

II. As Seen from South America and Southwest Asia

The Fight Is On for South American Bioceanic Railway

by Gretchen Small

Oct. 30—China is inviting Ibero-America and the Caribbean to “get aboard China’s high-speed development train,” Zhang Run, Deputy Director General of the Latin American and Caribbean Affairs Department at the Chinese Foreign Ministry, announced in a press briefing in Beijing on Oct. 20. He added that “the Latin American and the Caribbean region is like an extension of China’s Silk Road project, and we are ready to get more deeply involved.”

Discussions are underway across the region on all kinds of individual projects as part of that offer, but none is more important than the construction of a bioceanic railway across the heart of the South American continent, connecting its Atlantic and Pacific coasts.

Since the first detailed discussion of such a rail line in the 1880s and 1890s under the impetus of the great development advocate U.S. Secretary of State James Blaine, this transcontinental railway has been recognized as the necessary platform for opening up the still-underpopulated, undeveloped interior of South America, transforming the entire continent into a modern economic powerhouse.

The Schiller Institute argued the urgency of building two bioceanic rail lines across the heart of South America—as well as critical North-South routes to link South America to North America, through the Darien Gap—in its 1986 book, *Ibero-American Integration: One Hundred Million New Jobs by 2000!* (serialized in English in

EIR at the time). That study, applying Lyndon LaRouche’s method of physical economy, elaborated how the region can form an Ibero-American Common Market to counter the onslaught of neoliberal usury and new Opium Wars from which the Ibero-American and

Alternative Routes for South American Transcontinental Railroad



Caribbean nations have yet to be freed. The study outlined the integrated continental rail and water transport network capable of sustaining the great industrial and agricultural projects required to lift *all* the people of the region out of poverty—which today can be realized.

The decision to actually build the bioceanic rail lines is yet to be taken. Which route across the central heart of the continent should be built first, is still under discussion, while the governments of the two necessary bookends of such a railroad, Peru and Brazil, are (at best) dragging their feet, saying “yes,” but looking to Wall Street for favors, unwilling to move.

China’s offer to Ibero-America to join in sharing in its own stunning development through the Belt and Road Initiative (BRI), however, has stirred up a thirst for development, and an optimism that the region can finally take off. The power of this optimism is growing, overcoming the fear of bankrupt Wall Street thuggery.

The Bolivian government is playing a particularly important role in pushing this process forward, which, with the momentum provided by China, is leading to serious discussion of this great project, which is taking on a life of its own in South America, as never before. In the “new era” of development exploding around the world triggered by the Belt and Road, *EIR* is confident the obstacles can be overcome.

In fact, with even West Europeans joining China by bidding to play a part in this great project, it is beginning to look like the only nation *not* jumping at the chance to participate in making it a reality is the United States, whose policy for the region is still shaped too much by London’s Wall Street. Abraham Lincoln, Blaine, William McKinley, and JFK would be as disgusted at today’s short-sighted U.S. politicians and businessmen, as Lyndon LaRouche’s magazine is!

If China Can End Poverty...

China’s economic relations with Ibero-America have taken off. In his briefing to the press, Zhang Run reported that Ibero-America and the Caribbean are now the second-biggest regional destination for Chinese overseas investment, at 15% of all investment abroad, second only to its investments in Asia. Other Chinese officials have recently stated that China is involved in more than 179 specific projects in the region already, as Mexico’s official news agency, Notimex, reported on Oct. 27.

Since 2015, Chinese investments in Brazil have increased by \$19 billion, so that China is now Brazil’s number one source of foreign investment, desperately needed when Brazil’s national industrial and logistics ca-

pabilities are otherwise being dismantled by Wall Street’s “anti-corruption” hit-squad known as *Lava Jato*.

