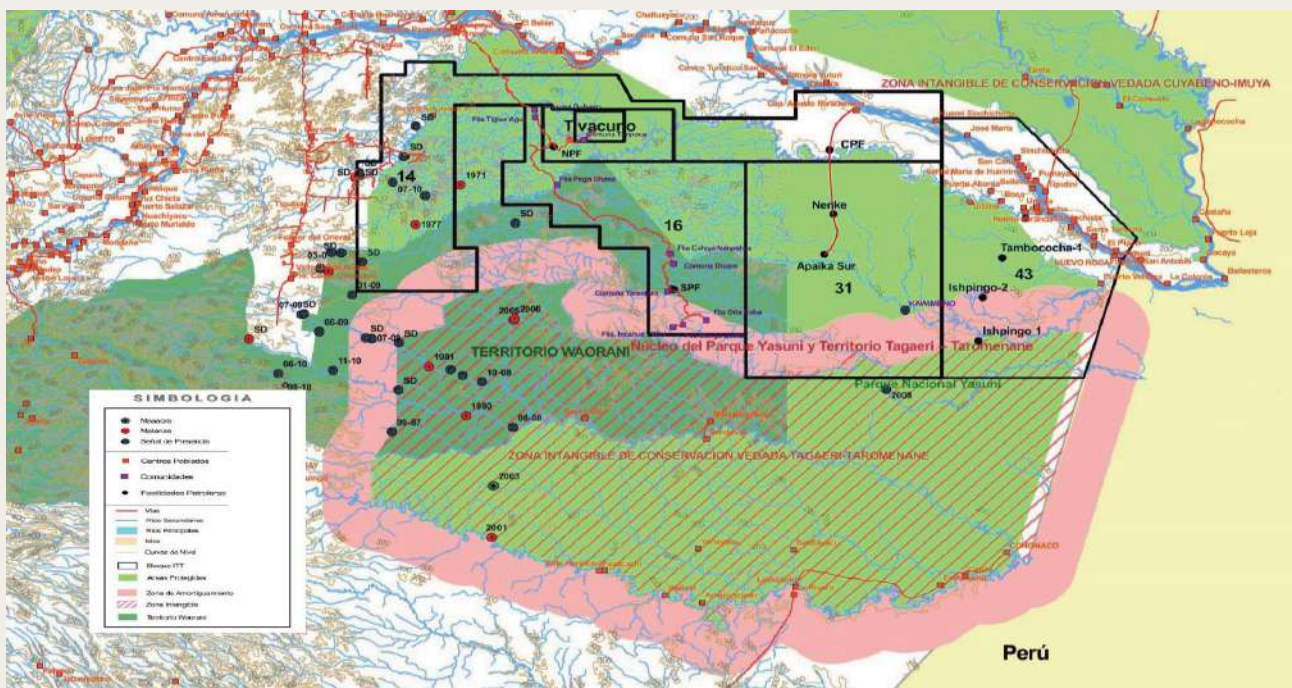

The Future of Yasuni's Oil will be decided at the Polls

Franklin Vega

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Known as Block 43 or ITT—derived from the names of its fields, Ishpingo, Tambococha, and Tiputini—this area is situated on the eastern end of Yasuni National Park. Bordered by Peru to the east and the Tagaeri Taromenane Intangible Zone to the south, the ITT block has been at the heart of an ongoing struggle to safeguard it from oil extraction. It was the final field in contention within the world's most biodiverse region, marking a persistent battle to protect this invaluable natural asset.

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Tuesday, May 9, 2023, marked a critical moment in Ecuador's fight for participation rights and nature conservation. A decade-long wait concluded as the Constitutional Court authorized a national referendum to preserve the ITT (Ishpingo Tambococha Tiputini) block oil reserves, amounting to 846 million barrels, indefinitely underground. These reserves are situated within the Yasuni National Park in the Ecuadorian Amazon.

The referendum will coincide with the early elections on August 20, 2023, prompted by the dissolution of the National Assembly. The YASunidos collective, an alliance of environmentalists, animal rights activists, indigenous people, feminists, and GLTBQ activists, has faced numerous legal impediments, fraudulent actions, and political pressure from Ecuador's Government over the decade between 2013 and 2023. In this context, it is pertinent to reflect upon the history and struggles of the YASunidos collective in their pursuit to protect Yasuni.

