China and Colombia: building the peace?

After decades of conflict, will China’s investments in Colombia foster sustainable development following the peace deal with FARC?

Conflict-affected rural Colombia has been earmarked for development as part of the country’s historic peace process (Photo: Norway Ministry of Climate and Environment)
On 24 November 2016, the government of Colombia signed a peace accord with the guerrilla group the Revolutionary Armed Forces of Colombia (FARC), opening a new chapter after nearly 60 years of civil conflict. But in the aftermath of the conflict, unresolved problems of land tenure and displacement, if not addressed, risk destabilising the peace. As China begins to engage with resource-rich Colombia, will its investments help or undermine sustainable development?

As negotiations with FARC progressed, the Colombian government hailed the post-peace deal era as one of multiple opportunities for foreign traders and investors to stimulate economic activity in war-ravaged and previously inaccessible parts of the country.

Elsewhere in Latin America, China had emerged as a major new trade partner, source of loans and contractor for infrastructure projects. The region’s resources – soya, copper, iron ore and oil – helped to fuel China’s rapid growth and to meet its food and energy security needs. High Chinese demand buoyed export-oriented Latin American commodity producers for nearly a decade.

But the social and environmental risks endemic to rapid growth in resource extraction and, more recently, infrastructure building, have generated strong opposition from affected communities when projects have not been responsibly managed. In countries such as Ecuador and Peru, Chinese metals and minerals projects have triggered violent, sometimes fatal, resistance.

On the first anniversary of the signing of the historic peace deal, formally voted into law after the government of President Manuel Santos pushed it through a divided congress a week later, violence still ravages many parts of rural Colombia. FARC may have laid down their weapons, but the end of the western hemisphere’s longest-running war has opened the door to new conflicts over land ownership and natural resources. Meanwhile, growth is slowing in China, bringing with it the new challenge of slackening demand for commodities from Latin America, where poorly diversified economies have depended on Chinese raw material needs.
Given this unique set of circumstances, and on the eve of the first anniversary of signing of the peace deal with FARC, we present a special series of articles exploring China’s challenges in the promotion of peaceful and sustainable development in the highly sensitive and volatile landscape of post-conflict Colombia.

From Cartagena on Colombia’s Caribbean coast, Fabiola Ortiz reports on the need for Chinese development projects to safeguard the country’s rich biodiversity. Zhang Chun interviews pioneering litigator Zhang Jingjing, who uses legal cases to strengthen civil society’s ability to ensure Chinese companies’ compliance with local environmental laws when operating overseas. Renewable energy expert Marcela Jaramillo argues that Colombia can profit from China’s role as a world-leading manufacturer and supplier of solar panels to reduce energy poverty in rural Colombia. Robert Soutar gauges the social opposition to extractive industries in Colombia and the new operational risks for foreign investors eyeing the sector. Mariana Palau questions the local benefits of the Chinese-backed development of poverty- and conflict-stricken port city Buenaventura on Colombia’s Pacific coast. As part of a unique paired journalism fellowship, Andrés Bermúdez Liévano and Ma Tianjie offer Colombian and Chinese perspectives on a controversial oil project belonging to China’s Sinochem in the former FARC stronghold of Caquetá, on the fringes of the Amazon.

At this historic juncture, the nascent China and Colombia partnership has an opportunity to embrace sustainable economic development that avoids the conflicts stimulated by Chinese projects elsewhere in the region, a model of development in which communities worst affected by Colombia’s legacy of violence could participate.

The articles in this series offer a snapshot of the critical China-Colombia relationship and a timely insight into its potential to bring peaceful, sustainable development to this most troubled country and its people.

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Chinese investment can help conserve the environment in peace process Colombia

Colombians want Chinese investors eyeing opportunities to apply domestic environmental standards

“We need to make peace with nature,” Luis Murillo, Colombia’s environment and sustainable development minister, told a crowd of around two thousand biodiversity specialists at the International Congress for Conservation Biology (ICCB 2017) in the coastal city of Cartagena, the 28th such meeting of the scientific forum.

Colombia is at a historic juncture after ratifying a peace accord with guerrilla group the Revolutionary Armed Forces of Colombia (FARC) in November
last year following five years of negotiations. The conflict with FARC lasted over fifty years and left a trail of 220,000 deaths, 60,000 missing, and seven million internally displaced persons, many from rural areas where land ownership was fiercely disputed.

"Nature was a silent victim of this conflict, and to recover these ecosystems we need research. Peace will allow us to mobilise many resources to promote development," Murillo said. He added that agreements with the FARC have had major implications for conservation and it has allowed the government to reach an area with a great wealth of biodiversity "that we [Colombians] were previously not aware of".

However, new risks now lie in these areas as other armed groups fill the vacuum created by FARC’s absence, researchers warn.

"The guerrilla groups occupied many areas, had territorial control, and ruled over agriculture and illegal activities. When they left these territories, the state was not immediately able to occupy these areas, which created a gap of governability," Thomas Walschburger, science director at The Nature Conservancy, told Diálogo Chino.

**Post-peace deal opportunities**

Experts say that Colombia in a post-conflict scenario could become a country of opportunities for foreign investors eager to penetrate and exploit natural resources which had been inaccessible for decades.

"There will be a process to strengthen activities in petroleum, energy, and agribusiness development. But no one has an innovative version that incorporates the biodiversity potential of the country," said Brigitte Baptiste,
a biologist and director of the Alexander von Humboldt Biological Resources Research Institute.

The peace agreements have encouraged entrepreneurs, according to Li Nianping, the Chinese ambassador to Colombia. In May this year he estimated that a wave of investments totalling around US$10 billion would arrive in the next few years.

China has established itself as Colombia’s second largest trading partner, and now wants to become involved in the post-peace deal reconstruction of the country.

In March this year, investment promotion agency ProColombia held a forum in Beijing in an attempt to give a new boost to economic development. It focused on infrastructure, energy, agribusiness, and tourism.

In 2015, there were only 20 Chinese companies operating in Colombia. Today, they number 70. To facilitate the entry of Chinese capital, the Colombian government has decreased taxes, as ProColombia director Alejandro Valencia told the press during a business trip to Beijing. Environmental protection and research also figure among the goals that the Colombian government wants to encourage with resources from overseas.

For Baptiste, foreign investment is welcome “from China or from anywhere else”. But she hopes Colombia will prioritise investments that have safeguards, quality controls, and a clear concern for the environment.

“This is not the case in many Chinese cooperation agencies,” Baptiste says. She argues that Chinese companies are gaining political ground with their action and capital, without too much interest in the subject of the environment.

Colombia needs a clear idea of the level of investment such companies are willing to make for good biodiversity management. Baptiste said: “If Colombia reduces its standards, without a doubt we will have poor quality investments that put the future of the country at risk.”
Chinese allies?

Baptiste says Chinese investors can be allies with the scientific community in environmental conservation: “Environmental management in China is very innovative and top-quality. We would ask them to apply the same standards they have in their country here.”

When asked by Diálogo Chino how China could help Colombia promote sustainable development in the context of the signing of the peace agreements, Murillo stated that there are “many environmentally friendly investment opportunities”.

The minister said some 25 to 30 million hectares of land previously used for agriculture could be converted into forests. “China may be interested in this topic. We could have a food production chain without deforestation in Colombia that creates jobs for local communities, and even strategic alliances between the government, the private sector, and communities,” Murillo said.

“In 2010, we had 13 million hectares [of forest] in 59 protected areas. Our goal is to double this to 26 million protected hectares in the coming years," he announced. Murillo also hopes that China will be interested in investing in the carbon credits market.

The country recently created a carbon tax and payment system for ecosystem services. Murillo hopes that this will stimulate investments in local projects for environmental conservation. According to projections from the National Planning Department, the country expects this initiative will help generate approximately 7 billion Colombian pesos (US$2.3 million) per year.

“We will also submit a draft bill on climate change next week to create a carbon market in Colombia. The idea is to receive contributions from the international private sector," Murillo said.

The minister added that he has halted all requests relating to mining and petroleum extraction in the Amazon basin. Murillo said: “These activities are prohibited in protected areas. Some of the areas we set aside, like Parque de Los Nevados and the open lands in [the central department of] Tolima, as
well as areas of the Pacific, are some of the most attractive areas for mining companies and need to have mining prohibited.”

Murillo added that mining must be sustainable and responsible, but this type of activity attracts settlers to the forest and drives the expansion of the agricultural frontier. “We cannot fight against this now if we do not halt exploitation in these areas,” he said.

**Promises amidst obstacles**

In spite of the minister’s proclamations, there are signs that a series of obstacles to environmental protection remain. For example, the rate of deforestation in Colombia soared 44% in 2016 compared to the previous year, according to a recent announcement from the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM).

Last year, 178,597 hectares of forest were destroyed, the study said. The situation is worse in the Colombian Amazon, where 34% of the deforestation registered in 2016 was concentrated in the states of Putumayo, Caquetá, Meta, and Guaviare. The main drivers of forest loss are extensive livestock ranching, coca cultivation, illegal mining, forest fires, and road infrastructure, the report said.

