New WikiLeaked Cables Reveal: How Washington and Big Oil Fought PetroCaribe in Haiti

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René Préval, who passed Haiti's presidential sash to Joseph Michel Martelly on May 14, was described by U.S. Ambassador to Haiti Janet Sanderson as "Haiti's indispensable man" in a Jun. 1, 2009 Embassy cable released by WikiLeaks last December [1].

Sanderson judged him "still moderately popular, and likely the only politician capable of imposing his will on Haiti - if so inclined." At the same time, "dealing with Préval is a challenge, occasionally frustrating and sometimes rewarding," she continued. "He is wary of change and suspicious of outsiders, even those who seek his success."

Préval's suspicions about "outsiders" seeking his "success" turned out to be justified. In two rounds of presidential and legislative elections held in November and March, Washington aggressively intervened, pushing out of the presidential run-off Jude Célestin, the candidate of Préval's party Inite (Unity), to replace him with Martelly, a neo-Duvalierist konpa singer who vocally supported the 1991 and 2004 coups d'état against former president Jean-Bertrand Aristide.

Now the U.S. has even challenged the legislative races which would have given Inite virtual control of the Parliament, and hence approval of the President-designated Prime Minister, Haiti's most powerful executive post. With U.S. support, challenges were brought against Inite victories in 17 Deputy and two Senate races. The Provisional Electoral Council (CEP) ruled in favor of only 15 challenges, leaving four seats with the original Inite winners. The U.S. is not even letting this mild, partial impertinence go, yanking the U.S. travel visas of six of the CEP's eight members.

How did Haiti's "indispensable man" become so dispensable? Why has Washington so brazenly intervened in Haiti's elections to limit the power of Préval's party and oust Inite's presidential candidate from the run-off?

Clues to the answer lie in secret U.S. Embassy cables which the transparency- advocacy group WikiLeaks has provided to Haïti Liberté. The cables reveal that the U.S. was primarily irked by Préval's dealings with Cuba and Venezuela, where the former Haitian president was unable "to resist displaying some show of independence or contrariness in dealing with [Venezuelan president Hugo] Chavez," as Sanderson griped in a 2007 cable.

U.S. dismay began when Préval signed – the very day of his inauguration – a deal to join Venezuela's PetroCaribe alliance, under which Haiti would buy oil paying only 60% to Venezuela up front with the remainder payable over 25 years at 1% interest. The leaked U.S. Embassy cables provide a fascinating look at how Washington sought to discourage, scuttle and sabotage the PetroCaribe deal despite its unquestionable benefits, under which the Haitian government " would save USD 100 million per year from the delayed payments," as the Embassy itself recognized in a 2006 cable.

A review of PetroCaribe's genesis and the Embassy's response to it provides a window into understanding why the U.S. has been so forceful in backing the U.S.-centric Martelly team over Préval's two-timing sector.

Venezuelan Trial Balloon Shot Down

Venezuela first offered a Petro- Caribe deal to Haiti under the de facto government of Prime Minister Gérard Latortue, whom Washington installed in March 2004 after the Feb. 29 coup against Aristide. "The government of Venezuela planned to send a negotiating team to Haiti (exact time undetermined) to negotiate a deal to sell oil at a preferential rate via PetroCaribe," Embassy Chargé d'affaires Timothy Carney (the Charge) reported in an Oct. 19, 2005 cable. "Upon returning from a recent trip to Venezuela, Minister of Culture and Communication, Magali Comeau Denis told the Charge she was bringing Venezuelan oil back to Haiti with her."

Prior to that trip, Carney "and Econ Counselor [his economic counselor] had spoken to acting Prime Minister Henri Bazin who said that the Interim Government of Haiti [IGOH] was looking for concessional terms for oil purchases from Mexico and Nigeria —but not Venezuela, he was quick to emphasize," Carney continued. "In a follow-up conversation, Charge reiterated the negatives of such a deal with Venezuela. Bazin listened and understood the message," that Washington would be unhappy about any oil deal with Venezuela.

To drive the point home, "Econ Counselor met with a contact at the Finance Ministry October 13 who confirmed that the IGOH has no plans to participate in any PetroCaribe deal," Carney explained. "He added that our message to Bazin had an impact: Bazin had seen a draft of comments to be made by Haiti's representative to the IMF [International Monetary Fund] that included a vague reference to someday purchasing oil at concessional prices from Venezuela, and Bazin had the sentence deleted, the only change he made on the text." This was the kind of ultra-servile response Washington expected from a puppet regime in Haiti.

But Carney understood that Venezuela had not really expected to strike a deal with Latortue's de facto government. "We suspect that the recent efforts by Venezuela here are designed more to get the issue on the agenda, and that Chavez's strongest efforts will come after the elections, when a new Haitian government is inaugurated in February 2006," Carney concluded.

