

## Great Projects

# Ibero-America: The Chancay Mega-Port and the Bi-Oceanic Rail Corridor

Nov. 24—The Nov. 14, 2024 inauguration of the Chancay Port project, a joint venture of Peru and China, has finally brought the Belt and Road Initiative to the Americas—and with it, the very real possibility of solving the U.S. migrant crisis. What does the building of the largest deepwater port in South America, a good 5,000 km (3,100 miles) from the U.S.–Mexico border, have to do with the migrant issue?

Just 80 km north of the capital of Lima on Peru’s Pacific coast, the Chancay mega-port is going to be the gateway for rapidly growing Chinese and Asian trade and investment in Peru and all of South America. It is a \$3.4 billion project, of which about \$1.3 billion has been spent so far, which will create 8,000 direct jobs and eventually generate \$4.5 billion in yearly revenue for Peru. In its first phase, which has been completed, it can handle about 1.5 million TEU containers per year (TEU stands for Twenty-foot Equivalent Units, and it is the standard unit used in container shipping), on ships as large as 18,000 TEU. But when the whole port project is completed in 2032, that is expected to rise to 6 million TEU per year, carried on ships as large as 24,000 TEU—the largest in the world, known as “Ultra Large Container Vessels,” or ULCVs. Chancay’s 1.5 km-long dock will have two berths for container ships and two for bulk carriers, as well as Ro-Ro (roll on, roll off) facilities. A 2-km tunnel links it to the mainland, and from there it will connect to road and rail infrastructure to be constructed

linking it to all of South America.

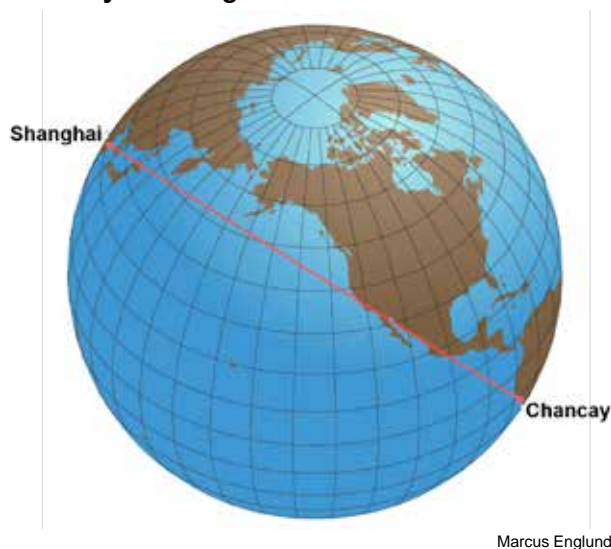
Chancay has a maximum depth of 17.8 meters, making it the deepest water port in South America and capable of handling ULCVs, the most efficient cargo carriers on the seas. As a result, there can now be direct maritime shipping from Chancay to Shanghai, which also handles ULCVs. The only other port on the entire Pacific coast of North and South America that can handle ULCVs is

Long Beach, California, but it is already a highly congested port which has been subject to significant logistical delays. With Chancay in operation, shipping that now goes from Peru through Long Beach and other ports will now be able to sail directly to Shanghai and other Asian ports.

Peru’s Transport Minister Raúl Pérez recently explained that “we will have direct routes to Asia, in particular to China, which will reduce (shipping time) by 10, 15, even 20 days, depending on the route,” compared to the 35-40 days

it currently takes. That will knock at least 25% off the current average shipping time from Peru to Shanghai, which translates into a very significant increase of overall productivity. Even greater productivity increases will be achieved because Chancay is a “smart port,” with state-of-the-art technology and automated facilities for highly efficient loading and unloading of cargo—technologies where the Chinese are world leaders. One Peruvian expert, Dr. Alan Fairlie, estimates that “automated ports can increase productivity by approximately 50%.”

FIGURE 1  
Chancay to Shanghai



Marcus Englund

Chancay is literally half-way around the world from Shanghai, a distance of a bit over 17,000 km “as the crow flies”—the route following the “great circle” on a sphere (see **Figure 1**).

As can be seen by comparing this route with **Figure 2**, the direct maritime shipping route runs fairly close to that of the great circle.

