

# Canadian Neocolonialism in Colombia. Oil, Mining and the Military

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*In May, the board of Pacific Rubiales, a Canadian firm and the biggest private oil producer in Colombia, announced its support for a takeover bid by the Mexican conglomerate Alfa and U.S.-based Harbour Energy. Pacific Rubiales operates Colombia's biggest oil field, in the province of Meta, and during the past seven years the company has become synonymous with a doubling of oil exports, from half a million to a million barrels a day. Oil came to account for half of Colombia's exports and 20% of official revenue, making Pacific Rubiales the most valuable company on the Colombian stock market.*

However, by January, the sharp drop in oil prices, and the firm's trouble developing new oil fields, had cut share prices by 90% from their 2011 high. It was unclear whether Pacific Rubiales shareholders would accept the takeover offer when the *Monitor* when to print, but Alfa chairman Armando Garza Sada was optimistic: "We maintain our positive view regarding Pacific Rubiales' excellent track record and on the strength of their people. Thus, by incorporating ALFA and Harbour Energy as new equity holders, we foresee Pacific Rubiales successfully developing investment projects in Colombia."

The emphasis in the above statement is added, because outside the business pages of daily newspapers, there is nothing excellent about the company's track record. Pacific Rubiales is just as synonymous with human rights and labour rights violations as with oil export success, and if new production is to occur, there's slim evidence it will benefit anyone outside the corporate boardroom. Still, the problem in Colombia is much bigger than one company. And the case of Pacific Rubiales, regardless of whether it remains a Canadian firm, holds important lessons on the evolution of Canadian neocolonialism going back 20 years.

## **Oil, mining and the military**

"Pacific Rubiales is the poster boy of a bad corporation," says Jorge Garcia-Orgales, staff representative on global affairs for the United Steelworkers union and member of the Colombia Working Group, which gathers several Canadian NGOs and six national unions. "From attacking trade unionists and communities in their camps to creating fake company unions to treating workers like animals, everything can be said about them."

A lot *has* been said about the company. A 2013 report of the People's Tribunal on the Natural Resource Extraction Industry in Colombia, for example, found Pacific Rubiales guilty of a series of violations of labour, environmental and Indigenous people's rights. Brittany Lambert, co-ordinator of the Americas Policy Group at the Ottawa-based Canadian Council

for International Cooperation (CCIC), points out that Canada's extractive sector is "very dominant in Colombia," encouraged to invest there by extremely low royalty rates. Efforts to organize extractives sector workers or improve working conditions are all too frequently suppressed with little protest from the Canadian state.

According to Lambert, workers at Pacific Rubiales began mobilizing and striking in 2011 under the leadership of the Petroleum Workers Union (USO). It was in response to substandard working conditions including the use of 28-day contracts (instead of hiring full-time staff), low pay, and poor sanitary and health conditions. In an attempt to crush the strikes and the union, Pacific Rubiales ended the contracts of thousands of workers affiliated to USO, threatened union leaders, and created a new company union that continues to run a slander campaign against USO. Lambert says USO members in the town of Puerto Gaitán, where Pacific Rubiales operates, experienced 24 labour and human rights violations, including death threats, harassment, arbitrary detention and homicide between 2011 and 2014.

USO President Rodolfo Vecino described to me in 2013 how Pacific Rubiales had fired more than 4,000 workers and used the Colombian army and police to repress thousands of protesting employees. He said three strikes by USO against the company had been ended at gunpoint by the Colombian military and that conditions at company operations "are akin to living in a labour concentration camp." Workers are paid about the minimum wage for an 18-hour day, "but when our union tried to exercise its labour rights, we were attacked by police and military forces," Vecino told me.

Raul Burbano, program director at Common Frontiers, says Colombia's extractive sector was militarized in a conscious effort by the government to attract foreign investment to a country that has been in civil war for half a century. Recently, the army created Energy, Mining and Transport Battalions to help secure oil, gas and mining projects in conflict zones. "In some cases these corporations provide financing or logistical support like trucks, and fuel to the military forces," says Burbano.

Canadian-Colombian activist Armando Sanchez, who visited Puerto Gaitán in 2012 as part of a Canadian delegation to show solidarity with the USO workers, says they raised these and other issues with the Canadian embassy in Colombia, "but the officials denied any wrongdoing by Pacific Rubiales, even though this was public knowledge." It left Sanchez with the impression that Canada "was working with the company and trying to cover up its violations of workers' rights."

