

**The Chinese investor, private company GeoJade, did not negotiate initial entry into the country, nor did it participate in the first three years of mediation handled by the Compliance Advisor Ombudsman (CAO, the compliance mechanism of the World Bank's private sector arm, the International Finance Corporation or IFC). GeoJade, upon taking over the Canadian company Bankers Petroleum's operation in Albania, inherited a problematic situation, involving local resistance and an ongoing compliance investigation, which rapidly deteriorated as undesirable incidents related to fracking increased markedly. This was perceived by local communities as evidence of intensification in fracking, leading to a confrontation with GeoJade.**

On 25 February 2017, a group of protesters, including hunger strikers carried in wheelbarrows, reached Tirana after a four day march from their home village of Zharrëz in South Albania. The group, supported by civil society organisation Nisma Thurje and encouraged by people along their route, came to the capital to protest against hydraulic fracturing taking place at the Patos-Marinza oil field, next to their village. Just a few days later, the Albanian government issued a nationwide moratorium on fracking and agreed to compensate the villagers for damages to their property.

The concessionary rights to the oil field were acquired in 2004 by Bankers Petroleum. The company claims to be the "largest foreign direct investor, the largest tax payer, and one of the largest employers" in Albania. In September 2016, GeoJade acquired Bankers for CAD 575 million, and took over extraction and further exploration of the largest onshore oilfield in Europe, Patos-Marinza. Fracking was first used by Bankers in 2008, with consequences being felt shortly thereafter. Villagers reported drinking and agricultural water contamination as well as damage to their homes due to fracking-induced earthquakes. According to the department of Seismology of the Institute of Geosciences, Energy, Water and Environment (IGJEUM), Polytechnic University of Tirana, during September to November 2016 there were more than 2,700 earthquakes in Zharrëz - more than thirty a day.

The constant tremors caused house walls to crack, roofs to open and many villagers reported fearing for their lives. The company consistently denied any wrongdoing and was supported in this claim by a 2012 letter from the IGJEUM claiming that Zharrëz is a naturally highly seismic area - the letter however never explained how it's possible that it became so seismically active only after 2008. Villagers engaged in protest many times

already before Bankers' takeover by GeoJade, yet the company co-opted them by hiring the outspoken villagers or members of their family, or by renting their land. Thus, a fragile coexistence between economic needs and environmental concerns continued until 2016. A formal compliance investigation by CAO was instigated in 2013, which also involved the setting up of a dialogue group comprised of local community and Bankers representatives. The situation however deteriorated after GeoJade acquired Bankers Petroleum, with intensified fracking operations causing major earthquakes on a daily basis. Shortly after the takeover, in 2017, a big explosion occurred in the area due to fracking, causing several earthquakes and provoking the anger of inhabitants. In addition, communication between the local community and Bankers Petroleum ceased. GeoJade paid off a USD 55 m loan provided to Bankers by the IFC, so it was no longer obliged to participate in the CAO mediation process. Following months of inaction, GeoJade eventually agreed to re-engage with the CAO formal compliance process, which had by then lost momentum and the faith of local community. The villagers however continued to mobilise, asking for Hashtag Initiative's assistance in December 2016. Their aim was to organise against the company and demand an end to fracking, as well as seek compensation for the damage already caused. Their action started with a week-long hunger strike, which was soon followed by a second one, as the government failed to intervene as promised. In the meantime, related videos and news became viral on Albanian social media.

On the seventeenth day of the hunger strike, the villagers decided to escalate their protest. Their aim was to raise awareness and squat in front of the Ministry of Energy until three requests were met by the government: (1) fracking to be banned as a method with an executive order; (2) full compensation for the physical damages of the houses and (3) full rehabilitation of the environment. More than forty people from Zharrëz set off on foot towards Tirana, some 130 km to the north. As the group proceeded towards the capital, their plight was taken up by activists, public figures and academics who joined the march and raised awareness on social media. When the group reached Tirana, thousands of people joined them to show support. Following a four day sit-in at the Ministry of Infrastructure and Energy, the government offered a moratorium on fracking, full compensation for damaged property and opened a process of arbitration with Bankers Petroleum.

In summary, the Albanian case stands out in that the Chinese investor was a private entity rather than a state-owned one and its mode of entry was not through a bilateral negotiation with the Albanian government, during which the investor could shape the terms of the deal in its favour with the help of the Chinese state. In practice, this meant that the Chinese management of Bankers Petroleum after September 2016 had to comply with the terms of

operation in which it had no say in shaping. As the stalling of the mediation process following the acquisition of Bankers shows, the Chinese investor initially had neither the know-how nor the desire to address the controversies surrounding fracking on the site. When it increased fracking activity in the midst of mediation, it instantly undermined the World Bank-backed process, radicalising local protesters and civil society who managed to bring in the host state's intervention on their favour in a relatively short period of time. This action showed a poor reading of the local political climate which ultimately led to a moratorium on fracking in the country.

In other words, the Chinese private investor took over an already controversial project, intensified the conflict and failed to successfully lobby the Albanian government. Once public protest intensified and made support for Bankers politically unpalatable, the host state was quick to turn its back on the Chinese investor's priorities. Ultimately, this case demonstrates the crucial importance of the point of entry. GeoJade missed the key advantage Chinese SOEs enjoyed in other countries: the Chinese state's political leverage in the initial stages of negotiation and agreement. As GeoJade's increased fracking challenged the context of operation agreed between the Albanian state and Bankers under the auspices of the IFC, it was confronted with significant resistance by local communities and the host state.

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