Trade relations have grown to such an extent that now Argentina, Brazil, and Chile, together, provide 20-25% of all food imported by China, as Chile’s Ambassador to China, Jorge Heine, reported in an Oct. 23 op-ed in China’s *Global Times*. He called it “amazing” that Chile is now “the No. 1 exporter of fruit to China, with \$1.2 billion [per year], meaning that one out of every four pieces of fruit imported by China by value (\$5 billion) came from Chile, the farthest country from China.”

China’s development model is becoming as important as its resources in the region.

According to the World Bank, in 2015, one out of every five of the almost 648 million people living in Ibero-America and the Caribbean lived in chronic poverty (never escaping from it); that is 130 million people. Adding in the “transitory poor” (those driven into poverty supposedly temporarily), the number of poor is over 160 million, one in four. If anything, that number has grown since 2015, with the number of poor in Brazil alone rising by over one million since 2016, under Wall Street’s grip, while the same policies are also increasing poverty rapidly in Argentina.

Thus, there is intense interest in China’s success in lifting more people out of poverty over the last 30 years—700 million—than the entire population of Ibero-America and the Caribbean, and doing so by focusing on infrastructure, and technological and scientific advance.

The Executive Secretary of the UN’s Economic Commission for Latin America and the Caribbean (ECLAC), Alicia Bárcenas, was interviewed by Xinhua on Oct. 18 after President Xi Jinping’s opening report to the 19th National Congress of the Communist Party of China. She noted how “impressed” she is at what China has accomplished in the five years of Xi Jinping’s presidency, by improving the quality of life of its people, including pulling nearly 60 million out of poverty. China’s world leadership has been achieved by “innovation, the platform which has brought about the great modernization of China,” and provided the Chinese people “greater opportunities, intellectually and even in questions of jobs,” she said.

Bárcenas called for the region to put aside internal conflicts, and get to work on drafting a unified proposal for the infrastructure, science, technology, and innovation projects which should be incorporated in the 2019-2021 China-Latin America Caribbean Action Plan. Relations with China would be facilitated if it dealt with a regional bloc, rather than 33 different nations, she argued.



Xinhua/Str

One of the tunnels of the Coca Codo Sinclair hydroelectric project in Napo province, Ecuador, being built by Sinohydro Corporation of China. It is the biggest hydroelectric power station on the Amazon River in Ecuador.

dersecretary of Public Works, Sergio Galilea, specified two southern bioceanic corridors between Chile and Argentina that Chile wants China to help build. The more difficult is the two-way tunnel beneath the snowy Agua Negra pass, high in the Andes. “It’s not just anyone who can build tunnels at 4,500 meters of altitude,” Galilea noted.

Enter Bolivia

“The Latin American nations, Bolivia among them, are today a natural extension of what is called the ‘21st Century New Silk Road,’” Bolivia’s official ABI news agency wrote on Oct. 24, in reporting about the upcoming Nov. 9-11 “International

China-LAC Expo” in Guangdong, China.

Since it nationalized the oil and gas industry in 2006, when Bolivia was one of the three poorest nations in the Americas, President Evo Morales’s government has set out to create the industrial base and infrastructure required for Bolivia to become a modern nation employing 21st Century technology. This includes arranging training for a small cadre force of nuclear and aerospace engineers and technicians.

Receiving only hostility from the still British/Wall Street-dominated United States, Bolivia found allies in Russia, China, and some other Asian nations for its development.

China’s Ambassador to Bolivia, Liang Yu, was emphatic in an Oct. 2 interview with the Bolivian daily *El Deber*, that China intends to “energetically” help Bolivia, in any way Bolivia wishes, to develop into a prosperous, industrial nation at the center of a prosperous and developing South America.

“Expanding cooperation on such areas as productive capacity, mining and energy, infrastructure, the development of highways, airports, railroads and hydroelectric plants, and collaboration and exchanges in such areas as aerospace, telecommunications, science and technology, and protection of the environment, will drive the development of Bolivian industrialization; the value-added of Bolivian products will increase, and its capacity for autonomous development will advance,” Ambassador Liang told the daily.

