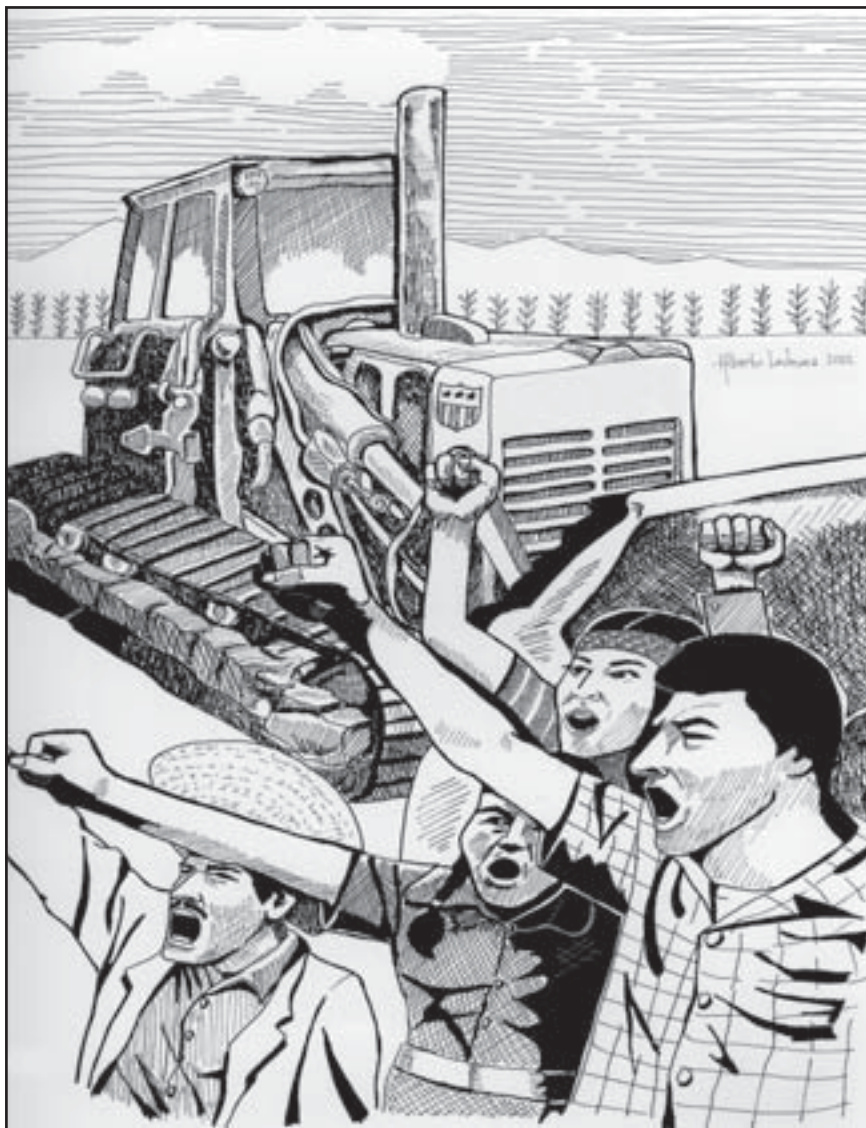

PLAN PUEBLA PANAMA



BATTLE OVER THE FUTURE OF MESOAMERICA

(2nd EDITION: 2004)

PLAN PUEBLA PANAMA

**Battle Over the Future
of Mesoamerica**

**A collection of articles edited by
the Network Opposed
to Plan Puebla Panama (NoPPP)**

(2nd Edition)

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OVERVIEW

PLAN PUEBLA PANAMA: BATTLE OVER THE FUTURE OF MESOAMERICA

Brendan O'Neill, ASEJ/ACERCA (USA)



In July 2001, Honduran community leader Carlos Flores is assassinated in front of his family for opposing construction of a hydroelectric dam in Sierra de Agalta National Park. In May 2003, two Zapotec indigenous men from Oaxaca, México, are beaten and thrown in jail after blocking the Pan American Highway to demand the release of Carlos Manzo, imprisoned for his opposition to an industrial shrimp farm. In El Salvador, dozens of families are displaced by the construction of a massive beltway around the city of San Salvador.