Furthermore, the situation facing those defending the environment is becoming increasingly lethal. Colombia witnessed 37 killings of environmental and land activists last year, a record high according to recently published research by UK NGO Global Witness.

“We need to protect human rights defenders and environmental activists,” Murillo said, adding that the government plans to allocate mountain- and forest-based security personnel to improving security in rural areas.

At the 2015 Paris climate conference, the Colombian government pledged to bring its net rate of deforestation in the Amazon to zero by 2020. In the wake of this widely acclaimed goal, countries like Germany, the United Kingdom, and Norway declared that they would invest US$100 million, albeit gradually as the country proves it is battling deforestation.
However, projections hit a snag on July 22, when Colombia’s planned 2018 budget was leaked to the press. The ministry of the environment is expected to have 60% of its budget cut – from 632 billion Colombian pesos (US$208 million) to 232 billion pesos (US$76 million). Divisions including national parks, IDEAM, and the Humboldt Institute will face the most severe cuts, at around a third of their total budgets.

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China needs urgent oversight of investments’ overseas footprint

Lawyer Zhang Jingjing says China needs legal requirements for overseas investment, not guidelines.

With the advent of the One Belt, One Road (OBOR) initiative, China’s ever-increasing overseas investments have been attracting more attention. In Latin America alone, China has direct investments worth over US$110 billion, and in countries such as Brazil, China’s investments rank alongside those of the US and Spain.

Accompanying this, and due to weak environmental and social awareness, there have been frequent failures in how Chinese companies
deal with communities in the host countries. Recent years have seen various government bodies publish guidance on environmental and social performance in overseas investment, but the international image of Chinese companies has not improved.

Zhang Jingjing, an environmental lawyer and visiting scholar at the Environmental Law Institute in Washington DC, has been studying the environmental and social risks associated with China’s overseas investments since 2010. Over the past year she has visited Chinese-backed projects in Latin America, Africa and Asia that have sparked social and environmental conflict in order to learn about the cultural, political and legal reasons for opposition; how the company and the community communicate; and how conflicts are resolved.

We met with Zhang Jingjing in Beijing for an in-depth interview. She was frank: rather than providing information on best practices, China’s government and legislative bodies should be focusing on oversight and accountability, setting a clear bottom line for the performance of Chinese firms working overseas.

Diálogo Chino (DC): You’ve been investigating the environmental risks of China’s overseas investments. What have you learned from this past year? How did the locals you met regard you, a public interest lawyer from China?

Zhang Jingjing (ZJJ): China’s overseas investments have led to many cases of environmental damage and infringed rights. Meanwhile, Chinese firms are very bad at handling community relations overseas.

In my research in Latin America, Africa and Asia this year, what I heard most often in affected communities and from local NGOs is that Chinese companies are not transparent and are hard to communicate with. Many large extractive and infrastructure projects are joint investments by
companies from lots of different countries, but when things go wrong public opinion blames China – as their environmental image is weak, and they’re bad at communicating. I often heard that these companies didn’t deal with problems in the same way as local companies. Often they’d tell those complaining to go and talk to the government, as it was the government that had brought them in.

In the north of Sierra Leone I visited a Chinese iron ore mine. The UK partner had gone bust, so the Chinese company had to buy them out, becoming the sole owner of the project.

When I went there, accompanied by a local NGO, the children in the village were excited and they kept on saying one word over and over. I asked what it was and was told it means “white” – I was the first Chinese person they’d ever seen, so they thought of me as white.

Clearly, none of the Chinese staff at the mine had visited this nearby village. The villagers here in the mountains had never seen a Chinese person before. When we met with the district chief later he told me that in the entire process, from prospecting to the start of mining, he’d only met with two local managers employed by the Chinese firm, but never a Chinese manager.

There is no doubt the mining has affected local life – three villages nearby were relocated, and drinking and irrigation water in those that were not relocated has been polluted, and there’s noise pollution from the opencast mining. The river near the village I visited, downstream of the mine, had a rusty red colour – the pollution was obvious. The district chief reported the pollution and land issues to the company, on behalf of the locals, but the response was that the project had been arranged by the Sierra Leone government and any problems should be taken up with them. That evasiveness and lack of communication was a major feature of that particular dispute.

In 2002, a decade-long civil war ended in Sierra Leone – the country is still rebuilding, and confirmation of land ownership is still ongoing. The land issues in this case were all settled by verbal agreements: relocations, how land was acquired, how buildings were constructed, it was all verbal. There’s
no documentation to specify who owns land. That leaves the risk of conflict between the mining company and the community.

Due to the Ebola outbreak the mine hasn’t actually been running for very long and the water and soil pollution isn’t severe yet. But this is an opencast mine, and there’s a lot of rainfall in the tropics – the heavy metals in the mine are easily washed into the rivers and soil. If appropriate measures aren’t taken to prevent that, we can expect the pollution will get worse and affect the lives and health of the villagers, making conflict hard to avoid.

DC: Colombia has become a new destination for Chinese investment following the signing of the peace deal between the FARC and the Colombian government. But the mining locations China is investing in are often remote and possibly under the control of armed groups. What have you learned about reducing the risk of conflict between investors and local communities that could be applied to this context?

ZJJ: I’ve not heard of any very good examples. The corporate social responsibility guidelines from the China Chamber of Commerce for Minerals (CCCMC), Metals and Chemicals Importers and Exporters could be used as a reference, but that’s a particularly high standard. That's also aimed at the mining industry, it wouldn't work for infrastructure, for example. Maybe you could take some of the principles and use those. More practical would be communication on environmental and labour law between China and Colombia, introducing China’s more advanced legislative and enforcement experiences (such as the Environmental Protection Law, Chapter 5, on openness of information and public participation) to the Colombians, for reference by their legislators and administrative bodies. This is something China is already doing. Many Chinese NGOs are (in accordance with that section of the law) acquiring environmental

“Chinese NGOs are acquiring environmental information, organising hearings and bringing lawsuits, and Chinese communities and individuals are using this to protect their rights”

Zhang Jingjing
information, organising hearings and bringing lawsuits, and Chinese communities and individuals are using this to protect their rights. That’s more practical, and something the Chinese firms can understand.

**DC:** Do you have any advice for Chinese firms considering investing in Colombia?

**ZJJ:** First, you need to have an open approach, to go and communicate with the communities and individuals affected, and with local NGOs. You can’t only talk to the government. You need to be open. A lot of problems can be resolved by negotiation, for example by offering a bit more land (or money), or helping the community improve its buildings, building a good road – these are all very effective. Sometimes it can be as simple as reducing dust pollution.

I’ve studied two cases where disputes arose over mining projects, where the villagers’ complaints were actually very simple – the trucks carrying the ore were huge and the road the company had built wasn’t very good, so there was a lot of dust and noise as they passed through the village. That’s a very simple issue, there’s no need for a dispute to arise, for the police to get involved and even for people to be injured or killed. But in Peru there was a case where a villager was killed in such a clash.

If there’s the will then the company can solve issues like this. I think Chinese managers should realise that it’s not enough just to talk to the government, they should talk to the locals, to environmental groups, even unions. You can't hide from the issues.

**DC:** The Green Finance Committee and several industry associations relevant to overseas investments have recently published an initiative on managing these environmental risks. What’s your view of that? What do the people you’ve met in investment destinations think of these kinds of documents?

**ZJJ:** I’ve seen an English version of it, and while it’s been drafted by different bodies the aims and effects are similar to a 2015 document
on social responsibility in mining investment from the CCCMC, Metals and Chemicals Importers and Exporters and the July 2017 revision of its guidelines for due diligence in mineral supply chains. The intentions are very good, but when it comes to implementation there’s no specific legislation ensuring it actually happens.

In fact what’s more worthy of attention is that Chinese firms overseas, environmental NGOs in the host nations, communities and individuals often misunderstand the nature of Chinese law and policy on overseas investments.

Those NGOs and communities often discuss several documents: the 2012 China Banking Regulatory Commission’s Green Lending Guidelines; the 2012 China International Contractors Association’s Social Responsibility Guide for Chinese Contractors; the 2013 Ministry of Commerce and Ministry of Environmental Protection’s Environmental Protection Guidelines for Overseas Investment Partnerships; and the previously mentioned two documents from the CCCMC. These are all guidelines from administrative bodies and industry associations, rather than laws. There’s currently no single law overseeing the environmental and social impact of Chinese companies working overseas, just regulations scattered amongst administrative regulations and ministerial rules.

In my research this year I found that NGOs and communities in host nations have a confused understanding of this – they don’t see that these documents are distinct from Chinese law.

The CCCMC produced its Social Responsibility Guidelines for Chinese Mining Investment Overseas and included the principles of the UN guidance on human rights for businesses and some other international good practices, such as [International Labour Organisation’s convention 169 on] “free, prior, and informed consent.” These standards are very high. If Chinese mining firms choose to use that document then conflict with

“There’s no single law overseeing the environmental and social impact of Chinese companies working overseas”

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local communities would be greatly reduced, environmental risks controlled, there’d be less infringement on labour rights, and so on.