Why Leave Oil Underground?

The concept of leaving oil underground, or preserving Yasuni, has roots in the 1990s with the "Amazon for Life" campaign led by Acción Ecológica, an environmental NGO dedicated over 40 years to defending nature rights in the Ecuadorian Amazon. The proposal was envisioned as a strategy to protect an almost untouched segment of the jungle, home to the secluded Tagaeri and Taromane communities, from the encroachment of oil companies.

Alexandra Almeida, an activist, and researcher for Acción Ecológica, often capped off the "toxic tours" in Sucumbíos, in the northern Amazon, with a powerful statement: "This is cutting-edge technology, more like cutting-broomstick-tip technology to me. That's how they deal with oil spills in the Amazon. There is Texaco's legacy, which left more than 300 pools like this." She highlighted the simple makeshift solutions, like a pipe plugged with a stick, employed to manage oil spills in the region. These "toxic tours" showcasing the crude oil wells operated by Texaco and their open-air "environmental remediation" pools, were integral to Acción Ecológica's community, journalist, and anti-oil activist training programs.

As a journalist, I recorded this "toxic tour" episode in 1999. It was my first exposure to the dire consequences of oil exploitation in the Ecuadorian Amazon. The scene was heartbreaking: an oil-filled pool emitting noxious, gasoline-like fumes with a glossy black surface resembling a vast tar pit. Worse still was the proximity of a wooden house, home to a family of settlers, including a cancer patient, who had no alternative but to live next to this toxic pool.

Almeida used to conclude her tour by showing data on the impact of oil exploitation and updates on the Ninth Oil Round of Ecuador (a 1999 initiative where oil blocks were handed over to companies for exploitation). She highlighted the ITT block and the proposal to keep its crude oil underground as one of the last untouched areas. The strategy,

initially termed an “oil moratorium,” later evolved into the “Yasuni-ITT Initiative,” which has been rekindled with the recent call for a referendum.

This narrative traces the early days of the “Yasuni-ITT Initiative” and how the message of the oil moratorium resonated with indigenous Amazonians and rural settlers. Carolina Valladares, a former researcher for Acción Ecológica, recalls that the proposal to leave the oil underground came about after documenting the negative impacts of oil extraction on people and nature during the “Amazon for Life” campaign.

Acción Ecológica and 15 other organizations formed Oilwatch², a civil society observatory tasked with overseeing oil activities in various countries. They observed a double standard in the practices of oil companies, which were not adhering to the same protocols in the south as they did in their home countries in the north. Therefore, Oilwatch introduced the moratorium proposal, shaping the plan to keep the oil underground.

In June 2007, the Ecuadorian Government officially endorsed the proposal to retain crude oil in the subsoil, thanks to the efforts of the then Minister of Energy and Mines, Alberto Acosta.

The Honeymoon and Divorce of Environmental Activism and the Government

Environmental activism and the Government enjoyed a brief period of harmony in Ecuador. This “honeymoon phase” occurred when in January 2008—just one year into the administration of Rafael Correa—the Yasuni-ITT Commercial Trust was established under the aegis of the Ministry of Economy and Finance. The Trust managed funds raised for the “Yasuni-ITT Initiative.” At the same time, the Technical Secretariat of the “Yasuni-ITT Initiative” handled multilateral relations. Thus, a citizen proposal transitioned into a government program under Correa’s administration.

The German parliament pledged the Trust with a promise of US\$50 million a year from 2008. However, in 2010, Dirk Niebel, then Minister of Cooperation and Development and a liberal, announced the cancellation of this contribution.

