

STATEMENT BY THE UK NATIONAL CONTACT POINT ON NATIONAL GRID TRANSCO

Introduction

An African non-governmental organisation, Citizens for a Better Environment (CBE), lodged a complaint under the OECD Guidelines for Multinational Enterprises (the Guidelines) against National Grid Transco in July 2003 in relation to the privatisation of Copperbelt Energy Corporation (CEC), formerly Copperbelt Power Company of Zambia Consolidated Copper Mines, which was acquired by Cinergy, a Zambian local management team and National Grid Transco.

Summary details of the complaint

2. During the negotiations for acquisition of CEC, National Grid Transco solicited (and, at vesting, obtained) concessions that tend to (a) disadvantage consumer interests on tariffs, (b) inhibit competition, (c) unduly stifle the taxation base and sustainable revenue management and (d) inhibit sound employment and industrial relations.
3. At vesting, National Grid Transco partnered with a Zambian local management team that some of whose members were in the Zambian government negotiating or technical-advisory team during the privatisation negotiations. These people did not declare their interest during the negotiations.
4. National Grid Transco has failed to take due account of the need to protect the environment, public health and safety.

Co-operation with National Grid Transco

5. The complaint was lodged by CBE in July 2003. Initially, there was a delay while CBE supplied, at the request of the UK National Contact Point (NCP), the specifics of its claims and supporting documentary evidence. This was provided by CBE in October 2003.
6. A copy of the complaint was provided to National Grid Transco on 21 July 2003 and the additional information by 14 October 2003.
7. National Grid Transco provided the NCP with a detailed response to the complaint on 7 November 2003. This was sent to CBE on 17 November 2003. The NCP invited CBE to indicate, having reviewed the documentation, whether the response satisfied its concerns. If not, in line with the provisions of the Guidelines, the NCP would arrange a dialogue between the parties.

Co-operation with CBE

8. CBE noted that the Zambian government had been mentioned on several occasions in National Grid Transco's response. Before requesting the NCP to arrange a dialogue, it indicated that it would prefer to seek clarifications from the Zambian government on a number of issues. Additionally, it wished to consult some other stakeholders. CBE would request a dialogue, if appropriate, in the light of these exchanges.
9. Over the succeeding months, CBE was contacted on a regular basis by the NCP and gave several undertakings to keep the NCP informed on progress. CBE did not adhere to these undertakings, indicating that it was having difficulty in getting a response from the Zambian government.
10. On 7 May 2004, the NCP wrote to CBE in the following terms:

You last contacted me on 23 February suggesting that it would not be long before you would be in a position to respond to National Grid Transco and stating you would supply monthly updates. Given that I sent you the company's response to your allegations on 17 November 2003 (over five months ago), in fairness to the other party, I must ask you if you intend to

progress this case and, if so, when I might expect confirmation from you over any remaining areas of disagreement.

11. CBE replied on 24 June 2004, again detailing difficulties in obtaining a response from the Zambian government. This was communicated by the NCP to National Grid Transco.

12. Having had no further communication, despite CBE's undertaking, the NCP wrote again on 19 April 2005 in the following terms:

Given that you have not contacted me since June last year, would I be correct in concluding that you will not be pursuing this case?

13. The NCP wrote to CBE again on 21 April 2005 clarifying that, since National Grid Transco's response was provided on 17 November 2003 (17 months previously) and the last contact with CBE was on 24 June 2004 (10 months previously), CBE should give notice of its intent to pursue the case by 28 April 2005, in the absence of which the NCP would make a Statement bringing the matter to a close. No response from CBE has been received by the NCP.

NCP comment

In the circumstances, on the basis of the lack of information provided by CBE and the passage of time since a detailed response was provided by National Grid Transco, the NCP concludes that the complaint is closed for want of prosecution.

05 July 2005

UK NCP for the OECD Guidelines for Multinational Enterprises