Corporate Involvement in and around the G8 2005 in Scotland

Bringing the G8 home

CORPORATE WATCH
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CONTENTS

EXECUTIVE SUMMARY

The title of Corporate Watch's new report, 'Bringing the G8 home', illustrates our aim to ground in a local reality the effects of corporate-led globalisation policies as advanced by the G8 leaders. With the G8 Summit to be held in Scotland in July 2005, this is an ideal opportunity to explore the links between the G8, corporate power and the effects of neo-liberalism in Scotland.

Corporate power is a fact of our global system. For this reason, it is not just the behaviour of individual companies that need to be highlighted, but the fact that instruments of global governance such as the G8 still propagate the convenient ideology that increasing the wealth of corporations and their private shareholders will deliver greater prosperity for all. Blair, Brown - and Bono - say they want to use the Gleneagles Summit to tackle the issues of climate change and poverty in Africa. We argue in this report that the corporate agenda advanced by the G8 ultimately contradicts with the achievement of any genuine and lasting ecological and social justice. Precisely because of the corporate agenda, any pronouncements from the G8 are likely to be nothing but 'greenwash'.

That the G8 is coming to Scotland is particularly significant. This is not only because the free market ideology that underpins the G8 was born in the 18th century philosophical movement known as the 'Scottish Enlightenment', but also because Scotland is a very good example of corporate-led globalisation in microcosm. The Scottish Executive has made it explicit that it wants to use the G8 to 'showcase' Scottish enterprise. What the Scottish Executive is unlikely to be 'showcasing' is the erosion of democracy these companies are causing, and the social and environmental damage they are responsible for both in Scotland and worldwide. It certainly won't be highlighting the fact that 6th July, the start date of the Gleneagles G8 Summit, is the anniversary of the Piper Alpha disaster, a clear example of corporate negligence that cost 167 lives.

The report is in three sections:
1) The relationship between the G8 and corporations in general;
2) The companies likely to benefit directly from the G8 coming to Scotland, in particular, the UK drinks multinational, Diageo who own the Gleneagles estate where the G8 Summit will actually occur;
3) A more in depth look at Scotland Plc., covering major industry sectors in Scotland. This section also highlights major trends in Scotland as a result of corporate-led globalisation, including privatisation,the erosion of labour rights, environmental destruction and corporate lobbying.

1) Corporate Engagement at the G8

The G8 is ostensibly an informal meeting, not a policy making body. However, in reality, its summits and ministerial meetings are very much part of the architecture of current global governance. The G7 nations (the G8 minus Russia), also known as the 'Quad', have historically co-ordinated their trading positions at the World Trade Organisation (WTO), and the G8 control half the votes at the International Monetary Fund and the World Bank. Discussions at the various G8 meetings help these major economic powers to iron out differences and align their positions.

In all the G8 countries, corporate control over the democratic process has reached unprecedented levels. Corporations, however, still have a tangible influence on the G8 process itself:

a) Business leaders sit on the various 'stakeholder' task forces that the G8 has established over the last ten years, such as the Digital Opportunities Taskforce and the 2000- 2002 Renewables Taskforce (which was co-chaired by the then Shell Chairman, Mark Moody Stuart);

b) The chairman of the International Chambers of Commerce (ICC), arguably the most powerful lobby group in the world, meets with the President of the G8 on the eve of the Summit to make sure they are all singing from the same hymn sheet. This year's ICC president is Yong Sung Park, CEO of the South Korean company, Doosan Heavy Industries, well known for virulently anti-union policies.

c) The G8 allows prominence to blatant corporate PR efforts, such as the Global Business Coalition (GBC) on HIV/AIDS, again co-chaired by our favourite corporate statesman, Mark Moody Stuart. The GBC had a lobbying presence at the Genoa G8 Summit (2001) and may well be present this year. The GBC's presence would be particularly ironic considering the fact that the policies endorsed by the G8 in Africa – to open it up rapidly to the global economy – have contributed to the extreme poverty and social dislocation that has spread HIV/AIDS across the continent.

d) The G8 conveniently ignores the activities of corporations. If Blair and Brown were serious about tackling the two pressing issues of climate change and poverty in Africa, they would start by looking at the activities of the G8 oil corporations, not just in causing climate change, but in creating political instability, supporting corruption, human rights abuses and ecological devastation across Africa. They would also look at the activities of their arms companies in exacerbating conflict. From Congo to Sudan, it is not hard to find examples of G8 oil and arms corporations making money in the midst of devastation, poverty and conflict. Many of these oil and arms corporations have a presence in Scotland.

2) The companies likely to benefit from the G8 coming to Scotland

Diageo - drinking at the G8's table

UK drinks multinational, Diageo, owns Gleneagles hotel, where the G8 Summit will be taking place. Corporate Watch believes that this company will not only benefit materially from the Summit taking place at its hotel, but also from the agenda being set by the G8 on economic and structural support for Africa.

Diageo is the 11th largest corporation in the UK, owning many well-known branded drinks, such as Guinness, Smirnoff, Red Stripe, Johnny Walker and Gordon's gin. Scotland is a major production base for the company which has a presence in almost every country worldwide.

Diageo is already one of the most powerful corporations in Africa, and who can only benefit from proposals to open up Africa further to trade liberalisation and 'foreign direct investment'. Diageo has increased its market access across the continent through aggressive marketing and by spuriously attacking traditionally brewed beer as posing severe health hazards. Attacking homebrew directly means attacking a small scale industry, mostly carried out by women, that brings much needed income into the household. Diageo's breweries in Uganda and Tanzania have been responsible for large scale pollution.

3) Scotland Plc

Defining a 'Scottish' corporation is a problematic exercise. Just because a company is registered or headquartered in Scotland, or even has the word 'Scotland' in its name, does not mean to say that it is actively contributing to the Scottish economy. In most cases, the biggest 'Scottish' companies are actually sucking wealth out to parent companies and shareholders elsewhere, as they are listed on the London or New York stock exchanges. Furthermore, the companies commonly held to be Scotland's biggest corporations, such as the Royal Bank of Scotland (RBS) and Halifax Bank of Scotland (HboS) have predominantly grown in recent years through overseas acquisitions, which has meant that much of their investment and employment has been outside Scotland. As our report demonstrates, 'Scottish' companies only owe their allegiance to the international money system.

The other major feature of Scotland's largest companies, in common with corporate-led globalisation worldwide, is that they have grown through the privatisation of public services. This is especially true for companies in the transport and electricity sectors such as ScottishPower and Stagecoach.

Privatising Scotland

The Scottish Executive is strong promoter of privatisation, and in particular the Private Finance Initiative (PFI) where public works are built and managed by a private company, then rented back to the government. The first PFI scheme in the UK was the Skye Toll Bridge (between the Scottish mainland and the Isle of Skye) which was owned by the Bank of America for nine years until determined protests forced the Scottish Executive to buy it back at great expense.

PFI schemes in Scotland include hospitals, schools, a prison (Kilmarnock), parts of the immigration service and major road building projects. Large amounts of public money have been handed to major multinational corporations such as Sodexho (Scotland's largest provider of food and management services), Serco, Reliance, Balfour Beatty and Jacobs Babtie. PFI has proved controversial in Scotland, especially with an investigation by the Sunday Herald (June 2004) revealing that Scotland is mortgaged up to the hilt to pay for PFI schemes, owing debts to private consortia of at least £25bn over the next 25-30 years.

The pro-corporate Scottish political elite

The corporate agenda and corporate lobbying are welcomed as enthusiastically by the Scottish Executive as by the G8. Devolution in 1999 allowed Scotland a limited amount of self-rule, though not over international issues, such as defence and trade. Despite not having a lot of power and the clearly pro-business outlook of First Minister, Jack MacConnell, a former PR executive, corporations still concentrate their lobbying efforts on the Scottish Parliament and the Scottish Executive, not the least, to keep politicians sweet so they can continue polluting at will.

The Executive's pro-business stance can also be witnessed by the numerous staff exchanges that have taken place between the Executive and industry, and the funding that the Executive has given to corporate lobby groups, such as the Scottish steering committee of the World Business Council on Sustainable Development. Corporate lobbyists also swarm around the Scottish Parliament, Holyrood House, wining and dining MSPs. The 'Scottish Parliament Business Exchange' scheme has also allowed corporate lobbyists unprecedented access to policy makers. The controversy around the building of the Scottish Parliament sums up the atmosphere of corporate sleaze that could be said to characterise the relationship between Scotland's political elite and big business.

A warm welcome to corporations: Hi-tech and biotechnology

With traditional Scottish industries such as steel and shipbuilding in decline due to cheaper labour forces elsewhere, the UK government and the Scottish Executive have pushed high tech industries and new technologies as the way forward for Scottish economic development. During the 1980's, major global electronics companies were tempted to Scotland with the offer of financial subsidies. In recent years, these companies have scaled back their Scottish operations, relocating to countries with lower labour costs. The Scottish Executive has also backed biotechnology in Scotland, which has proved to be a similar burst bubble. PPL Therapeutics, the commercial wing of the Roslin Insitute that brought us Dolly the sheep, faced bankruptcy and was bought out in 2004. Representing what is clearly the next wave of new technologies, the corporate front group, the Institute of Nanotechnology, is based at Stirling University.

Edinburgh's financial sector

Some of the biggest companies operating in Scotland are in the financial sector. Edinburgh is a major European financial centre, home to many banks, investment houses and insurance companies. In recent years, many of the life insurance and assurance companies have changed their structure from being more democratic mutual companies owned by their policy holders, to become corporations owned by their shareholders, in line with the dominant corporate structure. These companies' investments follow the pattern of the global financial sector as a whole – predominantly in oil and drugs companies, and in the big international banks.

The Royal Bank of Scotland (RBS) is the 6th largest bank in the world, and a major financier of development projects such as the Baku-Tblisi-Ceyhan oil pipeline; Standard Life is Europe's largest mutual life assurance company; Scottish Widows is among Europe's largest fund management companies and 3i, according to its website, is Europe's most active investor in the oil and gas sector, and has shares in the Glensanda quarry, near Argyll, one of the world's largest and most secretive, granite super quarries.

Environmental destruction

Apart from funding unsustainable industries, Scotland itself is home to many environmentally destructive industries. Peat extraction, mainly by English and US corporations, has also decimated Scotland's rare and protected peat bogs, with only 9% remaining pristine. Oil and gas extraction, besides being a major contributor to climate change, has also devastated the North Sea marine ecology over the last 45 years. Shell and others are now moving into the ecologically pristine and little understood ecology of the Atlantic Frontier, off the Shetland Islands.

The Scottish economy is reliant on the oil industry, with Aberdeen known as Europe's oil capital. However with North Sea oil reserves having peaked in 1999, oil companies are giving mixed messages about the future of the region, with BP mostly selling off its concerns in the North Sea.

Numerous international oil companies and oil service companies are still based in Aberdeen, including Shell, Total, AMEC and Halliburton. Scotland has its own oil exploration companies and oil service companies, including Cairn Energy, who rocketed into the FTSE 100 last year after it struck oil in the Rajasthan desert and is now exploring in ecologically sensitive regions in Nepal and Bangladesh.

Besides the impact on the environment, the oil industry is hugely destructive on communities living around BP's Grangemouth oil refinery, one of two refineries in Scotland. The oil refinery is surrounded by a petrochemicals complex including Syngenta and Avicia.

Meanwhile, Scotland continues to have one of the most unequal and secretive systems of land ownership in the world. 1250 landowners own around two thirds of Scotland – this is mostly the aristocracy, but also rich businessmen who see land as a good investment, reaping EU and government subsidies for monoculture farming and forestry, as well as for corporate entertainment, in the form of hunting and shooting.

The co-option of traditional industries

Besides plundering Scotland's environment, corporations have plundered Scotland's culture. The co-option of traditional industries by multinationals is especially evident in the alcohol sector, where Diageo now owns many of the traditional single malt whisky distilleries including Talisker and Oban. This trend is also evident in the tourism industry, where major international hotel chains, such as Best Western and the Hilton Group, increasingly await tourists wanting a taste of 'traditional' Scotland. Scotland's fishing industry, which traditionally supported many small coastal communities in the North and North East of Scotland, both through economic pressures and the disastrous Common Fisheries Policy (CFP) is now controlled by a handful of Scottish millionaires. Meanwhile, destructive fishing practices and overfishing has forced various species to the brink of extinction in the North Sea, and forced some Scottish fishermen to the West African coast, in search of fertile fishing grounds.

The corporate assault on labour rights in Scotland

Finally, labour rights in Scotland, as elsewhere, are being eroded as a consequence of corporate globalisation. This is very evident in the oil industry where the erosion of union power by the oil corporations has led to a lowering in health and safety standards. The 6th July, opening date of the G8 Gleneagles summit, is the anniversary of the Piper Alpha disaster in which 167 people died. Privatisation is also bringing in aggressively anti-union multinationals, such as Sodexho, who in recent years tried underhand tactics to try and break a strike at the Glasgow Royal Infirmary. Casualisation is becoming a feature of the Scottish labour force, epitomised by the Scotland becoming known as a 'nation of call-centres', with many international companies having call and contact centres in Scotland. Many of these are now offshoring to India in search of cheaper labour.

Conclusion

This report isn't only about Scotland and the G8. It aims to raise the important questions that many are asking today about democracy in the face of global rule. Will we be subsumed into a a fossil-fuel-addicted economy or will we resist to build vibrant sustainable local economies? Which will win out – ecological sanity or pathological capitalism? Will it be the corporate globalisation of profit and control, or a peoples' globalisation of ideas, creativity and autonomy?

As with many other regions where corporate-led globalisation has prompted resistance, Scotland too has a long and proud tradition of resistance to corporate and centralised power. With its vibrant environmental, peace and radical labour movements, the July 2005 protests around the G8 in Scotland, promise a great deal in terms of radical ideas and action. Corporate Watch hopes that this report will contribute to a greater understanding of the issue of corporate power both in Scotland and globally.

INTRODUCTION

In 2005, the annual G8 summit - the meeting of the leaders of world's most powerful countries - is coming to the beautiful glens of Perthshire. In some respects, the G8 leaders are coming home to their roots: Scotland was home to 18th century philosophers, Adam Smith and David Hume, staunch defenders of free trade, whose ideas, taken out of context, are now touted in justification of market fundamentalism and the corporate ransacking of people and planet. Scotland gained huge financial wealth from colonial rule, and today it is the regional centre for the oil industry, making it an appropriate place for the G8 leaders, the new colonial masters, to be discussing pressing issues such as climate change and poverty in Africa.

The Scottish Executive has made clear that it wants to take the opportunity of the G8 to promote Scotland and Scottish enterprise, code words for celebrating Scotland PLC. In response, this booklet aims to highlight the darker side of some the corporations with bases in Scotland that stand to gain profile and wealth from the G8 summit. Besides the direct financial benefit of the Gleneagles summit, Scotland and its corporations are very much part of the global economic agenda, known as neoliberalism, which is promoted by the G8.

Alongside its colonial legacy, Scotland has a long and proud tradition of resistance to corporate and centralised power. With its vibrant environmental, peace and radical labour movements, the protests around the G8 in Scotland 2005 promise a great deal in terms of radical ideas and action.

However, this report isn't only about Scotland and the G8. It aims to raise the important questions many are asking today about democracy in the face of global corporate rule. Will we be subsumed into a fossil-fuel-addicted global economy or will we resist to build vibrant, sustainable local economies? Which will win out - ecological sanity or pathological capitalism? Will it be the corporate globalisation of profit and control, or a peoples' globalisation of ideas, creativity and autonomy?

'When we say a better world is possible – we mean it. We want a world that reflects basic life centred values. We've got the vision and the big ideas and the other side doesn't. We've got organic food production, direct democracy, renewable energy, diversity, peoples' globalization and social justice. What have they got? Styrofoam? Neo-liberalism? Eating disorders? [Corporate blended whisky?] Designer jeans, manic depression and global warming?'[1]

1.1.Why the G8 and Scotland Plc?

While the G8 is ostensibly an informal meeting of eight world leaders, it is also an important part of the architecture of global governance. Although not a policy-making body, it is open to, and openly courts, the same form of corporate influence as the major formal global institutions such as the World Trade Organisation (WTO), International Monetary Fund (IMF) and World Bank. That global order in turn subverts and colonises national sovereignty.

Scotland today can be seen as an example of global corporate rule in microcosm, brought about by policies endorsed through the G8 and other super-governmental engines of global control. Multinationals with headquarters or operations in Scotland have benefited from the same economic trends that benefit corporations worldwide. Communities and local businesses have lost out in the same measure. The biggest companies in Scotland have gained their wealth through the privatisation of public services, such as energy and transport; through PFI projects, including the major banks; through unsustainable industries such as oil and gas; through the casualisation of labour and through the co-opting of traditional industries, such as fishing. The broader shifts away from corporate regulation towards corporate welfare are strongly reflected in the Scottish economy.

As at the global level, national and regional politics are also being captured. Although for many people the newly devolved Scottish Parliament symbolises a new era in the history of the Scottish nation, the actions of the Scottish Executive are closely aligned with corporate interests.

Corporate influence on the political process, globally or nationally, happens on two different levels. The first is direct corporate involvement through institutional lobbying. While the G8 works closely with global business lobby, the International Chamber of Commerce (ICC) to bring corporate perspectives on its discussions and declarations, a similar process is happening in Scotland. Even in a small country like Scotland, corporate lobbyists consider it important to exercise influence over the seat of government. Take for example the World Business Council on Sustainable Development (WBCSD), at the forefront of corporate attempts to undermine environmental action through lobbying worldwide against regulation in favour of 'voluntary' action. WBCSD now has a Scottish steering group working closely with, and even partially funded by, the Scottish Executive to influence policy at Holyrood.[2] Members include road building consultancy Scott Wilson, ScottishPower, the biggest user of natural (water) resources in Scotland, and oil giant Shell.[3]

At the same time many highly influential Scottish-based multinationals, such as the Royal Bank of Scotland and ScottishPower, are integrated into global corporate lobby groups.

The line between lobbying and capture dissolves with corporations actually integrating themselves into the governmental and super-governmental infrastructure. Since 2001, the G8 has actively welcomed corporate involvement on its task-forces as part of 'stakeholder' engagement. Meanwhile, personnel move seemlessly between the Scottish Parliament and big business on secondments and exchanges.[4]

And all this corporate lobbying takes place in an already favourable environment. The world leaders meeting at Gleneagles, and certainly Jack McConnell and the Scottish Executive, exist in a pro-market, pro-economic growth paradigm, where 'what's good for business must be good for the country'. This fundamental belief not only underlies the decision-making in most corridors of power worldwide, but is also a generally held assumption about 'development'. These beliefs and assumptions are thankfully something that many are beginning to question.

THE G8 SUMMIT

2.1. Introduction: Better living through corporate rule?

The G7 was established in 1976 with the stated objective of stabilising the world economy. Providing a stable framework for global economic growth is still the main priority for the G8 today. With corporate control over the democratic process reaching unparalleled levels in all the G8 countries, what this 'stability' increasingly means in policy terms for the G8, is making life easier for transnational corporations.

The G8 is intended as a forum to build consensus amongst the world's most powerful nations. Whatever their differences on a raft of different policy issues, all the G8 leaders embrace without question the Washington Consensus, the political position that favours the breaking down of all barriers to corporate trade and investment, based on the belief that private companies and market systems always find the most efficient way to share out resources. The development of the Washington Consensus was spurred during the 1970s by the desire to challenge national governments in the global South, many of which had adopted central economic planning methods to try to reduce their dependence on the former colonial powers. It was also intended to challenge social movements in the North, such as the powerful trade unions. During this time, other informal networks were set up to co-ordinate the interests of those in power, both corporate and governmental, such as the World Economic Forum (WEF) and the Trilateral Commission. Meanwhile, existing global institutions such as the IMF and World Bank also increasingly become agents for privatisation and de-regulation.[5]

In 1995, the World Trade Organisation (WTO) was established as the main engine for trade and investment liberalisation. The original G7 nations (The European Union, the USA, Canada and Japan) co-ordinate their trade negotiating positions at the WTO through the so-called Quadrilateral Group (or Quad). With the G8 governments controlling over half of the votes at World Bank and IMF meetings,[6] the Gleneagles summit will be just one part of a continual process by which trade and business agreements are thrashed out between powerful Western governments and corporations.

2.2. Direct corporate involvement

Since 1995, corporate leaders have been directly involved in G8 governance, in an increasing variety of ways. For the twenty-first century summits, they have worked with governments, NGOs, multilateral organisations and others to mount and manage the Digital Opportunities Task Force (Dot Force), the Renewable Energy Task Force, and the Global Health Fund, set up along with the United Nations to fight HIV/AIDS, malaria and tuberculosis.[7]
Within these task forces we see a familiar pattern of corporate influence and corporate gain. The Renewables Task Force, which reported in 2002, was co-chaired by the former chairman of Shell, Mark Moody-Stuart,[8] and in 2002 the Global Health Fund was accused of only offering to finance corporate patented drugs instead of their often cheaper generic alternatives.[9]
Where corporations don't have an official seat at the table, they send their influential lobbyists. Before the the 2003 Evian G8 Summit, six powerful international business organisations – including the International Chamber of Commerce (ICC)[10] and European Round Table of Industrialists (ERT) – united for the first time to issue a joint statement pressuring the G8 to keep to the free-trade commitments of the Doha WTO meeting of 2001.[11] The statement also lobbied against the regulation of corporate behaviour and for the promotion of technology, in particular biotechnology.[12]

As a key player in coordinating the global economy, the Paris-based ICC has been eagerly invited into the G8 process. The president of the G8 (the leader of the summit's host country, i.e. Tony Blair in 2005) always meets the ICC chair on the eve of the Summit.[13] In 2005, the ICC chair is Yong Sung Park,[14] head of the virulently anti-union[15] South Korean construction company, Doosan Heavy Industries, which builds power plants including nuclear energy facilities.[16] The ICC's policies as represented to the G8 come as no surprise - in favour of the completion of the Doha WTO round[17] and against the regulation on corporate behaviour.[18]

The G8 leaders believe, like many in power, that a corporate-dominated world raises living standards and safeguards the economy. The G8 rhetoric for 2005, as it focuses on Africa and climate change, has been even more loaded with phrases such as 'sustainability' or 'political freedom and rising prosperity'.[19] However, on closer scrutiny, we can see that the years of the Washington Consensus have brought us a world dominated by a widening gap between rich and poor, widespread environmental destruction, and less not more political freedom. The G8's solution to these evident problems seems to be to call on corporations to cure the diseases that they themselves have created.

2.3. Mark Moody-Stuart: Corporate Statesman

One of the most amusing scenes in the recent film The Corporation comes when direct action by Earth First! turns into tea with the Moody-Stuarts. A ragged group of activists arrives at the Moody-Stuart country home with banners reading 'Murderer', and is next seen taking tea on the lawn, while Judy serves biscuits and apologises for the lack of soya milk, and Mark assures the cameras in heart-felt tones that 'he cares about the same things as we do.'[20]

It is harder to laugh, however, when we learn a bit more about Moody-Stuart, who personifies the corporate presence at global power intersections.

Moody-Stuart took over as chair of Shell in 1997, after the murder of Ken Saro-Wiwa in 1995, and began re-branding the company as environmentally and ethically responsible. The transformation, however, was no more than skin-deep. Shell has made a big noise about its commitment to renewable energy, but the amount it invests in green energy is pitiful in comparison to the money sloshing around in its ever expanding oil empire: the company is so far on track for the ambitious target of a 5% yearly increase in oil and gas production. Shell has not extracted itself from Nigeria, but only increased its oil extraction there; and it is now also one of the oil companies that Human Rights Watch has accused of being complicit in the killing and displacement, by the government of Sudan, of thousands of civilians living around the country's oil fields.[21]

Other Moody-Stuart directorships include multinational bank HSBC and the mining giant Anglo American. HSBC is funding the expansion of industrial soybean production in Brazil through multinational Grupo Andre Maggi, the trans Thai-Malaysia oil pipeline, the East Siberia gas pipeline and the Rio Blanco copper mine in Peru.[22] Anglo American was a pillar of apartheid in South Africa, with a history of using the repressive security services to control and exploit its workforce.[23]

Mark Moody-Stuart is most famous for wrecking UN environment summits and promoting 'voluntary action'.[24] He headed up the 'Business Action for Sustainable Development' (BASD) initiative, launched in 2001 to prepare for the Earth Summit in Johannesburg. The BASD called for the voluntary regulation of corporations through a 'stakeholder' model. This involves 'partnership and dialogue' between government, NGOs and business, resulting in a few voluntary codes, no accountability and the co-option of the major voices of opposition.

BASD's efforts were extremely successful. The Earth Summit is widely accepted by environmentalists as having been an unmitigated disaster. Corporations managed to completely escape any regulation of their activities and the only thing of note that was achieved was a framework for voluntary partnerships between big business, governments and NGOs. In other words it will be 'business as usual' for the corporations - thanks to the efforts of BASD and its members.

A perfect illustration of greenwash can be seen with the BASD's decision to fund 'grassroots sustainable development projects in the most needy communities in Africa' as a 'memorial' to the Earth Summit. They encouraged companies to invest in this project as a way of 'off-setting their C02 emissions'. The 'grassroots sustainable development projects' included several nuclear energy projects and an oil and gas pipeline.[25]

In July 2000 the G8 leaders met in Okinawa for the 26th Summit. They agreed to set up a Renewables Task Force with a remit to identify actions that can be taken to promote renewable energy in developing countries. While still chair of Shell, Mark Moody-Stuart was chosen to co-chair the Task Force with Italian environment minister Corrado Clini. See section on 'Climate Change' for more details.

Moody-Stuart and the Global Business Coalition on HIV/AIDS

Moody-Stuart is likely to put in an appearance at Gleneagles this summer as co-chair of the Global Business Coalition on HIV/AIDS.[26] With HIV/AIDS so central to the G8's Africa Agenda, the Coalition, which argues that above all confronting the epidemic makes good business sense, are very likely to make their presence felt. The Coalition already works in partnership with UN/G8 initiative, the Global Health Fund,[27] and had a lobbying presence at the G8 Summit in Genoa.[28]

The Coalition offers corporations a range of different responses to the crisis, from workplace awareness programmes to more active 'corporate citizenship'.[29] The Coalition also includes pharmaceutical giants GlaxoSmithKline, Pfizer, Merck, Roche and Bayer. These companies were among the 39 drugs companies who, in 2001, accused the South African Government of violating patent rules over legislation that called for cheap generic versions of expensive branded AIDS drugs to be made available to the millions of HIV-positive South Africans. The court case was a massive public relations disaster for the pharmaceutical industry which was accused of putting profit before the lives of millions of people in the developing world. UK drinks multinational Diageo is also a member of the Coalition (See 'Diageo' section).