Planning and early construction is now underway to link Chancay to road and rail infrastructure stretching north and south along the Peruvian coast, as well as eastward from Chancay to the rest of South America. Specifically, it is projected to connect with a planned Bi-Oceanic Rail Corridor linking Peru’s Pacific coast to the Atlantic coast of Brazil at the port of Santos, which sits in close proximity to São Paulo. (There are other viable transcontinental rail routes under consideration, some of which also pass through neighboring countries, such as Bolivia.) Santos is a port which is also in need of major modernization: it can only handle container ships of a maximum size of 11,000 TEU. This rail project will make the physical-economic impact of Chancay an order of magnitude greater still, transforming it into a hub for all of South America in its trade with the Asia-Pacific basin (see **Figure 3**).

The Bi-Oceanic Rail Corridor project has been discussed and studied in depth by the Chinese, including detailed engineering feasibility studies. It only awaits a policy decision by Brazil—itsself a leading member of the BRICS—in order to proceed.

Launching this Brazil–China–Peru rail project will have the political effect of quickly bringing all of Ibero-America on board with the Belt and Road Initiative. One of the earliest beneficiaries of such a strategic change will be the proposal to construct a sea-level Nicaraguan Grand Canal linking the Pacific and Atlantic oceans. This is a critical project, because even the expanded Panama Canal can only handle container ships of up to 17,640 TEU—well under the size of the most efficient ULCVs—whereas the projected Nicaraguan Grand Canal will be able to

FIGURE 2

### Chancay to Shanghai, Maritime and Rail Routes



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handle ships of up to 25,000 TEU, as the following chart indicates:

The Nicaraguan Grand Canal, whose construction has been suspended over recent years, is a monumental project: it will be the largest civil earth-moving operation in history, with an estimated 5,000 million cubic meters of material to be excavated from the ocean and sea entrances on both ends, from the Lake Nicaragua bottom along the canal transit route, and from the land canal itself. The canal’s two locks will be the largest ever constructed: 520 meters long, 75 meters wide, and with a 27.6 meter threshold depth. They will consume most of the 10 million cubic meters of concrete the project is estimated to require overall, and transporting the lock gates to their final locations will be a challenge.

HKND, the Chinese private sector company leading the proposed project, intends to secure food, worker camp supplies, and aggregate and other materials needed for the construction of buildings and structures, from within Nicaragua, to the extent possible. The opportunities for Nicaraguan agriculture, for example, will be huge. According to some reports, HKND has told Nicaraguan producers that 37.5 tons of rice, 25 tons of vegetables, and 12.5 tons of meat will be needed daily to feed the 50,000-person workforce. Plans are under discussion for using the excavated topsoil to create productive farmland and pasture land along the canal route.

Given the lack of development in Nicaragua and

FIGURE 3  
**Chancay and South America’s Bi-Oceanic Rail Corridor**



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Central America generally, however, an estimated 21 million tons of materials and supplies will have to be imported, most of that through the existing ports of Corinto and Bluefields, which are not adjacent to the canal route. This includes more than 2,000 pieces of major construction equipment, more than 4 billion liters of diesel fuel, about 1 billion liters of bunker fuel for the dredgers, plus explosives, and millions of tons of cement and steel.

Recruitment and training of a skilled workforce will be another monumental task. As Dr. Telémaco Talavera, then spokesman for the Nicaraguan Grand Canal Commission, told *EIR* magazine in a Dec. 20, 2014 interview:

“We have to redefine education at all levels, from primary to technical and higher education. Science, technology, and innovation also have to be redefined for Nicaragua’s new reality.

