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## **Mexican President Vicente Fox Touts Plan Puebla-Panama**

*by LADB Staff*

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Guatemalans gave Mexican President Vicente Fox an angry reception on his first stop on a tour of Central America aimed at resuscitating his waning Plan Puebla Panama (PPP). Fox's take on his visit with President Oscar Berger was that "Guatemala and Mexico are called to play a fundamental leadership role in the future of Mesoamerica and of Latin America." But thousands of Guatemalans were in no mood for lofty pontifications.

Outside the National Palace, where Fox's words echoed, and throughout the country, people blocked roads and chanted, "Fox get out," "No to PPP, yes to life," and "No more poverty." They carried picket signs and placards against the PPP and against free-trade schemes. Fox tends to minimize Inside the National Palace, until recently the seat of government but now formally the National Palace of Culture, the presidents were making a media show of telling their economics officials to convene a commission "to dismantle obstacles" to trade. Fox minimized the problems, calling them "a few small problems, some barriers."

Guatemalan private-sector and government officials, however, saw the problems as larger. They have complained of individual Mexican states imposing nontariff trade barriers in violation of a trade agreement signed between the countries in 2000 and which have been in effect since April 2001. The effect of these violations has been, for Guatemala, increasingly unfavorable terms of trade, dwindling exports to its giant neighbor, and steadily rising imports. Banco de Guatemala (central bank) figures quoted by the Camera de Industria indicate that the balance of trade worsened from a negative US\$379.8 million to a negative US\$611.1 million between 1998 and 2002.

Fox took the defensive against the anti-PPP demonstrations, claiming that the plan "has been misinterpreted." He said, "The PPP is a regional-development process that is primarily about people, families, and particularly, indigenous communities. As regards Mexico, and I know it's the same in Central America, no action will be taken, no decision, that abuses a community."

In other activities during the brief stopover, Fox called upon all Latin American countries to support the Free Trade Area of the Americas (FTAA), announced his support for regional anti-gang initiatives, promised better care would be taken of Central Americans caught in Mexico attempting to migrate northward, and, jointly with Berger, announced the updating of four Guatemala-Mexico border crossings, one of which will be used for a one-stop customs experiment.

Ill-treatment of Guatemalans at Mexican borders was an issue during the visit not only in Guatemala, but in the US as well, where Guatemalan immigrants protested against the militarization of the Mexico-Central America border and demanded that Mexico respect the rights of their compatriots while they make their way across Mexico. In a communique timed to coincide with the Fox visit, the Mesa Nacional para las Migraciones en Guatemala (Menamig) combined

migratory issues with demands for labor guarantees for Guatemalan workers in Chiapas, for protections for human rights workers on the borders, and for humane repatriations.

Menamig said that the militarization of the border had "transformed Guatemala into a containing wall for migratory movements," resulting in a rising death toll as migrants seek alternative routes through Mexico. Lumps taken, Fox moved on to Honduras, there to propose another PPP benefit, PEMEX (Petrleos Mexicanos) gas-station franchises.

In a press conference with President Ricardo Maduro, Fox said, "The Consejo de Administracion of PEMEX will make the decision in the next few days, but we're ready to start in Belize, and I have agreed with President Ricardo Maduro that we will rapidly be able to start an experiment of this type between Mexico and Honduras in order to promote local investment (see NotiCen, 2003-12-05), which will generate jobs and can serve to regulate oil prices." But Honduras is suffering not so much from a lack of gas stations as from the high price of fuel at the stations it already has.

Fox said that PEMEX stations in the region could generate another reference price from which the final price on the Honduran market could be calculated. He said, "In Mexico, we are not in agreement with high prices that limit the growth of economies, that affect consumers and reduce the incomes of families and individuals." He offered this as a PPP sweetener, thinking that public opposition to the plan can be coopted through lower gas prices.

### *Good deal, but no refineries*

Fox reminded reporters of the San Jose Agreement, by which Mexico pays rebates to Central American governments when oil prices rise above a certain limit. It was left to Maduro to clarify, however. "Unfortunately, not having refineries, we are not able to buy Mexican oil, we only buy derivatives," he explained. "That is the reason why Honduras cannot buy oil directly and take advantage of the San Jose Accord." But Honduras did benefit indirectly. US\$22.8 million from the San Jose Accord channeled through the Banco Centroamericano de Integracion Economica (BCIE) will finance a road from Puerto Cortes to the Guatemalan border, a necessary piece of PPP infrastructure.

That visit behind him, Fox went on to Nicaragua for the Sexta Cumbre de Jefes de Estado y de Gobierno del Mecanismo de Dialogo y Concertacion de Tuxtla, where just four chiefs of state of the nine eligible showed up under "extreme" security measures. Fox took his place alongside the two presidents he had already seen and Nicaraguan President Enrique Bolanos. The presidents who did not attend were Abel Pacheco of Costa Rica, Mireya Moscoso of Panama, Hipolito Mejia of the Dominican Republic, and Francisco Flores of El Salvador. The remaining absent chief of state was Belize's Prime Minister Said Mussa. The absences, taken collectively, were interpreted as a commentary on the prospects for PPP.

Other acts taken as commentary were the enormity of the security-force presence and the crowds of protesters against whom they stood. It was left to Nicaraguan Foreign Minister Norman Caldera to challenge that interpretation. He said the absence of presidents "must not be taken as an indication of the degree of participation of the countries." He acknowledged that each country was entitled to

send the level of representation it considered appropriate, notwithstanding that the conference title refers to heads of state.

During the single-day conference, the BCIE announced it would increase its PPP participation. Since 2001, the BCIE has committed US\$608 million to the plan, of which US\$443.5 million is in the form of loans and another US\$8.5 million is in technical assistance. The bank will up the ante to US\$1 billion, with another US\$311.3 million going to roads, US\$80 million to energy projects, US\$18.6 million to border development, and US\$25 million to improve and develop ports.

Said BCIE president Harry Brautigam, "For the BCIE, PPP means an indispensable complement to the economic expansion of the region and a platform to prepare Central America for its entry into the Central America Free Trade Agreement (CAFTA)." Fox said he would find even more money for these inextricably linked projects, particularly to open up transportation "bottlenecks," by which he meant building more roads, some of which are bitterly opposed by indigenous and other local residents throughout the region. PPP has been viewed over the years as primarily a plan to "lift the region out of poverty," to preserve the Mesoamerican environment, to create a hemispheric energy grid (see NotiCen, 2002-11-14), and to promote ecotourism on the grandest of scales.

On his tour of the isthmus, Fox has communicated that he is still engaged and doesn't intend to let the scheme he is widely credited with authoring die, even if it means using PEMEX to flood the region with cheap gasoline to keep it afloat. For the PPP to make material and economic sense, infrastructure from roads and electrical grids to hotels and resorts will have to be laid in.

Trade agreements from CAFTA to the various bilateral agreements will have to be approved in legislatures from Washington to Panama City. Customs procedures and migration policies will have to be coordinated and unified. International capital will have to be convinced. But for PPP to make sense in human terms, all those people indigenous, campesinos, impoverished residents in whose name and for whose benefit all this planning and investing and building is being done, will have to be convinced to stop struggling against it.

-- End --