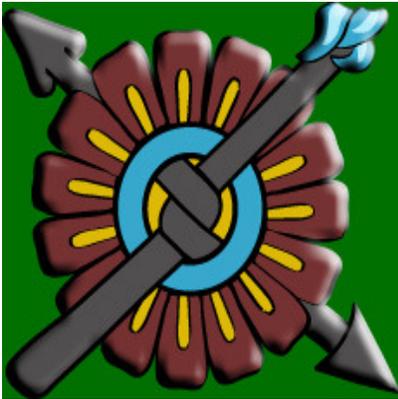


# Plan Puebla Panama Exists and Mesoamerica Resists



## **Dedication**

This project is dedicated to all those faceless men and women who are faceless who are simply, silently and sometimes heroically resisting the abuses of capital and global, corporate power throughout Mesoamerica. May your struggles never be forgotten, nor your efforts invisible.

**Produced by**

**UCIZONI**

*Unión de Comunidades Indígenas de la Zona Norte del Istmo*  
(Association of Indigenous Communities in the Northern Zone of the Isthmus)

Av. 1º de Mayo No.1204, Col. Rincón Viejo; Matías Romero,  
Oaxaca, México. C.P. 70300 Tel. +52 (972) 722-1626 • E-mail:  
ucizoni@laneta.apc.org

# Introduction

On March 12, 2001 Mexican President Vicente Fox officially announced the launch of the Plan Puebla Panama (PPP), with the goal of bringing development to these-called “backward south” of Mexico and to promote Mesoamerican regional integration. In the five years since then, public resources have been used to create, extend and modernize infrastructure for transportation and energy. These projects’ primary beneficiaries are enormous transnational corporations governed by the logic of free plunder -- otherwise known as free trade.



The Mexican and Central American governments, concerned about the growing mobilization and community organizing against the Plan Puebla Panama, decided to make the project less visible. Since the beginning of 2003, governmental representatives were instructed to not make any public declarations nor share with the media the advances of the Plan Puebla Panama. At the same time, it’s obvious that the government has been disguising its budget allocations for the project.



This strategy to hide the PPP has been partly successful. Journalists, politicians, and even some progressive academics seem to think that the PPP has died a quiet death. They suggest that the principal cause of the plan’s failure is disagreements between governments and multilateral development banks over resource allocation for the PPP. How wrong they are. **The PPP is advancing throughout all of Mesoamerica in a silent and secretive manner.**

On the other hand, the hemispheric ministerial meeting held in Puebla, Mexico in 2004 failed to finalize the Free Trade Area of the Americas (FTAA). This setback to the free trade agenda was replayed at the most recent ministerial meeting, held in Mar de Plata, Argentina in November 2005. At that meeting, the growing opposition of the countries of South American Common Market, MERCOSUR: Argentina, Brazil, Paraguay and Uruguay, and of Venezuela, to the fundamental chapters of the FTAA was clear.

# The Plan Puebla Panama and Free Trade March Hand



One of the principal objectives of the PPP is to consolidate the neoliberal vision of development in Mesoamerica. This includes:

- Privatization of land, water, and public resources and services
- Attracting foreign investment by creating, modernizing and privatizing transportation infrastructure, industrial zones and energy markets.
- Promoting regional control of Mesoamerica by North American interests
- A shift from locally owned agriculture, industry and forestry to corporate-ownership.

The Plan Puebla Panama has promoted, in a coordinated manner, a series of projects, many of which were designed *before* 2001. These projects serve the interests of large multinational corporations. Over the last four years, more than 90% of PPP resources have been allocated to transportation and electricity projects.

The implementation of the Plan Puebla Panama has required the use of public resources (federal monies in Mexico and loans in Central America) to effectively attract transnational, private-sector investments to the region.

Due to its strategic geographical location, the Mesoamerican region plays a central role in the circuits of the global market. The great flows of commerce can't be separated from the routes and the energy required to move goods quickly and at low cost. At the same time, hundreds of thousands of jobs have been lost in Mexico and the United States as a direct consequence of the North American Free Trade Agreement (NAFTA). In Mexico, millions of inhabitants from rural and urban zones have migrated north due to the destruction of local economies. The same trends will accompany the Central American Free Trade Agreement (CAFTA), ratified by the U.S. Congress in 2005.

# Growing Popular Resistance

Mesoamerican community-based organizations have effectively resisted several PPP projects. Some project proposals have been abandoned, some postponed, and others modified. In Central America, this popular pressure has forced the InterAmerican Development Bank (IDB) to delegate the financing of some of the most sensitive social and environmental projects to the Central American Bank of Economic Integration (CABEI). Because it has much less rigorous oversight, rules and accountability, CABEI can more easily fund socially or ecologically controversial projects.

