



Less water in the Paraná – Paraguay waterway

by Andrew Thompson

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What happened?

The Argentine government is about to call for international tenders to dredge and improve navigation on the Paraná River, part of the wider Paraná – Paraguay Hidrovía or waterway. Big economic and environmental issues are at stake.

The details

The waterway is a network of rivers which stretches for some 3,000 kms, linking five countries (Argentina, Bolivia, Brazil, Paraguay, and Uruguay). These rivers eventually feed into the River Plate estuary and out to the Atlantic Ocean. According to the World Bank it is the second largest waterway for freight in South America, moving about 14mn tons of cargo every year. This compares with the Amazon River system, which moves around 21mn tons a year. The waterway carries around 75% of Argentina's annual merchandise trade, including exports of soya and imports of auto-parts for local assembly plants. It also carries Bolivian iron ore and a good share of Brazil's agricultural produce. It is crucial for landlocked Bolivia and Paraguay. The waterway isn't just a river transport system of significant economic value; it is also part of a wider river basin stretching over 3mn square kms.

There are at least two big problems currently facing the waterway. Due to a lack of investment and modernisation its economic potential is not being fully exploited. Transport costs remain high. There would be both a financial and environmental benefit from shifting more freight from road to river. On the other hand, there is a looming environmental issue. Because of deforestation – affecting Brazil's Pantanal and Amazon region wetlands to the north – river water levels have been falling. Climate change means less rain and more drought. At Argentina's key river port of Rosario on the Paraná, water levels are down significantly on the average



for the last 25 years. The Rosario Chamber of Trade says freight volumes at 21 river export terminals are being held back because of reduced navigability.

While the five countries have agreements to cooperate on river navigation, the immediate focus is on a proposal by Argentina to dredge, upgrade and modernise its own section of the Paraná River. Initial plans were to award the work to a new, state-owned company, which would be 51% controlled by the federal government and 49% controlled by the seven Argentine provinces bordering the Paraná. However, this plan appears to have been dropped last year, with the ministry of transport instead expected to publish an international tender for the work towards the end of this month. The Argentine Association of Environmental Lawyers (AAAA) has intervened, asking for environmentalists and other interested parties to be consulted. The AAAA says it wants to ensure that boats are adapted to river conditions rather than the other way round.

What does it mean?

Balancing economic and environmental considerations in the waterway is a complex process, and the government of Alberto Fernández may find itself under rising political pressure to consult more widely.

About the Author

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As well as being a Canning House Associate Fellow, Andrew is a former foreign correspondent (Buenos Aires, Mexico City, Rio de Janeiro) and a broadcaster for the BBC's Latin American Service. Working through La Rambla Research Ltd., he writes about economics, political risk, and business in Latin America.



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