



**UNIVERSIDAD DEL AZUAY**  
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**ANAYSIS OF THE COMMERICAL RELATIONS BETWEEN BRASIL AND  
ECUADOR FROM THE YEAR 2008 TO 2012, AND THE FUTURE INCIDENCE OF  
THE MANTA-MANAUS ROUTE.**

**GRADUATE THESIS PRIOR TO OBTAINING A BILINGUAL BACHELOR DEGREE  
IN INTERNATIONAL STUDIES, MINOR IN FOREIGN TRADE.**

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## **DEDICATION**

This work is dedicated to my brother and grandparents; and you Mateo for protecting and always being with me. Thank you for being our guardian angel and taking care of our mother and me.

To my heroes, my grandparents Hilda and Julio, who have played a fundamental role in my life and education. Thank you for your constant guidance and for being more than my grandparents, but in fact, my parents.

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## **SUMMARY**

The analysis of this work has been developed with respect to the commercial relations between Brazil and Ecuador, during the period from 2008-2012 and it considers the future incidence of Manta-Manaus Route.

The economic analysis is based on the Commercial Trade of each country, the Bilateral Trade and the international agreements in commerce issues.

Also, the context of the development--commercial, social and environmental impact of the Manta-Manaus--was determined and the effectiveness of it as a bioceanic connection. For it, I used bibliographies, files, and digital resources, as well as interviews and explorations.

Beyond the whole research, I was able to conclude that the bilateral commercial trade could reach its optimum power now, by a productive base change and a future bilateral commerce trade.

The bioceanic corridor through Manta implies the combination of multiple efforts and infrastructure to attain a high effectiveness. At this moment, it is not possible to consider the Manta-Manaus an oceanic hub point. However, if this Route were to be totally developed, it would strengthen internal development and the Ecuadorian Amazon.



## **INTRODUCTION**

This work refers to the different actors, indicators and variables that involve the commercial relations between Brazil and Ecuador during the period from 2008-2012, and the future incidence of Manta-Manaus Route.

It is important to mention that even when we refer to Manta-Manaus Route, after the process of investigation, we are going to discuss this topic under its proper name "Multimodal Route Manta-Manaus".

This topic was considered for its political, economic, social, environmental and geostrategic implications.

It pretends to analyze the context of the bilateral commercial relations between Brazil and Ecuador. Additionally, it exposes the environment in which Manta-Manaus is to be developed, and identifies the impact of it in the commercial, social and environmental aspects.

For this work the investigation was based on descriptive studies and explorations. For this exploration, I visited Yasuní National Park and other sections that belong to the Multimodal Route Manta-Manos.

## **CHAPTER I. ANALYSIS OF THE ECONOMIC RELATION BETWEEN BRASIL AND ECUADOR.**

### **Introduction**

The current chapter presents an analysis of the foreign trade between Brazil and Ecuador. Besides the Trade Balances of these countries, we will refer to the Bilateral Trade Balance.

The Bilateral Trade mentioned before, is a key and must take into consideration the benefits that each country pretends to receive by commerce, especially if we intend to establish a Multimodal Corridor to connect Brazil and Ecuador. Also under consideration are the international instruments of commerce of each country due to their synergy and so that the facilities for the regional commerce and bilateral exchange may take place.

Additionally, current and future commercial routes are discussed, which will help one to understand the commercialization process between Brazil and Ecuador. Moreover, it has been one of the most discussed bilateral projects in the last few years.

This project is known as the Multimodal Corridor Manta-Manaus and it has been the core of the bilateral agenda. In Ecuador a large part of the public strategic planification revolves around the Corridor, because the Ecuadorian government intends to convert the Manta-Manaus Corridor into the Hub Point connection between the Pacific and Atlantic Ocean, in order to develop the country and the region.

### **1.1 International Commerce.**

#### **1.1.1 International Commerce Instruments of Brazil.**

Currently, the Federal Republic of Brazil is one of the few countries in South

America, which has attained acknowledgment in the international arena. With its participation in regional and global commerce, Brazil has been consolidated as a reference of development.

In the commercial sector, Brazil as a member of the World Trade Organization (WTO) since January 1<sup>st</sup>, 1995, has focused its commercial politics under WTO parameters. Also, Brazil belongs to different organizations and international institutions that establish some agreements that will be detailed in future.

#### **1.1.1.1 Commerce Instruments of Brazil as a member of the World Trade Organization (WTO).**

-Participation in the relative Protocol of Commercial Negotiations among Countries (PTN).<sup>1</sup> (WTO)

-Beneficiary of the Global Commercial Preferences System among Development Countries (SGPC).<sup>2</sup>

In the next chart, we can distinguish the countries with which Brazil is a beneficiary through the SGC. It's important to mention that these countries have a strategic geographic position that provides Brazil an advantage for commerce with countries situated in each continent.

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<sup>1</sup>The PTN summarizes the autonomous preferential trade agreement character in which the exchange of trade and tariff concessions, mutually beneficial is expected between the signatory countries. [http://www.wipo.int/edocs/lexdocs/treaties/es/ptn/trt\\_ptn.pdf](http://www.wipo.int/edocs/lexdocs/treaties/es/ptn/trt_ptn.pdf)

<sup>2</sup> The SGPC is an agreement signed by the member countries of the G77 (to date 48 countries have ratified) granting non-reciprocal trade preferences among developing countries, under the legal cover of the so-called "Enabling Clause" of the WTO (INIA, 2004)

**Chart 1. Preferential Commercial Agreements that benefit Brazil through the Generalized Preferences System.**

Granted Countries	Come Into Force
Australia	01/01/1974
Canada	01/07/1974
European Union	01/07/1971
Japan	01/07/1971
New Zealand	01/01/1972
Norway	01/10/1971
Russia, Byelorussia, Kazajstán	01/01/2010
Switzerland	01/03/1972
Turkey	01/01/2002
United States	01/01/1976

Source: World Trade Organization (WTO)<sup>3</sup>

Elaborated by: Villavicencio Lorena.

#### **1.1.1.2 Instruments of commerce of Brazil under the Latin American Integration Association (LAIA).**

The Latin American Integration Association, in 1980, through its constitutional agreement, established a frame of economic and political cooperation with the goal of instituting a common Latin American market, to create many commercial instruments that distinguish differential treatments based on the development of their members.

There is also the LAIA, which is based on the Harmonized Designation and Codification Merchandise System (NALADISA), and facilitates the commerce by records, sub records and numerical codes that allow better function and interpretation of the Latin American Harmonized System.

On the web site of the LAIA, there are three specific mechanisms, which are detailed below.

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<sup>3</sup> <http://ptadb.wto.org/Country.aspx?code=076>

**-Regional Preference Tariff-**that applies to original products of the country members in contrast to the current tariffs of other countries.

**-Regional Agreements-** (common to all country members).

**-Partial Agreements-** with the participation of two or more countries of the region. (LAIA)<sup>4</sup>

These mechanisms are important since, because of them, each country manages its commerce. In the case of Ecuador and Brazil the regional and partial agreements are a substantial part in the exchange of goods, especially in topics such as: relief on tariffs of trade; promotion of commerce; economic, customs, taxable and sanitary complementation; environmental preservation; scientific and technological cooperation; technical rules and others.

In the following charts the different Agreements that Brazil has in the LAIA will be deeply detailed:

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<sup>4</sup> [http://www.aladi.org/nsfaladi/arquitec.nsf/VSITIOWEB/quienes\\_somos](http://www.aladi.org/nsfaladi/arquitec.nsf/VSITIOWEB/quienes_somos)

**Chart 2.Regional Agreements of Brazil in the Market Opening.**

Types of agreement and description	Protocols					Protocol of adequacy
	Third Protocol	Ninth Protocol	Eleventh Protocol	Thirteenth Protocol	Fifteenth protocol	Second protocol
<b>AR.AM N° 1</b> Approval of the list of products to which the country members granted without reciprocity, the total elimination of tariffs and other restrictions when the products were originate from Bolivia.	Register products that Russia grants to Bolivia, to expand its lists of products.	Brazil will grant an automatic annual increase of 5% of the quotas for certain products, renewable annually.	Brazil gives Bolivia a 5% increase in quotas registered in the list of markets opening to imports of products subject to quotas, either physical volume or value, without prejudice to the negotiations on specific products.	Increase of 5% in the quotas granted by Brazil to import products subject to quotas, whether physical volume or value, subject to the increases agreed in negotiations on specific products.	Products are incorporated to the list of market opening granted by Brazil and define specific rules of origin clothing sector.	Incorporates NALADISA to the classification of products negotiated by Brazil.

Source: <http://www.aladi.org/nsfaladi/textacdos.nsf/Vaperturaweb>

Elaborated by: Villavicencio Lorena.

Type of Agreement and description	Protocols			
	First Protocol	Third Protocol	Tenth Protocol	Fifteenth Protocol
<b>AR.AM N° 2</b> Approves lists of products for which country members provide without reciprocity, the total elimination of tariffs and other restrictions when they are originally from Ecuador.	Expand the lists of products negotiated by Argentina, Brazil, Chile, Mexico, Paraguay and Uruguay.	Expands the list of products negotiated by Brazil.	Brazil gives 5% increase on defined quotas for products that are subject to quotas of physical volume or value. Quotas registered on the list of markets opening to imports of products subject to quotas, either physical volume or value.	Expand quotas granted for Brazil for the importation of a product.

Type of Agreement and description	Protocols			Protocols of adequacy
	First protocol	Third protocol	Tenth protocol	Second protocol
<b>AR.AM N° 3</b> Approves lists of products for which country members provide, without reciprocity, the total elimination of tariffs and other restrictions, where they originate from Paraguay.	Expands the lists of products negotiated by Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico, Peru, Uruguay and Venezuela.	Expands the lists for products negotiated by Brazil.	Modifies conditions granted to the products negotiated by Brazil.	Expands NALADISA to the classification of products negotiated by Brazil.

Source: <http://www.aladi.org/nsfaladi/textacdos.nsf/Vaperturaweb>

Elaborated by: Villavicencio Lorena.

As has been shown in the table presented previously, though the LAIA facilitates market opening, Brazil grants total exemption from tariffs and other restrictions to products originate in Bolivia, Ecuador and Paraguay.

Additionally, in the case of Bolivia, the lists of products to which Bolivia and Russia are granted specific origin requirements as defined for the clothing sector. In the case of Ecuador it expands the list of products negotiated by Argentina, Brazil, Chile, Mexico, Paraguay and Uruguay.

The elimination of taxes between Brazil and Ecuador is clearly visible through the ECUAPASS customs system by which you can identify the origin of the product and the value of the tax is zero. Finally, Paraguay considers the products negotiated with Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico, Peru, Uruguay and Venezuela.



**Chart 3 Partial Agreements of economic complementation of Brazil.**

Type of Agreement and description	Additional Protocols		
	Fifth Protocol	Sixth Protocol	Seventh Protocol
<b>AAP.CE Nº 2</b> The Agreement aims to promote the maximum utilization of the factors of production and stimulate economic complementarity among the signatory countries. Based on the establishment of a tariff reduction program of reciprocal exchange between Brazil and Uruguay.	Incorporate s de program for the automotive sector.	Modifies the registry preference for "Kits (CKD) from other vehicles to transportation of goods".	Incorporates preferences of Brazil and regulates bilateral trade in some products.

Source:<http://www.aladi.org/nsfaladi/textacdos.nsf/vaceweb?OpenView&Start=1&Count=800&Expand=36#36>

Elaborated by: Villavicencio Lorena.

Type of Agreement and description	Additional Protocols						
	Second Protocol	Third Protocol	Fourth Protocol	Fifth Protocol	Seventh Protocol	Eight protocol	Tenth Protocol
<b>AAP.CE N° 18</b> The Agreement facilitates the creation of the necessary conditions for the establishment of a common market among Argentina, Brazil, Paraguay and Uruguay in accordance with the Treaty of Asunción.	Establish conditions on certification and control of origin and apply administrative sanctions to the cases of forgery of certificates of origin.	Third reduction in exception lists. The recalled products benefitted from a preference of 68% since 1/1/1993.	Decision CMC No. 1/91 Brasilia Protocol for the Solution of Disputes	Fourth reduction in exception lists. The recalled products benefitted from a preference of 82% as of 1/1/1994.	Decision CMC No. 6/94 and 23/94 "CMS Origin Regime".	Replaces the General Rules of Origin Agreement, and its modifications, by the Rules of Origin of Goods in the Southern Common Market and establishes specific requirements of origin to the products. Adjustment regime by aliquots, covered as an exception to the Common Foreign Tariff.	Protocol of Decision CMC No. 09/ 01 " Access conditions in bilateral trade Brazil - Uruguay for products from Colonia Free Zone "

Source: <http://www.aladi.org/nsfaladi/textacdos.nsf/vaceweb?OpenView&Start=1&Count=800&Expand=36#36>

Elaborated by: Villavicencio Lorena.

Of partial agreements of economic complementation Brazil establishes an exemption program for reciprocal exchange with Uruguay including the automotive sector, through the modification of the registry preferences for Kits (CKD) of other automobiles for the transportations of goods. Additionally, it provides facilitation for the creation of necessary conditions for the establishment of a common market, with CMS members, such as the provisions for certificates of origin.

**Chart 4. Partial Agreements of economic complementation of Brazil.**

Type of Agreement and description	Additional Protocols	
	Second Protocol	Third Protocol
<p><b>AAP.CE N° 58-59</b></p> <p>This Agreement has among other objectives, to establish the legal and institutional framework for cooperation and economic and physical integration that contributes to create an enhanced economic space, which would facilitate the free movement of goods and services and the full utilization of production, factors in terms of competition between the signatory parties. And also create a free trade area between the Contracting Parties, through the expansion and diversification of trade and the elimination of tariff and nontariff, which affect the reciprocal trade.</p>	<p>Regimen between Brazil and Peru, for products originated in free zones and special customs areas signed.</p>	<p>Establish conditions for the Economic Complementation Agreement No. 58-C Annex II, Appendix II-C, preferences granted by Peru to Uruguay for the "Wool Tops" product NALADISA classified in item (96) 5105.29.10</p>

Source: <http://www.aladi.org/nsfaladi/textacdos.nsf/vaceweb?OpenView&Start=1&Count=800&Expand=36#36>

Elaborated by: Villavicencio Lorena.

The Partial Agreements of Economic Complementation number 58 and 59, allow, through a legal and institutional framework, the establishment of a free trade area among its members.

Included within the agreement signed between Brazil and Peru the regimen for products originated in free zones and special customs areas, is included.

