

**Sue Doughty**

Member of Parliament for Guildford  
House of Commons  
London  
SW1A 0AA  
Tel: 020 7219 8482

Austin Mitchell MP  
House of Commons  
London  
SW1A 0AA

24 March 2005

I have noted with interest your amendment to EDM 883 on 'Destruction of the Icelandic Highlands' that I recently tabled.

Your amendment stated that it 'does not accept the string of miscellaneous criticisms, some irrelevant and some wrong, against the Karahnjukar project in Iceland'. I would be very grateful if you could specify which of the criticisms in my motion that you believe are irrelevant and which you believe are wrong.

You note that it was only approved after thorough scrutiny by environmental and legal experts. But you fail to note that following this scrutiny, many of those experts rejected the project, but the Icelandic Government pressed ahead regardless. For example, the report produced by the Icelandic National Planning Agency concluded that the gains resulting from the proposed development of the Karahnjukar Power Plant would not compensate for the 'substantial, irreversible negative impact that the project would foreseeably have on the natural environment'. I have included for your information the full conclusion to their report, which goes into significant detail on the environmental impacts.

You do not make clear what scrutiny by environmental and legal experts you refer to in your motion. Perhaps you could provide me with some citations. No doubt you are aware that the Environmental Impact Assessment that was submitted for the project was found to be invalid by an Icelandic Municipal Court. Alcoa based their planning application on an EIA produced for a different smelter that had been planned by Norsk Hydro. The court found that since Alcoa's plant will have different and less effective pollution control measures, they should have produced a new EIA. So please take into account that I will follow the judgement of the court and shall not consider any scrutiny carried out for the EIA to be sufficient.

You pointed out that there were only nine votes against the project in the Icelandic parliament. A further 12 MPS abstained and one MP did not attend, so out of just 63 MPs in total and despite heavy pressure from the Government there is still significant parliamentary resistance to the project.

The Icelandic government had also stubbornly ignored calls by Icelandic MPs and the public to hold a referendum on the project. They even went so far as to orchestrate a giant explosion in early 2003 in the Dimmugljufur Canyon, long before such action was necessary, to dash hopes of a referendum by presenting the project as a fait accompli and stop it being an issue in the national elections that year. The explosion was transmitted live on Icelandic state television for maximum effect.

You suggested that the project will have only very limited impact on wildlife and on home settlements because it is largely underground. Could you please explain to me how 65.5 km<sup>2</sup> of reservoirs can be considered underground. The dust storms that are predicted to spread over a wide area around the dams, damaging feeding grounds for birds and reindeer, and damaging agricultural land, are not underground either. And the partial submerging of Kringilsarrani, despite its protection under Icelandic law, is also not underground.

You noted that scientific assessment has shown that the project poses no risks. I would therefore like to draw your attention to the National Plan for Hydro and Geothermal Energy Resources in Iceland, commissioned by the Icelandic Government and published in November 2003. It was produced by a highly respected committee of academics and specialists. The plan lists possible dam projects in categories from 'A' to 'E', with 'A' projects having the least negative irreversible environmental impact and category 'E' projects having the most negative irreversible environmental impact. The plan produced by the committee classified the Karahnjukar project as category 'E'.

The National Power Company, Landsvirkjun, have also finally admitted that another risk exists: the dam is being built over a major fault line in a highly geo-thermic area. An earthquake in the region that would burst the dam would devastate the population of Egilstadir and surrounding farms.

You stated that the international bodies funding the project have concluded that it meets the requirement of the Equator Principles. Well, they wouldn't they. The Equator Principles are a voluntary code and as a result it is unfortunate that they are often not worth the paper they are written on. This is straightforward greenwash. You will have trouble finding any environmental organisations that will agree with Barclays' assessment that the criteria are met in this instance. As an example, I am enclosing a document produced by the International Rivers Network that sets out how the Karahnjukar project violates the Equator Principles.

Your amendment welcomes the project as it will diversify the Icelandic economy, sustain regional development and increase renewable energy resources. I am enclosing a report from the Icelandic Nature Conservation Association, which estimates of the profitability of the project and concludes that it is not financially viable.

I am also enclosing a copy of the summary of the Economic Survey of Iceland produced in February this year by the Organisation for Economic Co-

operation and Development. It is critical of Iceland's current focus on power-intensive projects, highlighting the absence of a comprehensive framework for evaluating such projects and the lack of clarity on economic outcomes for such projects. It suggests that Iceland should shift its focus to investment in human capital and the growth of knowledge intensive industries, where their sectoral share remains comparatively small.

This month a Gallup survey in Iceland found that 42.5% of Icelanders do not think that the development of heavy industry in Iceland is desirable. When asked to make a list of industries according to desirability, 46% put knowledge based industries at the top, 28% tourism, and only 10% heavy industry.

Only a fraction of the labour force (around 10%) building the dams at Karahnjukar are Icelandic. The majority is imported labour. Bechtel are hiring 1500 workers from Poland to build the Alcoa factory in Reydarfjordur. Last Autumn only two Icelandic people enrolled for the Alcoa factory school when 150 were expected. The company has said that if Icelanders do not work there they will import labour. So the jobs this project is bringing are clearly not needed or wanted by Icelanders.

You may also like to note that the University of Iceland's Institute of Economic Studies criticised the failure of the Government to make an assessment of the negative impact to the environment of the Karahnjukar project in monetary terms. The Institute pointed out that such assessments are common practice when Environmental Impact Assessments are made in other countries.

Finally, your amendment stated that the wilderness around the project will still be the largest nature conservation area in Europe. Maybe, but the project sets a precedent that clearly many in the Icelandic Government are hoping will allow for further such projects, so that may not continue to be the case. And while the park will still exist in the neighbouring area, it will be suffering increasing damage from dust storms. Most of the highlands are barren, but the area that will be affected close to the project is of particular importance as it is one of the largest vegetated areas in the highlands. The dust storms caused by the build up of silt at the dam are predicted to severely damage this vegetation and the wildlife that depends on it.

I would be grateful if you could let me know your views on the other proposed dam projects in Iceland, as my EDM made reference to the threat of projects other than Karahnjukar. For example the proposed Tjorsarver was placed in category 'D' by the National Plan for Hydro and Geothermal Energy Resources in Iceland, making it one of the most environmentally damaging projects that has been proposed.

Despite our evident disagreement over my motion, I am pleased that it caught your attention. There can only be benefit from the opportunity this provides us to have make a full and frank examination of the Karahnjukar project and the other dams that have been proposed elsewhere in the highlands. I hope you will be able to be as thorough in your response as I have been in addressing the issues raised by your amendment and once again would like to remind

you of my request that you specify which of the criticisms made in my EDM you believe are irrelevant and which you believe are wrong.

I wonder if, following the election, you might be willing to meet with some of the campaigners against the dams. I know that they would be very grateful if you were to allow them some time to put their concerns to you about the dams, so that you can fully hear both sides of the debate. I would be very happy to assist in arranging such a meeting.

I look forward to receiving your response

Sue Doughty MP

c.c. All signatories to EDM 883  
The Vice-Chairs of the All Party Group for Iceland