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Date: 8 of July 2009

Dear Miss Antelo,

We would like to express our deep concern about the planned NABUCCO gas pipeline project. The EC, as one of the main promoters of the project, holds significant responsibility for ensuring that the project complies fully with EU standards and policies.

If Nabucco reaches its full capacity, in the 2020s it will import to Europe 31 billion cubic metres of natural gas per year. This means that in the combustion process approximately 60 million tonnes of additional CO<sub>2</sub> will be emitted in Europe per year<sup>1</sup>. This is more than half of Romania's CO<sub>2</sub> yearly emissions in 2007 from all sectors<sup>2</sup>. On top of that, methane - the principal component of natural gas – has 20 times higher greenhouse effect potential than CO<sub>2</sub>. During extraction and transportation few percent of gas leaks into the atmosphere. In this sense, natural gas cannot be seen as a low-carbon alternative. **Support for large-scale gas infrastructure projects is rather inconsistent with the ambitious EU climate targets** and raises the question of integrity of EU policies ahead of extremely important climate summit in Copenhagen in December 2009.

Support for the Nabucco project also raises serious doubts about the role the EU plays in developing democracy and human rights in Turkmenistan and Azerbaijan. In "The EU and Central Asia: Strategy for a New Partnership" endorsed by the European Council in June 2007 democracy and human rights issues were placed at the centre of EU policy. The same approach appears in the Azerbaijan country strategy for 2007-2013, part of the European Neighbourhood and Partnership Instrument. In both countries, the absence of pluralism and lack of transparency in government spending makes public oversight over gas and oil revenues impossible. Furthermore, money from the extractive industries provides the governments with additional power to frustrate – if not crush – the bottom-up struggle for democracy. It means that the EU's endorsement of the Nabucco project **may undermine its own goals towards raising human rights standards and building democracy** in Turkmenistan and Azerbaijan. (For more, see ANNEX)

The construction of a 3300 kilometre long pipeline, half of it on the territories of EU member-states, raises serious concerns about possible environmental damage for areas protected under EU law. **Routing of the pipeline may endanger NATURA 2000 sites** indicated under the Habitats and Birds Directives.

Another aspect of Nabucco project that needs careful consideration of long-term risks includes **the natural and political risks posed to the project**. Some of the regions envisaged for the Nabucco route (in Turkey, Bulgaria and Romania) are characterised by significant seismic hazards. On the other hand, the security of supply may be endangered by political factors. Due to the undemocratic political systems of the likely supply countries, including Turkmenistan and Azerbaijan, and conflict regions (in Azerbaijan and Georgia), the long term stability of the political environment is doubtful. These issues require detailed risk assessment.

The concerns raised here demonstrate the need for a thorough, transparent and participatory assessment of

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<sup>1</sup> Estimation on the basis of Energy Information Administration data, "Fuel and Energy Source Codes and Emission Coefficients", <http://www.eia.doe.gov/oiaf/1605/coefficients.html>.

<sup>2</sup> European Environment Agency, EEA greenhouse gas data viewer.

the project. We appeal therefore to the EC to ensure the immediate commencement of:

- A Strategic Environmental Impact Assessment of the NABUCCO pipeline and correlated facilities that supply the gas for the NABUCCO pipeline (e.g. the gas pipeline and gas extraction facilities related to the NABUCCO pipeline). The SEA should consider thoroughly also the opportunities lost if the project is realized in terms of use of the investments made in NABUCCO for other sectors of the economy or for alternative investments that could achieve the same objectives as the NABUCCO pipeline. This assessment should include the impacts on the Caspian Sea by related facilities, including the proposed Transcaspien Pipeline.
- Climate assessment of the project and correlated facilities should be also be made as part of the SEA or a separate assessment
- A social and human rights assessment should be also made together with the SEA.

Last but not least, we would like to request that the EC take responsibility for organizing a transparent and participatory process for preparing these documents. We would like to emphasize that the scoping procedure for these assessments should also be carried out in a transparent and participatory way, with all of the concerned stakeholders.

We believe that the EC takes seriously its responsibilities for ensuring compliance with EU standards and policies, and we look forward to hearing from you in a timely fashion regarding the steps taken by the EC to implement the requested assessments.

Sincerely,

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## ANNEX

### Human Rights concerns in Turkmenistan and Azerbaijan

Both countries are among the most authoritarian regimes in the world (in the most recent Freedom House survey, Turkmenistan received the same score as North Korea; Azerbaijan follows not far behind<sup>3</sup>. Some external commentators have been misled by superficial changes introduced in Turkmenistan by new president Gurbanguly Berdimuhamedov. In its reports Human Rights Watch observes that there are no signs of real transformation towards a pluralist democracy with freedom of speech in Turkmenistan. “Draconian restrictions on freedom of expression, association, movement, religion and belief remain in place in Turkmenistan”, it says<sup>4</sup>.

In March this year, supporters of the Azeri president Ilham Aliyev, serving his second and, according to the constitution, last term, managed to amend the law and thus remove the barrier of two consecutive terms as president. It is now possible that Ilham Aliyev will stay in power until the end of his life, as his father Heydar did.