Some would argue that these corporations are actually benefiting from the economic climate, as promoted by the G8, which has exacerbated the AIDS epidemic in the region. Debt and rapid economic restructuring to catapult these countries into the global economy has resulted in rapid social change, endemic economic insecurity and the subordination of women.[30]

2.4. The Elephant in the Room: What the G8 won't be discussing

Politicians pose for a photo opportunity, while their aides release a pre-agreed text, packed with harmless platitudes. These summits have an unwritten rule; agreements mustn't undermine any leader's standing at home. This prevents serious negotiations but that is not the point. The point is to turn domestic politicians into global statesmen.

Liam Halligan[31]

It is very admirable that New Labour wants to focus on development and climate change as key issues for its presidency of the G8. It is also clear that, through these issues, Blair wants to establish himself as a true 'global statesman' as well as distancing himself from the antics of George Bush. However, if G8 members were really interested in their stated aim of global stability, perhaps they should look closer to home - across the negotiating table, in fact - and start calling the United States to account:

The 'war on terror'– Despite 'interim' elections, it seems unlikely that Iraq will be stable for a long time. Meanwhile the corporations of the 'victorious' coalition continue to carve up the country with lucrative 'reconstruction' contracts.[32] Globally, the shock-waves of the attack on Iraq in the Arab world are having huge ramifications. The US has made it clear that Syria and Iran are now on its expanded hit-list, without feeling the need to justify its actions to the rest of the world any more. Meanwhile, Afghanistan slips back into warlordism and collapse, but now with a US-friendly corrupt and incapable regime.

Bush's refusal to deal with climate change – In November 2004, Russia finally agreed to ratify the Kyoto protocol. George Bush, however, has said that although the US has signed the agreement it will not ratify the outcome. He claims the cost of meeting Kyoto's commitments would be too high for the US economy. Meanwhile, for all its diplomatic and economic import, the treaty will likely have a minimal impact on the climate.

The US decision to embrace oil dependence and turn a blind eye to the imminence of peak oil (the point where oil demand outstrips oil production) could also have devastating effects on the global economy.[33] But for all Blair's rhetoric about tackling climate change at the summit, these items seem to have slipped off the agenda. Some climate campaigners fear that the whole issue of climate change will be sidelined by the time we get to the actual summit, as it is clearly an issue on which no great progress and pronouncements can be made due to the intransigence of the US.

The potential collapse of the US dollar – This, more than any other, is the imminent threat hanging over the world's economies. At the moment the dollar is being propped up by what could be called 'the balance of financial terror'. The Japanese, Chinese and European economies are holding more and more dollar assets, because they are afraid that if they don't, the value of the dollar will crash through the floor, with knock-on effects around the world. The US economy has been plunged into crisis partly because some of the OPEC oil producing nations (such as Iran and Venezuela), are considering selling oil in Euro instead of dollars. The US economy is also endangered by the huge budget and trade deficits run up by the Bush administration, through tax cuts for the rich and high spending, especially on defence and security. Despite frantic attempts by European ministers to persuade the US to pay attention to the global effects of the weak dollar, the US Federal Reserve has not reacted.

The G8's failure to prioritise these issues suggests that far from the tough statesmen they like to be portrayed as, its leaders are no more than a gang of frightened bullies, backing each other up against the outside world but unable to deal with their own internal problems.

2.5. Climate change, Africa and oil

'The overwhelming view of experts is that climate change, to a greater or lesser extent, is man-made and, without action, will get worse.'
Tony Blair in The Economist , Jan 2005

Tony Blair has announced that climate change and development in Africa will be the main themes of his presidency of the G8, and hence of the 2005 Gleneagles summit. However, if Blair and the G8 were serious about helping Africa and tackling climate change, the first thing they would do is systematically examine the impact of their oil corporations in Africa and, if nothing else, stop subsidising oil operations there under the guise of 'development' grants.[34] For more information see Plan B's report, 'Pumping Poverty: Britain's Department for International Development and the oil industry'. West Africa has in recent years, become a growing area for oil exploration and extraction.

Oil extraction has been a curse for most people living in oil-rich countries in the Global South and has worsened poverty, rather than reduced it. Where oil is extracted there are regular patterns of conflict and human rights abuses; air, water and land pollution; and governments insulated by oil money and un-accountable to their populations. The links between oil extraction and consumption and climate change are well-known to everyone but George Bush; and climate change is already adversely impacting on the poorest and most marginalised peoples in Africa (and around the world) with erratic, unpredictable and severe weather.

To take this step, however, would clearly involve some soul searching, since not only have their corporations grown rich on the oil of Southern nations, but the G8 countries themselves are addicted to oil, producing around 47% of all global CO2 emissions.[35]

On a political level, acknowledging the links between African poverty and instability, oil extraction and climate change would require Blair to change the habit of a lifetime and admit that he has been wrong.

Blair doublespeak

In 2001 the UK government announced £100 million extra funding to support the pledge that 10% of the UK's electricity would be generated from renewable sources by 2010. Simultaneously it was giving full support to new oil and gas developments, such as BP's Baku-Ceyhan Pipeline. This oil and gas extracted and transported will release 177 million tonnes of carbon dioxide into the atmosphere, ten times the amount saved by the renewables programme.

By 2020 Britain's airline industry is forecast to be producing 12% of the UK's carbon dioxide emissions, while aircraft are globally predicted to contribute up to 15% of global warming from all human activities within 50 years. Instead of tackling the root of the problem and increasing spending on public transportation or taxing aircraft fuel, worldwide money is being put into airport expansion and improving the service routes to airports.

2.5.1. Climate change

The solutions to climate change Blair is suggesting are radically inconsistent with social justice. This was clear from his recent speech at the World Economic Forum in Davos: 'My view is that if we were to put forward, as a solution to climate change, something which would involve drastic cuts in economic growth or standards of living, it would not matter how justified it was, it simply wouldn't be agreed to...technology was only one part of the action needed to control climate change, but developing those measures could tackle pollution while helping the economy.'[36]

Blair proposes business-led solutions such as carbon trading, which while generating much confusion, deliver negligible reductions in CO2 emissions, with some attempts to offset emissions actually creating more environmental and human rights injustice.[37] For example, BP's monoculture euculyptus plantations in Brazil are dispossessing the already poor and marginalised from their land as well as creating dirty industry in the form of a paper mill.[38] Alongside this, Blair's insistence on technology as an answer hints at a restart of the nuclear programme. A spokesman for the Department of Trade & Industry said he was unable to comment on the plans of a future government, but said the department had no 'immediate plans' to introduce a White Paper on the nuclear industry.[39]

2.5.2. Oil and the G8 governments

Oil is the key commodity for most national economies, and the G8 countries are no exception. The importance of oil for the US economy and the links between the Bush family and oil corporations are well known. Russia has the biggest oil reserves of all the G8 countries, and its economic growth, fuelled primarily by the boom in oil production, is dangerously dependent on energy exports. With the instability in the Middle East, many Western governments and their oil and gas companies are courting Russia again. Its oil interests in Siberia have led it into tension with China and Japan. The UK is also an 'oil imperialist', although not quite as blatant about it as the USA.

Government support for the oil industry is a key characteristic of oil production worldwide. Most of the top twenty oil companies are based in G8 countries, and all have close links with government, both formal and informal.

Country	Company
France	Total (formerly TotalFinaElf)
USA	ChevronTexaco, ExxonMobil, ConocoPhilips
Russia	Lukoil, Yukos Oil (recently renationalised),[40] TNK (50% owned by BP), Gazprom, Sibneft.
UK	BP
UK/ Netherlands	Royal Dutch Shell.
Italy	ENI (some parts of the company trade as Agip)
Canada	PetroCan

Oil developments need money as well as the security and backing of western governments and international financial institutions such as the World Bank Group (WBG) and International Monetary Fund (IMF). Since 1992 the WBG has provided $11bn of finance for fossil fuel projects around the world, including $4bn for oil projects – 82% of which were designed for export to western countries.[41] The G8 countries exercise powerful influence on the WBG, with the USA (16.41%), Japan (7.87%), Germany (4.49%), the UK (4.31%) and France (4.31%), making up 37.39% of the shares and each electing their own executive director to sit on the 24-strong board deciding which projects receive finance.

As far as ecological footprints go, oil companies are stomping Godzillas. According to a report by Friends of the Earth, by 2002 ExxonMobil's emissions alone had contributed up to 5.5% of total carbon dioxide concentrations above pre-industrial levels. As a result, the company is responsible for up to 3.7% of total attributable temperature change since 1882.[42] All the major oil companies have been also complicit in social and environmental abuses from Colombia to Nigeria to Iraq to China to Papua. See 'Oil and turmoil in Africa' section.

Renewable energy

In July 2000 the G8 leaders agreed to set up a Renewable Energy Task Force with a remit to identify actions that can be taken to promote change in the supply, distribution and use of renewable energy in developing countries. In a press release at the time, Greenpeace rightly pointed out that the barriers to mainstreaming renewable energies were political and financial, not technical, estimating that it would take an investment of $660m to make solar energy competitive – about 0.5% of the $89bn spent by oil companies on exploration and production in 1998 alone.[43] The task force did highlight that Overseas Development Agencies (ODAs) and International Financial Institutions (IFIs) could do a lot more to support the transfer of renewable energy technologies to developing countries, remove barriers to investment and reduce subsidies to fossil fuels.[44] Unfortunately the response from IFIs and ODAs to the task force has been so poor that it has disbanded and its recommendations seem forgotten.

The Extractive Industry Review

One of the key recommendations of the World Bank's Extractive Industries Review (EIR) was a 'phase-out of fossil fuel funding by 2008', which, if implemented, would have been a first step in redressing the subsidies given to fossil fuel development. The Department for International Development, as the UK's representative, argued against this recommendation.

The taskforce failed to highlight grassroots initiatives such as community owned and run renewable energy projects which can be key, not only to providing power, which is essential for the achievement of the Millennium Development Goals, but also to empowering communities. Projects such as the Sagar Island solar power scheme (India), Jatropha bio-diesel, or mini hydro-power stations in Kenya and Sri Lanka show that this is possible. The Isle of Gigha, Scotland also has its own community wind farm which came on line in December 2004. Communities get power, and, more importantly, have energy security – something which western countries with their addiction to fossil fuels are a long way from achieving.[45]

For all the talk of technological solutions, there is no golden fuel to replace oil. The only consistent way forward is for humanity to develop technologies which do not rely on fossil fuels and which are just, sustainable, appropriate, and do not produce hazardous or toxic waste (such as nuclear energy). We also need to severely cut energy consumption in rich countries. Energy efficiency can produce savings of 10-50%; wind power, in combination with a full range of renewable energy technologies, such as wave and solar, could then meet electricity needs;[46] while localising production and sustainable and efficient public transport would cut our oil dependence even further. Moving in this direction requires an end to political and financial support for the oil industry, revoking its social licence to operate, in order to begin building an oil free future. The lies of the climate sceptics and Blair's rosy-tinted 'everybody-wins' techno-fix dreams must fall along the way.

What can we expect at the G8?

There will probably be headlines saying that action on climate change will be delivered through economic growth and scientific advancement. This is another way of saying 'business as usual', with the questionable methods of carbon trading and relying on nuclear advances. This is little more than hot air from leaders who are too scared to read the writing on the wall and take the plunge to seriously reduce CO2 emissions by prioritising energy efficiency and sustainable, renewable energy; ceasing financial and political support for oil companies; and supporting a just transition to renewable and sustainable energy worldwide.

2.5.3. The Africa Action Plan

At the 2001 G8 summit in Genoa, the world leaders announced the creation of the Africa Action Plan (AAP) – immediately dubbed a 'Marshall Plan for Africa'. This was an implicit suggestion that these governments were going to rebuild Africa in the same way that, after the Second World War, the U.S. rebuilt a shattered Europe (in a programme outlined by Secretary of State George Marshall). After Genoa, the Africa Action Plan was touted to undermine claims by social justice activists that they were acting in solidarity with the world's poor.[47]

The story was wearing thin by 2002, with the lavish promises unfulfilled and very little cash actually pledged by G8 countries to the AAP,[48] causing celebrity campaigner Bob Geldof to declare himself 'sick of them all'.[49] Crucially, however, he singled out Tony Blair as one of the few leaders who really wanted to press on with the AAP.

Blair has made an effort to paint himself as the main G8 advocate for Africa,[50] and it's no coincidence that the 2005 summit at Gleneagles is marketed as the time when the world will 'help fulfil African aspirations for the future'.[51] The UK is seeking a doubling of aid flows to $100bn, and that poor countries should be saved a further $25bn over the next 10 years by writing off their debts to the IMF, the World Bank and the African Development Bank.

Past performance suggests these aspirations will remain unmet. There are growing fears that the development targets set by the United Nations will not be met by the target date of 2015. These include halving the number of people living on less than a dollar a day, universal primary education, and cutting infant mortality by two-thirds. Britain, one of the donor countries signed up, is well behind on the UN aid targets of 0.7% of its GDP.[52]

However, the main reason for the likely failure of the Africa Action Plan is that the means by which the G8 propose to make Africa rich are too closely linked to the reasons why Africa is poor: the dominance of multinational corporations within a grossly unfair trading system. The AAP encourages the same corporations who have caused chaos in Africa to be part of the solution. Oil and natural gas from Africa are becoming increasingly important, and could supply 20% of US oil needs in the next five years.[53] The AAP involves promoting trade and investment in Africa, and the oil and mining companies will be key players in this. The joint US-UK 'G8-Africa Partnership Project', set up to monitor the AAP, includes representatives from ExxonMobil, Coca-Cola and Pfizer,[54] all of whom have interests in keeping African resources available at low prices.

Alongside this, AAP also encourages 'good governance' and 'democracy' concepts which the G8 seem to associate with the willingness of African leaders to embrace neo-liberalism and permit access to multinational corporations as a means to 'development'.[55]

This is not the first time the G8 has proposed a 'Marshall Plan'-style initiative. In 1998, the then G7 proposed a similar £90bn bail-out for the Asian and Russian financial markets, after their collapse under assault from speculators. Most of this money went into the pockets of the various banks and the rest was used as fuel for further currency speculation.[56] This suggests that any large Plan or Fund for Africa will only be forthcoming if the money that is made available goes straight back into private hands.

2.5.4. Oil and turmoil across Africa

Nigeria

'This is it. They are going to arrest us all and execute us. All for Shell'

Ken Saro-Wiwa, 1994, on learning of the imminent imposition of martial law in Ogoni land.[57]

Since the first discovery of oil in Nigeria in 1956, the country has earned over $340 billion from oil, yet 70% of the population live on less than a dollar a day. In nearly 10 years since Ken Saro-Wiwa was murdered for resisting Shell operations in the country, Nigeria has seen worsening poverty and human rights abuses.

Shell has been shipping oil from Nigeria, Africa's most populous nation, for 50 years. In 1995, Shell's destruction of the Niger Delta came to global attention with the murder of writer and activist Ken Saro-Wiwa and eight other Ogoni environmental protesters by the Nigerian government (10th anniversary in November 2005). Since then Shell has claimed that the situation has improved, although a 2004 report from Christian Aid clearly illustrates that despite Shell's claim to have turned over a new leaf and be a 'good neighbour', it still fails to quickly clean up oil spills that ruin villages and runs 'community development' projects that are frequently ineffective and which sometimes even widen divisions within and between communities living around the oilfields.[58] In 2005, Shell announced the biggest profits in UK corporate history, around £18bn. If the 'Corporate Social Responsibility' (CSR) movement could be said to have emerged as a result of the Ogoni tragedy in 1995 as Shell quickly sought to rebuild its public image, then ten years later, with Shell's glossy words amounting to very little, the CSR project can be said to have failed except as a PR exercise.

Meanwhile Chevron is currently being sued in the US federal court for violations of international human rights law relating to its involvement in the deaths of unarmed civilians in Nigeria who were protesting environmental damage caused by Chevron subsidiary, CNL. Chevron allegedly provided the Nigerian military with equipment and requested the military to help quell civilian protests, resulting in the shooting of non-violent protesters and unarmed villagers in 1998 and 1999.[59]

The end of 2004 saw fierce resistance to both Shell and Chevron in the Niger Delta, with local community activists occupying oil rigs and preventing production.[60]

Chad-Cameroon

The Chad-Cameroon pipeline, hailed by the World Bank as a model for how oil projects can be effectively developed, has been mired in corruption, starting with $4.5 million of money diverted to buy arms for the Chad government.

The pipeline, being built by Chevron, ExxonMobil and Malaysian company Petronas, and funded by the World Bank, is being built through areas with extreme political instability and human rights violations in west Africa. Cameroon's government has been listed by Transparency International as the most corrupt in the world for the second year running. In particular, observers have noted that revenues from the oil development in Cameroon are largely unaccounted for.[61]

Sudan[62]

The first export of crude oil from Sudan in August 1999 marked a turning point in the complex civil war, with oil becoming its main objective and primary cause. Oil is an important obstacle to peace, with oil revenues used by the government to obtain weapons and ammunition, which have enabled it to intensify the war and expand oil development. Expansion continues to be accompanied by the violent displacement of pastoral people from their traditional lands atop the oilfields.

The large-scale exploitation of oil by foreign companies operating in the theatre of war in southern Sudan has increased human rights abuses there and has exacerbated the long-running conflict in Sudan, a conflict marked already by gross human rights abuses – two million dead, four million displaced since 1983 – and recurring famine and epidemics.

Amongst the companies operating in Sudan was Canada's largest independent oil and gas producer, Talisman Energy Inc.[63] It seems that Talisman officially knew very little about the human rights abuses taking place before and during its involvement in the region between 1999 and 2003. This was in spite of ample information from various sources including community leaders in Sudan, three Canadian NGOs and Human Rights Watch, as well as its own experiences in the region.

Talisman has been openly condemned for playing a part in the human rights abuses reported by the Christian church leadership in Sudan and the United Sudanese African Parties (USAP) and is subject to a $2bn court action under the Alien Tort Claims Act for aiding and abetting the Sudanese government's ethnic cleansing. There is reliable evidence showing that roads and an all-weather airstrip built by oil operators were used by the government to move large amounts of military equipment and to launch air attacks on the civilian population, including attacks on hospitals, schools and churches. Talisman sold its Sudanese assets to an Indian company in 2002.

Also highlighted by Human Rights Watch for its involvement in Sudan is the International Petroleum Company (IPC), a wholly owned subsidiary of Swedish company Lundin AB, which has offices in Aberdeen. Lundin also pulled out of Sudan in June 2003. Indirectly, BP and Shell are involved through their holdings in two China National Petroleum Corporation (CNPC) subsidiaries, PetroChina and Sinopec.[64] Other UK companies directly involved in multi-million contracts in Sudan include: Rolls Royce (engines for the pipeline and engineers) and Weir of Glasgow (pumps for pumping stations). See 'Weir Group Plc' in Oil industry section.

Angola

'If the mango tree leaves are covered by black smoke, just imagine what is inside us?'
Pedro Tona, Pangala, Angola

Angola is the second largest oil producer in Africa. After 27 years of war, Angolans are now enjoying a military peace except in the oil rich region of Cabinda which produces 600,000 barrels a day. By the end of 2002, up to 30,000 government soldiers were engaged in full-scale military operations against local guerilla groups and in widespread human rights abuses in villages across the province. The oil companies led by ChevronTexaco kept up their normal pace of activities in the minefield-surrounded enclave, simply helicoptering staff in and out.

Pangala is a fenceline community (i.e. a community impacted on by an environmental hazard), in the Sogo oil producing region. 'In Pangala, gas wells burn 24 hours a day right next to residential areas and farms, one oilfield is right in the middle of a soccer pitch, while some are just 12 meters from houses. Trees are covered with thick layers of black smoke. Cashew trees, which were a major source of income for locals and an essential ingredient of local dishes, no longer bear fruit.'[65]

Despite oil revenues of around $8bn in 2003, three-quarters of the population live in abject poverty, surviving on less than one dollar a day. Life expectancy is less than 45 years. The

Angolan government is hugely corrupt, and its leaders' grip on power is dependent on oil revenues which account for more than 80% of the country's income. Campaign group Global Witness estimates that $1.7bn a year disappeared from Angola's oil funds between 1997 and 2001. Global Witness also accuses Western oil companies of giving 'secret signature' bonuses to the state oil company, which are hidden in offshore bank accounts.[66]

Equatorial Guinea

'As far as Equatorial Guinea is concerned, we've had no problems there. Africa's been a great place to do business. We've never missed a day's production'.

Tullow Oil quoted in Aberdeen Press and Journal. September 14th 2004

The third largest oil producer in Africa, on paper Equatorial Guinea should be one of the richest in sub-Saharan Africa with its small population of 500,000 sharing oil revenues of $500m in 2003. Instead it languishes third from bottom of the United Nations' human development index, while the oil revenues fund one of the continent's most repressive regimes. President Teodoro Obiang presides over what has been called a 'completely criminalised state', facing charges of corruption, human rights abuses and political oppression, after a coup swept him to power in 1979.[67] Equatorial Guinea was recently at the centre of another attempted coup. The US Securities and Exchange Commission is probing five US oil firms over possible violations in Equatorial Guinea of laws prohibiting bribes to foreign government officials.[68]

Companies operating in Equatorial Guinea with a base in Scotland include massive US oil corporation Amerada Hess and Tullow Oil, an independent oil and gas company headquartered in London and Dublin that is fast catching up with Cairn Energy as the UK's largest independent oil and gas company, with operations in Ivory Coast, North Sea, Mauritania, Angola, Pakistan, Uganda, Namibia and Bangladesh. In May 2004, it acquired Energy Africa Ltd, thus gaining fields in Equatorial Guinea, Congo-Brazzaville and Gabon.

Congo-Brazzaville

Unrest continues despite the official end in 2003 of the civil war which saw the death of 3 million people, mainly from disease and starvation. Despite being the fourth-largest oil producer in sub-Saharan Africa, Congo-Brazzaville has already been saddled with $6.4bn (£3.4bn) in overseas debts, as a legacy of French company Elf Aquitaine's (now part of Total) strategy of influence peddling, bribery and obscure off-shore deals.[69]

Mauritania

UK based oil companies Dana Petroleum, Tullow Oil and multinational Premier Oil all have substantial offshore plots in this West African country where 'black gold' has only recently been struck. There are fears that the oil will be as much of a curse there as it has been elsewhere in the continent. Recent coup attempts on the aristocratic elite that runs the country illustrate that with few other natural assets, the different tribes have everything to play for to win control over their newly acquired oil wealth.[70]

And let's not forget Iraq...

Iraq has the second largest oil reserves in the world. Shortly after the 2003 invasion, Iraq's oil industry was divided into two elements. The first was to repair and rebuild existing infrastructure with contracts won by US oil services company Halliburton and US engineering and construction company, Parsons. The second was to design a long-term future for Iraq's huge oil reserves. The Coalition Provisional Authority hired advisors from BP, Shell, ExxonMobil and Conoco-Philips, although none of these companies has a presence on the ground yet, and they are unlikely to have until after the security situation has stabilised.[71]

Some exploration contracts have been handed out to smaller international oil exploration companies, and both BP and Shell signed agreements with the Iraqi government in early 2005 to evaluate two oil fields in the country. Both also committed to train Iraqi engineers.[72]

In October 2004, Iraqi Prime Minister Iyad Allawi essentially promised the Western oil majors that they would get their oil fields. He also announced that the Iraqi national oil company would be privatised and that this decision would not be discussed in the Iraqi parliament. Effectively Allawi has handed over the future of Iraq's oil to the Western companies.

Since the US-led attack, there has been considerable resistance by Iraqi oil workers to the imposition of privatisation, and the presence of foreign companies or workers in their midst. The Southern Oil Company trade union reconstructed much of their bomb-smashed infrastructure in June 2003 with no help from Halliburton subsidiary KBR, who owned the pipeline. They also negotiated less unfair wages from the Iraqi government and shut down oil exports in solidarity with the people being bombed in Najaf in 2004.[73]

2.6. The G8 and the arms trade

G8 countries account for around 85% of the global arms trade – a highly profitable, heavily subsidised and under-regulated business. Unlike almost every other industry, the arms trade is not subject to any independent monitoring – scarcely believable given the heavy regulations on food and medical drugs. According to Transparency International, the arms industry is the second most likely to involve bribery.[74]

The 'arms trade' includes anything from fighter-jets and submarines down to small weapons and firearms. Campaigning has often focussed on the production and sale of large weapons, but according to the Small Arms Survey,[75] over 500,000 people are killed every year by small arms – one death every minute - proving that there is also a major problem with control of small arms, including private gun ownership and, in many places, police violence.

All the G8 countries except Russia are members of NATO and many of them are major arms producers. Between 1997 and 2001 at least two thirds of the world's arms deals came from just five G8 countries – USA, Russia, France, Britain and Germany. However, despite their heavy representation in weapons production G8 countries are the least affected by the use of arms. Of the 150 wars fought between 1945 and the mid 1990s, more than 9 out of 10 were in the developing world. The overwhelming majority of people killed or injured by weapons are poor.[76]

It is important to remember that weapons production and government are often deeply intermeshed. In many G8 countries there is a 'military-industrial complex' where state subsidies support arms companies and arms companies exercise excessive political influence.

Previous G8 Summits

G8 meetings traditionally talk about reducing weapons production in terms of 'global security' and 'combating international terrorism', ignoring the substantial role that conventional weapons play in killing civilians – the majority supplied by companies based in G8 countries. Arms proliferation controls have focused on programmes for weapons of mass destruction in a few 'rogue states', ignoring both the substantial weapon-building programmes of many G8 countries and the death and destruction caused by smaller scale weaponry. For example, in 2002 the G8 allocated $20 billion to a programme to prevent 'terrorists' acquiring nuclear, chemical and biological weapons while there were still no global regulations on the small arms trade. The US has in fact increased military 'aid' to many countries since September 2001, including some its own State Department classifies as having a 'poor' human rights record or worse.[77] In 2004 the US set aside $4.7 billion for counter terrorism, including military assistance to 25 'frontline states' who support its current anti-terror policies. These include Afghanistan, the Philippines and Yemen. In the same period $2 billion was spent on anti-poverty programmes. The UK has similarly increased its trade with the human-rights abusing Indonesian government since the start of the 'War on Terror'.[78]

In the 2003 G8 Summit, Brazilian president Luis Inacio Lula da Silva made a proposal for a global hunger fund 'that would not only give food to those in need but would also create the conditions necessary to strike at the structural roots of hunger. There are many ways of gaining financial resources for such a fund. Taxes could be levied on the international arms trade: this would prove advantageous from both an economic and an ethical standpoint.' With the global value of weapons sales in 2001 standing at $21.3bn and set to rise, a 1% tax would have raised hundreds of millions for aid programmes and reduced poor countries' spending on weapons, as well as being a heavier tax on the rich, as most arms deals are between rich countries. None of the G8 leaders responded to his proposal and few journalists covered it.[79] Leaders of poorer countries can attend the G8 summit, but they are spectators without an equal voice.