But as things stand those lofty standards are too hard for the majority of Chinese firms to implement. Although there have been huge steps forward in openness of environmental information and public participation over the last ten or more years, and these advances have been made concrete in the Environmental Protection Law, if you compare Article 5 of that law on openness of information and public participation with those guidelines, you find major differences. The same is true if you compare the guidelines and the environmental law of the host nations.

Both Chinese and host nation law set a minimum standard for the company. The guidelines represent something higher, a best practice the company can opt to apply. It’s pointing the way, rather than something to be immediately implemented, it’s the direction Chinese companies should be moving in.

In theory, guidelines produced by industry associations only apply to companies that are members of that association. The parent companies of the firms investing overseas are members of the CCCMC, but overseas subsidiaries, the joint ventures, the companies they have a stake in or buy outright, which are registered in the host nation, aren’t members. This is a limitation of industry guidelines produced by membership bodies.

When some overseas NGOs read these guidelines they regard them as equal to Chinese law, they think they can use these to apply pressure to the companies. The guidelines will specify that they are non-binding, but as they haven’t understood the difference between the guidelines and the law, as they don’t understand how the Chinese political and legal system works, communities and individuals affected by the work of the Chinese firm think this is a document that the Chinese company must abide by, and that if they don’t, they should be held to account and bear responsibility.

Some overseas NGOs have called for guidelines like these to be given ‘teeth’. These guidelines are standards for corporate social responsibility. If you want to give them the ‘teeth’ to be enforced, that stops being social responsibility, it’s legal responsibility. Corporate social responsibility is
a higher and voluntary undertaking, after a company has done the legal minimum.

**DC:** So initiatives and guidelines themselves have no binding force – that has to come from legislation. You mentioned that China's regulations on the environmental and social impact of Chinese companies overseas are scattered through administrative regulations and ministerial rules, that there's no specific law on this. Could you explain what actual oversight China's overseas investments are subject to?

**ZJJ:** For Chinese companies, at home they’re constrained by Chinese law, overseas by the law of the host nation. Apart from that, you need to look to bilateral investment deals.

There's a certain degree of oversight of overseas investment and business activities at the domestic stage, when approval to send funds overseas is sought: the company has to get approval from the Ministry of Commerce before it can go to the State Administration of Foreign Exchange and transfer the funds. But it's mainly the laws of the host nation that control the environmental and social risks of projects with Chinese investors.

But when it comes to overseas environmental and social risks, the Chinese government approach is one of guidance, rather than oversight. I mentioned policy documents such as the Environmental Protection Guidelines for Overseas Investment Partnerships earlier, most of the articles there use language like “encourage”, even if something like “shall” is used there are no legal consequences for failures to comply.

Can China, as an exporter of capital, avoid the responsibility of oversight? It has to be recognised that in a globalised world, a business's activity is no longer confined within the borders of one country. One of the authors of the UN Guiding Principles on Business and Human Rights, John Roggy of the Harvard Kennedy School, pointed out in an article written this year that under globalisation many multinationals, such as Apple and Alibaba, have more economic influence than some small countries. But there’s no single legal system governing the environmental actions of these actors. These companies have the very best lawyers and accountants, who can help them take advantage of grey areas in the law. Different countries take different
If you want to give guidelines ‘teeth’ to be enforced, that stops being social responsibility, it’s legal responsibility”

Zhang Jingjing

legal approaches to the same matter, and the companies use those gaps to maximise profit. There’s no difference between companies headquartered in China, or those such as BP and Shell in the EU and US, when it comes to the pursuit of profit.

However, multinationals from the EU and US are, at home, subject to more powerful legal systems and can be sued by environmental NGOs and citizens, and so have been forced to develop ways to handle environmental risks and community relations. Meanwhile Chinese firms don’t have a good environmental reputation at home, and overseas are responsible for environmental problems and avoid communicating with communities and NGOs – and so easily become the targets of public anger.

A responsible major economy should exercise some degree of oversight of the business activity of its firms overseas, and China should not shy away from that. It is a very high standard. We need to persuade our government to take up that responsibility. It’s in China’s interests as it’s part of our image as a major power; and it’s in the interests of the businesses, as it’ll reduce the loss of assets through environmental risks and conflict.

China is a signatory to the UN International Covenant on Economic, Social and Cultural Rights, and has obligations under it. In July, the Committee on Economic, Social and Cultural Rights told signatories that when a company infringes on economic, social or cultural rights, the home nation’s obligations under the covenant should not stop at national borders.

China has also made commitments to global action on climate change. In Kenya and Mongolia I saw fierce opposition from locals and NGOs to coal-fired power stations, funded by China, built by China and to be operated by China. Local environmental NGOs have already taken various legal actions against these projects. If the Chinese government does not exercise
oversight over these companies, its commitments to the world are greatly undermined.

Since reform and opening up last century, the government has encouraged overseas investment, with the One Belt, One Road initiative now pushing Chinese firms to work around the world on an ever-larger scale. But if the government does not provide oversight, China will fail to fulfil commitments it has made as a sovereign nation to international society.

However, the government has indicated it is willing to exercise some degree of oversight. The National Development and Reform Commission has solicited public opinion on a draft of its Method for Management of Company Investments and is drawing up a list of sensitive sectors which will require extra approval processes for overseas projects.

DC: Some observers hold that Latin American countries seem to have lowered environmental standards for Chinese firms, and should better enforce their own laws. What’s your view?

ZJJ: I don’t think you can say they’ve just done it for Chinese firms, but for all overseas firms. It’s not hard to see why – they want more investment. But Chinese companies do what they usually do at home, which is to very obviously strive for good relations with local governments in the hope that when conflicts arise with local communities the government will protect their interests.

Some of the African and Latin American environmental and human rights NGOs I’ve talked to say that when Chinese firms are working in their countries their bribery of local officials leads to land, environmental and labour disputes later on. They didn’t have evidence to support this, but it’s something you hear a lot.

Corruption in multinationals is a common problem particularly when they’re working in developing nations where the rule of law is weak. The US used the Foreign Corrupt Practices Act to control corruption in companies with US links, to reduce the likelihood of corruption in deal-making. China doesn’t have a specific law like that yet, just a crime listed in the
Criminal Law, Article 164: bribery of a foreign civil servant or official of an international organisation. So far we haven’t seen any prosecutions for that crime.

How well Chinese companies do on the environment, labour and transparency is determined primarily by the degree of legal oversight from the host nation. In Canada, the US, Australia and South Africa, Chinese firms usually follow the laws, as the legal system is sound and local environmental and human rights groups have many years of experience in taking legal action against polluters. And Chinese companies are happy to work in those countries, as there are fewer risks.

**DC:** And do you have any advice for the overseas NGOs?

**ZJJ:** Learn a bit more about the characteristics of civil society action in China. African and Latin American countries are democratic and have elections, and that’s the environment their NGOs are used to working in. But China has an entirely different political system, and the environmental movement here has been both a top-down and a bottom-up process, using government power. For example in environmental crackdowns, many NGOs worked alongside the environmental authorities. Foreign NGOs that understand this can choose appropriate methods and Chinese partners. Of course, currently there aren’t many Chinese environmental or labour NGOs to choose from. China’s own NGOs are still surviving in the cracks, there aren’t many with the vision and capabilities to look at issues outside China’s borders.

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Clean tech can help Colombia build a strong and lasting peace

Chinese renewables investment can improve energy access in conflict-affected rural areas

Colombia is at an exciting crossroads. Its recent steps to end decades of conflict have coincided with the beginning of the end of the fossil fuel era. This shift brings with it opportunities, and China can be a key partner in a new age of peaceful and sustainable development for the country.

Colombia’s historic peace process with the guerrilla group the Revolutionary Armed Forces of Colombia (FARC) made some important moves forward in August, including the launch of their new political party, the Revolutionary...
Alternative Force of the Commons. This step signals FARC’s integration into the democratic system and marks a critical new phase in the transition towards a new post-conflict era following the signing of a peace accord in November 2016.

But if the accord is to lay the foundation of a strong and lasting peace then it must deliver justice and reparations to victims, integrating 7,000 former guerrilla fighters into civic life, strengthening security and institutional capacity across the country, and bringing rural territory formerly controlled by FARC into Colombia’s economy.

Opportunities in the post-conflict era

Rural areas will be the centre of attention in Colombia’s post-conflict phase. The government estimates that US$43 billion of investment is required to implement the peace agreement over the next 15 years. Of this, 85% will be directed at rural reforms, such as formalising land tenure, stimulating economic activity, and improving the production and trade of goods, as well as reducing the high levels of poverty in these regions.

The National Planning Department claims the peace agreement could help Colombia expand its tourism sector and make the country a global leader in food production. Foreign investment is expected to triple, particularly in agriculture, infrastructure, tourism, and other services.

This will be important in fostering technology transfer and innovation, helping boost productivity, and creating more efficient economic development. But it can also have negative impacts on rural communities, causing friction over access to natural resources, such as water and land, and expanding deforestation, leaving more poverty and desolation behind.