In a Nov. 7, 2005 cable, Carney noted that "the pressure is still on the IGOH to strike a deal with Venezuela" as "organizations that have organized demonstrations in the past against high prices in Haiti have publicly called on the IGOH to accept Venezuela's offer to negotiate on a concessional deal." However Bazin reassured the Embassy that "Haiti was far from any agreement with

Venezuela" and "instead discussions were ongoing with the Government of Mexico to obtain a special deal from them on petroleum imports." (Dominican Foreign Minister Morales Troncoso told the DR's U.S. Ambassador and visiting Western Hemisphere Affairs Deputy Assistant Secretary Patrick Duddy that "President Fox of Mexico was proposing a 'Plan Puebla Panama' to counter Chavez's 'Petrocaribe'," reported a Jan. 23, 2006 cable from the Santo Domingo Embassy.)

As Préval Comes In, Troubles Emerge

Haiti's presidential election did not take place until Feb. 7, 2006, and it was won by René Préval. Even before his May 14, 2006 inauguration, Préval clearly was anxious to allay Washington's worries that he might lean towards its South American challengers. "He wants to bury once and for all the suspicion in Haiti that the United States is wary of him," Ambassador Sanderson, then newly appointed, reported in a Mar. 26, 2006 cable. "He is seeking to enhance his status domestically and internationally with a successful visit to the United States." This was so important that "Préval has declined invitations to visit France, Cuba, and Venezuela in order to visit Washington first," Sanderson approvingly noted.

The new Haitian president went to great lengths to dispel the notion that he had any political sympathies for Latin America's socialist regimes. "Préval has close personal ties to Cuba, having received prostate cancer treatment there, but has stressed to the Embassy that he will manage relations with Cuba and Venezuela solely for the benefit of the Haitian people, and not based on any ideological affinity toward those governments."

But in April, shortly after his Washington visit, Préval traveled to Havana; the result confirmed Washington's fears. "President-elect Préval announced to the press April 18 that Haiti will soon join Venezuelan President Hugo Chavez's energy initiative, PetroCaribe," Sanderson reported in an April 19, 2006 cable. "Préval made the announcement after returning from a five-day trip to Cuba, where he discussed the subject of Petrocaribe with the Venezuelan Ambassador to Cuba." But Sanderson made clear that the Embassy – her Post – would not give up without a fight.

"Post will continue to pressure Préval against joining PetroCaribe," she wrote. "Ambassador will see Préval's senior advisor Bob Manuel today. In previous meetings, he has acknowledged our concerns and is aware that a deal with Chavez would cause problems with us."

In a cable nine days later, Sanderson recognized that Préval was under "increasing pressure to produce immediate and tangible changes in Haiti's desperate situation." She also noted that "Préval has privately expressed some disdain toward Chavez with Emboffs [Embassy officials], and delayed accepting Chavez' offer to visit Venezuela until after he had visited Washington and several other key Haitian partners. Nevertheless, the chance to score political points [with the Haitian people] and generate revenue he can control himself proved too good an opportunity to miss."

Embassy cables always flag "independence" as this one decried Préval's being able to "generate revenue he can control himself ." Sanderson went on to warn that Préval could "redirect the 40% that would have been spent on fuel to 'special presidential' development projects" and "we are wary of the creation of a special presidential fund…. We will encourage Préval to channel the money through existing programs," meaning those which the State Department's U.S. Agency for International Development (USAID) had funded and therefore controlled.

In April 2006 cable, we see Sanderson hint at an observation that she would make almost a year later, that "Préval and company may be overselling their irritation toward Chavez for our benefit, but Préval has consistently voiced wariness of Chavez in conversations with Emboffs going back to the early stages of the presidential campaign in 2005."

On the surface, Préval feigned ignorance of the hemispheric conflict between the U.S. and Venezuela. "One journalist asked Préval when he returned from Caracas if there would be 'consequences' for Haiti building links with Venezuela, which Washington increasingly sees as a regional threat," wrote the weekly Haïti Progrés in May 2006. "'The problems between the United States and Venezuela are problems that those two countries have to resolve themselves,' Préval responded. 'It does not affect Haiti in any way.'"

This was obviously untrue. In a May 15, 2006 cable reviewing the now inaugurated president, Sanderson noted that "despite U.S. discomfort with his links to Cuba and Venezuela, Préval seems determined to mine those relationships for what he can obtain." This "pragmatism," as she called it, would become the nub of U.S. dissatisfaction with Préval.

Big Oil Fights PetroCaribe in Haiti

On May 14, 2006, immediately after his inauguration, Préval summoned the press to a room in the Palace where he ostensibly signed the Petro-Caribe agreement with Venezuelan Vice President Jose Vincente Rangel ("Apparently, the signing… at the inauguration on May 14 was ceremonial… and the first shipment was a grant, not a part of the loan agreement," Sanderson wrote later in an August cable.)

But it would be almost two years before PetroCaribe oil would begin flowing into Haiti, due to a myriad of political and logistical obstacles. The first hurdle was that Venezuela needed to give the petroleum to a state-owned oil company, which Haiti doesn't have. So it was proposed that the oil be given to Electricité d'Haïti (EDH), the state-owned power company.

