

ECUADOR AND PERU

Army for Rent, Terms Negotiable

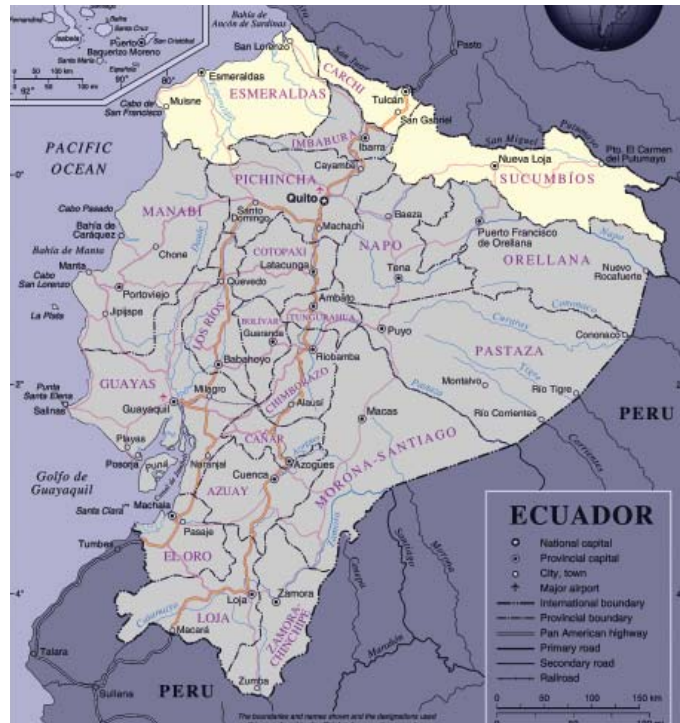
by Maiah Jaskoski

Since countries across Latin America began to transition to civilian rule in the 1970s and 1980s, their armed forces have largely returned to the barracks to focus on security work. For Ecuador and Peru, this has meant focusing on security challenges in particularly unstable regions. In Ecuador, the army is concentrated in the north, where social conflict surrounding the country's oil industry is combined with destabilizing influences spilling over the border from Colombia. In Peru, remnants of the Shining Path insurgency remain active in the central and southern highlands, areas critical to the country's oil, natural gas and mining sectors. While national security challenges have led the two armies to focus most intensively on these specific regions, private-sector influence most effectively explains who benefits from their work in those zones. In effect, extractive industries have essentially hired the armies and have benefited from army services far more than the "public."

Ecuador

Ecuador's northern and northeastern provinces have faced two main security challenges since the country's 1979 transition to democracy. First, protesters demanding restitution from oil companies for land use and

Ecuador, with the states of Esmeraldas, Carchi and Sucumbios highlighted.



Original map from the United Nations/Wikimedia.

environmental damage have interrupted oil production in the northeast, jeopardizing the extraction of a resource that constitutes approximately 40 percent of Ecuador's total exports. Second, the northernmost provinces of Esmeraldas (western coastal), Carchi (highlands) and Sucumbios (eastern jungle), have experienced general insecurity linked to neighboring Colombia's internal conflict, with problems ranging from extortion and homicide to drug and arms trafficking. This insecurity has intensified since 2000, when the U.S. and Colombia implemented Plan Colombia, a major offensive against insurgents that has pushed the conflict south. These twin challenges have caused the Ecuadorian army to focus on the north, with its official priorities including defending the border from incursions by armed Colombian insurgents, fighting crime and protecting strategic areas, including oil interests.

At the national level, two clients offer resources to the army in return for security services: the U.S. Southern Command and oil companies. Agreements made at this highest level commit the army to missions and thereby "frame" more specific negotiations at the local level. The Southern Command provides support for the army's antinarcotics and border defense efforts in the north. In negotiations with the local Southern Command representatives, known as the MilGroup, Ecuadorian army leaders have welcomed U.S. resources, even though they commit the army to antinarcotics, a mission disliked by officers for having the potential to corrupt the military.

In the oil sector, until recently, written contracts between companies and the defense minister established in broad terms their respective commitments: security for companies in exchange for support for the military, including fuel, communications equipment, transportation, health care and room and board. The largest known contract was a 2001 five-year contract signed by the defense minister, the head of the state oil company Petroecuador and 15 private oil companies. Within this structure, each company also signed similarly broad contracts with army division commanders.

In 2007, the government made three main changes to the national-level contracting process in an attempt to halt direct contracting between the private sector and the military. First, the new organic defense law prohibited the armed forces from performing private services. Second,



Photo by Oorini Hartman.

Gas pipelines in Ecuador.

providing a loophole around that law, Executive Decree 433 defined protecting the oil industry as a national security interest and explicitly assigned the army to provide security for both public and private oil interests. Third, in this new context, Petroecuador now pays \$10 million annually to support the military's security work for the country's oil interests — both public and private — according to a four-year contract.

While decisions made at the highest levels commit northern army commanders to a certain amount of antinarcotics and oil security work — based on definitions of national security interests and contracts with the oil sector — it is at the local level where brigade and battalion commanders generally decide troop commitments and the resources required for each assignment. It is at this level that the most meaningful negotiations between army representatives and their clients take place. Therefore, a commander's entrepreneurship, relationships with clients and bargaining skills all affect the amount of funds secured. These local-level deals continue to take place, in spite of the above-mentioned organic law, which outlaws such resource exchanges.

Because oil companies pay the most, they benefit the most from the army's services. Specifically, the army is commissioned to patrol infrastructure, guard wells, confront protesters and participate in negotiations between communities and companies. Local deals between army commanders and oil companies have been ongoing throughout the post-transition period. The army's loyalty to the private oil sector was apparent in my interviews with officers, who frequently described working for oil companies as being much more comfortable than their other assignments. The depth of the army's focus on the oil sector is most evident, however, in the numbers.

