

Chevron Appeals Ecuadorean \$18 Billion Pollution Ruling

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It seems Ecuador's population has had enough abuse from Transnational Oil Companies.

QUITO - U.S. oil supermajor Chevron has appealed an \$18 billion judgment in an Amazon pollution case in Ecuador, arguing that an appellate court based its ruling on "fraudulent" evidence.

The company filed the appeal on Friday's deadline with the Provincial Court of Sucumbios, in northeastern Ecuador, and that tribunal now has three days to evaluate its merits and decide whether to send the case to Ecuador's highest court, said a Chevron official who requested anonymity.

Chevron did not post a bond with the Sucumbios court, a monetary amount necessary to stay enforcement of its Jan. 3 ruling upholding a lower-court's February 2011 decision.

The company says an arbitration court in The Hague, which is hearing proceedings brought by Chevron against the Ecuadorian government under the U.S.-Ecuador Bilateral Investment Treaty, issued a ruling last February requiring Ecuador to prevent enforcement of the initial judgment until further order by the Netherlands-based tribunal.

The company said, therefore, in a statement that it has no obligation to post the bond with the appellate court, which ordered Chevron to pay \$9.5 billion in remediation costs and plaintiff damages, as well as an additional \$8.6 billion fine if it refuses to apologize for the pollution.

In a motion filed earlier this month in a racketeering case Chevron brought in federal court in New York against the plaintiffs' attorneys, the oil company said "posting the bond could require Chevron to deposit, with no likelihood of recoupment, several billion dollars into the coffers of the very court system whose corruption and bias, among other reasons, render the Lago Agrio, (Sucumbios) judgment unenforceable."

Chevron has no assets in Ecuador, but the 47 named plaintiffs in the case could seek to collect the damages award through courts in countries where the oil supermajor does have operations.

Those plaintiffs represent 30,000 Amazon peasants and Indians who say Texaco, which Chevron acquired in 2001, spoiled their lands and damaged their health by dumping billions of gallons of toxic drilling waste.

In its 163-page petition to have the case heard by the National Court of Justice in Quito, Chevron alleges that the appellate court's ruling was based on "fraudulent evidence" and lacked scientific merit. The company also said the judgment was based on the retroactive application of a law.

It said the sentence did not consider, among other things, that Ecuador's then-government certified in the late 1990s that Texaco had done its share of remediation work and released it from all future environmental liability.

The penalty handed down against Chevron, considered the largest ever awarded against an oil company for environmental pollution, was imposed for irreversible damage to the ecosystem in a 480,000-hectare (1,850-sq.-mile) area of the Amazon jungle and serious illnesses and deaths suffered by local inhabitants from toxic waste.

During much of the period from 1964-1990, Texaco was the operator of a consortium that drilled in that area of Ecuador's northeast and which also included state-owned oil company Petroecuador as majority owner.

The pollution case was initially filed in New York in 1993, but Chevron succeeded in having it moved from the United States to Ecuador in 2003, four years before President Rafael Correa came to power amid voter anger at corruption and traditional politicians.

But Chevron now says that the case has become politicized under the leftist Correa and that it cannot receive a fair trial.

Although the oil company maintains that Texaco was cleared of any liability for damages, plaintiffs say that agreement with the government did not release it from third-party claims and that Chevron is reneging on its pledge to abide by whatever decision was handed down by Ecuadorian courts.

Chevron says on its Web site that Petroecuador should be the target of local communities' legal action, noting that Texaco ceased operating in Ecuador in 1992 and that the state oil firm has been "the sole and exclusive owner and operator of greatly expanded operations in the area from (that year) to the present."

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