The official G8 website states that 'Over the past few years, the G8 has been actively involved in leading international efforts to counter the proliferation of weapons of mass destruction'[80] - ironic considering the weapon-building programmes of many of its member states.[81]

It continues:

The attacks of September 11 demonstrated that terrorists are prepared to use any means to cause terror and inflict appalling casualties on innocent people. We commit ourselves to prevent terrorists, or those that harbour them, from acquiring or developing nuclear, chemical, radiological and biological weapons; missiles; and related materials, equipment and technology. We call on all countries to join us in adopting the set of non-proliferation principles we have announced today.[82]

The promotion of long term stability and prosperity in the Broader Middle East and North Africa (BMENA) remains a priority for the leaders of the G8 countries and an important objective of next year's UK presidency.[83]

It is hard to take this claim seriously given that US- supplied F16 fighter jets, with parts made in Britain and Canada, are used by the Israeli army to kill Palestinian civilians.[84]

Government & arms companies links.

It is hard to expect the G8 to make reasonable decisions on curbing the arms trade when the relevant governments and the companies who profit from the trade are so deeply interlinked.

In the UK, 600 civil servants work for the arms trade, paid for by the government, through the Defence Export Services Organisation (DESO), a sector of the MoD whose objective is to help the arms industry sell overseas. According to Campaign Against the Arms Trade (CAAT):

[DESO] co-ordinates the direct government support for arms exports, providing marketing assistance and advice on negotiation and financing arrangements, as well as organising exhibitions and promotional tours. Heads of DESO are seconded from the UK arms industry giving the companies a direct voice into the heart of government.[85]

The current head of DESO, Alan Garwood, is seconded from BAe Systems. In an article describing the 'intermeshing of arms companies and the civil service' CAAT campaigners estimate that 'each year arms exports cost the public purse about £888 million in subsidies' partly in the form of civil servants being paid by the government to work as sales representatives for arms companies, and travel grants for foreign buyers to attend arms fairs. This happens in very few market sectors. Nearly half the work of civil servants in the Export Credit Guarantee Department (ECGD) is related to arms exports.

A 'secondment' is when someone goes temporarily from their usual employment to somewhere else. Since 2000, BAe Systems has provided 45% of all secondees to the MoD. Others have come from Qinetiq and corporate accountants, PricewaterhouseCoopers and Ernst & Young. There have also been cases of senior MoD staff being seconded to arms companies.[86]

Some sectors of the MoD are now privatised (e.g. DERA is now QinetiQ) further blurring the borders between government and arms companies. See sections on companies below.

Every two years, Britain is host to DSEi, Europe's largest arms fair.[87]

2.7. Conclusion

Tony Blair claims to be prioritising Africa's problems and climate change at this G8 summit. It is hard to see how he can do this without addressing the significant links in many African countries between the demand for natural resources such as oil and gas and the supply of weapons. Nearly all G8 countries are guilty of supplying weapons, small arms or torture equipment to the African countries they depend on for supplies of fossil fuels and other raw materials.[88] For example, Britain and Russia are both accused of supplying weaponry and technology for oil extraction to Sudan during the recent war. In 1998 the former president of French oil giant Elf admitted that his company had supplied weapons to both main parties in the conflict in the Congo.

It is impossible for the governments of the world's richest countries to effectively deal with the world's problems with their current lack of transparency and lack of acknowledgement that they, along with the companies they support, are partly to blame for those problems. Until problem-solving is separated from the drive to make profits it is hard to see any far-reaching change being achieved.

3.1. The Gleneagles Hotel

Nestled in a beautiful Perthshire glen and surrounded by the Ochill hills, when Gleneagles opened in 1924 it was described as 'a Riviera in the Highlands'. Today the foreboding 270-room hotel and its 850 acre-grounds are world-renowned as a premier golfing resort and a base for other country sports. It operates the Gleneagles Shooting School (nominally clay pigeon but the estate is full of pheasants), the Equestrian Centre and the British School of Falconry.

Gleneagles is no stranger to prestigious international events. The Commonwealth heads of Government gathered there in 1977. In 1986 it hosted the Bilderberg conference, an annual private gathering of leading world figures who meet in the country hosting the G8 Summit.[89] In 1992 NATO Defence ministers also converged on the luxury hotel. Admittedly, things will have changed in terms of security procedure, due to both 9-11 and the now-customary summit protests. Gleneagles is important: in terms of prestige, and also to the Scottish economy, attracting wealthy golf and country sports enthusiasts. It is part of the 'Leading Hotels of the World' group which includes the Parc Royal in Evian, France, which hosted the 2003 G8 Summit.

Gleneagles is less than 50 miles from both Edinburgh and Glasgow airports. Great North Eastern Railway services stop at Gleneagles Station, on the main London to Inverness line and across the A9 from the Gleneagles estate. The current exclusion zone includes the estate and part of Auchterarder town, but it could be extended. Military airports nearby include RAF Leuchars, near St. Andrews, which is two minutes' flight away. There is currently no heliport at Gleneagles, although the local Strathallan airfield has been mentioned in connection with the G8.[90]

The Gleneagles website has detailed information about the 'state of the art' conference facilities awaiting the G8 leaders, with an in-house support team to make sure the event goes smoothly – from lighting technicians to resident florists and cutting edge multimedia equipment. Working with Edinburgh-based event organiser, 'Prompt Events', they have a number of different musicians and other entertainment on tap, from traditional Scottish music to big band and salsa. Gleneagles also has its own pipe band.

In Autumn 2002 Gleneagles built Braid house, adding a further 59 rooms and an extra four conference rooms. On the estate is also the 'hamlet' of Glenmor: 50 time-share villas which are also likely be pressed into service for the G8. The most magnificent suite at Gleneagles is the Royal Lochnagar Suite; one wonders how the decision will be made as to which of the world leaders will be bedding down there! VisitScotland will be bringing its £1m mobile 'village' to the G8 Summit at Gleneagles. The two-storey structure is half the size of a football pitch and needs six 40-wheel trucks to transport it. It has exhibition space, bars and restaurants able to cater for up to 300 diners, as well as toilets and changing rooms for staff.[91]

Around 100 of Gleneagles' 600 or so staff are accommodated in a purpose-built block. This includes golf caddies, chauffeurs, staff for three restaurants and a bar as well as the kitchen. The rest live locally or commute. While it is understood Gleneagles won't be taking on any extra staff for the summit, the organisers may need to employ extra drivers and translators. It is likely that the staff will be moved out of the hotel to Crieff for the G8.

To host the 1,200 delegates, staff and security personnel, it is likely that the G8 summit will rely on support from Edinburgh and Perth (15m away) and nearby towns such as Auchterarder (1.5m), Comrie and Crieff as well as other villages in Strathearn. Auchterarder (pop. 4,100) is known locally as 'The Lang Toon', a name derived from its extended high street. There are several country house hotels in Auchterarder. Crieff, the biggest town in the Strathearn valley, has a population of 6,000 and has been a holiday resort since Victorian times. There are several large five-star hotels in and around Crieff. Stirling (21m away) will provide the venue for the world's media as they cover the summit.

In a leaked memo entitled 'Making the G8 Summit sustainable', Downing Street officials proposed a serious greenwash campaign to make the Summit appear eco-friendly, with solar panels, recycling and hydrogen cars to ferry around the delegates. Cosmetic changes clearly outweigh any serious positive changes for the global environment in the minds of the organisers of the event.[92]

In the area immediately around Gleneagles there is much of interest for the G8 leaders if they choose a quiet day away from the summit. Local castles and stately homes include the aptly named Blair Castle (seat of the Duke of Atholl, the only British subject allowed to maintain a private army), and ancient coronation site Scone Palace, now home to the Earls of Mansfield. Opportunities for whisky tasting abound with nearby distilleries including the Bell's Blair Atholl Distillery and the Famous Grouse Experience in Crieff. The massive drinks multinational that bought Gleneagles hotel, Diageo Plc, also owns numerous whisky distilleries in Scotland.

According to security experts, Gleneagles was chosen over the Isle of Skye because it has greater facilities and accommodation, and despite not being an island it will be easy to defend:

There is only one major road running past it (the A823) which can be easily blocked at both ends without any real disruption to the local community...The exit off the A9 dual carriageway can simply be closed for three days. There are minor roads coming in from the west but they can be shut too. It has a long perimeter around the golf courses but that can easily be defended.

Apart from that there are no high buildings overlooking the site so the authorities have no worries on that score and everyone of importance can be contained in the one area.

Also, if strangers turn up in the area, locals will notice and be able to alert the very heavy police presence on hand. When you think about it, apart from an island, there really isn't a better place to hold a high-security summit like this. The days of G8 summits in urban locations are now gone. [93]

Tayside police have announced that 'access passes' (ID cards) will be issued to around 500 local residents in Auchterarder, including children. This is part of the £150 million security operation around the G8, which will turn the town into a 'sterile zone' with high metal fencing, concrete blast barriers and an air exclusion zone. The cards will permit locals to pass through roadblocks and checkpoints. All police leave has been cancelled for early July, with 9,000 out of 15,000 police in Scotland expected to police the 'ring of steel' around the Summit venue, joined by Lancashire forces, and there are rumours of missile batteries being placed on the golf courses 'to intercept terrorists'.

Understandably, local opinion is fairly mixed on the Summit coming to their doorstep, with outspoken local Scottish Nationalist MSP for Perth, Roseanna Cunningham, regularly condemning the disruption the event will bring. Speaking of the ID cards she said, 'This is an absolute outrage and I cannot see how it can be unilaterally imposed on local people'.[94] Others will surely feel that the costs of the entire extravaganza could be put to better use in tackling global poverty.

3.2. Private contracts for running the event

While Gleneagles is well equipped to host the Summit, through in-house facilities and existing partnerships with private companies, it is likely that outside contracts will be awarded for some aspects of the event. The Foreign and Commonwealth Office (FCO), in charge of hosting the event, has advertised the first service to go out to tender - the role of host broadcaster and the creation of a media centre. The contract has been won by Jack Morton Worldwide, a US-based 'experiential marketing' agency who have held previous contracts for at the G8 and G7, as well as for the Athens Olympics. It was advertised via the European Union which means that successful contractors will be in the public domain within 48 days of the contract being awarded. Contracts awarded that are not advertised via the EU should also be published, subject to confidentiality.[95]

The FCO and Tayside police have also announced that they will need outside sources of vehicles and of equipment, such as telephones and IT, and they are hoping that some of this may be provided by sponsorship from the private sector.[96]

In the short term, the other main commercial opportunities are likely to lie in big spending by attendees (1,200 delegates and 3,000 media will be using local hotels, restaurants and transport), and in supplying the main contractors. Business opportunities will be advertised, where possible, through the Business Gateway and Perth and Kinross Council's G8 website.[97]

The tourism industry will also clearly benefit from the huge numbers of expected protesters, and operators have recently stated that they will be providing weekend breaks for 'middle class' protesters planning to come to Scotland.[98] As campaigners we have the responsibility to support small local businesses where the money will actually circulate in the local economy, rather than the big corporations who dominate the tourism industry in Scotland such as the Best Western and Hilton hotel chains.

3.3. Diageo Plc

Diageo, the major UK drinks multinational which owns Gleneagles, has much to gain not only from hosting the G8 event itself but also from the policies being discussed at the Summit.

Diageo is the 11th largest company in the UK,[99] with a turnover of £8.89 billion and profit after tax of £1.87 billion in 2004.[100] Diageo has bases in 180 countries around the world, with growing markets in Africa, as well as substantial interests in Europe and North America. Scotland is a particularly important production base for the company. As such, it is bound to have a part to play in the corporate lobby of international governments. In 1998 Diageo was involved in the negotiations for the failed Multilateral Agreement on Investment (MAI); this agreement would have meant increased investment rights and free trade globally, and more power passing to private corporations.[101]

What does Diageo produce?
Diageo was created by the merger of two massive food and drink companies, Guinness and Grand Metropolitan, in 1997; a merger which involved a name-change and re-imaging as well. The company's website explains this choice of fairly meaningless and neutral-sounding name: '"Diageo" combines the Latin word for "day" and the Greek word for "earth". Together, the two words mean celebrating life every day, every-

where'.[102] Whatever.

Diageo has since sold off its non-drinks companies, including Burger King, and consolidated its alcohol brands. These now include: Smirnoff vodka (and the alcopops Smirnoff Ice and Smirnoff Black Ice), Gordon's and Tanqueray gin, Captain Morgan Rum, Bertrams VO Brandy, Jose Cuervo tequila, Archers, Bailey's, Pimms, Guinness and a number of other beers including Harp, Kilkenny and Red Stripe, a number of wines, and significant Scotch whiskey brands including Bells, Johnny Walker and J&B as well as single malts including Oban and Talisker.

Diageo's ties to government

The drinks industry regularly comes under fire for being responsible for health and social problems, and Diageo has recently invested heavily in PR, hiring companies such as Edelman's,[103] Lexis PR (See below) and Reputation Inc, to improve the perception of the company amongst NGO's and policy makers.[104] In recent years the company has issued guidelines on ethical marketing, produced teaching guides about alcohol harm, and made statements condemning some of the problems associated with alcohol. It has also set up a charity called the Diageo Foundation[105] and plays a role in business groups promoting Corporate Social Responsibility (CSR) such as the International Business Leaders Forum.[106]

Tony Blair has obviously been taken in: speaking at a 'Responsible Drinking Seminar' Diageo hosted in 2004, he agreed that 'the industry is working hard on codes of practice' and suggested it should be given 'a chance to build on [its] good work' in tackling binge drinking.[107] The government's March 2004 paper 'Alcohol Harm Reduction Strategy' put into practice the link between industry and government, with the conclusion that regulation 'should initially be voluntary' on the part of companies.[108] Campaigning groups such as Alcohol Concern[109] and the Institute of Alcohol Studies[110] said this decision ignored the advice of health experts. Despite warnings by the Metropolitan police, licensing hours were extended in 2003,[111] and in 2002 the government went back on plans to reduce the acceptable blood alcohol concentration limit for driving, after consultation by the Portman Group, an industry body Diageo is closely involved with.[112]

The approach favoured by the government echoes that represented by the industry. The focus is on targeting and blaming the individual consumer for misuse of alcohol, including the use of banning orders, on the spot fines for drunkenness, fixed penalty notices and ASBOs,[113] while letting off the business interests of alcohol producers and distributors.

It is also worth noting that Scotland has one of the worst problems with alcohol abuse in Europe. According to the 2004-2005 annual report of Scotland's Chief Medical Officer, since 1980 there has been a 240 per cent increase in alcohol-related deaths and the problem is now costing Scotland's economy £1 billion a year.[114]

'Partnership' in the workplace

In keeping with its image as a socially responsible corporate citizen, Diageo emphasises its 'commitment to communication' and 'partnership' with employees,[115] which it has recently demonstrated by establishing new institutions for consultation at a local and international level. This has come after a very turbulent history, with a flurry of mergers, relocations and accompanying redundancies, but the recent rhetoric of respect for employees' rights to information should not be mistaken for a genuine shift in practice. The new 'Diageo Europe Forum', a high profile annual meeting involving just 35 employees, is celebrated for an unusually 'extensive' definition of the 'consultation' which an EU Directive stipulates must occur between top level management and staff.[116] Diageo's definition is considered 'extensive' only because it states that employees must be informed before a decision is made,[117] but it emphatically offers no scope for collective bargaining.[118] There also seems significant potential for Diageo's 'partnership' to co-opt unions and replace independent negotiation with mere 'information'.

Meanwhile, the drive for efficiency continues at the cost of many jobs: between 2003 and 2004 Diageo cut nearly 1,000 workers worldwide,[119] and between 1998 and 2000 it axed the same number of people in the UK alone.[120] In February 2005, Guinness Nigeria sacked 500 people and unions claimed that the objective was to replace permanent staff with casual ones, and that this was something the company had repeatedly done.[121] Although the exact figures are difficult to access, it seems that increased insecurity is a global trend: in Scotland nearly 20% of Diageo's workforce are on temporary contracts and only 55% are unionised.[122]

Diageo in Africa

Diageo also has a major stake in opening up Africa for investment. It is already among the most powerful corporations operating in Africa, with its subsidiaries frequently listed among the very top companies in regional stock exchanges. As well as providing "phenomenal" economic growth,[123] Africa is used by Diageo as evidence that it is a model global citizen, most notably because of its so-called 'Water of Life' programmes, and because it provides free AIDS drugs to its African workforce.[124]

As usual though, the PR myth doesn't match up to the reality. Breweries and distilleries are among the worst consumers and polluters of water;[125] alcohol has a well-documented role to play in the spread of HIV;[126] and beside all the rhetoric about poverty and blighted opportunity,[127] its aggressive promotion of branded alcohol is likely to have a devastating effect on the small-scale production of home-brew, which provides a valuable source of income for the poorest in society. If, as seems inevitable, the 2005 G8 summit favours the removal of barriers to foreign investment in Africa, and leaves responsibility as a matter for voluntary codes and glossy PR shoots, then Diageo will profit not only financially through its ownership of Gleneagles, but will directly benefit from its policies.

Diageo already enjoys considerable local power by virtue of its sheer size. In Kenya for instance, over 50% of the national market is controlled by just five multinationals, one of which is Diageo.[128] As well as its ability to buy out competition in the form of smaller national companies, this stranglehold has been achieved by a marketing strategy which is pervasive across all areas of public life and seeks to demonise non-branded alcohol. Across Africa, beer has traditionally been brewed as a small scale commercial enterprise and it is this which the company claims can pose severe "health and social risks".[129] This, despite the fact that a report commissioned by ICAP, an organisation itself sponsored by Diageo, reported that so-called 'illicit' brew is generally safe and of good quality,[130] as well as providing an important boost to the household and local economy.

Whilst there is nothing original about Diageo's sponsorship of musical and educational events to target the young and wealthy,[131] the creation of an entire feature length film to promote its brands was a stroke of genius. British and American reviewers didn't seem aware of the irony when they referred to 'Critical Assignment' as 'Africa's very own James Bond'[132] and a testimony to the 'maturity of African films'.[133] Perhaps it didn't seem relevant that the 'African James Bond' was in fact the billboard figure for Guinness, already such a well established persona that mention of the drink wasn't necessary to turn every minute into effective publicity.[134]

The company's philanthropic projects could also be interpreted, at least in part, as an attempt to promote its brands. In education for example, Diageo sponsors small numbers of individuals through university and presents awards to literacy centres that are already succeeding,[135] but without providing the kind of funds that would open universities up to far greater numbers, or support institutions which are struggling, the difference this makes can only be negligible. It is possible to detect self-interest even in the provision of AIDS drugs: the epidemic has reached such devastating proportions that is in business' direct economic interests to address it.[136] (See also above, 'Moody-Stuart and the Global Business Coalition on HIV/AIDS').
Far more damningly however, a Guardian article of November 2003 suggested that, at that stage at least, Guinness Nigeria had not actually implemented the drinking water projects that it boasted of.[137] Interestingly enough, in March 2005, the website doesn't seem to have been updated, still referring to most of the Nigeria boreholes in a careful future tense.[138] The Guardian article also claimed that after weeks of media coverage senior spokespeople for Guinness Nigeria seemed to know nothing of the provision of anti-retrovirals for HIV positive staff, and claimed that none of the then 3000-strong workforce were infected, and that therefore the issue was irrelevant.[139]

Even when Diageo's water programmes are actually happening, they sit rather uncomfortably with the company's environmental track record. One subsidiary, Uganda Breweries, was long the target of protesters for discharging broken glass and untreated effluent directly into Lake Victoria.[140] The company has since invested in treatment plants, but this was by no means an isolated incident – Tanzanian Breweries, which Diageo partly owns, is largely responsible for the fact that the Msimbazi River is almost entirely devoid of life, and seafood at the mouth of the river is also found to be contaminated.[141]

3.4. Lexis PR and corporate sponsorships

'Sponsorship of FCO activity should not be regarded as an exercise in philanthropy. Companies will require agreed commercial benefits, laid out in a contract, in exchange for their support. In an increasingly competitive market, it is important to establish whether or not sufficient value can be offered to interest potential sponsors."[142]

The Foreign and Commonwealth Office (FCO), which is organising the G8 summit, has awarded a contract to Lexis PR to secure corporate sponsorship for the event.

According to a Freedom of information request obtained by Corporate Watch, Lexis' priorities include to find companies to provide essential services including transport, IT and telecoms and to find 6-8 'partner' corporations to contribute £250k - £300k each. Lexis organised a reception for corporate leaders in the Summer 2004 to encourage them to sponsor events and set up follow up meetings. As an 'official partner', corporations are promised 'branding credits' on G8 and EU conference materials including the delegate and media official handbooks and 'goodies', as well as access to meetings/networking opportunities. There is very little detail on the actual networking opportunities available, although there is mention of a 'Sponsors' thank you event' as well as 'the allocation of places to sponsors for attendance at activities'.

For £25,000, in cash or services, firms can become 'supporters' of the summit and receive limited access to promote themselves. With such extortionate prices, however, by February 2005 only one Scottish firm had expressed an interest in being represented. Exactly how the G8 will be an opportunity to sell Scottish firms to the world thus remains unclear.[143]

Scottish Enterprise outline how goodie bags will be gifted to the media and all conference delegates, and that all companies that provide 'corporate gifts' will be credited. In a fantastic greenwash attempt, the Scottish Enterprise website highlights how, 'There is a strong preference for iconic Scottish products such as shortbread, toiletries, Scottish drinks and items that reflect the sustainable themes of the summit such as fair trade and recycled products.[144]

Lexis PR is a highly successful independent public relations company based in Central London. Lexis has recently come to prominence after winning a number of high profile PR awards, most notably Marketing Magazine's 2004 PR Consultancy of the Year Award, as well as picking up Best Consumer Marketing Communications Campaign, and Best Corporate Marketing Communications Campaign in the 2004 PR Week Awards. Lexis' 2003 revenues totalled £4.6m and are set to rise further when 2004's results are announced.

Lexis offers the full range of public relations services including consumer PR, corporate PR and business-to-business PR, with specialisation in consumer healthcare and sports.[145] Its clients include Diageo, the Rugby Football Union, Kraft Foods and Coca Cola GB.[146] Lexis's most high profile recent campaigns were the 'What Women Want' campaign for Dove soap, in which it commissioned research about women's attitudes to the women in the Dove Soap advert and spun it into a story in its own right, as well as handling the crisis over Coca Cola's 'Dasani' brand bottled tap water.[147]

Government PR contracts

Private PR companies having been picking up government communications contracts since the 1980s. The Thatcher government was supported by PR and advertising companies (Lowe Bell, Dewe Rogerson, Saatchi & Saatchi) who were rewarded with a series of highly lucrative contracts to promote privatisation and other government information campaigns. The 1984 privatisation of BT had a promotional budget of £25 million, British Gas (1986) - £40 million, and the electricity companies (1989) - £76 million.[148]

During the 1980s the PR sector grew enormously. Between 1979 and 1998 revenues multiplied by a factor of eleven in real terms.[149] Of course the increasingly close relationship between PR companies and government that these contracts engendered has given the companies greater access on behalf of their corporate clients as well, helping them to increase their government relations work. Both the Major and Blair governments have continued the trend. By 2001 almost all government departments and agencies were contracting out communications tasks to private PR agencies.

The recent Phillis Review of Government Communications may herald an even greater shift towards private contractors facilitating government communications. The Independent Review of Government Communications chaired by Bob Phillis (CEO of the Guardian Media Group) was set up in the wake of a series of government 'spin' scandals (notably the Jo Moore and Martin Sixsmith row) in order to examine government communications and how to deal with the breakdown in trust between government, the news media and the public. Within two months of the review being presented one of the public relations professionals on the committee, Howell James (of Brown Lloyd James) was appointed as the first Permanent Secretary for Government Information, a post whose creation was one of the central recommendations of the Phillis committee.[150] It seems likely that Phillis' recommendations will be interpreted in such a way as to favour more private sector involvement in government communications and hence more dubious techniques pioneered in the private sector.

SCOTLAND PLC

4.1. Introduction: The Scottish Economy

Defining the key companies and sectors in the Scottish economy is a problematic enterprise. An influential 2004 Royal Bank of Scotland (RBS) report identified four sectors: banking, oil and gas, electricity and transport, as the biggest 'wealth creating' industries for Scotland.[151] However, just because a company is registered or is head quartered in Scotland, it doesn't mean to say that it is actively contributing to the Scottish economy. In many cases, it is actually sucking wealth out to parent companies and shareholders elsewhere. As we will see the only alliegiance 'Scottish' companies have is to the international money system.

Also, rather than generating wealth themselves, the biggest companies in many of these sectors have grown through mergers and acquisitions and through the privatisation of public services.

Banking is particularly significant with the RBS report showing Royal Bank of Scotland (RBS) and Halifax Bank of Scotland (HBoS), as far and away the biggest individual 'wealth creators'. The phenomenal growth of these two companies in recent years has been the result of a prodigious spree of acquisitions involving Bank of Scotland merging with UK building society, Halifax, and the RBS hostile takeover of NatWest Bank and others including Ulster Bank and Ireland's First Active Plc. (See section on 'Edinburgh's Financial District'.)

In the top 15 companies, the four electricity companies and two transport companies take their place due to the privatisation of the public sector. These companies are essentially making easy money from assets developed by the public sector, securing direct or indirect subsidies from government or acquiring semi-monopolistic market niches.

Apart from Stagecoach and the Wood Group, which are partly owned by Scottish families, the great bulk of the operating profit from these 15 companies will be distributed to parent companies and shareholders outside Scotland and for the most part be subjected to the short-termism of the London Stock Exchange. Six of the seven oil companies listed are direct subsidiaries of non-Scottish parents. Even the Scottish-registered companies have many employees based outside Scotland; the two Scottish banks alone employ nearly 100,000 people outside Scotland. The two banks, whilst clearly significant for Edinburgh, have also in recent years mainly invested abroad.[152]

Royal Bank of Scotland's Top 15 companies in Scotland

- RBS - finance
- HBoS - finance
- ScottishPower - electricity
- TotalFinaElf – oil and gas
- BP Exploration – oil and gas
- Scottish and Newcastle - beverages
- First Group - transport
- British Energy - electricity
- Stagecoach - transport
- Scottish and Southern Energy - electricity
- Britoil - oil and gas
- Talisman Energy – oil and gas
- ConocoPhillips – oil and gas
- John Wood – oil and gas
- Texaco North Sea – oil and gas

Other major sectors for the Scottish economy include the construction industry, chemicals and life sciences and tourism.