This fact is of great importance because it gives a competitive advantage to Peru, not only because it facilitates trade with Brazil, but also because by including free zones such as Manaus in Brazil, it may enhance future projects such as the transportation of goods from Iquitos to Manaus.

**Chart 5. Partial Agreements of Brazil in promotion and commerce facilitation.**

Type of Agreement	Description	Observations
<p><b>AAP.PC N° 2</b> Partial Scope Agreement of Trade Promotion.</p>	<p>The Government of the Republic of Bolivia and the Government of the Federal Republic of Brazil, agree to sign a Partial Scope Agreement of Trade Promotion (supply of natural gas), which is governed by the provisions of the Treaty of Montevideo 1980 and Resolution No. 2 of the Council of Ministers, under the domestic legislation of each country.</p>	<p>Article 8 -. This Agreement will enter into force on the date of signature and will last indefinitely. The signatory that wishes to denounce the present Agreement may do so after a period of 35 years of its entry into force by written a notification to the General Secretariat of the Latin American Integration Association, the instrument of denunciation. In this case, the denunciation takes effect four years after the mentioned instrument is signed.</p>
<p><b>AAP.PC N° 5</b> Partial Scope Agreement of Trade Promotion.</p>	<p>The representatives of Argentina, the Federative Republic of Brazil, the Republic of Paraguay and the Eastern Republic of Uruguay, accredited by their respective Governments with powers that were granted in correct way. Deposited promptly in the General Secretariat the subscribed Partnership Agreement to Facilitate Trade "Recife Agreement". In order to establish the technical and operational measures to regulate the integrated border controls between its signatories. The Agreement shall be governed by the rules of the Treaty Montevideo 1980 and Resolution 2 of the Council of Ministers, as soon as they are applicable, and for the established rules.</p>	<p>Article 18 -. This Agreement shall enter into force from the date of its signature and will be valid indefinitely.</p>

<p><b>AAP.PCN°7</b> Commerce Facilitation</p>	<p>The representatives of Argentina, the Federative Republic of Brazil, the Republic of Paraguay and the Eastern Republic of Uruguay, accredited by their respective governments with the powers that were granted in a correct way, deposited promptly in the General Secretariat Association. Subscribe under the Treaty of Montevideo 1980 and Resolution 2 of the Council of Ministers of the Association a Partial Agreement for the Facilitation of Multimodal Transport of Goods, which different provisions shall govern.</p>	
<p><b>AAP.PC N° 8</b> Partial Scope Agreement for the facilitation of multimodal transportation of goods.</p>	<p>The representatives of Argentina, the Federative Republic of Brazil, the Republic of Paraguay and the Eastern Republic of Uruguay, accredited by their respective governments with the powers that were granted in a correct way, deposited promptly in the General Secretariat Association. Subscribe under the Treaty of Montevideo 1980 and Resolution 2 of the Council of Ministers of the Association a Partial Agreement for the Facilitation of Multimodal Transport of Goods, which different provisions shall govern.</p>	<p>This Agreement applies to multimodal transportation contracts with requirements of: the place stipulated in the contract of multimodal transport and indicated in the Document or Knowledge of the Multimodal Transportation. In which the multimodal transportation operator takes the goods in his charge and locate products in a State Party of this Agreement.</p>

Source: <http://www.aladi.org/nsfaladi/textacdos.nsf/vpaises/brasil>

Elaborated by: Villavicencio Lorena.

By way of the Partial Scope Agreements of Promotion and Trade Facilitation there is the agreement with Bolivia for the delivery of natural gas.

Among the countries of Argentina, Brazil, Paraguay and Uruguay, there has been constituted the "Recife Agreement", which has as an objective to define technical and operational measures to regulate the integrated border controls of the country members. Moreover, within the same group of countries the Partial Agreement for the Facilitation of Transport of Dangerous Goods is also defined.

Additionally, an agreement for the facilitation of multimodal transport of goods among Argentina, Brazil, Paraguay and Uruguay is defined. It is beneficial because if, in the future, Ecuador wishes to trade and transport products on a large scale, it can potentiate the effect of the agreement and, through Brazil, expands its market.

**Chart 6 Partial Agreements of Brazil in transportation, environment and other subjects**

Type of Agreement and Description	Description	Observations
<b>AAP.A14TM Nº 3</b> Agreement on international land transportation.	Accepts a unique law to apply on the international land transportation.	This Agreement entered into force on February 1, 1990 for the countries that have enacted administratively in their respective territories. For other countries, it will come into force from the date enacted administratively in their respective territories and will have a duration of five years, renewable automatically for similar periods.
<b>AAP.A14TM Nº 10</b> Agreement on the contract of carriage and the responsibility of the carrier in the international transportation of goods by road.	Establishes rules to harmonize the conditions that govern the contracts for the international carriage of goods by land, as well as those that regulate the responsibility of the carrier.	Article 26 -. Validity and Duration. 1. - This Agreement will enter into force in each territory thirty days (30) after the date of notification to the General Secretariat of LAIA. 2.-This Agreement will have duration of five years, automatically renewable for equal periods, unless otherwise stated in a signatory country, in which case the renegotiation will take place. 3. - The rules contained in this Agreement will be exclusively for signatory and adherent countries after its entry into force.
<b>AAP.A14TM Nº 12</b> The Trade and Investment Agreement between CMS and the countries of the Central American Common Market (CACM).	Agreement of Trade and Investment CMS and the Central American Common Market (CACM).	Article 8 - . This Agreement shall enter into force on the date of its signature, except for the signatory countries that require completing internal procedures for legislative approval. For these countries the Agreement shall become effective when these procedures have been completed. The agreement will last indefinitely.

Source: <http://www.aladi.org/nsfaladi/textacdos.nsf/vpaises/brasil>

Elaborated by: Villavicencio Lorena.



In the agreements presented in the previous chart, the ones that belong to the transportation area, especially the Agreement of Fluvial Transportation by the Waterway Paraguay – Paraná, are emphasized due to the fact that Ecuador represents a potential opportunity for the future trade with Uruguay and Paraguay.

#### **1.1.1.3 Instruments of commerce of Brazil as a founder member of the Common Market of the South (CMS)**

The Common Market of the South is composed of: Argentina, Brazil, Paraguay, Uruguay, Venezuela and Bolivia. In addition, among its member states are Chile, Colombia, Peru, Ecuador, Guyana and Suriname. The CMS, through its constitution, promotes the free movement of goods and services, by the mechanisms of elimination of custom duties, regulations relating to non-tariff restrictions, definition of a common foreign tariff, establish of trade and macro-economic politics, among others. (MERCOSUR)

The importance of CMS in the trade of South America is vital. In the case of Brazil the tendency of several of its trade policies are governed by decisions taken as an economic bloc.

Of the agreements mentioned in Appendix 1, it is important to emphasize that in the framework of the CMS, free trade agreements with countries in the Middle East and Africa have been established. In particular, it's important to highlight the importance of the agreements with countries of India and South Africa which are part of the BRICS, and which are in a boom of development and therefore represent a great opportunity for its commercial partners.

Finally, in the framework of the Common Market of the South the relationship with the Andean Community of Nations, is included. In 2005 "the status of Partner Countries of the Andean Community, was granted to the country members of CMS, and vice versa. Also, in the framework of the LAIA, they have signed the Economic Complementation Agreements Nos. 36, 58 and

59, which establishes the parameters of trade relations among eight countries". (CAN)<sup>5</sup>

The agreements mentioned before involve sanitary and phytosanitary measures; standards, technical regulations and dispute resolution mechanisms, among others. They are the key platform for the South American region because, beyond promoting a free trade area in goods and trade liberalization programs for certain products, they facilitate the integration of trade blocs. (CAN)

### **1.1.2 International Instruments of Commerce of Ecuador.**

The Republic of Ecuador, throughout its history, has based its commerce on a primary-export model and on the immutability of its main trading partners. This, combined with other proper market variables, has not allowed Ecuador to establish itself as the leader in international trade.

However, its presence is notable in the WTO and other organizations and institutions, especially regional ones, where different agreements described below, have been established.

#### **1.1.2.1 Trade instruments of Ecuador as a member of the World Trade Organization (WTO).**

-Participant in the Global System of Trade Preferences among Developing Countries.(GSTP) (WTO)<sup>6</sup>

#### **1.1.2.2 Trade instruments of Ecuador in the framework of Latin America Integration Association (LAIA).**

-Regional Agreements for Markets Opening:

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<sup>5</sup><http://www.comunidadandina.org/Seccion.aspx?id=111&tipo=TE&title=mercosur>

<sup>6</sup><http://rtais.wto.org/UI/PublicSearchByCrResult.aspx>

- AR.AM No.1

This agreement approved the list of products for which country members provide without reciprocity, the total elimination of tariffs and other restrictions, when the products were originated from Ecuador (Article 18 of the Treaty of Montevideo 1980).

Fourth Protocol of Adequacy. Adjusts NALADISA to the classification of the products traded by Ecuador .

- AR.AM No. 2

This agreement approved the list of products for which country members provide without reciprocity, the total elimination of tariffs and other restrictions, when the products were originated from Ecuador (Article 18 of the Treaty of Montevideo 1980).

- AR.AM No.3

This agreement approved the list of products for which country members provide without reciprocity, the total elimination of tariffs and other restrictions, when the products were originated from Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela. (Article 18 of the Treaty of Montevideo 1980).

Third Protocol of Adequacy- Adapts to NALADISA the classification of the products negotiated by Ecuador. (LAIA)

- Agreements in complementary subjects such as Economic and Trade Cooperation:

- No. 56 AAP.CE between Argentina, Bolivia, Brazil, Colombia, Ecuador, Paraguay, Peru, Uruguay and Venezuela Article 4.

- AAP/A14TM / No. 4 among Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay and Venezuela.

- AAP/A14TM / No. 11 among Argentina, Bolivia, Brazil, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela. (LAIA)<sup>7</sup>

- Additional Agreements in subjects relating to Technical Barriers of Trade.

- AR No. 8 among Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela. (LAIA)

- Additional Agreements in complementary subjects concerning Trade Promotion:

- No. 59 AAP.CE among Argentina, Brazil, Colombia, Ecuador, Paraguay, Uruguay and Venezuela, Articles 25, 26, and 27.<sup>8</sup>

### **1.1.2.3 Trade instruments of Ecuador as a founder member of the Andean Community Nations (ACN).**

In the ACN framework, through Cartagena Agreement in 1969, Ecuador has a customs union with Bolivia, Colombia and Peru, which has facilitated trade among its members.

On the other hand, it is also important to emphasize the bilateral agreements of which Ecuador is part in the framework of regional organizations:

- Agreement of Cooperation and Economic Complementation with Venezuela. This agreement replaces the trade agreement established by the two countries in the ACN framework, due to Venezuela ceasing to be a member of the ACN in 2006. (PROECUADOR, 2013)<sup>9</sup>

### **1.1.3 Trade Balances.**

#### **1.1.3.1 Trade Balance of Brazil.**

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<sup>7</sup><http://www.aladi.org/nsfaladi/temasacdos.nsf/b83c6b854d6de75c0325767a004ef369/3457c6ed85e290360325706c0063d2ee?OpenDocument>

<sup>8</sup>[http://www.proecuador.gob.ec/wp-content/uploads/downloads/2013/02/PROEC\\_GC2013\\_ECUADOR.pdf](http://www.proecuador.gob.ec/wp-content/uploads/downloads/2013/02/PROEC_GC2013_ECUADOR.pdf)

**Chart 7. Exportations of Brazil to the world in thousands of dollars.**

2008	2009	2010	2011	2012	2013*
197.942.443	152.994.743	197.356.436	256.038.702	242.579.776	132.355.715

Source: Centro de Comercio Internacional (COMTRADE)\*Values until july 2013.

Elaborated by: Villavicencio Lorena.

As we can see, in 2009, due to the global economic crisis, exports from Brazil decreased; however, the level improved in 2010. This is corroborated because several of its partners are key players in international trade and therefore have been the most affected by the crisis.

It's important to emphasize that the main destinations of Brazilian exportations are: China with a percentage of 16.8%, U.S. 10.9%, Argentina 7.3%, Netherlands 6.1%, Japan 3.2%, and Germany 3%.

Other major export destinations of Brazil in 2012 were India, Venezuela, Chile, Italy, the United Kingdom, Korea, France, Mexico and Belgium. (PROECUADOR, 2013)

**Chart 8. Imports of Brazil to the world in thousands of dollars.**

2008	2009	2010	2011	2012	2013*
173.196.634	127.647.331	180.458.789	226.243.409	223.149.128	140.222.745

Source: Centro de Comercio Internacional (COMTRADE))\* Values until july 2013.

Elaborated by: Villavicencio, Lorena.

We can see that Brazil has a close relationship of correspondence between the countries that consume their products and those, which it provides.

Brazil's main supplier is China with a percentage of 14.6%, second is The U.S. with 13.9% and then Argentina with 7%. Other major suppliers of Brazil are Germany, South Korea, Nigeria, Japan and Italy. (PROECUADOR, 2013)

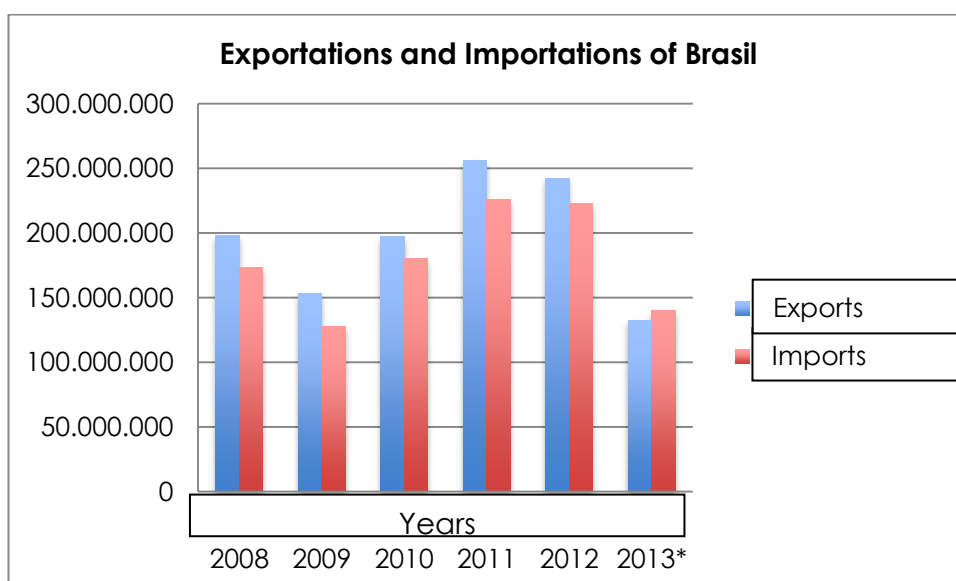
**Chart 9. Trade Balance of Brazil in thousands of dollars.**

Indicators	2008	2009	2010	2011	2012	2013*
<b>Export.</b>	197.942.443	152.994.743	197.356.436	256.038.702	242.579.776	132.355.715
<b>Import</b>	173.196.634	127.647.331	180.458.789	226.243.409	223.149.128	140.222.745
<b>Commercial Balance</b>	24.745.809	25.347.412	16.897.647	29.795.293	19.430.648	-7.867.030

Source: Centro de Comercio Internacional (COMTRADE) \* Values until July 2013.