The Belt and Road Factor

The sheer scope of the Belt and Road Initiative (BRI) is encouraging more audacious regional thinking throughout Ibero-America.

Uruguay is one country enthusiastically urging others to join it in jumping onboard the BRI. Antonio Carámbula, Executive Director of Uruguay’s trade and investment promotion agency, Uruguay XXI, has been traveling throughout the region, promoting participation in this year’s Nov. 30-Dec. 2 meeting of the “China-Latin America & Caribbean” (China-LAC) business summit in Punta del Este, Uruguay. Its two main panels will be on the BRI, and on cooperation on development and infrastructure. The BRI “is shaking the world,” he said in a visit to Panama last week. (This forum meets annually, sponsored by the Chinese Council for the Promotion of International Trade (CCPIT) and the Inter-American Development Bank.)

Chile’s former President Eduardo Frei, now Minister Plenipotentiary for Asia-Pacific Affairs in the Bachelet government, told an Aug. 30 seminar in Beijing on “Chile and the Belt and Road Initiative,” that his government seeks to fully participate in the BRI, and especially to form joint ventures with Chinese companies to build infrastructure in Chile. Chile wants to “access new technologies” offered by China in order to industrialize; “we don’t just want to be permanent raw materials exporters,” Frei told EFE news service while in Beijing.

In an Oct. 9 interview with *China Hoy*, Chile’s Un-



China Daily

Bolivia's President Evo Morales (L) and Wu Yanhua, a representative of the China Aerospace Science and Technology Corporation, hold a miniature model of the "Tupak Katari" communications satellite.

He cited in particular, the contract signed for China's Sinosteel Equipment and Engineering Co. to build a steel complex near Bolivia's huge Mutun iron ore deposits, which when completed—projected now for 2020—will turn Bolivia into a significant steel producer in Ibero-America. Today it produces no steel to speak of.

Ambassador Liang rightly called the Mutun steel complex "a gigantic step for the industrialization of Bolivia." Mutun has some of the largest and purest iron ore (and manganese) deposits in the world, and the government has long sought to create a pole of development based on processing that ore. Sinosteel's contract is to build an iron ore concentration plant, a pelletizing plant, a direct reduction plant, and a steelworks with a continuous caster and a rolling mill, such that Bolivia can become largely self-sufficient in sponge iron, structural steel and "long products" (bars, rods, beams and rails).

Eventually, Bolivia will become a steel exporter, after the second phase of the project is completed, including construction of the necessary logistical capabilities for export (roads, bridges, railways, and port infrastructure).

And the Bioceanic Railway

Bolivia's idea is to turn its geographic position at the center of the South American continent into an asset, transforming itself into an energy and transport hub for

the continent, making this the key to its entire industrial development project.

In 2010, Bolivian President Evo Morales proposed a bioceanic railway to Peru's then-President Alan García.

But what turned the bioceanic railway into an actual possibility was China's commitment to see one built. In meetings on the sidelines of the 2014 BRICS summit in Fortaleza, Brazil, President Xi reached agreements with the then-Presidents of Brazil and Peru to cooperate on building a bioceanic railway. Bolivia immediately began organizing for the bioceanic rail line to pass through its territory as well.

Since then, two primary routes have been contending for the project. Few are bold enough to recognize that the Schiller Institute is right, that if the trans-Atlantic sector—including South America—joins the physical economic cooperation proposed in the Belt and Road, and, like China, commits to eradicating *all* poverty within their nations, then both routes, and more, will be needed to support the explosion of city-building and productive activity that will result.

The route recommended by China Railway Eryuan Engineering Group Co. (CREEC), in its feasibility study presented to the governments of Brazil and Peru in October 2016, would run from Brazil's Atlantic port of Santos into Peru, where it would cross the Andes at their lowest point in the north at Saramirisa, and end in one of Peru's Pacific ports, such as Paita. This northern route avoids the greater geological difficulties of the higher portions of the Andes mountains to the south.