Antonella Calle, a spokeswoman for YASunidos who has been part of the collective since 2013, acknowledges some mistakes in their strategy. She says, “A key lesson we drew from our experience was that entrusting the “Yasuni-ITT Initiative” to the Government of Rafael Correa was a mistake. We had assumed that with Alberto Acosta serving as the Minister of Energy and the involvement of Esperanza Martínez, the proposal would

² Oilwatch was established in Quito, Ecuador, in February 1996. Comprising 15 organizations from Nigeria, South Africa, Cameroon, Gabon, Thailand, Sri Lanka, East Timor, Mexico, Guatemala, Peru, Colombia, and Brazil, the body was effectively the Global South keeping vigilant watch over the northern oil companies.

have a higher chance of gaining traction. However, the reality was starkly different. The Government's Plan B, to exploit Yasuni, was always their primary aim."

The fallout between environmentalists and the Government became evident in August 2013 when Rafael Correa announced, "Unfortunately, we have to say that the world has failed us." The then-president declared the end of the Initiative, citing meager funds of just US\$13.3 million, a mere 0.37% of the expected amount, even reaching only US\$116 million when considering commitments not directly linked to the Initiative.

Furthermore, the Government's preference for oil exploitation over conservation was apparent in its actions. In 2013, Block 31, located adjacent to Block 43 (ITT) within Yasuni National Park and formerly under the control of Brazilian company Petrobras Energía Ecuador until December 2010, was taken over by the state-owned company Petroamazonas. Extraction in the Apaika and Nenke fields intensified as contracts with other foreign companies were renegotiated.

The renegotiations saw a shift from "share agreements" to "service provision agreements," thereby denying foreign companies a share of the extracted oil and paying them a fee for each produced barrel. This change was interpreted as a clear signal of the Government's intent to control all oil extraction and consolidate the newly formed Petroamazonas. The goal was to weaken the oil workers' unions opposing extractivism.

Moreover, the extraction plan for Block 31 also underwent a significant transformation. Originally envisioned as a heli-transport operation with oil facilities situated outside the protected area, the project was modified to incorporate a 12-meter road extending to the border of the Tagaeri Taromenane Intangible Zone. Marcela Aguiñaga, then Minister of Environment, changed the environmental license for the project in 2013, dismissing the previous license issued in 2008 by her predecessor, Anita Albán, who had imposed 12 conditions to "minimize the environmental impact."

In response to the Government's decision to terminate the "Yasuni-ITT Initiative," the YASunidos collective was formed in August 2013. As a diverse, horizontal, and assembly-based collective, YASunidos comprises environmentalists, feminists, indigenous people, urban cyclists, oil workers, and activists. One of the leaders, Pedro Bermeo, clarifies, "As a collective, YASunidos operates horizontally, without a formal hierarchy, but through various commissions instead. The collective has representatives or focal points spread nationwide, ensuring an extensive reach. We finance our operations through donations and contributions. Importantly, we are all volunteers, driven by our commitment to defend Yasuni."

The Origin of YASunidos

Carolina Valladares admitted that it wasn't the best decision for the Government to "claim the proposal as their own and sideline civil society." She explained, "Because of this, from 2008 onwards, Acción

Ecológica, in collaboration with other grassroots organizations, initiated a campaign in schools and high schools. Our goal was to familiarize society with the Yasuní National Park, emphasize its importance, and advocate for the halt of oil extraction within its borders. We've been nurturing this narrative parallel to the Initiative since its conception."

During this campaign, dubbed "The Yasuni depends on you," organized trips were arranged for young ecologists to visit the national park. They were equipped with kits filled with messages about Yasuni to share in schools. These trips took place in 2008. Thousands of children and young people took part in these educational processes. When Correa announced the Initiative's cancellation five years later, they had already internalized the concept of Yasuni. They were the ones to rise in protest. "This meticulous, unseen groundwork was key to mobilizing children and young people from various sectors to protest on August 13, 2013. While it wasn't spontaneous, such a mass response was not planned," Valladares said, indicating the genesis of the YASunidos collective.

The referendum became YASunidos' rallying point, drawing together animal activists, ecologists, indigenous people, feminists, and LGBTQ+ activists. Presented on August 23, 2013, the text asked: "*Do you agree that the Ecuadorian government should leave ITT's (Block 43) crude oil underground indefinitely?*" This exercise in participatory democracy was proposed in response to the Government's abandonment of the Initiative. However, the constitution (Article 104) and Ecuadorian law stipulate

that referendums require the backing of no less than 5% of the total electorate as registered in the last voting process, which equated to 584,116 support signatures. Bermeo stated that they collected 757,623 signatures, but 60% were invalidated due to "tricks, alleging errors in the form, such as the color of the pen." (This process of sabotaging the consultation will be explained in more detail later.)

