

IRC Americas Program Investigative Series

Big Projects Surprise Small Communities

Talli Nauman | May 7, 2007

Translated from: [Grandes proyectos sorprenden a comunidades pequeñas](#)

Translated by: Talli Nauman

Americas Program, International Relations Center (IRC)

americas.irc-online.org

Development proposals sneak up on remote and unsuspecting towns in the Gulf of California region, such as Bahia Kino, Santa Rosalillita, Bahia de Los Angeles, El Golfo de Santa Clara, Puerto Libertad, and Punta Colonet. Many of the residents have no basic services, water, drainage, light, and roads. Meanwhile, government representatives offer these facilities to infrastructure megaproject companies, which pass along to their investors the profits obtained through the subsidies.

Locals have been surprised by the multi-million-dollar projects of Seawater Farms Bahia Kino, the Nautical Stair Steps, Sonora's coastal highway, a chain of liquid natural gas (LNG) terminals and pipelines, a multi-modal maritime transportation center, countless coastal tourist real estate developments, and toxic as well as domestic waste deposit proposals to accommodate these ventures.

"Some of the world's biggest corporations have their eyes on the Baja Coast," says Serge Dedina, president of Wildcoast. "What's more, there's a wave of Orange County-style development from the Baja to Central America." His organization works with others such as Baja Coastkeeper to involve communities in developing income sources that assure conservation of large chunks of habitat.

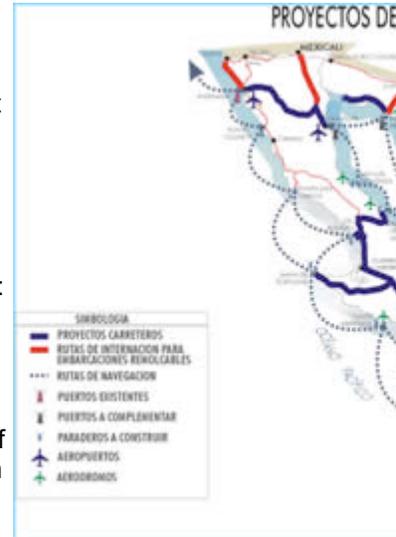
The public's share in the decision making and the wealth generated is what makes the difference between the success of community projects and megaprojects, no matter how technologically attractive they may be, he explains. "We don't want to see poor people displaced by rich investors, be they from Mexico or the United States, because they migrate to Tijuana or further north when their money runs out."

It is not only the representatives of organized civil society who question the megaprojects in the region. Civil servants do too. "For us, it's absurd that [the gulf region] is designated as a World Natural Heritage site and they're carrying on all these industrial projects," says a representative of the National Anthropology and History Institute (INAH).

Nautical Stair Steps Stir Waters

The Nautical Stair Steps megaproject has stirred up more trouble than any other since the sea salt extractor Exportadora de Sal (ESSA) tried to expand into the San Ignacio Lagoon whale refuge in the late 1990s. The National Tourism Promotion Fund (Fonatur) spawned the private Singlar Nautical Operations company to link 27 ports to land bridges and luxury lodging for tourists, all with subsidies to attract foreign currency. The project slogan is "Sustainable Development, an Inescapable Challenge." Its publicity states, "The Sea of Cortez constitutes a true paradise. Now it only remains to be converted into the new icon of Mexican tourism." According to Dedina, the Nautical Stair Steps is the "speculators' dream. It put the dots on the map for resorts at every developable port," he says.

The project's first phase ended with former President Vicente Fox's term, at a cost to the public of US\$140 million, including the construction of a new highway. The rest of the activities are expected to take nine years to finish. It is an ambitious plan, but it will never reach anticipated dimensions. An independent study by nautical tourism development experts determined that Fonatur overestimated the market by 474%. A dozen conservation groups presented the evaluation "The Northwest Mexico Marina Market Analysis" carried out by EDAW in 2002. The groups also elaborated "Sea of Cortez Nautical Stair Steps: Reorientation Toward Sustainability," in which they claimed: "The project ignores the fragility of the Sea of Cortez and the Baja Peninsula, developing infrastructure in critical habitats and ecosystems of high natural productivity, the traditional base of the region's economy. Socially, there has been a notable lack of involvement of actors, sectors, and local institutions, as much in planning as in implementation and project benefits. There is serious and growing opposition ... from the local, national, and international levels."