Elaboración: Villavicencio Lorena.

**Graphic1. Brazil exportations and importations.**



Source: Centro de Comercio Internacional (COMTRADE) \*Valores hasta julio de 2013.

Elaborated by: Villavicencio, Lorena.

As we can appreciate in the charts and graphs presented previously, Brazil has a decreasing trade balance in 2009, but there is a recovery in 2011, in which the balance is \$ 29,795,293 million. Although in some years, like 2012, the trade balances is low, it is still positive. It should be taken under

consideration that the balance is negative in 2013, because the information of this year is incomplete.

### 1.1.3.2 Trade Balance of Ecuador.

**Chart 10. Exportations of Ecuador to the world in thousands of dollars.**

2008	2009	2010	2011	2012
18.818.325	13.863.050	17.489.922	22.342.524	23.763.704

Source: Centro de Comercio Internacional (COMTRADE)

Elaborated by: Villavicencio, Lorena.

Among Ecuador's main trading partners are: The United States with a percentage of 43.63%, Peru 8.79%, Chile 8.50%, Colombia 4.45%, Venezuela 4.16%, Panama 3.94% and Russia 2.94%.<sup>10</sup>

**Chart 11. Importations of Ecuador to the world in thousands of dollars.**

2008	2009	2010	2011	2012
18.851.930	15.089.885	20.590.848	24.286.061	25.196.519

Source: Centro de Comercio Internacional (COMTRADE)

Elaborated by: Villavicencio, Lorena.

In the group of supplier countries to Ecuador we emphasize The United States with a percentage of 26.63%, China 10.27%, Colombia 8.87%, Peru 4.47%, Brazil 3.72% Mexico 3.59%, South Korea 3.15%, Spain 2.52%. (PROECUADOR, 2013)

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<sup>10</sup>(PROECUADOR, 2013)

**Chart 12. Balance Trade of Ecuador in thousand of dollars.**

Indicators	2008	2009	2010	2011	2012
<b>Exports</b>	18.818.325	13.863.050	17.489.922	22.342.524	23.763.704
<b>Imports</b>	18.851.930	15.089.885	20.590.848	24.286.061	25.196.519
<b>Commercial Balance</b>	-33.605	-1.226.835	-3.100.926	-1.943.537	-1.432.815

Source: Centro de Comercio Internacional (COMTRADE)

Elaborated by: Villavicencio Lorena.

As we can appreciate in the chart and graph presented before, Ecuador has a commercial deficit and it occurred in the year 2010, represented by \$3,100,926 million; however, in 2011 there is a recovery.

One aspect of concern in the Ecuadorian economy is the constant commercial deficit; however, firstly we must analyze the future result of the new government policies. Topics such as the changing of the productive matrix, the opening to new trading partners, especially Europeans, and the possibility of a GSP-PLUS<sup>11</sup>, could present a new panorama for Ecuadorian commerce.

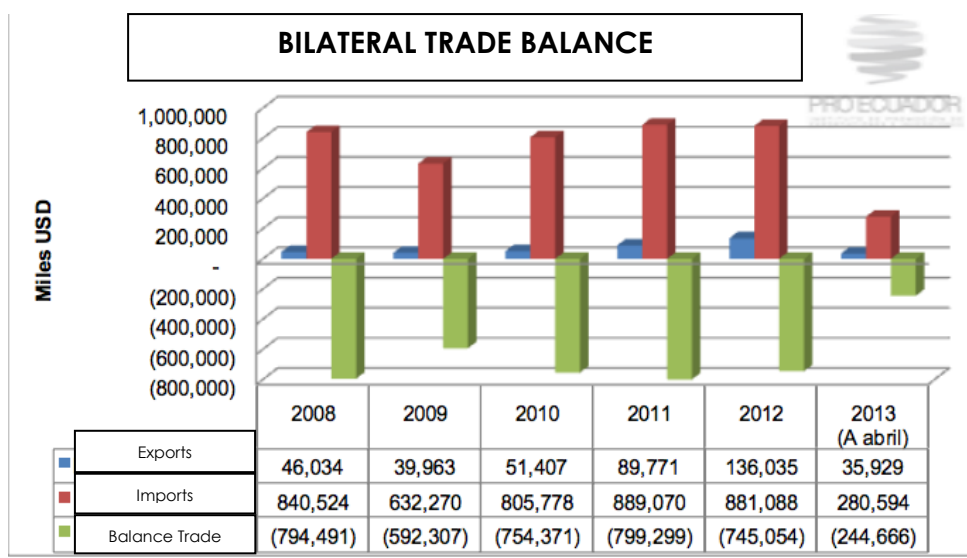
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<sup>11</sup>Las preferencias arancelarias del SGP Plus son otorgadas la Unión Europea en pro de motivar el desarrollo sostenible, la protección a los derechos humanos, la protección ambiental, la lucha contra las drogas ilícitas y el buen gobierno.<http://www.mincit.gov.co/publicaciones.php?id=10158&dPrint=1>



### 1.1.3.3 Bilateral Trade Balance.

**Graphic 2. Bilateral Trade Balance in thousands of dollars.**



Source: Banco Central del Ecuador BCE

Elaboración: Dirección de Inteligencia Commercial e Inversiones, (PROECUADOR, 2013).

The graph shows that the Trade Balance is favorable for Brazil. In 2012, Ecuador imported \$881,088 million and exported \$136,041. It's important to emphasize that there is an increasing tendency of Ecuadorian exports, which could be, strengthen if we promote products attractive to Brazil.

These products could be: flowers and buds, hats, buttons, synthetic fiber blankets, shawls and scarves, fresh roses, zinc particles, raw tuna, canned and processed fish, among others. (PROECUADOR, 2013)

Additionally, according to the Central Bank of Ecuador, as regards Brazil and Ecuador's imports and exports until January 2013, the Non-Oil Trade Balance is greater than the Oil one. This gives us an advantage, because it shows a clear expansion of Ecuador's portfolio and it is helpful because we would not only be focusing our trade on oil and its derivatives. (BCE)<sup>12</sup>

<sup>12</sup><http://www.bce.fin.ec/documentos/Estadisticas/SectorExterno/BalanzaPagos/balanzaComercial/ebca201303.pdf>

#### 1.1.4 Main commercialized bilateral products.

**Chart 13 Main products exported from Ecuador to Brazil, expressed in thousands of dollars.**

Subrecords	Description	2008	2009	2010	2011	2012	2013*	TCPA	Partic. % 2012
1604.14.10.00	Tuna cans	8.598	4.902	11.816	20.729	18.307	3.698	20.80%	13.46%
1806.90.00.00	Other chocolats and food prepartations	114	172		8.352	16.364	1.651	246.38%	12.03%
1704.90.10.00	Candies, pills and chocolates	7.766	7.260	9.362	13.065	15.964	20.349	19.74%	11.73%
4407.22.00.00	Used goods, virula, imbuia and balsa	3.818	2.125	3.472	6.438	9.419	1.119	25.33%	6.92%
1604.20.00.00	Other fish prepartions	2.731	3.200	2.174	5.072	5.443	1.497	18.82%	4.00%
7801.10.00.00	Refined lead	960	895	2.207	680	3.988	689	42.77%	2.93%
8430.31.00.00	Charcoal cutters					3.344			2.46%
6301.40.00.00	No electric blankets sintétricas fibers		283		1.381	3.192	581		2.35%
0603.11.00.00	Fresh cut roses	79	258	1.100	2.315	3.010	375	148.23%	2.21%
3920.20.90.00	Prints propylene not covered elsewhere	4.469	1.526	3.961	6.125	2.987		(-)9.59%	2.20%
1207.99.11.00	Palm nuts and kernels			740	1.200	2.237	140		1.64%
1511.90.00.00	Other palm oil and fractions	11	122	1.007	3.002	1.508	45	246.15%	1.11%
9026.20.00.00	Instruments and apparatus for	47			1	1.261		127.62%	0.93%
7801.91.00.00	Unwrought lead as the predominant element		163	89	950	1.073	243		0.79%
1511.10.00.00	Palm oil					32.056			23.56%
<b>Other products</b>		<b>17.441</b>	<b>19.058</b>	<b>15.478</b>	<b>20.461</b>	<b>15.888</b>	<b>3.523</b>	<b>(-)2.30%</b>	<b>11.68%</b>
<b>Total</b>		<b>46.034</b>	<b>39.963</b>	<b>51.406</b>	<b>89.771</b>	<b>136.041</b>	<b>15.594</b>	<b>31.11%</b>	<b>100.00%</b>

Source:(BCE)

According to the previous chart, the main products exported by Ecuador are canned tuna, with a representation of 23% of exports in 2009. Also, other products are chocolates, candies and pills, with a participation of 15%. Virola, imbuia and balsa woods, sawn or chipped, comprise a total of 7%.

There was a growth in rose exportations, palm oil and virola, imbuia and sawn or chipped wood. (PROECUADOR, 2013)

**Chart 14 Main products imported by Ecuador from Brazil, in thousands of dollars.**

Subrecords	Description	2008	2009	2010	2011	2012	2013*	TCPA	Partic. % 2012
8517.12.00.90	Other cellphones and			49.884	79.269	37.385	4.829		4.25%
3901.10.00.00	Politylen inferior density	6.404		19.775	20.469	36.338	3.494	54.34%	4.13%
3004.90.29.00	Other medicines for	15.757	13.535	23.825	29.364	28.666	3.829	14.36%	3.26%
2304.00.00.00	Cakes and residues of soja		15.284		20.447	27.005			3.07%
7202.20.00.00	Products of iron			2.382		25.710	5.685	35.49%	2.92%
7208.39.99.00	Other laminas of iron of 3m	7.610	3.145	15.791	22.197	25.646	1.647	42.45%	2.92%
3901.20.00.00	Politylen superior density	6.211	17.067	17.228	32.417	25.757	83	158.32%	2.62%
8408.90.20.00	Electrofenesis instruments	517	11.335	1.337	2.271	23.024	1.137	24.75%	2.30%
8706.00.92.90	Vehicles and chasis tons of	8.331	395	15.975	17.807	20.180	655	5.25%	1.59%
8501.64.00.00	AC generatios superior to 750	11.367	6.875	2.661	9.511	13.946	2.750	19.08%	1.45%
3902.10.00.00	Prolipopilen	6.321	3.940	18.485	20.684	12.712	3.338	(-)2.20%	1.30%
8702.23.90.90	Mechanic machines	12.476	11.143	7.913	9.260	11.416	1.170	(-)8.19%	1.20%
8429.52.00.00	Corn for planting	14.812	7.121	5.356	11.044	10.524	475	14.05%	1.15%
4802.56.90.00	Papel height superior to 40	6.685	2.259	5.737	6.855	8.869	1.554	7.32%	1.01%
<b>Other products</b>		<b>735.209</b>	<b>529.218</b>	<b>612.759</b>	<b>600.705</b>	<b>562.044</b>	<b>103.581</b>	<b>(-)6.49</b>	<b>63.93</b>
<b>Total</b>		<b>838.677</b>	<b>630.656</b>	<b>803.852</b>	<b>887.478</b>	<b>879.153</b>	<b>138.403</b>	<b>1.19</b>	<b>100.00%</b>

Source:(BCE)

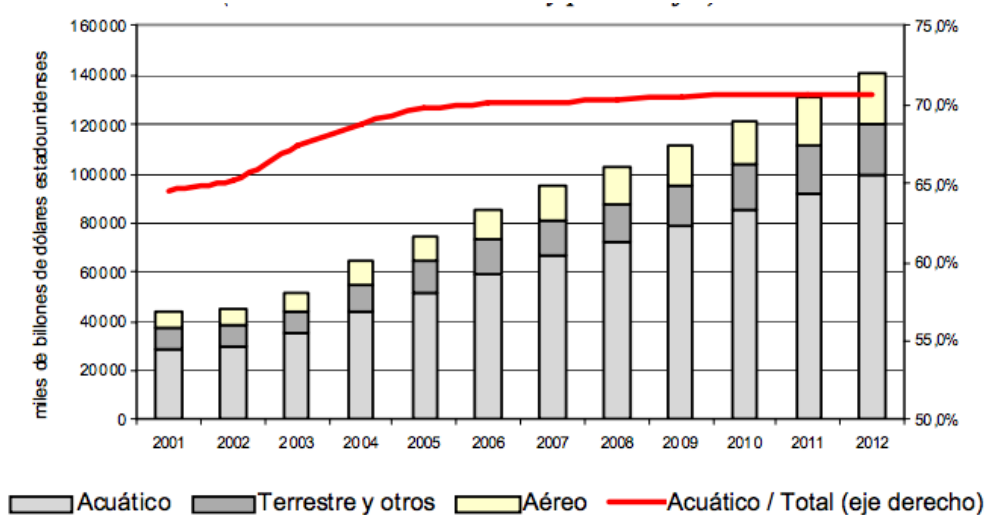
As I mentioned before, the Bilateral Trade Balance is negative for Ecuador. This is because the products imported to Ecuador from Brazil such as: mobile phones, polyethylene, medicines and vehicle parts which are not commodities. However, in relation to the imports of paper and paperboard there could be found a way to solve this need--through domestic supply.

After visualizing the commercial environment between Ecuador and Brazil, it is important to analyze other variables that configure bilateral and world trade, such as current and future trade routes. These routes will be detailed in the following points.

### 1.1.5 Current Commercial Routes between Pacific and Atlantic Ocean.

Globalization and multiple world changes has been the basis for the acceleration of world commerce. Borders cannot prevent this commerce so, for that reason, different tools for their developments have been sought through maritime transportation.

**Graphic3 International types of transportation.**



Fuente: Global Insight World Trade Service, by F. Avierinos, Guadeloupe, Dec. 14, 2007.