The decline of heavy and traditional industries Shipbuilding and fishing were previously important industries for Scotland, closely linked to Scottish pride and identity (see sections on 'Fishing industry' and 'Arms industry'). Whisky production, although still one of Scotland's largest exports, is increasingly controlled by transnational drinks corporations such as Diageo and Scottish and Newcastle. Other industries long gone or in serious decline include jute and coal.

Between 1998 and 2002 over 100,000 jobs were lost in manufacturing, and while Scotland was for a while considered a hub for call centres, companies are increasingly relocating these services to India. To counteract the loss of traditional industries, Scottish officials have sought to replace them with high tech industry – the so-called 'Silicon Glen' - across the central belt of Scotland. For more info on the massive government investment in and subsequent collapse of the microprocessor industry see section on 'High Tech in Scotland'.

There are many other major multinational corporations with subsidiaries, offices, factories, significant shareholdings or interests in Scotland but not registered in Scotland which we've also included in this brief and cursory glance at Scotland Plc.

Apologies if we have left out the company or sector that is your particular bugbear. See the Corporate Watch DIY research guide for ideas on how to research companies yourself.

4.2. The Scottish Executive's corporate links

July 1st 1999 marked the return of a Scottish parliament after almost 300 years. For most of its history, Scotland was an independent country, a separate European nation with its own economy, foreign policy, monarchy and armed forces. After the Act of Union in 1707, Scotland became part of Great Britain, but a demand for self-government has existed ever since, with the campaign for devolution gaining momentum in the 1980s across the political spectrum.

Proportional representation has led to a diversity of political parties being represented in the Scottish Parliament, including the Socialists, Nationalists and Greens. The current Scottish Executive (i.e. the devolved Scottish government) is a coalition between the Scottish Labour Party and Scottish Liberal Democrat Party. The Executive is led by a First Minister, currently Jack McConnell, who is nominated by the Parliament and in turn appoints the other Scottish Ministers in his Cabinet.

The Scottish Parliament does not have a lot of power: it has no powers over defence or international trade, for example. It cannot vote to get rid of Trident or to introduce import tax regimes that would see off the WTO and multinationals. Its main powers cover areas such as health, education, justice and rural affairs. Devolution was supposed to bring democracy closer to the people, but despite the best efforts of idealists, especially the Scottish Green Party and the Scottish Socialist Party, the parliament's limited powers and the culture of intense corporate lobbying at Holyrood mean that a sovereign parliament for Scotland remains a far off dream.[153]

Despite the pro-business outlook of McConnell and the Scottish executive, corporate lobbyists still find it worthwhile to swarm around the Scottish Parliament in an attempt to secure meetings with MSPs, to influence Scottish public spending in their favour and to keep polluting Scotland without major penalties. In 1999, the Scottish Executive was rocked by the 'Lobbygate' scandal. A reporter for the Observer, posing as a representative of principally American investors, gained the assurance of public relations firm, Beattie Media, that they could arrange access to senior government figures to discuss PFI projects. Jack McConnell had been employed by Beattie Media to help set up its lobbying arm before entering the Scottish Parliament and his PA was an ex-member of Beattie's staff. The company's lobbyists claimed to be able to put appointments in his diary through her. Another of Beattie's lobbyists was Kevin Reid, son of Secretary of State, John Reid.[154]

The incestuous relationships between the Scottish Parliament and corporations extends beyond external lobbying, however. Take for example the corporate swamping of cross party policy discussion groups that meet within the Scottish Parliament. The 'Oil and Gas group', alongside 17 MSPs, includes sixteen industry lobbyists, two representatives from Scottish Enterprise (the government agency promoting Scottish business), one from Aberdeen city council and two from government-funded Energywatch – the group contains no representatives from citizen's organisations.

The Scottish Parliament has been mired in controversy around the awarding of the multi-million pound contracts for Scotland's new, and rather extraordinary-looking, Holyrood parliament. The work, now said to cost around £431m, has run several hundred million pounds over budget. In the tendering process, it remains unexplained why civil servants went for a bid by construction firm Bovis which was around £1.5m higher than the lowest bid, and arguably the highest bid of all. Bovis was also allowed to change the basis of its tender after the final bids had been submitted, an opportunity the other bidders were denied.

Meanwhile McAlpine, which saw its bid rejected, has pledged to sue Parliament for millions of pounds in damages over an alleged breach of European rules in awarding the contract. With the 60 or so other contractors also likely to sue, even more money is likely to flow from public funds to big business.[155] The two main civil servants implicated in the questionable conduct of the project are still in high-level posts.

The Scottish Executive has seen further controversy over its cosy connections with corporations. Since its creation, business representatives have had access as secondees to the Executive and civil servants have been seconded outwards to the private sector. Companies involved include the biggest Scottish and transnational corporations, with inward secondments from ScottishPower, Stagecoach, Ernst and Young and PriceWaterhouseCoopers, and outward to Lloyds TSB Foundation, ScottishPower and Scottish and Newcastle.

First Minister Jack McConnell himself has faced numerous allegations of corporate sleaze and spin: from the fish farm cuff-links (see section on the fishing industry), to his close relationship with BBC newscaster, Kirsty Wark, with allegations that he hindered an official inquiry into her production company after it received large amounts of money from the Scottish Executive, and that he twice spent Christmas at her Majorcan villa without declaring it in the MSP's register

Scottish Enterprise

Scottish Enterprise is Scotland's main economic development agency, funded by the Scottish Executive.[156] Its new chair, and Scotland's highest paid quangocrat, is Jack Perry, former head of the Confederation of British Industry (CBI) in Scotland.[157] Like his predecessor, Robert Crawford, Perry has also held a senior position at Ernst and Young.

Scottish Enterprise has been accused of having a love affair with biotechnology. This accusation doesn't seem totally unfounded considering that its International Advisory Group includes Hugh Grant, the President and CEO of Monsanto;[158] the chief executive of pharmaceutical giant AstraZeneca, and the senior vice-president of Genzyme Corporation. At the end of the 1990s, Scottish Enterprise launched a Framework for Action, which committed the Scottish tax payer to injecting nearly £64 million between 2000 and 2004 into the development of 'biotech customers' (See section on 'High Tech in Scotland').

of interests.[159]

In 2004, McConnell faced sleaze allegations after it emerged that the company given the £1.75bn contract to run Scotland's rail services, First-Group, had employed two former spin doctors for the Scottish Labour party as lobbyists. The lobbying company, Greenhaus Public Communication, which denies there was any impropriety in the awarding of the contract, was founded by Chris Winslow, a former special advisor to Donald Dewar, the previous First Minister. Nicol Stephen, the transport minister, was also a consultant for FirstGroup before becoming an MSP.[160]

McConnell is no stranger to corporate lobbying, having worked on the other side as head of public relations firm Beattie Media's public affairs consultancy (see above).

4.3. Privatisation in Scotland

Gordon Brown's calls for debt relief in Africa sound laudable, but many campaigners are sceptical that the reality will go far enough or come without strings attached. Debt cancellation schemes in the past have been riddled with conditions imposed by the International Monetary Fund [IMF], often demanding inappropriate trade liberalisation and the privatisation of essential public services. According to Christian Aid:

'Aid and debt relief have been used as tools to force poor countries to open their markets and liberalise their economies – often with devastating results.'[161]

n Iraq, the Paris Club (a cartel of Iraq's creditors, largely the same countries as the G8) has agreed that Iraq's debt should not have to be paid, but has only agreed to cancel a significant proportion of it if Iraq goes through a three-year IMF structural adjustment plan, a large part of which will involve privatising Iraq's public services, awarding contracts to foreign companies such as Halliburton.[162]

Back home in Scotland, the New Labour government has done much to make the privatisation of services easier, despite major public opposition; in a 2001 survey in Scotland 78% of respondents said that they thought public services should be managed by the public sector.[163] According to Jack McConnell.l[164]

'...For too long, Scottish politics has been dominated by a consensus that public services came before enterprise and growth...Scottish Labour must embrace enterprise...because a dynamic economy means opportunities for Scots and resources for schools and hospitals.'

\The government's talk of 'enterprise and growth' often means, in practice, the subtle privatisation of schools and hospitals, sometimes with disastrous consequences. As environmental campaigner, George Monbiot has argued,

'Under the private finance initiative (PFI), public works such as roads, bridges, schools and hospitals are built and run by private companies, then rented back to the government. Because, the government claims, private companies are more efficient than the public sector, PFI schemes cost less.'[165]

However, PFI schemes can actually cost more. Firstly, for political reasons the calculations are frequently skewed in favour of the private option[166]; secondly, although one of the arguments used in favour of PFI is that the company, not the government, is 'risking' something by going ahead with the project, it is often the government who ends up paying if things go wrong. Any money generated by the project goes back into the private company rather than into the public sector. The company is given the contract for a number of years, during which time it can keep making profits which might otherwise be going back into the public sector. So taxpayers are giving money to companies to run public works, and then missing out on any profits they make. Companies can also buy and sell shares unaccountably, so taxpayers do not necessarily know, nor have any easy way of finding out, who they are paying.[167]

The Scottish Executive has embraced PFI.[168] To date, 43 health service projects with a capital value of £514m have been completed or contracts signed – the vast majority of these since Labour came to power in May 1997. Overall 200 PFI contracts have been awarded in the UK health sector. Over half of these have been awarded to the 'big four' firms, Sodexho, ISS, Compass and Rentokil Initial.[169] In transport, the Executive has signed PFI deals worth around £230m to build the southern part of the M74, the M77 and Glasgow Southern Orbital, and PFI is being explored for the planned tram network in Edinburgh. By far the largest sphere of private involvement in public building works is through the Executive's schools building and refurbishment programme. Here, contracts worth some £3 billion are either completed or signed off as the mainstay of the Executive's push to build or overhaul 300 schools over the next five years. (See later sections on private prisons and detention centres). Other keen 'outsourcers' include Serco, GSL (formerly part of Group 4), Carillion (formerly part of Tarmac) and Jacobs Babtie.

While Scottish ministers talk proudly of the achievements of PFI, the evidence reveals the many problems with the scheme. An investigation by the Sunday Herald in June 2004 revealed that Scotland was mortgaged up to the hilt to pay for schools and hospitals built with private capital schemes, owing debts to private consortia of at least £25 billion over the next 25 to 30 years.[170]

Professor Allyson Pollock of University College, London, a well-known researcher on PFI says:

The schools building programme [in Scotland] has got huge implications for the public purse, and that's what people really need to understand.

You're looking at paying at least five, six times the amount over the lifetime of the contract for the investment raised. There is extensive PFI being undertaken by local authorities, so it's going to have an impact on council tax because all the evidence shows PFI is much more expensive. The problem is trying to quantify that.[171]

Unison, the public services union, has launched a campaign against PFI in Scotland.[172] Following the successful buy-back of the Skye Bridge (see below) it is calling for the Scottish Executive to buy back Scotland's three privately-funded hospitals.[173]

Sodexho

Sodexho has now overtaken the Compass Group as Scotland's largest provider of food and management services. Based in France and now operating in 74 countries, the company 'provides food services for international clients from Paris schoolchildren to the US Marines'.[174] In the UK its annual turnover is over £1bn.[175] The company recently won the catering contract for the Scottish Parliament. However, the MSPs may want to consider the complaints that have riddled Sodexho's career as a provider of school meals.[176]

Sodexho's other Scottish contracts include various services for Fife schools and cleaning the Glasgow Royal Infirmary, where, when workers went on strike against low pay and unsanitary conditions in 2002, Sodexho illustrated its anti-union stance by trying to break the strike with scab workers.[177] Sodexho also owns UK Detention Services (UKDS), which manages private prisons and detention centres around the country, and runs the Harmondsworth detention centre for refugees near Heathrow.[178]

Halcrow

Halcrow is a UK-based private-sector infrastructure specialist. Research by World Development Movement suggests that Halcrow is taking a key role in more aid-funded water privatisations than any other UK consultancy company. Halcrow has received money from DfID, the World Bank and other multilateral development banks to privatise water resources in Ghana, Madhya Pradesh in India, Sri Lanka, Guyana and South Africa. See WDM briefing on Halcrow for more information.[179] Halcrow has offices across the UK including in Edinburgh.

4.4. Land Ownership in Scotland

'You can't own the land; the land owns you'
Dougie MacLean, Scottish Folk Singer

In Scotland, as elsewhere, the way land is owned and used remains an emotive issue. This is partly to do with the history of the violent and brutal land 'clearances' in the Highlands during the 18th and 19th centuries and partly to do with the fact that land ownership in Scotland is not only one of the most concentrated and secretive in the world, but also until 2003 operated as a feudal system developed in the 11th century. This essentially meant that a property owner held land in a hierarchical structure under the Crown rather than owning the land outright.

The image of the Scottish Highlands as vast and empty and full of sheep is misleading. The Highlands were once heavily populated, but in the early 18th century, popular unrest in Scotland against increasing colonisation by the English led to Highlanders supporting the claim of 'Bonnie' Prince Charlie to the Scottish throne. The 'Jacobite' rebellion was crushed by the English at Culloden in 1746, after which the English essentially 'ethnically cleansed' Highland culture – banning the wearing of tartan, the playing of bagpipes and the speaking of the Gaelic language. It is estimated that 85-90% of the population were forcibly cleared from the land.

Around this time, the price of mutton and wool went up as the Industrial Revolution took off and to corner these important markets, the new English lords and loyalist Scots lairds of the Highlands cleared the land for grazing, which included evicting half a million peasants from their homes through a campaign of terror, forcing them onto marginal agricultural land, into urban ghettoes or onto ships bound for America.[180] The Clearances had the effect of giving total control of the land to an elite - an absentee elite at that. Landowners were increasingly likely to be found in London or Edinburgh than living on their estates, a pattern which continues today.

In may cases it has become unclear who actually owns the estates as they have been sold on privately without informing the remaining tenants of the new owners' identity. The remaining farmers are restricted as to what they can do with their land or building without the landlord's permission, yet without knowing who their landowner is, they cannot ask permission. Hardship follows as unable to adapt to the changing economic climate.

Worse still, more and more estates have been purchased for pleasure rather than economic function. In particular, many of the Highland estates were converted to shooting estates with all the elitism and further clearances this entailed. Islands have become prized for their status symbolism and the privacy that came with them, putting their inhabitants entirely at the mercy of frequently reclusive and eccentric owners.

Today, just 1250 or so landowners own two thirds of Scotland.[181] This is mainly the aristocracy and rich individuals: the largest landowner, after the Forestry Commission, is the Duke of Buccleuch (270,900 acres). He owns estates, castles and palaces in Selkirkshire, Dumfriesshire and Dalkeith palace in Edinburgh. A keen hunter, he is said to have donated £3/4m to the Countryside Alliance.[182] Many of these landowners are represented by the Scottish Rural Property and Business Association (SRPBA), formerly the Scottish Landowners' Association, based in Musselburgh just outside Edinburgh. As well as the shooting and deer-stalking estates, many are given over to monoculture forestry or the type of farming that seems more interested in EU subsidies than food production or effective land management.

The largest foreign landowner (and one of the richest men) in Scotland is a Dutchman, Paul Van Vlissingen, owner of Calor Gas and the Makro cash-and-carry empire. 'Environmentalist' Vlissingen, who wants to reintroduce the wolf and the lynx to Scotland, owns the Letterewe Estate in Ross and Cromarty (around 80,000 acres). His partner, Professor Caroline Tisdall, is on the board of the Countryside Alliance and has said that she will 'die in a ditch to defend hunting'.[183]

Van Vlissingen is the inspiration behind a scheme to privatise many of Africa's national parks, helping to found the South African company, Africa Parks Management and Finance Company.[184]

However, there is evidence that the tide is starting to turn in favour of the remaining tenants who have stuck it out, with the rise of the Scottish lands right movement. This was revitalised in 1993, when the Assynt crofters bought the land on which they lived and worked from a bank, after the Scandinavian property developer which owned it went bust. The purchase of the 21,000-acre North Lochinver Estate in Sutherland by a trust formed by about 100 crofters was a new dawn in land ownership in the Highlands.

It inspired other communities to follow, including the islanders of Eigg (1997) and Gigha (2002), and the people of the Knoydart peninsula (1999), as well as the North Harris estate (2003). It is particularly exciting that many of these remote communities are committed to the land and a path of sustainable development.

In 2003, the Scottish Land Reform Act came into force making it easier for communities to gain the ownership of the land on which they live and work. However, the Act has been criticised as the community right-to-buy only comes into effect when a landowner is willing to sell, and half of Scotland has not been on the market for over 100 years.

The case of Blackford

The Blackford estate, right next to the Gleneagles estate represents many of the problems which occur when land is owned by a foreign absentee landlord purely for its commercial value. The estate is home to the Highland Spring company – the second biggest bottled water company in the UK. It is privately owned by a series of holding companies believed to terminate in Mohammed Mahdi al-Tajir, the former Ambassador to the United Arab Emirates to Great Britain and billionaire businessman who made his fortune in oil and property.

Once a thriving rural community, locals claim that the owners have systematically allowed Blackford to fall into disrepair, letting farms lie empty rather than replace new tenants. There is nothing the locals can do except watch their community disintegrate, as all rights lie with the unreachable landowner. This is not an isolated example.

The Isle of Eigg

The islanders of Eigg bought their islands for £1.5m from a German performance artist who had in turn bought it from a notorious landlord, Keith Schellenberg who allegedly ran the island as a mini-dictatorship.

4.4.1. Peat extraction in Scotland

They are as important as rainforests in terms of biodiversity, and vital 'carbon sinks' absorbing greenhouse gases. Yet due to corporate strip-mining, only six percent of the UK's original lowland raised peat bogs remain in near-natural condition.

Lowland raised bog in Europe is now so scarce that it is listed under the EU Habitats directive as a priority habitat which the community has an international responsibility to conserve. Under this directive, governments can propose both pristine and degraded sites to be listed as Special Areas of Conservation (SAC). Peatlands should also be listed in UK law as Sites of Special Scientific Interest (SSSI). In the UK, there are many sites which should be legally protected, but haven't been proposed.

Scotland has some of the best examples of natural peatland in Europe, although the Scottish Wildlife Trust claims that most of Scotland's peatlands have been degraded through drainage, peat extraction and forestry plantation, and only 9% remain in a near-natural state. Around half of all the peat extraction sites in the UK are in Scotland, mostly in Lanarkshire, Tweedale and West Lothian.[185]

While Scottish peat was traditionally used to flavour whisky and keep the crofter's fires burning, today its primary use is in horticulture. The use of peat in horticulture is almost totally unnecessary. Prior to the 1960s gardeners used a wide range of alternatives to peat. In recent decades, however, aggressive marketing by companies such as US gardening multinational Scotts has convinced the gardening and landscaping world that peat is an indispensable component of successful horticulture. Amateur gardeners are by far the largest consumers of peat in the UK (75%).

One of the main corporations responsible for extracting peat in Scotland is Sinclair Horticulture. Owned by William Sinclair Holdings, with headquarters in Lincoln, Sinclair Horticulture has six active sites in Scotland, including SSSI Whim Moss near Penicuik in the Scottish borders (where its offices are). It produces garden products for commercial and home use, and exports horticultural products to more than 50 countries with well-known retail brand names such as J Arthur Bowers, New Horizon, Garotta and Sivaperl. One of Sinclair's main sites is Bolton Fell in Cumbria, where the company has pledged to legally challenge government plans to designate the area an SAC, since this would put an end to their peat extraction on the site.[186] Sinclair is also facing allegations of accounting irregularities.

US multinational Scotts also has peatland sites in Scotland including Carnwath Moss, which is a designated SSSI. Company spokespersons have indicated that they will continue extraction there for the 'foreseeable future'.[187]

Diageo also own two active peat extraction sites in SW Islay, the main supply for the whisky industry on the island. Both are listed as Sites of Special Scientific Interest (SSSI), and one is a Special Area for Conservation (SAC).

4.5. The Oil and Energy Industry in Scotland[188]

Oil from the North Sea came on-line in 1976, and since then Scotland has become a major centre for the oil and gas industry, with Aberdeen known as the 'energy capital of Europe'. The oil and gas industry in Scotland includes 2,000 companies employing around 100,000 people (6% of the Scottish workforce).[189]

While in theory this should provide a boost for the Scottish economy, most of the major companies extracting oil and gas in the North Sea are in fact based in London, the USA and Canada, and the Scottish Executive does not directly receive North Sea oil revenue, a major source of contention for Scottish Nationalists. In any event, the UK has one of the most favourable oil industry tax regimes in the world, taking around 40% of the profits from oil companies compared to 66% in the USA and 88% in Norway. In the late 1990s, DfID gave £600,000 to economists from Aberdeen University to advise Russia on the reform of its oil tax regime. These were the same economists who played a key role in lobbying for lower oil taxes in the UK. With DfID funding, they advised Russia to adopt a level of tax almost as low as Britain's.[190]

Not only are the oil companies failing to provide full benefit to the people of Scotland, smaller Scottish-based oil exploration companies are involved in problematic projects in the developing world, particularly Africa (see above), exacerbating poverty and environmental destruction, the very problems the G8 is supposedly attempting to address.

4.5.1. The North Sea oil fields

The North Sea oil fields around Scotland sit in the area politically known as 'the UK Continental Shelf'. They include the Central fields (oil and gas) which stretch from Edinburgh to Stornoway, the Northern fields, to the east and north east of Shetland, and the Atlantic Frontier, to the west and north of Shetland.

Shell, BP, Total and ExxonMobil own 50% of North Sea oil reserves, although with production in the North Sea having peaked in 1999, they are giving mixed messages as to the future viability of the area. BP sold off the Forties oil field in 2003 to Apache, a medium-sized independent US oil company, and has also announced selling off the Grangemouth refinery – the major oil refinery in Scotland. Shell, however, has just opened a new gas field, Goldeneye, and will continue to drill the high-risk, high-reward waters of the Atlantic Frontier, although it admits that future reserves would come in smaller packages and that recovery would present technical problems. As the oil majors sell off the older, more mature fields, smaller oil companies such as Talisman Energy and Paladin Resources will continue to acquire production blocks.

The UK imports around 50% of its oil, with the main ports for crude tankers being Sullom Voe in Shetlands and Grangemouth on the Firth of Forth near Falkirk.

Oil and gas pipelines
Oil and gas run from the oil fields along pipelines to terminals such as the BP oil terminal in Sullom Voe in Shetland or the Flotta terminal in Orkney. The Forties pipeline system (FPS) is owned by BP and commences at the Forties Charlie platform with landfall at Cruden Bay, near Aberdeen. The pipeline then continues to the processing terminal at Kinneil, adjacent to BP's Grangemouth complex in central Scotland. Once stabilised, the crude oil, known as Forties blend, is pumped to a storage facility at the village of Dalmeny prior to export via the Hound Point terminal. A proportion of the crude goes to the refinery at Grangemouth for the manufacture of fuels.

The gas terminal at St Fergus near Aberdeen is the largest in the UK, with Shell, ExxonMobil, Total and British Gas all operating from there.

The North Sea has been devastated by almost 45 years of oil exploitation with damage caused not only by disasters (such as the Braer grounding in 1993 – luckily rough weather dispersed much of the oil spill) and oil slicks (which often go unreported) but also by the impact of everyday operations. This includes seismic ships setting off underwater explosions, drill cuttings being dumped on the sea bed, rigs and pipelines being coated in toxic chemicals, and the noise and light pollution of gas flaring. In recent years, Shell and BP have also moved into the pristine deep water of the Atlantic Frontier, host to enormous biodiversity including whales, dolphins and porpoises. The effects of exploration on these poorly understood ecologies could be devastating.

4.5... Aberdeen – 'The Granite City'
Aberdeen (pop. 210,000) is home to many oil exploration and production companies as well as to contractors to the oil industry - from geological and oilfield process consultancies through drilling contractors, pipeline laying, support ships, and on to catering and the construction and manufacture of equipment.

Aberdeen has one of the strongest local economies in the UK, mainly due to oil money and very low unemployment levels. However, because of its reliance on the oil industry it would be very vulnerable to a price slump, or to oil companies moving out to more competitive locations. Many of the oil exploration companies based there not only have operations in the North Sea but are active in the emerging markets of West Africa and the Caspian.

Oil companies are generally based around the edge of the city and helicopters regularly ferry oil workers over to the oil rigs from Aberdeen airport, the busiest heliport in the world. R&D companies are also based at the Aberdeen Offshore Technology Park (AOTP).

The UK Offshore Operators Association (UKOOA) is the representative organisation for the UK offshore oil and gas industry. Its members are companies licensed by the Government to explore for and produce oil and gas in UK waters. UKOOA has offices in Aberdeen and London.

Oil companies based in Aberdeen include:
- Total Exploration UK Plc
- Talisman Energy
- Abbot Group
- Amerada Hess
- AMEC
- BP Exploration Operating Company Ltd.
- BP Japan Oil development company
- Britoil Ltd (BP Subsidiary)
- ConocoPhilips Petroleum Company Ltd.
- Kvaerner Oilfield products Ltd.
- Dana Petroleum Plc
- Apache North Sea
- Caledonia Oil and Gas Ltd
- Shell Expro
- Venture Production

Oil companies based in Edinburgh include:
- Paladin Resources
- Premier Oil (which pulled out of Burma in 2003 for 'financial reasons')
- BowLeven Plc
- Cairn Energy Plc
- Melrose Resources Plc
- Edinburgh oil and gas Plc

Other oil exploration companies operate in the North Sea, but have offices elsewhere in the UK

4.5.3. Scottish-based oil exploration companies
While the big oil corporations (the 'Western oil majors') have come under a great deal of scrutiny from campaigners, and rightly so because they set the agenda in a competitive environment, many of the smaller oil exploration companies have escaped censure. Many of these smaller companies are based in Scotland or have offices there. Many of these companies also operate in Africa (see section on Oil Exploration in Africa for more details on countries mentioned).

BowLeven Plc
BowLeven is an African specialist independent oil and gas company set up by Canadian and Scots oil men and floated on the AIM exchange in December 2004. Brian Souter and Ann Gloag, the brother and sister founders of transport multinational Stagecoach, are the major investors.[192] BowLeven has valuable concessions for exploration in Cameroon. Bowleven also has plans to jointly run a gas-fired power plant with the Cameroonian government 'that would replace existing oil-based power stations, and could reduce the cost of electricity to local consumers by as much as three quarters.'