Nautical Stair Steps: "Speculators' dream".
Map: Courtesy SCT



Protected Cirios: Sacrificed to build a highway. Photo: Talli Nauman

The groups' aim was to consolidate the maritime infrastructure at well identified poles with proven markets and to emphasize participation of existing communities, representatives, and marina operators. In response, Fonatur changed its project's name to Sea of Cortez, reduced the number of planned nautical stair steps, and struggled to forge ahead.

Today, osprey nest atop the sign that reads "Sea of Cortez Nautical Stair Steps Land Bridge" at a crossroads on Highway 1 near Santa Rosalillita, a village without streets or electricity, known before the megaproject to only a handful of fishing and surfing buffs. Here on the Pacific Coast, the operator that built a marina in accordance with the megaproject ended up paying US\$80,000 worth of fines after being exposed by the environmental Group of 100 for failing to obtain permits. The marina was abandoned for lack of adequate engineering. If that weren't bad enough, the Trans-Peninsular Highway, or land bridge, running 68 miles (110 km) between Santa Rosalillita and Bahia de Los Angeles prompted the federal Environment and Natural Resources Secretariat (Semarnat) to sue the Communications and Transport Secretariat (SCT). As it

turned out, the latter illegally sacrificed giant cirios and cardon cactus, as well as other protected species, while building the road in a national park without the required environmental impact statement.

To make matters even worse, the non-profit environmental law firm *Derechos Ambientales Noroeste* later won a complaint against the federal government, canceling a marina designed to accommodate 500 boats in Bahia de Los Angeles. The plaintiffs charged that authorities harmed *ejido* members, family fishers, and ecotourism guides by failing to advise them of the plan to give foreign investors the marina concession.

Local doctor and *ejido* member Abraham Vazquez, a sport fishing guide in Bahia de Los Angeles, expects his neighbors to receive the crumbs of the megaproject. "What's going to happen is that Fonatur and the state government are going to come in and bring their development. In a few years it will go belly-up. It will benefit small interests to a certain extent. If we think in terms of the ecotourism potential, there could be a low impact development alternative."



Bahia de Los Angeles: "There could be low impact development." Photo: Talli Nauman

Coastal Highway Gambles on High Stakes Tourism

Considered by SCT to be part of the Nautical Stair Steps, the coastal highway will run alongside the Sea of Cortez in northern and central Sonora. It will connect San Luis Río Colorado, El Golfo de Santa Clara, Puerto Peñasco, Puerto Libertad, Bahía Kino, and Guaymas. Its first phase of 83 miles (134 km) between El Golfo de Santa Clara and Puerto Peñasco was undertaken in 2006 with a budget of US\$43 million.

Ricardo Bours Castelo, brother of Sonora's governor, formed the Sonora Strategic Projects Operator *Impulsor* together with other investors in 2005 to carry out the construction and related tourism projects. Bours announced the company saying, "We have to lose the fear of thinking big." The firm has responded to his call. Investors expect to build a total of 310 miles (500 km) of highway with US\$150 million by 2009. But that is the least of the story.

When INAH had only inspected half of the excavations of the road's first phase, it found the first evidence in history of maritime resources, such as shell decorations, in the trade routes of pre-Hispanic inhabitants. Meanwhile, *Impulsor* already considered itself "a success story" for detonating the corridor's private projects of: Sonoran Spa Resort, Sonoran Sea Resort, and Sonoran Sun Resort, now finished and offering 600 rooms and condominiums; Mayan Palace with more than 6,000 units slated; Las Palomas, with more than 1,000 expected; Laguna Shores, with more than 1,300; Puerta Privada, Esmeralda Resort, Casa Blanca Golf Villas, and Luna Blanca, all being constructed to provide more than 600 lodging units.

For his part, Gov. Eduardo Bours Castelo launched the first state coastal land-use plan and convinced the federal government to move its checkpoints on foreign vehicle permits south of Guaymas to facilitate tourist traffic from north of the U.S.-Mexico border.

However, it remains to be seen whether the highway will become a reality. When it was only begun, the Conca'ac (Seri) Indians shot and injured a helicopter pilot and supposedly had a shootout with Sonora police after demonstrating their anger over the highway's possible routing across their coastal territory south of Puerto Libertad.

