

CAROLYN B. MALONEY
14TH DISTRICT, NEW YORK

2331 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3214
(202) 225-7944

COMMITTEES:
FINANCIAL SERVICES

GOVERNMENT REFORM

JOINT ECONOMIC COMMITTEE



Congress of the United States

House of Representatives

Washington, DC 20515-3214

July 6, 2005

DISTRICT OFFICES:

1651 THIRD AVENUE
SUITE 311
NEW YORK, NY 10128
(212) 860-0606

28-11 ASTORIA BOULEVARD
ASTORIA, NY 11102
(718) 932-1804

WEBSITE: www.house.gov/maloney

Honorable John Snow
Secretary
United States Department of the Treasury
Washington D.C. 20220

Dear Secretary Snow:

We are writing to you to express our concern over actions of the IMF and the World Bank that directly or indirectly encourage oil development in the Ecuadorian Amazon, in particular Yasuní National Park and UNESCO Biosphere Reserve, without appropriate protections for the rainforest environment and its indigenous peoples. We are concerned, as we think the Treasury Department will be, that such unrestricted development could lead to severe and irreversible damage both to the Yasuni rainforest, the most biodiverse forest known on earth, and to the health, welfare and sovereign rights of the Huaorani, the indigenous hunter-gathers of the region. At this point, the issue is not opposition to all oil extraction but rather the manner in which it is done.

The situation is urgent: In May, Petrobras, the Brazilian national oil company, began construction on a new access road into the heart of the Yasuni National Park. Based on prior experience with similar roads, the region's leading scientists expect that the road will cause colonization, deforestation, illegal hunting, and severe pollution of the drinking water of the local inhabitants. Because this result contradicts the goals and policies of the IMF, the World Bank, and the United States for environmentally sound economic development, we ask that the Treasury urge the IMF and the World Bank to review the situation and take corrective action to protect the irreplaceable biodiversity and indigenous peoples of the Yasuni rainforest.

In April 2000, the IMF granted a \$300 million loan to the Government of Ecuador which in turn directly mobilized \$1.7 billion in additional resources, including \$425 million from the World Bank. As a precondition for the IMF and World Bank loans, the Government of Ecuador was required to pass legislation which allowed international oil companies to build and operate pipelines. Thus, the IMF and World Bank cleared the way for the construction of the controversial OCP pipeline, which began operation in the fall of 2003, and greatly increased the capacity to extract oil from the Ecuadorian Amazon. Each of the six oil companies owning shares of the OCP pipeline, including Petrobras, are now actively managing oil concessions located in the primary megadiverse rainforests of the Ecuadorian Amazon, including Yasuní National Park.

A second \$200 million loan from the IMF in March 2003 was conditioned on the Ecuadorian Government creating an oil fund from which fully 70% of the oil revenue would be dedicated to paying off Ecuador's debt. In February 2005, the Managing Director of the IMF, Rodrigo de Rato, visited Ecuador and echoed the Executive Board's earlier requests that Ecuador not weaken the oil fund, but he did not mention necessary environmental protections, or indigenous sovereignty and self-determination, for places in Ecuador like Yasuní.

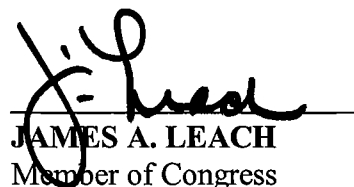
The immediate threat facing the Huaorani and the biodiversity of Yasuní is a new oil access road and oil drilling and processing facilities being built by Petrobras in the heart of Yasuní Park and within 15 km of a remote Huaorani community. There is considerable opposition to the Petrobras road by indigenous people and scientists. On May 18, in a statement before the United Nations Permanent Forum on Indigenous Issues, the President of the Association of Huaorani Women called for a moratorium stopping the Petrobras project. Four separate letters from some of the world's leading scientists and scientific institutions, including Dr. Jane Goodall, E.O. Wilson, the Smithsonian Institution, and the Association for Tropical Biology and Conservation (the world's largest tropical scientific organization) were recently delivered to the Presidents of Ecuador and Brazil, asking that less environmentally damaging roadless methods be used to extract the oil.

As you know, the IMF and the World Bank have each adopted official policies requiring environmentally sound economic development and respect for the rights and lives of indigenous peoples, and the United States has endorsed these policies. In light of these strong commitments to enforce environmental safeguards and uphold indigenous rights, we think that the IMF and World Bank would want to ensure that, as a result of their lending policies, a major project in the heart of the unique Yasuní rainforest does not violate these principles. But we are concerned that the Petrobras road will do just that.

We ask Treasury to act to protect the environment and culture of Yasuní and its indigenous people by urging the IMF and the World Bank to review whether the construction of the Petrobras oil access road and oil facilities and the resultant environmental damage violates their own policies on environmentally sustainable growth and indigenous rights, and whether other options for economic development are better. For example, the four letters sent by leading scientists suggest viable alternatives to the current Petrobras plan which would allow oil development with much less environmental damage, which should be fully and independently considered before the Petrobras road is built. The IMF and World Bank policies would also dictate that the health effects of the new road on the Huaorani and the adverse effects it will have on their culture and way of life should be considered and the Huaorani should have a meaningful opportunity to make their opposition to the road heard in those discussions.

Sincerely,


CAROLYN B. MALONEY
Member of Congress


JAMES A. LEACH
Member of Congress