

Ireland strikes it rich: all cuts to be scrapped

Ireland's financial worries are over. In a sensational move, the Minister for Finance has announced that the money has been found to reverse all recent health and education cuts, scrap the 'pensions levy' and invest in a massive job creation programme.

The Government is going to boost exchequer earnings by hundreds of billions of euro over the coming decades by redrafting Ireland's disastrous oil and gas licensing laws. "This money has been there all along, but the Government was allowing multinational oil companies to keep it all," Minister Brian Lenihan said.

The Minister revealed that the inspiration had come to him while passing a protest outside his office. "They had a banner about a €420 billion oil and gas giveaway. I thought, that would solve all our financial problems.

INSIDE:

- Why this story could be true
- The shocking details of the Great Oil & Gas Giveaway
- What you can do to stop it

"My civil servants reminded me that Ray Burke had made a bizarre deal with the oil companies 20 years ago. If Ireland were now licensing the

extraction of its oil and gas in the way other countries do – or the way we did up to 1987 – the exchequer would indeed earn hundreds of billions of euro."

"The oil companies won't be happy about this, but the licensing terms allow the Government to change the conditions in certain circumstances so they'll have to accept it. People in Ireland need the money more than the multinationals' shareholders do."

No, unfortunately this story isn't true. But it easily could be. Royal Dutch Shell, Statoil, Exxon Mobil and other global corporations will be taking billions of euro out of the country in the next couple of decades. In other countries they would have to give the majority of this money to the State, but not in

Ireland's offshore oil & gas worth €420,000,000,000+



Ireland's economic woes would be solved, were it not for a dodgy deal done by Ray Burke in 1987

Ireland. In 1987, then Minister Ray Burke, later jailed for corruption, abolished the State's 50% share and all royalties.

Three wards in Crumlin children's hospital were closed recently because of a €9.6 million deficit. The value of our offshore fields is 43,750 times the cost of keeping those wards open. It is 300 times the money that will be raised from the public sector 'pensions levy'.

The current Government could insist on a new deal. Instead it has spent as much on policing opposition to Shell's rip-off of the Corrib Gas as it has tackling gangland shoot-

ings in Dublin. Dozens of campaigners have been assaulted and over 100 arrested.

Most Irish media are not reporting The Great Oil and Gas Giveaway, partly because Tony O'Reilly, who owns much of the media, also owns an oil exploration company. As we have no other way to tell you the real story, Shell to Sea has printed more than 100,000 copies of this leaflet and is distributing it all over Ireland. Please read it and pass it on to neighbours, friends and co-workers, because it is only when we all stand together that we can stop this robbery of our resources.

€420 billion is...

300

times the annual
'pension levy'



262,000

times a
teacher's
salary for
40 years



840,000

times the cost
of providing
an extra acute
hospital bed



“We gave the Corrib gas away and now Eamon Ryan is intent on giving away the remaining choice areas of our offshore acreage at less than bargain basement prices”

Economist Colm Rapple
14/12/08 (www.colmrapple.com)

Friends in the right places

Many of the facts in this leaflet may be new to you. Why have you not heard them from the media? Why are politicians not stopping the giveaway of our valuable natural resources? Over the past 20 years Shell has spent large sums of money to win friends to help them steal billions of euro worth of these resources. These allies include journalists, politicians and Gardaí. Those who oppose Shell's seizure of our gas have come under attack from these establishment figures.

Paul Williams, who made a TV3 documentary smearing the campaign, was a guest of Shell at the 2007 England v Ireland rugby match in Croke Park. He and other crime correspondents, notably **Jim Cusack** at the Sunday Independent,



rely on Gardaí for their stories. This is why they write sensational but un-founded scare stories to undermine the campaign and justify garda violence. The Sunday Independent and most of our newspapers are owned by **Tony O'Reilly**, who also owns Providence Resources. This oil and gas exploration firm will soon be trying to bring

gas ashore from the Dunquin field off Kerry; the outcome of the dispute in Mayo will directly affect O'Reilly's profit margin. His newspapers regularly smear the campaign.

Bertie Ahern and **Ray Burke** were among the politicians who changed the law so that Ireland no longer takes a share in its own gas. Green Party TD **Eamon Ryan** was an active campaigner with Shell to Sea, but since 2007 he has been the Minister implementing the Corrib project.