Linking all of the above people, places and violent events is one massive region-wide network of megaprojects that is literally paving the way for corporate globalization from Puebla, Mexico, to Panama called Plan Puebla Panama (PPP). As organized resistance unveils the PPP's true purpose, it is increasingly apparent that this megaproject represents one of the greatest threats to the social, economic and ecological integrity of Mesoamerica.

What is Plan Puebla Panama?

First introduced by President Vicente Fox of Mexico in 2001 and later joined by all Central American Presidents, the PPP is a \$10 billion, 10 to 25 year regional integration project to create and interconnect transportation routes, industrial corridors and a variety of infrastructure projects throughout Mesoamerica (Southern Mexico and Central America), and firmly root the global "free trade" agenda in the region. Fox promised the PPP's industrial corridors and transportation routes would bring the NAFTA model to a "backward South," and now the US-Central America Free Trade Agreement (CAFTA), the Free Trade Area of the Americas (FTAA) and the PPP are combining forces to do just that. Multilateral banks, private industry and the Central American public are providing the capital, loans and resources to fund this controversial megaproject.

The primary objective of the PPP is to consolidate what is, in fact, a highly

It is increasingly apparent that this megaproject represents one of the greatest threats to the social, economic and ecological integrity of Mesoamerica.

contested neoliberal “vision of development” in Mesoamerica, which includes:

- Privatizing land, resources and basic services.
- Attracting foreign investment through the privatization of transportation infrastructure, industrial zones and energy markets.
- Promoting and enhancing the profitability of, and dependency on, export-oriented neoliberal development.
- Shifting from locally- to corporate-owned forms of agriculture, forestry and industry.

Officially, the PPP promotes eight different initiatives: sustainable development, human development, prevention and mitigation of natural disasters, tourism, facilitation of commerce, transportation, interconnection of electricity and integration of telecommunications services. However, despite the human face some of the initiatives bring to the PPP, in reality the transportation and electrification initiatives – both of which are key to the advancement of corporate globalization in the region – account for 92% of the over \$5 billion budgeted so far for the PPP.

The PPP’s region

Geopolitically, Mesoamerica’s position is very precarious. The region is located just south of the world’s most powerful military and political-economic force and is the only narrow strip of land between the world’s fastest growing production sites in East Asia and the largest consumer markets in the eastern United States and Western Europe. Thus, the region’s strategic location, highly coveted biodiversity and its peoples’ growing rejection of the “free trade” agenda, make Mesoamerica both the linchpin and Achilles heel for the advancement of global capitalism.

PPP: Pavement, Privatization and Poverty

The PPP’s primary “arteries” include two “industrial corridors” from Puebla, Mexico, to Panama, supported by a network of roadways and “dry canals” that link important ports, “free trade” zones (sweatshop-dominated, export-processing zones), and transportation routes. Additionally, the PPP creates and facilitates the privatization of a hemispheric-wide energy grid connecting the energy sector of South America, by way of Colombia, to Central America and Mexico. Each primary “artery” of the PPP – such as the region-wide energy grid – is linked to a series of secondary veins of megaprojects – in this case, hydroelectric dams – that may or may not be “officially” part of the PPP. This intersection between *official* PPP projects and even more controversial PPP-*related* projects reflects a calculated decision on the part of PPP designers to mask the plan’s most controversial components. Therefore, to truly understand the PPP, we need to study not only its individual projects, but also how the PPP fits into a regional and global “development” framework.

The focus and massive scale of the primary arteries alone shed light on the

fact that the PPP is not a plan to “develop” the “backward South” to benefit the region’s poor majority or protect its rich biodiversity, as claimed by promoters. Rather, the PPP is a global project that enables transnational corporations and the regions’ elites to profit from the flow of goods across the region to consumers in the North as it displaces and destroys local communities, economies and ecology.

It is no accident that the PPP offers rural peoples little choice but to abandon, or be forcefully removed from, their lands and migrate to cities to compete with other workers for inhumane sweatshop jobs. Indeed, the PPP builds upon a regional legacy of genocide and ecocide, systematically attacking the areas’ diverse cultures and environment by restructuring Mesoamerica to favor US and local political and economic interests, and by tightening the grip of transnational corporations on the regions’ diverse and abundant natural resources and labor force.

