

# Oil and the Political Economy of Conflict in Colombia and Beyond: A Linkages Approach

THAD DUNNING and LESLIE WIRPSA

## Introduction

Recent empirical studies in international political economy have contributed substantially to understanding and explaining the conditions through which natural resource endowments may incite, prolong or intensify violent conflict. The majority of these studies find a strong positive association between fiscal dependence on oil exports, in particular, and the incidence and duration of civil war.<sup>1</sup> Much of this literature has stressed the importance of bringing in economically motivated actors and actions, and the relationship of these to a positive political economy of conflict, to challenge explanations of internal warfare as almost exclusively the result of an irrational 'collapse of order' within the nation state or a failing of the state itself.<sup>2</sup> In this sense, resource wars are considered a variable, contributing to the emergence of an alternate political economy and political geography, one in which insurgents have access to rents, territorial control and mechanisms of legitimacy they could not obtain under conditions of peace. In this growing body of literature, the primary axis of conflict remains that between national states and their official armed police and militaries, and internal insurgents or other extralegal armed actors. These frameworks, which posit that resource revenues derived from lootable commodities like oil provide the 'fuel' that incites and/or sustains conflict between these parties, are generally conceptually bounded within the 'national' level of analysis.

We share the growing analytical conviction that it is essential to understand the economic factors driving the simultaneous and often deliberate 'emergence of another order' through conflict.<sup>3</sup> However, precisely because our analysis focuses on oil, a transnational commodity *par excellence*, we also take as fundamental the assertion that conflict must be considered in part explainable in terms of 'economic motivations that are specifically related to the intensification of transnational commerce in recent decades and to the political economy of violence inside a particular category of states'.<sup>4</sup> More specifically, by the end of the 1970s, virtually

Thad Dunning, Department of Political Science, University of California, Berkeley, CA 94720-1950, USA. E-mail: tdunning@socrates.berkeley.edu. Leslie Wirpsa, School of International Relations, University of Southern California, Los Angeles, CA, USA. E-mail: wirpsa@usc.edu

every major oil-producing country had at least partially nationalized oil production, but this nationalist trend has progressively reversed in recent decades.<sup>5</sup> Consequently, foreign direct investment by multinational corporations and by the state oil concerns of foreign countries has again attained a dominant role in the energy sectors of many developing countries, recalling in part the era of the late nineteenth and early twentieth centuries.<sup>6</sup> This re-intensification of foreign direct investment in local extractive activities coincided with not only a burgeoning global demand for oil and gas, but also with an increased willingness on the part of the United States to structure policy around the military protection of strategic energy sources. Consequently, today, in resource-rich regions like the Caspian Sea basin, the Persian Gulf, sub-Saharan Africa and parts of South America, the interactions and linkages among subnational, national, transnational, national and multinational actors with varied but abiding interests in promoting or restricting the flow of commodities like oil have a crucial impact on the incidence and character of localized conflict. These interactions both shape actors' goals in undertaking armed violence or in responding to belligerents with force, and they also delineate the range of possible strategies that these actors may use to articulate interests and to legitimate various forms of the use of force.

In this context, we contend that because of the particular characteristics of oil, contemporary examinations of the relationship of this commodity to conflict will benefit from prioritizing a landscape of analysis that includes political communities and dynamics beyond the national level of analysis and a multiplicity of actors at various levels of interaction. In this article, we argue that oil increasingly shapes the character of local conflict precisely because of the relationship of oil to actors and processes of the global political economy which become embedded within the local context.

Using Colombia as a case study within the geopolitical context of the broader Andean region, we attempt to demonstrate the utility of a framework that takes account of these interactions and linkages. This framework entails significant analytic complexity, which we believe is essential given the specific properties of a globally strategic resource like oil. First, oil is vehemently and simultaneously local, regional, national, and global. It is characteristically 'fixed'; therefore, extraction must occur at the specific, focal point of its location. This means the exploitation of oil has particular consequences for the security of the communities and territories in which it is embedded. Control of oil, however, requires the infrastructure, security and technology to convert it into an asset transportable over and through broad and complex regional, national, and transnational-national geographic space, usually across national borders.

Second, oil exploitation is simultaneously national and multinational. State oil companies and some of the world's most powerful private, transnational-national corporations, attempt to influence the domestic and global governance structures which manage the extraction, production and distribution of oil. Oil is also highly 'national,' discursively linked to notions of state identity and the 'national interest'.<sup>7</sup> At the same time, because of its global significance, trans- and multinational actors play a prominent role in the 'practices shaping [its] political economy'<sup>8</sup> and the social, cultural and institutional arrangements symbolically defining and pragmatically regulating it. Thus, where oil is concerned, 'the persistence of conflict and, in particular, the crystallization of war economies within 'weak' states can only be understood within a broader global context.'<sup>9</sup>

To this panorama we must add the centrality that oil and other natural resources have once again acquired in the military and security doctrines of the advanced industrialized countries, particularly the United States. In the wake of the end of the Cold War, the military protection of vital sea lanes and resource-rich areas overseas regained a pre-eminence it had in the nineteenth and early twentieth centuries, as a governing principle underlying US military deployments. These deployments increasingly reflect the geographic distribution of global natural resources as well as a range of operational dimensions – for example, the protection of fixed energy installations, control over territory through which pipelines traverse – associated with resource security. In this vein, an explicit policy link in advanced industrialized countries, particularly the United States, between economic security and military strategy, has led to the doctrine that military intervention may increasingly be used to protect the international flow of strategic resources like oil.<sup>10</sup>

In Colombia, these various tendencies have pushed oil into a central place in the political economy of violence of a pre-existing, internal war whose most recent phase has lasted nearly 40 years. A range of historical and political factors, including persistent structural inequalities and systemic political exclusion, point to the roots of Colombia's conflict, while analyses of 'war commodities' in the Colombian context have appropriately focused on the international drug trade and conflict over land tenure to explain and understand the country's complex trajectories of violence. Oil has steadily become more important to the Colombian economy over the past 20 years, and establishing control over oil installations, pipelines and the political and economic spoils of production has become a strategic priority for all of Colombia's armed groups, including the military, as well as for external actors.

In this essay we argue that contemporary analyses of oil and its role in conflict will benefit by starting with these linkages and interactions between

local, national and transnational-national spaces. These interactions shape both the material objectives of competing local actors and also the discursive strategies upon which they draw to legitimate conflict and militarization. Conflict is driven by local dynamics, but it is essential to see the way in which these dynamics relate to the goals and actions of a range of national and transnational actors. This involves moving beyond state-centric conceptualisations of security. The state is just one actor which may or may not exercise dominion over the territorial space in which resource-related violence appears. Other actors – armed insurgents or paramilitaries, state officials from oil-importing countries, private military or security contractors and multinational corporations – are also central to an understanding of local-global interactions and conflicts propelled by the extraction and flow of materials considered ‘vital’ for the world economy.