Michel Guerrier, the director of Haiti's only domestic oil distribution company, Dinasa or National (which is owned by Haiti's richest man, Gilbert Bigio), told the Embassy's Economic Officer "one possibility is that PetroCaribe will sell the oil to Haiti's National Electricity Company … which will then sell to the four oil companies operating in Haiti: Texaco, Esso (a.k.a. Exxon), National (formally Shell), and [French-owned] Total," explains a May 12, 2006 cable. Guerrier also said that PetroCaribe "is a great deal for the Haitian government" and "speculated that the government, in order to retain total control over the supply of the oil market (they already control the price), may put an end to the non- PetroCaribe oil-bearing ship which arrives every three weeks."

Sanderson predictably opposed to the idea, calling EDH "an inefficient and corrupt public entity" while recognizing that "filtering oil through EDH could ensure enough fuel to power the electricity plants, without relying on the oil companies as a costly back-up plan." Not surprisingly, all three foreign oil companies also opposed the Haitian government's plan. Sanderson reported in a May 17, 2006 cable that "Dinasa, which supplies to Haiti's domestic oil company, National, is the only voice in the oil business to endorse Préval's proposal to have EDH control the oil supply. The other international oil companies are increasingly concerned — both Texaco and Esso will meet with the Ambassador in the near future — that they will have to buy their oil from the GOH [Government of Haiti]." On behalf of the oil companies and against the obvious benefits for Haiti, Sanderson said "we will continue to raise our concerns about the Petro- Caribe deal with the highest levels of government…"

In a June 1 cable, Sanderson reported that "Haitians have noted… that electricity in Port-au-Prince has improved since Préval's inauguration with 6 to 8 hours a day, usually late at night until morning in residential areas," but the Embassy continued to oppose the Venezuelan oil delivery.

In a July 7 cable, she said that Dinasa President Edouard Baussan told her that “the three international oil companies in Haiti feel uninformed about Haiti’s PetroCaribe plan and are wary of how PetroCaribe will affect their operations.” Baussan did not know that “separately, the Ambassador met with representatives of ExxonMobil and Texaco [owned by Chevron],” as Sanderson explained to Washington. “Both companies were concerned and curious about how Préval planned to implement Petro- Caribe.” Sanderson finished with some wishful thinking: “PetroCaribe seems stalled indefinitely, and it is possible that Haiti will not move forward with the agreement. The first and so far only ship, which was a minor victory for Venezuela’s Caribbean campaign and a tangible sign from Préval to his constituents that he will bring change, may mark both the beginning and the end of PetroCaribe in Haiti.”

Venezuelan Oil Starts to Flow

However, it was not to be the end, as the Embassy was to quickly learn. Three weeks later, on July 28, Sanderson had to write that “the Petro- Caribe petroleum … has finally hit the local market. The Haitian Government (GOH) is selling the entire shipment, including the diesel (initially intended as a donation to the national electricity company) and the gasoline, at the same price as petroleum from a July 14 [oil] industry ship. (Note: The industry shipment arrives about every two to three weeks. Due to regular arrivals, petroleum companies have not experienced fuel shortages in several months. End note.) So far Dinasa, Haiti’s domestic petroleum company, and Total, the French petroleum company with which the GOH has close relations, have expressed an interest in purchasing the PetroCaribe petroleum from the GOH. The two U.S. companies, Esso (ExxonMobil) and Texaco (Chevron), have received the proposal but have not responded.“Three days later, Sanderson added an SBU: Sensitive but Unclassified Information.”The GOH continues to misconstrue the actual benefits of the PetroCaribe deal,“she condescendingly complained.”Ambassador has personally addressed the issue of PetroCaribe with GOH officials at the highest level explaining the pitfalls of the agreement… they do not have a state-owned oil company; they lack adequate port and storage facilities, necessitating use of private storage; and poorly-maintained roads and theft make transportation from the port to the final destination point difficult. Post has also reminded GOH officials that the transportation of PetroCaribe petroleum is not insured by Venezuela, and is often transported in ships which do not meet international standards.“But, with her usual desire to highlight Préval’s amenability, she concluded that”finally, the GOH has stated that the international oil companies operating in Haiti are vital to the economy and does not want to risk pushing them out of the local market.“One month later, on August 25, 2006, Embassy Chargé d’Affaires Thomas C. Tighe wrote a cable that the Haitian Parliament was studying and likely to ratify the PetroCaribe agreement”because of the seemingly huge benefit to Haiti“and”PetroCaribe provides easy access to extra cash.“In the same cable, he provides an SBU that”Public Works Minister Frantz Verella confirmed the arrival of a Venezuelan shipment of 10,000 barrels of asphalt. The GOH is having the same problems with the asphalt that they had with first shipment of petroleum: they are not sure how to transport the asphalt to its final destination and have no place for its storage." Haiti, which has some of the world’s worst roads, ended up selling the asphalt to the Dominican Republic, according to a May 24, 2007 cable.

PetroCaribe Ratified Unanimously

In an August 30, 2006 cable, Tighe reported that “Parliament ratified the PetroCaribe agreement during a session of the national assembly [Aug. 29], which included 19 of 27 senators and 47 of 88 deputies. 53 voted in favor and 13 abstained; no parliamentarians voted against ratification.” He also noted that “because Haiti has a relatively low petroleum demand — around 11,000 barrels per day — and PetroCaribe has offered to supply up to 6000 barrels per day, the agreement could have a considerable effect on the petroleum industry in Haiti."

