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Protests in Ecuador have led the government to militarize a number of oil fields in the Amazon, although this has not prevented the protest from spreading to other regions. President Alfredo Palacio declared a state of emergency on Feb. 21 after protests disrupted oil production and delivery at private and state-owned installations. Residents demanding greater government support and spending in the regions where most of Ecuador's oil wealth comes from led moves against oil operations in Napo and Chimborazo, with groups in Cotopaxi and Pastaza also threatening to mount uprisings of their own.

The actions have coincided with what the government claimed were the final stages of negotiations with Occidental Petroleum Corporation (Oxy) regarding tax revenues the company allegedly owes to Ecuador. Sabotage cuts off private pipeline after negotiations fail President Palacio declared the state of emergency in the country's oil-rich Amazon region after protesters, demanding greater social spending, sabotaged the country's Oleoducto de Crudo Pesado (OCP), the heavy-crude pipeline, which carries petroleum from the Amazonian interior to the Pacific Ocean.

Soldiers and police began guarding oil wells and pipeline installations in the jungle region of Napo, Interior Ministry spokesman Rigoberto Medina said on Feb. 22. Napo lies 160 km east of the capital Quito. The pipeline, which has the capacity of 410,000 barrels per day, shut down that morning, said OCP Ecuador spokeswoman Barbara Reyes. "Protests have halted while government officials meet with local leaders to look for a solution," Medina said in a phone interview from the capital.

The shutdown was the latest attack by residents against oil facilities in a continuing protest to boost government spending in the Amazon region, where most of Ecuador's oil is pumped. Protests in 2005 paralyzed oil production in key productive regions and resulted in the resignation of the interior minister (see NotiSur, 2005-08-26, 2005-09-23). Similar actions in August and September 2005 led Ecuador to suspend crude-oil exports, but the dispute was settled when the government promised to boost spending in the region. The OCP pipeline stopped operating after protesters cut electrical cables and stole pumping-station computers, police director Gen. Jose Vinueza told Radio Quito. OCP Ecuador was carrying about 200,000 bpd for companies such as Repsol YPF and France's Perenco before the shutdown, Reyes said.

Police arrested 11 protesters including the regional prefect and mayor for breaking a curfew, Vinueza said. "This was a plan prepared beforehand to the millimeter," administration secretary Jose Modesto Apolo told reporters, according to Quito daily El Comercio. "It is almost a paramilitary action. That means that there was very meticulous planning." Apolo also alleged that the protests were coordinated by figures aligned with the Partido Sociedad Patriotica (PSP) of jailed ex-President Lucio Gutierrez's (2003-2005). "Coincidentally, the two ringleaders of these vandalistic acts against state property and petroleum platforms are mayors in the PSP, Franklin Perez and Washington Varela, who threatened to leave Quito without water," said Apolo.

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Ecuador's oil association spokesman Rene Ortiz declined immediate comment on the protests and the government's action. Earlier protests forced the state oil company Petroecuador to suspend exports twice in February, when they shut its Sistema de Oleoducto Transecuatoriano pipeline (SOTE). Petroecuador, headquartered in Quito, accounts for about 40% of the country's overall oil production of about 540,000 bpd.

Protestors from Chimborazo attempted to march to the capital in Quito, only to be blocked by police. The delegation said the police had been abusive. "We have been brutally repressed by the police, who, by not allowing our passage, have closed the roads," said Mariano Curicama, a prefect from Chimborazo. Injury totals from the various protests in different parts of the country were not readily available.

As of Feb. 9, the federal government had begun the process of militarizing petroleum installations in the Amazon to block entry by demonstrators, as occurred in the city of Baeza the day before. The Baeza invasion suspended crude pumping for 12 hours, leading to a loss of US$10 million, according to Petroecuador. The failure of negotiations between the federal government and protesting groups also led to blockades along multiple highways.

Negotiations with Oxy also protested

Protesters against Oxy have also taken to the streets, as Amazon residents and authorities announced a Feb. 7 march to Quito against the California-based company for its failure to honor tax debts to Ecuador. The march also called for a revision of petroleum contracts with all other multinationals, a process the Palacio government has claimed it is pushing forward. Conflicts with Oxy regarding multimillion-dollar tax payments have been an ongoing source of conflict between the Ecuadoran government and the company (see NotiSur, 2004-09-10).

The company is accused of violating Ecuadoran law by selling 50% of its stocks to the Canadian company Encana without authorization from the Ecuadoran government. The Public Ministry, with support from Petroecuador, is demanding the termination of a contract with Oxy for the production of 112,000 bpd of crude. "We urge the transparent renegotiation of all the petroleum contracts, ending the most shameful looting done in this country," said Ernesto Garcia, member of the Popular Assembly of Sucumbios.

A spokesperson for the Sucumbios and Orellana assembly, Nelson Alcivar, announced the march, saying, "Under the rallying cry 'the homeland is not for sale, it is defended,' we will enter Quito to defend our interests." The groups said they had indigenous support in their opposition to Oxy and in their opposition to Ecuador's joining the Andean Free Trade Agreement (AFTA), currently under negotiation (see NotiSur, 2004-02-20, 2005-10-14, 2004-12-17, and 2006-01-13). Increasingly strident protests against AFTA have led to arrests and injuries in the capital city in recent weeks.

In September 2005, Palacio committed to revising the contracts with petroleum companies, saying they were "unjust." Referring to the division of profits between the companies and the state,

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Palacio said, "This 80-20 will not continue, we need to make a proposal that at least reaches a 50-50 arrangement," he said then. But grassroots movements have shown little faith that Palacio will pressure the companies adequately.

