

Ecuador: China's Newest Client State

by **Lorna Salzman** (January 2015)

Some years back, linguist Noam Chomsky, one of the leading leftist intellectuals in the USA and a perpetual critic of American foreign policy, wrote a celebratory opinion piece in the International Herald Tribune upon the accession of several leftist governments to power in Latin America: Bachelet in Chile, Lula in Brazil, Chavez in Venezuela. (Morales in Bolivia appeared somewhat later).

At that time the future of these purported leftist governments was not known but Chomsky took hope from what he predicted would be the disappearance of the heavy hand of the IMF and World Bank and a resurgence of socially progressive leftist self-governance in their place. As elsewhere, these agencies fit into the neo-liberalism prescription that was surging worldwide, known as "structural adjustment," bringing with it massive privatization, disappearance of long-standing social welfare programs, lower wages and lax business regulation to conform to painful frugality programs that reduced government jobs in the interest of "balanced" budgets and heartened the board members of transnational corporations.

But Chomsky's vision was narrow and short-term, and carefully sidestepped the harsh reality of Latin American development. The new governments of the "left" simply picked up where the IMF and World Bank left off and continued to emulate the preferred model of untrammled resource extraction and development. Business As Usual made sure that oil drilling on shore and offshore, mineral extraction, construction of nuclear power plants, cutting of old growth forests, trans-continental pipelines, highways, genetically modified crops, and massive dams on indigenous territories in the Amazon basin would continue unabated. It needs to be stressed that where industrial infrastructure and technological expertise are lacking, natural resources are exported to get foreign currency rather than utilized within the country to spur domestic production and create jobs. This is still true throughout the continent: Ecuador and Peru export minerals and oil, Chile exports timber, Brazil exports GMO soybeans for use as cattle feed and Argentina exports wheat and meat.


Who facilitated and funded these monster industrial and earth-moving projects? Foreign corporations of course, from places like Chile and Canada. But the hundred-ton gorilla was China. Exit IMF and World Bank. Enter China. Not content with moving into Africa, it saw big

opportunities in Latin America, historically underdeveloped, with weak or failed social movements, disenfranchised peasants, starved of industrialization, and eager to create a middle class of consumers so as to fend off domestic socialist and communist movements for social change. One of the biggest beneficiaries of this was Ecuador following the election of Pres. Rafael Correa, an economist with an aptitude for enticing populist speeches that readily smothered all leftist rhetoric.

Two things converged in Ecuador, one preceding Correa and one following his election. The World Bank had approved a large loan to Ecuador contingent on it promising to fully exploit all of its natural resources, including those located on existing nature preserves and indigenous lands. The second was a \$20 billion loan from China, much of which was put into a presidential discretionary fund rather than into a dedicated fund for social programs for the poor. It is generally understood that the sale of oil from the Yasuni preserve will be used to repay this debt.

It should be noted that in the case of foreign investment, most of the jobs created in the extractive industries go to the foreign investor; few local jobs for South Americans are created. Most countries have accepted this arrangement because it is an unwritten rule that it is a condition of investment.

Despite much fanfare over amendments to the Ecuadoran Constitution that citizens interpreted as providing complete protection for indigenous lands, preserves, wildlife and biodiversity, it turned out that a small-type phrase had been inserted, allowing the president to override this protection in the "public interest." Correa grasped this with both hands and initiated massive industrial and public works across the country. Road construction and electrification have reached almost everywhere, with relatively little adverse impact, but the steamroller hasn't stopped there. Plans for massive new dams, oil drilling in the Yasuni preserve on indigenous lands (near the site of the huge oil spills in the rainforest by both Ecuadoran and American oil companies which devastated the Huorani tribal lands and water), and extractive mining are now Correa's stated favorite projects. Billboards everywhere reiterate the glory of the "citizens' revolution" as expressed in these massive projects that are defacing the southern Andes, poisoning the Amazon basin, and threatening the biodiverse Intag cloudforest valley in the Imbabura province northwest of Quito.

With great fanfare, Correa announced his readiness to pull about one-third of the Yasuni  preserve out of the oil drilling plan provided the world paid Ecuador \$30 billion as compensation. Only a small fraction of this was ever promised, and then internal government documents were discovered showing secret talks with China to get them involved, indicating the

fraudulence of this offer and exposing his secret plan to drill everywhere in the Yasuni preserve. (His government put up billboards in the main square of Quito claiming that “only” one million acres would be drilled out of ten million.)

