

Enbridge Spreads Disaster in Colombia

In the December 2000/January 2001 Monitor, I reported that Enbridge Inc., one of Canada's leading energy corporations, was linked to death squads in Colombia according to information provided by Amnesty International. Below, I examine the impact of this revelation in Canada as well as detail the further damage caused in Colombia by the consortium of which Enbridge is a part.

[Editor's comment: It is noteworthy in assessing the character of this corporation that last April it was found guilty of "criminal misconduct" by Canada's Supreme Court for charging its Canadian customers late-payment penalties that exceeded permissible legal interest rate levels. The court ruling could force Enbridge Gas Distribution Inc. to refund a large portion of the \$88 million it collected illegally in late-payment penalties. As Mr. Justice Frank Iacobucci acidly put it in his ruling, "As a matter of public policy, a criminal should not be permitted to keep the proceeds of their crime."]

Colombia is the Western Hemisphere's leading human rights catastrophe. This can largely be attributed to the U.S.-backed ruling elite's determination to control national economic resources (land, oil, coal and gold amongst others) in concert with multinational corporations, and deny them to the majority of the population. This has led to a four decade-long civil war with guerrillas and a "dirty war" waged on civilians. Three percent of Colombians own over 70% of arable land while 57% of the poorest farmers survive on less than 3%. Fifty-five percent of Colombians live below the poverty line. The elite's refusal to redistribute land led to civil war in 1966 when the peasant-based left-wing guerrilla group Revolutionary Armed Forces of Colombia (FARC) arose to fight for land rights. FARC was joined by the National Liberation Army (ELN). The Colombian state targeted not only the guerrillas but also those civilians it labelled their supporters, that is anyone calling for economic and social justice. This U.S.-inspired strategy is known as "removing the water from the fish." As a result, since 1985, the Colombian military and its paramilitary allies have been mainly responsible for killing more than 60,000 civilians (3,000- 4,000 a year) and displacing 2.7 million (650 people a day currently). Many paramilitary death squads have been created by the Colombian military. The primary targets of state death squads are poor peasant farmers, trade unionists, community leaders, political and social activists and human rights defenders. Colombia is the third largest recipient of U.S. military aid in the world after Israel and Egypt. Enbridge Calgary-based Enbridge operates the world's longest crude oil pipeline system (from Canada to the U.S.) and Canada's largest natural gas distribution company, Enbridge Consumers Gas. In the most significant Canadian investment in the Colombian economy, Enbridge owns 24.7% of the OCENSA (Oleoducto Central, South America) pipeline consortium. The \$2.3 billion, 800 kilometre OCENSA pipeline system is Colombia's largest and can carry 500,000 barrels of crude oil a day from British Petroleum Amoco's Cusiana and Cupiagua fields to the port of Covenas on the Caribbean coast for transport by tanker to the U.S. In 2002, OCENSA generated \$35 million in earnings for Enbridge. Oil is Colombia's leading

export.

As owner-operator of OCENSA, Enbridge provides management, personnel and technical support for the pipeline's operation and port facilities. The rest of the OCENSA consortium consists of British Petroleum Amoco, Total and Ecopetrol (the former state oil company that was recently privatized). OCENSA employs 120 people and controls the pipeline remotely from its facilities in Bogota. As transporter of close to 60% of Colombian oil production, Enbridge plays a critical role in the Colombian economy.

Amnesty International (AI) has linked OCENSA to state repression. According to an AI bulletin dated October 19/1998, OCENSA contracted Defense Systems Colombia (DSC) for security purposes until 1997. AI states: "What is particularly alarming is that OCENSA/DSC has purchased military equipment for the Colombian army's 14th Brigade which has an atrocious record of human rights violations." At the time OCENSA/DSC bought the equipment in 1997 through Silver Shadow, a private Israeli security company, members of the 14th Brigade "were under investigation for complicity in a massacre of 15 unarmed civilians in the town of Segovia in April 1996 and for links with paramilitary organizations responsible for widespread human rights violations, including killings, 'disappearances' and torture against the civilian population in the area of the Brigade's jurisdiction." AI points out that it opposes the transfer of military equipment to units implicated in serious human rights violations "as it is reasonable to assume that such equipment could be used to commit further violations."