In the Colombian case, we thus analyse two international/transnational dimensions relating to the link between oil and conflict. The first is the re-intensification of multinational direct investment in the oil sector, beginning in the mid-1980s. Multinational investment helped spark the re-emergence of Colombia as a net oil exporter; due to the development of Caño Limón in Arauca department and then Cusiana-Cupiagua in Casanare, by Occidental Petroleum and British Petroleum respectively. Within this context, oil soon surpassed coffee as Colombia’s leading export. Yet control of oil production and transport facilities, or at least the ability to threaten the functioning of such facilities, has also become a strategic military objective for guerrilla groups, while repelling such attacks has involved the military, illegal paramilitary groups and public and private international security and military agents. As the oil and conflict literature would suggest, in Colombia the presence of oil has helped to finance in various ways all of these contending parties. For example, the revival of the National Liberation Army (ELN), Colombia’s second largest guerrilla group, has been linked to payments received from foreign energy contractors. Oil rents therefore provide a credible mechanism linking petroleum exploitation to the persistence of conflict.

Yet attacks on oil installations, and struggles among Colombia’s government forces and armed actors for control of resource-rich and strategic territory, motivate a discussion of a second international dimension linking oil and conflict. State officials from oil-importing countries, specifically the United States, and private sector representatives posit that attacks on energy infrastructure in Colombia, and especially the implications of Colombian instability for the broader energy-rich Andean region, pose a threat to a key source of oil supplies. This has coincided with the renewal of a US military doctrine focused on protecting strategic foreign sources of natural resources and strategies to diversify oil imports away

from heavy dependence on the Middle East. Thus, violent attacks on Colombian energy installations, prior to and within the context of the post-11 September global anti-terrorism campaigns, have provided US lawmakers and members of the executive branch with legitimating arguments for increasing military aid to Colombia and expanding, significantly and without precedent, the US mission there beyond counter-narcotics to include counter-insurgency and counter-terrorism. Most prominently, in February 2002, the Bush administration announced the first attempt to direct military aid, equipment and 70 US military advisers to train a Colombian army brigade to protect the strategic Caño Limón-Coveñas oil pipeline. The pipeline is partly owned and operated by the US multinational, Occidental Petroleum; 44 per cent of the crude it pumps belongs to Occidental.<sup>11</sup>

Finally, the linkage between these two transnational dimensions of the oil/conflict nexus becomes apparent in the use of *foreign* (US) public funds and training resources to protect a *multinational*, privately operated infrastructure project. This linkage contributes to reshaping the local dynamics of conflict in a number of ways. First, for the US government, for which Colombia ranks the third-largest recipient of military aid in the world, the threat to an important source of petroleum supply located in the even more oil-rich and strategically important Andean region has reshaped the debate about military interventionism. For the Colombian government, the 'national interest' in protecting a major source of state revenue has provided new forms of discursive legitimacy for counter-insurgency actions, and more importantly has reshaped forms of military deployment with an increasing number of troops and resources deployed to protect energy infrastructure. Multinational corporations, meanwhile, have become more directly enmeshed in domestic security provisioning, bringing new actors – like private security agencies, some of which also serve as US government contractors – into the complex relationships linking oil and violence.

This article is structured as follows. In the first section, we analyse the relationship of the intensification of multinational direct investment in energy and the subsequent growth of Colombia as an oil exporter to the political economy of Colombia's internal conflict. This conflict appeared to threaten a growing source of revenue to the Colombian state and an alternative source of oil supply to the United States – a fact which provides the logical link to our second section, focused on the geopolitical dimension of the nexus between oil and conflict. Here, we outline the perceived importance to some US lawmakers and successive US administrations of 'stabilizing' a country located in the oil-rich Andean region, and we trace the process leading to the adoption of the pipeline protection programme. In

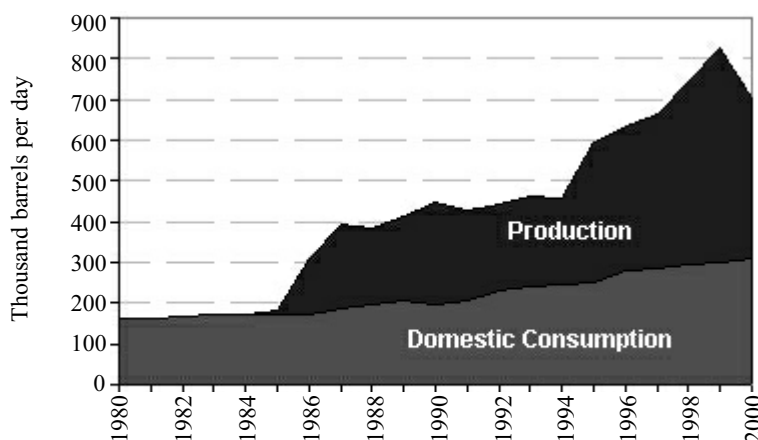
the third section, we consider how these two transnational dimensions (multinational direct investment and energy geopolitics) intersect to reconfigure the terms of conflict on the ground, using the case of a massacre of civilians as an illustration of the broader linkages between the local, national and geostrategic dimensions of oil and conflict, and the ways in which 'local security patterns may be subordinated to the security imperatives of external actors'.<sup>12</sup> In the fourth section, we discuss the relationship between arguments about 'national security' to the incidence of petro-violence and the legitimization of local conflict, placing this relationship within our broader analytic framework. Finally, we conclude with a brief discussion of the potential utility of this conceptual framework for building a more general understanding of resource conflicts.

### **Oil and the Political Economy of Conflict in Colombia**

Colombia became a net oil exporter in the mid-1980s, after Occidental's Caño Limón discovery of major deposits of approximately 500 million barrels of recoverable crude.<sup>13</sup> British Petroleum's Cusiana-Cupiagua field also helped production grow from around 100,000 barrels per day (bpd) in the early 1980s to top 800,000 bpd in 1999. Pipeline attacks, coupled with a downswing at Cusiana-Cupiagua and the depletion of Caño Limón, lowered output to an average 604,000 bpd in 2001. In conjunction with slower-than-anticipated results on new finds, output projections dropped to around 536,000 for 2003, prompting warnings that without new finds Colombia would again become a net oil importer. However, petroleum analysts simultaneously stress Colombia's untapped potential, and a combination of factors suggests that future, significant increases of production and reserves are plausible.<sup>14</sup> Between mid-2001 and March 2002, foreign investors tapped three new significant fields.<sup>15</sup> In late February 2002, Ecopetrol's president Alberto Calderon Zuleta announced that the next presidential administration would enjoy a petroleum 'harvest'.<sup>16</sup> Colombia vacillates between number five and number ten of the top foreign oil suppliers to the United States. Approximately half of Colombian oil, which provided the country with its largest source of foreign exchange and accounted for 35 per cent of export revenues in 2000, is exported to the United States (Figure 1).<sup>17</sup>

The growth of oil production and exports, and the role of foreign direct investment in this process, has given rise to new links between Colombia's internal conflict and oil exploitation. Oil monies obtained through official or illegal channels have paid all sides in the conflict, providing not only the state and its armies but also armed insurgents and in some cases, paramilitary groups with increased material capacity to wage war. Though

FIGURE 1  
COLOMBIAN OIL PRODUCTION AND CONSUMPTION, 1980–2000



Source: EIA

a set of pre-existing grievances powerfully contribute to the origins and maintenance of internal warfare in Colombia, oil resources provide economic opportunities that both help perpetuate this conflict and also reshape the logic of violence on the ground. Struggles for control over strategic oil-rent producing areas adds a new territorial dimension to the conflict. Oil thus plays a significant role in sustaining violence, providing additional evidence to support recent arguments about the importance of resource predation in civil wars.<sup>18</sup> A brief outline of the actors enmeshed in Colombia's internal conflict, and their relationship to the oil/predation nexus, is helpful.