Both news reports and interview responses document substantial commitment of resources to oil security. The army's Fourth Division, the division most responsible for oil security in the northeast, has committed approximately 25 percent of its forces to permanent oil security. In practice, additional army units — from the Fourth Division and from the army's special forces brigade in the highlands — regularly put aside other assignments in order to address oil "emergencies." Even in Sucumbíos, which borders Colombia's war-ridden province of Putumayo

>>

and therefore faces particularly intense insecurity on all fronts, private oil security takes priority. For instance, the special forces battalion “Rayo 24” — known to be the most operative unit in the north — has two detachments devoted entirely to oil security, both of which are based away from the border. Additionally, the remainder of the battalion has regularly provided added support to the oil sector from the unit’s central base.

MilGroup also has influence over northern army units, but its power pales in comparison to that of private oil. In the post-2000 period, MilGroup began channeling resources to the north through direct relations with army commanders there. In response, not only have northern units embraced antinarcotics work, but local commanders have also regularly approached MilGroup officials to request more resources. Yet MilGroup loses out to oil companies in its open competition for army services. For example, in late 2007 during massive oil protests in Dayuma, Orellana — south of Sucumbíos — MilGroup provided supplies to a local school in an unsuccessful effort to help satisfy local needs and quell protests. MilGroup’s goal was to enable the army to conclude its oil security work and turn to U.S. priorities: antinarcotics and border defense efforts further north.

Two additional local clients are landowners and government officials. In Carchi and Esmeraldas, wealthy landowners — common targets of crop and livestock theft, extortion and kidnapping — provide fuel, tires and room and board for army patrols. (This security is in no way “public”; patrols do not serve the nearby impoverished communities.) Resources from landowners constitute critical support for the army battalion in Carchi, which is void of oil or associated infrastructure. In contrast, access to security services is more limited for owners of palm oil plantations in coastal Esmeraldas. They must compete with the local battalion’s main client, private oil, which provides the army with resources in exchange for security for the privately owned Oleoducto de Crudos Pesados, a pipeline that transports heavy crude from the Amazon to the Pacific.

Local government officials constitute a final group of clients. They reimburse battalions for anticrime work — especially urban patrols — with fuel subsidies, equipment and payment of labor costs for on-base construction projects.

Peru

Peru has also undergone a privatization of the army’s security services. There, the focus is on counterinsurgency efforts to eliminate the remnants of The Shining Path, a guerilla organization that shook the countryside in the



Original map from the United Nations/Wikimedia.

Peru, showing the Upper Huallaga Valley (top yellow), the VRAE (bottom yellow) and the route of the Camisea pipeline (bright red).

1980s and early 1990s. The organization is now active only in small regions of the country, including the Upper Huallaga Valley and the southern highland region of the Valley of the Ene and Apurimac Rivers (known by its Spanish acronym, VRAE), the latter being the insurgency’s center of military training and activity. In this context, Peru’s government has ordered the army to focus on eliminating the insurgency above all other missions. The reality on the ground, however, is that the army’s counterinsurgency efforts in the VRAE are largely for sale to private companies in the mining and hydrocarbons sectors; the army patrols the areas of the valley that are critical for industry in return for logistical support.

The case of Peru’s natural gas consortium, Camisea, demonstrates this dynamic, as its gas line crosses through the VRAE. As of late 2005, the army had units near each of the 14 Camisea installations that ran along the largely underground pipeline, a number equal to approximately half of all army counterinsurgency bases operating in the VRAE at the time. Peru’s army has conducted counterinsurgency patrols near Camisea installations in return for resources, according to agreements between the “Los Cabitos” brigade in Ayacucho and Transportadora de Gas del Perú (Gas Transporter of Peru, TGP), the

consortium Camisea formed to build and operate its natural gas pipelines. As of 2005, all of Los Cabitos' counterinsurgency bases — numbering more than 10 — were lined up along the pipeline. TGP built and supplied these bases and covered all food and fuel costs. As a private security official explained, “Officially, Los Cabitos... have their strategic plans that determine where their bases are and what patrols they do, but somehow, coincidentally, their bases end up by Camisea, and their patrols are there as well.”

As of early 2009, Peru's army also contracted its services to Techint, the private Argentine company that is a leading member of the TGP consortium. The two army bases nearest to Techint's Block 57 construction project in La Mar, Ayacucho, conducted regular patrols around the project, and in return, Techint's station supplied the bases. The army plans to add another base in La Mar, and Techint is seeking security from that new base, too.

In sum, extractive industries have privatized the Peruvian and Ecuadorian armies by buying the armies' services and reaping disproportionate benefits relative to

the public. Strategic decision making at the national level certainly influences the overall mission and the amount of military presence in different regions of the two countries. Nonetheless, on a day-to-day basis, local commanders allocate troops not according to technical decisions regarding national security interests but rather according to who can and will reimburse the army for its services. Private actors in the natural resource sectors pay — and benefit — the most. This dynamic is true both where the army's main mission is counterinsurgency, as in Peru, and where the army is assigned to multiple missions, ranging from border defense to protest control, as in Ecuador.

Maiah Jaskoski is an assistant professor in the Department of National Security Affairs at the Naval Postgraduate School and a visiting scholar at CLAS. This article is based on her fieldwork conducted in Peru and Ecuador during 2005, 2006 and early 2009. The views expressed here are hers and do not represent the positions of the Navy, Defense Department or U.S. government. She spoke for CLAS on April 27, 2009.

Peruvian soldiers guard the Argentine natural gas concession Techint.



Photo from Associated Press.