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Camisea Pipeline Kills Indigenous

by LADB Staff

Category/Department: Peru
Published: 2004-04-16

An environmental group leaked two Peruvian government reports on March 27 that said Peru's controversial Camisea gas project is killing off native tribes in the Amazon jungle, polluting the environment with diesel spills and waste dumps, and causing large-scale deforestation.

Between May 2002 and May 2003, 22 indigenous people died after exposure to respiratory illnesses from gas-pipeline workers, and 30% of the 500-member Nanti tribe have died since 1995, the Health Ministry said in a study released by US-based lobby group Amazon Watch at the Inter-American Development Bank (IDB) annual meeting in Lima.

A separate Energy and Mines Ministry study carried out last September but never released to the public said the Argentine-led Camisea consortium had failed to clean up diesel spills and waste dumps in the gas-pipeline area. Transportadora de Gas del Peru (TGP) is the Argentine-led consortium heading the project to build a pipeline to move natural gas from the Camisea fields, several hundred kilometers east of Lima, to supply the capital and go to the Pacific Ocean ports for export to the US.

Amazon Watch said Peruvian government officials leaked the reports. Neither the Health Ministry nor the Camisea consortium were available to Reuters news agency for comment.

Energy and Mines Minister Jaime Quijandria declined to comment on the two reports but said the government was "doing everything necessary" to enforce environmental standards and protect Peru's indigenous groups in the project area. "No one has been able to prove the cause of any deaths. This rumor about epidemics is repeated every few years," Quijandria said.

TGP said on March 26 that it had met all environmental requirements. The IDB, which expects to sign a US$75 million loan for Camisea in April or May, said that it had seen the reports and that they were genuine.

"It may look bad, but there are things in the field that have to be corrected...and are being corrected," said Elizabeth Brito, the IDB's natural resources specialist. The IDB approved US$135 million in financing for the project in September, about 8.5% of the project's total cost, even after the US Export-Import Bank refused to back a US$214 million loan because of environmental worries (see NotiSur, 2003-09-19). Reports cite large environmental damage

"Negative environmental impacts generated during the construction [of the gas pipeline] are significant and of great magnitude," said the Energy and Mines Ministry report, which Amazon Watch said was distributed to officials on Sept. 5, five days before the IDB approved the US$75 million loan for Camisea.
Until now, Peru has always said Camisea met international environmental standards, a prerequisite for project financing from the IDB. The Health Ministry report said half of the indigenous children in the Camisea area were suffering from chronic malnutrition, without giving more details. Amazon Watch and indigenous groups said deforestation had destroyed food crops. Camisea is expected to supply gas to Lima in August and could begin exporting gas in 2007. The Camisea gas field was discovered in 1982 in the department of Cuzco. It contains natural gas reserves estimated at 13 trillion cubic feet and 600 million barrels of liquid hydrocarbons. Royal Dutch/Shell and Exxon Corp. spent two years in exploration, but pulled out in 1998 amid commercial doubts (see NotiSur 1998-07-31).

Argentina's third-biggest oil group, Pluspetrol, leads the Camisea development group that includes Hunt Oil of the US, SK of South Korea, and Argentina's Techint. The international consortium of private businesses intends to cover the majority of the US$1.6 billion that the project will ultimately cost.

Leaks latest blow to controversial project

There has been a long push and pull between environmental groups opposed to the Camisea project and the governments and petroleum outfits backing it (see NotiSur, 2003-09-19 and 2003-08-01). The Peruvian government sees it as a key element to sustained economic growth in the country, while oil corporations headed by US President George W. Bush's campaign donors see it as a profitable opportunity to tap Peru's large natural-gas reserves.

Some members of the US Congress, including Sen. Patrick Leahy (D-VT) and House Minority Leader Nancy Pelosi (D-CA), have opposed the project, while US Republican leaders generally back it. Environmentalists say the contamination to inland and marine ecosystems from the project will be great, adding that deforestation may lead to mudslides.

An April 10 mudslide in the department of Cuzco near the archaeological ruins of Machu Picchu, not far from Camisea, left at least one Peruvian dead and ten missing. International environmental groups and the Asociacion Interetnica de Desarrollo de la Selva Peruana (AIDESEP), which gathers together Peru's indigenous groups, have asked that no more gas wells be constructed in the area and that independent environmental groups conduct assessments of the zone.

Peruvian officials argue that the project will increase the national GDP by 0.8% annually and will change Peru into a net exporter of energy. Currently Peru spends US$700 million on combustible gases annually.

Vice Minister of Energy Juan Miguel Cayo says the arrival of Camisea gas would help reduce air pollution in Lima caused by the 850,000 vehicles in the capital city, replacing the older gasoline vehicles with "cheap, clean, and abundant" natural-gas vehicles.

IDB officials say the project will provide Peru with "extraordinary economic benefits." President Alejandro Toledo says the project will bring in US$600 million to the government annually, while
Ray Hunt, head of Hunt Oil and a top fundraiser for President Bush, has said the project would provide Peru with US$800 million in yearly income.

Energy Minister Quijandria told the Lima newspaper El Comercio that the project would not be delayed and that the IDB loans had no expiration date. He said the bank had set 135 conditions for the project before loans would be disbursed and only three remained for Camisea to be in compliance.

The IDB's environmental unit chief, Robert Montgomery, said the bank would not guarantee environmental protection for the whole gas project. The amount the IDB is providing is for the transport of gas from Camisea to Lima and in that sense, Montgomery said, the financial organization "only" guarantees that the environmental standards are met on that part of the project. He said, however, that there is "no risk that investment [in Camisea] will be paralyzed." He indicated that "90% of the necessary steps to execute the project have advanced...there still remain several legal details" to fulfill in the coming months.