### *Guerrillas*

In the late 1990s, Colombian guerrillas were estimated to be reaping around \$140m per year from oil-related extortion and kidnaps,<sup>19</sup> compared to an estimated \$200m to \$500m from the cocaine and heroin trades.<sup>20</sup> Analysts and journalists have linked the revival in the mid-1980s of the ELN, the country's second largest guerrilla group, to \$4m in extortion payments reportedly received from a German contractor involved in the construction of the Caño Limón-Coveñas pipeline. The group was allegedly reduced at the time to less than 40 members.<sup>21</sup> According to the US State Department, the ELN today numbers between 3,000 and 6,000.<sup>22</sup>

Both the ELN and the FARC, Colombia's largest guerrilla group, have extracted so-called 'war taxes' from oil companies and local contractors

using kidnaps, extortion and bombings of oil pipelines as leverage. In his testimony before a sub-committee of the United States House of Representatives in February 2000, Occidental Petroleum's Vice-President for Executive Services and Public Affairs, Lawrence P. Meriage, said: that the company's contractors paid a 'war tax' to rebels and that local workers 'in our installations find themselves obliged to pay for their 'protection' or put at risk the security of themselves and their families'.<sup>23</sup> When Occidental developed the Caño Limón field, the company's founder and former CEO told the *Wall Street Journal* in 1985, referencing Colombia: 'We are giving jobs to the guerrillas ... we take care of the local population. It has worked out so far, and they in turn protect us from other guerrillas.'<sup>24</sup>

Rebels in Arauca also divert money paid to municipalities from oil royalties by forcing contractors of public works projects to pay them a percentage.<sup>25</sup> At times, contractors may be doubly charged – paying off both the FARC and the ELN so work can proceed unimpeded. Situations have been reported where guerrilla informants working inside municipal offices influence who receives public works contracts: those businesses favoured are ones willing to provide rebels with a cut.<sup>26</sup> In January 2003, a probe by the National Royalties Commission and the Prosecutor General's Office of these types of irregularities and oil money corruption in general, led to federal intervention in the management of royalty payments in Arauca. Royalties were allegedly one element motivating FARC rebels in the late 1990s to expand their presence in Arauca – and to increase pipeline bombings in an attempt to wrest rents channelled to the ELN.<sup>27</sup> A violent struggle over control of royalties ensued.

Finally, rebels have openly declared war on both foreign oil firms and Ecopetrol, turning civilian personnel and workers as well as installations into rebel military targets. Half of the kidnappings committed in the world and an estimated one-third of terrorist attacks take place in Colombia, a large portion of them by guerrillas, and many against oil installations and company employees.<sup>28</sup> In one mass kidnap in April 2001, the ELN abducted, and later released, 100 Occidental workers who were leaving Caño Limón.

According to National Planning Department (DNP) statistics, guerrillas have dynamited Colombia's pipelines more than 1,000 times in the past 13 years, spilling 2.9 billion barrels of crude, damaging fragile ecosystems and water sources, causing environmental destruction and economic losses. In the case of the Caño Limón-Coveñas pipeline alone, nearly \$1bn in losses were sustained from 1990 to 1995 – equivalent to around 7 per cent of Colombia's total export revenues of \$13bn, according to DNP statistics. Attacks totalled 152 in 2000 and 170 in 2001 – setting new records each year.<sup>29</sup>



FIGURE 2  
COLOMBIAN OIL PIPELINES

**OIL FIELDS AND GAS PIPELINES**



Source: Ecopetrol.

*Extralegal Mercenaries: Paramilitaries*

Right-wing paramilitaries, to whom the majority of massacres and extrajudicial killings in Colombia are attributed, have moved into oil-rich provinces like Casanare, Arauca and Northern Santander to the east, Putumayo to the south, and the central Magdalena Valley. As Nazih Richani asserts, paramilitaries 'control an important sector through which the pipelines pass'. In the late 1990s, 'the prime objectives' of the forces of two major paramilitary leaders, Victor Carranza and Carlos Castaño, included 'establishing and consolidating a buffer zone that could diminish the guerrillas' influence in the surroundings of the pipelines'. The goal of this strategy is not only to 'push the guerrillas from villages located in the pipeline areas' but also to 'deny the guerrillas the extraction of protection rents that they obtained from the oil companies'.<sup>30</sup>

In the city of Barrancabermeja, in the Magdalena Valley, home to Colombia's largest oil refinery, paramilitaries intensified a campaign of murdering civilians in January 2001. Barrancabermeja is also home to the powerful state oil workers union, the *Union Sindical Obrera* (USO), which has drawn attention from international human rights organizations, given the assassinations of 85 USO members and the disappearances of two more since 1998. Lt.-Col. Hernán Moreno, head of the city's Nueva Granada Battalion, said of Barrancabermeja: 'Here, we pump out all the energy we need. The takeover of power is thus of prime importance to these armed groups.'<sup>31</sup> One human rights report on oil and security in Colombia claims paramilitaries in one region gleaned \$2m from offering pipeline protection.<sup>32</sup> The Bogotá daily *El Espectador*, the London *Guardian* and the BBC reported an alleged link during the time of the construction of the Ocesa pipeline between British Petroleum, local military officials, foreign private security contractors, and paramilitaries, which the company denied. Paramilitary chief Carlos Castaño told a Bogotá newspaper that the paramilitaries 'tax the multinationals as the guerrillas do'.<sup>33</sup>

Paramilitaries have also built a cottage industry stealing gasoline by drilling holes in pipelines and transporting fuel, costing state oil company Ecopetrol \$5m per month.<sup>34</sup> Reports indicate that in the Middle Magdalena valley, paramilitary groups routinely perforate pipelines with valves up to a dozen times a night and sell the gasoline on the sly to service stations or at reduced gallon prices along major departmental thoroughfares.<sup>35</sup> Paramilitaries, similar to the guerrillas, also allegedly benefit by capturing rents from construction contracts in oil zones, which in turn allows them to strengthen their presence in these strategic areas.<sup>36</sup> This presence and the control it implies in strategic areas rich in resources is believed to undercut guerrillas' territorial and political autonomy, as well as their material ability to wage war.<sup>37</sup>

#### *Legal Mercenaries: Security Contractors and Multinational Corporations*

An investigative report published in March 2002 in the *Los Angeles Times*, outlines the relationship between multinational oil corporations operating in Colombia and legal, private security firms, commonly based in the United States. According to the report, beginning in 1997, Occidental's operators in Colombia contracted the services of AirScan, 'a private U.S. company owned by former Air Force commandos'. For at least six months, the firm was to provide Occidental with high-tech surveillance of the pipeline and tracking of guerrilla movements. However, after the military requested more leeway for AirScan personnel to assist with operations far from the pipeline, Occidental officials received advice from the US embassy that AirScan should stick to protecting the pipeline. Soon thereafter the

company transferred its contract with AirScan to the Colombian air force, an arrangement paid for by Ecopetrol.<sup>38</sup> In December 1998, a Colombian air force helicopter crew, accompanied by AirScan pilots, allegedly dropped a cluster bomb that massacred 17 civilians, including seven children, in the village of Santo Domingo, located just 30 miles south of Caño Limón's installations in the Arauca department.<sup>39</sup> The *Los Angeles Times* reports that Occidental 'provided crucial assistance to the operation ... directly or through contractors', including, 'troop transportation, planning facilities and fuel to the Colombian military aircraft, including the helicopter crew accused of dropping the bomb'.<sup>40</sup>