AI also questions the use of an Israeli security company to procure military equipment for the 14th Brigade: "The relation with Israeli private security companies is potentially of concern given that in the past such companies have provided mercenaries, of Israeli and British and German nationality, to train paramilitary organizations operating under the control of the 14th Brigade. These same paramilitary organizations have been responsible for widespread atrocities against the civilian population." AI is further concerned that, according to information given to the U.K.-based newspaper, The Guardian, by a former OCENSA employee, OCENSA/DSC is carrying out a security strategy that "could indirectly or directly contribute to serious human rights violations against the civilian population." According to AI, "What is disturbing is that OCENSA/DSC's security strategy reportedly relies heavily on paid informants whose purpose is to covertly gather 'intelligence information' on the activities of the local population in the communities through which the pipeline passes and to identify possible 'subversives' within those communities. What is even more disturbing is that this intelligence information is then reportedly passed by OCENSA to the Colombian military who, together with their paramilitary allies, have frequently targeted those considered subversive for extrajudicial execution and 'disappearance'... The passing of intelligence information to the Colombian military may have contributed to subsequent human rights violations....the role of the Colombian security forces in the implementation of a counterinsurgency strategy characterized by the systematic violation of human rights imposes a special moral obligation on national and international companies to ensure that, however unwittingly, they should not condone or encourage such actions. This is particularly the case given that in Colombia human rights violations

are frequently committed to secure or protect powerful economic interests."

From Amnesty International's account it appears that Enbridge, the main Canadian investor in Colombia has been part of the Colombian government's dirty war against its own people. OCENSA has not only transferred military equipment to known assassins but also gave these forces information that identifies potential human targets. According to The Guardian, the former OCENSA employee mentioned above, described his own role as being "the eyes of the state security forces." The newspaper adds that there was a secret agreement between OCENSA and the Colombian Defense Ministry under which the latter's counterinsurgency brigades would protect the pipeline. This agreement made the transfer of military equipment to the 14th Brigade "unavoidable," according to John O'Reilly, spokesman for British Petroleum. The Guardian described the 14th brigade as having "one of the worst human rights records in Colombia's dirty war. Lawyers have proved the involvement of a brigade commander and officers in one of Colombia's worst massacres in Segovia in 1988 when more than 90 men, women and children were attacked and 43 of them killed." This massacre happened eight years before the one that Amnesty links the 14th brigade to, above.

Canadian Reaction

Enbridge's link to official violence in Colombia has generated significant concern amongst its shareholders in Canada. Some months after the publication of the Monitor article, I received a phone call from Michael Jantzi Research Associates (MJRA), a social investment research company in Toronto which compiles social and environmental information on Canadian corporations. MJRA analysts had read the article on the CCPA website and asked for any additional material I had on Enbridge. They also invited me to lunch in order to interview me in person. After further research, MJRA submitted a report on Enbridge to its clients Real Assets Management and Meritas Mutual Funds, two socially responsible Canadian investment firms holding Enbridge shares. Real Assets is majority controlled by VanCity, Canada's largest credit union. In November 2001, Real Assets and Meritas filed a shareholder resolution calling on Enbridge "to adopt measures to avoid complicity in human rights abuses in Colombia." Deb Abbey, CEO of Real Assets, explained: "As investors, we were very concerned about potential human rights risks arising from Enbridge's operations in Colombia. We were especially concerned that security providers for the company might be associated with the Colombian paramilitaries." Gary Hawton, CEO of Meritas Mutual Funds added: "Companies operating in zones of conflict need to be very careful to avoid even the appearance of complicity in human rights abuses. They need strong human rights policies and procedures in place and effective management systems to ensure that their local partners - especially their security providers - do not violate human rights. The risk to shareholder value is very real."

The two investment firms withdrew the shareholder resolution in February 2002 after Enbridge pledged to adopt the "Voluntary Principles on Security and Human Rights," a set of voluntary standards on human rights drawn up by the U.S. and U.K. governments in cooperation with multinational companies. Enbridge also agreed to discuss implementation of the principles with the firms on an ongoing basis. As Enbridge describes it, during 2003, OCENSA: (a) "conducted Human

Rights Policy Dissemination/Training for 100% of its employees and 100% of its major contractors (b) implemented its OCENSA Code of Conduct which specifically references its new human rights policy; and like Enbridge, annual signoff of this Code is a condition of employment at OCENSA (c) conducted external education and awareness programs to educate and raise awareness of its human rights policy and practices and (d) hired a designated Human Rights Coordinator with authority to audit conduct of contractors, employees etc. as their actions pertain to human rights."