Two U.S. megaprojects are awaiting the highway's arrival at Puerto Libertad to carry out the high-class tourist development of Liberty Cove and the Sonora Pacific Regasification Terminal. The former project consists of an area three times larger than Manhattan Island in New York City, with 15 miles (24 km) of coast, residences, mobile homes and recreational vehicles, medical facilities, green space, golf courses, businesses, and a Nascar Formula 1 racetrack. The latter entails building and operating an industrial terminal to process and transfer 1.3 billion cubic feet daily of liquid natural gas brought from afar by tankers for delivery through pipelines. The two megaprojects compete for land use with little concern about winning the hearts of the populace.



Faced with both proposals at once, residents are more worried about the gas plant. Conca'ac fisherman Ramon Morales of Desemboque village says his neighbors could sell their artwork and crafts to the tourists at Liberty Cove, but the regasification facility "could harm us and cause problems for fishing. If the tankers come to unload in Puerto Libertad the pollution will come here. As indigenous people, it causes us a lot of damage if the fish die small and don't grow up; that's what we eat." Up until about 30 years ago, Puerto Libertad was still a fishing camp of the Conca'ac, or "People of the Sand." Non-Indians forced them out. Then 20 years back, the Federal Electricity Commission erected the immense thermoelectric power plant that employs 260 people. Together with 200 fishermen and their families, they are the reason for the town's existence. The Conca'ac live some hours over the back roads to the south, in Desemboque and Punta Chueca.

Puerto Libertad Succumbs to Foreign Investment

Neighbors in the village of Desemboque: They could sell their arts and crafts. Photo: Dahl McLean

Seen from a distant hilltop, Puerto Libertad looks like an idyllic fishing village in an undiscovered natural bay. About 75 miles (120 km) of asphalt potholes lead here from Hermosillo, on a road so desolate that livestock crossing might be the only distraction for a driver. In town, streets of sand provide glimpses of beachfront through palm trees, mangos, eucalyptus, ocotillos, and bougainvilleas that form an oasis for songbirds and butterflies. "One of the reasons we're here is its peacefulness," says town doctor Horacio Perez. "It's going to be painful for us to lose this." But megadevelopment abides by its own rules. "Here the speed at which investments are going to be made depends on Liberty Cove and the gas plant," says Carlos Espinosa, assistant secretary of Sonora State Urban Infrastructure and Ecology. "If Liberty Cove and Sonora Pacific hadn't announced the projects, nobody would be paying attention to Puerto Libertad." In fact, Liberty Cove was proposed prior to the current administration, while representatives of the Bours government invited the gas company investors to the state.

The investors are high-powered. Liberty Cove is a project of Los Angeles-based Rockingham Asset Management, which promises to spend US\$25 million on the first phase of work to attract 100,000 residents. Its directors are three real estate specialists, among them Craig Ricketts, a consultant to Fortune 500 companies. The gas terminal is the project of Sonora Pacific, which has earmarked US\$1 billion to finish the plant by 2009. It is a Mexican subsidiary, 100% owned by Houston, Texas-based DKRW Energy. Its four partners are former Enron Corp. executives who avoided going to jail when that energy company was accused of the biggest fraud in the history of the continent. One of them, Thomas E. White, also was U.S. Army secretary from 2001 to 2003. One of the companies associated with the project is Bechtel Corp., which abandoned Bolivia shortly after running the privatized water company on terms that contributed to a national rebellion.

White considers Puerto Libertad the best site in North America for importing gas to Mexico and

Seen from a distant hilltop, Puerto Libertad looks like an idyllic fishing village in an undiscovered natural bay. About 75 miles

(120 km) of asphalt potholes lead here from Hermosillo, on a road so desolate that livestock crossing might be the only distraction for a driver. In town, streets of sand provide glimpses of beachfront through palm trees, mangos, eucalyptus, ocotillos, and bougainvilleas that form an oasis for songbirds and butterflies. "One of the reasons we're here is its peacefulness," says town doctor Horacio Perez. "It's going to be painful for us to lose this."

But megadevelopment abides by its own rules. "Here the speed at which investments are going to be made depends on Liberty Cove and the gas plant," says Carlos Espinosa, assistant secretary of Sonora State Urban Infrastructure and Ecology. "If Liberty Cove and Sonora Pacific hadn't announced the projects, nobody would be paying attention to Puerto Libertad." In fact, Liberty Cove was proposed prior to the current administration, while representatives of the Bours government invited the gas company investors to the state.

