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Protests Along Pipeline Slow Bolivian Exports of Natural Gas

by LADB Staff
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Protesters took control of a natural-gas pipeline in southern Bolivia that delivered natural gas to Argentina, slowing down exports to both Argentina and Brazil in late April. The protests calling for a greater share of royalties that will be obtained from natural-gas resources led to one death and dozens of injuries. The military retook control of the pipeline after days of violent protests at gas installations, the government said late on April 20.

Bolivia forced to reduce gas exports

More than 1,000 protesters had seized the Yacuiba pipeline station run by Transredes, a subsidiary of Royal Dutch Shell. Protesters broke windows, set fire to two company cars, and threatened to shut off gas deliveries to Argentina. The protest never shut off the flow, but the government had said that it was preparing to temporarily reduce its natural-gas exports to Argentina by about 75% and slightly decrease shipments to Brazil because of the protests, at an estimated loss of US$1 million a day.

That measure became unnecessary after the military retook the control station, the government said. Defense Minister Walker San Miguel said troops and police were guarding all energy installations in southern Bolivia.

Neighboring provinces within Bolivia's gas-rich southern department of Tarija dispute ownership of the Margarita field, still in its exploration and development stage but potentially one of the country's largest. Each is demanding a larger share of the field's eventual royalties. The region is home to a pro-autonomy movement known as the "civic movement" that seeks greater independence from the central government (see NotiSur, 2004-11-12).

Most of Bolivia's large natural-gas deposits lie in the east and southeastern parts of the country. Residents of Gran Chaco province, where Yacuiba is located 700 km southeast of La Paz, had several demands including greater control of the Margarita gas field. But the neighboring province of Burnet O'Connor maintains that the megafield belongs to its territory.

The Spanish-Argentine company Repsol YPF holds a majority stake in the Margarita field, with the British company BG Group and Argentine company Pan American Energy each owning a minority interest.

Order restored

By April 25, the police said they had restored the border crossing in Yacuiba after 10 days of protest blockades. Protesters had placed rubble to block access to the international bridge, but military commander Col. Carlos Ponce de Leon told local radio Fides that the material was removed after
talks with the last protesters in the area. He claimed that the removal operation on the road "was totally peaceful, because we talked with the people," and soldiers and police did not face resistance.

In prior days, however, there were reports of violence with eight wounded on April 19 during scuffles in Yacuiba and nearby Villamontes, 680 km southeast of La Paz in Burnet O'Connor. One individual, Erman Iver Ruiz Terrazas, died in Villamontes from bullet wounds. Defense Minister San Miguel said he had not authorized the use of deadly force in the region, only tear gas. Protesters in Yacuiba took 58 police officers hostage for almost 24 hours on April 19, but local movement leaders ordered their release. "We spent the time with coca and water," said Jaime Reyes, one of the hostages.

Civic-movement leader Juan Carlos Gutierrez said the attempts to take over gas facilities would continue so long as security forces did not leave the area. At the time, there were 400 troops and 100 police in the city.

President Evo Morales expressed his concern about the situation on April 16, saying that there were economic interests behind the conflict. "It is incomprehensible that two provinces in the same department [Tarija] are in constant conflict," he said.

The government said that the provinces where the conflicts took place should take responsibility for the vandalism and damages to gas facilities, according to Bolivian newspapers.

Leaders from Burnet O'Connor declared "war on the federal government" for putting the governor of the department of Potosí in charge of negotiations with Gran Chaco. The leaders said he was not an impartial mediator. The protest was the latest difficulty for Morales in his efforts to capitalize on Bolivia's natural-gas resources, the country's most important sector for economic development.

Opposition lawmakers had brought strong pressure against him for errors and corruption in contracts with multinational petroleum companies, although Morales won an apparent victory when he completed negotiations with Brazil's state-owned petroleum company Petrobras, forcing Brazil to pay higher prices (see NotiSur, 2007-03-30 and 2007-04-13).

Industrial conflicts have played a deadly role in Bolivia recently, with independent miners clashing with state union miners in the department of Oruro last year (see NotiSur, 2006-10-13). Brazil seeks to develop domestic gas Brazil's Energy and Mines Minister Silas Rondeau said there was no reason for Brazilians to panic regarding exports cutoffs from the Yacuiba protests on April 20 "because we believe that the Bolivian government will be able to reverse the situation" in the coming days.

Bolivia had reduced its export of gas by 1.8 million cubic meters of gas per day after the protesters had seized export facilities. Petrobras had to reduce its production at the San Alberto field in Bolivia because of the protests, bringing its output down from 10 million cubic meters per day to 3.2 million. Argentina, which faces strong demand and weak supply for gas, lost about 5 million cubic meters per day, said Rondeau.
The Brazilian minister said that there was a contingency plan in place, if the crisis had continued, with certain businesses changing over to different forms of combustible fuels like liquid natural gas or crude fuel, maintaining priority to residential natural-gas supplies. Rondeau said Brazil was working on developing domestic gas fields to minimize the effects of Bolivian social turbulence, particularly in Ceara in the north and in Rio de Janeiro, each field with a 20-24 million cubic meter per day capacity.

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