After ratification, "the international oil companies were shocked" when "President René Préval and finance minister Daniel Dorsainvil informed the four oil companies operating in Haiti of intentions to meet 100% of Haiti's petroleum demand through its Petrocaribe agreement," we learn in an Oct. 4, 2006 cable. "They thought they would still have the right to import their own oil, with PetroCaribe supplying only part of Haiti's petroleum demand," Sanderson explained, and only Dinasa "was not surprised."

Christian Porter, ExxonMobil's country manager, "speaking for both ExxonMobil and Chevron, stressed that they would not be willing to do this because they would lose their off-shore margins and because of Petrocaribe's unreliable reputation" for timely deliveries, Sanderson wrote. She concluded that it was a "dubious proposal that neither the U.S. oil companies in Haiti — responsible for about 45 percent of Haiti's petroleum imports — nor Venezuela, for that matter, is likely to agree to."

She was wrong about Venezuela, but right about the oil companies. An October 13 cable explains that ExxonMobil and Texaco/Chevron were "shocked" but hadn't "informed the government of their concerns," to which Sanderson "encouraged the two companies to do so."

Sanderson reiterated that despite her "numerous attempts to discuss (and discourage) GOH intentions to move forward with the Petrocaribe agreement, the GOH insists the agreement, implemented in full, will result in a net gain for Haiti."

The U.S. Ambassador also detailed how the oil companies, with her encouragement, were sabotaging the agreement: "Following Préval's September 27 meeting with all four oil companies… the oil industry association (Association des Professionals du Pétrole — APP) received an invitation to meet with representatives of the Venezuelan oil company who were in Haiti. All four companies refused to attend. Also, the companies received letters separately requesting information on importation and distribution from the GOH on October 9. So far, no one has responded."

The oil companies also complained "that a Cuban transport company, Transalba, will ship the petroleum from Venezuela to Haiti, and that as U.S. companies, they would not be allowed to work directly with the Cuban vessel."

Sanderson concluded the long October 13 cable by reminding that she had stressed "the larger negative message that [the PetroCaribe deal] would send to the international community [i.e. Washington and its allies] at a time when the GOH is trying to increase foreign investment" lamenting that "President Préval and his inner circle are seduced by [PetroCaribe's] payment plan."

The Oil Companies and U.S. Embassy Dig In

With ratification and a state enterprise to receive the oil, Préval thought he now had everything in place to get PetroCaribe implemented in early 2007. But the oil companies still had ways to undermine the deal.

Préval appointed Michael Lecorps to head the government's Monetization Office for Aid and Development Programs (formally known as the PL-480 office), which would handle PetroCaribe matters rather than EDH. Lecorps told the oil companies that they would have to purchase PetroCaribe oil from the Haitian government, but the U.S. companies said no. Quickly, there was a stand-off.

Lecorps, “apparently infuriated by Chevron’s lack of cooperation with the GoH, stressed that Petrocaribe is no longer negotiable,” Tighe reports in a Jan. 18, 2007 cable. He also learned that “ExxonMobil has made it clear that it will not cooperate with the current GoH proposal either.”

“Chevron country manager Patryck Peru Dumesnil confirmed his company’s anti-Petrocaribe position and said that ExxonMobil, the only other U.S. oil company operating in Haiti, has told the GoH that it will not import Petrocaribe products.” Lecorps told the Embassy Political Officer that Chevron “refused to move forward with the discussions because ‘their representatives would rather import their own petroleum products.’” Tighe continued that “Lecorps was enraged that ‘an oil company which controls only 30% of Haiti’s petroleum products’ would have the audacity to try and elude an agreement that would benefit the Haitian population. Ultimately Lecorps defended his position with the argument that the companies should want what is best for their local consumer, and be willing to make concessions to the GoH to this end. Lecorps stressed that the GoH would not be held hostage to ‘capitalist attitudes’ toward Petrocaribe and that if the GoH could not find a compromise with certain oil companies, the companies may have to leave Haiti.” Needless to say, the Embassy took a dim view of Lecorps’ attitude.

Tighe reported that “according to Dumesnil, ExxonMobil and Chevron have told the GoH that neither company can work within the GoH’s proposed framework to import 100% of petroleum products via Petrocaribe” and that “together, ExxonMobil and Chevron supply 49% of all oil products in Haiti.” He explained that “the U.S. companies stand together in opposition to the current proposal” while the French concern “Total is discussing the agreement but has not promised cooperation; and the only local company, Dinasa, has pledged cooperation.”

Tighe noted that Lecorps and other Haitian officials “focused primarily on the cost benefits (estimated to be USD 100 million per year) to the GoH, which would be used for social projects like schools and hospitals” and that in discussing the U.S. oil companies’ intransigence, “Lecorps’ self-control wavered.”