### **Clearing the path for Canadian extraction**

Whether or not there is direct collusion between the embassy and Pacific Rubiales, Canada has played an active role in changing regulations governing Colombia's energy sector in ways that favour Canadian companies.

In a project that began in 1997, the Canadian International Development Agency (CIDA, now absorbed into the Department of Foreign Affairs, Trade and Development) spent \$11.3 million on determining how to "improve the institutional capacity" of Colombia's energy and environment ministries to regulate the hydrocarbon and mining sector. Over 2001 and 2002, CIDA partnered with the Canadian Energy Research Institute, an industry-funded government and academic think tank, to help write a new extractives policy for Colombia.

According to CIDA officials, in a 2006 email, “the project constituted an appropriate blend of Canadian technical assistance, consulting services and training in Colombia and Canada to implement changes to institutional and regulatory frameworks for the hydrocarbon and mining sectors.” Specific to oil, the plan was to “work on new approaches to incremental production of marginal fields, hydrocarbon reserves estimation and royalties,” since this would “improve Colombia’s prospects for attracting foreign investment.”

The Colombian government, led at the time by former president Alvaro Uribe, took the advice. Royalty rates for foreign oil companies dropped from 20% to 8%. The companies could also retain 100% of the oil they produced where they would have previously been required to give half to Ecopetrol, the state oil company. A time limit on production was removed where previously ownership of the oil concession would revert back to Ecopetrol after a limited period.

In the mining sector, royalty rates were reduced from 15% to a mere 0.4% in 2001, which “consolidates looting,” according to Francisco Ramirez, former president of Sintraminercol, the now-defunct state mining union. Partly as a result of this drastic reduction, 50 Canadian mining companies now dominate the Colombian mining sector and several of them, including Gran Colombia, Eco Oro Minerals and Cosigo Resources, have been linked to human rights violations, significant displacement and environmental degradation, as I describe in my 2012 book, *Profiting from Repression: Canadian Investment in and Trade with Colombia*.

The Uribe government hoped new foreign investment would boost declining production and maintain Colombia’s position as an oil exporter. But as journalist-academic Garry Leech observes, the government simply used—with Canadian government support, we should add—“the misleading concept of maintaining oil self-sufficiency” to justify a handover of state resources to multinationals.

### **Free trade: Locking in the loot**

Having successfully created the conditions for increased Canadian ownership of Colombian extraction, the Canadian government further entrenched its neocolonial position in 2011 with the passage of a free trade agreement with the Andean nation. Burbano says the Canada-Colombia Free Trade Agreement “forms part of what many call the ‘architecture of impunity’ on a global scale.” He points out that these neoliberal trade deals “provide super rights to multinational corporations, protecting investor interests with no corresponding obligations for corporations.”

The majority of these deals, including the FTA with Colombia, include an investor-to-state dispute settlement mechanism (ISDS), which allows Canadian extractives companies to dispute Colombian government decisions (e.g., tougher environmental standards, or the revocation of a mining or hydrocarbon permit) before an arbitration panel made up of investment lawyers. These undermine “basic democratic rights of all people by giving corporations a backdoor means of watering down democratically enacted legislation or creating a chill effect on progressive environmental, labour, and health regulations,” says Burbano. “This is a form of neocolonialism that allows countries in the North to benefit or maintain hegemonic control over the strategic natural resources of the Global South.”

Lambert explains that when the Canada-Colombia FTA was signed, the Uribe government “was mired in a growing political scandal for its close links to paramilitary death squads.”

The agreement was therefore, for Uribe, a means to secure the semblance of international support. “The Canadian government responded, closely tying Colombia’s political objectives and Canada’s economic objectives together in the agreement,” says Lambert.

“Human rights activists have accused the FTAs [with Canada and the United States] of directly or indirectly fostering and protecting investments that are associated with militarization, violence and forced displacement,” adds Burbano. (An estimated 5.7 million people have been internally displaced by conflict in Colombia, according to the United Nations, more than all other countries except Syria.) That’s because they “promote market liberalization, privatization and deregulation” over anything else. In particular, agrarian reform or land redistribution, both demands of the FARC rebels in their peace talks with the Colombian government (see sidebar), will be difficult under free trade’s restraints.

“The pressure on the rural economy created by [the Canadian and U.S. FTAs] led to agrarian strikes in Colombia’s rural sector,” Burbano explains. “In 2013, more than 200,000 farmers across the country went on strike demanding an end to the FTAs and protesting the government’s agricultural policies that were impoverishing them and forcing them to compete against heavily subsidized U.S products.”

