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Plan Puebla Panama Lacks Private Investment

by LADB Staff

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Plan Puebla-Panama (PPP), the scheme to integrate Meso and Central America, largely remains just that a plan, a scheme. Little if anything has actually been built, installed, or initiated since the idea, usually if arguably attributed to Mexico's President Vicente Fox, first became the subject of debate and conjecture in the region.

In an environment of information scarcity, arguments have arisen regarding the premises of the plan. It is frequently framed as an integrated effort to relieve poverty, but it has been the poor, the indigenous, and the marginalized who have repeatedly asked just how this integration will help them. Recent developments in Panama, however, indicate that foreign investors have begun to answer that question for themselves (see NotiCen, 2002-07-11).

On May 27, the Japanese government made known its interest in getting involved in technological and energy-related initiatives associated with PPP. "We are in the stage of study to identify possible modalities of cooperation in the areas of information technology and geothermic energy," Ken Shimanouchi, Latin America director of Japan's Foreign Affairs Ministry, told the press. He made the statement at the conclusion of the VII Foro de Dialogo y Cooperacion Japon-Centroamerica. Shimanouchi told Notimex that the Banco Japonese de Cooperacion Internacional had begun to analyze several PPP projects. That does not mean that there will be any observable action in the short term. "These studies could take another year, but there is a lot of interest among Japanese businessmen in PPP," said the diplomat.

The vice foreign ministers of Central America signed a joint statement with their Japanese counterpart, in which the Japanese expressed "their interest in cooperating" in Plan projects. This flurry of Asiatic interest follows on another PPP development, this one from Europe. On May 13, also in Panama, at the XIX Conferencia Ministerial del Dialogo Politico y Cooperacion entre la Union Europea y Centroamerica, EU officials announced a US\$40 million loan to complete the financing for the interconnection of the power grid in the region, a key element in the PPP infrastructural vision.

An agreement was signed between the Banco Centroamericano de Integracion Economica (BCIE) and the European Investment Bank. The final US\$40 million caps a total investment of US\$385 million, according to a BCIE statement. The EU loan is a 20-year deal at between 2% and 3% interest. It will enable the building of the Sistema de Interconexion Electrica de los Paises de America Central (Siepac). This project, with a two-year timeline, will integrate the power grid from Panama to Guatemala.

Other contributors, already signed up, are the Inter-American Development Bank (IDB) at US\$170 million; Spain, at US\$70 million, and the individual countries involved, at a total of US\$105 million. Further interconnection with Mexico is contemplated at a later stage in the project.

Rounding out the recent PPP power plays, in late April, the presidents of Colombia and Venezuela, Alvaro Uribe and Hugo Chavez, respectively, agreed to a joint project to run a gas line through the countries of the Plan. The two told a news conference that their project calls for Colombia to supply gas to the Venezuelan state of Zulia, and following the installation of the infrastructure, Ecopetrol and Petroleos de Venezuela (PDEVSA) will begin building pipeline to serve the PPP countries. These projects have in common that they have been designed and planned with little or no input from the designated beneficiaries, the aforementioned poor, indigenous, and marginalized. In a demonstration of concern for that feature of the overall planning, deputies of the Parlamento Latinoamericano (Parlatino) called, on May 9, for greater participation and consultation for indigenous communities in PPP matters.

Said Panamanian Parlatino Deputy Samuel Binns, "Greater consultation is required; we don't want to be treated in a more special way than another group, but it must be accepted that we are special because our language, traditions, and limitations are different." These expressions of concern came during a meeting of Parlatino committees on indigenous, women, infancy, and childhood themes. The committees were discussing issues specific to PPP. The president of the Comision de Asuntos de Pueblos Indigenas, Leonel Pantin of Nicaragua, said that the native ethnicities must seek participation in the application of PPP in order not to risk increasing their poverty rather than mitigating it. It was Pantin's view that indigenous people of the region should not reject PPP, but instead accept that development has its costs and get involved. "We don't want to be incorporated in development in a gross way, but rather in a planned and progressive manner that does not damage out tradition, customs, and resources," he said. Pantin's committee supported a resolution of the Panamanian delegation that demands guarantees on historic rights in indigenous territories. The guarantees would include issues of biodiversity.

In June of this year, PPP will mark the beginning of its third year of existence. Marcelo Antinori, PPP coordinator for the IDB, told Inforpress in an exclusive interview that the most important advances during the second year have been in the social sphere. He said that a memorandum on an education project has been signed and that a sustainable- development project will be signed in June. Also soon to be completed are accords on health, and mitigation and prevention of natural disasters.

As for indigenous issues, an ongoing dialogue with the Consejo Indigena Centroamericano (CICA) has been established. But from the point of view of popular organizations, Antinori paints too rosy a picture of the social focus in PPP officialdom (see NotiCen, 2002-10-24). Mario Godinas of the Asociacion para la Promocion y el Desarrollo de la Comunidad (CEIBA) and the Mesa Global de Guatemala complained that the consultations have centered around the basic document of PPP and not on the activities already in progress. What is more, he finds little space in these consultations for organizations like his to ask questions.

Another ongoing problem for widening the discussion has been the scarcity of information and hard data coming from PPP authorities on the real development of the Plan. Many organizations are concerned, for instance, about the debt their countries incur, how it will be paid, and what the economic implications are for the average campesino or worker. And while there is much discussion of the participation of lending institutions, where is the private investment? Antinori responded to that question saying that there never were goals for private investment within the Plan, but that,

considering the poor economic situation in Latin America and in the world, private investment has been "more than expected." He said that Mexico and Costa Rica are putting road construction projects out to bid and that Guatemala, Panama, and El Salvador (see NotiCen, 2002-11-06) are also expected to do so. He added that, although one of the objectives of PPP is to attract private investment, the aim was never to attract big capital projects. Therefore, he concluded, it is of little concern whether the investment is foreign or local.

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