Enter Hugo Chavez

In a Feb. 7, 2007 cable, Ambassador Sanderson reports that the Embassy learned from the Haitian media on Feb. 2 “that Venezuelan President Hugo Chavez planned to visit Haiti as early as the following week.” She recalled that in March, 2006, prior to his inauguration, “President Préval told visiting [Western Hemisphere Affairs Assistant Secretary of State] WHA A/S Shannon that Chavez was pushing a visit to commemorate the bicentennial of Venezuelan flag day on March 12 in Jacmel” but that “Préval told A/S Shannon he would do his best to avoid Chavez, and the visit did not occur. Since Préval’s inauguration, however, Haitian-Venezuelan relations have warmed considerably… Haitian officials report that Chavez continues to aggressively court Haiti.”

Indeed, Hugo Chavez arrived in Haiti on Mar. 12, 2007 to an unorganized, spontaneous hero’s welcome by tens of thousands of Haitians, who jogged alongside his motorcade to the Palace from the airport. And the Venezuelan president came bearing many gifts.

First, Chavez pledged a $20 million grant, which he had announced in Venezuela a week earlier. “Reportedly, the money will serve as humanitarian reserve fund for Haiti in order to back social, infrastructure and power-supply programs,” Sanderson noted in a Mar. 13 cable.

Next, Venezuelan Vice Minister of Foreign Affairs Rodolfo Sanz had in January “announced a

Venezuelan donation of five garbage trucks and one tanker as part of ‘operation pure air for Haiti,’ which he attributed to Chavez’ earlier remarks to GoH officials that Venezuela owed a ‘historic debt to Haiti,’”Sanderson had noted in a February cable. Chavez “re-announced his donations of garbage trucks to Haiti,” Sanderson’s Mar. 13 cable reported.

Thirdly, “the Venezuela president said he would augment the amount of fuel Haiti will receive through PetroCaribe from 5,000 barrels [in reality, 6,000] a day to 14,000 barrels,” Sanderson continued, surpassing Haiti’s daily fuel consumption of 11,000 barrels.

Finally, the icing on the cake: "Venezuela pledged funds for improvement to provincial

Haitian airports and airport runways (also previously announced) and experts on economic planning to help identify development priorities. Other pledges include Cuban commitment to bring medical coverage to all Haitian communes, Cuban and Venezuelan electrical experts to improve energy generation, and a trilateral cooperation bureau in Port-au-Prince," Sanderson wrote.

Somehow, Sanderson had to give all this good news a negative spin. She did so with her SBU “Comment” at the cable’s end: “[Former long-time USAID employee and now presidential economic counselor] Gabriel Verret, one of Préval’s closest advisors, told the Ambassador that the trip could have been worse. The GoH stopped a rally that was supposed to take place in favor of Chavez and tried to limit Chavez’ speaking time at the press conference. While waiting at the airport, Verret had let the Ambassador know that he (and presumably the President) were frustrated with Chavez’ late arrival. Overall, disorganization and last-minute planning were evident, and even the pledges of aid and assistance are either old news or vague. GoH officials have complained to post privately in the past that Venezuelan aid can be a burden [on] the GoH…”

But Sanderson’s real vitriol would come in her next cable on Mar. 16. She was beginning to suspect (and imply) that the Haitians were feeding her Embassy negative reports about Chavez disingenuously, but she wanted Washington to be the final judge. “To hear President Rene Préval tell it, Venezuelan President Hugo Chavez’ visit to Haiti on March 12 was a logistical nightmare and an annoyance to the GoH,” Sanderson begins the “Summary” of that cable. “Préval told Ambassador and others that he is skeptical of Chavez’s promises, especially on delivery of gasoline through the Petrocaribe agreement. Secretary General of the Presidency Fritz Longchamps told Polcouns that the GoH viewed the Chavez visit as the price to pay for whatever assistance Venezuela provides to Haiti.”

Sanderson highlighted the Haitian government’s negative feedback. “Préval told Ambassador the evening of March 13 that Chavez was a difficult guest” and “did not have a GOH invitation but insisted on coming to mark Venezuelan flag day.” Préval then did his best to smooth Sanderson’s ruffled feathers. “Responding to Ambassador’s observation that giving Chavez a platform to spout anti-American slogans here was hard to explain given our close relationship and support of Haiti and of Préval’s government in particular, Préval stressed that he had worked hard to stop much of Chavez’ proposed grandstanding,” Sanderson wrote. “He vetoed a Chavez-led procession/demonstration from the airport to the Venezuelan Embassy (substituting a wreath laying at Port-au-Prince’s monument to Bolivar) and limited the length of the press conference. Chavez, for his part, insisted that the press conference proceed as scheduled, thus cutting into bilateral meeting time. Préval added that he, Préval, is ‘just an independent petit bourgeoisie’ and doesn’t go for the grand gestures that Chavez favors. Haiti needs aid from all its friends, Préval added, and he is sure that the US understands his difficult position.”