Dana Petroleum Plc
A small Aberdeen-based oil and gas exploration company operating in the North Sea, Ghana and Mauritania.

Cairn Energy Plc
The most significant player in the Scottish oil industry. It is a fast growing oil and gas exploration company based in Edinburgh and operating in the North Sea and in India, Nepal and Bangladesh. Cairn Energy became the darling of the City in 2004, when it struck oil big time in the Rajastan desert, India and entered the FT100.

The company's Chief Executive, Bill Gammell, was not only a school friend and debating partner of Tony Blair, but also was a childhood friend of George W. Bush. His father, also in the oil business, was a friend of George Bush Sr., and as the founder of Ivory Sime, the Scottish fund managers, backed Bush Snr.'s early oil adventures in the 1950s. When Bush visited Britain in November 2003, Gammell was invited to the reception in Buckingham Palace – so one can make a fairly educated guess that Gammell will be on the guest list for Gleneagles.[193]

4.5.4. The oil industry in Scottish Universities

'Our engineers, geologists, economists, environmental lawyers and sociologists have played their part in the growth of Aberdeen as an international oil centre.'
Professor Maxwell Irvine, Former Principal of Aberdeen University[191]

Few universities have handed themselves over so completely to the oil and gas industry as Aberdeen. Its Oil and Gas Centre was founded in 1995 with support from BP. Many academic positions are funded by the oil and gas industry including the Shell Chair of Production Geoscience; the BP Arco lecturer in Petrophysics and the ExxonMobil lecturer in Structural Geology.

In Edinburgh, Heriot-Watt University has an Institute of Petroleum Engineering with teaching and research tailored to the needs of the petroleum industry. At Dundee University, policy and legal areas of the oil and gas industry are the focus of the Centre for Energy, Petroleum and Mineral Law and Policy (CEPMLP).

This 'capture' of Scottish universities represents problems for efforts to reduce climate change by replacing fossil fuels with renewables - public funding for oil and gas research mainly comes out of the same pots as funding for renewables research, so more research in the (big, rich, mature) oil industry means less for the (small, relatively poor, developing) renewables. This hidden subsidy also serves to maintain oil industry competitiveness as compared to renewables and ties the thinking and strategy of universities to the interests of the oil companies.

Cairn Energy in South Asia
In India, Cairn Energy has permission to explore and develop the Rajastani desert for oil production until 2020, although now Cairn is disputing whether it has to pay a tax on the production of crude oil to the Indian government. There are some concerns in Rajastan that water, precious to desert communities, may be exploited by Cairn Energy to inject into their wells to boost production of recoverable oil. Cairn, however, says it has also found an underground salt water source and may build a desalination plant to provide fresh water for the locals.

In August 2004, Cairn announced that it would be exploring in the border region between India and Nepal. The World Wildlife Fund (WWF) was concerned that Cairn would be moving into various ecologically sensitive national parks. While Cairn announced that it was relinquishing its rights to explore in designated national parks and wildlife areas, WWF still believes the prospecting could affect jungle corridors of the India-Nepal Tarai Arc Project set aside for migrating wildlife. The foothills of Nepal are also politically unstable.

In early 2004, the Bangladeshi government permitted Cairn Energy and Shell to begin seismic and aerial surveys for oil and gas reserves in the Bangladeshi Sundarbans, one of the world's largest mangrove forests and home to a large percentage of the world's tiger population. The Sundarbans protect the coast from cyclones and tidal surges, and are vital to the food security of thousands. While both companies claim that their activities will not threaten wildlife, such exploration could clearly have a significant impact on this ecologically sensitive and important area.[194]

See section on 'Its the Oil, Stupid' for more information about multinational oil companies with bases in Scotland and their operations in Africa.

4.5.5. Oil service companies
The oil service industry provides specialist services to the big oil companies from drilling contractors to pipeline construction and facilities management. Most of the actual day to day work in oil extraction and production is outsourced to these oil service companies.

The Abbot Group Plc
The Abbot Group is the UK's largest oilfield service contractor. Its activities are centred around its operating subsidiaries, KCA DEUTAG and Bentec. KCA DEUTAG is an international drilling, well engineering and facilities engineering contractor. In addition to its substantial North Sea

platform drilling operations, KCA DEUTAG operates in Nigeria, Angola, Libya, the Caspian, the Middle East and Sakhalin Island (Russian Pacific). Its customers include Total, Chevron, ExxonMobil, BP and Shell.[195] Abbot Group is listed on the UK stock exchange and based in Aberdeen.

Aker Kvaerner ASA
Norwegian corporation, Aker Kvaerner provides services related to design, construction, maintenance, modification and operation of large and small industrial facilities. This includes oilfield services. Its involvement in building projects range from the Three Gorges Dam in China to the Birmingham Northern Relief Road.

AMEC Plc
AMEC is a giant UK-based international project management and services company. As well as providing oilfield services in the North Sea, AMEC, in partnership with US Fluor corporation, has won significant contracts in post-war Iraq for the reconstruction of water, electricity and public works.[196] AMEC will be well-known to campaigners for its part in constructing the notorious Baku-Ceyhan pipeline, and also as road builders, dam builders (such as the Yusefeli dam in Turkey through its subsidiary Spie Batignolle), and as major beneficiaries of Private Finance Initiative projects.

The Weir Group Plc

According to a report by the Royal Bank of Scotland, Weir is Scotland's 20th largest company[201]. Weir describes itself as 'operating as a global family...We work together to create engineering solutions, which help our customers deliver processes vital to society'.

In 2003 Weir won a 'reconstruction' contract in Iraq, working on the country's oilfields as a subcontractor for Halliburton. Peter Syme, Weir's managing director of engineering services, said, 'There is a lot of potential for us in the power market because a lot of the equipment that Iraq bought to operate its plants was made by us. We'd be upgrading our own infrastructure.'[202]

When it first accepted the contract, Weir complimented the British government for its role in helping secure it. Mark Selway, Weir's Chief Executive, said:

I don't often praise the government, but thanks to the efforts of [DTI secretary] Patricia Hewitt we got the right introductions. A couple of months ago we had our guys in Washington DC talking to Halliburton and other companies about this work, and the government put forward our name at the very highest levels. We hope to see more outcomes like this contract.[203]

Weir was also one of 11 UK firms – including Aggreko and Mowlem – which picked up around 18 subcontracts for the US engineering firm Bechtel, which holds the main £430m deal to rebuild Iraq's infrastructure.204

Weir is also one of the companies under investigation for financing Saddam Hussein's regime through manipulation of the 'oil for food' programme. The regime is thought to have taken over £11.5 billion in kickbacks between 1991 and 2003. Weir is unable to account for £4.3 million.[205]

Weir is also hopeful that the nuclear industry is taking off again, following a contract win for a controversial new reactor in Finland.[206] Weir Strachan & Henshaw (based in Bristol) were bidding to supply the AREVA/Siemens nuclear power plant project (OL3) with some of the handling equipment.[207] Finland is the only country in the western world with a concrete project of building a new nuclear power plant.

The Weir Group owns 24.5% of Devonport Management Ltd. DML runs the privatised dockyard at Devonport, where Britain's Trident submarines - which carry weapons of mass destruction - are maintained. It also has 'facilities' at Faslane Naval Base. The rest of DML is owned by old favourites Halliburton (51%, through subsidiary Kellogg Brown & Root) and Balfour Beatty (24.5%).[208]

In a 2001 report Christian Aid stated that 'The government of Sudan is clearing huge tracts of southern Sudan to make way for oil production. Troops are terrorising civilians, burning homes and attacking villages from the air in a war for oil'.[209] The report goes on to criticise foreign oil companies for their involvement in the conflict through the construction of a new pipeline, for which Weir Pumps provided the pumping stations. According to a former Sudanese governor, who had just managed to escape with his life, 'Without British technology, that oil cannot come out of the ground and it cannot be pumped through the pipe-line. Supporting the oil industry is supporting war... People will fight back because this is their land, More death, more killing, more suffering to the civilian population.'[210]

Weir Pumps has offices in Glasgow and Manchester.

AMEC's clients include Shell, BP , Union Carbide, De Beers, DuPont, Novartis, GlaxoSmithKline, AstraZeneca, ExxonMobil, BASF, the US Airforce, UK Ministry of Defence (MoD), Hewlett Packard, Eli Lilley, Aventis, BAA, General Electric, General Mills, the BBC, BT, and various governmental bodies, both in the UK and abroad. See Corporate Watch profile of AMEC for more information. AMEC Offshore has offices in Aberdeen and AMEC Construction (Scotland) has offices in Edinburgh.

Halliburton Inc., and KBR

Halliburton is the biggest oil services company in the US. It has close links with Vice-President Dick Cheney and has been the target of numerous allegations of corruption. Halliburton has numerous locations in Scotland, including Aberdeen, through Halliburton Energy Services and two subsidiaries, KBR (also called Kellogg Brown Root), an engineering and construction company and Subsea 7, underwater engineering contractors. Aberdeen (Dyce) is KBR's worldwide headquarters. See Corporate Watch profile of Halliburton and 'Arms Industry' section for more information.

Staff at KBR in Scotland are also concerned over attempts to push through draconian alterations to their contracts.[197] American union leaders have called KBR '...one of the most anti-union, anti-worker corporations in the world.'[198]

Halliburton's operations overseas mark it out as a particularly ruthless and amoral company, building pipelines across Burma and Azerbaijan and having just won (December 2004) the contract to build the BP Tangguh pipeline in the politically unstable region of Papua, Indonesia.[199]

The John Wood Group is a major international energy services company, employing more than 13,000 people and operating in 34 countries. Chief Executive for many years was one of Scotland's richest men and Vice Chancellor of Robert Gordon University, Sir Ian Wood. He is now executive chairman. His family still owns 45% of the company's holdings, one of the largest in Scotland. The company's contracts include working off-shore for Chervron in Angola, being contracted by AMEC to provide commissioning services for Shell's platforms in offshore Nigeria, working for Marathon in Equatorial Guinea and providing engineering services for BP on the Tangguh pipeline in Indonesia.[200] JW. Holdings is also a major player in the fishing industry.

The Craig Group is another major international energy services company based in Scotland and developed out of the family fishing fleet. Craig Energy Services operate in South and West Africa and the Caspian region. Craig Group Catering Services is one of the major providers of catering and janitorial services to the Scottish oil industry offshore and onshore.

4.5.6. Employment in the oil industry

Working in the oil industry is a precarious business, not just with the effects of climate change and the 'maturing' (i.e. 'running out') of the North Sea oil fields, but also with companies cutting jobs, casualising labour and very real health and safety issues. Besides, with the rapid advance of technology, there are now several unmanned rigs in the North Sea. There are several specialist oil and gas personnel companies based in Aberdeen including Aquatic Engineering and Construction Ltd; OPS Group; Genesis Oil and Gas; Oil Exec.

Casualisation in the oil industry

'We believe cuts will have a massive impact on health and safety and that its only a matter of time before someone pays with their life.' John Wall, Amicus Scottish National Secretary[211]

80% of the North Sea workforce is employed by outsourced contractors rather than directly by the oil companies.[212] 'Flexibility' is desirable to the companies as it allows them to change the number of employees in line with the booms and busts of the oil industry, and to keep costs down by forcing contractors to compete for their business. Outsourcing is also unhelpful in terms of safety, as with a transient workforce it is hard to maintain training, trust and cohesion, and outsourcing blurs the responsibility for accidents between operators and contractors.

Despite its ongoing safety failures in Scotland and the North Sea (see below), BP continues to cut jobs. In 2001, BP cut the workforce at Grangemouth refinery by 40% (from 2500 to 1500) on top of the staff cuts it had made over the previous three years. Four months later BP Exploration cut 500 jobs from its Aberdeen HQ, from offshore and onshore facilities, and restructured its contractor base.

Health & Safety in Scottish oil industry

Despite Britain's strict health and safety legislation, and a critical media and political culture, Grangemouth refinery and the offshore oil installations have had a litany of disasters.

On New Year's Day 2005, an electrician working for the John Wood Group died of gas poisoning on a Shell-owned North Sea oil rig.[213] In September 2003, two other workers also died of gas poisoning on the same rig. According to Jake Molloy of the Offshore Oilworkers' Liaison Committee (OILC), 'Shell has more or less confirmed that there were shortcomings. Management controls and risk management controls were left wanting.'[214]

Mounting accident figures on North Sea platforms have alarmed trade unions and led to questions about Britain's dependency on ageing oil and gas equipment where investment levels have fallen. A confidential report by the Health and Safety Executive seen by the Guardian in December 2004 gave a frightening picture of broken safety equipment, ill-trained workers and badly-maintained systems on another Shell oil rig.[215]

The Offshore Industry Liaison Committee (OILC) and workers' rights

After the Piper Alpha disaster, offshore oil workers spontaneously came out on strike calling for better health and safety conditions, and for the oil companies to maintain existing agreements for health and safety. This ultimately led to the formation of the Offshore Industry Liaison Committee (OILC) in 1989. That same year, OILC issued a call to all offshore workers to take 24 hour strike action on 6th July, and it was proposed that the stoppage become an annual event in memory of the Piper Alpha disaster and all oil workers who have lost their lives in the North Sea.[217]

The foundation of the OILC was controversial in itself. Its very existence proved a threat to the extremely anti-union oil industry, and it also proved a threat to the established unions who perceived an implicit criticism of their failure to make oil rigs a safe place to work. It was not invited to join the Trades Union Congress when it became an official trade union in 1992. While OILC's main campaign is for health and safety, it is naturally concerned about workforce casualisation and down-sizing. It also takes an internationalist stance, working with campaigners against the Baku-Ceyhan pipeline project, and supporting Colombian oilworkers targeted by the Colombian military. OILC is based in Aberdeen.

The major UK oil companies, in the meantime, have continued to erode workers' rights. Between 1993 and 1995, BP switched all its staff onto 'single staff' status, meaning that unions can only negotiate on health and safety issues; pay and conditions are up to individuals to resolve themselves without support. This was achieved by a series of financial inducements and psychological pressure. At Shell Expro there has never been any collective bargaining except on grievances and disciplinary procedures. At Grangemouth, BP ceased to recognise unions in 1995 after a ballot, in which bullying and bargaining led to BP workers accepting a £1,500 lump sum and 6% wage rise in return for abandoning collective bargaining.[218]

The Piper Alpha oil disaster- 6th July 1988

'Despite one of the worst disasters in British history and the death of 167 men, the company that owned Piper Alpha - Occidental Petroleum (Caledonia) Ltd - and its senior directors have not been brought to justice and prosecuted for any offences relating to the death of the workers.' Gavin Cleland, corporate manslaughter campaigner[216]

On the 6 July 1988 there was an escape of flammable gas on the oil rig Piper Alpha in the North Sea, about 100 miles off the East coast of Scotland. The gas ignited, sparking a series of explosions on the ill-maintained and overloaded oil platform, tearing it apart and sending flames over 100 metres into the air. 167 oil workers lost their lives. The Cullen Report into the tragedy - the world's worst-ever offshore oil disaster – took two years to produce and found severe shortfalls in the safety procedures of Piper Alpha's owners, Occidental Oil. However, the company was never prosecuted. The campaign for justice continued until the death of Gavin Cleland, father of one of the oil workers who died on the Piper Alpha, in 2004. Cleland lobbied the Scottish, European and Westminster parliaments to secure a prosecution and to have the crime of corporate manslaughter entered on the statute books. Occidental no longer operates in the North Sea.

The situation for oil workers in developing countries is far worse. Speaking outside the BP AGM (April 2004) which she was not allowed to attend, Mirvari Gahramanli, Chair of the Committee for Protection of Oil Workers' Rights in Azerbaijan, explained how workers have been sacked for complaining about their working conditions. She called on BP to 'treat Azeri workers in the same way they treat British and American workers.'

A note on working with oil workers

Oil workers don't have a great reputation. One source described life on oil rigs as 'builder culture gone mad'. The work may be better paid then equivalent onshore work (unskilled deck crew starting at £18k, up to £25k for skilled work) but working offshore is dangerous and requires long hours: 12-14 hours a day, 7 days a week stuck on an oil rig for weeks at a time (generally two weeks on and two weeks off). This working pattern is also disruptive to family life.

Oil workers may well be ready to speak about how globalisation has affected them through the profit-over-safety attitudes of the oil companies and the increasing casualisation and downsizing of labour. They may well also be ready to show solidarity with oil workers who are being shafted worldwide from Iraq to Azerbaijan. It is probably safe to assume that oil workers will be less willing to speak up on climate change as any serious action on this would spell the end of their jobs.

In the USA, the Just Transition movement has developed to argue that workers must be intimately involved in the process of transition away from environmentally damaging activities and that the polluting industry must contribute to a fund to support employees who lose their jobs as well as help them retrain in new areas. A number of unions in the USA and Canada are now calling for strong action on climate change based on the principle of Just Transition.[219]

4.5.7. Scotland's oil refineries

There are 12 refineries in the UK – including Grangemouth (which supplies 90% of Scotland's fuel) and Nynas in Scotland, which makes naptha and bitumen and is owned by Swedish company, AB Nynas Petroleum (based in Dundee). The Nynas refinery, formerly owned by Tarmac, imports crude oil from South America via Dundee, refining it into a number of different products such as bitumen for road building, bunker fuel and diesel oil.[220]

Grangemouth (pop. 20,000) is a small town on the River Forth. It has had an oil refinery since 1924 which is currently owned by BP. In November 2004, however, BP announced plans to sell off the refinery, possibly to an American company, although BP will keep control of the Forties oil pipeline. Locals fear that BP is running down its investment in the refinery in the run up to the sale, and that they will have even less transparency and accountability if the refinery is sold to a foreign buyer.[221]

Next to the refinery is the Grangemouth petro-chemical works, from which runs a 240km UK ethylene pipeline carrying chemicals to Wilton on Teesside in NE England. Grangemouth is surrounded by major chemical plants which have developed as the town has become one of the major chemical producing areas in Britain. Companies include Avicia, Biomar Ltd, Dalkia Utilities, Polimari Europa UK Ltd, Ross Chemical and Storage Company Ltd, Firmin Coates Ltd, Rohm and Hass (Scotland) Ltd, Calor, Macgas and Syngenta. In the list of Scotland's top ten biggest polluters, Grangemouth is represented four times, by three BP companies, and by Avicia Ltd, the old ICI plant, which came second in the list Scotland's top polluters.[222]

In 2000, fuel protesters blockaded the oil refinery for three days with BP immediately suspending all but emergency deliveries. BP claimed it was holding back its tanker drivers for 'worker safety', but considering how much BP usually cares about its staff at Grangemouth (see below), it is likely that BP made a political decision to collude with the protesters; putting pressure on the UK government not to even consider raising the fuel tax.

Health & safety record at BP's Grangemouth refinery

In 1990, two explosions within 10 days at Grangemouth killed three workers. In 1998, 55 workers at the refinery were exposed to dangerous asbestos dust for two days. In July 2000, evacuation alarms failed to go off when explosive gas leaked around the plant and two days later caused a serious fire. It took seven hours to bring the blaze under control – two on site fire engines broke down on the way to the fire highlighting serious failure in the safety system. The fire was the seventh safety incident in the space of a year. One contractor said, 'The workmen don't have any confidence in the safety of this site'. Several workers required trauma counselling, so dangerous were the conditions they had to work in.[223]

In January 2002 the group was fined £1 million for breaching safety laws at Grangemouth. This was the largest fine ever of its kind in Scotland. Analysts at Credit Suisse First Boston and local MPs lay the blame on BP's slashing of its workforce at the plant.[224] BP claims to have improved conditions at the plant since.[225]

Fence line communities

'Discharge from BP's petro-chemical complex last year included carcinogenic benzene and related compounds so there must be serious health implications for the people of the Forth Valley'[226]
Dennis Canavan, Falkirk West MSP

The Grangemouth refinery and the surrounding plants and factories create a fantastical landscape at night, rather like the Blackpool illuminations, and the stories from fence line communities living within the glow of Grangemouth are shocking. There is constant noise and light from gas flaring at night, black smoke and fallout, high levels of asthma and fear of a major explosion. Incredibly, there has been no ongoing independent monitoring of the effects of the refinery on the health of those living nearby.

There are clearly pros and the cons for the local population of the refinery in Grangemouth. The refinery and associated businesses provide jobs, although with recently there have been massive job cuts and R&D graduates have been favoured over locals. The conditions also prevent other businesses moving in and have turned the nearby fertile agricultural land into marsh and bog. Most locals commute to Falkirk, Glasgow or Edinburgh for work. There are other social justice issues for fence-line communities in Grangemouth, with the poorest people being housed in council housing right next to the refinery. With a public road running through the refinery, many locals are also afraid that the plant is a very serious security risk. There is stronger feeling down the road in Bo'ness, a town that only suffers the pollution and has none of the employment benefits.

4.5.8 'Sustainable' energy in Scotland

Scottish Hydro Electric

The UK currently generates about 1.8 per cent of its electricity from large-scale hydroelectric schemes - most of which are found in the Highlands. Scottish Hydro Electric, which claims to be the UK's largest supplier of renewable energy, is owned by the Scottish and Southern Energy Group. The company is currently building smaller scale hydro electricity plants in Scotland, as all potential sites for larger schemes have already been developed.

***ScottishPower* and Hydroelectric dams**

Glasgow based ScottishPower is a multinational energy giant providing gas, electricity and water to millions of households in the UK. Through its US subsidiary, PacifiCorp, it supplies around 1.5 million households in the USA.

PacifiCorp owns and operates dams on the Klamath river in California and Oregon. These dams have had a serious detrimental impact on the environment and livelihoods of the people living along the riverbanks. The dams have degraded the water quality and caused a serious decline in salmon numbers in what was once America's third greatest salmon river. Over a million salmon used to return annually, now that figure is more like 100,000 and two salmon species have become extinct. The livelihoods and culture of native people living alongside the Klamath river are dependent on the annual return of the salmon. Representatives from affected groups attended ScottishPower's AGM in 2004 and received some commitments from PacifiCorp and ScotishPower, but things might not have moved on by next year. See www.friendsoftheriver.org for more information.[227]

4.5.12. Nuclear Power

Scotland has three nuclear power stations. Chapelcross in Dumfries and Galloway - now being decommissioned - exports power to England. Two others - Hunterston B in Ayrshire and Torness in East Lothian - meet 50% of Scotland's electricity demand. Dounreay, Scotland's notorious power plant, is currently being decommissioned, and was highly criticised for its safety culture. Meanwhile, the Labour Party is planning to publish a White Paper that would pave the way for the construction of several new nuclear power stations if it wins the General Election.

4.5.13. Wind Farms

Britain has by far the greatest wind resource in Europe and the potential to generate substantial energy from wind turbines combined with other renewable forms of energy – solar, wave and biomass.

There is a strong anti-wind farm lobby in Scotland. While much of this is NIMBY-ism (not in my glen!), it's clear that the Scottish Executive and corporations have been pretty thoughtless in siting wind turbines in areas of outstanding natural beauty and ecological importance, and this has led to their unpopularity. It has led to the crazy situation of environmentalists campaigning against wind turbines. For example, AMEC and British Energy have announced plans to build the world's biggest onshore wind farm, which could supply 20% of Scotland's electricity needs, on the Isle of Lewis Peatlands, which are protected under the EU habitats directive and home to many rare birds including golden eagles, merlins, divers and wading birds.[228] Many locals have also asked why these two big multinational companies should own the wind farm, rather than the local community. There is a precedent for this, as the Isle of Gigha, which is owned by a community trust, owns its own wind farm, which started running in December 2004.

The Scottish Executive has also funded Talisman Energy and ScottishPower £3m to build a windfarm, despite the fact that Talisman Energy is currently embroiled in a £2bn court action for its role in human rights abuses in Africa.

4.6 The financial industry in Edinburgh

Edinburgh is the second largest financial services centre in the UK after London, and despite its geographical size is the sixth largest investment management centre in Europe and the 15th largest in the world. Scotland is also home to three of the UK's top five life assurance and pensions companies as well as Royal Bank of Scotland, which is the second largest bank in Europe and one of the world's top 20.[229]

The financial services industry is one of the biggest employers in Scotland providing around 97,000 jobs (around 5% of the Scottish workforce) with a further 100,000 in support industries. An important part of the Scottish economy since the 1700s, it is today worth more than £20bn a year and accounts for 8% of Scottish GDP.[230] Eight of Scotland's top 20 companies (those with a UK or international head office in Scotland or with 90% of their turnover generated in Scotland) are in the financial services sector.[231]

All three major Scottish banks - the Royal Bank, Bank of Scotland and the Clydesdale - design and print their own banknotes.[232]

The healthy and vibrant Scottish finance sector seems to be one of the major beneficiaries of the neo-liberal agenda, taking advantage of processes such as privatisation. Below we focus on some of the major Scottish finance companies with head offices in Edinburgh, and other significant organisations, most of which are based in the city. The pattern of these companies' investments is an indication of where money is invested by the sector as a whole. As can be expected the main investments across the board include the big oil companies, arms companies, international banks and drug companies. In many cases, topping the different investment lists are exactly the same companies such as ExxonMobil, Total, Microsoft, Shell, BP, Wal-Mart, Citigroup and HSBC. Even those with ethical investments sadly mostly include the big UK banks, mobile phone companies, GlaxoSmithKline and Tesco (see individual profiles for critiques and also www.corporatewatch.org.uk). In recent years, the main trends for these companies has been big mergers and demutualisations from a member/policy holder-owned structure into limited companies owned by other big institutional shareholders.

There are several key locations for the financial industry in Edinburgh: St Andrew's Square, George Street and Queen Street in the Georgian New Town; the new developments around Lothian Road and Morrison Street, and Edinburgh Park on the western outskirts. However, there are a number of other locations too. The 346-acre Edinburgh Waterfront brownfield development at Granton is planned as a centre for the financial industry, including a proposed Edinburgh World Trade Centre.

4.6.1. Banks

Royal Bank of Scotland Group (RBS)
Founded in 1727, RBS is not only the biggest company in Scotland,[233] but the second largest bank in the UK and Europe after HSBC, ranking sixth in the world. 70% of the top 100 companies in Europe bank with RBS.[234] It is in the top five of all companies listed on the UK stock exchange.