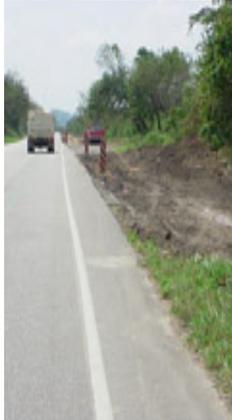


The communal land owners of San Salvador de Atenco, Mexico were able to cancel the construction of a new airport near Mexico City. The indigenous communities of Oaxaca have modified plans or halted roadway construction in several places. Meanwhile, representatives of the Federal Electricity Commission and other federal agencies -- including the first PPP director, Florencio Salazar -- have used every sort of deception and repression to impose the hydroelectric dam La Parota in the state of Guerrero.

The construction of La Parota dam exemplifies the aggressive and deceptive actions of the Mexican government around the Plan Puebla Panama. In 2005, this project provoked violent confrontations that left two people dead and 50 wounded. The resistance of the campesinos of Guerrero has revealed the authoritarian character of the Fox administration, and its willingness to align itself with powerful groups within in the PRI (Institutional Revolutionary Party, which ruled Mexico for nearly 70 years) and to utilize the armed forces to quiet civil disturbances.

The two central axes of the PPP are infrastructure development -- particularly roadways -- and increasing the capacity to generate and move energy -- principally electricity.

# Roads for Big Capital



The integration of transportation systems in Mesoamerica is one of the principal PPP initiatives – and the one that has advanced the most in the last five years. Multilateral development banks (MDBs) have identified high transportation costs as one of the primary barriers to what they call the “global competitiveness” of the region. They consider these high transportation costs and antiquated systems to be bottlenecks in the path toward free trade in the region -- under CAFTA or the FTAA.

The principal objective of PPP investment in transportation infrastructure is to extend, modernize, harmonize, and then privatize (through concessions) a substantial portion of the Mesoamerican road system: 5,860 miles in total.

In December 2004, the IDB indicated that rural roadways would also be considered part of the PPP. This initiative is accelerating the deregulation (and possible privatization) of 13 ocean ports, at least three or four of which are regional ports. Additionally, various ‘dry canal’ routes are being considered in order to transport cargo between the Pacific and Caribbean coasts via truck or train.

The resistance to these new roadways has been primarily motivated by two things: the threat of displacement of people and the low compensation offered to those affected. In Xalapa, the capital of the Mexican state of Veracruz, a community-based environmental movement successfully mobilized for another reason: the environmental damage that the construction of a high-speed roadway would cause to a cloud forest.



# Energy for the Rich

SIEPAC, the energy integration initiative of the PPP, is directly financing the creation of a regional energy market with a 1,135-mile transmission line, stretching from Panama to Guatemala. SIEPAC will connect the energy grids of South America, Central America, Mexico, the United States, and Canada – a sort of NAFTA-CAFTA energy grid.



This electricity megaproject would create a single regulatory system for the entire region, with one administrator. It will require investments of about US\$ 700 million annually in new hydroelectric projects, gas turbines, and geothermal power.