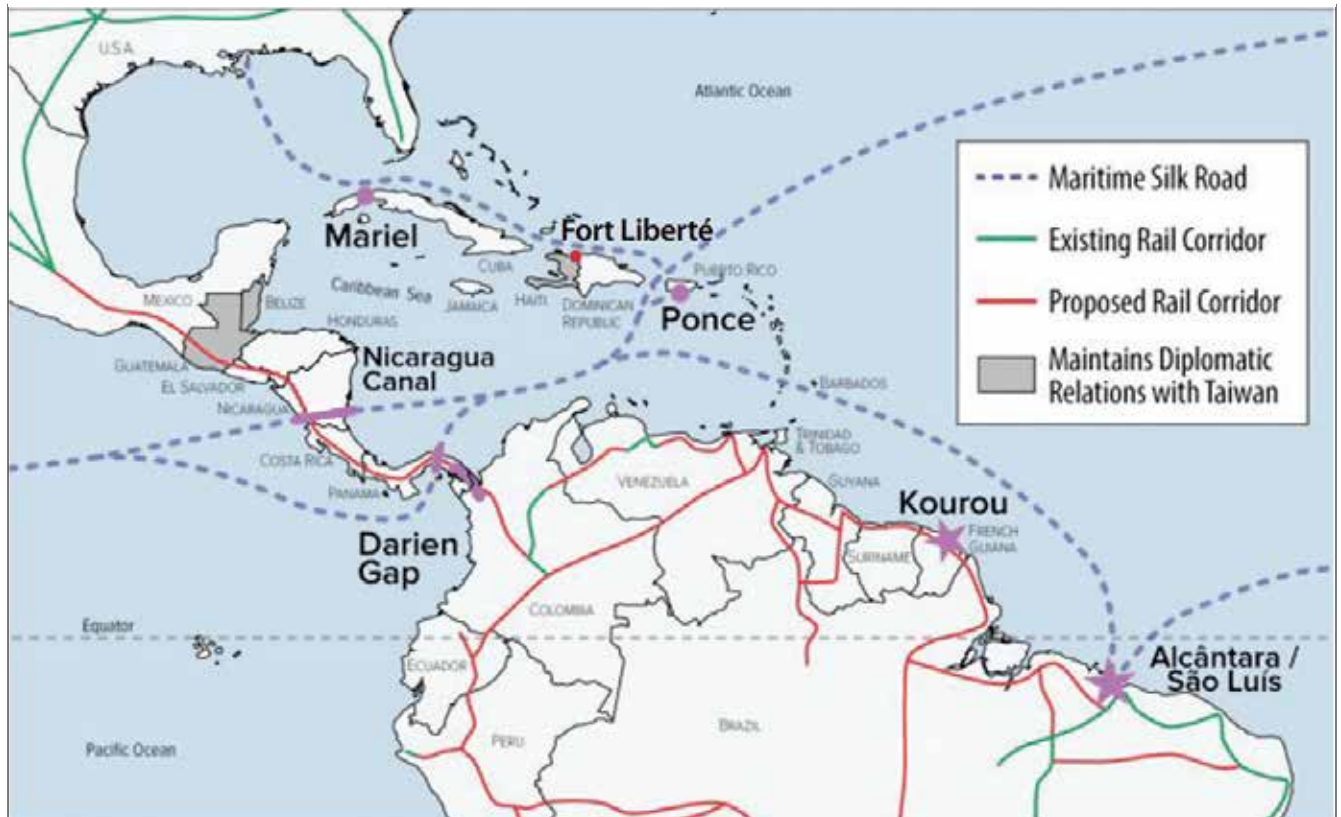
To improve quality, we are preparing skilled labor, and technical and professional experts for this new reality, not only for construction, maintenance, and related works.... We’ve spoken about offering 315 new courses of study, but we have to work on bringing up to date the already trained technical experts

and professionals for the challenges of the new reality now with the canal. Some technical experts and professionals will need specialization in specific areas which are going to be required in Nicaragua’s new economic, scientific, and technological dynamic, and new technical experts and professionals will have to be educated in fields which we do not yet have.”

Think of the impact this will have on the migrant crisis, and related drug-trafficking networks in the region. What Central American youth will want to risk his life

Ports/Canals	Max Size (TEU)	Max Depth (meters)
Chancay	24,000	17.8
Shanghai	24,000	27.0
Long Beach	24,000	23.2
Suez Canal	24,000	24.0
Nicaraguan Grand Canal	25,000	27.6
Panama Canal	17,640	16.4
Santos	11,000	17.0

FIGURE 4  
**The Caribbean Basin and the Belt and Road**



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to emigrate to the United States, with these kinds of prospects at home?

And yet the Nicaraguan Grand Canal is just one component of a broader development strategy for the Caribbean Basin region which the Schiller Institute has proposed, which calls for China–U.S. cooperation to build a high-speed rail line to start in South America, traverse the length of Central America (where none

now exist) and Mexico, to then link up with U.S. rail corridors (see **Figure 4**).

Precisely because of its proximity to the U.S., being in the proverbial U.S. “backyard,” this region is perfectly situated to become a flagship for the kind of U.S.–China cooperation to develop the impoverished nations of the South that is needed around the planet.