In March 2000, The Royal Bank of Scotland Group completed the largest takeover in British banking history with its hostile acquisition of NatWest in a £21 billion deal, which also cost 18,000 jobs. Its assets at 30 June 2004 totalled £519 billion, its profits over the previous half year up by 17% before tax.[235]

The company's chief executive is Fred Goodwin (also known as 'Fred the Shred' for his ruthless cost-cutting exercises),[236] considered by Scotland on Sunday as the most influential man in Scotland.[237] Peter Sutherland, a non-executive director of RBS Group, is also chairman of BP (see RBS funding of BP project, the Baku-Ceyhan pipeline), and was formerly a director general of GATT and the WTO.

The Group also includes:
Ulster Bank in Northern Ireland, which also has a strong presence in the Republic of Ireland; Ireland's First Active Plc; Coutts Group, which provides banking to 70,000 wealthy customers in 38 countries; Direct Line, providing insurance and financial services by telephone; Citizens Financial Group, based in Rhode Island (USA), the second largest bank in New England; Churchill, one of the UK's largest providers of insurance products; the asset finance company Lombard; and Style Financial Services Limited, providing retail credit and store cards. In addition to the UK, the Group has offices in Europe, the US, and Asia. It is developing its financial service activities across Europe with Santander Central Hispano of Spain. Tesco Personal Finance, a joint venture between RBS and Tesco, is one of the main supermarket banking brands in the UK.

RBS investments[238]
Friends of the Earth ranks the Royal Bank of Scotland among the least ethical pension scheme providers in Britain, with a score of only 1 out of 15, based on the degree to which ethical, environmental and social considerations were even taken into account, and the mechanisms for customer control and the monitoring of policies in place.[239]

RBS signed up to the Equator Principles, which set certain environmental and social guidelines which any project must meet before they will lend money. However, it is funding the Baku-Ceyhan oil pipeline, which has been shown by Friends of the Earth to break these principles on over 150 counts.[240] The Royal Bank of Scotland financed the pipeline by about $100m. Another bank, Intesa of Italy, has already pulled out of the project due to safety concerns. The Royal Bank of Scotland has ignored all concerns, and seems likely to fund similar projects in future.

The bank's 2003 (most recent) annual report flagshipped RBS as a major financier of oil services company Petrofac's acquisition plans.[241] Also celebrated were its services to Element Six, an Irish-based company mining diamonds in South Africa, formerly known as De Beers Industrial Diamonds.[242] It is also a major funder of Peel Holdings, which owns Liverpool airport.[243] The Bank is heavily involved in funding the civil aviation industry through its subsidiary RBS Aviation Capital, based in Dublin, which finances at least 98 civilian airlines in 36 countries.

In 2004, RBS initiated the refinancing, together with HBoS, of Abbot Group Plc, an offshore drilling, inspection and drilling support company to the tune of £80.2million.[244]

Natwest, part of the Royal Bank of Scotland Group, financed the Asia Pulp and Paper Company (APP), which was responsible for the destruction of 280,000 hectares of Indonesian rainforest over the space of 10 years. They are also in dispute with indigenous peoples over land rights.[245]

RBS and racism
In June 2004 RBS US subsidiary, Citizens, was accused by Fair Finance Watch of racism in its lending practices. The group alleges that Citizens 'continues to disproportionately exclude and deny African-Americans' and Latinos' applications for mortgage loans'. It cites statistics from a number of US cities, such as Philadelphia, where it claims Citizens rejected 14 out of 15 mortgage applications from African-Americans in 2002. Only 6 out of 15 white applicants in Philadelphia were rejected, it is alleged.[246]

The group Friends of Al-Aqsa (FoAA), a British-Palestinian solidarity organisation had its bank accounts abruptly closed by the Royal Bank of Scotland in January 2005. The group is not under sanction by the government, although an organisation with a similar name is on a Home Office 'watchlist'. The bank has refused to discuss the issue, and merely informed Ismail Patel, chair of the Leicester-based FoAA, that a review had been conducted and the bank was no longer willing to provide him with facilities. He was given 30 days to transfer his personal and business accounts and the FoAA account.[247] Threats of legal action and a mass consumer boycott persuaded the bank to reopen the accounts a few days later.[248]

RBS and accounting mismanagement
A report by the US Bankruptcy Court investigating the Enron affair found that 'RBS aided and abetted certain Enron officers in breaching their fiduciary duties', and was aware of Enron's accountancy juggling concerning a power plant in Teesside. The report names four RBS executives, claiming they were among those involved in the deal.[249]

RBS was fined £750,000 in 2002 for breaches of money laundering regulations after it failed to show adequate documentation of customers' identities for some accounts.[250]

RBS and animal rights
The Royal Bank of Scotland was one of the major financiers of the Huntingdon Life Sciences animal testing centre,[251] but gave up their support when they were informed that their staff and customers could become targeted by the animal rights movement.[252]

Halifax Bank of Scotland (HBoS)
Formed from the merger of the Halifax building society and Bank of Scotland in 2001, and head quartered in Edinburgh, HBoS ranks third in the list of Scotland's top 500 companies and is the seventh largest bank in Europe.[253] The company employs around 68,000 staff.

HBoS subsidiaries also include considerable interests in Australia where it is said to have expansion plans:[254] Bank of Western Australia Ltd, BankWest, Capital Finance and St Andrews Insurance; and UK companies Clerical Medical, Birmingham Midshires, Capital Bank, Godfrey Davis, Lex Vehicle Leasing, Hill Hire Plc, BM Solutions; The Mortgage Business; Rightmove; First Alternative; Esure; Employee Share Services; Mentor Professional Services; St Andrews Group, St James's Place Bank, St James's Place Capital Plc, and of course Banco Halifax Hispania, Bank of Scotland (Ireland) and Bank of Scotland (The Netherlands).

The HBoS is one of the largest commercial sponsors of sport and the arts in Scotland, to the tune of £19.5 million in 2003, and is best known for its sponsorship of the Scottish Premier League.

HBoS investments
Unlike the Royal Bank of Scotland, HBoS is less involved in overseas project finance. Since 2002 the Bank of Scotland consolidated its position as a leader in PPP/PFI type finance, bringing the first such deal to France as a partner in the construction of a new motorway.[255] In 2004 it won a major share in an Australian PFI initiative, another road-building project.[256] In 2004 the Bank of Scotland part-funded a £35m PPP/PFI deal with the City of Edinburgh Council for the Edinburgh Schools Partnership for the design, construction, financing and operation of 4 schools.[257]

In Glasgow the 3ED consortium, involving the Miller Group construction company, the Halifax bank (now HBoS) and Hewlett Packard computers, will organise construction and retain operational control of the school buildings for the next 29 years. The city council will rent the buildings from 3ED for an annual fee of £40.5 million, an arrangement that is guaranteed to continue for the next 30 years, allowing 3ED to re-coup £1.2bn. This move had been prepared for by the closure of 9 secondary schools in Glasgow, with a population of 30,000 pupils.

HBoS finances Wood McKenzie, a Scottish oil and gas consultancy firm also involved in Caspian oil and gas.[258]

In 2002 HBoS financed Philip Green's take-over of Arcadia, the retail group which owns high street brands such as Topshop, Miss Selfridge, Dorothy Perkins and Burtons.[259] No Sweat UK has reported union repression and low wages in this group. Factories in London's Whitechapel producing goods for Arcadia were found to be paying substantially under the minimum wage, and other UK suppliers claimed that the company paid so little that they could not provide better wages or working conditions. In Bombay in 2002 there were reports of intimidation of union members, including harassment, physical assault and reduced work.[260] In 2004, Philip Green wrote himself a cheque for £460 million as a result of profits from Arcadia,[261] and the remainder went to HBoS, which holds the other 8% of the company.[262]

HBoS and 'ethical investment'
In 2002 HBoS launched asset manager, 'Insight Investors', which later that year started up an 'Investor Responsibility Service' which aimed to make it easier for 'institutional investors to demonstrate a commitment to addressing corporate responsibility issues, without compromising their financial objectives.'[263] Rather than limiting the companies in which it invest, Insight Investors favours the 'constructive engagement' approach, hosting conferences and organising meetings. Thus, rather than withdrawing investment from environmentally destructive energy and mining companies,it invites senior managers to seminar about, for example, biodiversity and management of fragile ecosystems.[264] The major companies invested in include: BAE Systems, BP, British Airways, Cairn Energy, Cadbury Schweppes, Diageo, Easyjet, GlaxoSmithKline, J Sainsbury's, Marks and Spencer's, Safeway, Scottish and Southern Energy, ScottishPower, Shell, Tesco, Tullow Oil and Unilever.[265] The actual benefit of such investment in changing companies' ethical behaviour has yet to be demonstrated.

HBoS failing its poorer customers
The Guardian reported that in November 2004, HBoS began charging up to £1.75 for cash withdrawals from its cash machines. This will hit lower income customers hardest especially those

who have to use cash machines to withdraw benefits and pensions. With the closure of so many post offices in recent years, withdrawing benefits from cash machines is becoming more and more common.[266]

HBoS and accounting mismanagement
HBoS was fined £1.25 million in January 2004 for failing to protect against money laundering - they conducted an internal survey in 2002 and could not find records of necessary customer identification documents in 55% of cases.[267] This is an astonishing statistic, suggesting that although the bank should have scrutinised all their customers' accounts when money laundering legislation came into force, it did not do so.

4.6.2. Life assurance and insurance

Standard Life
Standard Life is second in the list of Scotland's top 500 companies. Founded in Edinburgh in 1825, the Standard Life Group provides pensions, savings, protection, life assurance, banking, investment and private medical insurance. It is Europe's largest mutual life assurance company, with total assets under management of £94.8 billion and over 12,000 employees worldwide, with 7,500 based in Edinburgh.

In 2004 the Standard Life Board decided to demutualise, and will put this to members before 2006, even though Standard Life members voted to remain mutual in 2000 and a recent survey showed that 80% of members wish it to remain a mutual.[268]

Standard Life Investments is one of Europe's largest property managers, with over £8.5bn of commercial property under management.

Standard Life and 'ethical investment'
Standard Life claims to run ethical investment funds although this accounts for less than 1% of its business. Its UK Ethical account includes shares in Tesco, Vodafone, RBS Group, HBoS and HSBC (see section on Mark Moody-Stuart for HSBC's activities).[269] Its ethical stock also includes holding oil company, Cairn energy.[270]

Meanwhile, Standard Life's main European[271] and North American[272] funds invest customers' money in, amongst others, Total Oil, Siemens, Shell, ExxonMobil, Citigroup, and Bank of America.

Scottish Widows
Founded in 1815 as Scotland's first mutual life office, Scottish Widows is now the UK's second largest provider of pensions, life and investment products (also see section on Scottish Widows Investment Partnerships).[273] In March 2000, it demutualised and became wholly owned by the Lloyds TSB Group. Scottish Widows currently employs around 4,000 people. Its headquarters is in Edinburgh, with offices elsewhere in the UK.

AEGON UK
AEGON UK is part of the AEGON Group, one of the world's largest insurance and financial services groups. AEGON UK currently has assets under management of £34 billion. The Dutch-based parent company, AEGON N.V. manages assets of £200 billion.[274] Aegon UK was formed in 1999 as a holding company for Scottish Equitable Plc, Scottish Equitable International (based in Dublin and Luxembourg) and AEGON Asset Management.

Scottish Equitable
Founded in 1831, Scottish Equitable Plc provides individual and group pensions as well as investment and protection products. In 1999, it acquired the life assurance business of Guardian Royal Exchange. Scottish Equitable's own pension and investment funds are invested in companies such as BP, ExxonMobil, Citigroup, Microsoft, Wal-Mart, Bank of America, Total, Novartis, Siemens, Australian mining company, BHP Billiton, HSBC, GlaxoSmithKline and Shell.[275] Scottish Equitable also invests in externally managed funds.

Scottish Equitable runs both 'Ethical' and a 'Socially Responsible Equity' pension funds which have investments in Vodafone, HSBC, GlaxoSmithKline and AstraZeneca.[276]

Scottish Life
Scottish Life was founded as a mutual life insurance company 1881 in Edinburgh but demutualised in 2001 and transferred its business to the Royal London Mutual Insurance Society Limited. It provides individual and company life assurance and pensions. Scottish Life is now the Independent Financial Advisors (IFA) division of Royal London Mutual Assurance Society i.e. all its business comes from IFA's. Details of the companies that Scottish Life pensions and life funds invest in were not available on its website.

Scottish Life, and Royal London's other intermediary businesses, are based in Edinburgh where over 1000 staff are employed, with around 300 working in other parts of the UK and overseas.[277]

4.6.3. Fund managers

Scottish Widows Investment Partnership (SWIP)
SWIP manages over £82bn worth of funds, making it one of Europe's largest fund management companies.[278] Its client base and its business operations (both under its own name and in partnership with local companies) encompass the United States, Europe and the Far East. Its parent company is Lloyds TSB Group.

SWIP's funds include the same range of companies, such as ExxonMobil, Microsoft, General Electric, Total, ENI, Novartis, Shell, BP and British American Tobacco. Scottish Widows' 'ethical' and 'environmental' funds both include GlaxoSmithKline, Vodafone and Tesco.[279]

SWIP's Central and East European Fund[280] invests customers' money in the Russian oil company Lukoil and Ceske Energeticke Zavody, the privatised Czech state electricity company, that runs the controversial Dukovany and Temelin nuclear power stations.[281] Its Thai Euro Fund also predominantly invests in oil and gas companies including PTT and PTT Exploration and Production.[282]

SWIP recently initiated a holding in 3i (see below) and holds equities in UK-based multinational marketing and communications services group WPP, which owns greenwash PR company Burson-Marsteller. It is looking for ways to profit from China's economic growth, and holds equities in Pacific Basin Shipping in Hong Kong, and Ping Am, the 'undervalued' Chinese life assurer. It also holds shares in the Australian mining company BHP Billiton.

AEGON Asset Management UK

Aegon Asset Management UK is an asset management company based in Edinburgh providing services to individuals and other companies. It employs around 250 people and manages £34bn in assets.

AEGON Asset Management invests in a range of companies from the Co-operative Bank to ExxonMobil, including Imperial Tobacco; BAT; US multinational casino operator MGM Mirage; BP; Shell; Total; ENI (German software multinational which sells specialist packages for the arms industry); GlaxoSmithKline; Novartis; Sanofi-Aventis; Johnson & Johnson; Microsoft; General Electric; Siemens; Wal-Mart; Royal Bank of Scotland, and Bank of America.

AEGON's 'ethical' funds also bizarrely invests in Australian mining company, BHP Billiton, who has been the target of numerous environmental and human rights campaigns for behaviour such as threatening to evict Afro-Colombian and indigenous communities from their homes near the Cerrejon Norte coal mine in Colombia[283] and walking away from a major environmental disaster at the OK Tedi mine in Papua New Guinea in 2002.[284]

Martin Currie

Martin Currie Investment Management Ltd is an independent company, 100% owned and managed by its 217 employees (44 of whom are investment managers). Established in the 1880s, it manages £7.7bn in portfolios for investors around the world. Its business focuses on investment in global stock markets. Its clients include financial institutions, charities, foundations, pension funds and investment trusts.

Martin Currie CEO Willie Watt previously worked for 3i (see below) and Malcolm Gourlay, a non-executive director, was Chair of Clyde Petroleum until 1997 and is a director of the Miller Group construction company.

Martin Currie markets itself to charities, but some of its investments can hardly be described as charitable. Its investment funds include holdings in mining company Rio Tinto; arms company Lockheed Martin; Iraq profiteers Weir and Aegis; chemical giant Dow;[285] and other notables such as Cairn Energy, GlaxoSmithKline, BP, Shell, Imperial Tobacco, Diageo, AstraZeneca, Nestle and Newcrest Mining, which clear-felled forest in Indonesia causing 2,000 indigenous people to occupy the site and demand compensation in 2004.[286]

3i

3i invests globally in business start-ups, buy-outs and buy-ins, focusing on businesses 'with high growth potential and strong management'.[287] 3i profits from the development of businesses, buying part or whole companies cheap when they need funding, and selling them for a profit. It is also one of Europe's major oil and gas venture capital companies.

3i CEO Philip Yea was formerly a director of Diageo and Guinness. Its chair, Baroness Hogg was formerly deputy chair of arms company GKN. Robert Smith, a non-executive director, is chair of Weir Plc. 3i is based in Glasgow, and in Aberdeen which is the headquarters of its European oil and gas investment activity. To date, 3i has invested over £15 bn (including co-investment funds).

3i and its investments

3i claims to be 'Europe's most active investor in the oil and gas sector'. 3i and the Ashley Group created RBG Ltd, out of three oil service companies in a £52million deal where Bank of Scotland provided the debt finance. RBG Ltd will have headquarters in Aberdeen and a presence in Baku, Azerbaijan as well as Kazakhstan and India. 3i invested $15million in Singapore Pearl Energy, an oil exploration and production company (August 2004). Other investments include John Wood Group Plc and Venture Production Plc. 3i also has holdings in mining company Foster Yeoman, which owns the Glensanda granite super

Glensanda Superquarry

The Glensanda superquarry, is one of the largest quarries in the world.[294] It is owned by UK company, Foster Yeoman Ltd., one of the largest producers of aggregates and asphalt in the UK. Located on a 2,400 hectare estate on Loch Linnhe, opposite Port Appin in Argyll, it holds over 900m tonnes of granite, of which 62m tonnes have been extracted to date Opened in 1986, it produces 'crushed rock aggregate', and supplied pulverised granite for the lining material that went into the English half of the Channel Tunnel.[295]

The stone is quarried, crushed and fed through a 300m vertical shaft known as the 'Glory Hole', then through a tunnel to the foreshore where it is further processed, graded and loaded onto ships. The entire granite mountain, Meall na Easaiche, is being quarried and it has long been rumoured that it will eventually become a nuclear waste dump.

Local people travel to work at Glensanda by ferry from Port Appin. There are no roads or recognised tracks to the Glensanda site. It is said to be surrounded by a high perimeter fence patrolled by security guards. Machinery and heavy excavating equipment is ferried across Loch Linnhe from Barcaldine, north of Oban.

quarry in Argyll, suspected to be a future nuclear waste dump (see box).

3i's involvement in the defence and aerospace industry includes holdings in SR Technics Switzerland; Airinmar; Leafield Group Ltd; SIRA Groupe, and Aardvark Holdings Ltd.

The Noble Group

Started by Sir Iain Noble and chaired by his brother Tim, the Noble Group is an independent investment bank, and one of Scotland's biggest. It has over 80 employees in Edinburgh and London who own over 95% of its shares. It has three operating companies providing corporate finance/brokerage, fund management, and management and administration of 'investment vehicles'. This involves primarily PFI project companies, including managing relations with the public sector and tenants. Its PFI arm, Noble Project Finance, has stakes in 20 PFI projects in defence, health, education, prisons and transport. Examples include: a project to provide heavy equipment transporters to the MoD; an MoD accommodation project; 11 PFI hospitals, such as Luton and Dumfries, of which it wholly owns 8; a number of PFI consortia in primary, secondary and tertiary education; a Securicor 'secure training centre' in Milton Keynes; and a 100% stake in Inverness Airport's new terminal building.

The Noble Group raised £34m in 2004 to fund BowLeven, the Edinburgh-based African oil and gas development group, to develop oil fields off Cameroon (see oil industry section).

Noble Group provides 'innovative tax efficient' investment products such as Venture Capital Trusts (VCTs) designed to 'shelter' the 3 main taxes – income, capital gains and inheritance – via venture capital trusts and enterprise investment schemes, which are exempt from inheritance tax and qualify for income tax relief for investors. According to John Christensen, international co-ordinator of the Tax Justice Network, 'businesses and banking systems have been reconfigured to bypass nationally-based tax and regulatory regimes...aggressive tax avoidance strategies... force governments to engage in harmful tax competition, while $50 billion flows to dirty money annually'.[288]

The Noble Group owns Gap Fund Managers Ltd, which manages the Strathclyde Investment Fund. The fund invested in Memex, a company based in East Kilbride and Virginia, which produces criminal intelligence software such as the Memex Information Engine, for police and defence intelligence customers.

Sir Iain Noble made public comments against black people 'setting up ghettos' in Scotland at the Scottish Countryside Alliance conference in April 2003.[289]

Franklin Templeton Investments

Franklin Templeton Investments (FTI, formerly Templeton Global Strategy Fund) is one of the world's largest fund managers with offices in 25 countries and over £196 billion under management for more than 9 million investors worldwide. Its headquarters is in the US and it is listed as Franklin Resources Inc. on the New York and London Stock Exchanges. Edinburgh is the centre of its northern European activities, where 180 staff are employed.

FTI's activities include deals in risk arbitrage and company bankruptcies. Through the many funds it manages, it invests in BAE Systems; Raytheon Co; Smiths Group with its subsidiary Smiths Aerospace; ExxonMobil; BP; Shell; Keppel, which builds oil rigs and operates in Azerbaijan, Kazakhstan, Bulgaria and United Arab Emirates; Hutchison Whampoa which has considerable oil and oil infrastructure interests in Canada and Asia; as well as GlaxoSmithKline, Pfizer, WalMart, Vodafone, Nestle, Aventis, Imperial Tobacco and Johnson & Johnson.

FTI runs specialist biotechnology investment funds with holdings in a number of companies such as Genetech Inc and Amgen. Two of its funds hold shares in Diageo.

Franklin in trouble

The US mutual fund industry has recently faced investigation by the authorities regarding improper trading. During 2004-2005, FTI has agreed to pay almost $150m back to investors and in fines to settle charges that it had violated securities laws in both the USA and Canada. FTI is also facing multiple class action and derivative lawsuits. [290]

Aberdeen Asset Management

Aberdeen Asset Management (AAM) group manages assets for institutions and private clients worldwide. It was formed in 1983, and has grown and acquired other companies. In summer 2004 it was managing assets of £20.6bn. It specialises in investment management products covering stock markets and bond markets worldwide. It owns Edinburgh Fund Managers Plc, its base in Edinburgh, and private equity fund managers Murray Johnstone, among other companies. CEO Martin Gilbert received a £325,000 salary in 2002/03. Former Tory foreign secretary, Sir Malcolm Rifkind, was a non-executive director receiving £25,000.[291]

AAM was was the biggest company involved in the collapse of split capital investment funds, many of which were advertised as low risk, in which investors lost millions. In December 2004, following investigation by the FSA, it agreed to pay £78 million compensation. In 2004 the firm reported a loss of £87.6million.[292] Aberdeen Asset Management operates in Chile - £25 million worth of subscriptions to its offshore retail funds came from Chile in 2002 and it sold regulated funds to Chilean pension funds.[293] It also manages the Aberdeen International India Opportunities Fund which invests in companies incorporated in India or which make profits from India. Through various other investment trusts it manages it invests in ExxonMobil, Shell, Microsoft, Johnson & Johnson, GlaxoSmithKline, General Electric and WalMart. It invests in Petroleo Brasiliero, the Brazilian Oil company which carries out exploration and production in Angola, Nigeria, Tanzania and Iran, and PetroChina, the Beijing-based oil and gas exploration company operating in China. It also holds shares in Diageo through two smaller trusts.

4.7. The military and the arms trade in Scotland

Scottish land has for a long time played a key role in British military strategy. The Ministry of Defence is a significant landowner in Scotland, owning or having access to nearly 1.5% of the land,[296] and Scots are disproportionately represented within the British army, including among troops in Iraq.

There are many military bases around the country and according to Scottish CND, Scotland's main role now seems to be for testing weapons and training people to use them. For example, NATO practices bombing the north west coast every summer at Cape Wrath, and Dundrennan in the south west is Britain's only open-air testing area for depleted uranium. Also of interest is the NATO satellite communications system at Balado Bridge, Kinross, right next to the 'T in the Park' festival site. Most of Britain's weapons of mass destruction are kept in Scotland, at the Faslane and Coulport bases just west of Glasgow. It can be noted that much of dangerous stuff the MoD does is based in Scotland.

Various Scottish bases were used for the attack on Iraq. Cluster bombs were tested at West Freugh in Wigtownshire, owned by QinetiQ. The aircraft carrier Ark Royal, whilst at Loch Long near Faslane, was targeted by activists in January 2003 before its departure to Iraq.[297]

For detailed information about MoD and privatised military establishments in Scotland, read Scottish CND's excellent little book 'Fortress Scotland', available for £2.

QinetiQ

QinetiQ was created in 2001 as a Public-Private Partnership (PPP) takeover of part of the MoD's Defence Evaluation and Research Agency (DERA). It describes itself as a 'defence and security technology company'. It develops and tests new weapons and 'future concepts' in defence technology including ballistic missile defence. 80% of Qinetiq sales are military and the MoD is its largest customer[298]. It is also involved in developing a whole new class of weapons using nanotechnology.

In December 2002 one third of the company was sold to the Carlyle Group, one of the largest venture capital companies in the world and among America's largest military contractors. The group is chaired by Frank Carlucci, Ronald Reagan's Secretary of Defence. George Bush Sr. was a senior advisor until 2003. Also on the board are James Baker III, a lawyer who has been advising and campaigning for Republican leaders since 1975 and fellow Republican adviser Richard G Darman. Former Conservative Prime Minister John Major is on the board in Europe.[299] The Carlyle Group is one of several American companies who have provided mercenary soldiers and military and police training to other countries around the world, including some with questionable human rights records.[300]

QinetiQ manages DERA's 42 installations in the UK including at least 12 in Scotland.

BAe Systems

BAe Systems (formerly British Aerospace) is Britain's largest arms company and the fourth largest in the world. According to Campaign against the Arms Trade, the company receives more support from the current Labour government than any other arms companies, despite repeated corruption allegations.

Less than 20% of BAe's sales are to the UK. Its largest customer is the US Department of Defence, followed by markets in the Middle East including Saudi Arabia and Israel. It has also made lucrative deals with India while it was on the verge of war with Pakistan over Kashmir, and Indonesia during the occupation of East Timor. In 2004 BAe took over arms manufacturer Alvis.[301]

BAe has a facility in Edinburgh and a shipyard on the Clyde which may be sold soon.[302]

Thales

Thales is the largest French arms company (and seventh largest in the world). The French government owns a 33% stake.[303] Thales Identification is involved in developing ID cards in the UK, and since 2002 has been in charge of producing ID Smartcards in China.[304]

Thales has offices in Glasgow and on the outskirts of Edinburgh.

Rolls-Royce

Rolls-Royce powers all of the UK's nuclear submarines. It also makes engines for warplanes, ships and submarines that are sold to 109 countries around the world. A famous example is the Hawk jet (made by BAe Systems with an engine from Rolls-Royce).

Rolls-Royce's financial results from 2002 showed a substantial shift towards the military market, attributed to 'increasing regional tensions in many parts of the world'.