Investments in the post-conflict era – particularly in affected rural areas – will need to be carefully balanced to protect the high biodiversity of areas
encompassing 42% of Colombia’s forests and 50% of national natural parks. This wonderful natural capital is currently threatened, mostly from deforestation linked to activities such as coca growing and mining.

As new foreign investments flow into these regions, high-quality standards that place the protection of local communities and ecosystems at their heart, must be enforced in order to avoid backsliding on efforts to secure a stable peace.

**China’s growing global investment**

Among the countries looking to invest in Colombia is China. Li Nianping, China’s Ambassador to Colombia recently expressed China’s interest in expanding investments in infrastructure and telecoms. Currently, Chinese investment is low in comparison with most Latin American countries but it is on the rise. China is already the second largest trade partner for Colombia after the US. The majority of investment is in agriculture, coal power and oil (including Sinochem-owned Emerald Energy in the Colombian Amazon).

A report by Colombian NGO Ambiente y Sociedad on Chinese investments in Colombia indicates that some of these projects failed technical and contractual standards, as well as causing environmental and social conflicts. More recently, in 2015 China also presented a project to develop an industrial park in Buenaventura – Colombia’s largest port in the Pacific – as well as agriculture and road projects in the regions of Orinoquia and the AltIllanura. These are key areas identified for development now that conflict has ended because access was limited by the presence of FARC.

Such investments from China could triple in the coming years. This means it’s essential that the government secure a minimum baseline for environmental and social standards, but also go beyond this by demanding cutting-edge sustainable practices and the transfer of clean technologies. This is especially relevant when it comes to China. It is the world’s biggest producer of renewable energy and is expected to install a third of the world’s wind, solar and hydroelectric power between 2015 and 2021. China can be an ideal partner to support development of clean technologies across Colombia, including in sectors where both countries have expressed interest in increasing investments, such as in agriculture.
According to Colombia’s minister of Mines and Energy, more than 400,000 people lack access to energy in areas affected by the country’s more than 60 year-long conflict, and many others rely on dirty and expensive diesel generators. Reliable and widespread energy access is key to building prosperity and enhancing quality of life.

The serious development of renewable energy in post-conflict Colombia – both distributed and grid-connected – could help build a market. Colombia is currently lagging behind its Latin American regional competitors, as a recent Bloomberg New Energy Finance (NEF) study showed.

Colombia has much to gain from the global clean technology transition as it opens new frontiers following the peace agreement. In order to seize the opportunity to embrace a sustainable future, it is essential that it attracts new investments in this area from countries like China and that it builds relationships with new international partners around high standards of economic, social and environmental sustainability.

**Marcela Jaramillo** is a Colombian climate change expert, specialising in political and financial approaches to driving the transition towards climate-resilient, low-carbon economies, especially in Latin America.
Social opposition to extractive industries hits all-time high in Colombia

Investors considering post-conflict Colombia need to look closely at new socio-environmental risks

Peace remains illusory for many Colombians a year on from the signing of a historic deal with guerrilla group the Revolutionary Armed Forces of Colombia (FARC).

Tensions over land and natural resources persist in rural areas despite the end of conflict between FARC and the Colombian government. This is in part because the government continues to prioritise the extraction and export of commodities such as oil without properly consulting affected communities,
according to Camilo González Posso, director of Colombia’s Institute for Peace and Development Studies (INDEPAZ).

“The economic model has helped reproduce violence over the past 60 years,” he says.

González Posso recently told an audience at the Javeriana University in Colombia’s capital Bogotá that conflict persists because the state remains susceptible to capture by private interests. The Colombian government has exclusive authority to award concessions for extractives projects through the National Mining Agency (ANM).

Colombia is now entering a phase of “low-intensity” conflict, González Posso says. While the frequency of conflict may have diminished and the perpetrators of violence may be changing, rural communities still suffer the consequences, he added. Earlier this year, another left-wing guerrilla group, the National Liberation Army (ELN), agreed a first ever ceasefire.

Since the 1940’s, Colombia has experienced complex and bloody civil conflicts involving security forces, left-wing guerrilla groups and right-wing paramilitaries that have left hundreds of thousands dead and millions more internally displaced.

Oil conflict

The Nogal oil block in the southern former FARC stronghold of Caquetá is an example of resource-related conflicts taking place all over the country, says Joel Ross, Latin America analyst at UK consultancy Verisk Maplecroft.

Drilling in the Nogal block, which is owned by Emerald Energy, a British subsidiary of China’s Sinochem, will cause irreparable damage to the water and soil that sensitive Amazon ecosystems and communities depend on, opponents say.

"Societal opposition to extractives projects is reaching an all-time high in Colombia," says Ross. He recommends that investors looking at post-peace deal Colombia carry out a “thorough and exhaustive” assessment of potential environmental, social, and policy risks, which also include violence associated with drug-trafficking and illegal gold mining.
Engaging in early dialogue with local communities and understanding communities’ concerns and demands will help mitigate the risk of unrest or social opposition to projects, Ross adds.

Carlos Andrés Santiago, a spokesperson for the Defense Corporation for Water, Territory and Ecosystems (CORDATEC), says: “We’re moving towards conflicts in defence of water, resources and territory.”

The organisation, which opposes fracking in the northern department of César, demands an alternative development model that considers the principle of ‘buen vivir’ (‘living well’ or ‘good living’) and respects the rights of nature.

With the departure of the FARC, the biggest fear for some communities living around the sites of new development projects is what comes next, as the armed group’s presence provided a form of authority and control.

“We are not closed to foreign investment, we are not against development” says Ernesto Ramirez Flores, of the Association of Community Councils and Organisations of Bajo Atrato (ASCOBA), a densely forested river basin in the north-west Chocó department of Colombia that borders Panama.

“What we’re asking is that investment agrees with our culture and our vision, and above all, with the wishes and permission of our communities,” he adds.

Ramirez says that the state has had little presence in the region and that communities co-existed with FARC. He stresses that communities retain the legal right to be consulted on projects in their territory.

Vanessa Torres, a researcher at non-governmental organisation Ambiente y Sociedad (Environment and Society) says many development projects had stalled in Colombia because of the presence of guerrillas. “It’s not just oil, but also mining and infrastructure too,” she says.

The peace deal with FARC set out new norms for the development of the territory the group formerly controlled, including fast-tracking the approval of many projects. The Colombian government says that this facilitates the arrival of foreign investment.
“We have a more attractive destination for business, for the arrival of more tourists to areas of the country that were isolated by war, and for more investors to establish themselves in the country,” Felipe Jaramillo, president of trade promotion agency ProColombia, recently told Spanish newspaper El País.

However, Torres says that plans to grant the executive branch of government more decision-making power over new projects by bypassing the legislature are dangerous. Many of the projects require detailed technical analyses to determine what their impacts will be.

“Going through Congress doesn’t guarantee that a proper approval procedure will take place. But it does give you time,” says Torres, who has had access to some of the proposed projects.

In May this year, Colombia’s constitutional court declared that a 2016 law aimed at streamlining the approval of development projects was unconstitutional. The court ruled that the Legislative Act for Peace, known locally as the Fast Track law, threatened the democratic principle of separation of powers.

Chinese presence intensifies

In May 2015, Chinese premier Li Keqiang travelled to Colombia in the first trip by such a senior ranking politician from China in 35 years.

Shortly before Li’s visit the two countries signed an economic and technical cooperation agreement that would see China disburse funds to Colombia to assist in the country’s process of territorial re-ordering in the post-conflict period. However, this type of agreement does not contain any provisions on social and environmental management.

Colombia is something of an anomaly for an Andean country in terms of its relations with China, according to Torres, who has been following the arrival of Chinese investment in the country.

Unlike Peru and Ecuador, investment has arrived more slowly owing to long and costly processes and accusations by Chinese companies that the Colombian government has favoured Brazilian competitors.
With graft-tainted Brazilian infrastructure giant Odebrecht selling assets in Colombia, China’s presence is “intensifying”, Torres says, but points out that until now investment has focused mainly on hydrocarbons.

Wu Guoping, a Latin America expert at the Chinese Academy of Social Sciences, says that oil is an important source of revenue for Colombia, and that China’s interest in Colombia’s oil meets the needs of both countries.

However, Wu says that around ten years ago, the Colombian embassy in Beijing tried to lobby Chinese companies to invest in its oil sector, but with little success. At the time, Colombia was looking to expand the oil sector and belie the perception that it was only an exporter of coffee.

Today, Colombia needs to diversify its exports to China to include products like fruit, Wu said in an interview with local business publication Portafolio. Wu said the drop in the price of oil has hit the overall value of trade between China and Colombia, and that the latter should look at countries like Chile and Peru, which sell a wider variety of products to the Chinese market.

But with such strong social opposition, extractive industries face more than economic challenges in Colombia. Ross points out that some local authorities are planning to hold popular votes that could ban mining activities in their jurisdiction.

"Any legally binding precedent would be catastrophic for the sector," he says.

