHR. The first principle of the UN Global Compact states that businesses should support and respect the protection of internationally proclaimed human rights. The second principle requires that businesses ensure that they are not complicit in human rights abuses.

In his remarks on December 15, 2008 to the Global Compact Board at a meeting in New York, Secretary-General Ban Ki-moon said, "When we met for the first time in this room more than a year-and-a-half ago, I called on you to ensure that the momentum of the Global Compact is not lost on the slippery slope of the lowest common denominator. This is now more urgent than ever. In particular, I will be relying on you to further refine the good measures that have been taken to strengthen the quality and accountability of the corporate commitment to the

Compact. As we move forward, it will be critical that the integrity of the initiative and the credibility of this Organization remain beyond reproach.”

In order to follow up on this request by the Secretary-General, the UNGC must address the allegations made against PetroChina using the processes defined by its own Integrity Measures.

In an April 2008 report, John Ruggie, UN Secretary-General Ban Ki-moon's Special Representative for business and human rights, specifically addressed the issue of financial support for genocide. The report states, “The Global Compact also suggests that businesses establish clear safeguards to ensure that if financial or material support is provided to security forces it is not used to violate human rights.” Similarly, the Office of the High Commissioner for Human Rights has written, “A company is complicit in human rights abuses if it authorizes, tolerates, or knowingly ignores human rights abuses committed by an entity associated with it.”

The Global Compact is currently the world's largest and most widely known voluntary corporate responsibility initiative, with nearly 5,000 corporate participants. It is often criticized by civil society organizations because of its purely voluntary nature. Bart Slob, a senior researcher at the Centre for Research on Multinational Corporations (SOMO), said: “Unfortunately the Global Compact has admitted companies with dubious humanitarian and environmental records. These records are in stark contrast to the principles advocated by the Compact. Those Compact participants, such as PetroChina, who merely pay lip service to the principles, will inevitably be denounced by civil society organizations and will have to abandon the UNGC. The public image of the UN should not be used by companies to cover up irresponsible behaviour.”

Today's open letter follows an earlier letter (available at [investorsagainstgenocide.org/ungcandpetrochina](http://investorsagainstgenocide.org/ungcandpetrochina)) sent May 12, 2008, which was also signed by numerous civil society organizations. Since May, representatives of Investors Against Genocide (IAG) and Centre for Research on Multinational Corporations (SOMO), have privately engaged with representatives of the UNGC in an effort to address the concern. On December 15, 2008, after more than seven months and with still no response from PetroChina, IAG and SOMO submitted a formal complaint (available at [investorsagainstgenocide.org/ungcandpetrochina2](http://investorsagainstgenocide.org/ungcandpetrochina2)) against PetroChina to the UNGC of “systematic or egregious abuse” of the Global Compact's overall aims and principles.

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**Investors Against Genocide** is a non-profit organization dedicated to ending investment in genocide. The organization works to build awareness of this problem and to advocate for investment firms and companies to change. The ultimate goals are that the Government of Sudan ends its deadly genocide in Darfur and that companies and investment firms avoid investing in genocide. For more information, visit [www.investorsagainstgenocide.org](http://www.investorsagainstgenocide.org).

**The Centre for Research on Multinational Corporations (SOMO)** is a Dutch non-profit research organization. Established in 1973, SOMO undertakes research on the impact of multinational enterprises and the consequences of the internationalization of business, particularly for developing countries. For more information, visit <http://somo.nl/>.