Richani cites a similar security relationship between British Petroleum, the British security company Defence Systems Limited and its Israeli counterpart, Silver Shadow, for pipeline protection in the Antioquia department during a period of heightened paramilitary massacres. These security contractors allegedly designed military and psychological strategies 'against the social base of the guerrillas'.<sup>41</sup> In sum, Richani asserts:

Multinational corporations provide an opportunity for the extraction of protection rent exacerbating a competition between multi-national security companies and the local actors of the war system. Such a condition consolidates the war system as a modality for the distribution of protection rent among the contending forces.<sup>42</sup>

### *Military*

The Colombian army receives significant income from the protection of oil. Beginning in 1992, a 'war tax' of roughly \$1 per barrel on foreign oil corporations helped the army to dramatically increase troop presence in oil-producing regions.<sup>43</sup> In 1996, General Harold Bedoya, the army commander at the time, estimated that half of Colombia's troops were engaged full-time in protecting oil and mining installations.<sup>44</sup> Five years later, Brigadier General Carlos Lemus, the commander of the XVIII Brigade in Arauca, told a reporter that two-thirds of Colombian troops were protecting and monitoring oil facilities.<sup>45</sup> In 1997, the Office of the People's Ombudsman, said public funds destined to the security of oil installations were 'enormous'.<sup>46</sup>

Occidental alone estimated in 1997 that roughly 10 per cent of its in-country operating budget was destined to security, most of it through payments to the Colombian army.<sup>47</sup> According to another estimate by Occidental officials, the company has provided \$750,000 a year in cash and in-kind payments to the Colombian military for logistics.<sup>48</sup> Ecopetrol, meanwhile, pumped \$12m into the armed forces, \$2.5m to a single battalion in the department of Casanare.<sup>49</sup>

The situation outlined above suggests that diverse degrees of territorial control by different actors in strategic territories, and competition for that control, creates a complicated panorama of resource-related conflict. According to a Colombian economist who studies the energy sector – in the past, when a particular armed group has supplanted the state as the monopolist of violence in a certain zone, companies or contractors will often ‘comply with the existing authority’ which is supplying services the state cannot. In zones where one or another group has fairly homogenous control, then, relationships are simplified: ‘extortion is already factored in, monthly payments are made, there is no problem,’ he said. But when no one group dominates, ‘when a company must begin to pay off several groups – be they guerrillas, paramilitaries, or common criminals – that’s when they prefer to pay off their own group to finish off the others’.<sup>50</sup> This ‘push’ can shift toward militarization to attempt official resumption of control, as in the request for army protection of pipelines and installations; or control may be further privatized through independent security contractors.

Thus far, we have described the processes by which the intensification of oil production and export has made control of resource-rich territory and/or rents a strategic objective for all of the parties involved in Colombia’s internal conflict. The state’s military apparatus has been deployed to protect an increasingly important source of fiscal revenue, which guerrilla groups have attacked and from which illegal paramilitary groups have also benefited. Multinational companies and their local security contractors have emerged as central to this story, both as a source of rents for legal and illegal armed groups and as a private entity for whom security arrangements, and militarization, have also played a key role.

Crucially, it is the threat to the supply of oil generated by this ‘on the ground’ conflict that provides the logical link to the subject of the following section – the global geopolitical dimension of the oil/conflict nexus. The global strategic nature of oil and energy security and the importance of protecting foreign sources of oil supply have been invoked by private companies and government representatives to convince US policymakers not only to increase military aid and the scope of US intervention, but to re-direct it to broader causes, including more direct counter-insurgency roles *vis-à-vis* protection of vital energy sources. In the next section, we place Colombian oil production in the broader context of the Andean supply of crude, where its strategic importance becomes more obvious, and we link the response of US policy to a military doctrine that increasingly privileges the protection of global sources of natural resource imports.

### The Geopolitics of '300 Strategic Points'

Colombia's growing role as a supplier of crude oil to the United States and the presence of US and other multinational investors in the country's energy sector, played an important role in the build up of US military assistance to Colombia. This was the case even prior to a February 2002 aid request, in which funding extended beyond counter-narcotics efforts to include the protection of an oil pipeline partially owned and operated by Occidental Petroleum. As far back as 1998, General Charles Wilhelm, then head of the US Southern Command, told Congress that oil discoveries had increased Colombia's 'strategic importance'.<sup>51</sup> In April 2000, Senator Bob Graham and former National Security Adviser Brent Scowcroft, warned that Colombia's reserves, amounting to 'only slightly less than OPEC members Qatar, Indonesia and Algeria', would 'remain untapped unless stability is restored'.<sup>52</sup> As Senator Paul Coverdell commented when he introduced legislation for Plan Colombia, the original \$1.3bn anti-narcotics military aid package approved by Congress in 2000:

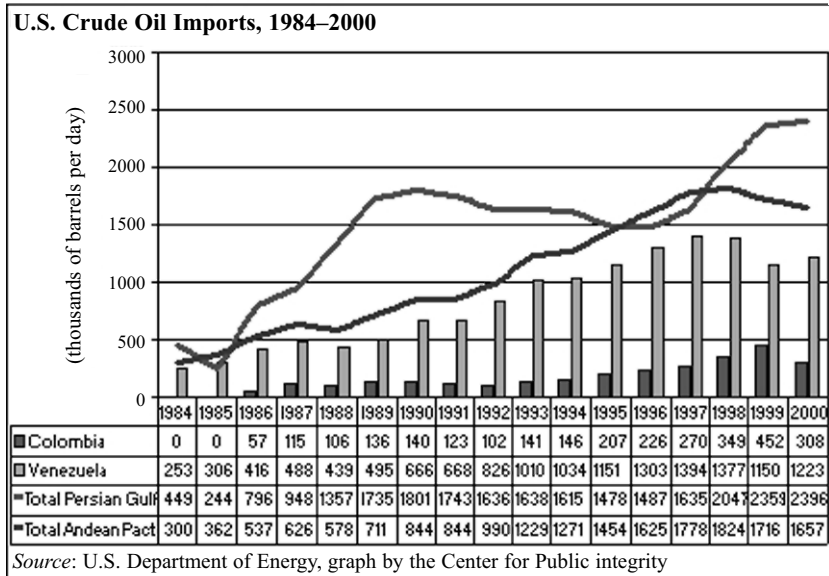
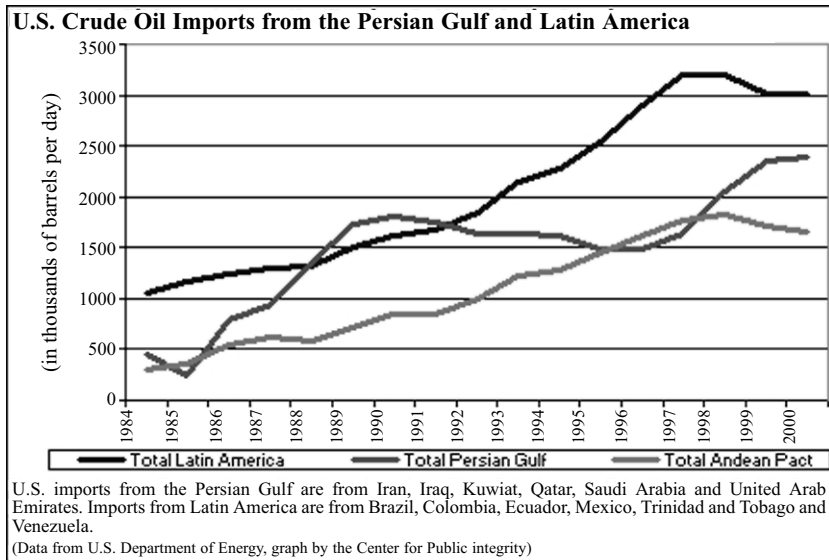
A decade ago the United States went to war with a powerful enemy partly to stabilize a major oil-producing region ... The oil picture in Latin America is strikingly similar to that of the Middle East, except that Colombia provides us more oil today than Kuwait did then.<sup>53</sup>

