

PETROLEUM IN GUATEMALA 2002

1. GOVERNMENT CANCELS CONCESSION WITH LOCAL OIL COMPANY AFTER WAVE OF PROTESTS

GUATEMALA, May 25 (AFP) – The president of Guatemala, Alfonso Portillo, cancelled the concession granted to a local firm to explore oil and natural gas in the Guatemala's main lake, with the aim of safeguarding collective interests and after facing a wave of protests, according to the agreement that was circulated Saturday.

"Government agreement number 346-2001 from the 6 of August, 2001, emitted to the Council of Ministers by conduct of the Ministry of Energy and Mines, was eliminated", affirmed the text approved by the mandate.

The decision to cancel the contract, signed by the Atlantic Oil Company, is sustained by the warnings of the errors in the concession of the last 25 years, in an area of 127.830 km² that includes 60% of Lake Izabal, which measures 50 km in length and 20 km in width, as well as the area of nearby land.

"The Constitution (...) is clear in defining that the realization of the common good is the supreme goal of the State (...) and that it is the obligation of the State to adopt the necessary measures for conservation, development and the efficient use of natural resources", states the text.

"In consonant with these precepts, it is qualified that public interest and the superior interest of the State prevails over the interests of those of the private sector ", it adds.

Portillo had announced on Friday night the decision to cancel the project, which was in its' administration stage "because it is not convenient for the interests of the nation", due to the lack of legislation that "oblige companies to maintain equilibrium and sustain the environment ".

In addition, the mandate stated that an investigation was to be ordered on all activities during the process, involving the bidding and the adjudication of the concession to the only company that participated.

The agreement was subscribed just hours after the Minister of Energy and Mines, Raúl Archila, announced that negotiations were carried out with personnel from the oil company to modify the contract, with the objective of exonerating the surface of

lake for the exploration of hydrocarbons, among other elements, due to the strong criticism that was received.

Among the criticism towards the project, it was affirmed that the company was integrated in 1997, before carrying out the bidding, which evidences their lack of experience in the exploration and extraction of oil, as well as eventual environmental damage to the lake that would affect the rich diversity of flora and fauna of the area.

There was also criticism in regards to the presence of personnel and machines in the area, adding to the contamination of the lake, and affecting tourism and fishing, the main sources of employment for the residents of this Caribbean region of the country.

The spokesperson for the company, Luis Gómez, denied in an official manner the announcement, but added that the work would end immediately, although he also adverted that this decision was a negative message for national and foreign investors.

"It is a negative sign for national and foreign companies who want to invest in Guatemala since the government publicly offered and granted areas that are now being cancelled", said Gómez.

Three oil companies operate in Guatemala, but only two are dedicated to the extraction of oil, whose total production amounts to 30.000 barrels daily.

Source: RESISTANCE OILWATCH NETWORK BULLETIN Number 30 – July 2002

2. CARTA AL PRESIDENTE DE GUATEMALA

Dear Friends,

As you may already know the Government has cancelled a oil company's concession to explore oil and natural gas in the country's main lake, in order to „safeguard the collective interests. The desition of cancelling the contract signed with Compañía Petrolera del Atlantico, was supported when errors where found in the concession. This is why we ask for your help in spreading this note and deliver the President of Guatemala a note of support.

We attach a model letter.

Please, send a support letter to the following addresses:
mensajes@presidenteportillo.gob.gt, carloscaceresruiz@hotmail.com,
seconap@guate.net, opdhg@guatenet.net.gt

Sir

Alfonso Portillo

President of Guatemala

We address you very excited by your desition of cancelling Lake Izabal's concession. Oil Companies do not have any limits at all, they know no boundaries and disrespect all life's sacred sites.

There are few authorities that have had the courage to stop a concession and acknowledge that there are other values, as the conservation of nature and the sustainability of the Peoples that rely on it.

We want to congratulate your desition and let you know that we expect this to become an example to other officials that must make the difficult call of sacrificing biodiversity and People's rights for the sake of revenues.

Sincerely,

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