



Frontera Resources Georgia



Country: **Georgia**



Website



BHRRC company page

Summary

Frontera Resources was recently embroiled in arbitration with the Georgian Government and the Georgian Oil and Gas Corporation. Presently, activists and journalists have noted the following human rights concerns:

➔ Access to Information:

Frontera has faced consistent accusations of making misleading statements and of failing to provide information to people affected by its activities, including workers and the Georgian public.

➔ Failure to Pay Wages:

Workers claim they were not paid up to fourteen months of their wages. This had severe negative impacts on workers and their families since they were unable to cover their bills and expenses. Many of these workers and families spoke about their utilities being cut off and bank fees accruing because of their inability to make payments.

At this time, Frontera Resources does not have publicly available information on its human rights policies or its environmental and social standards. The company did not respond to our questionnaire on its human rights policies and commitments.

Human Rights Commitments

- ⊖ Frontera's **website is down**; we were unable to find any publicly available human rights policies
- ⊖ The company **did not respond** to our questionnaire on its human rights policies nor on its commitments

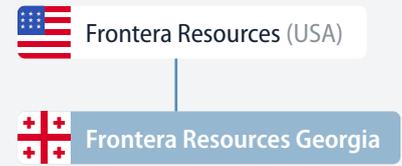
Human Rights Impacts

- ⚠ Right to livelihood and to an adequate standard of living
- ⚠ Labour rights and wages
- ⚠ Access to information

Company Information

Frontera Resources is a U.S.-based company with strong political ties as it was founded by former Houston Mayor (Texas, U.S.) and U.S. Deputy Energy Secretary Bill White.[↗] Frontera extracts oil and gas, including at the Upper Kura Field.[↗] The company was removed from the London Stock Exchange in 2019 due to issues concerning unreported loans and courtroom battles along with alleged conflicts of interest.[↗]

COMPANY OWNERSHIP



In 2018, the Georgian Government—as well as the state-owned Georgian Oil and Gas Corporation—pursued international arbitration against Frontera for failing to fulfil its contractual obligations. Georgia claimed that Frontera operated only on 1% of the contracted territory, and that they had not developed the remainder of the land. As such, Georgia (Country or Corporation) demanded that Frontera return the unused area—99% of the contracted territory—to the state, per the contractual agreement. As a result, Frontera filed a counterclaim accusing Georgia of trying to take resource-rich lands from the company. This counterclaim sought \$3.5 billion in damages.[↗]

An additional political tie includes when Frontera spent \$500,000 on lobbying in the United States, and their executives donated \$180,000 to political campaigns. This resulted in political pressure that soon mounted against the Georgian Government. U.S. politicians, including Ted Cruz, claimed that Georgian action against Frontera amounted to anti-U.S. activity, spurred by anti-American actors in countries such as Russia.[↗]

After the arbitration was settled in 2020, Georgia claimed victory; in response, Frontera accused the government of misrepresenting the ruling.[↗] However, the full text of the arbitration was not released, as both parties must agree to make the information public, and Frontera refused to do so.[↗] In order to preserve its reputation among international investors, Georgia reversed its decision to expel Frontera entirely, and it decided to let the company continue to operate at the land that it had previously been using (1% of the contracted territory).[↗]

Human Rights Allegations

Access to Information

Frontera has faced consistent accusations of making misleading statements and of failing to provide information to people affected by its activities, including workers and the Georgian public. The arbitration was kept secret from employees for years, even as they were not being paid (see below). Georgian Oil and Gas Corporation said that it was unable to notify Frontera workers about the arbitration proceedings because of strict rules around confidentiality. This is despite the arbitration potentially having strong impacts on surrounding villages who completely rely on the oil and gas industry.

When workers finally found out about the arbitration, two years after Georgia began the process, they expressed concern about long-term unemployment and lack of money—both of which would create an inability for them to pay their utilities.[↗] The company has denied all reporting around the arbitration. Instead, they started accusing the Georgian Government of false information, slander, defamation and harassment.[↗] Despite this, the company refuses to release the text of the arbitration (see above).

Conflicting information from the state and the business has been a recurrent issue. For instance, the company claims it has invested \$580 million in Georgia, while the state says it has invested several hundred million dollars less.[↗]

Frontera has denied reports and news stories which paint the company in a negative light. After a series of strikes (see below), Frontera denied that the protesters were employed with the company at all. It simultaneously accused the Georgian government of inciting the protests. According to Frontera's president, "They do not work for the company, how can they be strikers?"¹ This is despite several news outlets reporting on the strikes and related employee concerns.²

Failure to Pay Wages

Over a period of two years, Frontera workers raised alarms that they were not paid by the company. Many employees claimed that they received pay late, if they received it at all. By November 2019, workers were owed 11-14 months of wages. At first, they continued to work, believing the delays were temporary, and that, since Frontera is an American company, they would eventually be compensated.³ Frontera also promised that payment would come soon, and that the workers would soon receive money from an investor.⁴

This had severe negative impacts on workers and their families who were unable to cover their expenses. Many of these people spoke about their utilities being cut off and bank fees accruing because of inability to make payments. Such problems were exacerbated by lack of alternate employment options in the area.⁵ An example of the pressures on the workers is recorded by the Georgian Trade Union Confederation which stated that one employee of the company took his own life after not being paid for fourteen months.⁶

When wages still didn't come, the workers launched strikes in Tbilisi. One employee said that, "Eventually, we decided to stop [working] because the company had oil and they weren't giving us salaries."⁷ Shortly after the protests, Frontera allegedly laid off eight-four workers.⁸

Workers expressed little faith they would ever receive their wages. According to openDemocracy, "They have gone into 2020 penniless"⁹—a situation that was likely made worse by the start of Covid-19 pandemic shortly thereafter.

Human Rights Commitments

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