"Grant-Suttie, Francis" <GRANT@WWFUS.ORG>
07/10/2003 11:33 AM

To: "James A. Mahoney (E-mail)" <james.mahoney@exim.gov>, "Popi Artavanis-Tsakonas (E-mail)" <popi.artavanis@exim.gov>
cc:
Subject: FW: Summary Trip Report

Thought you might be interested in this latest trip report.

A number of us meet with Under Secretary Taylor at Treasury on Monday.

-----Original Message-----
From: Manrique Rojas [mailto:mrojas@tnc.org]
Sent: Thursday, July 10, 2003 10:16 AM
To: Greg Love; Bill Ulfelder; Greg Miller; Cavelier, Jaime; Maria Sanchez; Patricia Zurita; Carlos Fernandez; Andrew Velthaus; Grant-Suttie, Francis
Subject: Summary Trip Report

Dear All:

FYI, I attach a summary of a trip report elaborated after the recent trip to the jungle section of the Camisea project by reps from Amazon Alliance, Comaru, Cedia, and Environmental Defense. You can check some pictures at http://www.amazonalliance.org/Camisea/index.htm

Saludos,

Manrique

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Amazon Alliance - Camisea June Findings - rev.dc

July 3, 2003

Summary of Findings:
June 2003 Investigative Mission to Indigenous Communities Affected By the Camisea Project. Upper and Lower Urubamba River Valley, Peru.

Introduction

The absence of both a truly independent monitoring system for the environmental and social impacts of the Camisea Project and any transparent dissemination of monitoring information led the Peruvian indigenous organization Machiguenga Council for the Urubamba River (COMARU) to conduct its own monitoring investigation of the Camisea gas and pipeline project in the Lower and Upper Urubamba regions of the Peruvian Amazon.

Conducted during June 15-27, 2003, the primary goals of the investigation were to assess how the Camisea Project is being carried out, and to evaluate project impacts on indigenous communities and the environment.

The investigative team consisted of the President of COMARU, the Co-Director of the Amazon Alliance (a network of indigenous federations and environmental and indigenous NGOs), a representative of a U.S.-based NGO (Environmental Defense), a forester from the Peruvian NGO CEDIA, a freelance videographer and, for sections of the trip, a U.S.-based biologist (specializing in environmental assessment) and two other CEDIA representatives familiar with the region.

Investigative methodologies included field visits to seven indigenous communities in the Upper and Lower Urubamba and inspections of the pipeline right of way on community lands in numerous locations. The team conducted individual interviews with a variety of community members in most communities, held participatory meetings in each community, and held a meeting in Quillabamba with community representatives of an eighth community, Aendoshiari. Communities visited were: Shimáa, Monte Carmelo, Shivankoreni, Camisea, Segakiato, Ticumpinia (Chokoriari), and Poyentimari.

Summary of Findings

Team members observed numerous and severe environmental and social impacts from the project, some of which may be irreversible. The following are four of the general issues documented during this visit. (An in-depth report listing all findings of the investigative trip will be forthcoming.)

1. Massive Soil Erosion and Multiple Landslides Cause Extensive Damage to Freshwater Ecosystems.

Poor right-of-way and access road construction methods have instigated significant and sustained downslope erosion, destroying large areas of forest vegetation and depositing large quantities of silt and debris in streams and rivers.

Since project construction began, TGP's monthly monitoring reports have repeatedly underscored critical and persistent deficiencies in erosion control methodologies along the pipeline route. As a result, significant and potentially irreversible ecological impacts now affect communities along the pipeline right of way due to poor pipeline construction techniques and poor construction practices for access roads to the pipeline, many of which are outside the scope of the Environmental Impact Assessment. Accounts from Techint employees working in various locations confirmed that the company is taking inadequate measures to reduce the impacts of its construction on the soil and rivers.

In areas visited:

- Erosion controls are absent and, when observed, have failed with no follow-up.
- Pipeline stream crossings have been made with absolutely no attempt to minimize disturbance to the natural substrate with great impacts on the aquatic habitat.
- Beyond some nurseries growing plants (we are unclear how they will be planted, given that no remaining soil was observed on the right-of-way), no attempts at stream or vegetation restoration were witnessed.
- Erosion was exacerbated by the exposure of unprotected soil along large stretches of the pipeline route throughout the 2002/2003 rainy season. From the depth of the right-of-way in some locations (up to two meters or more below the surface of adjacent forest), our environmental assessment specialist concluded that up to 100 tons of soil and vegetation per meter of pipeline had eroded into watercourses. A major restoration effort is needed prior to the 2003/2004 rainy season to prevent this trend from continuing.
- Numerous and apparently continuing slope failures were observed.

