

Background Reading: The Plan Puebla Panama

Plan Puebla Panama (PPP) is a large development project which seeks to open up the southern half of Mexico and Central America to private foreign investment and establish the foundation for the Free Trade Area of the Americas (FTAA). With the Inter-American Development Bank as the head of the PPP's financial structure and major credit and technical assistance coming from the [International Monetary Fund](#) (IMF) and the [World Bank](#) controversial projects have already begun.

The PPP will create development corridors from the 9 southern Mexican states of Puebla, Veracruz, Oaxaca, Chiapas, Tabasco, Campeche, Yucatan, and Quintana Roo, through the most southern Central American country of Panama. The PPP will create an infrastructure of ports, highways, airports, and railways aimed to connect the development of the petroleum, energy, maquiladora, and agricultural industries. While the PPP's proponents argue that its main objective is to improve the quality of life people living in the local communities, critics of the Plan see it as an attempt to exploit the abundant, cheap labor force and precious natural resources in order to attract foreign investment eager to reap the benefits of an area stricken with poverty and rich in [biodiversity](#).

Maquiladoras, factories in which low paid workers assemble import component parts for re-export, will be strategically placed throughout the region to attract the 50% of the population in the nine states that make less than the regular hourly wage of \$1.90/hr (1999). Since Southern Mexico is home to 714 of the nations' 850 poorest municipalities (National Council of Population (CONAPO)), the Fox administration hopes to use this advantage to compete with the maquiladora industry in Asia. In fact, this year alone has seen the creation of 92 maquiladoras in the region where employers can count on wages that are 30%-40% lower than those in the northern half of the country. Labor activists contend that the PPP hopes to create mass migration to areas concentrated with maquiladoras where transnationals have historically paid unlivable wages. International trade law and unilateral corporate agreements include loopholes that exempts transnational corporations from national labor and environmental laws. Critics conclude that the lack of environmental and labor regulations coupled with unlivable wages, will guarantee that transnational corporations reap the benefit while the social and cultural fabric of small communities is dismantled.

Environmental activists fear that the exploitation of primary materials (minerals, timber, petroleum, biodiversity, and water) will lead to environmental degradation for exportation without profit being dispersed to local communities. Mexico currently ranks 2nd in the world in rate of deforestation (National Forest Inventory 2000) and 73rd in environmental sustainability among 122 nations (La Jornada, 7/23/01). The PPP, many organizations have warned, will lead to further environmental degradation due to the planned deforestation, overexploitation of natural resources, inefficient laws, and extreme poverty.

The elimination of the ejido system, or communal land holdings, as guaranteed

under Article 27 of the Mexican constitution, in order to further foreign investment under NAFTA, catalyzed the corporate consolidation of land in northern Mexico. The modification of Article 27 represented a significant impact to the indigenous and peasant communities. By allowing the sale, purchase or rent of ejido land and the elimination of the redistribution petition, large agribusinesses and landowners have the ability to increase land acquisition while leaving many landless without any social provision to ensure land security and sustainability for the poor communities. Also, the use of land as collateral, risks farm foreclosure, the loss of land rights, and provokes the concentration of natural resources. As a result of its elimination, transnational corporations under the PPP will continue to have access to hundreds of hectares of primary resources, while installing unsustainable land practices, like monocultures of African Palm and the Eucalyptus plantations.

The Mesoamerican Biological Corridor (MBC), a central component of the PPP, states that its focus is to create innovative ways to manage biodiversity. Critics say that it will make it easier for individual companies to own biodiversity and its accompanying traditional knowledge. Buying medicinal and useful plants and then selling them for profit is a practice known as **biopiracy** which indigenous groups in Chiapas and Oaxaca have already spoken out, describing them as "a robbery of our traditional indigenous knowledge and resources". Mesoamerica is one of the most biologically rich and diverse region on the planet and the survival of indigenous cultures and unique ecosystems make Mesoamerica a region rich in "green gold." Mesoamerica is now subject to mass privatization of genetic resources, as well as whole ecosystems, especially water. This coupled with unsustainable primary resource exploitation, converts Mesoamerica to an attractive region for extraction by large corporations.

In the end, critics conclude that the PPP will lead to massive displacement of campesino and indigenous communities, further environmental degradation, and development with the end goal of exportation for profit rather than eliminating poverty. As a result, in less than a year since the announcement of the PPP, hundreds of organizations and communities have formed campaigns of **resistance** in order to pressure global powers to support alternative economic development models.

Adapted for grade-level use from

<http://www.globalexchange.org/countries/mexico/ppp/ppp.html>

Questions:

1. What are the goals of the Plan Puebla Panama? What type of projects are part of the Plan?

2. Make a chart showing the pros and cons of the PPP mentioned in the reading:

Pros

Cons