Hundreds of **Gardaí** have been drafted into north Mayo to harass and beat protesters. Recently it was revealed that petrol company Topaz – which operates the stations selling Shell petrol – sponsors the Garda GAA club.

Finally, Shell has hired a range of influential figures as “community liason” and “external advisors”, including former Garda chief superintendent for Mayo **John Carey**; former Mayo News editor **Denise Horan**; former National Union of Journalists president **Christy Loftus** and former Fianna Fáil national executive member **Colin Joyce**. They all report to **John Egan** – a former RTÉ and BBC journalist, now a director of Shell Ireland.



The €420,000,000,000+ Ireland is giving away

Vast quantities of gas and oil have been discovered under Irish waters in the Atlantic Ocean over the past 15 years. The Government's figures put the value of these reserves at €420 billion (**€420,000,000,000**), but this is a very conservative estimate. The real figure is likely to be much higher, especially as the global price of oil and gas rises (see explanation below).

So what will the Government be spending these new-found riches on? The answer is: **Nothing**. This wealth will be leaving Ireland, thanks to a deal made between the corrupt Haughey government and multinational oil companies. Minister Ray Burke (later jailed for corruption) changed the law in 1987, reducing the State's share in our offshore oil and gas from 50% to zero and abolishing royalties. In 1992, Minister Bertie Ahern reduced the tax rate for the profits made from the sale of these resources from 50% to 25%.

According to respected economist Colm Rapple, **the amount of tax paid will be very low** and will not be paid until many years into the operation of a gas or oil field, because the deal allows the companies to write off 100% of costs (even the anticipated cost of shutting down the operation!) before they declare the profits to be taxed (see www.colmrapple.com). In major oil/gas producing countries, the state takes an average (median) of 68% of the value of gas and oil.

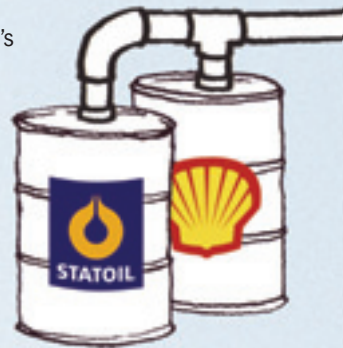
While people in Ireland are suffering in a recession, being told to tighten their belts, to grin and bear the painful cuts to health, education and their

dole, the pension levy, the giant oil companies of the world are preparing to remove Ireland's valuable natural resources and divvy up the billions of euro of profits between their shareholders.

So the next time you hear a politician defending the Corrib Gas fiasco by mentioning the “national interest”, remember that Corrib actually represents a **net loss to the Irish exchequer** of tens of billions of euro.

One of the arguments you sometimes hear in defence of the Great Oil and Gas Giveaway has to do with “**security of supply**” – the idea that Ireland will be left without gas if the pipeline from Russia is cut off, and so we need to make it attractive for companies to bring gas ashore here. However, according to Bord Gais, “Ireland's imported natural gas supplies are sourced from the North Sea. The possibility of gas supplies to Ireland from these sources being restricted is very remote.” (See www.bordgais.ie/ corporate)

And crucially, Ireland's licensing law gives us no security of supply, because it **allows the companies to export our gas** rather than sell it to the Irish market.



*The figures in detail

€420 billion is a lot of money. However, the true value of Ireland's gas and oil is probably much higher. Our figure is based on the estimate, issued by the Department of Communications, Energy & Natural Resources (DCENR) in 2006, that the amount of gas and oil in the Rockall and Porcupine basins, off Ireland's west coast, is 10 BBOE (billion barrels of oil equivalent). Based on the average price of a barrel of oil for 2009 of \$60, this works out at \$600 billion, or €420 billion. This does not take account of further oil and gas reserves off Ireland's south coast. The total volume of oil and gas which rightfully belongs to Ireland could be significantly higher. The DCENR has also published much higher estimates at various times. Also, as the global price of oil and gas rises in the coming years, the value of these Irish natural resources will rise further.

The Great Oil & Gas Giveaway



Ministers Ray Burke and Bertie Ahern changed Irish law in 1987 & 1992 so that multinational oil companies:

- own 100% of the oil and gas they find under Irish waters;
- pay no royalties on it;
- can write off 100% of their costs against tax, even costs incurred in other countries;
- have profits taxed at 25%, compared to an international average of 68% for oil-producing countries;
- can export the oil or gas outside Ireland;
- can sell to Bord Gais at full market rates.