2. Local Diet and Health Adversely Affected by Decline in Fish Stock and Water Quality

Despite widespread local reports about the dietary and health implications of the sharp decline in fish populations and a lack of clean drinking water, there has been a lack of biological monitoring of fish and invertebrate populations and there has been no third-party monitoring of water quality.

In all communities visited, including those affected by pipeline construction and gas well operation, concerns about malnutrition caused by the decline in fish populations dominated conversation with local residents. Urubamba indigenous communities rely on fish for dietary protein. All communities also report that their other primary source of protein - game - has decreased since project construction began. Local responses vary from purchasing processed food with cash to traveling to more remote places, such as the Kugapakori – Nahua Reserve to find fish and game. The erosion of traditional subsistence practices could have long-term affects on physical health and cultural identity.

The following observations on water quality were made:

- In both the Upper and Lower Urubamba regions, streams that would ordinarily run clean during the season of the visit were visibly turbid. These included the following streams: Manugali, Irigotishiari, Maputunchiari, Cumpirushiato, Shimaa, Poyentimari, Saringabeni, Chimateni, Sabeti, Chokoriari, and Capanashiari.
- The construction practices used on the pipeline and access roads and the resulting erosion are likely a significant cause of the increase in sedimentation.
- Inadequate treatment of water and muds from perforation, and human wastes at the San Martin 1 well site, as reported by site workers, may be responsible for chemical and biological contamination of the Porocari and Kemariato streams, and the Camisea River.
- Conversation (6/20/03) with a representative of the government agency OSINERG revealed that water in streams near the well site was high in fecal and other coliforms and may be significantly high in conductivity (salts).

Both the project consortia and the Peruvian government have failed to respond effectively to this threat. Instead of taking immediate steps to conduct independent monitoring and restoration of fish stocks, other aquatic life, and water quality—and halting construction if necessary--the responses of governmental

representatives during a GTCI meeting in the Shivankoreni community focused solely on whether or not communities have been financially compensated for reductions in fish populations.

3. Flawed Compensation Negotiations Exploit the Unpreparedness of Communities

The TGP pipeline consortium has not always sought prior permission for the destruction of community resources and has repeatedly undervalued communal lands in compensation calculations.

In its dealings with the communities along the pipeline right of way, TGP has taken advantage of the lack of community experience in calculating the monetary value of their lands and natural resources and has frequently used inadequate valuation methods that consistently yield a lower cost per acre than those methods, developed by a state arbitration organization, CONATA[1], or the valuation methods used by PlusPetrol in the Lower Urubamba communities of Camisea, Segakiato, and Cashiriari.

Compensation calculations value different commercial and ecological features destroyed in the construction of the pipeline route. The company has a trend of causing damages beyond the scope of agreements and then returning to the communities to negotiate further compensation only after the fact.

Fractured and repeated compensation negotiations have misled many communities about the total impacts of the work on their land and, some fear, may be a way for the company to avoid payment for damages that emerge or persist after they have finished construction. In some cases, (eg. Shimaa) the company has led community members to believe that it will fulfill its outstanding compensation agreements only if they agree to additional construction.

4. Existing Monitoring Plan is Ineffective, Untransparent and Ignored by the Company.

A monitoring plan has been operating for several months in Machiguenga communities of the Lower Urubamba, administered by the Peruvian NGO Pro-Naturaleza, and sponsored by PlusPetrol and TGP. This plan involves trained community monitors in each community who report problems with the project on standardized forms. Without questioning the good intentions of the program, it is necessary to report that it has done little to improve conditions in the communities due to the following limitations:

- There is no transparent release of all information generated by the monitoring program, and community monitors state that they have no knowledge of where their reports ultimately go or what obligation the company has to address their concerns.
- Monitors are ill-prepared to measure real variables of environmental quality such as air and water quality and are thus limited to reporting on only highly visible impacts such as air traffic and trash.
- The monitoring program has no provisions for monitoring the social impacts of the project.
- Monitors themselves complain that visits to project facilities are planned in advance and that, therefore, company facilities are tidied up beforehand.

Although local communities should be involved in any monitoring of the impacts of the project, the current program is too limited and controlled to provide them with any meaningful power to improve company practices.

[1] In a March 22, 2002 contract with the community of Monte Carmelo, TGP agreed to pay the community $68,000 USD for the use of 32 hectares of land for the pipeline right of way. This value was calculated using methodology developed by the contractor Social Capital Group. A January 23, 2002 report from CONATA had previously calculated the compensation value for the same area to be $251,464.01 USD.