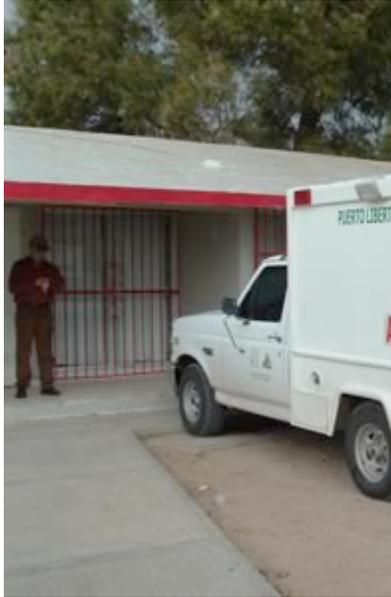
The investors are high-powered. Liberty Cove is a project of Los Angeles-based Rockingham Asset Management, which promises to spend US\$25 million on the first phase of work to attract 100,000 residents. Its directors are three real estate specialists, among them Craig Ricketts, a consultant to Fortune 500 companies. The gas terminal is the project of Sonora Pacific, which has earmarked US\$1 billion to finish the plant by 2009. It is a Mexican subsidiary, 100% owned by Houston, Texas-based DKRW Energy. Its four partners are former Enron Corp. executives who avoided going to jail when that energy company was accused of the biggest fraud in the history of the continent. One of them, Thomas E. White, also was U.S. Army secretary from 2001 to 2003. One of the companies associated with the project is Bechtel Corp., which abandoned Bolivia shortly after running the privatized water company on terms that contributed to a national rebellion.

White considers Puerto Libertad the best site in North America for importing gas to Mexico and



Puerto Libertad's reasons for existence: power plant, fishing, peacefulness. Photo: Talli Nauman

the Western United States markets, or so he told the *Houston Business Journal*. Meanwhile, the community—which has no water during a large part of the day, not a single sanitary landfill, and only one ambulance with no oxygen tank—now confronts the environmental impacts of the plant. At the outset, the population will increase to 10,000 in a year, due to an influx of construction workers.



The only ambulance doesn't even have an oxygen tank. Photo: Armando Olea

Residents will be apprised of the foreseeable impacts and know how to respond, if they can take part in hearings for the environmental impact statement required on the project. But, that is a big "if." In late December 2005, more than 100 families invaded the property that DKRW Energy acquired from the state government. "It is clear that the lack of information for the community causes these problems," says Armando Olea, former president of the non-profit *Amigos en Libertad*, the only non-governmental organization in town. Puerto Libertad has no tradition of citizen access to information or democratic process, he adds. He believes the land takeover was a protest because Sonora Pacific, Liberty Cove, and the power company did not respond to a petition from 15 residents for donations to collect and confine trash in accordance with the law.

The town is at a disadvantage with the investors. The state government elaborated an urban development plan to accommodate the megaprojects, because Puerto Libertad's municipality of Pitiquito lacks the capacity. "We don't have a map of the coming development," local Commissioner Victor Sañudo admitted, a month before the urbanization work was to begin. Sañudo wasn't even elected. The Pitiquito mayor who appointed him arrives at Puerto Libertad by driving several

hours from the municipal hall over 93 miles (150 km) of back roads, but not to talk with the residents; rather to meet with megaproject representatives when they visit their properties. All the taxes paid by residents of Puerto Libertad from 2003 to 2005 went to Pitiquito and not a cent was returned to Puerto Libertad for public works. Confessing that no dates were established to publicly announce the companies' plans, Sañudo could only laugh at the backwardness of the process. "My friends call me from out of town and they ask me: 'How are things going in the Old West?'" he jokes.

DKRW promises to use state-of-the-art technology, even vaporization of the liquid gas with hot air instead of thawing it with sea water, which is the most common practice but destroys marine life. Another benefit would be that the power plant could switch from using the filthiest energy source of fuel oil to the new gas, the least pollutive of the fossil fuels.