According to Real Assets, "The OCENSA consortium...has promulgated a new policy that commits the company to respect human rights and obliges all employees and contractors to reject violence and to avoid associating with any of the illegal armed groups fueling Colombia's civil war. And the policy has teeth, ensuring that OCENSA employees and security providers abide by the new rules. For example, OCENSA is renegotiating its agreement with the Colombian military (units of which have been associated with human rights abuses in the past) to include a commitment on the part of the military to respect human rights and humanitarian law, a renewed commitment by OCENSA to supply only nonlethal support to the military and human rights training for the army personnel involved in protecting the pipeline, paid for by OCENSA." Real Assets recognizes that "Operating in a dangerous political environment will always be risky" but believes that "Enbridge has made concrete progress toward reducing these risks." The investment firm is, however, aware that "There is still much that remains to be done, especially in the area of increased transparency and credible monitoring systems."

Notwithstanding Real Assets' optimism, Enbridge's new policy is toothless. Voluntary codes are pointless without independent monitoring to determine that the code is being followed. It has been two years since the shareholder resolution was withdrawn yet in all this time Enbridge has failed to set up any kind of independent monitoring mechanism in Colombia. The company's position is that it is considering independent verification mechanisms for its world-wide operations and will be working with its OCENSA partners to determine how they can participate in such an arrangement for Colombia. This is hardly a firm or timely commitment. The company's actions so far seem limited to relieving shareholder pressure with cosmetic changes. Human rights training for the Colombian army which has killed close to 60,000 civilians in league with death squads, is an absurd concept. Nothing can obscure the fact that the OCENSA pipeline is guarded by an organization steeped in mass murder.

When questioned about the 1998 Amnesty bulletin in May 2001, Jim Rennie, Enbridge's manager of public affairs, responded that OCENSA ended the contract it had with the employee who was behind the plan to sell arms to the Colombian military as soon as it became aware of it. According to testimony before the British Parliament, this employee was transferred to "another operation in Venezuela." Rennie added that Enbridge's relations with communities along the pipeline "have always been positive" and that "OCENSA is confident in the professionalism of those soldiers assigned to the lawful protection of the pipeline." These perennially "positive" community relations did not include 200 peasant families from Zaragosa municipality (Antioquia department) who sued OCENSA claiming that the pipeline had destroyed their lands. They were living in abject poverty. Marta Hinestroza, the

families' lawyer travelled to London (England) in April 2002 to raise the issue at British Petroleum's Annual General Meeting. On her return to Colombia, she and the families received death threats from paramilitaries which forced Hinestroza to leave the country and seek asylum in England. Juan Carlos Garcia, the local OCENSA manager in Antioquia, was allegedly in contact with the paramilitaries at this time. Enbridge reacted to this situation by writing to the Colombian government about its "alarm" over the death threats to Hinestroza. According to the Washington Office on Latin America (WOLA), "Some lawyers who sought compensation from British Petroleum for environmental damage due to the construction of the OCENSA pipeline in the 1990s have been assassinated."

As Hinestroza put it, "With their construction of the country's two most important pipelines, BP's subsidiaries in Colombia (ODC and OCENSA) have left a desolate human and ecological drama, still unresolved after 10 years [ODC is the pipeline that used to carry BP's oil before OCENSA was built]. Three hundred and fifty small-holding peasants from Zaragosa and Segovia lost their livelihoods with the large-scale disturbance of the land, which contaminated water supplies and eroded the soil on their farms, making it infertile... Today the peasants are in extreme poverty, going hungry, without land to cultivate, without education and without basic public services." Farmers claim that in Zaragosa alone, the construction of the OCENSA pipeline destroyed hundreds of water sources and caused landslides that ruined local peasants. The farmers also lost land when an exclusion zone was enforced by the military 100m either side of the pipeline. Horacio Gaviria complained to Hinestroza that "his land became unworkable without water sources and, because of its proximity to the pipeline, heavily militarised." He said that 25 of his family members had to leave their land and flee to Moravia, "a shanty town built on a rubbish dump" outside Medellin. They now live in hopeless poverty, the children selling sweets and cigarettes on buses and at traffic lights instead of going to school. Hinestroza adds that she was offered ?7,000 (U.K) (about \$16,000 Cdn.) by an OCENSA employee to drop her cases.

Enbridge maintains that OCENSA has invested in community projects but the company is unable to provide details. A report released by eight NGOs including Environmental Defense and Friends of the Earth in the U.S. called OCENSA "an environmental and social disaster," which shows that "projects lacking attention to social and environmental concerns result in severe political and economic risk." The report points out that in May 1998, USO, the oil workers union, launched a strike to protest the murder of 11 people and the kidnapping of more than 40 others by "army-supported right wing death squads allegedly involved in protecting the pipeline against guerillas." All pumping operations in the pipeline were halted by the strike. The report adds that OCENSA did not comply with Colombian environmental laws "resulting in oil spills and forest degradation" during the pipeline's construction.

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