
How much does the environment cost

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SOCAR has 46 million euro remitted

In civilized countries the economy and the ecology are combined with one term of sustainable development. In our country these two concepts are mutually exclusive, to be more exact, the economy excludes ecology.

Georgia, especially its government, needs large state budget and great projects. However, improperly planned revenues may lead to increased expenditures. The Kulevi terminal can serve as an example.

At one time Mikheil Saakashvili strongly objected implementation of a large industrial project on the territory of the Kolkheti National Park; however, in 2004 the Government of Georgia announced the construction of the marine oil terminal at the entry of the Khobistskali river to be of urgent national priority and allocated a land plot for construction of the access railroad. At first the Ministry of Environment Protection and Natural Resources of Georgia rejected the document on assignment of a category of urgent national interest to the construction sent by the State Chancellery, however later on the Ministry endorsed construction without making changes to the abovementioned document. The President of Georgia praised recommencement of the construction with Champaign.

Eventually the railroad has developed 55 ha of territory. Twenty-four-hour noise at more than 5 km actually destroyed the conservation regime. Later on the Parliament of Georgia approved the new boundaries of the Kolkheti National Park and high officials of the Ministry of Environment concluded that the construction did not disturb the National Park. In fact, the railroad crossed the boundaries of the National Park and made an end of the tourist potential of Kolkheti.

"Due to natural diversity and ancient history of Kolkheti this region had a great perspective of ecotourism development. I do not think that any European tourist will be interested in visiting the surroundings of the oil terminal", - this way the Administration of the National Park mourned over the ecosystems of global importance.

One hardly can imagine that the part of the National Park occupied by the oil terminal is a protected area of global importance. It is located within the habitat of more than 300 species of birds, dolphins and rarest sturgeon species and is protected by the Ramsar international convention.

Besides destruction of untouched forest massifs, the terminal caused serious problems to "international movement" of birds. Migratory birds used these wetlands for resting on their way from Scandinavia and Siberia to the southern countries. Such plants as beach Asparagus litoralis and Kostaletskia pentacarpa endemic for Georgia became extinct. Hibiscus pointicus, Imeretian oak and many other plants are endangered. Soon there will be no Colchic pheasants in Kolkheti, since their habitat is destroyed.

Objective conclusions

In the last year on the request of the Ministry of Environment Protection and Natural Resources of Georgia, the company "Black Sea Terminal" contracted the Swiss consulting company "Acta Consultants" to calculate the environmental damage. The expenses needed for this assessment were covered by the terminal.

"Unexpectedly" the objective conclusions were put forward.

To assess the environmental damage the European experts used methods accepted in international practice. The area of habitat direct loss due to construction of the terminal and railroad is about 155 ha. However, the environmental impact of the terminal and railroad is not limited to their physical boundaries. Light, noise and smell has considerably changed the situation existed before the construction. As a result, the area of indirect habitat loss is 3,675 ha including the zone along the railroad.

As a result of combination of the area of loss and the price of the product unit of wetland the whole habitat loss has been evaluated at 46 million euro.

The scales of damage are considerable even in respect to the investment volumes - the whole investment outlay of the terminal is 125 million USD. Moreover, the assessment of the loss does not cover the marine habitat loss. Furthermore, operation of the terminal decreases the value of wetlands.

SOCAR made a self-assessment

Unprejudiced conclusions made by European and Georgian experts for some reasons appeared to be less interested for the Georgian authorities. Recalculation of the loss was undertaken by the German consulting company founded by the owner of oil terminal - SOCAR - and the actual figures decreased considerably.

In this regard, the only argument presented by the Biodiversity Department of the Ministry of Environment and Natural Resources of Georgia was that the figures by "Acta Consultants" were conditional and they could not be guided only by these figures. According to the Caucasus Environmental NGO Network (CENN) formulas used by "Acta Consultants" for monetization of the environmental damage are accepted internationally and not questionable.

This case once again stresses the fact that the investment environment in Georgia does not correspond to international standards at all. Accordingly, Georgia attracts the companies having no experience in working with civilized standards. As a rule, the damage remains uncompensated. In exchange for this the authorities are given the opportunity to use the investor in retaining of the existing regime.

According to the recommendations of international experts, the compensation sums would be used for establishment of a special fund the supervisory board of which would be comprised of representatives of the government and other stakeholders. The fund would have its own revenues to be used for rehabilitation of the environment and satisfaction of needs of local population. The Government took into account neither this recommendation. The compensation sums will be transferred to the budget and most likely will not be spent for the environment.

Where do the millions go?

The Government has its own logic when counting on short-term profits. Government is a transient phenomenon, in Georgia it is even galloping. While the "rapid" profit gives place to serious damages the Government may be

changed three times.

Damages as a result of natural disasters happened in recent years prove that revenues got from destruction of the environment are short-term.

According to the Center of Epidemiologic Research of Natural Disasters the damage caused by natural disasters to the country during 1974-2003 amounted 3,369 billion USD. Based on the analysis of possible risks of natural disasters the damage to be caused by expected natural disasters may reach 4 billion USD.

Even local population does not benefit from large-scale constructions. As it is known, malaria was always spread in the Kolkheti lowland. By the end of the 19th century spread of this disease got large scales, when forests were cut and eroded sites covered with water thus creating favourable conditions for reproduction of mosquitoes.

Natural balance has been disrupted again due to construction of the terminal. Therefore, all conditions for widespread of malaria are in place. Because of cutting forest and construction of canals, the population has no access to drinking water and is forced to carry water with tanks.

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