

## Andean Report by Javier Almario and Valerie Rush

### Colombian oil and terrorism

*Oil multitis are "between the devil and the deep blue sea" following Colombia's new anti-insurgency decrees.*

The Colombian government's Nov. 7 decree of a state of emergency against the narco-terrorist insurgency in that country has created an impossible dilemma for the oil multinationals, which have squatted on top of Colombia's virtually undeveloped oil wealth for decades. One of President César Gaviria's proposed emergency measures is to cancel the state's contracts with any company—foreign or domestic—found to be paying ransom or protection money to the guerrillas, and to ban those companies from any future state contracts. Several foreign companies are already reportedly under such investigation, according to Prosecutor General Gustavo de Greiff.

If rigorously enforced, not only would such a measure choke off one of the narco-terrorists' most important financial pipelines, but it would also shatter the unholy alliance that has existed between the oil multinationals and the communist insurgents for nearly a decade, an alliance deliberately conceived to sabotage Colombia's sovereign control over its own potentially vast oil reserves, which could serve as a motor both for the country's industrial development and for its political independence.

Back in 1984, *EIR* charged that Armand Hammer's Occidental Petroleum had begun to subsidize the Cuba-spawned National Liberation Army (ELN), a relatively insignificant handful of terrorists operating in the north-eastern regions bordering Venezuela. According to the ELN's own bulletins, by July 1985 it had received \$4

million in "war taxes" from Occidental's subcontractor, the German company Mannesmann-Handel. Following denunciations by the head of the Colombian Agricultural Society, Hammer admitted to the *Wall Street Journal* in July 1985 that his company had indeed hired the ELN for so-called "protection," and was listing the money it was doling out to the terrorists under the category of "security," a cost to be shared jointly with the state oil company Ecopetrol.

High-level sources confirm that nearly every oil company in Colombia has engaged in the same practice. Thanks to such infusions, the ELN re-armed, recruited, and resurged as a serious threat. Today, along with other guerrilla groups, it is part of a 10,000-man narco-terrorist army known as the National Guerrilla Coordinator (CNG).

The truth is that the oil multinationals are not paying protection money to forestall attacks against their operations, but are providing outright financing to the terrorists for the destruction of Colombia's state-owned oil facilities. It is no accident that the majority of these terrorist attacks have targeted the pipelines, pumping stations, and other facilities of Ecopetrol, causing extensive damage and losses in export revenue.

In 1988, the daily *El Espectador* editorialized on the implications of ELN attacks against Colombia's oil installations: "It has cost our [Ecopetrol] company \$48 million in unsummated sales alone. . . . This simple figure collapses the perfidious and

hypocritical claim that the fight is against imperialism, that eternal and anemic war horse, when Colombia is facing the most dangerous multinational imperialism of all, that of the drug trade."

According to recent Treasury estimates, the combined terrorist forces of the National Guerrilla Coordinator receive an annual income of approximately \$750 million from extortion, kidnaping, drug trafficking, and "war taxes" imposed on the private sector. Much of their "income" is salted away in stocks and bonds and investment funds. Compare this figure to the 1992 budget of the Colombian Armed Forces, which is not quite \$1.2 billion.

As part of his emergency measures, President Gaviria has deployed a counterinsurgency-trained Army brigade to the newly found oil fields in Casanare province. An 8,000-man police force has also been created to protect the country's oil and electricity installations nationwide. By finally unleashing the military against the narco-terrorists and abandoning, however reluctantly, his strategy of negotiating a power-sharing arrangement with the subversives, President Gaviria has permitted a new nationalist dynamic to take hold in the country, which could drive events in the country over the immediate period ahead.

If the oil multitis adhere to the emergency decrees and stop financing narco-terrorist sabotage of Colombia's oil wealth, they stand to lose their blackmail leverage against the government. If they refuse to heed the decree, they risk being booted from the country. As one Colombian businessman with connections to the oil industry told Reuters, "What you hear from talking to some foreign executives here is that this kind of ban on paying off guerrillas puts them between the devil and the deep blue sea."