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Development Plan in Oaxaca Includes Major Transportation Corridor

by *Carlos Navarro*

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The state of Oaxaca has announced plans to construct a new highway and upgrade rail infrastructure to create a more direct connection between its port of Salina Cruz and the port of Coatzacoalcos in Veracruz. Oaxaca Gov. Alejandro Murat, who announced the initiative in early March, said the project would provide shippers an efficient way to send their cargo between the Pacific and Atlantic oceans via the Isthmus of Tehuantepec, thus providing an alternative to the Panama Canal.

Panama took steps to increase the handling capacity of its canal via an expansion project completed in 2016 ([NotiCen, Sept. 29, 2016](#)).

Mexico's proposal would potentially also compete with a plan contemplated by Nicaragua to build its own canal. The plan, put forth by President Daniel Ortega's administration, has run into significant opposition ([NotiCen, Dec. 10, 2015](#), and [March 16, 2017](#)).

The 337-km highway and the rail line for the Ferrocarril del Sureste in the Isthmus of Tehuantepec are part of the Mexican government's grand plan to improve the country's transportation infrastructure, including port facilities. Earlier this year, the upgraded port of Tuxpan in Veracruz was inaugurated. Four other ports in Mexico are receiving upgrades, including Matamoros in Tamaulipas state, Seybaplaya and Ciudad del Carmen in Campeche state, and the city of Veracruz.

"The upgrades at these five ports and the related works under consideration through the national campaign for infrastructure [Programa Nacional de Infraestructura, PNI] are fundamental to enhancing Mexico's role as a global logistics leader," Guillermo Ruiz de Teresa, federal coordinator for ports and the Merchant Marine, said in a guest column in the daily newspaper *El Universal*. Ruiz de Teresa's agency is a unit of the Secretaría de Comunicaciones y Transportes (SCT).

Ruiz de Teresa said the port upgrades help meet President Enrique Peña Nieto's goal to double the installed capacity of Mexico's port system to handle more than 500 million tons of cargo by 2018. "From the start of this administration, the SCT has worked with a vision of creating a multimodal network, which means that we have to bring the centers of production of goods and services closer to the centers of consumption," he said. "We want to do this through a more efficient system of transportation of people and merchandise."

In a separate but related plan, the Peña Nieto administration is investing in the development of a major highway to connect the city of Durango, which is the capital of the state with the same name, to Mazatlán in Sinaloa state. The project is part of a plan to upgrade and expand the port of Mazatlán in order to make it a world-class destination for cargo from Asia.

The Isthmus of Tehuantepec has long been viewed as a preferred location for a shipping corridor to connect the Pacific and Atlantic oceans, but the only major development in the area in recent years has centered on construction of wind power farms ([SourceMex, Oct. 31, 2012](#), and [July 20, 2016](#)).

The federal government's scheme to promote economic development zones (Zonas Económicas Especiales, ZEE) in some of the poorest regions in Mexico, announced in 2016, gave impetus to the project.

Promoting special economic zones

The ZEE for the Oaxaca region goes beyond the transportation corridor, however, supporting a multi-project scheme that also includes modernization of the Antonio Dovalí Jaime oil refinery, the construction of an agro-industrial park, and major upgrades to the port of Salina Cruz. The improvements to the refinery are intended to prepare for the construction of a new pipeline that would carry oil across the isthmus. The plan also contains funds to promote specific productive sectors, including the mescal, lemon, pineapple, coffee, and timber industries.

The government had already announced some aspects of the project, including the construction of a new airport and military base in the city of Ixtepec, located about 69 km from Salina Cruz.

ZEEs have also been proposed for the port of Lázaro Cárdenas, in Michoacán, and for Puerto Chiapas, near Mexico's southern border with Guatemala. The project in Lázaro Cárdenas is expected to benefit several adjacent areas in Guerrero state.

According to Gerardo Gutiérrez Candiani, the official in charge of the special economic zones, 81 projects are planned for the three zones over the next 10 years, most centering on efforts to boost transportation and logistics. Eight other projects will focus on energy and water infrastructure. In addition, an industrial park is planned in Puerto Chiapas, about 28 km from the city of Tapachula.

"The government will provide fiscal and labor-related benefits as well as special concessions on import taxes and reduced regulations to developers of these zones," syndicated columnist Raúl Nathán Pérez wrote in the online news site NSS Oaxaca. "Additionally, they will get first-class infrastructure, support programs, and other preferential conditions."

Other observers agree that the benefits provided for the ZEEs were an appropriate way to promote economic development in the special economic zones, and suggested this strategy should be applied throughout Mexico. "[The government] understands that if it charges fewer taxes and reduces the red tape, it will promote greater investment and economic activity," syndicated columnist Sergio Sarmiento wrote in the daily newspaper Reforma. "If this strategy were to be applied throughout the country, it would truly represent a major structural reform."

The special economic zones are in states that have seen a significant level of conflict, observers noted.

"The Isthmus of Tehuantepec is located in an area with the greatest incidence of violence in the country. The city of Juchitán [in Oaxaca] has the fifth highest rate of homicides caused by organized crime," noted Pérez in NSS Oaxaca.

Pérez added that several organizations in Oaxaca could present strong opposition to the government's plans, because the projects could infringe on the land rights of indigenous and local communities. Groups that have spoken out against the development of recent projects, particularly wind energy facilities ([SourceMex, July 20, 2016](#)), include the Coalición Obrera, Campesina, Estudiantil del Istmo (Coalition of Workers, Farmers, and Students of the Isthmus, COCEI), the Unión de Comunidades Indígenas de la Zona Norte del Istmo de Tehuantepec (Union of Indigenous

Communities of the North Zone of the Isthmus of Tehuantepec, UCIZONI), and the Asamblea Popular del Pueblo Juchiteco (Popular Assembly of the Juchiteco People, APPJ).

“[These groups] are ready to invade land, extort, block, threaten, and intimidate anyone who dares to venture into their territory, sometimes doing so in collusion with criminal organizations,” Pérez said. “What is even worse is the lack of will on the part of politicians to enforce the law.”

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