

# PETROLEUM IN BOLIVIA 2003

## 1. BOLIVIAN GOVERNMENT STARTS INSPECTION PHASE IN ENVIRONMENTAL AUDIT OF CUIABA GAS PIPELINE

Therefore the government had to give in facing pressure from Indigenous Organisations, Province Civic Committees, the Ombudsman Office, and National and International NGOs.

The first phase of the Environmental Audit of the Cuiaba Lateral Gas Pipeline (Bolivia-Brazil) demanded by indigenous communities of the Chiquitano and Ayoreo peoples one year ago, started today in San José de Chiquitos, where a strong delegation of Inspectors from the Viceministry of Sustainable Development arrived, headed by Cristina Orellana, Director of the Environment Unit, who are in charge of verifying the received denounces by the affected communities on the incompliance of the Environmental Impact Assessment Study (EIA).

A group of indigenous environmental promoters and civic leaders of the area, supported by Non Government Organizations, joined by the National Deputy, Isaac Avalos, made the official presentation of an independent follow up study document, that backs up their denounces. These not only include the companies' incompliance with the reforestation plan, the indigenous development plan and the un-repaired destruction of the natural life habitat and water sources essential for the indigenous communities; but it also includes the violation to the indigenous human rights by ENRON and SHELL multinationals, jointly with State offices, that haven't enforced Law 1257 (Agreement 169 ILO) by promoting the creation of the alleged Foundation for the Conservation of the Dry Chiquitano Forest (FCBC) not allowing the participation of the affected indigenous populations in the conservation of the natural resources in the territories of their own.

The controversial ENRON and SHELL foundation has been accused of exerting its influences when scientists from several international conservation institutions, that initially claimed for a deviation of the gas pipeline route in order to avoid damages to the pristine Chiquitanian forest (considered among the 200 best preserved in the world), changed their minds in exchange for a \$20 Million USD gratification, granted by the oil companies for an alleged conservation forest plan that never worked. The ambiguity of the conservation plan made the relationships between the World Wildlife Fund (WWF) and the oil multinationals come to an end. In year 2001 national media disclosed the fact that members of the FCBC were involved in biopiracy by exporting, unauthorized, genetic material of the "wild peanut" native to the Chiquitano forest.

In May, 2002 an investigative commission of the Bolivian National Parliament found that ENRON had created a second “ghost foundation” used by its officials to buy stocks of the Cuiaba gas pipeline, and fictitiously raise the projects’ costs to make huge profits by ripping off the stock holders. The US credit agency OPIC withdrew all its support to this project in the middle of the shocking ENRON bankruptcy, whose proven fraud reaches \$2.5 Billion USD. Months later, the Bolivian Ministry of Sustainable Development admonished ENRON-SHELL’s Foundation because of incomppliance of the Environment Law, but in an unclear fashion, the Bolivian government has avoided to apply the corresponding economic sanctions, while ENRON is still Bolivia’s major partner for gas exports to Brazil.

The “affaire” of the Cuiaba gas pipeline became notorious again in November, 2002 when during a visit of recently elected Bolivian President Sánchez de Lozada to Washington DC, indigenous parliament members along with environmental organisations denounced the finding of a valve that had been built -in secret- by both multinationals to supply gas to “Don Mario Mine”, of Orvana Minerals, a company whose major stockholder is Sanchez de Lozada. The construction of a private exclusive gas pipeline for the president’s mine that wasn’t part of the EIA, was also discovered, “these crime findings should lead to ENRON’s expulsion from Bolivia” said the Parliament Member Isaac Avalos. “Now we expect the irregularities to be clearly identified, the verification of social and environmental impacts, and precise recommendations to be included to repair all damages caused to the 31 affected indigenous communities, and mitigate the destruction to the Chiqui ano Forest ecosystems and the Bolivian Wetland,” he concluded.

The Environmental Audit process, that begins with the in situ denounce inspection of social and environmental impacts is the first in Bolivian history, given that the law on environment is not specific regarding social impacts, nor the violation of indigenous rights. Therefore an integrated and multidisciplinary approach is required, and its evaluation could set an important precedent for a better regulation of the execution of hydrocarbon projects in indigenous lands. “A worrying aspect of the current stage is that the State officers in charge of the inspection, supposed to be at the service of law and public interest, are guests of multinational companies, which are apparently covering all the expenses required by this field work. As long as this dependence exists nothing can be transparent,” said José Bailaba, Chiquitano indigenous parliamentary.

The inspection visits are programmed to occur between April 15<sup>th</sup> and 26<sup>th</sup> and take place at the same time an intense national debate occurs regarding the possible construction of a new pipeline to the Pacific Ocean, to allow the exportation of Bolivian gas to the United States, a project that is providing serious frictions between Sanchez de Lozada’s government and several opposing sectors, even among the armed forces.

Recent surveys reveal that the majority of Bolivians thinks that the current conditions of gas pipelines for export only benefit multinational companies and not

the country. The perversity of the Environmental Audit of the Cuiaba gas pipeline, is that we could be about to prove that as long ENRON and SHELL expect profits for the coming 40 years, the Bolivians could only assume to take care of the environmental destruction and the growth of poverty in the affected communities.

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