
Costa Rica: Oil extortion

The Government qualified as a joke the intention of the Harken Energy oil company to claim, through arbitration, 57,000 million dollars from the country. The company filed a request for arbitration with the International Centre for Settlement of Investment Disputes – ICSID. This body is attached to the World Bank and has its headquarters in Washington, USA.

The threat of the Harken Costa Rica Holdings oil company disappeared both quickly and surprisingly. This happened precisely when wide discussions are going on in Costa Rica on the Free Trade Association of the Americas with the United States and its influence and when the United States is insisting, time and time again, on trade opening for two of its favourite businesses (telecommunications and energy/oil).

The announcement by the oil company that it will withdraw the claim may be part of its strategy to have a card up its sleeve to negotiate with, as it “has given up one of its aspirations, that of international arbitration.” Now the company is requesting compensation for some 15 million dollars for its work in Costa Rica. It will be very interesting to know why when the company signed the Investment Plan with the previous government, the total amount of the investment was US\$2,980,000 and now they are talking of 15 million dollars. This leaves us with some 12 million doubts. The first doubt is whether the company registered a lower amount of investment to pay an environmental bond of 10% -- some 30 thousand dollars. The second doubt is where did those 12 million dollars go? It would be very instructive to know who supplied those “advisory or consultancy services.”

For the OILWATCH-Costa Rica ecologists, this kind of story will become daily news, when transnational company rights are strengthened by means of Free Trade Agreements. As declared by the Government, the company made a breach of contract, as it did not manage to have the Environmental Impact Assessment approved. This was a clause clearly set out in the contract.

Since we have started monitoring this company's activity and track record, we have come to realize how fraudulent this business is. The Harken Company has interests and concessions from Colombia to Belize, crossing the Atlantic coast and wants to include Costa Rica in its geopolitical strategy of taking over a territory and converting the region into part of its transnational business.

It is important to note that in the nineties, the current president of the United States, George W. Bush was a member of Harken's board of directors. According to reports in the New York Times and other US newspapers published in 2002, while he was a member of the board of directors, serious irregularities were observed in the accounting reports, the company's assets were exaggerated, there were non-recorded earnings and taxes were evaded. The result: both Bush and his associates pocketed millions of dollars.

Faithful to its tradition, in Costa Rica the company resorted to similar wheeling and dealing. Oilwatch has observed that during the execution of the bid, the company made transfers from one company to another, it never had an office in the country nor did it do any serious work for the submission of an adequate EIA.

The Action for Anti-Oil Struggles (Acción de Lucha Antipetrolera – ADELA) coalition, together with Oilwatch have carried out a campaign for the past year pressing for revocation of the Hydrocarbon Law, in order to definitively close the door on this type of threat to the country's sovereignty and social and economic stability.

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