What’s New with the PPP?

Since the first edition of this booklet was published, the PPP has been extended to include 402 km of roadways that connect the Atlantic and Pacific corridors in southern Mexico to the NAFTA infrastructure and markets of the US and Canada. On the US side of the border there is an onslaught of new super-highways, industrial corridors and roadways being built that link to PPP infrastructure in the south. Additionally, the PPP has a southern twin called the Integration of Infrastructure in the Region of South America (IIRSA), which will extend the same PPP-style network of megaprojects throughout South America.

As of February 2004 the International Network of Mesoamerican Roadways (PPP’s road integration initiative, known as RICAM in Spanish) has received 83% of project funding, 76% of which has been allocated to the project’s Pacific Corridor. Another significant development is that Panama, Costa Rica, Nicaragua, Honduras, El Salvador and Guatemala have signed an agreement approving the creation and privatization of the regional energy grid known as SIEPAC. With loans from the Inter-American Development Bank (IDB), construction of SIEPAC is to begin in 2004. Additionally, Mexico and Guatemala signed an agreement to connect their energy grids. Most recently, Colombia, Latin America’s largest recipient of US military aid, has expressed interest in formally being included in the PPP.

Thus far, slightly less than 50% of all PPP projects have received funding, testament to the success of a growing and widespread grassroots resistance to the PPP throughout the region. Increasingly fearful of civil society’s ability to stop the PPP, the IDB has recently invested additional resources into conducting voluminous environmental impact assessments and hired a public relations firm to determine how to put a gentler face on the PPP.

Another Mesoamerica is Possible!

This second edition of *Plan Puebla Panama: Battle Over the Future of*

Mesoamerica is meant to unmask the lies of “development” that the PPP promises and to inspire mobilization against this corporate-conceived plan. From Puebla to Panama and beyond, local, national, regional and global networks of social movements are building grassroots cross-border resistance and alternatives to the PPP.

Organizing to stop the PPP is a major challenge. The lack of information about and magnitude of the project make it easy for PPP sponsors and profiteers to hide the destructive activities of the plan and avoid accountability. Reports of engineers arriving unannounced in communities hauling survey equipment, bulldozers and work crews are on the rise, and make it clear the PPP is moving forward. Nonetheless, key struggles you will learn more about in this booklet, such as those in the Mexican state of Puebla, in the city of San Salvador and in Nicaragua, have been successful in stopping official parts of the plan cold.

In July 2003 the Fourth Mesoamerican Forum against Plan Puebla Panama was held in Honduras. As with the first three forums held in Mexico, Guatemala and Nicaragua, the thousand-plus delegates who gathered in Tegucigalpa rejected Plan Puebla Panama, the FTAA, CAFTA, all so-called ‘free trade’ agreements and the accompanying militarization of the region. A growing Mesoamerican network of diverse organizations and coalitions is clearly not looking to the IDB or the PPP for solutions to regional problems. Rather, this growing resistance is part of a much larger struggle to topple neoliberalism, from its most local to its most global form, and to build, from the bottom up, the necessary relationships, processes and structures to globalize justice.

This booklet adds a voice of solidarity from the US and Canadian-based Network Opposed to Plan Puebla Panama (NoPPP) to the struggle of our *compañeros* and *compañeras* in the Mesoamerican frontlines – communities and activists hard at work, sometimes paying with their lives, to halt implementation of the PPP and promote equitable, locally-planned and ecologically-sound forms of social and economic change.

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PRIMARY PPP INSTITUTIONAL SPONSORS

■ **Inter-American Development Bank (IDB):** With an annual lending capacity of \$8.5 billion, the IDB is the world's largest regional development bank and, for nearly a decade, has been the greatest source of multilateral financing for the *Mesoamerican* region. As chief PPP financier, the IDB jumpstarted the megaproject in 2002 with a line of credit worth \$4.02 billion; as primary intellectual architect, it promotes an illusion of consensus around the controversial notions of development that underpin the plan. With lower environmental and social standards than those at the World Bank, the IDB is even less transparent and open to public scrutiny. Yet growing citizen capacity to block unwanted PPP projects has propelled the IDB to invest increasing resources into extensive environmental impact assessments and high-priced public relations services to give a facelift to the PPP's deteriorating image.