Even so, skeptics complain, as in other locales, about dependence on foreign energy supplies, risk of explosion, possible tanker spills, damage to sacred sites, threats to protected species, and competition with fishing and tourism. "It's an atomic bomb that they're going to put in here," says fishing fleet concessionaire Moises Matsumiya, whose employees hoisted banners against the gas plant during a meeting. However, his close friend in charge of the local chapter of the National Emergency Commission, Eduardo Peralta, disagrees. "People are afraid of the unknown," he says. "People don't know. Why? Because the company hasn't been sensitive enough to explain it."

In response, Sonora Pacific held a series of workshops about the project all around the Gulf of California to gather complaints and suggestions. The company invited experts of different sectors to meet in April and May of 2006 in Hermosillo, Guaymas, Tijuana, and La Paz. As part of the process, the company's pollster C3 organized the information to show at two public presentations in Puerto Libertad in January and May that year, as well as to incorporate it into the environmental impact statement required by Semarnat.

Currently, Mexico imports no LNG, but the situation could change drastically, perhaps before awakening the strong opposition demonstrated from the United States to Europe. In the Gulf of California region, dissidents already ruined the plans of ConocoPhillips, Marathon Oil Corp. and

Chevron Texaco to build terminals in Rosarito, Tijuana, and the Coronado Islands, respectively. But Sempra-Shell is building a plant in Ensenada and plans to expand it, despite complaints from fishers and surfers, as well as traffic blockades at the site entrance. Shell, in association with Total, is about to finish an LNG terminal on the other side of the continent, in the port of Altamira, Tamaulipas, on the Gulf of Mexico. The federal government has attempted to halt and cover up international inquiries into opponents' complaints recommended by the North American Commission for Environmental Cooperation. It has gone on to request bids for an LNG terminal in Topolobampo, also in the Gulf of California. The government also is paying for building an LNG plant further south in Manzanillo, Colima, which is slated for startup in 2010.

Naturally, all the plants require rights of way and pipelines. Some 466 miles (750 km) is the amount calculated for the Puerto Libertad project. The lines could easily take up a swath 80-feet-wide, as in the case of Sempra-Shell's. Rosarito environmentalists currently are defending a municipal environmental reserve against attempts to put a gas line through there. The Energy Secretariat has signed a letter of understanding with Arizona Clean Fuels Yuma to build and operate its own pipeline between Puerto Libertad and Tacna, Arizona. The company is considering the possibility of another reception point in Punta Colonet, where a deep port maritime center is proposed.

Punta Colonet Could Become Eastern Pacific's Largest Port

If anything generates real estate speculation, it should be the proposed maritime center, or commercial port, in Punta Colonet, conceived to concentrate growing trade with Asia in Baja California Norte state. Located 80 miles (130 km) south of Tijuana, on the Pacific Coast, the town of 2,500 subsistence farmers and fishers saw better days before the onset of the current drought. Now the civic group Vision Ensenada 2025 identifies Punta Colonet as the best site for a Baja California megaproject. Ensenada's Business Coordinating Committee members already have been briefed on the scheme, which entails receiving deep sea vessels too big to land in their city. Gov. Eugenio Elorduy has requested a feasibility study.

Conservation groups concerned about restructuring the Nautical Stair Steps now are casting wary eyes on the project because it involves a US\$4 billion investment, developing everything from houses and hotels to stores supporting the development, as well as highway improvement, railroad installations, and an airport. Becoming the projected multimodal maritime center would make Punta Colonet the largest port in Mexico and the third-largest in the world, after Singapore and Hong Kong. It would have a population of 250,000 by 2025. The periodicals of the shipping industry already have fingered Hutchinson Port Holdings, the largest operator in the world, as the candidate to administer it. Meanwhile Maritime Terminals Corp. Holdings announced its interest in Punta Colonet in 2005 and formed the affiliate MTC de Mexico in 2006. They could handle up to 6 million containers a year and relieve pollution problems in the busiest ports on this side of the Pacific, namely those in Los Angeles and Long Beach, CA.