Rolls Royce operates in Scotland at East Kilbride and Hillington (soon to close) and at Inchinnan near Glasgow airport (opened Oct 04).[305]

Babcock International

Babcock describes itself as 'a focused support services company working primarily with public sector institutions...Our vision is to become the partner of choice for supporting the outsourcing needs of government and private sector customers who have exacting technical and operational requirements.'[306]

Babcock's activities in Scotland include:

 Babcock Engineering Services based at Rosyth Business Park. BES maintains the UK's warships including the Ark Royal. It also has a deal with AMEC building Heathrow's new Terminal 5.[307]

 Babcock Naval Services based at HMNB Clyde (Faslane). BNS provides 'support services' to the MoD at Faslane naval base. When the programme started in 2002, 1600 civil servants were transferred to BNS.[308]

 First Engineering based in Glasgow, which deals only with trains.[309]

Babcock also operates in other countries in Europe, the USA and Africa. The company website tells you where to find them.[310]

Babcock and BAe Systems share two directors - Rt. Hon. Lord Alexander Hesketh KBE and Mike Turner CBE.[311]

Raytheon

Raytheon is the UK subsidiary of American weapons producer Raytheon.[312] According to its own information, some of its products were used in Iraq.[313]

They have an 'electronic systems facility' in Glenrothes, Fife which 'provides a full electronic manufacturing service for both the commercial and defence sectors'.[314]

Halliburton

In December 2004, the Ministry of Defence announced that Halliburton subsidiary, Kellogg Brown & Root (KBR) had won the contract for the final assembly of two aircraft carriers for the Ministry of Defence in Rosyth dockyard on the Firth of Forth.

The choice of KBR at this time seems especially interesting as Halliburton stands accused of defrauding the US military over its work in Iraq, has had its assets frozen as part of an investigation into bribery in Nigeria and KBR itself is in bankruptcy proceedings in the US due to unrelated asbestosis liabilities. Halliburton has also thrown its Scottish employees into uncertainty confirming that it is considering selling off KBR after the settlement of the asbestos claims.315 Halliburton's track record in the UK is also questionable. Its one UK contract, to refit and decommission Trident nuclear submarines at its dockyard owned by KBR subsidiary DML Ltd in Devonport, Plymouth, has been plagued by spiralling costs, security lapses and radiation leaks. See also the 'Oil Industry' section.

See Weir Group profile in the 'Oil Industry' section.

4.8. Immigration and asylum in Scotland

On July 22nd 2004 the most recent piece of British asylum and immigration legislation received royal assent, further extending the legal framework that regulates immigrants and asylum seekers in the UK. As an area of British law, immigration and asylum has received an unprecedented amount of legislation, the latest Act being the fifth in only eleven years. This 'legislative incontinence'[316] reflects the great interest and political importance made of the immigration and asylum issue. It is an area that has seen not only incredible domestic focus but also much attention at EU level where there are moves towards increased European co-operation and management.[317]

However, immigration and asylum have rarely appeared on the agenda of G8 Summits except as a side mention in matters such as migrant smuggling, trafficking and terrorism. Governments' right to encourage the movement of people considered to be beneficial for economic growth and international relations and to delegitimise unwanted populations remains unquestioned in this arena. Conversely, protesters at G8 Summits have repeatedly mobilised around the issue as governments have tightened border controls and, within a context of highly politicised and media-fueled moral panic and fear, designed increasingly punitive and draconian regulations against migrants. This is an attempt to outline the immigration and asylum system infrastructure as it exists today in Scotland.

The immigration and asylum system in the UK is managed by the Home Office's Immigration and Nationality Directorate (IND). The majority of related activity and headquarters are in England, however there is some infrastructure in Scotland. Like most areas of government activity, where possible services are contracted out to private business and charitable organisations.

Home Office infrastructure in Scotland includes the UK Immigration Services, which is involved in border control and enforcing immigration law in Scotland. It has staff at all ports including an enforcement unit based at Glasgow Airport, Paisley. The IND has a public enquiry office in Govan, which accepts a limited number of immigration applications by appointment only. In September 2003, asylum claims stopped being accepted here and asylum seekers were expected to travel to England to register their claims, despite the policy at the time to withdraw support if an asylum claim was not made within effectively 24 hours of arrival.[318] Following pressure the office now accepts asylum applications from families and those with 'special needs'.[319]

Since November 2004 the complex of buildings at Govan also houses the National Asylum Support Services (NASS), which is currently involved in a programme of regionalisation, four years after its creation to administer asylum support. Scotland is also home to one court in Glasgow where asylum and immigration appeals are heard and the isolated Dungavel 'removal' centre near Strathaven in Lanarkshire. There is also a number of independant charitable advice and support agencies. The Scottish Refugee Council's one-stop advice service in Glasgow is funded by the Home Office.

There are asylum seekers and recognised refugees (with rights to reside, work and access social security) living throughout Scotland. Like most places, Scotland has a long history of immigration and as a place of refuge.[320] Furthermore Scotland's immigration issues are more commonly focussed on a declining population, with Scotland having the fastest declining population in Europe.[321] Tensions around the issue of asylum, however, are great and this tension dramatically increased due to a new government policy that created sudden influxes of asylum seekers to certain, particularly deprived, areas throughout the UK.

The 1999 Immigration and Asylum Act allowed for destitute asylum seekers to be 'dispersed' in order to be housed. Housing is offered on a 'no choice' basis, in areas where housing stock is secured according to contracts arranged by NASS. In July 2003 the right for asylum seekers to work was removed, forcing all those without social networks to apply for government social support, resulting in greater control of this population and their movement away from the expensive south of England.

Glasgow is the only Scottish city that was given contracts for housing asylum seekers. Glasgow City Council was granted a contract for 2,500 'units' per year over 5 years for housing that it otherwise had been unable to let out. YMCA Glasgow also received a contract. These contracts are to be extended for a further 15 months in April 2005. With a 68% downturn in UK asylum applications since 2002,[322] it is expected that no new housing providers will be contracted in. Glasgow thus went from having a relatively non-existent population of asylum seekers to, as a city, having the highest number of NASS supported asylum seekers in the UK, with 5,665 receiving support there in December 2004. This is around 9% of the total number of asylum seekers receiving support in the UK.[323] Forty percent of asylum seekers in Glasgow are housed in the north of the city,[324] mainly in some of the most deprived areas.

The issue of asylum seekers has become highly topical, mainly because of its exploitation for political gain but also because of the very real problems faced as a result of such sudden, ill thought-out and insensitive demographic change. Problems of racial harassment have been of great concern, with violent attacks against asylum seekers repeatedly hitting the headlines. The Accounts Commission further confirmed that the reporting of racially motivated incidents in Scotland had increased by 40% in the last three years.[325] Positive Action in Housing found a 75% increase in racist attacks between 2003 and 2004 primarily due to attacks on refugees and asylum seekers. A report by the North Glasgow Social Inclusion Partnership showed that 93% of refugees and asylum seekers interviewed said they felt unsafe in their neighbourhood at night, compared to 29% of other respondents in the same area.[326]

Scottish Government research also shows that initial problems in the delivery of appropriate services for asylum seekers were great, with insufficient preparation and a a steep learning curve for all agencies involved.[327] These services continue to be criticised as being dehumanising and not designed to give any quality of service. For example in 2002 protests were organised by those accommodated by the YMCA due to its restrictive policies.[328] Reseach into housing shows that in the North Glasgow regeneration area 92% of asylum seekers/refugees live in multistorey flats and only 54% of asylum seekers/refugees live in properties with central heating, compared to 83% of other residents.[329]

Scotland is one of the locations of a further experiment in the management of asylum seeker populations. Following press reports, parliamentary questions confirmed that the IND was to procure a private contract in Scotland for a project to pilot the electronic tagging of asylum seekers.[330] This project began in Glasgow in December 2004 with 35 asylum seekers being subject to voice recognition monitoring. It is expected that this will be extended to another 35 asylum seekers and that some may be tagged.[331] This pilot is being run in parallel with projects in England and Wales, which in total are to involve 200 people for voice recognition and up to 50 people for tagging (including up to 10 on satellite tracking).[332] Reliance Monitoring Services (RMS), which manages a reporting centre in East Kilbride, is to run the project for the IND in Scotland.

If the pilots are successful the Home Office is understood to want to extend these procedures to 180,000 asylum seekers throughout the UK. Spun by the Home Office as an alternative to detention centres, campaigners have criticised these measures for being inhumane and reinforcing the public perception of asylum seekers as criminals.[333] Campaigners have also expressed concern about how potential problems with the technology may affect asylum claims. Despite concerns over the technology[334] the sanctions on those who fail to comply with electronic monitoring conditions currently include detention and/or prosecution with a penalty of up to £5,000 or six months imprisonment.

Reliance

RMS is a principal trading division of Reliance Secure Task Management Ltd (RSTM), whose registered offices are in Uxbridge England. RSTM also provides electronic monitoring services for the Scottish criminal justice system. This contract, which was originally for three years and had been estimated to be worth £30 million, was recently extended by the Scottish Executive until March 31 2006 for a further £8 million.[335] Reliance Custodial Services Limited, another trading division of RSTM, also holds a £150 million 7-year contract in Scotland for the provision of prisoner escorting and court services.[336] Problems around this service have included the accidental release of 12 prisoners, including a convicted murderer, leading to regular calls for Cathy Jamieson, Scotland's Justice Minister, to resign.[337] The RSTM annual reports states that profit before tax for the year to April 2003 rose by 122% to £1,820,286. In April 2004 profits before tax were at £3,474,000.

RSTM is a subsidiary of the Reliance Security Group which is engaged in a wide range of activity including the provision of contract security, electronic surveillance, facilities management and support services in the UK. Its work also includes the provision of security services to major construction projects encountering disruption via 'highly organised protest groups' and the provision of police custody services, such as reception duties, post-charge administration, detainee care and catering, as part of PFI contracts. The group exists as a public company with an annual turnover of £292 million. Its ultimate owner and company chairman, Brian Kingham, owns 70% of its shares. Kingham is one of Britain's 300 wealthiest people, worth around £137 million.[338] and one of the top 20 political donors, with a £30,000 donation to the Conservatives in 2003.[339] He is also active in campaigning against a European consititution and is a donor and patron to the Bruges Group, a lobby group oppposing closer union with Europe, inspired and presided over by Margaret Thatcher.

Dungavel immigration detention centre

Scotland is also home to Dungavel, one of the UK's immigration detention centres, euphemistically renamed 'removal' centres. These category C prison centres have been heavily criticised as inappropriate, damaging and inhumane particularly as detainees are often imprisoned for unlimited, unspecified periods of time without clear grounds.

Dungavel currently has 150 bed spaces, which includes a family unit. Despite the government's claims that detention is only used as a last resort Dungavel is due to increase its capacity by adding 44 male bedspaces and reducing the family unit to 16 spaces as part of a wider move to increase the UK's detention capacity to 2750 places.[340]

Dungavel first opened in September 2001, when the Home Office said that it would only hold detainees for a few days. However, there are numerous cases of people, including children, being held from six to over 24 months. Between May 2002 and July 2003 36 children had been held for longer than six weeks, with four of those children being held for fifty weeks.[341] The impact of lenghty detention on detainees mental health has caused great concern. Positive Action In Housing (PAIH) has critised Dungavel for not having a suicide prevention strategy, arguing that there is an emerging pattern where those under the strain of long term imprisonment are dumped into mainstream prisons when they are finally considered too vulnerable[342]. The Scotman also has reported that there have been a number of suicide attempts and on 23 July 2004 a 23 year old man was found hanged at Dungavel.[343] NHS staff have also recently complained about the 'horrific' and degrading treatment of Dungavel detainees by security staff whilst accessing health care.[344] Another area of concern has been the difficulties for detainees in accessing adequate legal help and advice. There have been repeated calls for the closure of Dungavel including from the Bishop of Paisley John Mone who specifically asked for the closure of the family unit.[345]

Dungavel is one of seven immigration detention centres in the UK that are managed by a private company on a profit making basis. (In total there are ten 'removal' centres in the UK.) It is operated by Premier Detention Services Ltd, a company set up specifically for the running of Dungavel. It is a subsidary of Premier Prison Service Ltd and ultimately owned by Serco, with its registered office in Hampshire, England. Serco operates internationally as an outsourcing contractor, with 70% of its business in the UK. It delivers a diverse range of services from running local educational authorities (LEAS), maintaining speed cameras, railway stations and railway track to managing military companies such as the Atomic Weapons Establishment and building hospitals under PFI contracts. Ninety percent of its custom is from local and national governments.[346] Serco in its 2003 annual report records an increase in total turnover of 17% to £1.6 billion, with before tax profits at £67 million.

A final area of activity often linked with 'removal' centres is that of the transportation and removal of detainees, which is another area of the asylum and immigration system contracted out and run for profit. The transportation of detainees has come under intense scrutiny due to claims of assault of escortees. The Medical Foundation for the Care of Victims of Torture (UK) published a report documenting excessive force used against asylum seekers during the process of removal, and concluded that 'a practice of abuse exists'.[347] Barriers to taking effective action against the perpertrators of this abuse include lack of evidence, lack of access to medical assessment and financial assistance for taking legal action. In response to the problems the Home Office has finally agreed to CCTV cameras being placed in all transportation vechicles.[348] Securicor Justice Services Ltd, following a merger with Group 4 Falck, is to take over all three IND escorting contracts in April 2005.[349]

4.9. The fishing and farmed fish industry in Scotland

4.9.1. The decline of the fishing industry

Once at the heart of the livelihoods and culture of numerous small communities around the north of Scotland, the rich fishing grounds of the North Sea and North Atlantic are today increasingly dominated by multinational-owned trawlers, continental fishing boats and hi-tech boats owned by Scottish fishing millionaires. Their practices, encouraged by the food industry and the appalling European Union Common Fisheries Policy (CFP), have had an enormous impact on the marine environment, all but destroying what was a traditional small-scale and sustainable industry. The scale of the problem and who is to blame, however, is definitely a matter of contention.

Overfishing has not only forced various species to the brink of extinction, but has had tremendously damaging effects on marine ecology. Bottom trawling destroys the ecology of the ocean floor and fragile coral, and one in four fish caught by this means are 'by-catch' - fish that are too small or a different species to the allocated quota - including dolphins and porpoises. They are thrown overboard, often maimed or dead. Sand eels, a vital part of the marine eco-system as food for other fish and seabirds, are also threatened by industrial fishing practices.

In 2004, the EU called for a complete ban on the fishing of cod, sole, plaice, hake (white fish) and other endangered species in Western Scotland in order to preserve declining stocks. At the end of 2004, the UK government reached an 'imperfect compromise', placing more restrictions on the Scottish fishing industry, but stopping short of a full ban, fearing the total collapse of the Scottish fishing economy.

There are around 5,000 active fishers in Scotland today, mostly around fishing towns such as Fraserburgh, Peterhead, Lochinver and Oban in the North of Scotland and Lerwick in Shetland. Many Scottish fishers (and Scottish Nationalists) blame the situation on the CFP. They argue that Scottish fishing rights have been handed over to continental fishermen. However, it is clear that new technologies, huge corporate invest-

4.9.1. Scottish private prisons

There is currently only one privately run prison in Scotland, Kilmarnock in Ayrshire. It is run by Kilmarnock Prison Services, a direct subsidiary of Premier Custodial Group, which in turn is a subsidiary of Serco Group Plc. Until 2003 it was jointly owned by American detention giant Wackenhut. In 1997 KPS won the £130m 25-year contract to 'design, construct, finance and manage' HMP Kilmarnock.[350]

Serco, Premier and other subsidiaries also run Ashfield Young Offenders' Institute, Dovegate and Lowdham Grange prisons and Colnbrook immigration detention centre in England.[351] Premier also has a contract for prisoner transport in London and south-east England.[352]

Since Kilmarnock opened in 1999 it has been surrounded by allegations of abuse and incompetence, including a story from a former nurse at the prison who said prisoners' lives were being put at risk.[353] SNP leader John Swinney has called it 'the worst jail north of the border' due to high levels of misbehaviour such as arson[354] – an allegation denied by the Scottish Prison Service (SPS). To further unsettle things, Kilmarnock has a very high staff turnover, staff being sacked for a range of reasons from stealing chocolate bars to assaults on other staff. A 2004 report by Scotland's chief inspector of prisons stated that 'staff turnover continues to be very high compared to SPS, having increased since the last inspection report to a rate of 18.6% (from 14%) per annum.'[355]

It has also been alleged that 70% of Kilmarnock's profits come from hidden subsidies from the Scottish executive. According to Swinney, 'Kilmarnock is the Executive's flagship private prison and is the model for their plans to privatise more of our jails. They are so obsessed with privatisation that they have been subsidising a private company's profits to the tune of nearly three-quarters of a million pounds simply to make it look more economic'.[356]

In light of this, the Scottish Executive's plan to build another private prison in 2005 at Addiewell in West Lothian looks ominous. At the time of writing, the contract has not yet been awarded for the Addiewell jail (a high security 700-bed men's prison) but there is a local campaign against it.[357] In November 2003, Reliance Security obtained a contract for prisoner transport in Scotland.[358]

ment and the supermarkets and food processors have also played a part, in not demanding fish from sustainable sources. Meanwhile, because of the CFP the Scottish fishing fleet is grounded for half the year, and the coastal communities in Aberdeenshire that are almost totally reliant on fishing are dying out because they can't access their local resources. The whitefish fleet has experienced a 50% cut in vessel numbers since 2000.[359] The discussion in these areas is around defending the Scottish 'right to fish', and the whitefish sector is said to be experiencing an increase in illegal fish landings.[360] Many also dispute that the cod stocks are failing, rather arguing that climate change has driven the stocks further north.[361]

Rather than go bankrupt, Scottish fishermen have begun fishing off the coasts of Senegal, Namibia and Angola in South West Africa. With more technologically advanced boats and equipment, the Scottish fishing boats clearly pose a threat to African livelihoods.[362]

The story is very different in the pelagic fish catch (herring and mackerel), which is currently reasonably plentiful, very profitable and a highly concentrated industry. Some 30 millionaires scoop Scotland's entire profitable catch of herring and mackerel, which needs between 30-40 vessels and employs only a few hundred people. At the end of World War II, this catch supported over 1,000 boats through a system of shared ownership or owner-skippers, 10,000 crew and an even greater workforce on shore.[363]

Fishing companies

Fishing companies operating in the North Sea primarily run only one boat, although some of these are big companies running large vessels. Several Scottish fishing companies have diversified into the oil services industry in recent years, such as the Craig Group whose subsidiary, Grampian Sea Fishing, is based in Peterhead. Another is JW Holdings Ltd – the largest fishing company in Scotland owned by the John Wood Group (see oil industry profile). Other Scottish fishing companies include Lunar Fishing based in Peterhead and 75% owned by millionaire Alexander Buchan.

The big multinational companies, however, are the fish processors, some of whom also own fishing vessels. Spain's Pescanova, with a Scottish processing plant at Conon Bridge, is the market leader in both Spain and Portugal in herring and mackerel. Big UK fishing companies include Grimsby-based Young's Bluecrest which has operations around Fraserburgh, Strathaird, Edinburgh, Annan and Stornaway.

4.9.2. The scandal of farmed salmon

The salmon is one of the great symbols of the wild, known to swim thousands of miles across the oceans to spawn in specific rivers of Britain. It is a much prized animal, both by fishermen and by cooks. However, the salmon population is in crisis. Overfishing and pollution have taken their toll to the point that many salmon populations are in extreme decline.

To reverse this the Environment Agency has been pumping money into hatcheries and river management schemes to preserve this fish. However, in Scotland the government is supporting an industry which is having a destructive effect on the remaining wild salmon, and threatens to cause their extinction in many rivers.

As the numbers of wild salmon have declined, salmon farms have been established in Scottish river estuaries. In 2003 there were 81 companies running fish farms at 326 sites in Scotland. Overall production was dominated by 19 companies accounting for over 77% of the salmon production in Scotland. Fish farming in Scotland accounts for 2,000 direct jobs and between 4,000 and 5,000 in supporting sectors. Around 75% of these jobs are in the Highlands and Islands.[364]

Though not the only problem facing salmon (river management is another issue), the fish farms of Scotland are proving to be exceptionally destructive, not just to the local environment but to the entire wild population of salmon. This is for to two reasons. First, direct pollution. Salmon in fish farms are kept tightly packed in underwater cages in such a way that all their natural instincts are disrupted. The conditions and the resultant stress lead to a high prevalence of parasites among the fish, who also attack each other.
In order to deal with this, large quantities of antibiotics, as well as growth hormones, are put into the food and water, including destructive chemicals such as Dichlorvos. These chemicals seep into the surrounding environment, impacting wild salmon using the river estuaries as a spawning ground. Salmon from fish farms does not have the acclaimed pink flesh of wild caught salmon, instead their flesh is grey. Most farmed salmon found in supermarkets is dyed.

The second major threat to wild salmon is from the caged salmon themselves. Caged salmon differ from their wild relatives; they are weaker strains and when they escape they often carry lice and other diseases. Studies indicate that as increasing numbers escape, they affect the native wild salmon, weakening its ability to deal with the great migratory journeys as well as with river pollution. For a population already in decline, this could be enough to push wild salmon into extinction.[365]

Marine Harvest Scotland

A large proportion of Scotland's fish farms is now owned by the massive multinational corporation Marine Harvest, the world's largest aquaculture company. Now part of the Norwegian-Dutch multinational Nutreco, it specialises in fish farming and other animal foodstuffs. Marine Harvest Scotland produces up to 35,000 tonnes of salmon each year. Half of this goes to UK customers, and the remainder goes to the EU, US and Asia

Marine Harvest was founded in Scotland in the mid-1960s. In 1994, it was bought by Booker which merged it with its subsidiary, McConnell Salmon. It was acquired in 1999 by Nutreco, which changed its name to Marine Harvest Scotland. Its headquarters are now in Bergen, Norway.[366]

Marine Harvest Scotland is head quartered in Edinburgh and has plants in Fort William and Stornoway. Most of its operations are in the western Highlands and Islands. Marine Harvest Scotland supports 1,000 jobs in some of the most remote communities in Scotland, and is the biggest private sector employer in Lochaber in the Highlands.

Marine Harvest and government links
According to Spinwatch, on 8 January, 2004 the prestigious journal Science reported that Scottish farmed salmon contained high levels of toxins. Using corporate front groups, the salmon industry quickly moved to spin the story and discredit the research. Spinwatch argues that the PR campaign implicated Scottish First Minister, Jack McConnell, in a conflict of interest. The Executive pumped £1.5 million into the campaign to convince the public that salmon was safe. The most valuable gift McConnell received as First Minister was a pair of gold cuff-links given to him by Marine Harvest. McConnell's brother also runs a Marine Harvest fish farm.[367]

What is happening in Scotland is only one example of a process happening around the world, Canada's fish farms in particular are proving to be a great risk to the survival of the wild species. Various groups have attempted to highlight the problems in Scotland's rivers, and there are well documented studies of the effects of fish farms. However, the Scottish Executive is proving very reluctant to act on this.

4.10. The food industry in Scotland

4.10.1. Resisting supermarkets in Scotland

'The first thing that hits you when you approach Dundee from any direction these days is not [its] unique and impressive heritage, but supermarkets.'

In Shopped: The Shocking Power of British Supermarkets, Edinburgh-based food writer Joanna Blythman describes the catastrophic effects on communities, both urban and rural, of supermarket domination.[368] If you think the main UK supermarket chains provide choice, convenience and good value to their customers, you might like to think again. With strong oligopoly control over grocery retailing, small independent retailers can't compete and are closing down leaving our high streets to become 'ghost towns'. Meanwhile the National Farmers Union of Scotland, in conjunction with the Scottish Greens, have brought a motion in the Scottish Parliament calling on supermarkets to end the exploitation and bullying of their suppliers, not just in the UK but overseas. Over 700 dairy farmers have left the industry over the last decade, which means that the remaining farms have intensified further.[369] Food poverty is damaging public health, and the unnecessary transportation of food is causing not only climate change (freight transport is the fastest growing reason for CO2 emissions) but also impoverishing workers and destroying biodiversity in developing countries.[370]

The UK Competition Commission (2000) highlighted that in 1998/1999 in Scotland, Tesco had 19.1% of the grocery retailing market share; Sainsbury 6.3%; Asda 19.3%; Safeway-Morrison 28.4%, and Somerfield 11.8%. Overall these five supermarket chains had a staggering 85% of the market.

However, resistance is at hand. Here are just three examples of resistance to supermarket development in Scotland.

Crieff, Perthshire
For nearly 100 years, the Highland Games in the quiet Perthshire town of Crieff have been held on the town's Market Park. But in 2004 the landowners, Crieff Highland Gathering Ltd, secretly negotiated with a property developer, Kensington and Edinburgh Estates, to sell the Market Park site to a supermarket chain, and create a new custom-built stadium half a mile away. There are many who object to the plan, forming the 'Pro-Market Park' campaign including those who see it as a betrayal of the town's heritage and a death knell for many retailers in the town's High Street. They are trying to invoke the 2003 Scottish Land Reform Act to wrest control of Market Park from the company into community control.[371]

Castle Douglas, Dumfries and Galloway
With an 8,000m^2 megastore just opened in Dumfries, Tesco wants to build another supermarket in Castle Douglas, 18 miles away. There is widespread local concern that the many independent shops in Castle Douglas, as well as in neighbouring towns, will have to struggle to survive. Castle Douglas was launched as Scotland's only 'food town' in 2002 and is renowned for the high quality of its food retailers and producers – nearly 50 businesses are involved in making or selling food or drink in the town.[372]

Portobello, Edinburgh
This seaside resort on the outskirts of Edinburgh has united in its opposition to a 6,500m^2 supermarket development on the High Street, currently packed with individual shops, independent retailers and privately-owned convenience stores. More than 3,000 signatures had been collected

by the end of July 2004 in opposition to the development, and retailers and residents have joined forces to form the Portobello Campaign Against The Superstore (PCATS).[373]

4.10.2. Grampian Country Foods

'Denatured and deracinated, the chicken nugget is a symbol of the way we eat now. It is the epitome of our 21st-century system of globalised, industrial food production.'
Felicity Lawrence[374]

Grampian Country Food Group is a Scottish-based transnational meat production company, and Scotland's second largest privately owned company. Grampian Foods produces chicken, pork, beef, lamb and turkey 'products' for the food service sector. Producing fresh, frozen and 'added value' products, it is a major supplier to the UK supermarkets – processing a third of all UK chickens (200 million a year) and Tesco's leading supplier of red meat through its subsidiary St. Merryn. Grampian has huge food sales in the UK, eclipsed only by Associated British Foods, Nestle and Mars. Brands include Halls, Chunky Chicken, Sovereign and Highland Organics. Grampian is also the biggest producer of haggis worldwide.