One of the latest examples, in 2013, of Intag Valley peasant resistance actually dates back to 2006 and it was preceded in 1995 by opposition to an open-pit copper mining project. The 2006 confrontation protests were initiated by unarmed community members who were fired upon by paramilitaries organized by Ascendant Copper, a Canadian mining company. Men, women and children were severely beaten and attempts were made to arrest one of the leaders, Polivio Perez, in the course of which both of his young children were roughed up and two women seriously injured. A Chilean company, CODELCO, was also a protagonist and complicit in the squelching of the protest. But government threats did not cease. They soon focused on Carlos Zorrilla, citizen of the US and of Cuba, who has lived in Ecuador for many decades, in the unspoiled cloudforest Intag valley where he was instrumental in opposing the open-pit copper mine. His initial organizing helped table the mining venture, pushed originally by Bishimetals, a Mitsubishi subsidiary; now Chile has joined forces with Ecuador to squash local resistance.

The conservation work of Zorrilla represents the exact opposite of the government push for extractive industry. He and Intag farmers created over forty community-owned forest and watershed reserves, earning the wrath of Correa and the foreign corporations eyeing the mineral wealth. Together they seized on a manual Zorrilla had been writing on how to solidify local self-reliance and oppose extractive industries and accused him of fomenting an NGO-sponsored de-stabilization effort. On Oct.16, 2006, an armed goon squad descended on his Intag home; luckily he had been forewarned and escaped into the forest, where he went into hiding for a month. Correa went on national TV showing forged documents to support his claim, but charges and warrants against Zorrilla were eventually dismissed and the lawsuits deemed malicious.

Correa continued to slander him and DECOIN, a grassroots group Zorrilla co-founded as part of his efforts to develop alternative sustainable livelihoods for the valley, including artisanal work, coffee growing and eco-tourism. DECOIN was not the only group targeted for extinction. Correa enacted decrees making it difficult for NGOs to operate in Ecuador and in late 2013 he shut down the Pachamama Foundation, depriving it of due process. Correa’s excuse, similar to that used later by Morales in Bolivia, was that NGOs were simply the face of the new northern “imperialist” domination, thus picking up the old Marxist/socialist theme that still had resonance among the public.

Since then Correa has announced his refusal to reconsider the mining plans, stating that no one and nothing would derail his plans for extensive mining and oil drilling wherever he pleased. In one of his fiery pseudo-populist speeches, he accused a few opponents of undermining democracy and the common good, saying "Have faith in the government, one that seeks nothing for itself, but for you. Responsible mining can get people out of poverty, in particular the people living in these areas".

As a result of this, the original Intag mining proposal, this time involving CODELCO, the Chilean mining company, was revived, leading to a massive protest in May 2014 in the Intag valley involving 400 community residents and nearly 300 police, who barged into a community checkpoint accompanied by the governor of the Imbabura province, the president of the Garcia Morena province, employees of ENAMI, the state mining company, and representatives of CODELCO. It now appears that this consortium has set up camp permanently throughout the provinces so as to more easily detect emerging resistance to the mining plan.

The story does not stop there. A "Climate Caravan" bus carrying Ecuadorans to Peru's climate talks was intercepted six times by Ecuadoran police and the driver's documents confiscated. In the Shuar territory of the Cordillera del Condor in southeast Ecuador, the huge Mirador mining project would permanently destroy 450,000 acres of pristine cloud forest. A local Shuar activist and former VP of the Shuar Federation of Zamora, Jose Isidro Tendetza Anton, disappeared in late November and was later found in a shallow grave with signs of torture. He had planned to address the Rights of Nature Tribunal at the Peru climate talks. Tendetza's murder was preceded by two others in 2009 and 2013, both from the Shuar tribe.

A report in The Guardian on his murder quotes another Shuar leader, Ankuash, who said: "This is a camouflaged crime...In Ecuador multinational companies are invited by the government and get full state security from the police and the army. The army and police don't provide protection for the people, they don't defend the Shuar people. They've been bought by the company...the authorities are complicit in this crime...(Tendetza) was not just anyone. He was a powerful leader against the company."