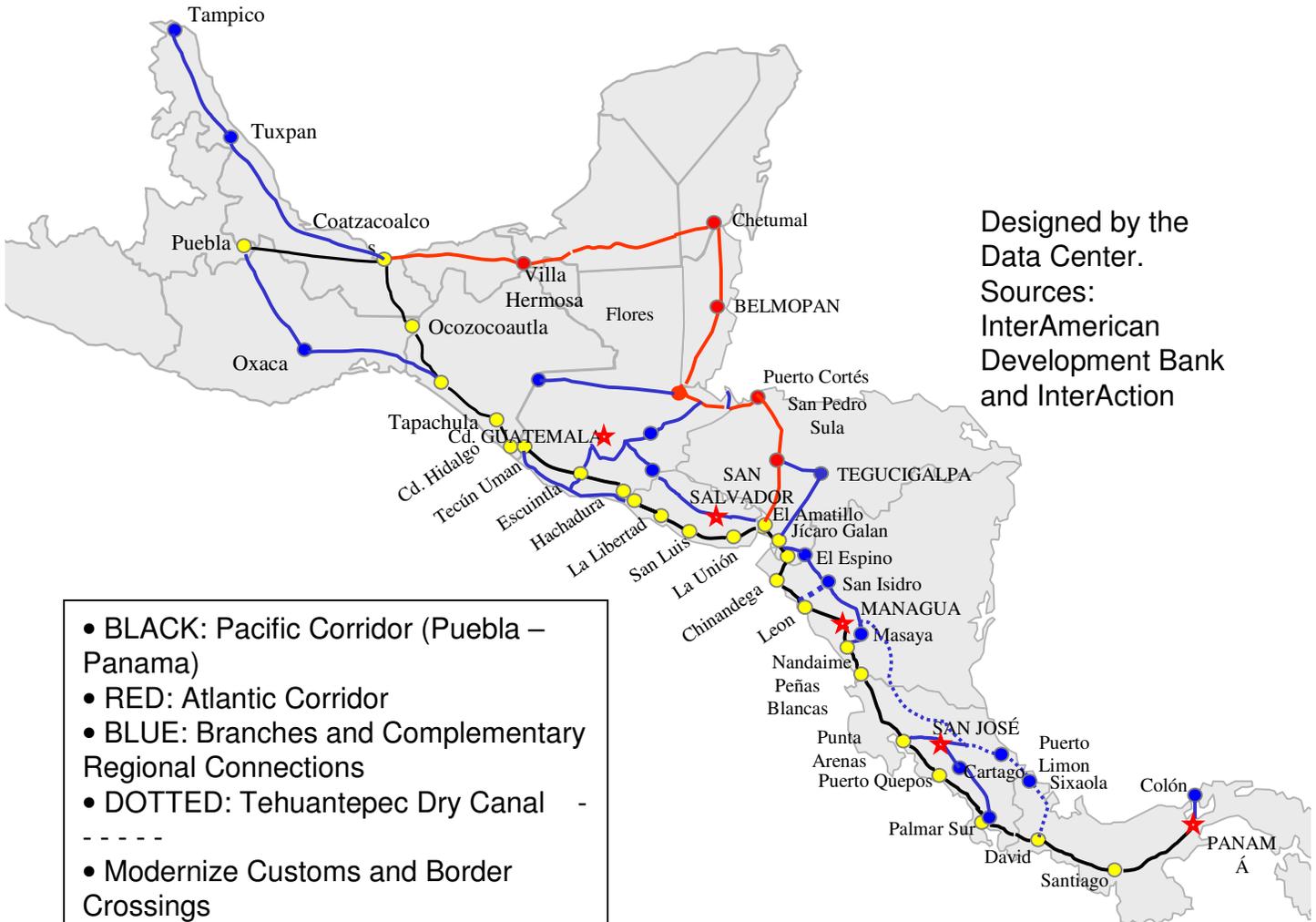
The Spanish company Endesa is a SIEPAC share holder, together with the governments of Central America. Other large corporations are involved with the construction of both electrical generation and transmission systems. These corporations include the Spanish Unión Fenosa and Iberdrola, as well as Gamesa, Mitsubishi, Enel and ABB. In the Mexican Isthmus, several of these big corporations are competing to construct a gigantic windpower park. More than US\$ 100 million in investment in the project, called La Venta III, has already been approved.



In September 2005 the Canadian company Dessau-Soprin won the contract to supervise the construction of SIEPAC, aiming to complete it by 2008.

The following map presents the actual development of the SIEPAC project combined with different initiatives related to the PPP.

# Map of PPP Area and Highways



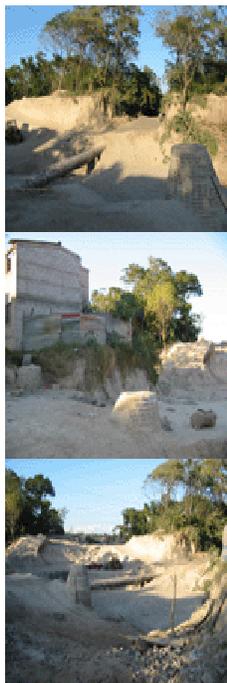
Designed by the Data Center.  
Sources: InterAmerican Development Bank and InterAction

- BLACK: Pacific Corridor (Puebla – Panama)
- RED: Atlantic Corridor
- BLUE: Branches and Complementary Regional Connections
- DOTTED: Tehuantepec Dry Canal
- - - - -
- Modernize Customs and Border Crossings
- Harmonize Regulations and Technical Norms

Mexican States included in PPP:  
Puebla, Veracruz, Guerrero, Tabasco, Campeche, Oaxaca, Yucatan, Quintana Roo, and Chiapas.

# Honduras & El Salvador: PPP Advances

The construction of the “*Anillo Periférico*” beltway around San Salvador, El Salvador is part of the PPP. This project is designed to create large-scale infrastructure for the trucking industry in Central America. Begun as a PPP initiative in 2002, opposition to the Beltway led by ACAP (Association of Communities Affected by the Beltway) prompted the IDB to delegate responsibility for the project to CABEL. The IDB has stated publicly that the project is not part of the PPP. It is estimated that in the next 10 years the seven-lane roadway will cost one billion dollars. This money is hoped to be recovered by turning the Beltway into a toll road.



