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BELIZE

Oil and the Environment

Major oil companies have been gambling on Belize for half a century, cutting their losses with 50 dry wells in as many years. The first finding of high-quality, commercially-viable petroleum has renewed speculators' attention to the industry, raising both hopes and fears for the impoverished but eco-conscious country of 291, 800 people.

In Aug '05, Belize Natural Energy Limited (BNE), a local start-up company backed by Irish and American shareholders, struck oil in the Spanish Lookout area of western Belize. The company drilled three wells, all of which produced sweet-light crude oil. By Jan '06, with the wells steadily pumping more than 2,000 barrels of oil a day, BNE and its Denver-based investment partners, Aspect Energy and CHx Capital, exported Belize's first shipload of crude, similar in quality to that found in West Texas.

Spanish Lookout, located in the Cayo district of western Belize, just a 20-minute drive from the Guatemalan border, is a largely agricultural village, populated mostly by German-speaking Mennonites who settled there in the '60s, carving farms out of thick jungle. The community of about 1,700 people is almost entirely self-sufficient and produces dairy goods for the whole country as well.

A few years ago, a Mennonite farmer came upon thick, black liquid while digging a shallow water well on his property. Although most oil companies gave the story no credence, rumors of the incident may have sharpened the interest of BNE's founders, geologists with 20 years of experience studying natural resources in Belize. The company drilled its first well only 15 miles away from the farmer's property.

The federal government owns all mineral rights in Belize. Landowners are entitled to small royalties, but are not able to deny exploration that the government negotiates on their land. In Spanish Lookout, individual land owners and the Mennonite community expect to gain 5% of the government's 7.5% cut of profits from oil sales.

Although Belize will gain some revenue from oil production and taxes, the government has been criticized for accepting a relatively small percentage share when it licensed BNE to explore 595,000 acres in '02—neighboring Guatemala receives 20% royalties, for example. But despite the oil-wealth in Guatemala and Mexico, which border Belize to the west north, Belize's history of dry wells made it a long-shot. With exploration alone estimated at about \$6 million, the government agreed to a deal that made it worth while for BNE to invest. The company has agreed to contribute

an additional 1% of profits to a national environmental protection fund, but concerns persist about the impact that oil exploration could have on agriculture and quality of life in Spanish Lookout and on the environment of Belize.

Tourism, and eco-tourism in particular, has played an increasing role in Belize's modern economy, due in large part to the country's reputation for its pristine landscape. While the oil reserves at Spanish Lookout are estimated to be about six million barrels, experts have speculated that Belize as a whole could have reserves of anywhere between 15 to 75 million barrels and that, in the future, the country might produce 50,000 barrels of oil a day. Minister of Natural Resources John Briceño calculates that the government's profits from that amount, at current prices, would nearly match Belize's annual national budget.

Environmental and Indigenous groups have expressed concern that the potential for oil revenue could lead to feverish exploration that could damage the environment. Belize has no oil pipelines or refineries, so crude oil must be trucked to the coast along rough, narrow roads, causing a great risk of spills. Worries persist about the country becoming reliant on petroleum, while critics also maintain that most Belizeans would probably receive little economic benefit.

Confirming fears that the Spanish Lookout site might spur oil exploration elsewhere, U.S. Capital Energy, a Texas-based company, has acquired concessions in the southern Toledo District. A recent Supreme Court ruling in favor of the Sarstoon Temash Institute for Indigenous Management (SATIIM) against the Ministry of Natural Resources and the Environment (MNRE) determined that U.S. Capital Energy must complete an Environmental Impact Assessment (EIA) before it can conduct seismic testing in the Sarstoon Temash National Park, despite prior approval from MNRE.

The court ruling was a victory, at least temporarily, for environmentalists. Seismic testing is a process that generally involves detonating explosives in order to map sound-waves and create an underground picture of an area. The Sarstoon Temash National Park is a remote and ecologically diverse region, encompassing 41,000 acres of land, mostly undisturbed wetlands. The park is the habitat for hundreds of species of birds, animals and insects, including tropical butterflies, ocelots, endangered jaguars, and rarely seen birds and monkeys. A delicate lowland moss, which is found nowhere else in Central America, also thrives there and would likely be damaged by seismic testing.

However, the court ruling overall was only a partial victory. SATIIM presented five arguments in court, and only one succeeded. The judge did not agree with SATIIM that seismic testing in National Parks is inherently illegal or that SATIIM has a right to be involved in the process of deciding what happens on land within the park. Five Garifuna and Mayan communities live in the vicinity of the park, and for some analysts, Indigenous land rights was a major aspect of the case. But the judge said explicitly in his ruling that SATIIM did not adequately present arguments about this issue. U.S. Capital Energy told reporters after the hearing that it had already contracted a company to do an EIA, and hopes to be able to start seismic testing in Jan '07.