Préval then addressed the massive show of support Chavez received. “He refused to get out of the car when Chavez insisted on greeting his demonstrators in the street on his way in from the airport,” Sanderson relayed. “Préval and others in the government believe that the Venezuelan Charge d’Affaires orchestrated and paid for the demonstrations by Fanmi Lavalas militants at the airport, the Venezuelan Embassy, and the Palace, which numbered roughly 1,000 and also called for the return of former President Aristide.” (This absurd account, whether concocted for Washington’s benefit or not, is scoffed at by several popular organization leaders who joined with thousands in the rapidly organized and largely spontaneous unpaid outpouring that day, similar to the human flood which greeted Aristide’s return to Haiti on Mar. 18, 2011.)

But despite the complaints of Haitian officials, Sanderson speculates that “Préval and company may be overselling their irritation toward Chavez for our benefit… It is clear that the visit has left a bad taste in our interlocutors’ mouths and they are now into damage control.”

So Sanderson felt compelled to read the Haitians the riot act. “The Ambassador and Polcouns have voiced concern to senior officials that Chavez had used his visit as a platform for an attack on Haiti’s closest and steadiest bilateral ally, most recently with [Prime Minister Jacques Edouard] Alexis yesterday,” she wrote, ending characteristically on a rationalizing note: “At no time has Préval given any indication that he is interested in associating Haiti with Chavez’s broader ‘revolutionary agenda’” but “it is neither in his character — nor in his calculation — to repudiate Chavez, even as the Venezuelan abuses his hospitality at home.”

Préval Continues to Play “Oblivious”…

Despite his hand-wringing and Sanderson’s scoldings, Préval kept angering the Americans. On April 26, 2007, Longchamps told the Embassy’s Political Counselor that “Préval will attend the ALBA [Bolivarian Alternative for the Americas] summit in Venezuela as a ‘special observer’ for the express purpose of finalizing a tri-lateral assistance agreement between Haiti, Venezuela, and Cuba, whereby Venezuela will finance the presence of Cuban doctors and other technicians in rural Haiti,” wrote Sanderson in a cable the same day. “Longchamps expressed surprise that the USG [U.S. Government] would take issue with Préval’s attendance at this meeting.” Longchamps reminded the Polcouns “how President Préval had curtailed Chavez’ activities during the visit and how uncomfortable Chavez’ behavior had made everyone during his stay.” Unimpressed, “Polcouns replied that though that may have been the case, for the USG, the net result was that President Préval gave Chavez another platform from which to attack the United States and then saw him off from the airport,” and that Washington “did not understand why he continued to participate in fora where Chavez vilified Haiti’s most important and reliable bi-lateral partner. USG officials would ask President Préval this question during his upcoming trip to Washington in May.”

Sanderson said the meeting was “specifically to raise our displeasure with Préval’s Venezuela trip” and that “Longchamps’ reaction probably reflects Préval’s own obliviousness to the impact and consequences his accommodation of Chavez has on relations with us.” Longchamps “betrayed a common trait among Haitian officials in misjudging the relative importance that U.S. policy makers attach to Haiti versus Venezuela and Chavez’ regional impact.” Sanderson suggested the U.S. “convey our discontent with Préval’s actions at the highest possible level when he next visits Washington.”

…While Getting More Aid from Venezuela

Préval returned from Caracas with "Chavez' promises to provide a combined total of 160 megawatts of electricity" to Haiti, after "parading with Chavez' rogues gallery of ALBA leaders," Sanderson fumes in a May 4, 2007 cable.

She outlined the essence of the Venezuelan/Cuban aid package: "The Cubans will replace two million light bulbs throughout Port-au-Prince with low-energy bulbs. The initiative will cost USD four million, but save the country 60 megawatts of electricity, which costs the country USD 70 million annually. Venezuela promised to repair the power plant in Carrefour, generating an additional 40 megawatts of electricity. Additionally, Venezuela will by December of this year build new power plants across the country to add 30 megawatts to Port-au-Prince's electrical grid and 15 additional megawatts each for Gonaïves and Cap-Haitian, all of which will use heavy Venezuelan fuel oil, a more efficient and less-expensive alternative to diesel." Venezuela did carry through on all these "extravagant promises and commitments," as Sanderson called them. Chavez also "promised to build a petrochemical complex, a natural gas plant, and an oil refinery to refine the crude sent from Venezuela." Those are still under construction but almost finished.

On May 4, Sanderson sent a second cable explaining that Lecorps "gave the four oil companies operating in Haiti until July 1 to sign the GoH contract on Petrocaribe," hoping that they "will sign the agreement voluntarily, instead of passing legislation obliging oil companies operating in Haiti to participate in the Petrocaribe agreement." After talking to ExxonMobil Caribbean Sales Manager Bill Eisner, the Embassy reported that Eisner "was shocked when he realized that Lecorps expected the oil industry to coordinate the PetroCaribe deal on behalf of the GoH" which would "make the oil industry prisoner to two incompetent governments," Haiti and Venezuela, in Sanderson's words.