Robert Soutar is managing editor of Diálogo Chino, based in London.
China looks to expand Colombia’s Buenaventura port

Pacific port earmarked for development but must navigate land laws and deliver local benefits

Colombia is the only country in South America with access to both the Pacific and Atlantic Oceans. Yet the Colombian government has never taken advantage of this unique position to boost economic development. But now Chinese investors are looking to fix this.

The country has historically favoured trade infrastructure along the Caribbean coast in cities like Barranquilla, Santa Marta and Cartagena. These offer easy
access to its most important trade partners: the US and Europe. But as Asian markets grow, Colombia is looking to pivot towards the Pacific.

**Ambitious development**

The star project it is hoped will kick-start the development of Colombia’s Pacific coast is the Economic Activities Centre in Buenaventura (CAEB).

The CAEB is the National Planning Department’s remedy for Buenaventura’s chronic economic malaise. It’s the pilot project for its ambitious New Cities Program, which seeks to create new economic centres around the country and generate growth in the post-peace deal era. The centre’s promise stems from the rapid growth of cities like Shenzen, China. It aims to capitalise on Buenaventura port’s dynamism to stimulate economic activity between Colombia and Pacific trading partners.

The Buenaventura port is Colombia’s most important link to international markets, generating 27% of the country’s total customs revenue. The port’s potential to facilitate trade with Latin American partners is enormous given its equidistance between Mexico and Chile.

Until now, the growth of the port has generated few economic benefits for the city of Buenaventura itself. “Buenaventura isn’t a port city, it’s a city that happens to be next to a port,” says Julio Cesar Alonso, director of the Research Centre in Economics and Finance at the ICESI University in the western city of Cali.

According to Alonso, because of its extreme poverty, low level of employment and industry, the Buenaventura city government collects little revenue from tax, and the central government has not invested in the city either. This means it’s been unable to develop the infrastructure that port-related businesses need to survive. So wealth generated by the port tends to get reinvested in other cities with better

> Buenaventura isn’t a port city, it’s a city that happens to be next to a port.

*Julio Cesar Alonso*  
*Economist*
infrastructure, like Cali and even the capital Bogotá, some 500 kilometres away. “Any investment to develop in the Pacific coast must be linked with a social strategy,” Alonso says, adding that only by eradicating poverty can this project be a success for its investors.

The CAEB aims to lift thousands out of poverty and put Buenaventura on the world map by allocating vast areas to residential, industrial, scientific, and technological development. Revamping infrastructure for roads, water and electricity is also central.

This model seemed attractive enough for the governments of China and Colombia to sign a memorandum of understanding in which China expressed its intent to invest around US$16 million in the project.

To date, Chinese have invested minimally in Colombia compared to neighbouring countries such as Ecuador and Venezuela. However, as peace deal negotiations with guerrilla group the Revolutionary Armed Forces of Colombia (FARC) progressed, interest in new infrastructure projects increased.

Colombia’s economic relations with China are taking on a new significance as the latter revises its investment portfolio in the wider region. China’s financial exposure to struggling economies such as Venezuela and Ecuador is high because their ability to repay Chinese loans backed by the sale of oil is constrained by low prices. Investors are increasingly looking to help Latin American partners develop industrial sectors beyond those producing raw materials in order to help them move up the value chain.

Alonso, says that under the proposed CAEB model, a Chinese car manufacturing company would receive tax incentives to establish an assembly plant in Buenaventura. Aside from creating local employment, it would also benefit from cheaper shipping costs throughout the Americas. By investing in the CAEB, the Chinese government could create a new launch pad for Chinese businesses in Colombia, and the wider South America region.
The project is still in the initial planning stages but the Colombian government deems it important enough to have appointed its first manager, Buenaventura native Didier Sinisterra. “It’s true that Buenaventura is years behind other port cities like Panama,” Sinisterra told *Diálogo Chino* via telephone from Washington DC, from where he will return to Buenaventura to spearhead the project. Sinisterra has faith in the project’s ability to transform Buenaventura. “Through this project Buenaventura will become a world class city able to compete with others like Singapore,” he claims.

However, there are underlying issues surrounding the project. One of the most pressing is the security threat. Buenaventura has been engulfed in violence associated with Colombia’s decades-long conflict and which still persists today. Illegal mining and drug trafficking have not ceased since the historic signing of the peace accord with FARC. Moreover, illegal armed groups, most of them consisting of paramilitaries who did not demobilise under former president Alvaro Uribe’s demobilisation plan, are fighting to fill the power vacuum the FARC has left behind.

The CAEB offers a potential economic solution to the difficult security situation in Buenaventura. The city suffers from a 62% unemployment rate and many Buenaventurans rely on illegal activities to survive.

Earlier this year, Buenaventura residents expressed their desperation in one of the biggest protests Colombia has seen in recent years. Protestors demanded an improvement in security, more jobs and greater access to drinking water. In response, the government pledged millions of dollars towards better education, health, and electricity access, as well as water infrastructure.

Some protest leaders oppose the CAEB, demanding that the government prioritise the city’s more pressing needs. The government has committed to improve basic living conditions but suggests Buenaventura’s main problem is unemployment, something Sinisterra says the CAEB project can address. “The project will create 150 companies in 20 years, and more than 60,000 jobs,” he says. “Those figures make it clear that this is a project for the community.”
Land ownership

Chinese investors must also contend with complex land ownership where the project is set to be built. Colombian law recognises the rights of black and indigenous minorities, who typically organise into community councils, thereby giving them authority and collective ownership over the territories they inhabit. As home to a large African diaspora around the time Colombia achieved independence in the early 19th century, the Pacific coast accommodates many such councils. Some 70% of the land the CAEB would occupy is owned by two of these councils, known as the Caucana and Gamboa.

For a project like the CAEB to materialise, the government must first consult the councils, which collectively own the land. The territories occupied by these councils are all in rural Colombia, which is notoriously underdeveloped compared to urban centres. Consultations often resemble negotiations in which the councils make demands for infrastructure such as schools and hospitals before they grant approval.

However, the CAEB will conduct things differently. It will be the first infrastructure project to make business associates out of these community councils, which will input into the development of the project.

The Gamboa and Caucana councils have already approved the project but in March 2017 a judge annulled the community councils’ land ownership titles, as the ownership is disputed by another council called Bahia Malaga. A long appeals process has started, with a final ruling expected in around five years. If the councils lose the appeal, they would still have the power to negotiate in a consultation process, even though the land would become the property of the national government.

Representatives at the Foundation for the Integral Development of the Colombian Pacific Region, a non-governmental organisation working for sustainable development on Colombia’s Pacific coast, say the concept of community councils and their right to the land they inhabit has been very hard to explain to the Chinese government.
They fear Chinese investors will be deterred by the time it will take to resolve this issue. But the Colombian government is looking for a solution. As it waits for the final ruling, it has commissioned a new zoning plan for Buenaventura and the CAEB. It has also directed the national registry agency to conduct an audit of land around the project so that it can commission a feasibility plan to present to foreign investors.

In May this year, Chinese delegations visited the site of the CAEB. Their assessment of the project’s costs and benefits could determine whether it will offer an economic alternative to illegal activities and a unique opportunity to empower disenfranchised black communities in a region plagued by conflict and poverty.

*Mariana Palau* is a freelance journalist based in Colombia.
Sinochem stuck without ‘social license’ to extract oil in Colombia

Communities in department of Caquetá oppose drilling amid concerns over impacts on water and wildlife

Though just three metres wide stretching across a small ravine, ‘Resistance Bridge’, which connects a dilapidated road in a remote rural part of the southern Colombian department of Caquetá, has become a symbol of the tension between Chinese state oil company Sinochem and local communities adamantly opposed to their project.

Following three years of poor relations with the farmers of the region, in April this year Emerald Energy – a subsidiary of Sinochem in Colombia – requested an
environmental licence to start exploration of the Nogal block, located at the gates of the Amazon in a key area for post-conflict Colombia.

However, the level of social and environmental conflict throughout Caquetá, which is higher than the Colombian government is prepared to admit, means it’s very likely that the Chinese oil company will be left without a ‘social licence’ – the approval of companies and their projects by local communities. This also makes confrontations more likely.

This situation represents a paradox for the government of President Juan Manuel Santos: it needs the revenues generated by extractive industries to finance the implementation of the Peace Agreement with the Revolutionary Armed Forces of Colombia (FARC), but the sector has faced increasing social opposition since its signing in November 2016.

**From a bridge to a regional anti-oil movement**

In May and June 2015, farmers in the Valparaíso municipality blocked the bridge allowing Emerald employees access to the settlements of La Florida and La Curvinata, where they carried out studies.

The blockade, which lasted 58 days, ended badly. The Colombian riot police (ESMAD) arrived to clear the road and, in the midst of resistance from communities, pelted protestors with tear gas. This resulted in 13 injured, three of them seriously. One was hospitalised for three weeks with a cracked skull.

