

The Paraná-Paraguay waterway

Lorenzo Carrasco Bazúa describes a great project that will be key in Ibero-American economic integration.

It is often said in Ibero-America that the 1980s was a lost decade, but in reality it was a decade stolen by the international banks, who raised interest rates, stopped credit flows, and demanded that countries produce huge export surpluses to pay debt service while suspending investment in economic infrastructure. The major financial centers dictated a policy designed to chain up the vast potential of the Ibero-American giant; yet tragically, the enforcers were the continent's own governments, pursuing the chimera of new credits that never arrived. Today, we see newly elected heads of state trying to fit their economic programs into the mold of a financial system which is falling apart as quickly as the Berlin Wall.

The collapse of both the international financial order and communist dictatorships in Eastern Europe does not guarantee a new world economic order based on social justice, human dignity, and equality among sovereign nations. Exhausted by accelerated looting, Ibero-American nations may be facing the last chance to overturn colonial policies and to become protagonists of world history. Their governments, especially in the Southern Cone, hold the potential to rapidly develop one of the world's greatest grain, meat, and mineral producing regions, which could contribute to relieving the world food crisis if enough technology is transferred from the advanced sector. We refer to the corridor described by the Paraná-Paraguay waterway, which crosses regions of the greatest agricultural and mineral potential of the world.

Development of the waterway

In April 1988, the governments of the Río de la Plata Basin—Argentina, Bolivia, Brazil, Paraguay, and Uruguay—established an ad hoc group for developing the Paraná-Paraguay waterway. Feasibility studies are currently under way and could be approved this year.

The main branch of the Paraná-Paraguay waterway is 3,442 kilometers long, from the mouth of the Río de la Plata to the Brazilian city of Caceres in the state of Mato Grosso. It also has some 1,500 kilometers of tributary rivers. It is one of the world's freest-flowing waterways (without locks or dams), which allows nearly uninterrupted year-round traffic for light draft ships. This privileged condition is due, in part, to the regulatory effect of the vast Mato Grosso flood plains, and also to the alternating patterns of rainfall between the Paraná and Paraguay river basins. Both factors help simplify the task of improving the two rivers' navigability.

Cost comparisons make it obvious why water transport is far preferable to highways, which are today the dominant form of transport and move 80% of all freight in the five countries, at some seven times the kilometer-ton cost of the proposed waterway system. According to studies by the Plata Basin ad hoc commission, an estimated \$500 million in investments is required to enable convoys of barges to travel the length of the waterway—by dredging, redirecting water flows, improving existing port installations, and moderately increasing the fleet of barges. Of course, full development of the agricultural-industrial infrastructure potential in the region would imply several billion dollars.

The region that could be developed around the waterway and the highway/railway systems crossing it embraces a 720,000 square kilometer area, roughly the size of West Germany and France combined. This area (see inset map) includes the immensely fertile regions of the Argentine pampas in the provinces of Entre Ríos, northwest Buenos Aires and south-central Santa Fe. Within the Santa Fe-Rosario-Buenos Aires corridor, along the length of the waterway, 85% of Argentine economic activity and 75% of its population are located.

All of Paraguay, which is crossed by the waterway, could immediately benefit from such a project, allowing the development of grain, cotton, and wood production, as well as cement and other industries. Bolivia has two entrances to the waterway: one through the Tamengo Canal which links Caceres Lake to the Paraguay River, the other in a corridor between Brazil and Paraguay. This project would give Bolivia an exit to the Atlantic Ocean, through a region of fabulous economic potential extending from the Germán Busch provinces in Santa Cruz Department and to both the northwest and southeast of the country. The excellent fertility and rainfall levels in these lands would permit large-scale agricultural development.

The immense forest resources made accessible through this project are primarily concentrated in Bolivia, with the industrial production of cellulose and paper of immediate interest. The Bolivian region influenced by the waterway also possesses abundant oil, natural gas, and mineral resources, the last including tin, silver, copper, gold and, most importantly, one of the world's largest reserves of iron and manganese shared with the Corumba region of Brazil. The fabulous Urucum (Brazil)-Mutum (Bolivia) deposits contain nearly

Paulo. Another pipeline accord has been signed with Argentina, this one to extend from the province of Entre Ríos to Porto Alegre, the capital of the Brazilian state of Rio Grande do Sul.

