

Transcontinental Railway: Peru-Brazil (FETAB)

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1. Overview: Chinese investment in Latin America

For several centuries the largest volume of world trade carried was across the Atlantic Ocean. However, that began to change with the growth of Asian economies, especially China, leading Asia-Pacific trading to represent 60 percent of today's world trade.¹ China has been continuously maintaining large investments throughout the world that could ultimately help achieve its economic development. Latin America is not an exception to this phenomenon; this Asian giant for being a region rich in mineral resources and agricultural products.²

Recently, Chinese-Latin American relations are continuously deepening through closer economic ties. The Inter-American Dialogue database estimates that since 2005, China has granted more than USD 125 billion in loans throughout Latin America.³ This trend is expected to continue considering that Chinese President Xi Jinping has agreed to invest USD 250 billion over the next 10 years in January 2015.⁴ Such investment was intended specifically to increase China's influence in the region.⁵

In September 2015, the Central Bank of China announced the establishment of an investment fund of USD 10,000 million in countries such as Ecuador, Venezuela, Nicaragua, Peru, Brazil, Chile, Bolivia and Argentina for bilateral cooperation in areas of high technology, energy, mining and infrastructure

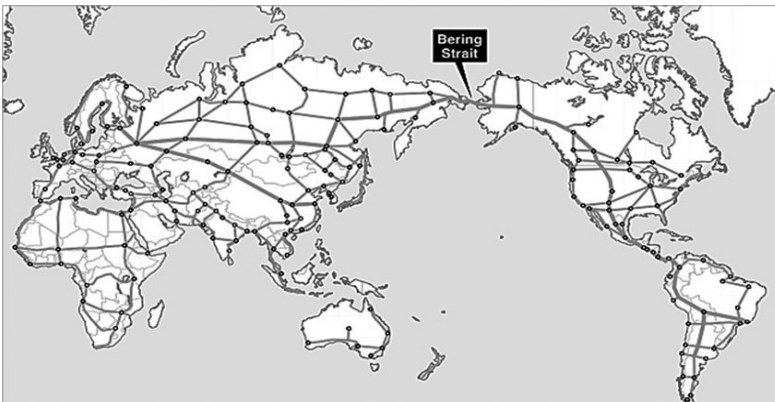
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projects.⁶ Among them, the most ambitious project in Latin America is to construct the Transcontinental Railroad which aims to link the Atlantic and the Pacific oceans in order to improve internal transport of raw materials and its export to other countries.

2. A Grand Design: The Transcontinental Railroads

The Transcontinental Railroad, known by its Spanish acronym FETAB, is a combined working project initiated by Brazil and Peru, together with the People's Republic of China. The proposal to create a railway of such magnitude was actually triggered by an American engineer H. A. Cooper who in 1953 designed a map of what, in his opinion, would become the global network of railways. Today, such a utopian project is taking its first steps in South America.

Figure 1: Main Lines of a Worldwide Rail Network, As Sketched by H.A. Cooper⁷



The construction of the transcontinental railroad would pass through the Brazilian state of Rondonia starting in the municipalities of Porto Velho and Vilhena. The route would also include the states of Goiás and Mato Grosso and reach the border with Peru by Acre, according to VALEC Engenharia, Construções e Ferrovias S.A. (Engineering, Construction and Ferrovias SA), a public company associated with the Ministry of Transport, Brazil.⁸