The episode had a domino effect. Local communities in the neighbouring towns of Valparaíso (11,000 inhabitants) and Morelia (4,000 inhabitants) began to organise. They created ‘Committees for the Defence of Water’, to accommodate leaders and social organisations opposed to the entry of oil companies.

Videos of the bridge confrontation went viral, hence it becoming known as ‘Resistance Bridge’. In Florencia, this planted the seed for a regional movement that took shape against extractive industries – the Departmental Committee for the Defence of Water and Land, which today comprises peasant, political, academic, religious and business leaders. This issue quickly became part of Caquetá’s public agenda, with marches in defence of water that brought together
thousands of people. Local committees sprung up in almost all municipalities of the department.

Why did the conflict escalate so quickly? What caused these communities to mobilise? The stories are different in each community but the patterns repeat themselves. In Florencia, all accuse the company (in this case Emerald) of having acted with a lack of transparency in their planning, and even lying. They rely on the argument that their project is of public interest and a priority for the national government.

"In 2014, we heard them talking about so-called ‘socialisation’ [a process of internalising the norms of a community within the planning process of a project], which we feel is an imposition," says José Antonio Saldarriaga, a slender Valparaíso farmer, and one of the most visible social leaders. "Their message was that “they had the rights to the subsoil by virtue of possessing
the [land] title, and that no one could reverse that. There was nothing for us to do there but to open doors for them.”

In 2015, opponents say that when they met with then interior minister Juan Fernando Cristo, a document appeared claiming they had apparently collectively endorsed the project. But they claim any signatures were actually for refreshments they received that day. Also, the company insisted it had no land of their own there, despite it purchasing a 30-hectare plot in the La Curvinata area.

Communities say that on one occasion, the Mayor’s Office summoned them to discuss a housing project, but they were actually met by Lorena Cortés, Emerald’s director of social relations, and a representative from environmental consultancy Cyma, who tried to get their approval for the environmental impact assessment.

The case of Herney Bermeo, an anaesthesiologist from Florencia whose farm is in the Yumal district, is even more noteworthy.

Emerald employees came to look for Bermeo at the hospital where he works to ask for permission to carry out studies on his farm. Bermeo told them that he was not interested in offers for his land but officials of the oil company visited without prior warning and entered the property by force, accompanied by the army, he claims.

“I never gave them permission, nor did I sign anything. Sometime later, the groundskeeper called me and told me that they were erecting quadrants and carrying out a seismic study. I even talked to them on the phone and they told me they had a legal permit. No one notified me, nor did I see the permit. I hired a lawyer and filed a lawsuit as a means of creating a precedent,” Bermeo says, adding that this year an allocation of 1.8 million Colombian pesos (US$600) from the company appeared on his income tax return, a sum that he never received and which he is still trying to track.

“You can see the company’s arbitrary actions and their abuses. Their only interest is to carry out their study, regardless of whether or not you give them permission. They are a law unto themselves,” he adds.
Diálogo Chino could not verify these incidents with other sources, but they illustrate why relations between Emerald and the communities have broken down. So much so, that since the blocking of the bridge, communities swore not to meet with the company again.

Sinochem declined to be interviewed about the project and its relations with local communities: “Unfortunately at this time we cannot accept your invitation [for an interview]. Perhaps in the future we will be able to do so,” Juanita Latorre, their administrative coordinator in Colombia, responded to our request by e-mail.

No formula for dialogue

Tensions settled somewhat when Emerald no longer had a presence in these rural areas, but are now escalating again as a result of the oil company’s request for an environmental license to begin exploration.

On April 19 this year, Emerald Energy asked the National Environmental Licensing Authority (ANLA) for permission to build 10 well platforms in the municipalities of Valparaíso, Morelia and Milán, in order to find out how much oil there really is. The idea – according to their environmental impact assessment – is to build five wells on each platform to drill somewhere between 1 and 2 kilometres deep to assess quantities of groundwater.

The farmers of Valparaíso asked ANLA for a public hearing as part of the decision-making process, which was supported by 700 signatures. The national environmental agency has already approved the hearing, which at the time of writing has no date but is expected within the next three months. A licensing process in Colombia for a complex project can take between six months and a year.

Communities’ main concern is water.

“We live off the earth. We are cattle ranchers and farmers and we need water for both of these. That is what scares us,” says Jesús Alfredo Gómez, a leader from the San Marcos district in Morelia, whose livelihood depends on plantain, cassava and cane cultivation.
Luis Eduardo Ortiz, a farmer from Valparaíso whose farm falls within the area identified in the exploration license, says: “There has never been clear information about the possible impacts. They only talked about the economic benefits: roads and schools. Wastewater management only came to the fore two years later when we demanded it, but we are still uneasy.”

Communities plan to carry out their own environmental study, which they feel can counterbalance the one presented by Sinochem.

“The idea was to have an alternative scientific and technical study that can be compared with the company’s impact assessment and which can be presented to the ANLA to see if the company’s facts are indeed realistic or if there are gaps,” says Yolima Salazar, Director of the Southern Vicarage, the social branch of the Catholic Church in Caquetá, which has been involved in the process.

The study, funded by Caritas, the non-governmental organisation (NGO) of the German Catholic Church which has supported several of the Southern Vicarage’s projects, was carried out by Bogota’s Terrae Geo-environmental Corporation and led by Julio Fierro, a geologist who has worked in many public bodies including the Ministry of the Environment.

Fierro’s involvement will surely generate apprehension in the oil sector. In the past he has spearheaded highly critical studies in roles at the Office of the Comptroller General under its management by prominent lawyer Sandra Morelli. Fierro has been a harsh critic in other writings on the extractive industry.

A central concern in the communities’ alternative study is Caquetá’s ‘pretty monkey’ (also known as the Caquetá titi monkey), a small red-haired primate, endemic to the region and only discovered in 2010. It is so rare that the monkey is classified as ‘critically endangered’, the most serious threat level identified by the International Union for the Conservation of Nature’s (IUCN) Red List of Endangered Species. Last year, the International Primatological Society included it in the list of the 25 most threatened primates in the world.
“That list shows a betrayal. They are the species closest to extinction, and therefore it should be a priority for the country to prevent them from dying out,” says Javier García, a biologist from Caquetá who teaches at the University of the Amazon. García is one of the scientists who discovered the monkey.

The monkey only lives in a small triangle demarcated by the Caquetá and Orteguaza rivers, and three smaller streams connected to each other. The northern corner of that triangle, where the Pescado River feeds into the Orteguaza is precisely where Emerald is requesting the license to build the wells.

Communities believe the oil company is downplaying the importance of the species. In the environmental assessment, it does not mention the monkey’s level of vulnerability and says that its “status should be verified since during the course of the EIA wildlife monitoring, their presence was not confirmed”.

“In the conservation plan for the Callicebus caquetensis from 2016, the distribution of the species includes that area. In a quickly produced EIA, you might not see it unless you are very lucky, as it is very difficult to observe in the field. But they are noisy and it is easy to recognise their calls. In a serious environmental study that ‘probably’ should read ‘definitely present’, “ says García.

Blanca Barragán, an agricultural worker who lives next to Resistance Bridge, says: “I don’t know them, but we can hear them in the mornings.”

**Tea for three?**

The conflict between Sinochem and communities in the area affected by their project is not unique. It has become a recurring theme in Colombia over the past four years with numerous cases across various departments including Anglogold Ashanti in Tolima, Colombian state-owned oil company Ecopetrol in Meta and Casanare, and with Eco Oro in Santander.
With or without solid scientific arguments, communities are increasingly concerned about possible environmental damage, with scant economic incentive to embrace extractive activities. A 2011 reform to the system of royalties distributes revenues from the extractive sector throughout the country, and not only in the municipalities where they are exploited. Since then, companies and the national government regularly discount concerns as a product of misinformation and insist that they work with the latest technologies and that extractive projects bring progress.

Since there is no space for dialogue where communities, companies and the authorities can converse as equals, the end result is that nobody acknowledges these concerns as valid.

The result is that companies only react when they suspect their operations may be affected by opposition. The government only appears when there is a fire to put out and communities are angered by decisions made at desks hundreds of miles away. De-escalation becomes almost impossible.

Avanza, the only programme on preventative dialogue that has become a government policy, began operating in 2013 and offered a seat for the three parties at the same table in order to address problems before they snowballed. But it ended up being scrapped shortly after it launched in the confusion over a change of ministers. Participants were not even notified of the change.

This has led communities to adopt more legal and political strategies.

The inhabitants of Piedras, a town in the centre of Colombia, were the pioneers. They rescued from obscurity a mechanism of citizen participation called ‘popular consultation’ and in 2013 tabled the question of whether mining should be banned. 99% voted in favour of the veto (2,971 to 24), which in practice left mining company Anglogold Ashanti without a social license for their gold mining project.

“The domino effect of the Piedras consultation has already taken root in the rest of the country and next year will be the springboard for [more] popular consultations,” anticipated Tolima environmental activist Luis Carlos Hernández three years ago.
Hernández may have been wrong about the year, but not by much. In 2017, seven popular consultations were held, with the result of an overwhelming 95% voting ‘no’ to mining and oil. Union the Colombian Petroleum Association (ACP) has identified at least another 32 consultations in progress.