Military contracts with multinationals revealed

Adding to popular suspicion were reports of contracts between the Ecuadoran military and the private multinationals to conduct protection and counterintelligence operations in favor of the companies. Freelance journalist Kelly Hearn reported on the contracts in the English-language press, saying the oil companies were facing daily threats, including the kidnapping of workers and sabotage of equipment, and had turned to the military for protection.

Critics said the rarely seen documentation of the contracts some of which detailed company mandates for soldiers to conduct countersurveillance operations against the local population was proof that Ecuador's military is a private army for oil firms.

"If you cut through the clinical language of the contracts, what you have are agreements that allow American companies to spy on the lawful activities of local citizens in foreign countries," said Steven Donziger, a US attorney working on behalf of groups opposed to oil drilling.

Oil companies said that the contracts were legal and said they reflected the realities of operating expensive facilities in dangerous places. The documents, some marked classified and negotiated in secret, were released in late November in connection with lawsuits in Ecuador, and all had either expired or were nullified by a Dec. 8 decision by the Ecuadoran military.

The military and 16 multinational oil firms, including US-based companies Kerr-McGee, Burlington, and Oxy, signed one contract dated July 2001 and marked classified. It established "terms of collaboration and coordination of actions to guarantee the security of the oil installations and of the personnel that work in them," to include the control of arms, explosives, and undocumented persons in areas of oil operations. It also instituted communication networks and required military personnel to periodically update oil firms on army activities.

Another contract marked classified and signed in April 2001 by Oxy required soldiers "to carry out armed patrols and checks of undocumented individuals" within the company's operating area. It also mandated that soldiers "plan, execute, and supervise counterintelligence operations to prevent acts of sabotage and vandalism."

Counterintelligence operations in Latin America have long been linked to human rights violations, says Keith Slack, a senior analyst for Oxfam. "That Occidental contracted with the military to do this near its installations seems fraught with potential for abuse." Scott Pegg, a political scientist at Indiana University-Purdue University Indianapolis, says these kinds of agreements are not unusual, but "seeing them or having copies of them is extremely rare." Pegg said he found the reference to counterintelligence atypical. "It's not so much that it is done, but that it would be openly and explicitly put in writing as part of a contract," he says.

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An Occidental spokesperson said that the contracts were legal and that the 2001 agreement was nullified by a 2004 amendment that was more in keeping with the company's human rights policy. The amended agreement contained no references to counterintelligence operations or requirements that patrols be armed. It also put limitations on the use of force and barred the military from deploying personnel credibly implicated in human rights abuses, according to the spokesperson. Hearn also reported on contracts with indigenous peoples of the Amazon where companies bought land and land rights for miniscule sums.

In 2001, for example, Agip Oil Ecuador BV, a subsidiary of the multibillion-dollar Italian petrochemical company Eni, convinced an association of Huaorani Indians to sign over oil access to tribal lands and give up their future right to sue for environmental damage. In return, Agip gave, among other things, modest allotments of medicine and food, a US$3,500 schoolhouse, plates and cups, an Ecuadorian flag, two soccer balls, and a referee's whistle.

Huaorani peoples have been fighting to protect their lands, although a number of leaders have accepted deals with multinationals (see NotiSur, 2005-08-19). On Feb. 2, a group of indigenous people spoke to the European Parliament to say that petroleum companies had been violating their rights and threatening the environmental safety of their homes, citing the famous case of the massive Chevron-Texaco dumping that went on from 1972 until 1990 (see NotiSur, 1994-04-28, 2001-06-08, 2003-05-23, and 2003-11-07).

Production levels were recovering

Ecuador is South America's fifth-largest petroleum producer and was the 11th-largest crude supplier to the US in November, according to the US Department of Energy. As of the end of 2005, some 15 foreign companies were operating in Ecuador, producing about 340,000 bpd of crude, two-thirds of which were for export. Ecuador shipped about 264,000 bpd to the US in November, according to US Energy Department statistics.

Oil exports, which account for two-thirds of Ecuadoran total sales abroad, are expected to help boost Ecuador's economic growth to 3.5% this year, from 3.3% in 2005. The latter number fell a percentage point below the average Latin American growth rate of 4.3%, according to the Economic Commission for Latin America and the Caribbean (ECLAC). 2005 was a period of political turmoil in the country, culminating in the ouster of Gutierrez in April (see NotiSur, 2005-04-22) and petro-export disruptions. The 3.5% figure appears to assume that ongoing political turmoil will not have as great an impact on the Ecuadoran economy in 2006, an election year. Petroecuador's products reached record price levels in 2005, reporting an average US$42.75 per barrel for the period between January and October last year.

Yet daily newspaper criticized Petroecuador petroleum production, saying, "The lowest levels of state production have coincided with the era of the highest petroleum prices on the international market." The opinion piece pointed to "the mismanagement" of the previous administration, but, "in the nine months of [Palacio's] rule, there haven't been firm steps to overcome the critical situation in the state petroleum sector." The Jan. 18 article said that, under Gutierrez's leadership,

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state production dropped from 217,000 bpd to 196,000 bpd and the average during Palacio's term had been about 190,000 bpd.

A week later, El Comercio reported that Petroecuador had returned to 200,000-bpd production levels after repairing the damages of the previous strikes that had caused the suspension of exports. This came in late January, shortly before the beginning of the strikes in Napo and Chimborazo.

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