Green Party minister Eamon Ryan has continued to issue licences to multinationals on these terms.

A better deal is possible

Several countries have recently changed their laws to reclaim a greater share of gas and oil wealth

Even supporters of the Corrib Gas project rarely try to defend the outrageously generous terms of Ireland's gas exploration laws in public. Instead they rely on the myth that the deal, once done, cannot now be changed. Nothing could be further from the truth.

The existing deal already allows Ireland to halt work on the Corrib Gas field. The licensing terms state: "The Minister may ... require that specified exploration, exploitation, production or processing activities should cease ... in any case where the Minister is satisfied that it is desirable to do so in order to reduce the risk of injury to the person ... or damage to property or the environment."

In fact, there is a worldwide trend of governments reclaiming ownership of privatised gas and oil reserves. In 2006 in **Russia**, the state-owned Gazprom took back control from Shell of the largest integrated oil and gas field in the world, Sakhalin-2, after Shell was accused of breaking environmental laws.

Bolivia nationalised its entire gas industry in 2006. At first, the reactions from the corporations and international markets in both cases were furious, with dire warnings given about how the countries would suffer from lost investment. But these warnings came to nothing: in the end the oil giants simply went along with these changes when they realised there were still enormous profits to be made.

There are many examples of successful nationalised oil and gas industries. **Norway** is one of the best examples of state-controlled extraction of gas and oil. Ironically, a significant chunk of the Corrib Gas profits will benefit the Norwegian people through Statoil, as it is majority-owned by the Norwegian government and has a 36% stake in Corrib.

Venezuela has begun nationalising the industry within the past two years. Most Venezuelans lived in degrading poverty throughout the 20th century, while enormous revenues from oil and gas went to foreign companies and a tiny Venezuelan elite. The government has redirected oil wealth into public spending, bringing health, education and dignity to the poor.

Even if Ireland's gas and oil fields were not nationalised, hundreds of billions of euro could be raised if Ireland took a similar share in its own gas to that which applies in other countries.

"No country in the world gives as favourable terms to the oil companies as Ireland"


Mike Cunningham, former director, Statoil E&P Ireland

"The giveaway deals for exploration licences were comparable, in historic terms, with the Act of Union of 1800, in the way a dodgy deal can be made to look legitimate"

Trevor Sargent, then Green Party leader, 21/11/06

Why is Shell's experimental pipeline in Mayo so dangerous?

When the inland gas refinery near Rossport was proposed in the late 1990s, many local people welcomed the project. But when they did some research, they quickly became extremely concerned. They discovered this was an experimental project; nothing like it had been tried anywhere in the world.

 **Raw, unprocessed gas would be carried at extremely high pressure, directly from under the sea-bed, through a pipeline in an unstable bog where landslides are common.** The proposed pipeline for Rossport is nothing like the gas pipelines people live close to in other parts of Ireland:

- the pressure would be 144 bar, and possibly higher, compared to a maximum 5 bar in a domestic pipeline;
- the gas would still contain chemical impurities that corrode pipes and are highly explosive – these are removed at the refinery;
- it would not contain the odour that alerts residents to a leak – this is added at the refinery.



At the Bord Pleanála hearing in June 2009 into this onshore pipeline route, Shell consultants admitted that, in the event of a leak, **"houses within 230 metres of the pipeline could burn spontaneously from heat radiation"** and that "houses within 171m would be at risk if the gas pressure was at 144 bar" (Irish Times, 04/06/09), the reduced pressure level Shell was forced to retreat to by earlier protests. There are about 33 houses within this "kill zone". Also, the pipeline would pass just 1.4 metres below fields and roads.



Waste water from the refinery would flow into Carrowmore Lake, the source of drinking water for 10,000 people in Erris.

Since 2000, local people have been demanding that the gas is processed at sea, before it reaches residential areas, as is standard practice worldwide. They have never objected to gas being piped ashore in the normal way.



The campaign so far



The campaign against Shell's inland refinery and high-pressure pipeline near Rosport in Co Mayo has been long and extraordinary, inspiring communities everywhere. Local residents began their campaign in **2000**, adopting the name Shell to Sea in early 2005. Tactics have ranged from High Court actions, planning objections and lobbying politicians to grassroots campaigning and civil disobedience.

