

Will Colombia's oil wealth go for development, or for debt?

by Javier Almario

A huge brawl has erupted in Colombia between those who want to preserve the Colombian oil company Ecopetrol as a state enterprise for national development, and those who want to privatize it and pay off part of the country's foreign debt with the proceeds. Behind the attack against Ecopetrol is the Bush administration, which wants to seize all of Ibero-America's oil and incorporate it into the strategic U.S. oil reserve.

On Oct. 31, in an article published in the Mexican daily *El Financiero*, the managing director of Kissinger Associates, Alan Stoga, wrote that Ibero-America "has enormous untapped potential in hydrocarbons which, properly developed and financed, could translate into a substantial increase in production. . . . The most productive way to accomplish this would be to open up Latin America's energy sectors to foreign investment."

Similar sentiment is expressed in a "Study on Energy Cooperation in the Western Hemisphere," prepared by the U.S. Department of Energy, which says that pressure should be used toward the privatization of Ibero-America's energy sector. According to the Mexican daily *Unomásuno* of Nov. 15 and 16, the study says that "in exchange for private capital's access to the strongest energy industries, such as Mexican and Venezuelan oil and Colombian coal, the United States proposes an increase in the necessary investments," something which the study claims can only be done through the private sector.

A plan of liberation from the multinationals

In Colombia, the defense of Ecopetrol is headed by its former president Francisco Chona, who asserts that his policy is "nationalist." As Ecopetrol's director, Chona refused to permit the company's financial resources to be used to pay the foreign debt, for which reason he was removed in 1988. In a conference sponsored by *EIR* on Oct. 29 in Bogotá, Chona charged that "what they want to do is sell Ecopetrol in bits and pieces, like Carlos Menem is doing in Argentina in selling Yacimientos Petrolíferos Fiscales in little pieces."

Chona was named Ecopetrol's president in August 1986, after having worked for the company for 24 years as a petroleum engineer. He designed the plan "Ecopetrol 2000," whose objective was to use the oil for the accelerated economic development of the country. As part of his plan, he

created the Ecopetrol Exploration Fund (Fexpetrol), which began to take 10% of oil export income to finance national oil exploration so as to guarantee the country's independence from the oil multinationals.

In the accompanying interview, Chona charges that because his plan was abandoned, and because of his successors' zeal to export petroleum at all cost and without reinvesting in exploration, Colombia will be faced with the prospect of importing oil as of 1992, when a probable Middle East war could drive the oil price up to as much as \$100 a barrel. Chona explains that the country's proven oil reserves are rapidly diminishing, and that while the government is stripping Ecopetrol's exploration funds, the multinationals want still more concessions from the government. The result, laments Chona, is that barely 30% of the national territory has been explored.

"Ecopetrol 2000" also proposed construction of a refinery that would have been capable of processing the nation's crude oil, thus eliminating the colonial legacy whereby the country exports crude petroleum but imports processed products such as gasoline and oils. One of the plan's projects was to construct both an oil and gas pipeline from La Guajira to Bogotá, to use natural gas for domestic consumption. Chona himself promoted the Tarpel Societies for national distribution of fuels, which is now controlled by Exxon and Texaco.

The plan further foresaw investment in a series of advanced petrochemical projects. Toward that end, Ecopetrol funded a research center for petroleum technology, and carried out several studies to determine how national industry could participate in the construction of such technology.

Chona was removed in 1988. "My development philosophy is nationalism. That is why I had this confrontation, because the Colombian political class believes that the oil doesn't belong to the Colombian people but to them, and I wanted to change that scenario," says Chona. He says he owes his nationalist education to former Ecopetrol president Mario Galán, father of the political leader Luis Carlos Galán who was murdered by the drug cartel in August 1989.

Mario Galán was removed as Ecopetrol's president in 1974, when the newly elected President of Colombia Alfonso López Michelsen took office. López is today known as the "political godfather" of the drug traffickers.