At the initiative of the Economists Association of Peru's Ucayali region, a movement of business, labor, indigenous, and civic representatives from the northwest of Peru is determined that this northern route be built, as it passes through their region. In November 2016, the Ucayali group made the Brazil-Peru bioceanic railway development corridor the central topic of the national Economists Association annual convention, and invited German Schiller Institute president Helga Zepp-LaRouche to give the keynote speech. The movement has drafted proposals for bringing supporting infrastructure, science cities, industry, and development into the largely undeveloped Amazon region, and has not stopped holding meetings and organizing since.

The other proposed route is the Central Bioceanic Railway Corridor championed by the Bolivian government. This would run from the port of Santos, through



Bolivia Communications Ministry

On the location of the huge Mutun iron ore deposit in Bolivia.

Bolivia, into southern Peru, where it would terminate at the Pacific port of Ilo. Bolivia proposes that six of South America's 12 nations would benefit, if the Brazil-Bolivia-Peru bioceanic rail corridor were connected to the Paraná-Paraguay waterway, which would incorporate Argentina, Uruguay, and Paraguay. That can easily be accomplished by running a rail line down from the Bolivian portion of the bioceanic line, to a Paraguayan port on the waterway.

Bolivia is lining up interested nations to sign memoranda of understanding on the project, and has set up a technical working group. Bolivian Foreign Minister Fernando Huanacuni has stated several times that ideological differences among governments in South America cannot be allowed to get in the way of getting this project built.

German, Swiss, Austrian, Italian, and Spanish companies, some with the active backing of their governments, are also making offers for how they could participate.

For its part, the Bolivian Ministry of Public Works signed an agreement with the Military Engineering School earlier this month to begin training rail experts. And, as occurred along the northern route, cities through which the railroad would pass (e.g. Bolivia's Cochabamba and Oruro, and Peru's Arequipa and Ilo) are already discussing preparations for the changes it could bring.

In this hot debate over routes, China has made clear it is open to both, but is waiting for the countries in the region to make their decision. China's Ambassador Liang told *El Deber*:

China is paying attention to the construction of

the bioceanic railway. It is said that the total amount of investment for this megaproject is enormous, and concerns numerous countries. When the work is completed, it will facilitate the exchange of the region's goods and people, and efficiently promote the economic development of all the countries through which it passes. China is waiting for the interested countries to carry out a feasibility study of the project, laying a solid basis for the later execution of the project.

Political Will Accomplishes Dreams

What has seriously set back the great project, is Wall Street's two *de facto* coups in 2016 in two key countries: in Brazil (with the ouster of President Dilma Rousseff, placing subservient Michel Temer in office) and in Peru (placing Boston banker Pedro Pablo Kuczynski in the presidency).

PPK (as Kuczynski is known) rejected the northern route flat-out on monetarist grounds (too expensive!) and environmentalist excuses (can't touch the Amazon!). The seriousness of his current stated support for the central route, remains to be tested. Brazil's actual position is also unclear. Although the government is said to be about to give a formal "yes" to proceeding on feasibility studies for the central route, Temer (who has a 3% popularity rating) has been abjectly loyal to Wall Street's hatred of such projects, and is likely to remain so.

But because neither China, nor Bolivia, nor many in Peru accept "no" for an answer, organizing for the project has never stopped.

Bolivian Deputy Minister of Planning and Strategy, Hianny Rubén Romero, hit the nail on the head when he told a Paraguay seminar on South American infrastructure for regional integration on Oct. 24, that "political will" is often "a factor which can determine whether any such project is done or not done."

Bolivia wants to "dream big" about functioning as "the heart of South America" with the railway uniting the continent's two coasts. "Many dreams which were seen as impossible have been realized," he said. "Sometimes one may think that a project is very ambitious, and it can be ruled out as not feasible, but when there is will, enthusiasm, and technical competence by the different countries, it is simply a matter of putting it on the agenda, and aligning interests."