In Brazil, the region affected by the waterway encompasses the states of Mato Grosso do Sul, Mato Grosso, and Rondonia. In Mato Grosso do Sul, a mere 5 million hectares out of an estimated arable land mass of 20 million hectares are under cultivation. In Mato Grosso, only 5% of total arable land is cultivated. In general, the central western portion of Brazil through which the waterway extends, holds the greatest potential for agricultural expansion and in short order will become a major soy producer.

The waterway crosses two highway/railroad corridors which could become high-density industrial centers in the medium term. The first runs from Antofagasta (Chile) through the highly fertile region of Argentina between the cities of Salta and Corrientes, to finally arrive at the port of Rio Grande.

To the north, the waterway crosses the São Paulo-Bolivia corridor, which will rapidly increase in importance when the gas pipeline is built and the Urucum-Mutum mines developed. At the waterway's northernmost tip, in the city of Caceres, it links with highway BR 364, which extends from São Paulo and will ultimately connect with the port of Callao in Peru.

Conservatively speaking, the region could incorporate 50 million hectares for the production of meat and grain, leaving aside the approximately 34,000 square kilometers of watershed which are flooded for a large part of the year, such as the Chaco region in Argentina, Paraguay, and Bolivia, which with adequate hydraulic infrastructure could be incorporated into agricultural production.

The waterway's profitability is evident. For example, Argentina needs iron ore and manganese, which would come down from Brazil and Bolivia. Millions of tons of wheat, fertilizer, and various industrialized products could return in exchange. The products that could come and go the length of the waterway include: soy, wheat, cotton, barley, wood pulp, paper, liquid fuels, raw material for fertilizers, fertilizers, steel products, coal, iron ore, manganese, etc.

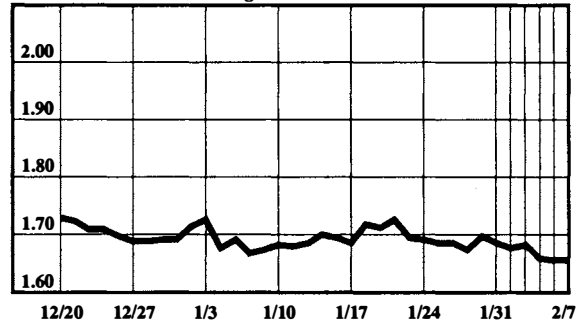
Besides the productive potential such a project implies for the region, it could also give the countries involved a way to break loose from the grip of the drug trade, since the underdeveloped region of the waterway has traditionally served as a natural smuggling route for contraband and drugs. It is reckoned that one-third of gold production, an undefined quantity of tin, thousands of tons of soy and other farm products, leave Brazil as contraband through this region. In Bolivia especially, the development of vast modern agricultural zones would go a long way toward eradicating that country's drug-based economy.

Best of all, launching this model integration project does not depend on foreign resources, but merely the political will of Ibero-America's rulers to "think big."

Currency Rates

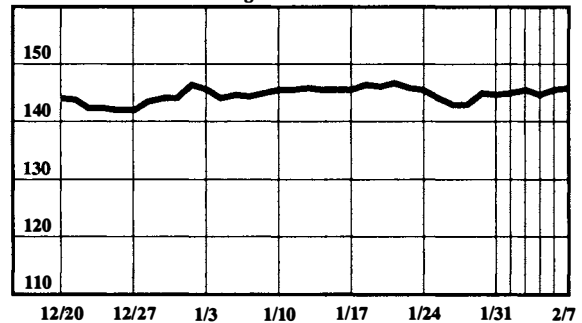
The dollar in deutschemarks

New York late afternoon fixing



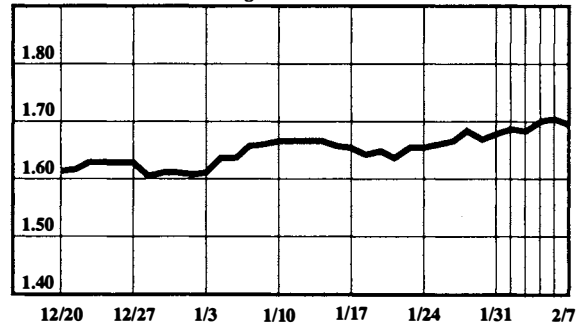
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