The centrality of energy issues in this policy debate reflected not only Colombia's but, especially, the Andean region's importance as an oil hub. For example, in 2000, Scowcroft and Graham warned:

Our nation's interests in the Andean region extend beyond helping to target the source of this drug flow. The struggle between insurgents and the Colombian government has bled into neighbouring nations ... Particularly troubling is the fact that one of those nations – Venezuela – is our largest petroleum supplier.<sup>54</sup>

Coverdell echoed the argument: 'The destabilization of Colombia directly affects bordering Venezuela, now generally regarded as our largest oil supplier.'<sup>55</sup> Recent political instability in Venezuela, including the attempted *coup d'état* against President Hugo Chávez on 11 April 2002, and the December 2002–February 2003 general strike which sought unsuccessfully to force him from power, disabled that country's oil sector, and in combination with uncertainty about Iraq in world oil markets, helped drive the price of oil above \$36 a barrel. These events have helped to demonstrate further the US interest both in stabilizing the Andean region as a whole and in diversifying its import sources within the region, a strategic objective noted by Colombian analysts. Suggesting that the defiantly anti-

FIGURE 3  
US OIL IMPORTS BY SOURCE



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US attitude of Chávez 'keeps U.S. strategists awake at night,' the former Colombian ambassador to the United States, Gabriel Silva, commented in the Colombian newspaper *El Tiempo*:

This combination of a sensitive increase in risk to extra-regional supplies of petroleum, coupled with a progressively more and more hostile and messianic regime in the main supplier in the Americas, has forced the U.S. government to secure alternative sources of oil. This is the crossroads in which Colombia appears as a new strategic priority. The geopolitical re-evaluation of our country is something we should not misuse.<sup>56</sup>

On 5 February 2002, US officials announced an important shift in the reach and rhetoric of US policy in Colombia, one that reflected Silva's predictions. The Bush administration would ask the US Congress to funnel an additional \$98m in fiscal year 2003 for military aid (22.3 per cent of the yearly military request for Colombia) to train an élite Colombian army brigade 'to protect the country's economic lifeline, an oil pipeline' from attacks by the FARC.<sup>57</sup> Trained by US Green Berets or contract employees, the XVIII Brigade of the Colombian army would incorporate approximately 2,000 troops and a mobile infantry unit skilled in surveillance and rapid deployment tactics, moving beyond anti-narcotics missions to protect the 480-mile Caño Limón-Coveñas pipeline.<sup>58</sup> A contingent of 70 US Special Forces troops was deployed to Arauca to begin the protection programme between December 2002 and January 2003.<sup>59</sup>

Prior to the announcement of the pipeline protection plan, in January 2002, Colombian officials visiting Washington lobbied to convince US authorities to extend the scope of US military assistance beyond the limits of anti-narcotics.<sup>60</sup> In the aftermath of a serious spate of FARC bombings of crucial infrastructure – electrical pylons, bridges, the edges of reservoirs, and pipelines<sup>61</sup> – Colombian President Andrés Pastrana appealed to the pervasive anti-terrorist climate in the United States, placing resources at the centre of both US and Colombian security affairs: 'Today the world is ready to unite against those who are attacking the interests of nations – and in this case the interest is energy.'<sup>62</sup> US Ambassador to Colombia, Ann Patterson, cited US strategic and corporate interests as well. Although she said protecting the pipeline, just one of 300 existing 'infrastructure points' in Colombia she defined as strategic to US interests, was outside the legal anti-narcotics boundary previously set for US military aid, 'it is something we have to do ... It is important for the future of the country (Colombia), for our petroleum supplies and for the confidence of our investors.'<sup>63</sup>

This strategic shift in aid and training provides evidence for Michael Klare's assertion that US military strategy has refocused on the protection of strategic natural resource supplies and economic security:

As the American economy grows and U.S. industries come to rely more on imported supplies of critical materials, the protection of global resource flows is becoming an increasingly prominent feature of American security policy. This is evident not only in the *geographic* dimensions of strategy – the growing emphasis on military operations in the Persian Gulf, the Caspian and other energy producing areas – but also in its *operational* aspects. Whereas weapons technology and alliance politics once dominated the discourse on military affairs, American strategy now focuses on oil-field protection, the defense of maritime trade routes, and other aspects of resource security.<sup>64</sup>

The Colombian pipeline programme, therefore, must be understood in the context of what Klare has termed the ‘emergence of a new geography of conflict ... in which competition over vital resources is becoming the governing principle behind the disposition and use of military power’.<sup>65</sup> Thus the global geopolitics of petroleum, and in particular its link to the US energy security doctrine, constitutes a second distinct transnational dimension in the nexus between oil and internal conflict.

To be sure, the decision to provide US military funding to protect an oil pipeline owned and operated by a subsidiary of a US company suggests the extent to which this global geopolitical dimension can be linked to the first dimension of foreign direct investment. Energy companies operating in Colombia have become increasingly enmeshed in the debate over US government military policy regarding Colombia, spending millions on lobbying efforts and donating hundreds of thousands of dollars to campaign funds.<sup>66</sup> Occidental’s Meriage, testifying to a House subcommittee hearing on Plan Colombia in 2000, urged the expansion of Plan Colombia’s geographic scope to include the region housing Occidental’s assets in the Northeast.<sup>67</sup> According to retired US Special Forces intelligence sergeant Stan Goff, who trained Colombian anti-narcotics troops, the aim of Plan Colombia was ‘defending the operations of Occidental, British Petroleum and Texas Petroleum and securing control of future Colombian fields ... The main interest of the United States is oil.’<sup>68</sup>

In short, the strategic nature of oil and the economization of international security affairs contributed to a reconstruction and expansion of the US military role in Colombia, moving it closer to counter-insurgency.<sup>69</sup> The protection of energy infrastructure became an increasing preoccupation of international actors, while military intervention to secure oil production was invoked as a legitimate response to ‘on the ground’ conflict by both the Colombian state and the United States. Local conflict around oil generated a perceived threat to supply that was met by a geopolitical response, the strategic objectives of which were formulated



with respect to a global frame of reference. But if the causal arrow logically runs upwards from the growth of local oil production and processes of local conflict to the global geopolitical dimension, there is also a feedback effect in which this dimension contributes to reshaping the incidence and character of local conflict. In the following section, we bring these reciprocal effects together in an analysis of the way in which local processes of conflict are subsequently transformed by this transnational dimension.

