

Monday, April 07, 2008

## Ecuadorian Farce

It is not Chevron which should be sued for environmental damages in Ecuador, but the country's own state oil company.

BY CHRONICLE EDITORS

It makes good headlines, but asking Chevron to pay \$7 to \$16 billion in compensation for environmental damages in Ecuador is both unfair and absurd. The lion's share of contamination has been done by Ecuador's own state oil company Petroecuador, one of the most mismanaged and inefficient oil companies in Latin America.



**WRONG TARGET:** Petroecuador is responsible for more than 1,000 oil spills in the past five years alone, but it's Chevron - which left Ecuador in 1992 - that is being sued for environmental damages. (Photo: Petroecuador)



From 2002 to 2007, Petroecuador was responsible for more than 1,000 oil spills, of which 168 took place last year alone. In fact, Petroecuador (through its oil and gas exploration and production subsidiary Petroproducción) accounted for 90 percent of all oil spills in Ecuador last year, according to official government data quoted by local newspaper *El Universo*. The remaining 10 percent were contaminated by six different private companies. In other words, Petroecuador is clearly a major and serial contaminator.

### NO MONEY FROM PETROECUADOR

While Chevron paid \$40 million in remediation costs in 1995, Petroecuador has not used one dime to clean up its mess. Chevron, through its Texaco subsidiary, operated an oilfield joint venture with Petroecuador between 1964 and 1990, when the Ecuadorian company took over management of the oil field. Texaco continued with a minority stake in the consortium until 1992. In 1998, the government of Ecuador declared that the remediation

was completed according to the terms and parameters agreed upon and released Texaco from any future liability.

Meanwhile, Petroecuador doesn't even bother paying the multiple fines it received for its spills, according to *El Universo*. Yet, Chevron is the target of international campaigns and a lawsuit by a group of local Indians that is currently underway.

The lawsuit was originally filed in 1993 in the United States, but was thrown out here in 2002. Then the case was refiled in Ecuador, where the process has been marred by serious flaws. Richard Cabrera, the court-appointed expert, has shown a combination of incompetence and bias against the U.S. company. Cabrera conducted field work that ignored all scientifically accepted technical procedures for site assessment, while including members and supporters of the Frente de la Defensa de la Amazonia (FDA) in his field support team, Chevron points out. The FDA was formed to represent the group suing Chevron. Chevron has repeatedly asked the court to remove Cabrera, but to no avail.

### **INCOMPLETE AND WRONG INSPECTIONS**

While Cabrera had been specifically asked by the court to present his report after inspecting 122 sites, he did so after only inspecting 47. Even worse, Cabrera took samples from areas that are the sole responsibility of Petroecuador, areas which Petroecuador has publicly acknowledged its obligation to remediate, and from areas already remediated by Petroecuador, Chevron points out. He has also repeatedly asked the court to stop Petroecuador from conducting remediation of the areas of the former concession that Petroecuador has publicly recognized were under its responsibility and have gone unfulfilled since 1998, according to the U.S. oil company. (See [Chevron: Biased and Improper Report](#)).

Most of the "evidence" from the group suing Chevron has been analyzed by Havoc laboratory, which has refused all attempts (seven, in all, over more than two years) by an Ecuadorian court to inspect its facilities.

Finally, the court received unwarranted pressure from President Rafael Correa, who has publicly stated his support for the lawsuit. While that clearly violates the judicial independence of Ecuador, it should come as no surprise. After all, Correa is the brains behind the absurd proposal that the international community pay Ecuador \$350 million per year to not explore oil in the Ishpingo, Tambococha, Tiputini (ITT) field, which may have reserves of one billion barrels. (See [Ecuador's Oil Paradox](#)).

It is now up to the court to accept or reject Cabrera's findings. If it has any sense, it will throw out the report and its recommendations. If not, it will only provide another chapter in this judicial farce.