The companies and the national government have unsuccessfully tried to overturn the votes on the grounds that they are not legally binding and that local communities cannot make decisions regarding the subsoil. In Colombia, natural resources belong to ‘the nation’.

The Ministry of Finance is now urging the National Registry not to hold votes that have already been approved in El Doncello, Caquetá, and El Peñón in the department of Santander in the northeast of the country, citing budgetary arguments. The Santos government understands, as a former Minister of the Environment acknowledged, that the votes are a “political fact”.

Communities, however, see the votes as a way of raising the political costs to politicians that disregard their will.

“The Government says that they are illegal. But we see that we are justly applying the constitution and the laws. As a population and as a municipality, we are also a state and we can also make decisions,” says José Antonio Saldarriaga.

Yolima Salazar says: “The legal and technical alternatives, without a social base, would have no validity.”

**Consultation boom in Caquetá**

Two kinds of parallel citizen participation initiatives are taking place in Caquetá.

In Morelia, they are collecting signatures to call a referendum to prohibit oil activity. They have already collected 670 signatures and will present them to the Registry when they have 1,000. With this endorsement, the question
of consultation will be evaluated by the Caquetá’s Superior Court and then the citizens of Morelia can vote.

At the same time, another participatory mechanism is underway that also seeks to prohibit extractive activity. This is with a process called the ‘popular regulatory initiative’, which consists of citizens collecting signatures to present a legislative project to their municipal councillors.

In Valparaíso, communities attempted to advance a popular regulatory initiative, but in 2016, it fell by the wayside due to lack of support from the then mayor. They have not ruled out collecting signatures to call a referendum, although as a first step, they want to see what happens in the public hearing.

This is not, however, a problem exclusive to Sinochem: Ecopetrol and other smaller oil companies face imminent consultations in El Paujil and El Doncello, both in Caquetá.

“Each consultation appears to be a pitting of David against Goliath, but then you see it throughout the whole country. There are so many initiatives that one asks: ‘Why is there not a great national debate on socio-environmental conflicts?’ In the context following the Peace Agreement, these are the country’s new challenges,” says Florian Huber, head of the Colombian office of the Heinrich Böll Foundation, which funds popular consultations.

Given their refusal to discuss the issue, it is difficult to ascertain if Sinochem is aware that the lack of social license makes it virtually impossible to continue their project. But there are indications that the Chinese company has reflected on the problem, as Anglogold Ashanti had to do with a strong, albeit late, self-criticism following the conflict in Piedras in 2013.

On 11 September, the Caquetá provincial government was the scene of a curious meeting in which Emerald brought two experts from the
Conversation Institute, a new NGO from Bogotá that seeks to solve social problems through dialogue, founded by the well-known interviewer Carlos Lemoine. There, they were asked questions such as “if you had integrated with the community differently, do you think they would have accepted the project?” and “How would you recommend improving the process?”

The absence of dialogue between the company, the communities and the national government has prevented parties from achieving a mutually beneficial outcome.

"I think that if we had adopted another form of socialisation, one that would really have been a win-win, we would not have reached the point of almost losing lives, and they might even have convinced us about some things," says Saldarriaga. "But doing things piecemeal is extremely damaging. Confidence and harmony were lost, and these should constitute normal behaviour."

Eduardo Moya, the departmental comptroller and one of the highest-ranking officials at the regional level, says: “The government has not put in place any structure for dialogue in the regions. It is as if the peace process exhausted all their capacity for dialogue.”

According to economist Jorge Reinel Pulecio, who was Caquetá’s education secretary and today heads the peace affairs office of the University of the Amazon: “They are seeing peace as an opportunity to reduce production costs, given that the guerrillas are leaving and the army no longer has to protect the projects. They read it as a business opportunity, without thinking about what the communities want.”

**What model for Caquetá?**

Caquetá has the highest rate of deforestation in Colombia, and therefore it is central to fulfilling the country’s commitments under the Paris Agreement to reduce net deforestation in the Amazon to zero by 2020. This has been instrumental in many citizens of Caquetá asking for a special debate about the future of their department.

“The Amazon requires environmental standards that are higher and distinct from the rest of the country due to its fragility. An ecosystem imbalance
occurs for many reasons. Those of the cattle ranch are an example, but they are reversible. On the other hand, those of oil or mining are irreversible,” says Mercedes Mejía of the University of the Amazon.

In addition, Caquetá was one of the historical strongholds for the FARC and has been hard hit by a war. According to the national registry of the Victims Unit, the department had 339,726 victims in the department – almost three out of four Caquetá citizens. Even Sinochem has directly felt the Colombian armed conflict. In 2011, four Chinese contractors were kidnapped by the FARC in an incident that lasted more than a year.

Even today, the region harbours some guerrilla groups that did not want to lay down their arms with the rest of the FARC, thus creating their own revolt. They have returned to extorting farmers and small producers, villagers of Valparaíso claim.

So what economic alternatives do farmers and local communities see?

Opinions differ. Some speak about moving from more extensive livestock farming to more productive and ecological forest-pasture models. Others are looking at freshwater fish farming with species such as the Colossoma macropomum (tambaqui) or unique Amazonian fruit crops such as the Arazá, (or yellow strawberry guava), and chocolatey cupuaçu and Mocambo fruits. However, in the past these have failed to take off due to a lack of demand. Others bank on ecotourism, in spite of poor infrastructure.

“People want long-term things. What was our obstacle? War. For this reason, it is important for us to promote products such as coffee and cocoa with an Amazonian feel, making them the pillars of the regional economy,” says Eduardo Moya, who was president of the Florencia Chamber of Commerce for a decade.
For that to happen, the region urgently needs the state investment outlined in the Peace Agreement. Its chapter on rural areas – which was one of the cornerstones in the negotiation with the FARC – speaks of the need to bring public goods and services to the countryside, such as electricity, health, education and roads to improve living conditions and opportunities for their inhabitants.

“We have many expectations since the Agreement says that the grassroots action committees will be the protagonists for development in the field. We would like to see this become a reality,” says Luis Enrique Laguna, who represents rural committees in Morelia.

President Juan Manuel Santos brought precisely this message to Morelia’s farmers in July of this year when he chose the town to launch nationwide initiative Development Programmes with a Territorial Focus (PDET), which plans to prioritise and accelerate investment in the 16 regions most affected by violence, the absence of the state and poverty.

“The important thing here is to understand that this is a development plan that for the first time is going to take place from the bottom up and not from the top down. It will not be the director of planning, or the minister of finance or the national government who will come to Morelia to say to you: 'we will build this road here and we will invest money like this. No, you are going to tell us,” Santos promised the farmers.

The irony did not escape those who heard it and are who engaged in the fight with Sinochem.

As leader Hernando Cuéllar says: “he came, he admired the richness of the fauna and the lungs of the earth, and spoke about us making plans for the territory. But when we want to talk about oil – nothing.”

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Oil, monkeys and guerrillas: Chinese companies face problems in the Amazon

Challenges facing Chinese oil company in Colombia test China’s resource strategy for Latin America

The Andes mountain range runs along the western fringe of South America like a giant windbreak. Inland, to the east, gentle plains give way to dense forest and eventually the vast Amazon rainforest. One tenth of the world’s known species live here, and the respiration of hundreds of millions of trees give it the name ‘the lungs of the world’.

At the foothills of the Andes on the northern edge of the Colombian Amazon lies the small border town of Florencia. The capital of Caquetá province, Florencia...
is one of the mountainous country’s gateways to the rainforest. In the central square, nearby palm trees stand tall against a backdrop of distant mountains.

On June 8, 2011, four Chinese engineers were kidnapped by armed men 150 kilometres north-west of here, in a place called San Vincente del Caguán, and held captive deep in the mountains. The four were employed by a company subcontracted to Emerald Energy, a subsidiary of China’s Sinochem Group. The kidnappers were members of FARC, Colombia’s radical leftist guerrillas. Since commencing armed struggle against the Colombian government in 1964, FARC has used kidnapping and the drug trade to control territory outside the reach of the Colombian government and attempt to achieve political aims it says represent the grassroots population. Statistics show that 220,000 Colombians have died and around 7.3 million been displaced during the 52 year conflict – a heavy toll for a country with a population of only 48 million.

In the then FARC stronghold of Caquetá, Chinese oil workers found themselves tied up in a civil conflict in a foreign land. In November 2012, after 17 months in captivity, the four workers were freed – not because of a ransom payment or daring rescue, but because of a fundamental political change: In October 2012, FARC and the government had started historic peace talks, and the release of the remaining foreign hostages was a symbol of good faith.

Four years later the country witnessed another historical change.