Instead of complying with the ever stricter rules of those overloaded ports, the transporters of merchandise between America and Asia could find facilities in Punta Colonet. Residents would have to demand the best available technology if they don't want to suffer the same consequences as their neighbors in the ports of the north, says Jesse Marquez, founder of the Coalition for a Safe Environment, based in the port community of Wilmington, CA. The biggest source of pollution in Wilmington and San Pedro, CA is the port operation of ships, trucks, and locomotives. At the same time, sewage, toxic paint, and invasive species discharged by the boats dirty the harbor. They ruin fishing. Even with its reputation for strong environmental defense, California doesn't know how to cover the high cost to public health caused by the ports. That's why the coalition won 14 lawsuits in the past five years and offers to



Punta Colonet: "Be part of history with us."
Photo: Courtesy Punta Colonet Real Estate

be a "guardian angel" for Baja California residents. It has a Port Communities Bill of Rights to protect the environment and health of port workers who are the most exposed to the contamination.

Meanwhile, Punta Colonet Real Estate invites developers "to be part of history with us," and take advantage of "Mexico's largest public works project." Of course, property values have risen 100% over the past five years.

Confining Toxic Wastes: Suspicious Permits

Both the industrial and tourist developments have to dispose of their wastes. Even so, the touted projects do not contemplate discharge and treatment as an integral part of their plans. What's more, the few attempts to clean up municipal and toxic releases that accompany growth lack measures for oversight and public participation mechanisms. Systematic corporate responsibility is a still a dream in these parts.



The projects don't contemplate waste treatment services. Photo: Dahl McLean

For example, the Integrated Waste Management Center (Cegire) located in Hermosillo, since 2005, obtained a federal government permit to operate a toxic industrial waste site near Puerto Peñasco beginning in 2006, without consulting the communities nearby regarding the US\$4.5 million investment. The environmental impact statement wasn't even available on Semarnat's website. The location has no justification, seeing as Mexico's toxic waste inventory is not yet fully mandatory or operational.

On the other side of the gulf, the region's largest city is a prisoner to sewage that flows all over the place due to the absence of a general plan for municipal waste water treatment. Authorities are fighting amongst themselves over a multi-million-dollar contract undertaken without bidding by the Bajagua Project. The plan is to build a treatment plant by 2008, but it doesn't take into consideration skyrocketing population growth, and the contract's oversight mechanisms are so weak that public watchdogs are barking for a solution.

"Nobody's opposed to doing infrastructure projects," Dedina clarifies, "but yes, against operators who don't guarantee doing them well."

The Border Environmental Education Project, Border Health Coalition, Border Health and Environment Network, and other groups build citizens' capacity to use democratic participation mechanisms, such as public hearings on environmental impact statements and requests to the Federal Public Information Access Institute. But like the announcement of development proposals, the training also trickles in to the secluded towns of the gulf region.

Translated for the IRC Americas Program by Talli Nauman.

Talli Nauman is co-founder and co-director of Journalism to Raise Environmental Awareness, which is responsible for this series of investigative feature reports on sustainable development in the Gulf of California Region, made possible thanks to people throughout the region. It was sponsored by the Fondo Educación Ambiental, International Center for Journalists, and the David and Lucile Packard Foundation.

For More Information

Wildcoast

www.wildcoast.net

Mexico's National Anthropology and History Institute

www.inah.gob.mx

Fonatur (Mexican Tourism Development Agency)

www.fonatur.gob.mx

Nautical Stair Steps Information

www.fonatur.gob.mx/mardecortes

www.escaleranautica.com

The Northwest Mexico Marine Market Analysis

www.crc.uri.edu/download/27B_MarinaMarketAnalysis_english_ok.pdf

Group of 100

www.gulfbase.org/organization/view.php?oid=grupo100

Semarnat (Mexico's Environment and Natural Resources Secretariat)

www.semarnat.gob.mx

SCT (Mexico's Communications and Transportation Secretariat)

www.sct.gob.mx

Sonora State Strategic Projects Operator Impulsor

www.impulsor.com.mx

Liberty Cove

www.libertycove.com

DKRW Energy

www.dkrwenergy.com

Vision Ensenada 2025

www.ensenada.org.mx

Coalition for a Safe Environment

www.coalitionfase.org

Community Environmental Studies/Surveys/Projects

Punta Colonet Preliminary Presentation

www.coalitionfase.org/puntacolonetreport-spanish.html

Port Community Bill of Rights

www.coalitionfase.org/portcommunitybillofrights-english.html

Border Environmental Education Project

www.proyectorfronterizo.org.mx

Environmental Health Coalition

www.environmentalhealth.org/border.html

Border Health and Environment Network

www.redfronteriza.org