The Canadian government ignores these realities in its annual human rights impact assessments of the Colombian free trade deal. The Department of Foreign Affairs, Trade and Development even proposes it is impossible to make a connection between the agreement and its possible socioeconomic effects. This ridiculous position is held up as proof by civil society groups like the CCIC that Ottawa does not care to seriously review the impact of its trade policy in the Americas.

“Civil society organizations believe that the current reporting mechanism has proved to be a hollow, meaningless substitute for the independent, impartial, comprehensive human rights impact assessment [APG member groups] had called for when the deal was being negotiated,” says Lambert. She says she would like to see Ottawa create a better process with genuine participation by Canadian and Colombian organizations with firsthand knowledge of the impacts of Canadian trade and investment in Colombia.

Lambert also proposes “the creation of a Human Rights Ombudsman in Canada for the international extractive sector and legislated access to Canadian courts for people who have been seriously harmed by the international operations of Canadian companies.” It is a reasonable request that begins to acknowledge the need to replace Canada’s current colonial relationship in Colombia, which tolerates and even supports corporate abuse of workers by companies such as Pacific Rubiales, with a more just foreign policy based on the real development needs of the Colombian people.

### **Peace Talks in Havana Continue Despite Recent Violence**

The 10,000 guerrillas of the peasant-based Revolutionary Armed Forces of Colombia (FARC) have been engaged in a 50-year civil war with the Colombian state. Two years ago, peace negotiations commenced in Havana, Cuba between the rebels and the government of Juan Manuel Santos. The talks, which are sponsored by Norway and Cuba, have achieved partial agreement on three of the five main points of negotiation related to land reform, political participation of former FARC fighters and the elimination of drug trafficking. The remaining two issues, on the nature of demobilization and the rights of victims, are still being discussed.

“The FARC has [also] demanded in Havana that the Colombian government review all contracts it has signed with foreign oil and gas and mining companies. This is a big issue because these companies pay no taxes,” said William Castilla, a Colombian activist with the Toronto-based group Colombia Action Solidarity Alliance (CASA), in an interview.

More than 220,000 Colombians have been killed in the civil war whose roots lie in the Colombian elite’s refusal to distribute land more equitably; 3% of the people own over 70% of the country’s arable land. Most of the killing was done by the Colombian army and affiliated paramilitary death squads. The peace talks were jeopardized this May when the Colombian army killed 36 guerrillas in response to FARC rebels shooting 11 soldiers. FARC has cancelled a ceasefire with the government as state bombardment of rebel positions continues, but negotiations continue in Havana.

“This situation has to change. As Colombians we don’t have another choice than rectifying so many injustices and showing a collective spirit of reconciliation, because perpetual war cannot be our destiny,” wrote Ivan Marquez, head of the FARC delegation in Havana, on his blog.

“To build peace, this country needs a consistent basis of social justice, democracy and sovereignty. Without the human feeling of understanding and forgiveness, there won’t be peace. We’ll have to banish revenge and hatred, exclusion and intolerance from our hearts. We will have to dedicate our major efforts and strength to the construction of peace, and make it accompany us for many future centuries.”

Victoria Sandino, also part of the FARC peace delegation in Havana and head of the FARC’s gender sub-commission, told a March 6 meeting of Colombian government officials and women’s organizations that the “active participation” of women in the peace process “is not only an obligation, but also a moral duty for those who were invisible for so many years.

“We feel identified particularly with feminist ideas inspired by the ideals of emancipation of women, together with the anti-capitalist, anti-imperialist, anti-patriarchal struggles, as systems of domination that not only exploit the majority socially and economically, but also exclude and violate women,” she said.

“We have been witnesses of the pain of the peasants; we have seen whole villages that have been dispossessed, we have seen the large-scale mining and the land hurts us, the country hurts us. We have come with our heads up, proud, rebellious, purposeful, but above all convinced that the future of our country should be free of war.”

The FARC is particularly concerned about obtaining land reforms from the government, the right to political participation and preventing death squad killings of the kind that followed a peace process in 1985. In that year, a section of the FARC laid down its arms and reorganized itself as a political party called the Patriotic Union (UP), which performed impressively in 1986 elections. For their success, close to 5,000 members of the UP were massacred, mainly by paramilitaries. The party was physically wiped out, leaving the FARC with no apparent option than to continue the armed struggle.

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