In October 2013, the Ecuadorian National Assembly declared that "the exploitation of Blocks 31 and 43, covering no more than one-thousandth (1/1000) of Yasuní National Park's current surface, is a matter of national interest" as a means to minimize the impact of oil extraction. The report from the National Assembly's Biodiversity Commission, headed by Carlos Viteri Gualinga, a leader of the Sarayaku community and assemblyman (a deputy of Alianza PAIS, Correa's ruling party), served as the preamble to this decision, marking the onset of Yasuní's exploitation. Gualinga subsequently refused to oversee oil extraction in Yasuni-ITT.

With a fiery speech, Mauro Andino, an Alianza PAIS assemblyman from Chimborazo, demanded that ITT's exploitation be declared a national interest: "Let's not fool ourselves, nor be hypocrites! Development comes with its costs. Today, we are debating whether the benefits for all Ecuadorians outweigh the potential costs [for nature]."

Despite the ongoing oil extraction in Yasuni, attacks on the collective continued. Correa even accused YASunidos of accepting money from Chevron-Texaco during "citizen's

outreach”³ No. 415, on March 14, 2015, stating, “Have you ever heard these YASunidos pseudo-ecologists, these stone-throwers, report any of this (environmental damage caused by Texaco in the Amazon)? Beware, Chevron has paid them well. We have information.”

Part of the lawsuit against Chevron-Texaco relied on documentation compiled by Acción Ecológica detailing the environmental crimes committed by the company in the Ecuadorian Amazon. This evidence, showing the impact of oil exploitation, was part of the support for the “Yasuni-ITT Initiative” retained by YASunidos.

The Story of Government Fraud

In 2013, for a referendum to take place, 583,000 signatures were needed, but YASunidos managed to collect 753,723. This effort was made through a system of committees in several provinces across the country. Over six months, about 1600 people participated in this signature collection process, coordinated by young volunteers like Antonella Calle and Pedro Bermeo.

“60% of the signatures were annulled due to formatting issues, which has been proven to be a blatant fraud on popular will. Evidence includes an audit from the National Electoral Council of Ecuador (CNE), a report from the Ombudsman’s Office, a resolution from the Citizen Participation Council, a ruling

by the Electoral Dispute Tribunal, and the Constitutional Court. There are five instances and two verdicts that prove fraud,” Bermeo emphasized.

The Constitutional Court acknowledged the violation of YASunidos collective’s rights in its ruling that deemed the referendum viable. Point three of the verdict stated: “We condemn the set of State actions that, at the time, obstructed the full exercise of participation rights of the proponents and supporters of the aforementioned popular consultation initiative.”

“There are direct perpetrators such as the signature verifiers, of whom 10 invalidated 10,000 signatures each. The verifiers carried out the fraud, but it was planned. In the verification of form process, documents were also discarded due to the paper’s type and size and the pen’s color. These requirements were changed when we were already collecting signatures, and they applied a regulation retroactively,” Bermeo explained. He referenced the research conducted by filmmaker and independent researcher Manolo Sarmiento, who detailed the process and named those involved.⁴

Child environmentalists beat the Government

Former President Rafael Correa’s criticisms towards YASunidos escalated from 2010

³ Every Saturday, government broadcasts were aired on radio and television.

⁴ Manolo Sarmiento’s research, titled “La gran farsa de la anulación de las firmas de la consulta por el Yasuni” (The Great Farce of the Signature Annulment for the Yasuni Consultation), is available at the following link: <https://www.planv.com.ec/investigacion/investigacion/la-gran-farsa-la-anulacion-firmas-la-consulta-el-yasuni>

onwards. In his citizen outreach broadcast N° 155, dated January 16, 2010, he criticized YASunidos, claiming that “Child Environmentalists wanted to leave crude oil underground without conditions, thus enabling us to become the planet’s useful fools again. The wealthy are the polluters, yet we the poor are expected to leave the oil, which is vital for our country’s development, underground.”