**A historical peace – and business – opportunity**

On November 24, 2016, after four years of talks, the two sides reached an overall peace agreement after the rejection in a referendum the previous month and the renegotiation of a new deal with significant amendments. After half a century of fighting, FARC and the government ceased fire and Colombia entered a post-conflict, or at least a post-peace deal (post-
Peace meant very real opportunities for Colombia’s political and business elite. When the peace talks started in 2012 Santos embarked on a China “roadshow”, inviting Chinese firms to invest in Colombia as part of China’s "going out" strategy whilst in Shanghai. On the eve of the referendum on the peace deal Colombia’s ambassador to China, Oscar Rueda Garcia, said in an interview with the Xinhua news agency that the positive changes brought by the peace process would mean more investment and partnership opportunities for Chinese firms, including reconstruction in conflict and rural areas.

Chinese firms were cautiously optimistic about the improvements in Colombia’s investment environment. According to analysis by the China International Chamber of Commerce for the Private Sector, mining, travel and agriculture would be open for investment, but companies should be wary of violent crime filling a vacuum left by FARC.

**Dissent in the mountains**

After the trauma of the kidnap, Sinochem finally had the peace and opportunity it had been waiting for. The company has witnessed political, economic and environmental changes in Colombia – it has worked in the country since 2009, when it purchased UK firm Emerald Energy, which owned assets mainly in Colombia and Syria. The acquisition gave Sinochem a number of oilfields in Colombia, making the country a reliable supplier of oil to the group. Colombia is South America’s third largest producer of oil, after Venezuela and Brazil. In 2013, with the security situation improving, Emerald Energy announced the exploration of three new oilfields in partnership with the national oil company. Of these, the Nogal block in Caquetá was regarded as enjoying “low prospecting risk, high resource potential.”

But the development at Nogal hasn't received a wholehearted welcome in Florencia, or Caquetá more broadly. The 240,000-hectare block isn't far to the south of the city and encroaches on the Amazonian regions of Morelia,
Milan and Valparaíso. Before drilling can officially start, Emerald Energy needs to carry out stratification and seismic testing across about 20,000 hectares.

There is much debate about the project in the village of Valparaíso. It takes three hours on a rural bus and then a motorbike over bumpy roads to get here. Wide and beautiful mountain plains are studded with patches of pristine forest, with livestock and horses grazing leisurely. Farming couple Blanca Barragán and Simeón Cortés have built a simple wooden home here. Ripe oranges hang from the trees out front, while a sapphire blue parrot rests in the branches. In the kitchen Blanca is preparing dinner and recounting the time she was electrocuted by a river stingray whilst fishing in the forest.

The last of the evening sun filters in through cracks in the walls, illuminating the faces of several gathered farmers.

“We’re farmers, the oil industry won’t mean anything for us,” said the youthful Rigoberto Valencia, the most talkative of the group. He worries the seismic testing will affect the local water supply. Farmer Jose Antonio Saldarriaga told me that he raises over 100 head of cattle and plants corn, bananas and cassava on his farm. There’s also a patch of pristine forest, watered by a small stream and a spring. “The farm is our only livelihood.” Wastewater and possible leaks from oil drilling are a concern for the farmers.

Emerald Energy has not ignored these worries. Back in 2014 the company arranged a number of meetings in Caquetá to tell community representatives about the project. The environmental impact assessment for prospecting in Nogal was completed late last year. The assessment evaluated the
impact of work on the local water, forests, biodiversity, the community and economy. The assessment said there would only be "usual negative impacts" on water quality.

But the meetings weren’t enough to convince the locals. “It was more like a one-sided lecture,” complained Saldarriaga. The villagers are also critical of some of the report’s conclusions, particularly those regarding one of the area’s endangered animals, a monkey called the Caquetá titi (Callicebus caquetensis). The report said that: “Although there is data showing the monkey lives in this region, no sightings were made during the evaluation period.” The villagers think that might have been deliberate. “We hear them in the trees on our farms!” said Luis Eduardo Ortiz, pushing open the door and pointing off into the forest. Javier Garcia, a biologist at the Universidad de la Amazonia and the discoverer of this species of monkey, says it does live here – and that its distinctive call is easy to identify.

**Increasing opposition**

The villagers have long lived under the shadow of armed conflict, and it isn’t just environmental concerns that make them wary of the oil industry. Prior to 2006 FARC occupied the forests deep in the mountains of Caquetá, and private militias (called paramilitary groups in Colombia) sprung up to combat the guerrillas. The constant fighting forced many villagers to leave.

The villagers are worried that the arrival of the oil companies will end a long-awaited peace and that the influx of money will cause disaster. “The militias signed a deal with the government ten years ago and disarmed – but not completely. The temptation of all the oil money may tempt some of them back into organised crime,” said Yolima Salazar, head of the community affairs office of the Catholic Church in Morelia.

In June 2015, worried villagers of Valparaíso decided to step up their efforts, blockading the only road to one of the seismic testing points to prevent the company from carrying out its work. The riot police were sent in and used tear gas to disperse the villagers. One villager, Juan Pablo Chávez, was left bleeding badly after being struck by a tear gas grenade. Many others were hurt. Violence had returned to the mountain village, albeit for different reasons.
Meditating on the Amazon

Jorge Reinel Pulecio is head of the “Peace Coordination Office” at the Universidad de la Amazonia. His office aims to bring each party to the peace agreement into education and research to help find a way forward for this conflict-ravaged place. On the controversy over Nogal, he said: “The peace agreement was a watershed. One thing the villagers think they should have is the greater right to be heard [as] promised in the peace agreement; the other is that the government and big businesses see a chance to reduce costs.” Before the ceasefire security costs and even ransoms were part of doing business in FARC-held areas – money that companies no longer need to spend.

Sinochem and the local community may have differing opinions on how fierce the opposition to the Nogal project is. As a signatory to corporate sustainability initiative the UN Global Compact, Sinochem lists public welfare undertakings in the region in its annual corporate social responsibility reports, including supporting training in local traditional woodworking skills and building roads. Emerald Energy has also held the usual meetings about the project. In September this year it employed a third party body, the Institute for Conversation, to talk with local representatives, NGOs and academics. According to Caquetá regional government official Carlos Ramirez, who attended those talks, the company has recognised the problem it faces with negative public opinion.

Although locals complain about some of the things Emerald Energy has done during prospecting, such as starting work without landowners' permission, these are hard to confirm.

But what is certain is that there are underlying divergences on how the edges of the Amazon region should be developed, and this breeds
opposition. As Jesus Alfredo Gomez of Morelia said, they have a “fundamental” opposition to oil companies working here.

As Gomez speaks, Hernando Cuellar walked into the yard behind us and gifted me a plump golden fruit. “It’s called arazá, unique to the Amazon.” I ate it skin and all – the flesh was soft and sweet, and tasted a bit like a mango. “The quality of the fruit here is fantastic, but we can’t transport them, so they rot on the ground,” he said, pointing at the fruit lying in the yard.

The farming families here go back generations and have their own ideas about how the region should develop – ideas which are shared by others. Catequá’s financial comptroller Eduardo Moya thinks the “uniqueness” of the Amazon region means the government should treat it differently. That uniqueness comes from “a more vulnerable environment” and “high value added products” – value that stems from preserving the environment and sustainable methods of production. “Coffee, coca, fruit, even freshwater fish – all of these have potential on international markets.”

Back in the wooden hut in Valparaíso I asked Rigoberto what other development opportunities there are for Caqueta, if not oil. “We need the chance to bring our products to market, we need good roads and agricultural technology.” He pointed at the dirt road running past the firm. “How are we meant to compete with anyone else?”

In his Nobel Peace Prize acceptance speech, President Santos said: “It is quite comforting to be able to say that the end of the conflict in Colombia,
the most biodiverse country per square kilometre in the world, will yield high environmental dividends.”

But in Florencia many are dubious about the national government’s concern for the environment. Support for oil drilling in the Amazon has cast a shadow over showy international environmental commitments – as part of the Paris Agreement Colombia has promised Net Zero Deforestation by 2020. In 2014, Colombia also signed up to the Bonn Challenge to restore 1 million hectares of forest by 2020, an action that would sequester an estimated 90 million tonnes of carbon dioxide.

The opposition in Florencia reflects a fundamental challenge facing China’s energy investment strategy in Colombia, and even Latin America as a whole. Kevin Gallagher, an expert in China-Latin America trade at Boston University, has calculated that 87% of investments by Chinese policy banks in Latin America have been in energy, mining and infrastructure – with significant investments in fossil fuels. In comparison, these sectors account for only 34% of World Bank investments.

In the slightly cramped room of the Peace Coordination Office at the Universidad de la Amazonia, Professor Pulecio is anxious: “We all know China is currently investing huge amounts in a transition to renewable energy at home, and you’ve made incredible innovations in renewable technology. If China comes to Latin America, to Colombia, to the Amazon, only to extract oil and natural resources, rather than assist a similar transition, that would be a huge failure.”

There is no sign the tug-of-war over Nogal will end soon, and in places like Morelia and Valparaíso, it has reached the courts. A representative of Emerald Energy, Juanita Latorre, declined our emailed request for an interview.

We have no way of knowing if the winds of discontent blowing out of the mountains of Caquetá will be felt in the boardrooms of Bogotá and Beijing.

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