

# Bolivia, China Team Up On Rail, Iron Project

Sept. 29—Bolivian President Evo Morales met with Chinese Vice Prime Minister Zhang Gaoli on Sept. 22 in New York City, where both were attending the UN General Assembly session, and came away with an agreement for China to finance the \$405 million strategic project to develop the rich iron ore deposits in Mutún, in eastern Bolivia, which in its first phase will produce 150 million tons of steel, allowing Bolivia to reduce its steel imports by 60%. It has been a long-standing dream of Bolivia’s to not simply export raw iron ore, but to develop its processing and industrialization of steel internally. Mutún has one of the largest iron ore deposits in the world, with an estimated 40 billion tons of iron and 10 billion tons of manganese.

The Mutún project is part of a larger package that Morales presented to the Chinese, for \$3 billion in credits to also develop a critical rail link from Puerto Busch, in the extreme southeast of Bolivia, through the Mutún mine, to Motacusito, a railroad junction near Puerto Suárez, which is on the existing east-west rail line which runs from Santa Cruz, Bolivia, eastward, all the way to São Paulo, Brazil. Bolivian Development Planning Minister Viviana Caro told the press that Chinese President Xi Jinping had offered \$10 billion in financing for Ibero-American development projects at the BRICS summit in Brazil last July, “and we are going to take

up China’s offer” with a request for \$3 billion in credit for various projects.

Over the last five years, China has become a strategic ally of Bolivia’s development, and is today the number one purchaser of Bolivia’s minerals.

This is a geographically critical area for all of South America (see maps). The Bolivian government is already building a major inland port at Puerto Busch on the Paraguay River—a town which is currently unpopulated, except for a Navy outpost. This will give landlocked Bolivia access to the Atlantic Ocean via Paraguay and Argentina. Just north of Puerto Busch is Puerto

FIGURE 1  
South America: Great Water Projects



Source: EIR

Suárez, another Bolivian river port, which is only 10 km from the Brazilian border, and is situated by Laguna Cáceres, which is connected to the important Paraguay and Paraná River waterways by the Tamengo Canal. This is also close to Cuiabá, Brazil, one of the locations where the great Amazon River system and the Paraguay/Paraná/Río de la Plata river system meet, and could be interconnected with a navigable canal, as has been proposed as far back as Alexander von Humboldt in the 19th Century.

The interconnection of South America's three major river basins—the Orinoco, the Amazon, and the Río de la Plata—along with high-speed rail corridors traversing South America from the Atlantic to the Pacific, connected into the World Land-Bridge via the Darien Gap—were proposed in the 1988 Schiller Institute book *Ibero-American Integration*, as the following excerpt indicates:

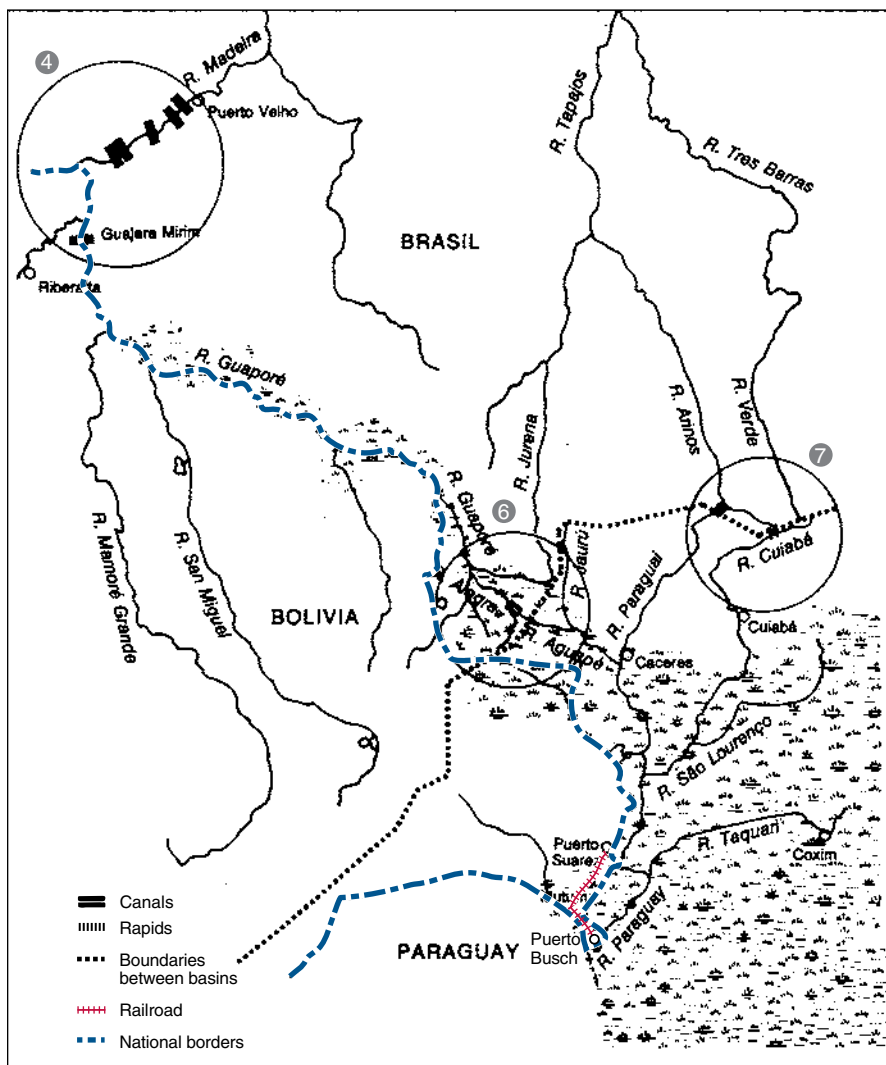
“The Orinoco-Amazon-La Plata river connections have been proven technically feasible in recent years, and engineering studies go back to 1840. Creating such an integrated inland navigation axis will actually be less difficult than that undertaken in most canals already built in the United States.

In fact, most of the South American portion of the system is composed of already navigable rivers

“There are two main options for connecting the Amazon and La Plata basins [see **Figure 1**]. The first, and best known, can be built in Brazil between the Guaporé and Paraguay rivers through their respective tributaries, the rivers Alegre and Aguape (#6) The second possibility is at the eastern extreme of Brazil's Serra Dos Parecis, and can be done through the swamps which give birth to the rivers Arinos and Cuiabá, which flow toward the Amazon and La Plata, respectively (#7).

“In addition to the 10,000-kilometer north-south route which will be opened up by connecting the Ori-

FIGURE 2  
Integration Projects in the Amazon and Rio de La Plata Basins



Numbers refer to Figure 1.

EIRNS

noco, Amazon, and La Plata basins as indicated, there is a total of about 100,000 kilometers of navigable rivers and tributaries which can be easily connected to this basic system. It is worth mentioning several specific regions which will be opened up by this project. First, it is known that in Mutún, near the border with Brazil, Bolivia contains a vast iron ore and manganese deposit, possibly the largest and of the highest purity in the world. Some of the deposit extends into Brazil. Making the Paraná fully navigable from Mutún south will permit the economic shipment of this iron ore to steel mills to be situated at many places along that waterway.”

—Dennis Small