Those championing the PPP have also prioritized the construction of inter-oceanic commercial corridors. In Mexico projects being currently underway to modernize two sections of the trans-isthmus highway (between the Gulf of Mexico and the Pacific Ocean). Investments have been approved to modernize access points to the port in Salina Cruz, Oaxaca. The Panama Canal is being widened, while in several Central American countries there are studies and projects underway for dry canals. In the case of Honduras, important advances have been made in the “Atlantic Corridor” that will eventually connect Mexico to Belize, Guatemala, Honduras and El Salvador with a 1,080-mile highway. The Honduran section of the corridor includes the 182-mile CA-5 roadway between the port town Puerto Cortés and the principal centers of Honduran production and consumption: San Pedro Sula, Comayagua and Tegucigalpa.

Many in Honduras are concerned about the impacts of the CA-5 roadway. During the VII Tuxtla Meeting of the Regional Heads of State and the Government of Honduras in June 2005, popular organizations protested the dry canal plan, arguing that it represents the privatization of the National Port Authority of Honduras.

# The Invasion Continues

With the examples noted here, we can see how the Mexican and Central American governments, as well as international financial institutions like the IDB and the CABEL, are imposing the Plan Puebla Panama. Several projects and investments already exist as facts on the ground. Nevertheless, they are still almost invisible to the media and to the public at large, obvious only to the local communities that have suffered through them. Many politicians and progressive intellectuals in the Mesoamerican region claim that the PPP has been destroyed, that it doesn't even exist. This is completely false.

Even as the PPP advances consistently and silently, it is occasionally quite public. At the IV Meeting of the Trade Ministers of the Americas, in November 2005 in Mar de Plata, Argentina, President Fox announced that the second phase of the PPP would require an estimated US\$ 7.5 billion in financing. This second phase would be principally focused on energy programs. According to the Minister of Foreign Relations of Mexico, Luis Ernesto Derbez, this phase is the "culmination of the Plan Puebla Panama." According to a press release issued by the regional Heads of State on November 7th 2005 the four primary projects are:

1. The construction of a new refinery to process crude petroleum in Central America.
2. The construction of a [natural gas refinery] to transform liquid gas and the extension of the Central American gas pipeline.
3. The construction of an electricity generation plant in Central America to complete the interconnection with Guatemala.
4. The revision of the San Jose Pact (under which Mexico and Venezuela supply petroleum to 12 countries under favorable terms), in which Mexico would help the members of SICA (System of Central American Integration) with the impacts of high energy prices.

On December 13, 2005 the heads of state of Belize, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama and the Dominican Republic met in Cancun, Mexico to approve the Mesoamerican Energy Initiative of the PPP. At this meeting they agreed advance the discussion and evaluation of the proposed projects. They will meet in May 2006 to analyze advances and to ratify the second phase of the PPP.

# Conclusion

In December 2005, while the regional governments met in Cancun, over 1,300 delegates from 600 social organizations met in San José, Costa Rica at the VI Mesoamerican Peoples' Forum. At the forum, participants emphasized the need for resistance in Central America to CAFTA. Many stories were shared about resistance to megaprojects, mobilizations against deaf and authoritarian governments (and against powerful legislators who have sold out...) [Nevertheless, for many of the participants, there is still not sufficient clarity about the relationship between the PPP and the Free Trade Agreements. We plan separate strategies, rather than seeing our struggles against the PPP and the various FTAs should be part of a common political strategy.



For this reason, we must construct a larger, coordinated movement of organizations and peoples throughout all of Mesoamerica that can press for coordinated responses -- with solidarity and cooperation from groups from other regions of the world. These responses will enable us to confront our own governments, the IDB and the enormous corporations. They will allow us to reclaim political space, as we defend our territorial and cultural heritage.

Mesoamerica is a region with a great history of struggle and resistance. Our communities retain features of ancient cultures, which have permitted them to live in extremely difficult conditions. This historical connection also makes it possible for them to renew themselves, and to construct their own community-based proposals. More than anything else, Mesoamerica is a region with its own identity. For this reason, as the Mesoamerican peoples say at their demonstrations, "*No queremos y no nos da la gana, ser una colonia norteamericana*" -- "We don't want to be -- and we don't have to be -- a North American colony."



**¡ ¡ Viva Mesoamérica Libre !! • Long Live a Free Mesoamerica!**

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