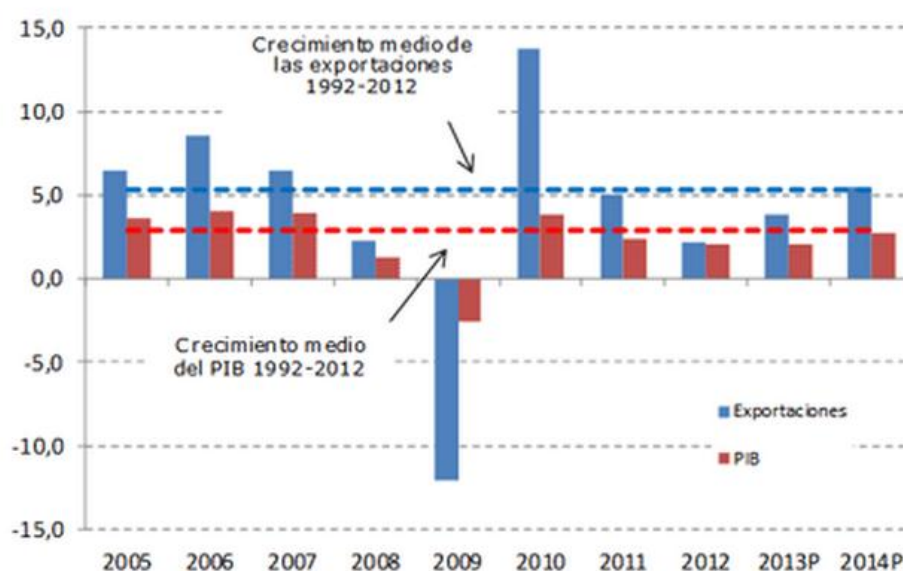
As we can see, sea transportation is the most in-demand worldwide. Due to the process of globalization and aggressive trade development in the last century, a new standard in international transport has been defined. Every day, new mechanisms that promote and expand the volume of goods traded are developing.

That is why, even port infrastructure has been evaluated in order to modernize and increase their capacity. Articles of the world press emphasize information about maritime transportation. According to such information, among the top 10 ports are: Singapore, Shanghai, Hong Kong, Shenzhen, Bussan, Los Angeles, Dubai, Qingdao, Guangzhou, Ningbo and Rotterdam.<sup>13</sup> Also, the ten largest shipping companies are listed below:

<sup>13</sup> The most modern and global strategic port of Singapore is annually a quarter of the load port is marketed worldwide and this happens every year half the world's oil. (Word press, 2012)

1. A. P. Møller- Mærsk (Denmark) more than 2 million TEUs and 540 ships.
2. Mediterranean Shipping Company (Switzerland) 1.3 million TEUs and 414 ships.
3. CMA CGM Group (France) 966,000 TEU and 394 ships.
4. Evergreen Line (Taiwan) 636.00 and 183 TEU ships.
5. Hapag -Lloyd Group (Germany) 500,000 TEU and 136 ships.
6. COSCO (China) 484,000 TEU and 156 ships.
7. APL (Singapore) 463,000 TEU and 131 ships.
8. CSCL (China) 433,000 TEU and 137 ships.
9. NYK (Japan) 420,000 TEU and 122 ships.
10. Hanjin (South Korea) 376,000 TEU and 91 ships. (Wordpress, 2012)

**Graphic 4. Volume growth of merchandise trade and global GDP, 2005-2014 (estimated).**



Source: World Trade Organization<sup>14</sup>

We appreciate that, since, due to the global economic crisis in 2009, trade goods and World GDP decreased; however, for 2010 it increases markedly. In the years 2010-2013 the tendency is the same, but the volume of trade remains low in relation to 2006.

<sup>14</sup>[http://www.wto.org/spanish/news\\_s/pres13\\_s/pr688\\_s.htm](http://www.wto.org/spanish/news_s/pres13_s/pr688_s.htm)

The volume of trade is a vital variable especially for future projects such as the Panama Canal expansion and for the Asian markets, which are the main stakeholders of world trade.

### 1.1.5.1 Panama Canal.

It is important to emphasize that in maritime transportation, the Panama Canal, also known as the inter-oceanic passage, has been important. Due to its geostrategic position, it has become the link between the Pacific and Atlantic Ocean.

**Chart 15 Main beneficiaries of Panama Channel.**

Toneladas de Carga												
	EUA costa este	Asia	Europa	América Central costa oeste	América Central costa oeste	EUA costa este	América Central costa este	Antillas	América del Sur costa este	Oceanía	Candá costa oeste	Total
EUA costa este		47.725.567	9.793	9.398.900	7.256.332	1.130.531	380.041	50.792	132.028	1.381.808		67.465.792
Asia	42.706.238		348.976	74.310	440.654	199.111	3.814.594	3.900.322	741.706	2.722	1.024.154	53.252.787
EUA costa oeste	10.868.373	19.506	10.115.655		251.334	142.067	1.892.973	1.108.905	989.539	2.386	624.444	26.015.182
Europa	116.871	519.181		3.927.662	2.235.874	4.966.091	162.179	102.465	50.517	716.802		12.797.642
del Sur costa este	122.997	2.212.017	26.710	4.444.442	2.421.627	2.625.953	94.146	46.992		12.695		12.007.579
EUA costa oeste	1.004.261	66.480	3.776.278		57.254		304.424	37.471	601.156	32.457		5.879.781
Antillas	106.804	2.000.051		833.098	1.493.321	2.588.140	44.099		5.470	27.344		7.098.327
Central consta	3.025.944	70.001	1.370.494	56.398		20.697	531.544	655.528	402.298		298.420	6.431.324
Candá costa oeste	836.740	182	4.607.412			95.810	159.713	237.077	231.093			6.168.027
Oceanía	2.242.894		1.268.621	17.155	53.147	10.500	185.464	226.656	4.941		39.514	4.048.892
Central costa este	53.263	1.050.932	13.912	993.768	463.353	262.984		16.674	2.699	86.128		2.943.713

This canal is the optimal choice for traders because currently there isn't a more effective alternative. However, the alternative of having an intermodal transportation system that traverses South America must be considered.

This would imply supplying the transportation necessities of large-scale economies, which currently have as an option the Panama Canal. South America would require an extremely high investment to develop a multimodal system of: road infrastructure, railways and waterways in each country, which would serve as a connection for the system. (CELAC, 2009)



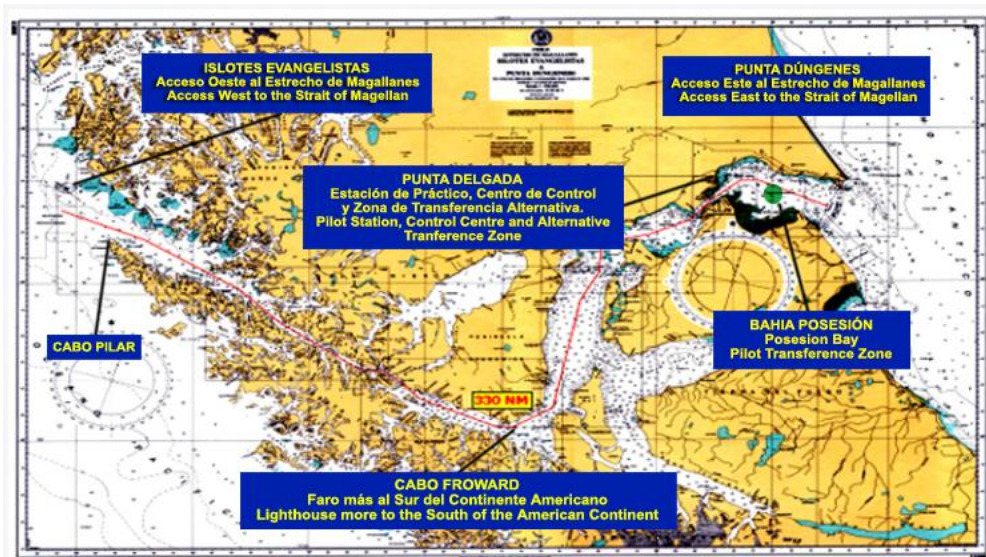
In reference of the previous exposition, we cannot dismiss the fact that the Panama government is working on the expansion of the Canal, with the goal of increasing the current capacity and implementing another traffic lane with the construction of two complex locks, one on the Atlantic and another on the Pacific.

It is important to emphasize that the expansion of the Canal would benefit Asia-Pacific countries, which would have the facility to send their products to the world and to the Southern Cone countries. According to, Sergio Casarín "South America is in a process of integration in terms of bi-oceanic corridors especially in the case of Brazil, where the Panama Canal supports Pacific ports and the logistics and navigation systems in the Atlantic". (Daniel Vittar, 2012)

#### 1.1.5.2 Strait of Magellan

The Strait of Magellan is located in the southern tip of South America, between Patagonia, Chilean, the Big Island of the Land of Fire and lots of islands located at the west of the Pacific Ocean. (Armada de Chile Directemar)

#### Graphic5. Strait of Magellan Location.

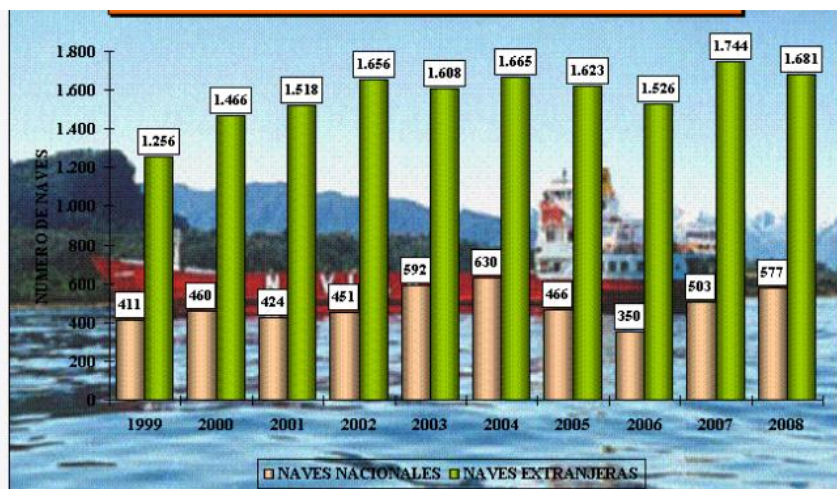


Source: (Armada de Chile Directemar)

Specific characteristics of the area:

- Sailors choose to use western Patagonian channels, due to bad weather conditions especially in the South Pacific.
  - The current flows and waves are generally insignificant for medium power ships, but in the Tortuous Step and in the English Step, the flows reach up to 3.5 knots.
  - The amplitude of the anchorages in the western region of the Strait of Magellan is generally very limited.
  - The greater risk of the Strait is night navigation, because the water or snow showers do not provide visibility of the headlights of the coast.
- (Armada de Chile Directemar)

**Graphic 6. Maritime transit in the Strait of Magellan from 1997 to 2008.**



Source: (Armada de Chile Directemar)

Future Commercial Routes between the Pacific and Atlantic Ocean.

#### **1.1.5.3 Bering Strait**

Due to the melting of the Bering Strait, China has considered a new trade route connection, which could be useful for Chinese shipments and thus would allow them to get to the European continent by the Russian coasts.

The advantage of the Strait is a shortening by 30% of the travel time, the estimated trade travel time would be 33 days, while the current route is 48



days. The experts estimate that by 2020, 15% of the goods that China would send abroad could use this route. (Comercio Exterior.com.ec)

#### **1.1.5.4 Maritime Route through the Boreal Ice**

This route might become a reality due to global warming, and this would allow the Polar Regions, particularly the Arctic, to become available for transit most of the year. (Alfredo Palacios Dongo, 2011)

#### **1.1.5.5 Nicaragua and its Interoceanic Channel.**

Nicaragua plans the construction of a canal as an alternative to the Panama Canal. It is expected that Venezuela, Iran and Russia will finance the construction. For this, the construction of approximately 286 kilometers through Lake Nicaragua is estimated. The objective will be to generate a way for ships of up to 250,000 tons.

#### **1.1.5.6 México and its Multimodal Land Corridor.**

México has as an objective the establishment of a multimodal land corridor, through the use of Tehuantepec Istmo. This alternative will attempt to achieve a connection of oceans through the combination of maritime, land, rail and air transportation.

#### **1.1.5.7 Manta-Manaus Logistic Corridor.**

The Multimodal Axis starts in the city of Manta in Ecuador and ends in Manaus-Brazil. The project presents the combination of: air, land and fluvial transportation. Also, this Corridor would facilitate Asian goods to arrive to the Atlantic.

The different present and future routes mentioned before provide significant contributions in their frameworks. However, since the Manta-Manaus Logistic Corridor is one of the most important links for social, economic and political cooperation between Ecuador and Brazil, it's necessary to expound upon

them in the following chapters. The context is that in which the Corridor develops, starting from its origin to its current situation.

### **Conclusion.**

As we can appreciate in reference to commerce, Brazil has an advantage in relation to Ecuador, because the Bilateral Trade Balance is negative for Ecuador.

This advantage is not only because most of the products imported by Ecuador are industrialized goods. We must also consider that the trade balance of Brazil in relation to its global trade has a substantial percentage of processed products. Because two of its main exportation products, are iron minerals and petroleum oils, Brazil's commerce is bigger and better than the primary-exporting commerce of Ecuador.

A possible future trade route between Brazil and Ecuador could be positive because it would enhance trade between the two countries. This route could further reduce the time and shorten distances. The generation of trade could be especially successful with potential products of exportation such as: cocoa powder, cocoa paste, buttons, raw lead, hats, fresh roses, ponchos, palm oil, and others.

In addition, these products could be traded in particular with Economic Complementations Agreements No. 36, 58 and 59 that establish the parameters of trade relations between countries of Argentina, Bolivia, Chile, Colombia, Ecuador, Peru, Uruguay and Venezuela. Therefore, it gives Ecuador the opportunity to expand its offer not only to Brazil, but also with the countries of CMS. This would be possible especially by the Manta – Manaus Route, because it would represent an alternative for commerce in the region and for the American continent with Asia and Europe.

## **CHAPTER II. GEOGRAPHICAL AND PHYSICAL ANALYSIS OF THE MANTA-MANAUS ROUTE.**

### **Introduction**

This chapter presents a context in which the Multimodal Corridor Manta-Manaus is developing. It's important to begin from the conception of the project as part of the Union of South American Nations (USAN), the South American Council for Infrastructure and Planning (SACIP) and the Initiative for the Integration of Regional Infrastructure in South America, (IIRISA).

The Manta-Manaus project implies the union of Brazil and Ecuador. It also is an axis that contributes to the development of South American infrastructure so it can become the point of bioceanic connection.