They also quoted Luis Corral, an advisor to Ecuador's Assembly of the People of the South, an umbrella group of southern Ecuador indigenous federations, who said that Tendetza's attendance at the Peru climate talks would have put "in grave doubt the honorability and the image of the Ecuadorean government as a guarantor of the rights of nature." He continued: We believe that this murder is part of a pattern of escalating violence against indigenous leaders ...and the companies' need to clear the opposition to a mega-mining project in the Cordillera del Condor...the state through the police and the judiciary is involved in hiding this violent

crime..."

The Correa campaign to dismantle civil liberties continues. A well-sourced book entitled *Ecuador: Made in China*, by investigative journalist Fernando Villavicencio, contains detailed documents showing widespread corruption and "crony capitalism" of Correa and his government and extensive information on the Chinese financial grip on Ecuador and other South American countries.

Ecuadoran ecologist Esperanza Martinez commented that Correa's government has been the "most extractivist government in the history of the country" in terms of oil and mining. Villavicencio writes: "From an economical point of view, the heart of the Correa model is to return to an expanded extraction, combining oil extraction, mining, ... exportation agriculture, biofuel, environmental services, and sprawl speculation in various sectors of the Ecuadorian oligarchy. One of the best designed strategies of the government was to shield itself ...under the umbrella of the defense of energy sovereignty. The petrol sector was declared to be in a permanent state of emergency and the Navy was mobilized to exercise control over Petroecuador, the national oil enterprise. President Correa renewed the state of emergency every two months to insure permanent support by the military. Military control was assumed over the largest companies and areas of the highest technological complexity were undertaken by army officials without training or expertise. Correa's first order was dismantling labor organizations and ousting two million workers, the vast majority of whom were highly qualified technicians."

As a result, Correa has declared another war, on Villavicencio and others, for what he claims is "defamation." This new warpath against the journalist, who is also an adviser to indigenous tribes, has forced him into hiding as Zorrilla was.

Similar destructive natural resource and development policies exist in Peru and Bolivia, and elsewhere. Peru's Madre di Dios river, which encircles the Manu National Park, a world heritage site, is now poisoned by mercury as a result of the unregulated and uncontrolled gold mining by poor Peruvians along dozens of miles of the river, and the Manu preserve itself has been illegally entered by hunters and settlers. In the Peruvian Amazon basin oil pipeline spills have contaminated a large part of the Marañon River, a key tributary to the Amazon River proper, and the lands of indigenous tribes in the area. Evo Morales, president of Bolivia, unveiled a proposal for a highway going north from Santa Cruz, Bolivia, through valuable tropical habitat and indigenous lands, which met with strong resistance. A plan for a

cross-continent canal from western Brazil through Peru and to the Pacific coast would permanently destroy the most valuable western hemisphere inland wetland, the Pantanal. And Chinese have succeeded in persuading Nicaragua's president, Daniel Ortega (formerly one of the Sandinista directorate and its most extreme leftist) to accept their money – and their laborers – for a cross-Nicaragua canal to compete, presumably, with the Panama Canal. Most of South America still aspires to a cross-continent “oleoduct” to bring Venezuelan oil to Brazil and further south, a project promoted by Mercosur, a pro-development consortium that looks now to China rather than the World Bank for its disastrous road, dam and mining projects.

On the roads of Ecuador today, huge trucks carrying cement prominently display Chinese characters. Dissent and criticism have been declared subversive in Ecuador. Community and tribal activists can no longer depend on the rule of law or due process, much less physical protection from government-backed corporate goon squads. Correa has sealed off all avenues of legitimate nonviolent protest so as to smooth the way to becoming China's new client state. Chomsky's crystal ball was cloudy.

(Note: at least 13 people died and a dozen injured following the collapse of a pressure well at Ecuador's 1,500-MW Coca Codo Sinclair hydropower project. The US\$2 billion plant is being constructed by China's Sinohydro Corporation and is located on the border between Ecuador's Nap and Subumbios provinces. Sinohydro was awarded the contract for the work in 2009, at which time the company agreed to finance 85% of the project. The remainder is being financed by Ecuador via oil sales to China.)

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Photo above by Lorna Salzman, Quito, September 2013

Lorna Salzman's career as an environmental activist and writer began when the late David Brower hired her to be the regional representative of Friends of the Earth in NYC. Later she worked as an editor on *National Audubon's American Birds* magazine and as director of Food & Water, an early opponent of food irradiation, and then spent three years as a natural resource specialist in the NYC Dept. of Environmental Protection. She co-founded the New York Green Party in 1984 and in 2004 she sought the U.S. Green Party's presidential nomination. She is the author of "