### **Local Conflict and Transnational Linkages**

In this section, we discuss an example that illustrates some of the local consequences of the embeddedness of the relationship between oil and conflict in a variety of regional, national and transnational spaces. This is the alleged aerial bombing, mentioned earlier in this article, by the Colombian armed forces in 1998 of civilians in the village of Santo Domingo in Arauca province, which has become a controversial human rights case in Colombia. The case illustrates the mix of local, national and transnational-national actors and the intersection of a wide nexus of local and global fields of action and actors that we have argued is key to understanding the relationship of oil and violence in Colombia. It also adds to this complex picture the reduced accountability that ensues when public security functions are increasingly assumed by private actors.

In this case, two pilots employed by a company that had previously been under contract with Occidental Petroleum, allegedly helped direct Colombian air force pilots who dropped a cluster bomb from a Huey helicopter, killing 18 civilians, including seven children, in the town of Santo Domingo in Colombia's Arauca department. According to an investigative report published in the *Los Angeles Times* and based on court records and interviews, on 13 December 1998, a day after an engagement between the armed forces and FARC guerrillas near Santo Domingo, military officials from the air force and from the army's 18th Brigade gathered at Occidental Petroleum's Caño Limón headquarters, located 30 miles north of the town. The purpose of the meeting, according to the *Los Angeles Times*, was to plan the rescue of an army company that had been trapped by the FARC during fighting the day before. According to the *Times*, during a briefing with military officials, two pilots employed by AirScan, a private Florida-based company that had been hired on previous occasions by Occidental to provide surveillance of the Caño Limón pipeline, showed aerial videotape of the village and 'pointed out guerrillas who they said could be seen in the town, mingling with civilians'. Colombian air force pilots later told the *Times* that AirScan employees routinely supported Colombian military operations all over Arauca,

providing surveillance of guerrilla movements. According to one armed forces crew member involved in the Santo Domingo operations, 'If there were confrontations between the army and guerrillas (AirScan operatives) were always there. They were our eyes.' Another said that AirScan employees 'frequently strayed from their missions to help us in operations against the guerrillas'.<sup>70</sup>

Although military officials initially claimed that the cluster bomb was dropped far from the town and that the deaths of the civilians were the result of a car bomb set by the guerrillas, government prosecutors and subsequent videotaped evidence revealed that the bomb was dropped from a helicopter directly on the villagers. Two Air Scan pilots, flying in a separate plane with a Colombian air force officer, helped direct the operation.<sup>71</sup> Colombian federal prosecutors sent metal fragments taken from the bodies of two deceased villagers to the FBI, which identified the shrapnel as 'consistent' with a US-made AN-M41 cluster bomb.<sup>72</sup> There is dispute as to whether the targeting of the civilians was intentional or an accident. Videotape conversation also 'makes clear that the pilots were in constant contact with a commanding officer at Caño Limón, the name of [Occidental's] oil complex'.<sup>73</sup>

During an initial stage, the *Times* reported that as part of the investigations of the killings it was difficult to trace the actions and whereabouts of the AirScan employees precisely because their status in the country was unclear. Although AirScan, a foreign-based private security company, was originally contracted by a US oil company, its employees became increasingly enmeshed in providing counter-insurgency assistance to the Colombian armed forces in a strategic oil-rich zone where US multinational oil interests were under attack. At the time of the Santo Domingo incident, AirScan was apparently in the pay of the Colombian state oil concern, Ecopetrol. In January 2003, the US State Department banned military assistance to the air force unit involved in the case.<sup>74</sup>

This case reveals the ways in which the agendas of local, national and transnational actors related to conflict over oil overlap and the ways in which conflict is reshaped by these intersections on the ground. It illustrates the complex interactions that occur when the security priorities of external economic actors – in this case two private American companies, in league with Colombian government actors – are embedded in a local context of conflict, and it highlights the consequence of this for local communities. It thus underscores the importance of a linkages approach.

The reality that various entities and groups create mechanisms and employ different actors to protect oil-derived revenues, provides only a partial illustration of the role of transnational linkages in fostering the relationship between oil and conflict. Petroleum production is accompanied

by arguments that aim to legitimate particular uses of security forces or rebel violence. For example, the Colombian state claims by destining resources to protect oil installations, it is defending the 'national interest' – its pillar of export revenues and development monies. Government officials cite the increasing role of petroleum exports in the national budget to defend the legitimacy of devoting troops and resources, including augmented US counter-insurgency aid, to the protection of pipelines. Insurgents, meanwhile, attempt to legitimate attacks on oil installations, kidnappings and charging of extortion/protection rents by claiming foreign operations are illegitimate and imperialist. These important discursive aspects of the relationship between oil and conflict are embedded in transnational processes and the context of the broader global economy, as we argue in the fourth and final section below.

### **Legitimization, Petro-Violence and National Security**

To understand the ways in which national states and multinational companies legitimate private or official militarization of oil infrastructure, on the one hand, and belligerents, on the other, justify attacks on oil infrastructure, it is important to consider claims made about the broader social and economic effects of petroleum development. In Colombia, proponents of US military assistance to petroleum-producing regions suggest that economic development through oil extraction, in the end, will allow the Colombian state to fight and win the war, and thus provide for the common good. For example, Occidental Petroleum Vice-President Meriague highlighted to the US Congress that the failure to develop new petroleum fields could have a 'devastating impact on [Colombia's] balance of payments and impede the government's efforts to stage a recovery from what is currently among the worst economic recessions in the country's history'.<sup>75</sup> Extending military assistance to oil development regions, Meriague argued, would strengthen the local presence of the Colombian state and thereby promote stability and overall economic recovery. By creating employment alternatives, improving infrastructure, supplying social investment, and providing resources for enhanced government presence in areas occupied by guerrillas and drug traffickers, Meriague's logic was that oil development operations would moderate the impact of narcotics wars. Another statement in this vein was the full-page advertisement in 1996 in major North American newspapers, sponsored by multinational oil companies, Ecopetrol and the Colombian Chamber of Petroleum Services, which touted 'a powerful new weapon ... in the war against drugs'. The ad displayed the nozzle of a gas pump.<sup>76</sup>

Despite linkages of oil to the persistence of conflict, Colombian officials commonly stress that the failure to find and develop new oil resources

would spell economic disaster for Colombia if the country reverts to net imports of oil. The extensive 'resource curse' literature in economics and political science has raised a set of important questions about the validity of the claim that oil exports foster economic and political progress, an empirical issue that lies beyond the scope of this article.<sup>77</sup> For purposes of understanding the relationship of oil to the legitimization of conflict, the important point is that the development of new oil production zones becomes deeply entwined with discourses of the 'national interest' and the 'common good'. As Michael Watts succinctly described,