In response, YASunidos orchestrated an imaginative countermove. They hosted “Child Environmentalists” events across numerous Ecuadorian cities. According to Carolina Valladares, they never took the president’s derogatory remarks as an insult. Instead, they embraced the title and arranged dozens of workshops involving theatre, storytelling, cinema forums, painting, puppet shows, and exhibitions. At the Ecuadorian House of Culture, the inaugural “Child Environmentalists” gathering, dubbed Guardians of the Yasuní, was convened on March 14, 2010.

“We would rather have children’s environmentalism than senile developmentalism,” retorted Esperanza Martínez, founder of Acción Ecológica, asserting that the Government’s attacks galvanized public support for them.

“We repurposed the ‘child environmentalists’ message. Within days, the Child Environmentalists festival was assembled, and posters advertising the festival could be seen throughout Quito’s public transportation stations. The children were encouraged to acquire their ‘Child Environmentalist’ ID cards and donate symbolic amounts from their piggy banks,” recounts Valladares.

Meanwhile, a technical team composed of environmentalists and businesspeople strove to procure necessary funds through multilateral contacts, albeit without success.

In 2010, the self-proclaimed child environmentalists amplified political pressure, endeavoring to bring the proposal back to civil society. They received support from local governments, aligning the “Yasuní-ITT Initiative” closely with Pachakutik’s programmatic actions and the indigenous movement. Another crucial supporter was Yaku Pérez,⁵ who assisted in signature collection in the country’s south.

Today, YASunidos believes they will decisively win the referendum with the Constitutional Court’s ruling. The first generation of child environmentalists, those guardians of Yasuní, will now join the electorate. Bermeo asserts that they will activate local collectives in every city and province, initiating mobilizations and training sessions, and preparing the campaign to garner this broad support. “We can rally 1600 people to work cohesively in committees.”

5 Yaku Pérez, a self-identified indigenous leader of leftist ideologies, secured the third position in the 2021 presidential elections.

“We undertake this [work] out of conviction,” insists Calle. During a press conference on Wednesday, May 10, 2023, the YASunidos collective reignited its campaign by announcing new actions in preparation for the referendum.

The collective's optimism was mirrored by the public sentiment in 2013, which they hope to reignite. The day the Government Initiative was terminated, Paulina Recalde, a representative of the Perfiles de Opinión polling company, reported that “support for the initiative to leave crude oil underground increased from 83.7% in August 2011 to 92.7% in June 2013” according to a note published in the *El Comercio* newspaper and quoted by the Apostolic Vicariate of Aguarico. In essence, the “Yasuni-ITT Initiative” had garnered nationwide support.

The subsequent administrations of Lenin Moreno and Guillermo Lasso continued to exploit Yasuni's oil, especially in the ITT field. Oil extraction has become a hallmark policy of the Ecuadorian Government.

The Reality: The Cost of Leaving Crude Oil Untapped

What will ensue once the referendum concludes and a vote to keep the ITT crude oil reserves untouched is cast? How will a mandate be implemented in an oil block already in production? Bermeo emphasizes his position: “The existing infrastructure will need to be dismantled, and the territory will need to be remediated — that is, the will of the people must be enacted.”

In response to questions concerning the financial burden of potentially dismantling the production facilities, which could cost about US\$1 billion, Bermeo argues that this sum is marginal when juxtaposed against the subsidies received by large corporations, “including major tourism companies.” He adds, “It is feasible to redirect the pre-sales from the economic elites to compensate for the revenue loss from the untapped ITT crude oil.”

In 2021 alone, subsidies amounting to US\$ 6 billion were awarded, with 80% going to Ecuador's 270 wealthiest groups, as reported by the Internal Revenue Service (SRI, in Spanish). Bermeo notes, “While subsidizing the elites, the State makes national decisions to exploit ITT. This subsidizing demonstrates that the exploitation of ITT amounts to less than 1% of what was given to the rich.”

Bermeo quotes Wilma Salgado, the former Minister of Finance of Ecuador: “In 2021, the Ecuadorian state provided tax exemptions amounting to US\$ 6.338 billion, representing 30% more than the total estimated revenue from the Yasuni-ITT oil exploitation, calculated at US\$ 4.883 billion, over the 33 years from 2023 to 2055.”

