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Electrical workers in El Salvador went on strike to protest the firing of 29 workers and demand their return. But behind the strike lies resistance to privatization, and, behind that, an Inter-American Development Bank (BID) loan and a legislature that said no. The IDB loan for a regional electric grid is a crucial link (see NotiCen, 2002-10-24) in the Plan Puebla-Panama (PPP). The work stoppage began with three workers on a hunger strike, then grew when the president of the Comision Ejecutiva Hidroelectrica del Rio Lempa (Cel) ignored the three hunger strikers.

Secretary general of the Sindicato de los Trabajadores del Sector Electrico (Stesel) Alirio Romero said that the protest started in Soyapango, east of the capital, then spread to substations in the western sector. "Because of the authorities' refusal to negotiate, the strike will keep growing to include the sections that manage electrical energy production in all of El Salvador," he said. The workers will abstain from equipment maintenance, so that, when there are voltage changes resulting from climate or other factors, there could be a 'technical shutdown' of electricity throughout the country."

A potentially larger issue is that Romero also charged that the government intends to whip Cel into shape for privatization using funds that the IDB wants to loan the country to connect the system to the Sistema de Interconexion Electrica Centroamericana (Siepac), transferring the entire grid to a transnational corporation. He said this would raise consumer prices. "The fundamental point of the struggle is to prevent privatization of electrical service. El Salvador privatized the distribution of energy three years ago, which caused a rise in rates, with the state unable to control them," said Romero (see NotiCen, 1998-01-29).

Romero's concerns about Siepac have wended their way to the Asemblea Legislativo, where deputies have until Nov. 28 to approve a US$40 million loan from the IDB that will enable the regional hookup. Seipac representatives, government officials, and international advisors defend the project not only as a part of regional integration, but also as a tool that will benefit all the countries of Central America.

The legislators, however, are unimpressed as yet and uncertain as to the benefits. Minister of Economy Miguel Lacayo called the project a "regional electrical superhighway: quality, security of supply, and better prices for the customers." IDB official Marcelo Antorini said the bank had no doubt about the project. With formidable resistance from lawmakers, proponents of the scheme held a forum on Nov. 11 to explain the concept and disabuse doubters of their errors in thinking. The public forum was an unusual gesture for a specific project, but proponents deemed it necessary because the project is a key piece of PPP and is already six months behind schedule.

All other countries of the isthmus have signed on to a total of US$320 million in IDB largesse, making sole holdout El Salvador the key player. The invited protagonists included regulators and

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operators of the region's electrical markets, lawmakers, and government officials from the five other countries. The guests of honor were the recalcitrant Salvadoran legislators.

Marcelo Antinori explained that Siepac is an important component of regional integration and one of the best ways of strengthening the electrical sector and attracting foreign investment. He denied wanting to get involved in internal political decisions but ventured that no political option should derail a regional project, especially when it portends better economic and social development. He cautioned that disapproval of the project would not solve regulatory problems, and said the two issues ought not be confused. The exclusion of El Salvador from the grid would mean a setback for the integration plan and that should be avoided at all costs, he said.

Nonetheless, an alternative plan of interconnection that leaves El Salvador out has been drawn up. If El Salvador were to decline, a new period of study would have to be undertaken to confirm the viability of the alternative. That would retard the plan another six months to a year. IDB conditions require each of the countries to approve its corresponding assignments in the project. Without consensus, there is no money for the construction of the line.

Organizers of the forum also brought in from Spain Jordi Dolador, a regulatory commissioner, to explain the European Union (EU) experience with electrical integration. He was one of several who came to pitch the project, but even he recognized a downside. The main negative is that the individual countries lose autonomy; they lose the power to act unilaterally in certain circumstances.

But the lawmakers were not buying. They understood perfectly well the regional benefits but were not convinced that those benefits would translate into advantages for customers, especially residential users. Said one, "The Electricity Law of El Salvador prevents the benefits of the project from reaching the final consumers, so until there is a reform, there will be no votes for the interconnection of the isthmus."

"No technical study has demonstrated to us that there will be a transfer of benefits to the population," said Deputy Ileana Rogel of the Faribundo Marti para la Liberacion Nacional (FMLN). She is joined in her opposition by all but the Alianza Republicana Nacionalista (ARENA). Government officials, according to observers at the forum, evaded questions related to guarantees of lower prices. They were unable or unwilling to sort out this main sticking point, the clash of lower wholesale costs, and a regulatory environment that would allow distributors to keep the change. The project of regional electrical integration comes with a US$320 million price tag.

IDB finances US$170 million of the total. The bank also administers an additional US$70 million provided by the Spanish government. The Spanish corporation Endesa contributes US$45.8 million (see NotiCen, 2002-07-11), and each country pays US$5.8 million. The three starving strikers have now entered their fourth week without food. A medical evaluation has found that they have begun to present health problems, and the president of Cel has had no contact with them or with the union. The union has called upon the population to turn off the lights for two hours on one day in support of the strikers.

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