State landed property necessarily converts oil into a theatre of struggle in which its *national* qualities are paramount – an 'oil nation', 'our oil,' and so on ... Oil is unavoidably an engagement with some of the largest and most powerful forces of transnational capital (who show up on the local doorstep) and with all the contradictions of a pact (hardly a social contract) – a Faustian bargain – in which a national project (modernity, development, La Gran Venezuela) – exchanged for sovereignty, autonomy, independence, tradition and so on ...<sup>78</sup>

Claims to defend the 'national interest' take place in the context of Colombia's perceived relationship to the international economy and to transnational and multinational actors. This perceived relationship defines the ways in which notions of 'national interest' and 'common good' are deployed, not just by transnational investors and the Colombian government but also by rebel groups. Rebels, especially the ELN, have legitimated their attacks on multi-national investments with arguments that echo premises of the 1970s' dependency theory:

Our country's energy and biodiversity riches have allowed it not to be positioned as a peripheral country within the capitalist circuit of accumulation. But this advantage keeps it subordinated to the North American strategic objective of national security and the present day and future biodiversity and energy needs of the United States, as well as to the usurious behaviour these resources create among the governing *criolla* class that turns them over and profits from them as if they were their patrimony – socially and politically marginalizing our people who are fragmented regionally ... The sacrifice of consumption of our population has run parallel to the satisfaction of the consumption of the countries of the capitalist world that are considered the 'centre.'<sup>79</sup>

In April 2002, the ELN expanded its justification for attacks on oil installations to include 'defence and conservation of natural resources for Colombians' in the face of 'the wars against terrorism which serve as masks

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for the appetite of the imperial countries and multinationals for the world's oil'.<sup>80</sup> The larger FARC consistently echo these arguments. Despite their own 'taxing' of companies with more than \$1m in assets through self-declared Law 002, the FARC criticized Ecopetrol's supplying millions of dollars in 'war taxes' to the Colombian Armed Forces and emphasized external attacks on the solidity of the state oil concern.

Guerrilla groups have also attempted to obtain social and political capital, and to legitimate their pressure on multinationals, by negotiating with companies to provide funding for schools and public works projects in rebel controlled zones.<sup>81</sup> In April 2002, addressing the Second National Petroleum Conference, the ELN proposed a cease-fire of attacks on petroleum infrastructure if income saved from a decrease in security costs and repairs were invested in regional economic and social development.<sup>82</sup> Companies, in turn, have adopted strategic policies of 'good neighbour' relations and community development, providing everything from chess tournaments and fish ponds, to housing projects and university scholarships, and stressing the 'human face' of the petroleum industry, sustainable development alternatives and respect for culture and the environment.<sup>83</sup>

Such local initiatives notwithstanding, discourses of 'national interest' are commonly used to confront what are described as particularistic claims opposing oil development. Colombia's U'wa Indians, whose ancestral territory includes parts of the departments of Arauca, Boyacá, Norte de Santander and Santander, in which Occidental and more recently Ecopetrol have drilled for oil, waged a transnational campaign aimed at halting Occidental's Gibraltar well project. Occidental's Meriage claimed the U'wa Indians, by opposing oil development affecting their territory, were following their own 'narrow self-interests with total disregard for the harmful impact their actions have on the lives of 40 million Colombians'.<sup>84</sup> Yet indigenous peoples also frame their resistance in terms of the common good, critiquing the skewed results of national development models, and positing a different concept of national interests, human rights and global environmental protection. The U'wa, for example, claim their struggle to keep oil, 'the blood of mother earth,' in the ground will maintain spiritual and environmental equilibrium for their community and for the entire world.

Finally, it is important to note that the mobilization of the notion of the 'common good' or the 'national interest' by a range of political and social movements is often specifically related to the way oil production is embedded in transnational contexts. The *Union Sindical Obrera*, the powerful union of Colombia's oil sector whose struggle to nationalize oil created Ecopetrol, claims it is waging a 'patriotic fight' and 'democratic struggle' to 'establish clear rules that safeguard national interest', in order to protect Colombia's oil sovereignty, to counteract a neo-liberal/

multinational drive to privatize the state oil concern and reduce royalties in favour of transnational interests, and to prioritize the internal energy needs of all Colombians.<sup>85</sup>

## Conclusion

The emerging literature on oil and conflict has done much to establish the empirical connection between variables, but much of it adheres to a national level of analysis. In this article, we have argued for the utility of a conceptual framework which takes account of the interactions between local and transnational actors as well. In Colombia, the re-intensification of foreign direct investment in local extractive activities, embedded within a pre-existing context of violence, has generated particular processes of conflict related to oil exploitation, concretely and discursively. These processes of conflict have posed a threat to the local operations of multinational companies as well as to global sources of supply. Coinciding with an increased willingness on the part of the United States to structure policy around the military protection of strategic energy sources, these interactions have generated a geopolitical response that has reconfigured both the material and rhetorical bases of conflict at the local level.

In recent decades, other resource-rich areas like the Caspian Sea basin, the Persian Gulf, sub-Saharan Africa, and elsewhere in South America, have variously witnessed the importance of both transnational dimensions we have identified in the Colombian case – i.e., the re-intensification of foreign direct investment in the energy sector and the global geopolitics of oil to which the first dimension often becomes linked. The question of the extent to which this conceptual framework will ‘travel’ beyond Colombia is therefore natural. Might closer attention to the relationship of the two transnational dimensions to local security arrangements in other contexts contribute to the construction of generalizations about the contemporary processes linking oil to local conflict?

A systematic answer to this question is beyond the scope of this article. But a brief examination of the dynamics of oil and conflict in Colombia’s neighbour, Ecuador, supports our assertion of the significance of a local/transnational linkages approach in identifying security arrangements as important variables in shaping local conflict. The historical, social, economic and political relationships between oil development and conflict in Ecuador differ markedly from Colombia. Thus, we do not intend to provide a thorough comparison of the Ecuadorian case. We simply intend to illustrate the potential utility of conducting future research within the framework outlined through careful consideration of the Colombian case.

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Conflict over resources, particularly oil, has different meanings in Ecuador. There are no national pre-existing guerrilla or paramilitary armies vying for territorial control or extracting rents through violence. Foreign direct investment, historically by the US multinational, Texaco, and more recently by a variety of companies, has long been a mainstay of Ecuador's oil industry. However, an intensification in recent years of new phases of foreign direct investment in the Ecuadorian oil sector, and an expansion of the 'oil frontier' deeper into the Amazonian region,<sup>86</sup> has begun to reshape the nature of conflict on the ground and has begun to introduce new security arrangements between domestic and transnational actors.