The activist fortifies his statement with studies conducted by economist Carlos Larrea, a professor, and researcher at Simón Bolívar Andean University, who has been affiliated with YASunidos since its inception. Larrea points out that the ITT field yields progressively less oil because “it is a heavy crude type, which holds less value due to its distinct properties.”

In 2004, ITT's oil reserves were estimated at 846 million barrels. However, the professor elucidates that "since extracting the oil within the Tagaeri Taromenane Intangible Zone is impossible, we need to subtract 460 million barrels. Considering the high water concentration, the ITT reserves amount to 136.28 million barrels."

Carlos Larrea has also calculated the net value of the current remaining reserves in the ITT field based on a future price equivalent to the historical average since 2016 and a total extraction cost of US\$ 35 per barrel. "Under these assumptions, the calculated value is US\$ 912.8 million, equivalent to 19% of the figure proposed by Petroecuador. Considering the declining demand, the calculated value represents less than 1% of GDP in 2022. It is three times lower than the gasoline and diesel subsidies in 2022."

Nonetheless, the economist puts forth a second, "more realistic" projection by assuming declining ITT crude oil prices between 2023 and 2055 until reaching US\$ 40 per barrel in the final year. The resultant net present value is \$805.4 million, slightly exceeding the gasoline subsidy in 2022."

Regarding the economic impact, Larrea contends that "oil exploitation does not create jobs. For every job in the oil sector, 25 are generated in tourism. We need to envision the future of a post-oil Ecuador, and tourism is one of the alternatives — but it must respect life and nature. We should strive for a model that differs from that of the Galapagos, where the benefits of tourism primarily accrue to large corporations, not to the islanders."

The researcher substantiates his argument with data: "Ecuador boasts unique biodiversity and a high degree of endemism (Galapagos Islands, Yasuni National Park), cultural diversity (13 spoken languages and 14 indigenous nationalities), and a well-preserved historical heritage. International tourism grows at an annual rate of about 4%, contributes 9.5% to global GDP, makes up 5.4% of global exports, and directly and indirectly provides 9% of global employment."

What happens if the "No" vote wins in the referendum?

Suppose the "No" vote triumphs in the referendum. In that case, the ITT block exploitation will proceed despite severe technical objections. These technical objections are due to the heavy oil in this block, which also has a high concentration of formation water, requiring more energy to extract the oil and pump the formation water back underground.

Ecuador's Minister of Energy, Fernando Santos, has stated that due to the technical difficulties of extracting oil from ITT (given its extra-heavy crude), a foreign partner will be sought "to continue and potentially expand extraction in the future, providing the appropriate technology that Petroecuador currently lacks."

For YASunidos, losing the referendum on August 20, 2023 is not an option. "We have teams across the country, working on our provincial and cantonal assemblies. The message is clear, and we will not succumb to the Government's fallacies. In the Court hearing, the

(outgoing) Government of Guillermo Lasso even asked to archive the consultation,” says Bermeo.

Among the arguments supporting the consultation is that the economic benefits from exploiting the ITT block would be one-tenth of what is calculated, with profits amounting to US\$ 120 to 150 million annually. Critics argue that even these figures are grossly overestimated.

Esperanza Martínez acknowledges that, besides using social networks, they need to reach larger media outlets. “The debate needs to extend beyond Facebook and Twitter so that people understand this proposal is viable. The numbers do not favor exploitation, and by ceasing it, we, as a country, save if we consider the environmental damages.”

Therefore, regardless of the outcome of the consultation, the extraction of ITT crude is harrowing due to its nature as an extra-heavy crude. However, the referendum for the Yasuní-ITT has already set a precedent that can be applied in future citizen-led referendum processes.

“The Yasuní-ITT referendum is the first exercise in direct democracy that was boycotted by a government that claimed to be left-wing and progressive. It is a process that has overcome the real power — the economic power of big companies. It’s another demonstration that the only fight lost is that which is abandoned” reflected Antonella Calle, spokeswoman of YASunidos.

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