■ **Central American Bank for Economic Integration (CABEI):** Founded in 1960, CABEI has become the second most important lending institution in Central America, providing 47% of total multilateral financial flows to the region over the last three years. In 2004, CABEI announced it would lend as much as \$8 billion to Central America in the next five years, dwarfing the potential lending of both the IDB and World Bank. The second largest contributor to the PPP, CABEI took over a \$700 million segment of the IDB's PPP operational portfolio. The growing share of CABEI financing is of great concern, since its lower profile and lack of any discernible environmental, transparency or accountability standards have made it the lending institution of choice for controversial, "high risk" projects, such as highways and dams, that face strong civil society opposition. Moreover, the IDB, which is regulated by such standards, claims it can only enforce them if a project is publicly financed – in other words, not co-financed with CABEI monies.

■ **World Bank:** The World Bank-sponsored large-scale, multi-million dollar PPP project known as the Mesoamerican Biological Corridor is highly controversial. Its purported aim is to link discrete, protected ecological areas to "protect" biodiversity, yet critics argue that once these areas are "united" and "managed," foreign corporations will gain further access and control over their unique resources while local peoples will be forcefully displaced.

Ultimately, the people of Mesoamerica will pay the highest price for the PPP, as multilateral loans mature and debt increases, drawing scarce government resources away from essential social programs and services and furthering the grip of Structural Adjustment Programs on the region.

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PPP CORPORATE PROFITEERS

■ **International Paper (IP)** promotes genetically engineered tree technology - what the Rainforest Action Network calls “one of the gravest future threats facing endangered forests.” A commercial plantation owner in Mexico, in 1995 the company issued a letter to the government conditioning its future investments on industry deregulation, tax incentives and curbing of indigenous autonomy. IP urged limitless extensions of privately-owned forests and indicated that if its terms were met, it would plant 300,000 hectares of eucalyptus on what were, at the time, indigenous and communal lands. The Mexican Congress subsequently passed controversial forestry legislation incorporating these “recommendations,” and the World Bank released loans for additional plantations.

■ **ENDESA** is a principal investor (\$45.8 million) in the \$320 million regional energy interconnection initiative known as SIEPAC, which will create and privatize an 1830-kilometer regional energy grid. Notorious for its disrespect of indigenous peoples, the Spanish corporation recently won a 10-year battle to build the third largest dam in the world in Chile, which will inundate the Pehuenche peoples’ traditional lands.

■ **Harken Energy** is a US corporation with oil and energy interests throughout Mesoamerica. In 2003, Costa Rica canceled a Harken drilling contract after determining the company’s plan would violate environmental impact laws. In response, Harken sued Costa Rica for \$57 billion - more than eleven times the country’s national budget of \$5 billion. After Costa Rica agreed to negotiate, Harken withdrew the suit, but further legal action is likely since Costa Rica recently refused to pay compensation. In the US, Harken is known for accounting irregularities, asset exaggeration, tax evasion and alleged insider trading by George W. Bush, Jr., while a Director.

■ **Delasa and Prescott Follett & Associates** jointly purchased a 25-year lease on the privatization, port modernization and creation of megaprojects (including free trade zones and road expansion) in the port town of Bilwi-Puerto Cabezas, Nicaragua, in 2000. The joint venture has been rocked by scandal and corruption ever since. Having failed to make promised repairs to the port, the two US companies left it in such a precarious state as to be nearly unusable, resulting in dramatic increases in transportation costs and local food prices.

■ Among hundreds of other corporations likely to profit from the PPP are: *in energy*: Applied Energy Services, Duke Energy; *in ports and transportation*: Hutchinson Port Holdings, Empresas ICA; *in plantations*: Boise Cascade, Grupo Pulsar, Temple Inland; *in petrochemicals*: Exxon, Mobil, Shell, Dow Chemical, Union Carbide; *in bioprospecting*: Monsanto.

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