The development of the Corridor has been considered from its maritime terrestrial, fluvial and air base with the objective of having a deep vision of the Corridor's viability. Even a comparative analysis between the current situation of the Corridor in relation with its conception within the IIRISA, was done.

### **2.1 Context in which the Multimodal Route Manta-Manaus is developed.**

#### **2.1.1 South American Council for Infrastructure and Planning (SACIP)**

The South American Council for Infrastructure and Planning (SACIP) started on August 10, 2009. It was in the core of the 3<sup>rd</sup> Reunion of the Council of Leaders of State of the Union of South American Nations (USAN), where spaces of political and strategical discussion, appear. It's basis is the study, coordination, planification, contribution and evaluation of programs and projects with the aim of consolidating the integration of the regional infrastructure of the country members of the USAN.

Additionally, the SACIP has planned the combination of many programs with

different entities such as the South American Energy Council, to cooperate and gain concordance on subjects of energy related infrastructure for southern nations. (Scheuch, 2010)

In the year 2011 the SACIP expanded its field and implemented, for a period of ten years, the Strategic Action Plan (SAP) 2012-2022, and the Agenda of Priority Projects of Integration (APPI). (IIRSA.org, 2013)<sup>15</sup>

Also, through the statutes and rules of the Council respect for the principles and objectives is promoted. This leads to the empowerment of the infrastructure and to the attaining of different initiatives. These initiatives of the IIRSA, will be detailed in the graphic number 2.2.

The general and specific objectives and the actions of the SACIP statute will be detailed below for the purpose of visualizing the extensive context in which the Council is developed, and the different areas that promote a country's participation.

#### **2.1.1.1 General and Specific Actions of the SACIP.**

1. Develop an infrastructure for the regional integration, to gain knowledge and give continuity to efforts and advances and incorporate them to the framework of the Initiative for the Integration of the Regional Infrastructure in South America (IIRISA).

- Promote the region's connectivity by the construction of infrastructure networks for integration, including the criteria of social and economic sustainable development, and preserving the environment and the balance of ecosystems, through the actions of:

Revision and fulfillment of the methodology and the process of indicative territorial planning, having as reference the objectives defined in the frame work of SACIP.

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<sup>15</sup> <http://www.iirsa.org/Page/Detail?menuItem=45>

Do a study of South America infrastructure networks.

**2.** Promote regional cooperation and planning for the infrastructure by the strategic alliances among the State members of the USAN.

- Increase the capacities and potencialities of the local and regional population through the development of infrastructure, for the purpose improving its quality and life expectancy.
- Elaboration and aplication of the methodolgy to evalute the quality and improvement of life expectancy as a consquence of the implementation of the infrastructure projects.
- Development of specific programs based on the methodology applied in the actions.

Establishment of the levels of social participation and active contributions of the communities involved in the activities of SACIP, through the principles defined in the Constitutional Treatys of the USAN.

**3.** Promote the compatibility of the rules framed in the country members of the USAN, which regulate the development and operation of the infrastructure in the region.

Designing of regional strategies for the planning of development of the infrastructure through:

Establishment of the methodology to create Territorial Programs of Integration (TPI), that complement the Agenda of Prior Projects of Integration.

Creation of Territorial Programs of Integration (TPI) that complement the Agenda of Prior Projects of Integration.

4. Identify and impel the execution of prior projects for the integration and evaluation of financial alternatives.

Consolidation of the group of projects for the Integration of the South America Regional Infrastructure.

Updating of the data base of the groups of projects of the infrastructure of SACIP, with the goal of socializing its services.

Creation and revision of the Agenda of Prior Projects of Integration (APPI) and elaborate a mechanism of permanent control.<sup>16</sup> (IIRSA.org, 2013)

#### **2.1.2 Initiative for the Integration of the Regional Infrastructure of South America IIRISA within the framework of the SACIP.**

The infrastructure of integration was an important topic in the meeting of the Leaders of the South American States in Brasilia, on August 31 and September 1, in 2000. The meeting had two positive results - the first one was the Brasilia Declaration, which agreed to impel political, social and economic cooperation and integration, "The declaration, strengthened through the Action Plan of 2000-2010 in Montevideo, established in the meeting of Ministers of Transport, Energy and Communications of South America, facilitates the definition of the priority lines of action for the development of the *IIRISA*".<sup>17</sup> (IIRSA.org, 2013)

In this context, the second positive result was the foundation of the IIRISA (Initiative for the Integration of Regional Infrastructure in South America), whose goal is to restore the regional infrastructure. So, the IIRISA became the "*Technical Forum for topics related with the planification of the South American regional integration of the South America Council of Infrastructure and Planning (SACIP) of the Union of South America Nations (USAN).The South America Council of Infrastructure and Planning is the request within the*

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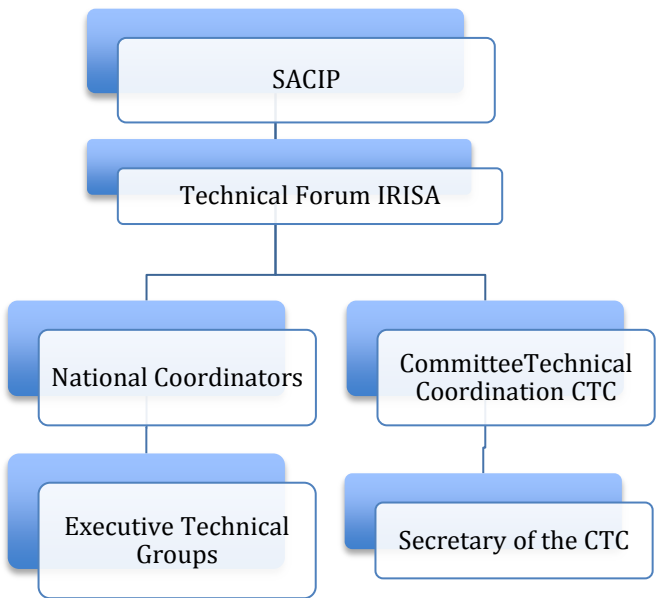
<sup>16</sup>[http://www.iirsa.org/admin\\_iirsa\\_web/Uploads/Documents/rc\\_brasilia11\\_1\\_pae.pdf](http://www.iirsa.org/admin_iirsa_web/Uploads/Documents/rc_brasilia11_1_pae.pdf)

<sup>17</sup> <http://www.iirsa.org/Page/Detail?menuItem=41>

USAN that has the responsibility of implementing the integration of the regional infrastructure".<sup>18</sup> (IIRSA.org, 2013)

For a better comprehension of the organic structure of the IIRIS, within the SACIP, we present the following flow chart:

**Graphic 7. Flow Chart of the initiative IIRISA in the SACIP.**



Source:IIRS org<sup>19</sup>

The initiative IRISA , through its Action Plan, has been operating for ten years, developing an essential forum for discussion among twelve countries: Argentina , Bolivia , Brazil, Chile, Colombia , Ecuador , Guyana, Paraguay, Peru, Surinam, Uruguay and Venezuela, for planning the South America territorial infrastructure which is designed to generate opportunities and overcome obstacles of the region.

We can see that, in this context, the IIRSA is one important example of

<sup>18</sup><http://www.iirsa.org/Page/Detail?menuItem=27>

<sup>19</sup><http://www.iirsa.org/Page/Detail?menuItem=43>

regional synergy through its Infrastructure Project Portfolio and its correlation with the areas of transport, energy and communications. Also presented within the IIRISA methodology is the identification of the Integration and Development Axes (IDA) whose function is the use and management of the South American territory and the facilitation of the Project Portfolio .

The IDA articulate different programs and projects in many areas, to reach the effectiveness of logistics functionality in investments and to identify priority issues of great impact so as to gain effectiveness in strategic areas.<sup>20</sup> (IIRSA.org, 2013)

#### **2.1.2.1 IRISA functions within the SACIP.**

According to the previous exposition, it is appropriate to identify the functions performed by the IIRSA as stipulated in Article 5 of the Statute of SACIP :

1. Develop a plan for regional and physical integration of South America.
2. Update, evaluate and monitor the execution of the infrastructure Project Portfolio for regional physical integration.
3. Develop and apply methodologies to boost the Project Portfolio following criteria of sustainable social and economic development while preserving the environment and ecosystems balance.
4. Update, reformulate and monitor the Agenda of Implementation Consensus .
5. Permanently maintain information exchange and collaboration with the Coordinating Committee .
6. Submit to the Coordinating Committee its contributions for the Action and Annual Work Plan .
- 7 . Submit to specific Councils a report of activities.

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<sup>20</sup><http://www.iirsa.org/Page/Detail?menuItem=60>



8. Other functions necessary for the fulfillment of its objectives and further actions assigned by the Council.<sup>21</sup> (IIRSA.org, 2013)

#### **2.1.2.2 IRISA's parameters of Action.**

Within the framework of the IIRISA, three key areas have been considered: coordination of plans and investments, alignment and harmonization of regulatory and institutional and associated aspects, and the generation of innovative mechanisms for public and private funding. Among them were established basic action parameters which are set out below :

1. Designing a a better integrated vision of the infrastructure.
2. Delineating projects within a strategic planning based on the regional identification of Integration and Development Axes (IDA).
3. Modernizing and updating the national regulatory and institutional frameworks for the use of infrastructure.
4. Harmonizing policies, plans and regulations and institutional frameworks among States.
5. Defining environmental and social dimensions of projects.
6. Improving the quality of life and opportunities for local communities within the axes of regional integration.
- 7 . Incorporating mechanisms for participation and consultation .
8. Developing new regional mechanisms for programming, implementing, executing and managing of projects.
9. Structuring financial schemes adjusted to specific risks of each project.<sup>22</sup>(IIRSA.org, 2013)

#### **2.1.2.3 South America Territorial Planification**

South American Territorial planning has been established in two stages: The first one involved management during the period from 2003-2004 and its basis which was the implementation of the Territorial Planning Methodology, and the second one for the period of 2005-2010. In this period, the

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<sup>21</sup><http://www.iirsa.org/Page/Detail?menuItem=27>

<sup>22</sup><http://www.iirsa.org/Page/Detail?menuItem=53>

management of quality in the process of territorial planning and IIRISA Project Portfolio is a key and had the following objectives :

- Articulate and incorporate initiatives and development policies of economic, social and environmental issues within the Integration Development Axis, complemented by defined integration infrastructure projects.
- Increase the technical support for the projects portfolio of IIRISA, expanding the knowledge about the economic, social and environmental situation of the area and the potential impact of infrastructure projects on sustainable development, potential for productive integration, socio- environmental impacts, etc.
- Improve the capacity of design, preparation and evaluation of integration projects to strengthen the intrinsic quality of them. (IIRSA.org, 2013). In this context works have been done in the following areas:
  - Update the IIRSA Project Portfolio.
  - Methodology of Environmental and Social Evaluation with Strategic Approach (ESES).
  - Methodology of Productive and Logistic Integration.
  - Information System for Strategic Management.
  - Database of Projects .
  - Evaluation of Transnational Infrastructure Projects.
  - Geo Reference- Geo South Information System.
  - Training Workshop on Integration and Development of Regional Infrastructure in South America.<sup>23</sup>

#### **2.1.2.4 Integration and Development Axis.**

*"The Integration and Development Axis (IDA) are multinational territories where natural areas, human settlements, productive areas and trade flows*

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<sup>23</sup><http://www.iirsa.org/Page/Detail?menuItem=62>

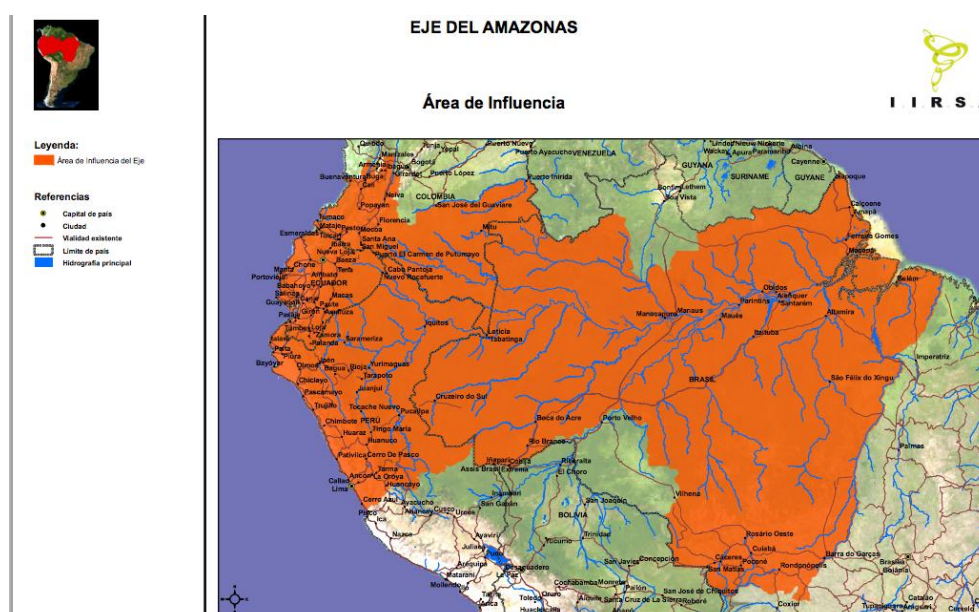
are concentrated. The identification and definition of IDA's actions have been the result of an analysis of the territory based on criteria such as: countries and regions, geographic coverage; existing flows, potential flows, and environmental and social sustainability. Supported by technical objectives linked with the social-political validation, through different fields works".<sup>24</sup> (IIRSA.org, 2013)

In the IIRISA the 10 indentified axes are: Andean Axis, Southern Andean Axis, Capricorn Axis, Paraguay- Parana Hidrovia Axis, Amazon Axis, Guiana Shield Axis, Southern Axis, The Central Interoceanic Axis, CMS-Chile Axis and Peru – Brazil - Bolivia Axis. However, due to the importance of many strategic projects developed in the Amazon Axis we are going to focus on this.<sup>25</sup> (IIRSA.org, 2013)

### 2.1.2.5 The Amazon Axis

The Amazon Axis involves different multimodal transportation systems in the graph presented below and are identified as the zones of Brasil, Colombia, Ecuador and Peru which integrate this territorial strip.

