

From:

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Tarija (Bolivia) – Natural Gas Extraction

The Department of Tarija lies in southeast Bolivia bordering with Argentina and Paraguay. Covering an area of 37,623km² and with a primarily mestizo¹ population of approximately 400,000 (Census 2001), the Department is home to over 20 indigenous groups (with the *Guarani* being most numerous) and a growing number of migrants from the highlands. Tarija has long occupied a marginal position in Bolivia's economy and politics. However, the discovery of vast natural gas resources in the region in the late 1990s, considered to be South America's second largest gas field, is rapidly transforming the region.

The extent of these natural gas reserves, coupled with a favorable legislative framework until recent years, has attracted foreign direct investment eager to extract, process, transport and market natural gas and its derivatives to energy hungry neighbors such as Brazil and Argentina, and to a lesser extent supply the domestic market with a source of cheap, clean energy. But the process of extracting and monetizing this new found wealth has been less than easy, producing frictions and conflict at the local, regional, national and continental levels. Indeed the struggle to define who owns Bolivia's hydrocarbon resources and how the rents they generate should be divided among different actors led to the 2003 Gas War and the successive departures of three presidents within two years. This period of political instability culminated in the election of social movement leader Evo Morales as President in 2006. It also led to his political party, the Movement Towards Socialism (MAS), becoming the main party in parliament and subsequently in the new Constituent Assembly (Perreault, 2006).

The key sites of natural gas production in the Department of Tarija are found almost entirely within the Province of Gran Chaco, (one of six provinces in the Department), the largest blocks being Tarija West (Block 20), San Antonio and San Alberto, El Dorado and Caipipendi. The last block, Caipipendi, holds the Margarita gas field, considered to be the largest of all, with estimates ranging between from 10.5 to 13 tcf of reserves. Beginning in 1997 the Margarita gas field operated as a joint risk venture between Chevron, British Gas and Yacimientos Petroliferos Fiscales Bolivianos (YPFB), the state-owned oil firm. However following a number of mergers and sales REPSOL eventually came to operate the concession (via its subsidiary Maxus) along with its partners British Gas and Pan American Energy (a subsidiary of British Petroleum). Between 1998-2001, exploration activities intensified and together with the gas fields of San Antonio and San Alberto, the state declared that these three fields likely held two thirds of Bolivia's proven and probable reserves. As exploration activities have increased, so have the number of conflicts between indigenous communities and hydrocarbon firms. The Margarita gas field for example, is sited on land belonging to the TCO Itika Guasu - in other words, the gas is literally under the feet of indigenous peoples.

Historically, the Guaraní people inhabited the expansive Chaco region of middle South America. The Asamblea Pueblo Guaraní - Itika Guasu² (APG-Itika Guasu), the

1 *Mestizo* is a Spanish term that refers to people of mixed heritage (European and indigenous) in Latin America.

2 The Guaraní name Itika Guasu means Big River and refers to the Rio Pilcomayo, one of the main waterways in the South American Chaco. A number of Guaraní settlements are located on the banks of the river.

representative organization of Guaraní peoples in this region, was created in the 1990s as a response to environmental contamination of the Rio Pilcomayo (caused by upstream mining) and as a forum to defend and promote the interests of Guaraní communities in the region. The organization represents some 600 families (approximately 3,500 individuals) and their lands have the legal status of Communal Lands of Origin (Tierra Comunitaria de Origin or TCO) which lie primarily within the Department of Tarija and a small portion within the Department of Chuquisaca.

More recently the APG-Itika Guasu has also become involved in conflicts about extractive activities taking place within their lands. Accumulating social and environmental impacts have led to a series of long-running but sporadic disputes with REPSOL. Guaraní leaders insist that the firm had not been given authorization to be present on indigenous lands, that its operations have caused significant environmental damage and cultural harm, and that more generally the company has failed to make good on promises (Oxfam International 2007). In this context, and in alliance with a group of local, national and international NGOs, the APG-Itika Guasu has pursued a vigorous campaign against the operator REPSOL for both damages caused and to reaffirm the rights of the Guaraní of Itika Guasu.

These conflicts over the environmental and cultural consequences of gas extraction must, however, also be placed in a broader context, one in which Tarija may – after decades of marginality within Bolivia - become not only a national growth hub, but also a hub within continental systems of gas extraction, processing and distribution. Thus it is that, according to one industry report, “private investment, driven by privatization and the prospect of supplying the region's largest and most rapidly developing energy consumer, Brazil, has transformed Bolivia's oil and gas industry” (Center for Energy Economics, 2002). Yet despite efforts toward greater integration and connectedness among South American countries³, continental politics remain sticky. Plans to create South America's new *gas hub* have faltered as international investors remain skeptical about the intentions of the Morales government following his dramatic re-nationalization of the hydrocarbon industry in May 2006. The renegotiation of contracts with all hydrocarbon firms, including Brazil's Petrobras, until recently a key hydrocarbon investor and operator in Bolivia, appears to have cooled investor enthusiasm. At the same time, the government is pressed to meet its commitments to deliver gas to Argentina while simultaneously struggling to cope with acute shortages of gas for the domestic market.

As in other struggles over the extraction of natural resources in the Andes, the community-company conflict at the local level represents a point from which we can examine the ways in which communities alternatively resist, accommodate and/or adapt to the presence extractive industry, while at the same time offering us a point from which to reflect upon the ways in which larger struggles operating at broader scales (over the distribution of rents, forms of development, and the States role in the protection and exploitation of its natural assets) are also being worked out.

3 Refers to IIRSA, the Initiative for the Integration of the Regional Infrastructure of South America, a program of physical infrastructure investments in transport, energy and communications in support of regional economic integration. See www.iirsa.org and www.biceca.org for further information.