

The Route of the Problem

by TAMARA LEVINE and GREG MICHALENKO
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Cloudforest defenders want proposed pipeline moved.

A proposed \$1.8-billion, 500-kilometre oil pipeline through one of the few remaining areas of undisturbed cloudforest in Ecuador is fuelling an international controversy.

The Oleoducto de Crudos Pesados (OCP) will link oil fields in the Amazon basin in eastern Ecuador to a Pacific Coast terminal and allow Ecuador to double its current oil exports—an increase that the International Monetary Fund views as a condition for approving future loans to the country. But critics fear the project will start a new wave of oil exploration in protected areas and indigenous territories in the Amazon. And if built along the currently planned route, it could damage 11 protected forest areas, including the Mindo Nambillo Cloudforest Reserve, located 60 kilometres northwest of Quito on the western flank of the Andes.

The international consortium behind the project includes Alberta Energy Corporation (recently merged with PanCanadian Energy to become EnCana Corporation), which has a hefty 31 percent interest. Westdeutsche Landesbank of Germany, the primary financial backer, has committed \$1.5 billion to the project.

EnCana, now the world's largest independent oil and gas company, bills its Ecuadorean interests as a "key high-potential international growth platform" for the company.

Construction work is well underway. However many groups, including influential organizations like Greenpeace Germany, are determined to halt the project.

The mounting national and international opposition is centred in Mindo,

a town of 2000 people nestled in some of the most biologically diverse rainforest in the world. Local opponents stress that little economic benefit will flow to residents along the pipeline. These include local landowners, rural campesinos, students, local authorities, environmental groups, conservation organizations, tourism operators, and indigenous organizations.

Mindo depends on small-scale agriculture and revenue from burgeoning international nature tourism. Travellers are attracted particularly to the nearby Mindo Nambillo Cloudforest Reserve, which is designated by Birdlife International and the Corporacion Ornithologica de Ecuador as South America's first "Important Bird Area." The scenery is rugged and beautiful, particularly when mists and clouds begin sifting down the ridges and slopes in the daily phenomenon that gives the area the name "cloudforest." Local residents of Mindo have gradually assembled a flourishing low-impact ecotourism industry, providing or promoting a variety of lodgings, tours, hiking, rafting, guiding services, and even butterfly and orchid gardens.

The current pipeline route cuts through one of the most popular birding areas, and there are substantial fears that the pipeline could rupture (a not uncommon occurrence in the Ecuadorean oil patch) in the rough and geologically active terrain and degrade the entire watershed.

Several environmental groups have proposed a southern route for the project, running parallel to the existing Transecuadorean pipeline. OCP representative Hernan Lara disputes that this southern route would be less environmentally damaging. "We will build

the pipeline, and we are going to do this where we have presented it, because that is the route with the least impact." He insists that the northern route is the basis for the contract OCP signed with the Ecuadorean government in February 2002.

Opponents counter that OCP's studies for the northern route constitute "a grossly inadequate environmental impact assessment." Advocates of the southern route claim it crosses a region that has already been disturbed by existing developments and would therefore be preferable for an oil pipeline.

Los Amigos de la Naturaleza is a local NGO that has been struggling to protect the Mindo Nambillo Cloudforest Reserve since its inception. The group's director, Maria Bel Vera, is determined to stop the pipeline.

"The project not only undermines everything we have worked for and threatens our own livelihoods but it is against everything international governments have been working for—the preservation of biological diversity, the mitigation of climate change, and the recognition of aboriginal rights," she says. "How can Germany talk about ratifying the Kyoto Protocol and then go and support a project like this?"

Efforts to stop the project have attracted support from a formidable list of international environmental campaigners. Representatives of Greenpeace Germany, Ecuador's Accion Ecologica, and Italy's Campaign for Reform of the World Bank have toured the proposed OCP route and documented the extensive destruction. "All along the route we saw extensive destruction of primary

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forests,” says Michaela Braun of Greenpeace Germany. “In Germany, a project with such destructive environmental and social impacts could never be implemented.”

The project funders themselves seem to be divided. The environment minister of the state of North Rhine-Westphalia, which owns 42 percent of the Wesdeutsche Landesbank, has expressed grave concerns about the project and called on the bank to withdraw. The mounting public protests in Germany convinced an influential group of state parliamentarians to visit the Mindo area in April 2002. Even the World Bank has now distanced itself from the project.

The largest protests are in Ecuador itself. All along the planned route, environmental activists are fighting the pipeline. In one of the most dramatic events, protestors from a number of countries chained themselves to trees directly in the route of the pipeline and climbed up to platforms built in the treetops. When the army and police finally cleared the protest site, making numerous arrests, sympathizers in the Mindo area commandeered a number of large construction vehicles, lined them up on Mindo’s main street, and let the air out of the tires.

In the most recent development, Mindo residents purchased the 1700-

hectare Mindo Nambillo Cloudforest Reserve from its private owner. However, when the new owners went to their property in May, the military evicted them once again and put them in detention in Quito. Released upon demonstrating valid land title, the new owners tried again to go onto their land only to be prevented by police and OCP security.

Widespread demonstrations, roadblocks, seizure of oil wells and refineries, occupation of government offices, blockades, and strikes have become so intense that the government declared a state of emergency in two provinces and the army has become heavily involved. Supportive protests have been organized in the cities, as well as lawsuits and interventions in the national congress. There has been at least one death, and many have been imprisoned. International protestors are routinely deported. Amnesty International has even issued an urgent appeal on behalf of those arrested or harmed by military and government responses to the unrest.

Despite these efforts, Ecuadorian President Gustavo Noboa (reportedly Ecuador’s richest man, controlling some 25 percent of the huge banana industry) insists that the project is vital to the country’s faltering economy, will generate 58 000 jobs, and will bring some \$2.5 billion in invest-

ments. Oil exports have historically been a critical part of the country’s economy and account for some 10 percent of Ecuador’s GDP and 36 percent of its total exports.

Not everyone agrees that this oil pipeline is good for the economy. Dr. José Enrique, an economist from the University of Quito, argues that Ecuador’s overdependence on oil exports has made it particularly vulnerable to world market prices for oil. “The depressed oil market of 1997–1998 was one of the major contributors to Ecuador’s economic collapse in 1999,” he says. “We would be far better off to develop small local industries and develop markets for local crafts, some agricultural products, and tourism.”

Some investors have now pulled out of the pipeline project, but OCP seems too central to EnCana’s aggressive corporate program to be abandoned.

EnCana’s Web site publicity is littered with statements about “hold[ing] strong to the principle of sustainable development” and “setting new benchmarks for environmental responsibility.” One benchmark EnCana’s predecessor, Alberta Energy, did indeed set was to pay CEO Gwyn Morgan a cool \$5 494 300 in 2001, the nineteenth largest Canadian CEO compensation package of the year.