This past June, Houston-based Spartan Petroleum, which had unsuccessfully drilled for oil in Belize in the past, returned to the country and signed a Production Sharing Agreement (PSE) with the government. The contract licenses Spartan to explore nearly 250,000 acres in the country's northernmost district, Corozal. As part of this agreement, Belize will be entitled to 12.5% royalties on oil profits, 7.5% on natural gas, a minimum of 11% production sharing, and an option to buy 10% interest in the company. According to the MNRE, the government also charges a \$10,000 administrative fee for each PSA that it signs, as well as annual rent of \$.10 per acre, which works out to \$2,500 in the case of Spartan's concession.

Belize On US Worst Human Trafficking List

In June, Belize joined 11 other nations among the ranks of the US State Department's Tier Three list of worst offenders of human trafficking. The countries cited on this list were found to neither comply with the minimum requirements for preventing human trafficking, according to the US Trafficking Victims Protection Act (TVPA), nor to have demonstrated significant efforts to meet those standards.

The US State Department's '06 report, which was released in June, gave Iran, Syria, Zimbabwe, Uzbekistan and Laos this designation, along with Belize. Venezuela, Saudi Arabia, North Korea, Sudan, Cuba and Myanmar remained on the list from '05. For the first time this year, the US threatened economic sanctions if the countries listed did not come into compliance within 90 days.

Belize responded by creating an anti-trafficking in persons committee and implementing a 60-day mini plan that focused on education and awareness as well as prosecution. In Sep, the country was removed from the US' Tier Three list.

However, the scope of the human trafficking problem in Belize is difficult to gauge. The US Government Accountability Office has found problems with some of the State Department's methodology and findings in their Trafficking in Persons reports. Additionally, many countries cited as "worst offenders" have tenuous relationships with the US, leading critics to suggest that politics could play a role in deciding which countries are included on the blacklist. Yet the issue of human trafficking had been raised in Belize before this summer. The country passed a Trafficking in Persons Prohibition Act in '03. In '05, Director of Public Prosecutions Kirk Anderson spoke at a training seminar for law-enforcement officials, calling the situation in Belize "a new form of slavery."

Juan Miguel Petit, in a '04 study commissioned by the International Organization for Migration, wrote: "There are no elements to consider Belize as a massive destiny country for traffickers. But there is a high chance of becoming one due to the weakness of public policies on the matter." He also pointed out that, because of Belize's porous borders, immigrants as well as traffickers are likely to use Belize for a northern passage, and that, particularly among sex workers, it is difficult to determine how many people migrate at their own will and how many are coerced.

Sylvia Flores, Belize's Minister of Human Development, commented after the country was removed from the US' Tier Three list that it will be important to find the funds to continue addressing the problem. "We are trying to do as much as we can with our limited resources ... There is so much that is beyond us at this time," she said.

Emon Courtney, the country's Minister of Foreign Affairs, treated the issue lightly, however. In a 29 Sep interview with Belize radio Love FM, he commented about a recent meeting with US Secretary of State Condoleeza Rice saying that the issue of trade preferences is of particular importance to Belize "now that we have the human trafficking thing behind us."

Belize Celebrates 25 Years of Independence

Fireworks, parades and official ceremonies across Belize on 21 Sep commemorated a quarter of a century of independence from Great Britain.

In Belize City, the country's largest metropolis and former capital, Mayor Zenaida Moya, Prime Minister Said Musa and opposition leader Dean Barrow all spoke about the young nation's history, as well as the economic and social challenges that Belize faces today.

Moya and Barrow criticized Musa's government for undermining the decentralization of power and resources as well for failing to combat poverty and corruption. Musa responded that the Independence Day celebrations were not an appropriate time to engage in political divisiveness, but he acknowledged that one-third of the nation is now classified as poor and that growth in Belize over the last 25 years had been uneven. "Our goal now must be to build a fairer, gentler society," he said.

The celebration in Belize City honored Belize's first Prime Minister and "father of the nation," George Price, who was in attendance. Price, Musa and Barrow each gave praise to the late Gen. Omar Torrijos, former military ruler of Panama, who was the only Central American head of state to support Belize's bid for independence. The government posthumously conferred the Order of Belize on the General, an honor which Martin Torrijos (the current president of Panama) accepted in his father's stead.

Belize, formerly known as British Honduras, was a British colony from 1871 until 1981, although throughout the country's history Guatemala claimed the territory. British Honduras became a self-governing colony in '64, laying the groundwork for later independence; it was renamed Belize in '73. Territorial disputes with Guatemala caused delays in Belize's sovereignty, but the country became fully independent on 21 Sep '81.

—*Honna Veerkamp*