**Graphic 8. Area of influence of the Amazon Axis**



<sup>24</sup> <http://www.iirsa.org/Page/Detail?menuItemId=57>

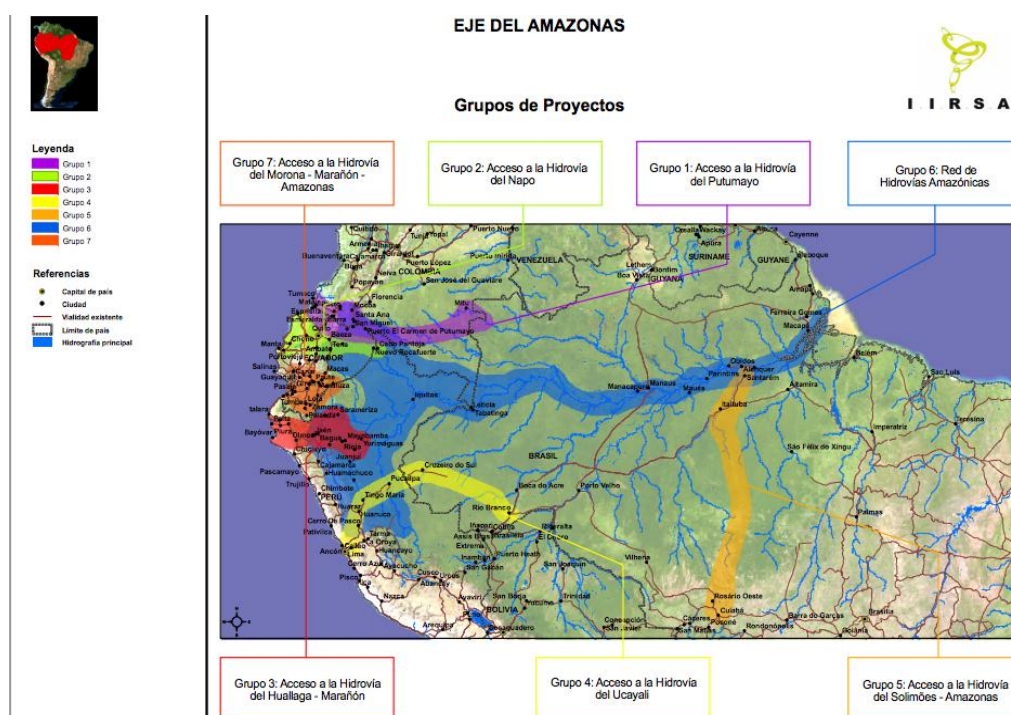
<sup>25</sup> <http://www.iirsa.org/Page/Detail?menuItemId=68>

Source: IIRSA.org <sup>26</sup>

In this territorial context the consolidation of the Amazon Axis is necessary. Also, is significant to mention the function of Manaus, Belem, Macapá, Buenaventura, Esmeraldas, Manta, Paita and other ports.

Additionally, is also important to emphasize that the nature of the Amazon Axis is multimodal. According to the first article of the United Nations Convention for Intenational Multimodal Transport of Goods, multimodal transportation is the "transportation of goods by at least two different methods and it is based on a contract from a certain place in a country where the goods are taken by the multimodal transport operator to a place designated for delivery situated in another country ".<sup>27</sup> (UNCTAD, 1981)

### Graphic9. Groups of projects of the Amazon Axis



Source: IIRSA.org <sup>28</sup>

As we can appreciate, in the in the previous chart the influence of the Axis is

<sup>26</sup>[http://www.geosur.info/geosur/iirsa/pdf/es/influ\\_ama.pdf](http://www.geosur.info/geosur/iirsa/pdf/es/influ_ama.pdf)

<sup>27</sup> [http://unctad.org/en/PublicationsLibrary/tdmtconf17\\_en.pdf](http://unctad.org/en/PublicationsLibrary/tdmtconf17_en.pdf)

<sup>28</sup>[http://www.geosur.info/geosur/iirsa/pdf/es/grup\\_ama.pdf](http://www.geosur.info/geosur/iirsa/pdf/es/grup_ama.pdf)

vital for the región especially through the use of the Amazon river and its tributaries for Pacific-Atlantic oceanic connectivity.

According to the information of IIRSA.org, the Amazon Axis "represents a market of more than 61.5 million people in an area of widespread influence of about 5.7 million km<sup>2</sup>, with a GDP of approximately U.S. \$ 150,534.9 million, and has 64 projects divided into 7 groups whose estimated investment is U.S. \$ 8,867.6 million of dollars. (*Septiembre de 2012*").<sup>29</sup> (IIRSA.org, 2013)

Its important to mention that within this axis is highlighted economic activities such as metalworking, forestry, agriculture, agribusiness, agricultural resources, mining, electronics, oil, ecotourism, biotechnology, fisheries, cosmetics, machinery and equipment, textiles and garments, naval, food processing, leather and footwear.

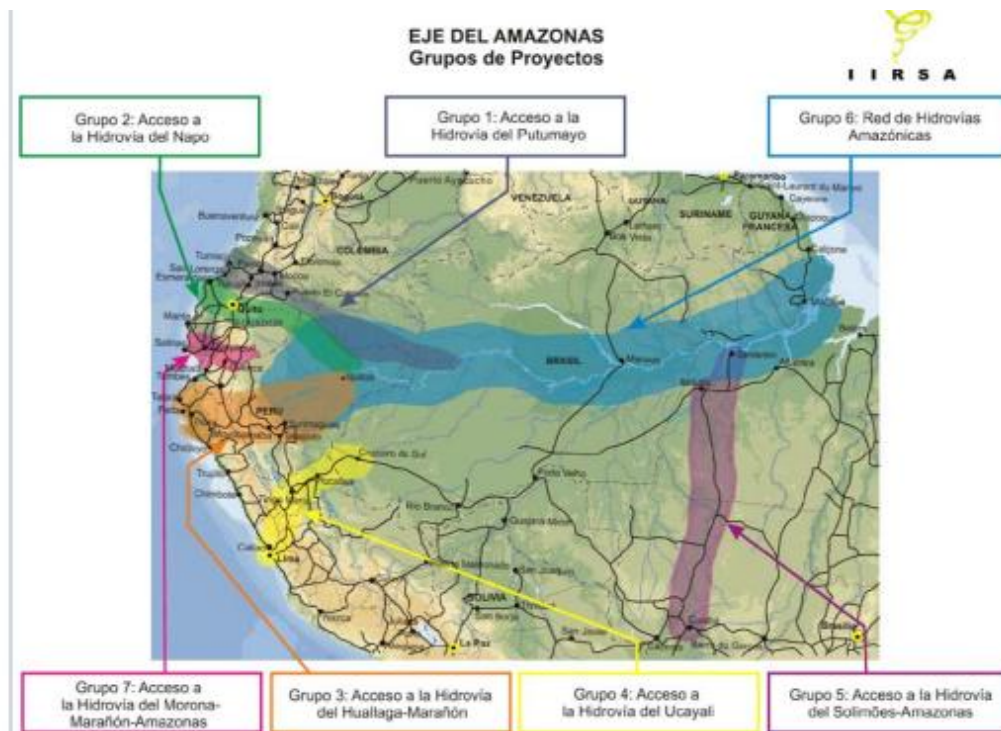
The Amazon Axis involves 7 groups of projects: Group 1: Access to Putumayo Hidrovia, Group 2: Access to Napo Hidrovia, Group 3: Access to Huallaga-Maranon Hidrovia, Group 4: Access to Ucayali Hidrovia, Group 5: Access to Solimoe-Amazonas Hidrovia, Group 6: Network of Amazonian Hidrovias, Group 7: Access to Morona, Marañón Amazon, which are illustrated in the graphic below.

However, in this document we are going to refer to one of the projects in which Ecuador plays a major role, the access to Napo Hidrovia; because this is the environment in which the Manta-Manaus Multimodal Corridor develops.

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<sup>29</sup> <http://www.iirsa.org/Page/PageDetail?id=119&menuItemId=57>

**Graphic 10. Groups of projects within the Amazon Axis**



Source: IIRSA.org

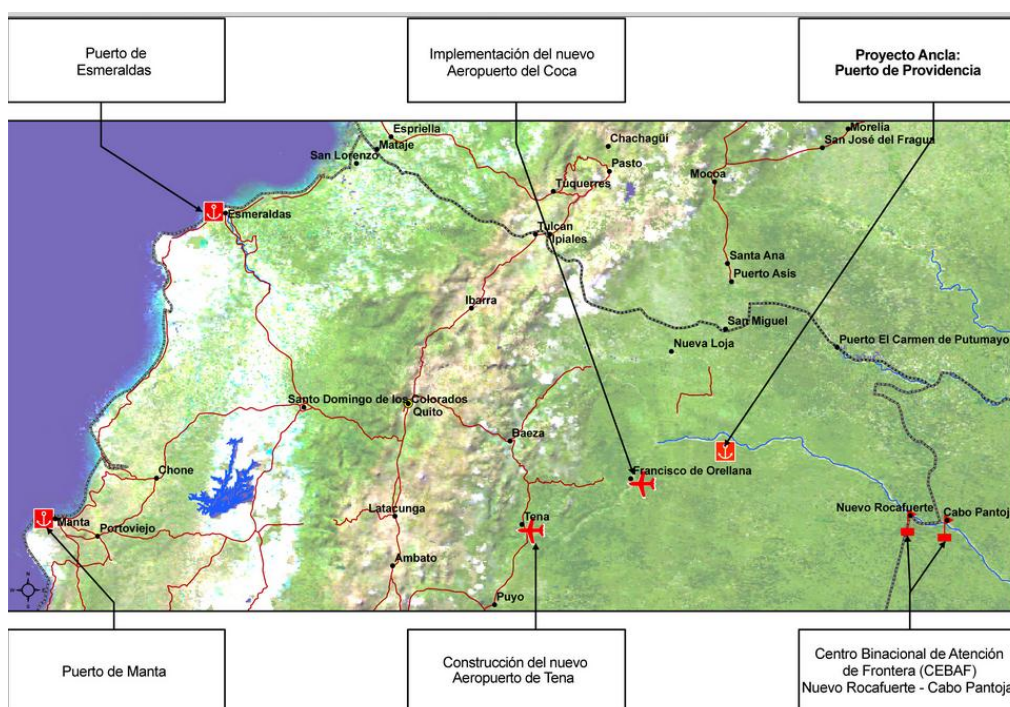
The IIRISA involves two strategic functions within the group of access to the Napo Hidrovia, which are:

- Strengthen Ecuadorian Amazon national integration, the Napo and Orellana provinces with highlands and the central coast and north of the country. To get the opportunity for an international Ecuadorian fluvial way for the integration from the Amazon to Manaus.
- Promote this interconnection inside the continent with the Pacific Basin.

The graph presented below details the Anchor Project and others that belongs to the Group of Access to the Napo Hidrovia.



**Graphic 11. Anchor Project and other projects of the Napo Hidrovia.**



Source: IIRSA.org <sup>30</sup>

Port Providence is defined as the Anchor Project which is located in the province of Sucumbios, in the left edge of the Napo River. In the official website of the IIRISA is estimated that the construction will enhance trade between the Pacific Basins and those of the Ecuadorian, Peruvian and Brazilian Amazon. Moreover, it will facilitate the socio-economic development of the Ecuadorian provinces of: Esmeraldas, Manabi, Guayas, Tungurahua, Chimborazo, Sucumbios, Orellana and Napo of Ecuador, as well as the provinces of Loreto in Peru and of Nariño and Putumayo in Colombia.<sup>31</sup>

Additional projects are also considered such as: the construction of the new airport in Tena, Binational Border Service Center (BBSC) Nuevo Rocafuerte - Cabo Pantoja, Esmeraldas Port, Manta Port and the refurbishing of the airport in Coca; which are displayed in the graphic below.

<sup>30</sup>[http://www.geosur.info/geosur/iirsa/pdf/es/g2\\_ama.jpg](http://www.geosur.info/geosur/iirsa/pdf/es/g2_ama.jpg)

<sup>31</sup> [http://www.iirsa.org/proyectos/detalle\\_proyecto.aspx?h=1357](http://www.iirsa.org/proyectos/detalle_proyecto.aspx?h=1357)

**Graphic 12. Projects of the group: Access to Napo Hidrovia.**



Source: IIRSA.org <sup>32</sup>

In this context, Ecuador, through its geostrategic position and as a member of the USAN and the IIRSA, plays a fundamental role in the development of the Amazon Axis, and also impels regional interconnection through the Multimodal Corridor Manta-Manaus which detailed is at point 2.6.

The Amazon Axis projects of which Ecuador is part are detailed below. We considered especially the ones that contribute to the Manta-Manaus Corridor.

<sup>32</sup><http://www.iirsa.org/Projects/GruposEje?eje=3&>



**Chart 16. Ecuador's projects within the Amazon Axis.**

Projects of the Amazon Axis	Country: Ecuador	Sectors: g01-g07
Adequacy of El Carmen Port.		
Adequacy of San Lorenzo Port.		
Rehabilitación and paving of San Lorenzo - El Carmen section.		
Construction of new Tena airport.		
Construction of the Binational Border Care Center (BBSC) New Rocafuerte - Cabo Pantoja.		
Expansion of Manta Port.		
Improvement of the navigability of the Putumayo River.		
Improvement of the navigability of the Napo River.		
Studies on Morona load transfer Port.		
Design of new airport in Puerto Morona.		
Pre-Running of the Border crossing on the Morona River.		
Implementation of new Coca airport.		
Construction of Providencia Port.		

SOURCE: IIRSA.org <sup>33</sup>

### **2.1.3 Ecuador as a member of the IRISA.**

Ecuador has a key role within the Initiative for Regional Infrastructure in South America, not simply for its geostrategic position as was mentioned before. It also provides an opportunity for Asia-Pacific connection and viceversa, and in the future it might consolidate a competitive advantage for Ecuador. Ecuador has no border with Brazil, but through infrastructure, trade and, regional-South American cooperation projects which will promote exports offered, it will expand trade with its neighbors and also create the opportunity to consolidate the connection between the Pacific and Atlantic,

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<sup>33</sup><http://www.iirsa.org/Projects/Search?menuItem=97>

in both directions.

Chart No. 17 explains the situation of 38 projects of the portfolio, (12 are in execution, 18 in design and 8 in the pre-execution stage). With these projects Ecuador contributes to the IRISA; this is independent of the 7 finished projects.