Grampian claims to have quality standards that are 'second to none' and to be 'resolutely committed to the highest standards of bird welfare'. In 2002, animal welfare group Viva! revealed footage filmed at a Grampian-owned farm in East Sussex:

The windowless shed was crammed with thousands of broiler ('meat') chickens kept under artificial light. The noise and the smell of ammonia were overpowering. The flooring had accumulated excreta that would not be changed for the chicken's lifetime. Outside the shed there were dead and rotting chickens piled up. Inside the shed there were dead and dying chickens amongst living ones. Investigators witnessed ammonia burns and sores on many of the chickens' bodies and some chickens' undersides were nearly bald and were caked in faeces.[375]

Grampian employs 25,000 people throughout the UK, Thailand, Portugal and the Netherlands, with its headquarters in Aberdeen and Leeds. Grampian Foods recently relocated some of its production to Thailand because of lower labour costs, less regulation and 'total utilisation of the bird'. This resulted in the loss of hundreds of jobs in Scotland. Processed chicken relies on cheap exploited labour to keep the costs down – from low paid workers in Thai factories to undocumented migrant labour in UK factories, who are highly vulnerable to exploitation.[376] In 2001, Grampian Foods made a substantial donation to the Conservative Party.[377]

In 2002, Bank of Scotland, venture capital group 3i and Aberdeen Development Capital were substantial shareholders in Grampian.

4.11. Transport in Scotland

Road building is becoming an issue again all over the UK, as the New Labour government restarts the programme abandoned years ago by the Tories – at the same time as claiming to take climate change seriously.

The Scottish Executive plans to spend a minimum of £1 billion on the M74 extension and the Aberdeen bypass, while public transport initiatives continue to struggle for funds. The Executive says it aims to be spending 70% of all transport spending on public transport by 2007. However, based on the Executive's own draft budget 2005/6, Greens point out that the true level of spending is less than 50%, not counting the M74 PFI motorway project. At First Minister's Question Time in November 2004, the Green co-convener Shiona Baird MSP also exposed items such as 'roadworks and road haulage' funding being sneaked into Executive budget lines as 'public transport'.

4.11.1. Public/Private roadbuilding

Each of the four regions of Scotland (North-East, 'Highlands and Islands', West, and South-East) has created a transport planning partnership between local councils and industry groups such as Chambers of Commerce. The partnerships then create transport strategies which give an overall direction to the decisions made by individual councils. Councils presumably find it very difficult to reject the proposals of these partnerships as they are represented on them. This is a blatant case of industry getting special access to decision makers that isn't available to individuals or citizens' groups.

For example, the North East of Scotland Transport Partnership (NESTRANS) is 'a public/private partnership - made up of the Aberdeen City Council, Aberdeenshire Council, Scottish Enterprise Grampian and Aberdeen and Grampian Chamber of Commerce. It is working to develop an integrated transport strategy for the North East over a 16-year period'.

Current and impending road projects:[378]

A1 Haddington-Dunbar
A701 Edinburgh City bypass, Midlothian
A830 Arisaig - Kinsadel
A96 Fochabers - Mosstodloch
Aberdeen western bypass
M74 Northern Extension, Glasgow.
M77 Fenwick-Malletsheugh & Glasgow Southern Orbital

The A701 route is home to the Bilston Glen protest site where campaigners have been occupying the land since summer 2002.[379] The road is a controversial scheme that will go through greenbelt land and is likely to lead to further development through increased access to nearby retail and science parks[380]. Campaigners have also criticised the plan because it will increase access, and offer room for expansion, to the Roslin Institute, the biotech research centre who cloned Dolly the (now dead) sheep.[381] The road is likely to be a PFI scheme.

The M74 is another PFI project which has met with massive resistance from local communities. At the time of printing, no information was available on who has the contract. Visit the Corporate Watch website for updates.

Jacobs Babtie

Formerly Babtie Group Ltd, acquired by Jacobs Engineering Group Inc in 2004, Jacobs Babtie describes itself as 'a leading technical and management consultancy operating in transport and development, environment and utilities, property and facilities, defence and energy, and partnerships and outsourcings markets both in the UK and internationally'.[382] The Glasgow-based company is involved in the following road building projects:

- Aberdeen western bypass (as the contractors)
- A701 Edinburgh City bypass, Midlothian (Iain Murray is the designer)
- A876 Kincardine Bridge - A985 Kincardine eastern link road (Iain Murray is the engineer)
- M77 Fenwick-Malletsheugh & Glasgow Southern Orbital (monitoring construction and operation)

Like all companies who pride themselves on 'outsourcing' and PFI/PPP involvement, Jacobs Babtie works in a wide range of areas, from administering the London Congestion Charge to work on shiplift jetties at Faslane.

Balfour Beatty

Balfour Beatty is the fifteenth largest construction company in the world and 2nd largest in the UK. It is the UK's leading PPP/PFI concessionaire/contractor, and its executives are currently on trial for their role in the Hatfield rail disaster.[383] The company is involved in the following Scottish roads:

- A1 Haddington-Dunbar (as contractors with Carl Bro)
- M77 Fenwick-Malletsheugh & Glasgow Southern Orbital (as contractors)[384]

The Pollock Free State

Just south of Glasgow's city centre is the M77, the site of which in 1993 – 5 saw a long-running and inspiring campaign which became known as the Pollock Free State. The motorway route passed through an area of public land including some ancient woodland. The protest culminated in the occupation of the site and direct action against the building of the road.

RJ McLeod

Also based in Glasgow, with an annual turnover in excess of £50m.385 Over 2003-4, the company was contracted by the UK Atomic Energy Association (UKAEA) to construct a new police command and control building at Dounreay nuclear power plant near Thurso on Scotland's northern coast, now being decommissioned. It was described as 'one of the major construction projects required to support the Dounreay Site Restoration Plan' and cost around £4m.386 In 2004 it completed the A876 Kincardine Bridge-A985 Kincardine eastern link road.

4.11.2. Stagecoach

'Ethics are not irrelevant but some are incompatible with what we have to do, because capitalism is based on greed.' Brian Souter[387]

The story of Brian Souter and Ann Gloag from Perthshire in Scotland, who founded and own transport multinational Stagecoach, is celebrated as one of rags-to-riches success. The two siblings bought second-hand buses with their father's redundancy payment, and within twenty years established one of the major transportation companies in the world, taking advantage of the privatisation of the National Bus Company in 1985. Stagecoach now has a 16% share of the UK bus market, turnover of £1.5 billion and a group operating profit of £129.8 million.[388] Souter and Gloag are now 11th on the Sunday Times' Rich List for Scotland, worth £327 million. They also ranked 132nd in the UK Rich List.

The transport services owned by the group include:

- Stagecoach local bus services in 60 cities, towns and rural areas in Britain, running 7000 vehicles in 16 regional companies - www.stagecoachbus.com
- Megabus intercity bus services
- The Oxford Tube service connecting Oxford with London
- Southwest Trains, train services in south west England - www.southwesttrains.co.uk
- A 49% share in Virgin Trains - www.virgintrains.co.uk
- Island Line, the Isle of Wight train service, and Sheffield Super Tram3 coach services in the USA and Canada (though some services have been sold in 2003) - www.coachusa.com
- Ferries and buses in New Zealand - www.stagecoach.co.nz

Stagecoach has operated bus services in Malawi and Kenya, which it sold in 1997/8.

Ruthless business practice

Stagecoach's success has been achieved partly with the help of business practices that have come under substantial criticism from regulatory bodies.

When local transport was deregulated in the 1980s, Stagecoach used many tactics to defeat its rivals and gain franchises, including temporarily flooding the market, with services which were often cut-price, or even free. In Darlington in 1994, Busways (a Stagecoach company) succeeded in taking over the local authority's bus operation by running free services so that the local authority's company went into administration and Stagecoach's competitors removed their bid. The Monopolies and Mergers Commission (MMC) referred to these actions as 'predatory, deplorable, and against the public interest'.[389] On other occasions Stagecoach has been investigated by the MMC, when its acquisitions put it in a powerful enough position in local transport to endanger public interest. In Scotland, these include Strathclyde in 1994,[390] and Ayrshire in 1986.[391]

When Britain's rail infrastructure was privatised, Stagecoach put in bids for every one of the 25 franchises up for sale, and won two of them. According to John Mair, who produced a Granada TV World in Action programme about Brian Souter, 'When the Conservatives offered up the opportunities for arch-capitalism he took them seriously'.[392] In September 2004, a Residents' Action Movement in Auckland, New Zealand, wrote an open letter to Auckland Regional Council complaining about Stagecoach's high fares, despite public subsidies for public transport.[393]

Abuse of workers' rights

Stagecoach has come under much criticism from trade unions over levels of pay and job security, including several strikes in recent years. Stagecoach has also been criticised for its dubious attitude towards labour rights. In the 1980s, during a strike by East Midlands Bus Company workers relating to overtime, Souter threatened to bring in non-unionised labour and the union backed down.[394] At a 2002 strike by South West Trains workers, managers were brought in to replace station security staff, causing a security risk to passengers according to the RMT union,[395] and Souter threatened to fire 2,500 members of staff to end the strike, advertising for non-unionised staff to replace them.[396] At the 2003 Trade Union Congress, Bob Crow of the RMT union led a call for the right to take secondary action and accused Stagecoach of using 'scabs' from around Britain during a recent pay dispute in Devon.[397] In this incident, one striker got his ankle broken when a 'scab' driver drove at the picket line.[398]

Stagecoach workers in different parts of the company receive varying rates of pay, sick pay and leave entitlements, making it harder to organise coordinated campaigns by trade unions on working conditions throughout the company.[399]

Poor quality of services

Privatised transport facilities have come under much criticism for prioritising profit over public transport needs, convenience and safety. One rail service particularly criticised for poor quality is South West Trains (SWT), run by Stagecoach. Stagecoach has been fined for poor performance, the Advertising Standards Authority (ASA) judged that their literature misinformed about their ability to provide their services. Complaints by passenger groups[400] include the running of short trains; the omission of scheduled

4.11.5. The Skye Bridge

The toll booth is in darkness, the central lanes with the toll barriers are closed off, and the outside lanes are now open to free flow of traffic. It's a sight that campaigners have been fighting for since the toll bridge from the Isle of Skye opened in 1995, the local ferry mysteriously closed down, and the islanders found themselves forced to pay the highest toll fees in Europe.

By the end of 2004, crossing the Skye bridge cost £5.70 for a one way ticket. For nine years the islanders had been financial prisoners of the Bank of America, which acquired ownership and control of the bridge after it had been built under the UK's first PFI initiative, costing around £78 million more than independent estimates suggest it needed to.

The people of Skye had to pay a fee to an American bank every time they wanted to go to or from their island, although the costs of the bridge had already been met by the taxpayer and the European Investment Bank. Far from Westminster and national newspapers, out of sight, out of mind, Skye was the ideal location for launching a corrupt, unpopular initiative, in which private companies were granted monopolistic control over public works.

In 1997, before the election, the Scottish Labour party had promised, in a full page ad, to scrap the tolls as soon as possible. These promises were reneged on as soon as the party got into power, ministers announcing that scrapping the tolls would be 'impossible'. But the main campaign group, SKAT, refused to buckle under. Made up of islanders and mainland supporters, SKAT describes itself as a non-political organisation, with members active in all political parties, or in none. 'We fought the Tory Government, and now we fight the Labour one. The issue of the Skye Bridge and its effect on our fragile economy unites all locally based political activists', says the group's website. Non-violent protests, with people paying the toll in pennies or with unmanageable giant cardboard cheques, continued. On 21 December 2004, the Scottish Executive bought the bridge back for £27m and abolished the tolls.

Despite widespread celebration, SKAT continues to campaign to remove the criminal convictions that some supporters received. Other issues are how much the Bank of America has made out of the deal, whether the islanders can recoup the toll fees, and what is next for the rest of Scotland's toll paying bridges, which people are now also seeking to challenge.

stops; poor maintenance on trains leading to passenger discomfort and safety risks, including train fires; and the company receiving disproportionate profits, boosted by public subsidy (In 2003, subsidies for SWT rose from £50m to £170m).[401] Passenger groups suggest that 'Stagecoach's 8-year history of failure on SWT, and the worsening experiences of passengers, present the risk of a crisis...related to poor reliability, hopelessly inadequate capacity and passenger dissatisfaction'.[402]

There are serious concerns as to whether a privatised rail system can fulfil public needs, or be accountable. Stagecoach appears to be a company where these concerns are especially valid since it explicitly follows tactics oriented towards profit, not transport users' needs.

Support for homophobia

'We are asking another question about whether homosexual relationships have the same moral values as marriage.'[403] Brian Souter on BBC news in 2000

Brian Souter, encouraged by his evangelical Christian beliefs (he is a member of the Church of the Nazarene), uses his wealth and influence in an attempt to exert a political influence. In 2000, he funded and led a campaign against the government's plan to repeal Section 28, the prejudicial and discriminatory law banning local authorities from 'teaching...the acceptability of homosexuality as a pretended family relationship'. This law effectively disabled teachers from dealing with homosexuality or tackling homophobic bullying, experienced by 77% of openly gay and lesbian school students.[404] Souter gave £500,000 to a campaign against the repeal of the law, which included a privately-run referendum. Despite the well-funded and promoted campaign, the government succeeded in scrapping Section 28 in 2001.

4.11.3. *FIRST*

First is a UK-based transport company with 60,000 employees in the UK and the USA, and a turnover of nearly £2.25 billion. It 'runs one in five local bus services in the UK, catering for 2.8 million passengers a day. Chief Executive Moir Lockhead first joined Grampian Regional Transport in Aberdeen in 1985, later leading a management buy-out in 1989. GRT merged with Badgerline Groups in 1995 to form First. Lockhead, a leading Aberdeen entrepreneur, was ranked 22nd in the Sunday Times' 2002 Richlist for Scotland,[405] and came 75th in a Scotsman report on Scotland's most powerful people.[406] He has been given an OBE. In 2004, First was awarded the franchise for ScotRail, the major rail network in Scotland, despite a warning by the Competition Commission that this might give the company too great a grip over transport in Scotland.[407] There were also suggestions by the Conservative Party that Transport Minister Stephen Nicol, who approved the award, had his own interests in First.[408]

Some of First's operations include:

- UK Intercity rail services, including First Great Western, TransPennine Express and Hull Trains
- London commuter services including First Great Western Link
- Regional services in England including First North Western
- ScotRail in Scotland - www.firstscotrail.com
- GB Rail freight freight services
- Croydon tramlink in London
- Many local bus services in the UK
- Services in North America including school buses (First Student) and vehicle maintenance (First Services)

Poor working conditions and services

First's website promises: 'our vision is to Transform Travel – providing public transport services that are safe, reliable, high quality, personal and accessible'.[409] The company makes much of its practices of corporate social responsibility, talking about customer choice and safety, and minimising environmental damage.[410] Even so, First has had to deal with accusations of poor service and working conditions.

In July 2004, workers at First Bus in South Yorkshire went on strike against low pay, long hours, and poor working conditions.[411] The company rejected the workers' ballot decision, threatening to take legal action against them,[412] before a new offer was accepted the following month.[413] Following the end of the strike, First Bus in South Yorkshire decided to stop collecting union subscriptions, to the anger of the Transport and General Workers' Union.[414] There have been other strikes against First over recent years, including one in York in August 2003 over low pay.[415]

In December 2004, First Bus was accused of failing to maintain coaches operating in the Lothians, and inspectors discovered more 210 defects on vehicles including faulty break systems and doors. Sixteen notices demanding immediate action, and 51 notices demanding action, has been issued to the company. Vehicle inspector Douglas Pew suggested that 'the company has failed to adhere to the agreed statute of its licence'.[416] In January 2005, Greater Manchester Passenger Transport Authority (GMPTA) agreed to work with First after the latter reviewed its service,[417] following complaints from passengers and criticism from the GMPTA for poor service.[418] In 2001, First Great Western was investigated by the Western England Rail Passengers Committee following large numbers of complaints concerning poor service and punctuality.[419] In 1999, First defended its profits rise despite being the operator of one of the trains involved in the Paddington rail crash of that year, insisting that profits were not being prioritised above safety.[420]

4.12. High Tech Scotland

From the 1960s onwards, as heavy industries such as coal, steel and ship building went into decline, the establishment of high-tech industries has been actively encouraged in Scotland. These high-tech developments have been very heavily subsidised by the government.

4.12.1. Electronics

The first wave of high-tech development focused on electronics and computers. This took off to such an extent that by the 1980s central Scotland was dubbed 'Silicon Glen'. Major global electronics companies such as IBM, Motorola and NEC were tempted into setting up manufacturing facilities. At its high point in the 1990s, 'Silicon Glen' produced 35% of Europe's computers and 12% of the world's semi-conductors and directly employed 55,000 people. However, the electronics industry has not been the universal panacea for the Scottish economy that it was meant to be. Jobs in the Scottish electronics industry look increasingly precarious as one by one major companies take the money and run, scaling back their Scottish operations and relocating to countries with lower labour costs.[421]

4.12.2. Biotechnology

Apart from electronics, another high-tech industry to have received backing in Scotland has been biotechnology. From the 1990s onwards a number of biotech companies have emerged in Scotland,[422] joined by a handful of biotech-based subsidiaries of global companies, principally working on pharmaceutical applications of biotechnology, and often clustered around the major Scottish universities and other research institutes.[423]

One of the most controversial areas of research has taken place at the Roslin Institute near Edinburgh. The Roslin Institute is a leading research centre for farm animal genetic engineering and genomics.[424] In conjunction with its commercial wing, PPL Therapeutics, the Roslin Institute has worked on genetically engineering animals to produce human pharmaceutical products, as well as doing ground-breaking work in cloning animals (including Dolly the Sheep) and xenotransplantation.[425] As the investment bubble that was built up around biotech companies in the mid 1990s deflated, PPL Therapeutics went from being a flagship company, representing the success of biotechnology in Scotland, to near bankruptcy. The company has failed to live up to its own hype, and its commercial products have not made the quick profits that were promised to investors. Major collaborators such as Bayer have pulled out,[426] and in summer 2004 PPL Therapeutics was bought by QED Intellectual Property.[427] QED has set about selling off PPL's intellectual property, and at the time of writing it is not clear what if anything is left of the company.

Stagecoach and Nanotechnology

Although not actually involved in nanotechnology production, Perth-based transport company, Stagecoach, is in the process of introducing a nano particle-based fuel additive (Envirox made by Oxonica) to its entire UK bus fleet.[433]

4.12.3. GM crops

Scotland as with the rest of the UK is unlikely to face commercially grown GM crops in the foreseeable future. No field trials have been undertaken in Scotland since the end of the government-sponsored GM farmscale trials and the major GM crops companies' withdrawal from trials in 2003/2004. The two Scottish research institutes which had previously grown their own GM field trials, the Scottish Agricultural College and the Scottish Crop Research Institute, have not done so since 2003.[428]

4.12.4. Nanotechnology

Hot on the heels of biotechnology, the beginnings of a nanotechnology industry in Scotland are again often clustered around academic research departments.[429]

Currently the most prominent nanotech enterprise in Scotland is not actually doing nanotechnology, but is an industry front group: the Stirling based Institute of Nanotechnology.[430] The institute has made it its business to promote the interests of the nanotech industry in the UK and beyond. It works closely with governments, universities, researchers and companies involved in nanotechnology, and undertakes work to assess, promote and expand the nanotech industry in the UK and Europe.[431] The Institute prides itself on its close links with the nanotech industry and has worked with companies such as BP, ICI, Unilever, Syngenta, GSK, BNFL, Toshiba, Sharp and General Electric.

Current corporate members of the Institute include Unilever, Degussa, Lot Oriel, Sulzer, Veeco, QinetiQ, Toshiba, Merck and ICI.[432]

4.13. The Scottish Media

Did you know that Scotland is home to one of, if not <u>the</u> oldest daily newspapers in the English speaking world?

Based in Glasgow and founded in 1783, The Glasgow Herald, is reputed to be the longest continuously published daily newspaper in the English speaking world. Did you know that the Herald is owned by a massive American media corporation? Surprised? You shouldn't be.

Influenced by the massive media mergers in the United States, the media environment in Scotland has witnessed trends towards media consolidation and foreign ownership. Further, these changes occurred because of major recent changes in UK law. According to the International Federation of Journalists (IFJ) with the passing of the 'Communications Act of 2003' the United Kingdom now has the most liberal media ownership rules in all of Europe.[434] The Act relaxed the laws governing non-European media ownership of UK media and loosened laws around cross-media ownership and cross promotion.

Who's Who? Major media Outlets Operating in Scotland

In an effort to untangle the intricate web of relationships of and between the media organisations which operate in Scotland, this overview and map lists some of the companies who dominate the Scottish media environment. The BBC, BskyB, ITV, Channel 4 and Channel 5, ITN and News Corporation are also clearly represented in Scotland.

Newsquest Plc

Newsquest is a wholly owned subsidiary of North America's largest publisher, Gannett Corporation.[435] Newsquest is the second largest regional newspaper publisher in the UK. Its publications include 17 daily newspapers with a combined circulation of approximately 725,000. In December 2002 the Scottish Media Group (SMG) effectively sold The Herald, The Sunday Herald and The Evening Times, Glasgow, to Gannett for £216 million. The sale was approved in March 2003.[436]

Holyrood Holdings Ltd.

Holyrood Holdings[437] is perhaps best known for its reclusive owners, the media moguls, Sir David and Sir Frederick Barclay. They own The Scotsman and Scotland on Sunday (Purchased from Thompson Publishing in 1995), The Daily Telegraph (Purchased from Hollinger in 2004), Edinburgh Evening News and The Business. Additional business interests include the Ritz Hotel in London and Littlewoods mail order operations.[438]

Johnston Press Plc

Johnston Press, based in Edinburgh is the fourth largest publisher in the UK. It was established in 1767 and now operates in over 140 markets across the United Kingdom. Papers include: Glasgow East News.

Wireless Group Plc

Scot FM is owned by the London based Wireless Group and has around 450,000 listeners.

The Scottish Media Group (SMG)

SMG was created by Canadian media company, Thompson Group. SMG is a Glasgow-based media conglomerate with interests in TV, radio, cinema, advertising and print. ITV Plc is believed to own a 'significant stake' in SMG. Amongst others, SMG owns and operates Scottish TV and Grampian TV; Virgin Radio; Pearl & Dean, who sell cinema advertising, and Primesight who sell outdoor advertising such as billboards.

Scottish Radio Holdings (SRH)

Scottish Radio Holdings (SRH) dominates commercial radio in Scotland with 15 radio stations including: Clyde One and Clyde Two (which reach1.1 million listeners), Radio Forth, Radio Tay, NorthSound Radio, WestSound Radio, Moray Firth Radio and Radio Borders. In 2004, SMG sold its 27.8% stake in SRH to the broadcasting group EMAP for £90.5m.[439]

The Trinity Mirror Group Plc

The Trinity Mirror Group is reputedly the largest publisher in the United Kingdom and is responsible for approximately 250 newspaper titles. Scottish national titles include the Scottish Daily Record, the Sunday Mail, Daily Mirror, Sunday Mirror along with the Scottish Metro and The Glaswegian. The Trinity Mirror group also owns Scottish & Universal Newspapers Ltd which run a large number of local newspapers in Scotland.[440]

G8 SCOTLAND CONTACTS

G8 campaigning groups

Dissent!
...is a network of resistance against the G8. The Dissent! website has links to groups around the country mobilising against the G8 and groups within the Dissent network working on specific issues.
www.dissent.org.uk

G8 Alternatives
Coalition that includes organisations and individuals from a broad range of social movements that are coming together to plan for and organise massive peaceful protests and a counter- summit.
http://www.g8alternatives.org.uk

G8 feminist action
http://g8feministaction.frockon.org
g8feministaction@riseup.net

Scottish campaign groups

The Autonomous Centre of Edinburgh (ACE) A community resource centre for grass-roots organisation. 17 West Montgomery Place Edinburgh EH7 5HA Tel: 0131 557 6242
www.autonomous.org.uk

AK Press
radical book publisher and distributor
info@akpress.org
http://www.akpress.org

Christian Aid (Scotland)
0131 220 1254 (Edinburgh)
0141 221 7475 (Glasgow)
info@christian-aid.org
http://www.christian-aid.org.uk/ukireland/scotland/index.htm

Depletion Scotland
peak oil research
info@ depletion-scotland.org.uk
http://www.depletion-scotland.org.uk/

Greenpeace Scotland
http://www.greenpeace-sc.org/

Jubilee Scotland
Debt cancellation
0131 225 4321
mail@jubileescotland.org.uk
http://www.jubileescotland.org.uk/

Oxfam Scotland
0870 333 2700
http://www.oxfam.org.uk/about_us/scotland/

Reforesting Scotland
http://www.reforestingscotland.org/
+44 (0)131 554 4321
info@reforestingscotland.org

Scottish Campaign for Nuclear Disarmament (CND)
0141 423 1222 www.banthebomb.org
scnd@banthebomb.org
See http://www.faslaneg8.com for July 4th action

Scottish Education & Action for Development
Tel. 0131 555 5550
sead@gn.apc.org
www.sead.org.uk

Scottish Friends of the Earth
Tel: 0131 554 9977
http://www.foe-scotland.org.uk/

Scottish Unison
- Scotland's largest trade union,especially representing public sector workers
0870 7777 006
http://www.unison-scotland.org.uk/

Transform Scotland
Sustainable transport
Tel: +44 (0)131 467 7714
Email: info@transformscotland.org.uk
http://www.transformscotland.org.uk/

World Development Movement (Scotland)
http://www.wdmscotland.org.uk/index.htm

Scottish political parties

Scottish Green Party
www.scottishgreens.org.uk
office@scottishgreens.org.uk
08700 772 207

Scottish Socialist Party
ssp.glasgow@btconnect.com 0141-429-8200
ssp.edinhq@tesco.net 0131-557-0426
http://www.scottishsocialistparty.org/

Some national campaigning organisations

Trident Ploughshares
Nuclear disarmament campaign
info@tridentploughshares.org
http://www.tridentploughshares.org/

Platform
(arts-based activism/ oil industry research)
http://www.platformlondon.org/
http://www.carbonweb.org/

Campaign Against the Arms Trade
enquiries@caat.org.uk.
+44-(0)-20 72810297
http://www.caat.org.uk/

DIY media

www.indymedia.org.uk
www.schnews.org.uk

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