For example, private oil companies operating in Ecuador, along with the state oil concern Petroecuador, have recently reached an agreement whereby companies will allegedly pay the Ecuadorian army directly for oil-related security.<sup>87</sup> This arrangement comes at a time when social protests related to a substantial expansion of foreign direct investment in oil exploration and transport services has not only intensified, but has become acutely transnational in scope; on several occasions, these protests have been met with militarization.<sup>88</sup>

Geopolitically of concern to international investors, the Colombian conflict has spread across the country's southern border, complicating security in Ecuador's oil-rich northern Sucumbios province. Colombian insurgents have targeted energy infrastructure there, such as the existing Transandino pipeline, which pumps oil between Colombia and Ecuador, and which was bombed by the FARC 31 times in September 2000 alone.<sup>89</sup> More than 500,000 barrels in exports were held up by the bombing of this pipeline. The Ecuadorian military devotes some energy to protecting the TransEcuadorian tube, which links oil reserves in Ecuador's Oriente region to the Pacific Coast.<sup>90</sup>

This situation has not gone unnoticed by oil industry analysts. A 10 August 2001 report from the *Energy Compass*, an important US-based oil industry publication, highlighted the geopolitical concerns underlying this trend and their relationship to foreign direct investment. The publication noted that the bulk of Ecuador's oil production comes from those northern fields which are:

close enough to the border that guerrilla groups – thought to originate in Colombia or to be influenced by Colombian rebels – have become a threat to operations. The groups have attacked Ecuador's main oil pipeline at least three times and have kidnapped 10 oil workers. And with the construction starting on a new heavy crude oil pipeline, companies are even more concerned about protecting their investment.<sup>91</sup>

Thus, as in Colombia, the dimension of security concerns related to foreign direct investment emerges in Ecuador. Moreover, the geostrategic concerns of transnational actors and US policymakers have begun to surface as potentially important variables shaping emerging local security arrangements there too. The intensification of multinational petroleum production and a spillover of Colombia's conflict into northern Ecuador comes at a time when US military aid and training, as well as direct US military presence, is increasing substantially in that country. In particular, approaching the relinquishment by the United States of control of the Panama Canal in 1999, the US Southern Command (South Com) reorganized, in part to increase the capacity of the US to respond to a litany of perceived threats that are specifically trans-border in nature. In addition to US operating posts inside Colombia, South Com added to its long-term strategy the opening of several new Forward Operating Locations (FOLs), the most notable of which is the 'Manta' air base on Ecuador's Pacific coast. Other new US Forward Operating Locations include Aruba, Curacao and El Salvador.

Thus the transnational linkages, broadly writ, that we have argued shape the relationship between oil and conflict in Colombia appear increasingly relevant, although of a different character, in the Ecuadorian case. These processes recall Le Billon's description of the

restructuring of polities and commercial networks as countries become (selectively) incorporated into the global economy ... in a mutually dependent relationship which encourages and sustains armed conflicts, as the source of power becomes not political legitimacy but violent control over key nodes of the commodity chain.<sup>92</sup>

In short, in the establishment of control over nodes increasingly incorporated into the global economy, transnational actors and their local security arrangements become vitally important to understanding the incidence and character of local conflict. The development of oil production and export creates a new landscape of conflict, one in which struggles to control resource-rich territory become paramount for a variety of local/national/transnational actors. Yet these processes are embedded in a particular international political and geopolitical economy of resources. Thus, especially in the case of oil, the range of fundamental actors involved in these interactions has expanded well beyond the state and those opposed to it. To deepen our understanding of this nexus, we must find new ways to consider linkages and interactions among local, national and transnational actors and their relationship with the global economy.



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## ACKNOWLEDGEMENTS

We express our deepest gratitude to Terry Lynn Karl, who helped to launch us on this project. For their readings of earlier versions of this manuscript, we would also like to thank Hayward Alker, Jennifer Bussell, Marc Chernick, Catherine LeGrand, Arne Jacobson, Michael Ross, Suzana Sawyer, J. Ann Tickner, Michael Watts, members of the 'petro-group' at the University of California, Berkeley's Institute of International Studies, panellists at the International Studies Association's annual meeting in 2002, participants in conferences at the Center for Latin American Studies at Stanford University, the Hemispheric Institute on the Americas at the University of California at Davis, and the Universidad de los Andes, Bogotá, Colombia, and the two anonymous referees. Leslie Wirpsa gratefully acknowledges the Program on Global Security and Cooperation of the Social Science Research Council for support of fieldwork in Colombia. Any remaining errors are our own.

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15. The finds included the Guando field, in Tolima department, discovered in June 2000 by

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  62. Ibid.
  63. C.I. Rueda G., 'E.U. cuidará sus intereses en Colombia', *El Tiempo*, 10 Feb. 2002.
  64. Klare (note 10) p.6.
  65. Klare (note 10) p.214. In 1980, President Jimmy Carter insisted that any attempt by hostile powers to constrict the flow of oil in the Persian Gulf would be 'repelled by any means necessary, including military force'. Klare (note 10) pp.4–5.
  66. Gómez *et al.*, 'Narcotics and Economics Drive U.S. Policy in Latin America', p.2.
  67. Meriage (note 23).

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69. For over a decade, US military policy in Colombia has been limited legally to anti-narcotics assistance; however, human rights organizations and policy analysts have frequently linked US support to the Colombian military, and indirect support for paramilitary groups, not only to counter-insurgency, but also to gross violations of human rights.
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71. T. Christian Miller, 'Colombia: Videotape Shows Americans' Role in Village Bombing', *Los Angeles Times*, 16 March 2003.
72. A more recent FBI report stated that 'the size (of the elements of the bomb) was so small that they could not be identified' and thus the analysis produced 'negative results'; 'Molestia en E.U. por intento en Colombia de desviar investigación de bombardeo a Santo Domingo', *El Tiempo*, 23 Jan. 2003.
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80. Ibid.
81. Richani (note 30) p.86.
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84. Meriague (note 23).
85. See, for example, Unión Sindical Obrera, 'La USO y su Lucha por una Política Nacionalista', paper presented at the Second National Petroleum Congress, Bogotá, 23–25 April 2002.
86. Ecuador aims to boost oil production from 390,000 bpd to 612,000 bpd over the next four years, and increase exports to 456,400 bpd, with new Amazonian developments and a doubling of transport capacity through the controversial \$1.3bn Heavy Crude Pipeline project, with investment from a consortium of six foreign oil companies and one construction firm. 'Ecuador plans to bump up output', *Energy Compass*, 17 April 2003.
87. 'Ecuadorean Producers to Pay Military Protection', *Energy Compass*, 10 Aug. 2001.
88. In February 2002, for example, municipal authorities, indigenous movements and local peasants in the north paralysed crude production for two weeks in the bi-provincial oil hub of Sucumbios and Orellana provinces, near the Colombian border. This region produces 60 per cent of Ecuadorian crude and contributes more than 40 per cent to the government's central budget. These strikes demanded that the consortium building the Heavy Crude Pipeline invest \$10m in infrastructure and social projects as compensation and that the government improve local electricity services and roads. The government declared a state of emergency there, deploying security forces. At least one protester was killed by troops.
89. Ferrer (note 29); Steven Dudley, 'Rebels Pull the Plug on Colombian Exports', *The Washington Post*, 23 Nov. 2000.
90. See <<http://www/amnesty-usa.org/justearth/countries/ecuador2.htm>>, (accessed 22 March 2002).
91. 'Ecuadorean Producers' (note 87).
92. Le Billon (note 8) p.573.