Gas was discovered in the Corrib field, 80km west of Co Mayo, in **1996**. An experimental, cost-saving method for bringing this gas ashore was proposed: instead of processing gas at sea, as is standard practice worldwide, the plan was to lay an extremely high-pressure pipeline to carry raw, odourless gas through the village of Rosport to a refinery built on a shifting bog.

Despite local opposition, Mayo Co Council granted planning permission for the refinery in **2001**. Residents appealed to An Bord Pleanála, which agreed with residents' concerns and overturned the permission in **2002**, describing the proposed location as "the wrong site". However, following meetings between Shell executives, Taoiseach Bertie Ahern and An Bord Pleanála, Shell re-applied and were granted permission for the same location.

In **June 2005**, six residents refused Shell access to their land to work on the pipeline route. Shell responded by asking the High Court to jail five of them, which it did - for 94 days. People across Ireland were outraged by the jailings, leading to major protests and the release of the 'Rosport Five'.

Shell pressed on with construction. After years of fighting through the planning process and getting nothing but jail sentences in return, in 2005 residents began engaging in civil disobedience. They halted construction of the refinery for more than a year by peacefully blocking the site entrance. In **autumn 2006**, Gardaí began breaking up these peaceful protests, throwing residents into ditches, beating them, verbally abusing and threatening them.

Shocked at the Garda violence, people from all

over Ireland came to Erris to stand alongside the residents. Human rights groups around the world condemned the policing of the protests. The San Francisco-based Global Community Monitor published a report stating: "that the behaviour of the gardai in Mayo is endangering the safety of people participating in non-violent protests as well as consistently infringing on their civil rights."

In **2007**, one of the Rosport Five, Willie Corduff, was awarded the Goldman Prize, the world's biggest environmental prize given to an individual. The prize founder said of that year's winners: "Their commitment in the face of great personal risk inspires us all to think more critically about what ordinary people can do to make a difference."

In the summer of **2008**, Shell made its first attempt to bring the pipeline ashore, and Gardaí started making large-scale arrests of campaigners.

Fisherman Pat O'Donnell, who continued to fish in Broadhaven Bay during the visit of the pipe-laying ship, The Solitaire, was arrested twice while working at sea. The Solitaire became damaged and was forced to withdraw before the winter storms.

Shell and the Irish

State used the winter to prepare a new attempt to get the pipeline ashore. Local school principal Maura Harrington was jailed twice. In **April 2009**, Willie Corduff was beaten by masked men inside Shell's compound and required hospitalisation. And in June Pat O'Donnell's boat was boarded and sunk by four masked and armed men.

Many more have been arrested while protesting at the landfill site on Glengad Beach. When the Solitaire returned in **June 2009**, 300 gardai were deployed, along with 200 private security staff, two Irish Navy gunboats and an Air Force plane. Despite this huge show of force by the State, protests continued and construction work was halted several times. Now the most difficult stage of the experimental gas pipeline lies ahead for Shell, when they try to force it through the village of Rosport itself.



What can I do to help?

From the start this campaign has been about ordinary people getting together to do extraordinary things. If you'd like to play a part in this growing movement for justice and change, there are lots of ways you can:

A) Inform yourself, your friends, family and co-workers. Read up on the issues. For background information: www.indymedia.ie/mayo www.colmrrapple.com royaldutchshellplc.com www.corribgas.net www.shelltosea.com www.dublinselltosea.com/info

B) Come to Shell to Sea meetings There are Shell to Sea groups in Mayo, Dublin, Cork, Galway and elsewhere. You don't need any campaigning experience. Find contact details for local groups at: www.dublinselltosea.com/contact

C) If there isn't a group in your area, start one Other Shell to Sea groups will be happy to share their experience and materials to help get you started.

D) Help organise a public meeting/info event in your area: If you would like Shell to Sea to come to your area and give a talk or share information, please get in touch. If you know of a suitable venue and can help with getting the word out beforehand, all the better.

E) Download leaflets, stickers and posters from our website and put them up in your windows, in your car or around your area.

F) Write letters to your local papers about the issue.

G) Contact your TD or councillor and tell them how you feel about the giveaway of Ireland's gas and oil.

H) Make a donation

• **PayPal:** click [PayPal](#) button on our website: www.dublinselltosea.com

• **Bank account:**
Dublin Shell to Sea, Bank of Ireland
Sort: 900877, A/c # 86560606;
BIC: BOFIE2D;
IBAN: IE35 BOFI 9008 7786 5606 06

You can contact us at:

dublins2s@gmail.com

Tel: 086-7362417