Meanwhile, Préval continued trying to bluff Sanderson that things were not so rosy with the Venezuelans, this time sending Senate President Joseph Lambert to deliver the spin. Lambert "described a 'very tense' atmosphere behind the scenes of the ALBA summit between President Préval and President Chavez in a meeting with Embassy staff on May 4," Sanderson's Public Affairs Officer James Ellickson-Brown reported in a May 7 cable. "According to Lambert, Préval refused to join ALBA and told Chavez that if ALBA membership were a condition for Venezuelan aid, he would leave the summit," he wrote. "Lambert added that Préval and Chavez also clashed over drug-trafficking, diplomatic representation, what to wear to the summit's closing ceremony (Chavez wanted everyone in red), and the terms of the energy agreement Chavez offered Haiti." Lambert said that "Préval would never do anything to compromise relations with his 'friends to the North'" and that Chavez "complained that for all the he gives to Haiti, the Haitians give nothing in return." Lambert trumpeted that "Préval's resistance to signing the ALBA accords so upset Chavez that the Cubans tried to get Préval to play along," but "Préval stood firm, in the end agreeing only to a 'very general' cooperation agreement."

The Americans clearly felt Lambert's report was a little fishy, prompting the Political Counselor to ask "why Préval had not shared some of this with the Ambassador during their meeting," Ellickson-Brown wrote. "Lambert replied that Préval would be uncomfortable revealing details regarding such a sensitive subject."

Despite the Embassy's misgivings, Sanderson chose to take Lambert at his word when reporting to Washington on May 24, just prior to Préval's trip there to meet President Bush. She said that Préval "appears to be losing patience: Lambert told Emboffs [Embassy officers] that Préval took an anti-ALBA stance during private meetings with Chavez at the ALBA summit in April, telling Chavez he can keep his aid if ALBA membership is a condition." She judged that Préval was coming to the realization that "seeing is believing when it comes to promises from Venezuela, and Chavez' words are empty until he arrives with cash in hand."

Perhaps this generous appraisal explains why Bush administration officials were so nice to their wayward ally when Préval visited Washington a few days later. "Préval was very pleased with the reception he received from President Bush, Secretary Rice, other USG officials and members of Congress," Sanderson reported in a May 29 cable, and he "was neither surprised nor taken aback by President Bush's concerns regarding Haitian-Venezuelan relations." Nonetheless, "Préval's visit appears to have underlined for the delegation the importance of the Haiti-U.S. partnership and their need to cultivate Washington decision-makers," Sanderson reported, while expressing "hope that President Bush's clear message on Venezuela sank in, but only time will tell."

"Stonewalling" of PetroCaribe Continues

Two weeks after Préval's return, a transport strike on June 12 and 13, 2007 "gripped Haiti's major cities and underscored a mounting crisis over fuel prices, which rose nearly 20% in just two weeks," the IPS reported. Many in Haiti believed that Haiti's joining PetroCaribe "would alleviate high gasoline costs," and word was leaking out that "the two large US oil companies that export to Haiti are said to have stonewalled negotiations" for PetroCaribe's implementation. The July 1 deadline for PetroCaribe compliance was fast approaching.

"Negotiations between the GOH and fuel vendors operating in Haiti to implement the PetroCaribe agreement with Venezuela remain stalled," Ambassador Sanderson begins a Jul. 20 cable. Oil company "representatives seem to accept that the government may eventually force them to accept PetroCaribe terms, but in the near term, they appear to hold most of the negotiating cards" because "in light of Haiti's weak infrastructure and precarious distribution system, the departure of any of the four companies from the market could severely disrupt the supply of gasoline throughout the country."

The stand-off over PetroCaribe would continue throughout the rest of 2007 with Chevron the most resistant to working within the PetroCaribe framework. But Haiti needed Chevron to ship the oil from Venezuela.

"It was ridiculous because they had been buying and shipping petroleum products from Venezuela for 25 years," said Michael Lecorps when asked by Haïti Liberté last week why Chevron put up such a fight. "And you know, Chevron is an American company, so maybe there were some politics behind that too, maybe because of Venezuela and Chavez. But they never said anything about that."

Indeed, the cables suggest that Lecorps' suspicions that Chevron had a political beef are correct. After returning to Haiti on Dec. 22, 2007 from a PetroCaribe summit, Préval announced the negotiations with Chevron were nearing a close. "We're going to sign with Chevron and then we're going to start ordering oil," he said at the airport, reported the AP, adding that Venezuelan technicians would visit Haiti to consult on the project. But "Chevron management in the U.S. does not want to make a lot of 'noise' about the agreement because they do not want to appear to support PetroCaribe," Sanderson explained in a Feb. 15, 2008 cable. The AP also reported that "Chevron officials at the company's San Ramon, California, headquarters did not respond to requests for comment."

Sanderson explained that the deal was sealed when "Chevron finally obtained its desired terms from the GOH" whereby the Venezuelan state-owned oil company Petroleum of Venezuela, Inc. or PDVSA "will sell to the GoH, which will then sell to private oil traders, who finally will sell to the oil companies in Haiti for distribution… Chevron also agreed to ship the refined petrol on one of its tankers. The GoH expects to receive a PetroCaribe shipment in late February or early March."

