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Panama Canal Expansion Approved In Heavily Criticized Referendum

by LADB Staff

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Surprisingly few Panamanians turned out to vote on a referendum that would permit a vast expansion of the Panama Canal, but those who did voted overwhelmingly in favor of the project. The expansion is needed to accommodate larger vessels that are too big to pass through the ditch as it is presently configured and to double the capacity of the now-congested facility. The price tag on the project is estimated at US\$5.25 billion. Only 40% of the electorate turned out, but more than 80% of those who turned out voted yes to the proposal. The referendum is mandated by the country's Constitution.

This will be the largest modernization in the canal's 92 years of existence and is the second-largest works program in the nation's history. The first was the original canal. The overhaul will begin next year. It will double the canal's capacity by adding a third set of locks that are 40% longer and 60% wider than the current ones. Completion is set for the year 2014. The vote marks the end of a hard-fought battle upon which President Martin Torrijos staked his reputation and his political future. The cost of the campaign was a staggering US\$1.8 billion.

Opposition was fierce and came from several quarters. From the Universidad de Panama, Professor Miguel Antonio Bernal spoke to one of the issues. "The lack of democracy was evident from the moment in which the Si and the No [yes or no on expansion] did not proceed in equal conditions," he said. "The use of public funds to give the advantage to the Si option is evidenced by of the huge amount of publicity by state institutions on radio and television, where the only thing said was in favor of the Si.

Misuse of public funds charged

The estimate of nearly US\$2 billion for the campaign came from the umbrella group Frente Nacional por la Defensa de los Derechos Economicos y Sociales (FRENADESO). Bernal called that estimate close to accurate. FRENADESO links the use of public funds to reform of the Codigo Fiscal a month before HSBC purchased the bank Grupo Banistmo for US\$1.8 billion. That, said editor of Panama News Eric Jackson, was "in great part a gift to win the support of the political opposition."

Since then, FRENADESO has filed a charge of corruption of public servants and influence trafficking against the principal stockholders in the deal. Luis Gonzalez Marin of the Sindicato Unico Nacional de Trabajadores de la Construccion y Similares (SUNTRACS) cited another example of misuse of public funds in connection with the canal campaign. "Torrijos gives extremely poor families a bimonthly payment of US\$35 and tells these families that this aid can only be sustained in the future if the Si wins," said the union leader. Further, observed Gonzalez, Torrijos "gave every corregimiento [administered indigenous lands] representative US\$80,000, according to him for social works, but why at this particular time?"

Within his own organization, Gonzalez said union members had been intimidated on the job. He said that employees of Constructora Urbana SA owned by Panama Canal administrator Alberto Aleman Zubieta, paid workers to sign up for the pro-expansion ad hoc organization Obreros de la Construccion por el Si. The strategy was to make it appear that workers were divided regarding the expansion, but, said the unionist, "this group only has 30 members." SUNTRACS is a member of FRENADESO, which incorporates 40 other organizations.

Press freedom curtailed, reporters compromised

Apart from the use of public funds in the campaign, complaints of violations of freedom of expression have also been lodged. Newspaper columnist Maribel Cuervo de Paredes was fired from La Prensa for writing against the canal expansion. She told Inforpress Centroamericana, "The media have suppressed all the points and arguments of the proponents of the No. And the reason is very simple. The owners of the media in Panama are owners of important businesses or form part of the law firms that litigate or provide services to the shipping companies or who represent firms or companies that provide services or sell products to the ACP [Autoridad del Canal de Panama]. It's a matter of money."

The reporters, too, are compromised, according to Cuervo. Luis Polo Roa, president of the Colegio de Periodistas, is also owner of the Asesoría en Periodismo y Comunicación Social, Video Record Systems, SA. This firm was contracted by civic organizations that supported the Si in the referendum. Polo Roa denied any conflict of interest, saying, "These contracts are strictly professional and business, and have nothing to do with my position on the referendum, neither as president of the Colegio de Periodistas nor as a professional journalist."

There were also charges of political repression in the campaign. Campaigners on the No side have been arrested in Chiriqui, detained and beaten in Cocle, Santiago de Veraguas, and Arraijan, and maimed in Chitre for distributing leaflets.

In Panama City, numerous people have been arrested at various times and places. An ecological disaster In addition to the suit filed over the use of public funds for the campaign, another was filed over the environmental damage that will inevitably accompany the project. "For many of us it is a great worry because we do not have a way to evaluate how big and profound the impact of the expansion will be," said environmentalist Raiza Banfield of the Comité Pro Defensa de Bosques Urbanos y Parque Nacional Camino de Cruces.

Environmentalists are predicting an ecological disaster, not only along the proposed waterway but also where a megaport is going to be constructed as part of the project to handle the increased traffic (see NotiCen, 2006-04-20). Four more private ports will be built on the route. The damage will come from the incalculable number of trees felled, the millions of cubic meters of earth moved and dumped, and, perhaps worse, the salinization of the waters of the lakes Gantun and Miraflores which are the drinking water for the populations of the zone.

Miraflores has had salinization problems for the past 20 years. The problem is expected to worsen significantly. "Even the ACP's own studies point out the risk of salinization, but they don't contemplate measures for desalinization, which are very expensive," said Banfield. Biologist Ariel Rodriguez raised the "probable passage of species from one ocean to the other, which can provoke unimaginable and enormous ecological damage in the system of coral reefs of the Caribbean, among others."

There is probably a caveat for each scientific specialty. Archeologists have voiced concerns over the many sites the project will wash away. The area is particularly rich in pre-Columbian sites that have yielded gold artifacts. The ACP said that environmental studies were planned for sometime in the future, after the referendum. The prospect of the ACP as builder of the project also doing the studies infuriated Banfield. "There is no case in Panama in which the same administrator is both judge and participant," he said.

Some environmental studies already done near the Miraflores locks suggest that the impact, though large, may be mitigable. Some 496 hectares of bosque would be lost to a rise of 45 cm in the level of Lake Gatun. The mitigation would come from creating an ecopark of 372 ha, so the net loss would be cut by 75%. However, the ecopark project, which would be on land formerly occupied by the old Rodman Naval Base, has not yet been approved by the Ministry of Economy and Finance (Ministerio de Economía y Finanzas, MEF). This approval awaits another approval from the Comisión Interinstitucional de Alto Nivel, created by the executive to administer all the properties the US returned to Panama.

The ecopark project has been on hold since it was first approved by the Autoridad de la Región Interoceánica (ARI) in 2004. Said lawyer Susana Sarracin, "It seems to us there is a lack of transparency in the project," which presupposes a "very important compact with the future of the nation." These issues ought to be a "product of an exhaustive analysis, and not a bombardment of publicity." The ACP denies the charges.

Rodolfo Sabonge, director of the corporate and marketing department, contended that the ACP would not be getting a blank check from the referendum, and there need be no worries because "there is no public or multilateral financial organization that would give us money if we don't comply with international [environmental] requirements."

Some analysts attributed the low referendum turnout to the explanations given in the Si campaign. They seemed too technical for the average person to follow, so the average person stayed home. At 57%, the abstention was very high for Panama. Despite the intensity of the campaign on both sides, there was not much reaction, either celebration or protest, following the announcement of the result.

The expansion is to be financed with increases in tolls to users. There is the expectation of an economic boom when work begins, and after completion, because of the increased business the expanded facility should generate. There has been talk of Panama becoming a First World country, countered by criticisms that unless the country invests in the education of and provision for the poor, Panama will remain a poor country with a rich canal.

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