**Chart 17. Progress of Ecuador's projects within the IRISA framework, until January 2013.**

**Level of the advance of the projects**

STAGE	Number of Projects	% of Projects	Investment (millions of U.S)	% Investment
Concluded	7	15,6	223,52	16,3
Execution	12	26,7	769,01	56,0
Profile	18	40,0	259,91	18,9
Pre -Execution	8	17,8	120,15	8,8
Total	45	100,0	1372,59	100,00

SOURCE: IIRSA.org <sup>34\*</sup>

**2.1.3.1 Andean Axis**

According to the IRISA, the Andean Axis has an area of 2.6 million km<sup>2</sup>, a GDP of U.S. \$ 361,824.2 millions, and has 64 projects divided into 10 groups with an estimated investment of U.S. \$ 8,692 4 million (September 2012). This involves the countries of Bolivia, Colombia, Ecuador, Peru and Venezuela through the north-south corridor.

Projects such as the Panamerican Highway and the Marginal Jungle Highway are important for the connectivity of the countries of the Andean Axis with Chile and even with Argentina. Add to this one of the purposes of the IIRSA which is the articulation of South American infrastructure and the corridors can become intersected by different transversal corridors (road

<sup>34</sup><http://www.iirsa.org/Page/Detail?menuItem=29>

and fluvial) and that might achieve an effective integration.<sup>35</sup> (IIRSA.org, 2013)

The chart below establishes the Andean Axis projects and emphasizes the ones that would have a great influence in key projects such as the Manta-Manaus Multimodal Corridor.

**Chart 18. Ecuador's projects within the Andean Axis.**

Projects of the Andean Axis	Country: Ecuador	Sectors: g05-10
Binational Border Care Center (BBSC) vial axis n°1.		
Binational Border Care Center (BBSC) Mataje River.		
Improvement and rehabilitation of the Narupa - Guamaniyacu section.		
Binational Border Care Center (BBSC) vial axis n°4 integration bridge.		

SOURCE: IIRSA.org <sup>36</sup>

#### **2.1.4 Planning of the Manta- Manaus Multimodal Corridor.**

*The documentary video made by the Citizen's Observatory of Socio-Environmental Impacts of Manta-Manaus Multimodal Project provides an appreciation of the context in which the Manta -Manaus Multimodal Corridor develops.*

According to the official information from IRISA, the Corridor's function is "to improve the Ecuadorian roads from the major seaports of the coasts of the Pacific. It involves Esmeraldas Port (Esmeraldas Province) and Manta (Manabi Province), Puerto Nuevo (Guayas Province) and Puerto Bolívar (El Oro Province), to the town of Francisco de Orellana, better known as Coca (Orellana Province) , in which is being planned the construction of a fluvial transfer port to get to the Napo river, and through it, to the Amazon River".<sup>37</sup>(Manabí-Noticias)

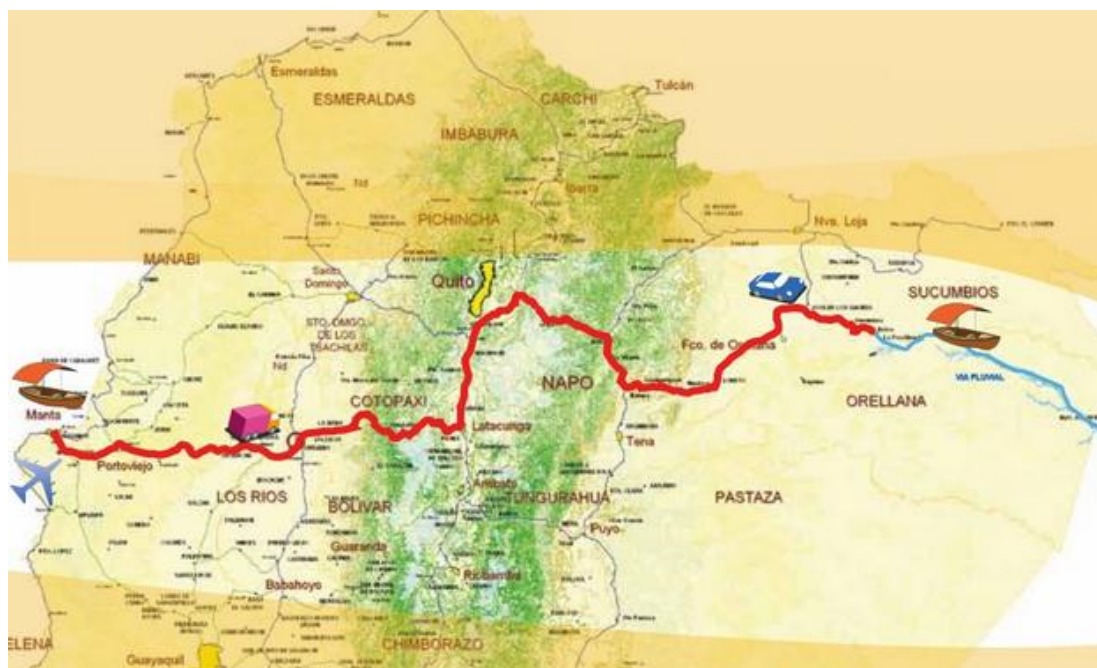
<sup>35</sup> <http://www.iirsa.org/Page/PageDetail?id=116&menuItemId=58>

<sup>36</sup> <http://www.iirsa.org/Projects/Search?menuItemId=97>

<sup>37</sup> <http://manabinoticiasenlinea.blogspot.com/2012/09/el-proyecto-del-eje-multimodal-manta.html>

In this planification of the portfolio of projects that Ecuador has in the IRISA, is included the “construction of two transfer of loads international airports: *the Tena airport, (Napo Province) and the Nuevo Rocafuerte airport (Orellana province), where there is also being planned the construction of a Binational Border Care Center with Peru*”.<sup>38</sup>(Manabí-Noticias)

**Graphic13. Defined Sketch of Manta-Manaus Multimodal Corridor.**



Source: Ministerio de Transportes y Obras Públicas<sup>39</sup>

#### **2.1.4.1 Land Route of Manta-Manaus Multimodal Corridor.**

Nowadays the most convenient route to travel between Manta and Francisco de Orellana (Coca) is that which connects the cities of Manta - Rocafuerte - Chone - El Carmen - Santo Domingo de la Tsáchilas - Aloag - Pifo - Papallacta - Baeza - Narupa - Loreto and Francisco de Orellana.

The Government is developing studies, construction, reconstruction and maintenance of roads related to Manta-Manaus multimodal project.

In Manabí and Los Ríos provinces they are developing studies of the sections

<sup>38</sup> Ibid

<sup>39</sup> <http://es.slideshare.net/MtopEc/especial-ruta-mantaManaus>

of the highways of Manta-San Sebastian and San Sebastian-Quevedo, including the loop of Quevedo, sections I y II; y and the section of Quevedo-Valencia-La Maná.

In Cotopaxi province they are working on the rehabilitation of La Maná - Pujilí - Latacunga Highway, and in the section of Latacunga - Jambelí Bridge, where are underway and where improvement is currently being effected .

In the province of Pichincha, in the section of Jambeli - Tambillo, the construction works were completed on the Jambeli Bridge - Fairground. Additionally, there are construction works to expand to four lanes the Colibri sector to Pintag, and to six lanes to Pifo, in order to continue the study of the highway from Aloag to Pintag.

Studies were completed for the expansion to four lanes of the section Pifo-Papallacta and it is currently in the construction process. On the other hand, in Papallacta and Baeza sections have been executed for maintenance and the bridge over the Guagrayacu river is being built .

The Provincial Department of Napo for the Ministry of Transportation and Public Works is executing current maintenance on the Y sections of Baeza – Virgen de los Guacamayos, where the bridge over the Oritoyacu river is being built as well as Virgen de los Guacamayos - Narupa , Narupa - Guamaniyacu and Guamaniyacu - Pucuno - Pasohurco .

In Orellana, maintenance of section Pasohurco – Huataraco is being done as well as the contractual construction process for maintaining the highway San Miguel - Lago Agrio - Coca - Loreto - Huataraco, which also includes the Coca sector – Joya de los Sachas - Jivino.

The Provincial Department of Sucumbios of the Ministry of Transportation and Public Works is taking control of the daily maintenance of sections Jivino Project - Shushufindi - Yamanunca , with particular emphasis on the section Joya de los Sachas – Union Milagrena - San Antonio Limoncocha where

studies have been completed. And in the section under construction Yamanunca - Puerto Providencia, programmed works are also being executed. Currently, the bridge at Pañayuca is being built. (Diario Digital Centro, 2013)

**Graphic 14. Defined Sketch of the land route of the Manta-Manaus Multimodal Corridor.**



Source: Diario el Ciudadano<sup>40</sup>

Once the highway Quevedo-Latacunga is finished the current route to Santo Domingo de los Tsachilas y Aloag will not be necessary therefore, with the new conditions, two short routes will become available and it will represent a time savings and so diminish transportation costs. These are the following: a) Latacunga – Machachi – Sangolquí – Pifo – Baeza – Narupa – Coca; and, b) Latacunga – Ambato – Baños – Puyo – Santa Clara – Tena – Narupa – Coca.

In case of that the highway Latacunga-Tena were to become a fact, the route Manta – Francisco de Orellana Coca would be optimized, and the vulnerability of crossing the Cordillera of the Andes would be minimized for shorter distances in relation to the current ones and for several alternative routes to get to our final destination.

#### **2.1.4.2 Fluvial Route of Manta-Manaus Multimodal Corridor.**

In relation to the fluvial section, Group Faro, it has been determined that in Francisco de Orellana province is being planned the construction of a load transfer port where the boats will arrive and depart, thereby facilitating the access to Providencia Port.

<sup>40</sup>[http://issuu.com/elciudadano\\_ec/docs/el\\_ciudadano\\_digital\\_70/1](http://issuu.com/elciudadano_ec/docs/el_ciudadano_digital_70/1)

**Graphic 15. Defined Sketch of the fluvial route of the Manta-Manaus Multimodal Corridor.**



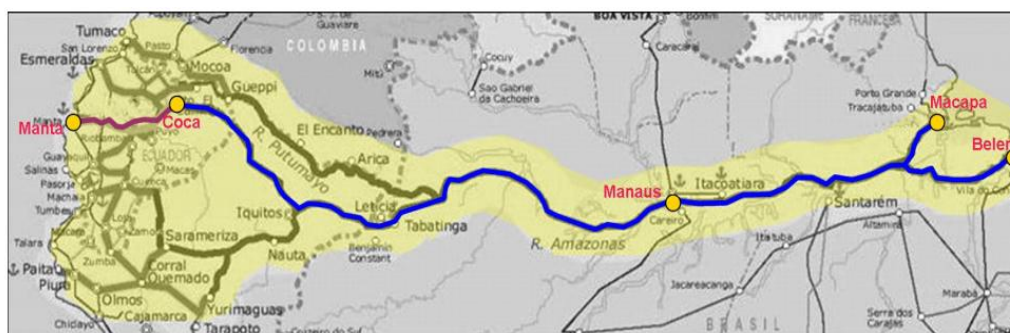
Source: <http://www.bicusa.org/en/Document.101230.pdf>

As we can see in the graphic No.15, through the Napo river a lot of communities are integrated. In Nuevo Rocafuerte is being planned the construction of the Binational Border Care Center, which will facilitate integration with Peru.

The fluvial sketch starts in Providencia Port and proceeds to Nuevo Rocafuerte - Puerto Ballesteros. From there it continues through the Napo river and into Peruvian territory up to the intersection with the Amazon river through the section Leticia – Tabatinga and then arrives to Manaus and to Belem as well as we can appreciate in the graphic below.



**Graphic 16. Defined sketch of the Manta-Manaus-Belem route.**



Source: <http://www.bicusa.org/en/Document.101230.pdf>

According to the Ministry of Transport and Public Works (MTPW), in its media publication of Tuesday the 22 of April, 2008, Providencia Port will become the port where the land route finishes and where begins the fluvial route of Manta-Manaus. (Piedra, 2003)

In the IRISA official web site the parameters of Providencia Port have been established and it is considered as the Anchor Project of the Group 2: Access to Napo Hidrovia for the Amazon Axis.

As an objective of this Port, it is planned that the execution of will help to "promote the commerce among the Pacific basins and the Ecuadorian, Peruvian and Brazilian Amazon basins, and the socio-economic development of the Esmeraldas, Manabí, Guayas, Tungurahua, Chimborazo, Sucumbíos, Orellana and Napo provinces in Ecuador. As well, as the provinces of Loreto in Peru and the provinces of Nariño and Putumayo in Colombia, contributing to the community well being through the socio-economic development and life quality".<sup>41</sup> (IIRSA.org, 2013)

#### **2.1.4.3 Operative Systems of Multimodal Transportation.**

The Manta-Manaus Multimodal Corridor is looking to integrate different kinds of transportation and contribute to logistics and distribution of goods thereby facilitating trade for Ecuador and other countries. Within this Corridor

<sup>41</sup> [http://www.iirsa.org/proyectos/detalle\\_proyecto.aspx?h=1357](http://www.iirsa.org/proyectos/detalle_proyecto.aspx?h=1357)



maritime transportation will be involved and if we will see that the ships will arrive to Manta, then by land routes and different ones mentioned in the point 2.1.4.1, will arrive through the fluvial navigation to the Amazon River and its flow as previously detailed in the point 2.1.4.2 .

Nowadays, through the Itaya Port, 20 trips have been made to transport Ecuadorian products to Tabatinga. <sup>42</sup> These activities represent a contribution to the development of the Corridor.

It has been working from different points with the objective of promoting the development of the Corridor, which is supported by transportation of products and construction of fluvial ports. According to Digital Center Journal which reported on this, the progress of construction and reconstruction of 23 road projects has occurred with approximately 1000 km of roads in the Manta-Manaus multimodal project. <sup>43</sup>

However, from the previous paragraph, we cannot ignore the physical, logistical, technical and security considerations needed for effective development of the Corridor.

If the Corridor has as an objective the connection of the Atlantic and Pacific oceans, it must be take into consideration a study of the use of the Corridor by many asiatic countries to transport Post-Panamax ships.<sup>44</sup>

Also, it is important to analyze that if there was enough storage capacity and computer systems to consolidate information, this would reduce the logistical risks. As Salomon Jaya says *"the localization and the tracking in real time of the risks, will improve productivity and competition of multimodal transport systems, even though the "emerging" projects that have as an objective the*

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<sup>42</sup>[http://www.ecuadorinmediato.com/index.php?module=Noticias&func=news\\_user\\_view&id=205394&umt=ejecucion\\_del\\_eje\\_manta\\_96\\_Manaus\\_registra\\_importantes\\_avances](http://www.ecuadorinmediato.com/index.php?module=Noticias&func=news_user_view&id=205394&umt=ejecucion_del_eje_manta_96_Manaus_registra_importantes_avances)

<sup>43</sup> <http://diariodigitalcentro.com/index.php/4358-mil-kilometros-de-carreteras-se-suman-al-proyecto-multimodal-manta-Manaus>

<sup>44</sup>Post-Panamax Ships are the ones that exceed the maximum dimensions to transit the Panama Canal. A Post-Panamax Container is one that can take more than 13 rows of containers (TEU) across the vessel.