And PetroCaribe shipments, covering all of Haiti's fuel needs, did begin on March 8, 2008, marking a victory for Venezuela and Haiti in surmounting the roadblocks thrown up by the U.S. Embassy and oil companies.

Préval strictly paid his oil bills, despite having to borrow money from the PetroCaribe fund following the disastrous events of September 2008, when four tropical storms slammed Haiti in as many weeks. "The Sixth PetroCaribe Summit in St. Kitts on June 12 [2009] congratulated Haiti as the 'best payer' out of [PetroCaribe's] 13 countries, having paid approximately USD 220 million to Venezuela," reported Tighe in a June 19, 2009 cable. "As of April 30, Haiti's PetroCaribe account (after Haiti's withdrawal of USD 197 million for its emergency response to the 2008 hurricanes), had a balance of USD 58.5 million. On May 27, the Government of Haiti (GOH) announced that its total fuel imports under PetroCaribe, since the first shipment was received in March 2008, amounts to approximately USD 489 million. Haiti's long-term debt, payable over 17 to 25 years, amounts to approximately USD 240 million."

Tighe also reported that Chavez renewed his pledge, made at the July 2008 PetroCaribe Summit, to construct an oil refinery in Haiti. "Lecorps put its capacity at 20,000 bpd [barrels per day] and the cost at USD 400 million," Tighe wrote. He also noted that although Haiti was not an ALBA member, "a tripartite (Haiti-Venezuela-Cuba) energy cooperation agreement is waiting to be ratified by Parliament" whose "purpose is to decide how 10% of funds from Haiti's PetroCaribe revenue would be spent on social programs in Haiti."

Tighe continued: "Lecorps stated that PetroCaribe '…is very good for the country.' He noted that Venezuelan-financed electricity generating plants are operating in Port-au-Prince [30 megawatts], Gonaïves and Cap Haïtien [15 megawatts each] and have led to longer hours of power in those areas. Haiti receives shipments of PetroCaribe fuel every two weeks… Lecorps asserted that Haiti is satisfied with the PetroCaribe agreement and that it should not be 'politicized.'"

But politicized it was, and Tighe sounded the alarm, concluding: "In addition to three power plants already in operation and promises to modernize the airport in Cap Haïtien, Venezuela's oil refinery project… would expand Venezuelan and Cuban influence in Haiti."

Aftermath of a Struggle

Haiti's Parliament did ratify the Tripartite agreement between Haiti, Venezuela and Cuba in late 2009, and in October 2009, Dinasa acquired Chevron's assets and operations in Haiti, which included 58 service centers, the country's largest gas station network. Shell Oil tankers now transport the PDVSA oil from Venezuela to Haiti, Lecorps told Haïti Liberté.

Under the current PetroCaribe terms, Haiti pays up front 40% to 70% of the value of the petroleum products it imports from Venezuela – asphalt, 91 and 95 octane gas, heavy fuel oil (mazout), diesel and kerosene – with the remaining 60% to 30% paid over 25 years, with a two year grace period, at an annual interest rate of 1%.

The U.S. Embassy's campaign against the South-South cooperation represented by PetroCaribe – which provides such obvious benefits for Haiti – reveal the ugly nature and true intentions of "Haiti's most important and reliable bi-lateral partner," as Sanderson calls the U.S.

Préval and his officials employed a preferred form of Haitian resistance, which dates back to slavery, known as “marronage,” where one pretends to go along with something but then does the opposite surreptitiously. The U.S. got wise to this tactic and began to doubt Préval’s reliability. This is why Washington moved so forcefully to see that Martelly and his crew of pro-American Haitian businessmen were put in power.

So now we may see a marked shift in Haiti’s political direction. Instead of Préval, who tried to walk the battle-line between Washington and the ALBA alliance, we find a pro-coup, long-time Miami resident in power who makes no secret of his antipathy towards Haiti’s “stinking” masses, as he described them in a YouTube video.

“We have been on the wrong road for the past 25 years,” Martelly recently declared, placing Haiti’s wrong turn, in his opinion, at about the time of the U.S.-backed Duvalier dictatorship’s fall and the emergence of the democratic nationalist movement that became know as the Lavalas. Martelly had a pre-inauguration meeting not with Venezuela’s Foreign Minister, but with that of Colombia, whose development plan he has said he will emulate.

His reception by Secretary of State Hillary Clinton, after his highly controversial and fraud-marred election, was exceedingly warm.

All of this augurs woe for Cuban and Venezuelan projects in Haiti, and possibly for the PetroCaribe agreement, despite its tremendous and evident contribution to the Haitian people’s welfare.

Kim Ives

P.S.

* Hïti Liberté, Vol. 4 No. 46 • Du 1er au 7 juin 2011:
http://www.haiti-liberte.com/archives/volume4-46/How%20Washington%20and%20Big%20Oil%20Fought%20PetroCaribe%20in%20Haiti.asp

* (Please consider donating to Haiti Liberté to support our efforts to publish analysis about these secret cables. Visit our homepage and click on the Donate button or visit this link: http://goo.gl/oY7ct)

Footnotes

[1] http://wikileaks.fi/cable/2009/06/09PORTAUPRINCE575.html