In both countries, the absence of pluralism makes public oversight over gas and oil revenues impossible. Furthermore, money from the extractive industries provides the governments with additional power to frustrate – if not crush – the bottom-up struggle for democracy. In the case of Azerbaijan this cash inflow may also contribute to destabilization around Nagorno-Karabakh as Baku radically expands its military potential<sup>5</sup>.

As a recent study shows, increased revenues from oil and gas industries have a direct and almost immediate effect of decreasing media freedom in non-democratic countries<sup>6</sup>.

This is confirmed by Turkmen independent civil society, whose representative writes “The West is interested in conservation and retention of the Turkmen regime as «stable» in relation to politics, and as a stable gas supplier. (...) Nor does it care that money for gas, which will come into the country, will be spent in large part to strengthen this totalitarian regime. Money will never reach Turkmen citizens, as it never did during Niyazov times – the money will accumulate in Western bank accounts of the Turkmen authorities.”<sup>7</sup> The EU's endorsement of the Nabucco project therefore undermines its own Human Rights and democratic goals in the supplier states Turkmenistan and Azerbaijan.

### Alternative path to energy security

The Strategic Environmental Assessment Directive requires considering reasonable alternatives to the proposed investment. In the context of Nabucco one of the alternatives would be a way to provide energy security other than through construction of a new gas pipeline.

Political support for the Nabucco project and the public financing envisaged for the project could be used in a more cost-effective way. Energy security – the notion justifying the need to construct Nabucco, has an immense potential to be reached through reduction of demand. This could contribute to fulfilling each of the 20-20-20 targets stipulated in the EU climate change and energy package.

Investing in energy efficiency is the cheapest and most effective way to address current energy challenges at the national, regional and local levels. Particularly, EE measures in housing can realise great energy savings, especially for public buildings, households and the high-rise blocks of flats common to most CEE towns that are notoriously wasteful of heat and in urgent need of refurbishment. The EEA report reveals that in 2005, the residential sector in Europe accounted for 26.6 % of the final energy consumption creating thus the largest mitigation potential where all technology and know-how is mature and immediately available.

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<sup>3</sup> “Freedom in the World”, Freedom House, 2008.

<sup>4</sup> “Fact Sheet on Turkmenistan: Still Closed and Still Repressive”, Human Rights Watch, August 2008; “Human Rights Reform in Turkmenistan. Rhetoric or Reality?”, Human Rights Watch, November 2007.

<sup>5</sup> Over the last five years Azerbaijan's military budget has increased by more than 1000 percent. “Growing Azeri defense budget buildup—in earnest or for show?”, Jamestown Foundation, 31 October 2008.

<sup>6</sup> Georgy Egorov, Sergei Guriyev, and Konstantin Sonin “Media Freedom in Dictatorships”, 2009.

<sup>7</sup> Mered Rashidov, “Hello Europe, America, hello!”, Chronicles of Turkmenistan, 2 June 2009.

Investing in energy efficiency in housing will significantly reduce energy consumption – by an estimated 30% in the energy sector resulting in an 11% cut in the EU's final energy usage<sup>8</sup>.

In Bulgaria and Romania refurbishment of high-rise residential buildings alone may save up to 77.4% of the energy used for heating. For Hungary, another country taking part in the Nabucco project, this figure amounts to 74.7%<sup>9</sup>. These measures would significantly reduce gas demand, because gas is the main source of heating in these countries. Additional data shows that that for the cost of Nabucco, 3.5 times the amount of gas that Nabucco would bring could be saved by retrofitting buildings in 8 new EU member states (the Baltic States, the Visegrad four and Slovenia)<sup>10</sup>. Furthermore in the EU simple and cost effective energy efficiency measures like better insulation, glazing and more efficient lighting could deliver savings equivalent to 500 million cubic metres of gas per day<sup>11</sup>. This is almost six times more than the planned Nabucco pipeline could deliver.

On the other hand, investments in energy efficiency will not only contribute to energy security and emission reduction, but also can reap numerous ancillary benefits (“double dividend”) for social cohesion and economic development such as reducing energy bills for households and providing new employment and business opportunities. Moreover, they can spur innovation in low carbon technologies and provide competitive advantages hence contributing to the Lisbon agenda and secure energy independence in the long run.

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<sup>8</sup> COM (2008) 772. Energy efficiency: delivering the 20% target,

[http://ec.europa.eu/energy/strategies/2008/doc/2008\\_11\\_ser2/com\\_2008\\_772\\_delivering\\_20\\_target.pdf](http://ec.europa.eu/energy/strategies/2008/doc/2008_11_ser2/com_2008_772_delivering_20_target.pdf)

<sup>9</sup> Association for the Conservation of Energy, “Energy Efficiency in the Refurbishment of High-Rise Residential Buildings” 2006.

<sup>10</sup> Extrapolated from: European Insulation Manufacturers Association's report “Cost-Effective Climate Protection in the Building Stock of the New EU Member States Beyond the EU Energy Performance of Buildings Directive, 2005.

<sup>11</sup> Open Letter of the European Insulation Manufacturers Association to President José Manuel Barroso “Europe's biggest strategic energy reserve – its buildings”, 2009.