*integration and development of communities". (Quezada)*

It is important to emphasize that one of the most critical points in the management of the multimodal transport corridor has been the navigability of the Napo River. In the study of the geodynamics of the Napo River, due to the dry season that occurs in the months of December, January, February and September, the lowest levels of river depth were recorded, but in the months of May, June, July, the level increases dramatically. (Meza)

Also, in the Binational Study of the Navigability of the Napo River Ecuador – Peru, made in 2010, the conducted evaluations concluded that *"the dredging of the Malos Pasos in the Ecuadorian section of the Napo River is technically, economically and environmentally difficult to manage"*.

That is why the study does not consider the issue of dredging, and for this reason it presents other alternatives such as: *"the presence of a pier that allows the transfer of load from land mode to water mode in section Belem – Providencia. Also, a binational transfer pier could be installed in the border area near Cabo Ballesteros due to existing navigation difficulties in the binational downstream section of Nuevo Rocafuerte and to take advantage of possible future flows from the Aguarico river, and to the best nautical conditions that the Napo river has downstream at Cabo Pantoja"*. (Cardini, 2012)

As navigability is a key topic in the development of Multimodal Corridor, we proceeded to investigate this issue so I interviewed Mr. Timmy Garcia Carpio, who is an analyst of the National Direction of Continuous Improvement and Regulation of the National Service of Customs of Ecuador .

It was said that currently the Napo River has levels between 0.60 meters and 2.50 meters as máximo; however, he indicated the navigation could be achieved under these conditions. An example of this are the 20 boats that have sailed since 2011 to the present .

According to Garcia Carpio, currently the national government is conducting a study of the Napo River Hidrovia, in order to establish canals like in other countries. In this way over a period of about 2 or 3 years the mobility of vessels would be easier. Another alternative is by navigation through the Morona River, where there are two pilots plans headed by the Ministry Coordinator of Production and Employment. ( Carpio, 2013 )

#### **2.1.4.4 Facilitation of Border Crossing.**

Even if the development of Multimodal Corridor has been promoted, it has not been totally consolidated, because the different road and fluvial projects of the Corridor are still working.

In this context Garcia, in an interview, said that currently there is no involvement of border crossings and fees. He also emphasized the context of the signing of the peace agreement between Ecuador and Peru in 1998. This determined that Ecuador has free access to the Amazon River and its flow; among those countries whose crossings must be free of charge, include Brazil, because the Amazon River and its flow are considered international waters.

However, in the future when there is a total consolidation of the Corridor and its processes of the transportation system as well as the logistics management of the corresponding goods of each country and their shipping companies, issues such as the handling or unloading of containers, among other activities, may be subject to the payment of fees.

#### **2.1.4.5 Financial Tools.**

In early studies of the Corridor, the Ministry of Transport and Public Works discussed the need of sources for funding. In the section corresponding to Ecuador from Manta to Nuevo Rocafuerte, the following values have been established:

By road - Manta - Puerto Francisco de Orellana: U.S. \$ 603.70 Millions.

Fluvial Port Francisco de Orellana: U.S. \$ 112.50 Millions.

Puerto Francisco de Orellana-New Rocafuerte Hidrovia: U.S. \$ 223.50 Millions.

*"This referencial budget would reach \$948.70 million dollars. The total value of the investment of the Route would exceed \$3billion dollars. Funding for the required works in the project may be done by the public, private participation and, through grants from ports, airports and roads".<sup>45</sup>*

It was estimated to depend on funding from the following institutions: from Brazil, The National Bank for Economic and Social Development (NBESD) and, from Ecuador, The Andean Promotion Corporation (APC). (Autoridad Portuaria de Manta)

Garcia made a comment that currently there are Ecuadorian vessels, some of them naturalized and others purchased with support from the National Financial Corporation, that have been helped to send 20 boats up to the present date. (Carpio, 2013)

## **Conclusion**

The development of the Corridor is very important for the country and this is corroborated by the progress of the various established sections. If we compare the progress of the IRISA plan project until January 2013, with the government information, we can see that the development of it is occurring rapidly in Ecuador. However, internally there are still sections to conclude which do not consider foreign procedures and which are still at the level of pre-feasibility studies as well as a few still in execution.

In the route of the Manta-Manaus Corridor, we can see that the fluvial route is the longest and the one that needs a major number of resources. The

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<sup>45</sup> <http://www.bicusa.org/en/Document.100332.pdf>

border issue is necessary and must establish clear measures, especially the ones referring to border crossings, because in the case of total development of the Corridor, the fluvial route must be defined with specific Agreements, especially with Peru.

## **CHAPTER III IMPACTS OF THE MANTA-MANAUS MULTIMODAL ROUTE**

In this last chapter there have been established the commercial, social and environmental impacts that the Route would have. Those impacts include direct and indirect participants, and even have made projections of certain impacts if the route were to be consolidated.

Additionally, we can see a comparative relationship with one of the most influential routes such as the Panama Canal, to determine the viability of the Manta-Manaus as an alternative of bi-oceanic trade.

### **3. 1 Commercial impact.**

#### **3.1.1 Commercial process.**

The analysis of the commercial process of the Manta-Manaos Multimodal Route will be based on the assumption that the time as well as the distance of the maritime transport either from the central coast of Asia to Manta - Ecuador or to the Panama Canal, is the same.

If the trade would be done from northern Asia countries such as Japan, the difference in days of transportation to Panama and Manta would be irrelevant in this study, because it would be one or two days maximum. Consequently, this analysis will focus on describing and comparing routes Panama Canal - Manaus and Manta-Manaos.

##### **3.1.1.1 Without Manta-Manaos Route.**

In this case of the Panama Canal - Manaus Route this has been determined. Currently, the transportation of goods is carried out only by maritime transportation. You must cross the Pacific Ocean to the Atlantic using the facilities of the Panama Canal, the route continues by the Colombian, Venezuelan and Brazilian coasts, then by the Brazilians one up to the mouth

of the Amazon river, where navigation is fluvial and against the flow direction.

**Graphic 17. Trade process without the Manta-Manaos Multimodal Corridor.**



Source: Ministerio de Relaciones Exteriores Comercio e Integración<sup>46</sup>

According to information provided by the Port Authority of Manta, it has established that the Asia-Manaus Route through the Panama Canal requires 45 days of travel. (Autoridad Portuaria de Manta)

However, we cannot leave out of the analysis the variables that are part of this current route. On one hand, travel by the Canal involves a single mode of transportation – maritime, which avoids risks by the multiple unloading and loading of the goods that Manta –Manaos would imply.

It must not deny the experience in trade – logistical activities that exist in the Canal, which have become a practiced routine for many years. On the other hand, its important to mention the current competitive advantage, inherent in the execution of the expansion of the Canal. And that undoubtedly would promote its use and will make it more attractive, especially for the Post-Panamax ships.

<sup>46</sup><http://www.bicusa.org/en/Document.102166.pdf>

### 3.1.1.2 With the Manta-Manaos Route.

The Manta-Manaos route has already been described above. Basically it crosses the coast, the sierra and the amazon regions by land, then it changes to fluvial transportation in order to arrive to Manaus.

The Manta – Manaos Route is defined along 3,438km, of which 578km are land route (Manta - Francisco de Orellana) and 2,860km are fluvial route (Francisco de Orellana -Manaus).

Graphic 18, provided by the Port Authority of Manta, estimates a total of 25 days for the transportation of goods from Asia to Manaus by the Manta-Manaos Route. That Route is undoubtedly shorter than Panama - Manaus Route and, for that reason, the encouragement that Ecuador is undertaking to develop highways and ports is completely justified.

However, we cannot forget other own variables of the Multimodal Corridor, such as the risk of handling that merchandise would suffer at the time of the transfer process at different sections and transportation types.

**Graphic 18 Trade process through the Manta-Manaos Multimodal Corridor.**



Source: Autoridad Portuaria de Manta<sup>47</sup>

<sup>47</sup><http://www.bicusa.org/en/Document.100332.pdf>



According to García, until now in the 20 shipments sent from Manta to Manaus, has been registered the load capacity which varies from 700 to 1200 tons for each of the shipments. (Carpio, 2013)

According to graphic 18, analyzing the information of time used in Panamá-Manaos Route (45 days) and Manta-Manaos Route (25 days) it has determined that independent of the numerical value that exists, a second big advantage is the time saved by adapting to a shorter alternative on time and transportation distance with Manaus as the final destination.

Additionally, in the chart presented below shows the distances from Francisco de Orellana to the different sections of the Multimodal Corridor; the distances determined in the Peruvian and Brazilian sections indicate a total of 2,860 fluvial kilometers.

**Chart 19. Trade process through the Manta-Manaos Multimodal Corridor.**

<b>Places</b>	<b>Distances to Francisco de Orellana km</b>
Primavera	28,00
Pompeya	44,00
Itaya	55,00
El Belén	60,00
Providencia	62,00
San Roque	100,00
Pañacocha	120,00
El Edén	125,00
Cap. Augusto Rivadeneira	146,00
Chiro Isla	157,00
Sta. María de Huiririma	189,00
Tiputini	204,00
Nuevo Rocafuerte	229,00
Puerto Ballesteros	258,00
Cabo Pantoja	309,00
Total Fco Orellana-Manaos	<b>2086,00</b>

Source: Autoridad Portuaria de Manta<sup>48</sup>

<sup>48</sup><http://www.bicusa.org/en/Document.100332.pdf>

Additionally, is important to mention another type of information related and that is air transportation.

**Graphic 19. Distances from Tokio to determined airports of América.**



Source: (Autoridad Portuaria de Manta)

In the previous chart is presented, in detail, the comparative analysis of distances through air transportation. Tokyo is being used as one reference since it is a key point in Asia-Pacific trade and Buenos Aires as another for its location in the central-east of the South American continent, as well as being a strategic point for trade exchange with the Atlantic.

As we can appreciate the air route through Manta is shorter than to Panama. However, we cannot ignore the fact that the flight frequencies are higher in Panama due to its international connections. We must also consider trade activities in our in-depth analysis because air travel is one of the most expensive.

## 3.2 SOCIAL IMPACT.

### 3.2.1 Community Impact.

In the chart presented below are specifically detailed the characteristics of various native communities, their language, ethnicity, name, number of habitants and legal status in the territory.

**Chart 20. Position of the native communities of the Ecuadorian Amazon.**

Linguistic Family	Major Ethnic groups	Name	Location	Population	Estimate Hectares	Legal situation of the territory
<b>Wao Tiro</b>	Wao Tiro	Tagaeri y Taromenane	South of the National Park Yasuni and East of Wao Tiro territory	Population insulation	700.00	Intangible zone in the National Park Yasuni.
<b>Paicoco</b>	Siona	Siona, Bolívar Port	Parishes of Sucumbios Province	360	47888	Collective property 40000 hectares agreement with the (INEF AF) Cuyabeno Reserve.
<b>Paioca</b>	Secoya	San Pablo, Ñeñema Eno Land	Parishes of Sucumbios Province	400	394145	Three communities has legal status
<b>Jivirocha</b>		Achuar	Napo Province	110000	1017014	884000 are legalizaed
<b>Achuar Chiham</b>			Pastaza, Morona, Sucumbios			Pendient 113143 land to be legalizaed.
<b>A Ingae</b>	Al Cofán	Durena, Na en Davuna	Sucumbios, Cuyabeno, Lago Agrio	728	14897	33571 hectares of the legalized territory. Still 11200 hectaresto be legalized.
<b>Kichwa</b>	Kichwa		Cotopaxi, Bolívar, Loja, Zamora	No more data just 13 communities recognized		Formed by 13 communities there is still and legalization problems.

Source: <http://www.bicusa.org/en/Document.102167.pdf>

From the information presented in the previous chart is clearly shown the presence of indigenous communities in the Ecuadorian Amazon. Its important to emphasize that with the establishment of the Manta-Manaos Multimodal Corridor the development of the Hidrovia along the Napo River would impact significantly on community lifestyles of those who will become key participants on the process.

The development of the infrastructure and the Corridor represent different scenarios for the communities. On one hand, we should consider that the

planned construction of charge transfer ports, would generate employment opportunities for natives. However, due to the necessity of specialized professionals in specific areas, it would also cause the migration of foreign people to this environment.

On the other hand, in a visit to the Yasuní National Park it was found that communities used a municipal boat for transportation which travels only on Mondays, Wednesdays and Fridays. The boat travels along the Napo River from Coca to Puerto Ballesteros, making it difficult to mobilize local people; especially when they are looking for food. It is estimated that the Corridor will empower communities and facilitate access to trade and therefore strengthen the local economies.

### **3.2.2 Implications for native communities Taromenane and Huaorani.**

This is one of the most difficult points of this chapter, since people in voluntary isolation and otherwise pose complex problems to be solved .

Internally, a major dispute between the Huaorani and Taromenane in March 2013 caused the death of several people. While the different communities are recognized and protected by the Constitution of Ecuador and various international laws to ensure their safety and security, this has not been enough to help reach a consensus.

But beyond disputes, we must ask ourselves What do these communities have in common? Among others, their most important link is perhaps due to its geographic location, lifestyle and the use of water resources of the Napo River and its flow as it relates to their daily activities such as feeding, fishing and irrigation.

That is why the establishment of the Multimodal Corridor and various public projects that will be developed in the nearby areas should be analyzed carefully in order to avoid affecting the environment of indigenous peoples and even perhaps to aggravate the existing conflicts.

Its important to emphasize that in this environment, activities such as the dredging of the Napo river, would have a strong impact on people. It must foresee social and environmental impacts and the compensations that would be received to reduce the negative impact or effects.

### **3.3 ENVIROMENTAL IMPACT.**

#### **3.3.1 Incidence of the Manta-Manaos Route.**

As with other projects, the economic, environmental and social incidences of the Multimodal Corridor have favorable and unfavorable results. However, the key is to establish projects and policies under clear parameters for preserving and protecting the environment.

The incidence of the Manta-Manaos is remarkable especially when we speak of a Multimodal Corridor that promotes trade. As highlighted in the study of the Faro Group *"hidrovias and roads generate a settlement on its shores and boost industrial production in the Amazon in terms of exportations"*. (Piedra, 2003) In the following points will detail specific incidences of Multimodal Corridor.

#### **3.3.2 Effects on biodiversity, flora and fauna.**

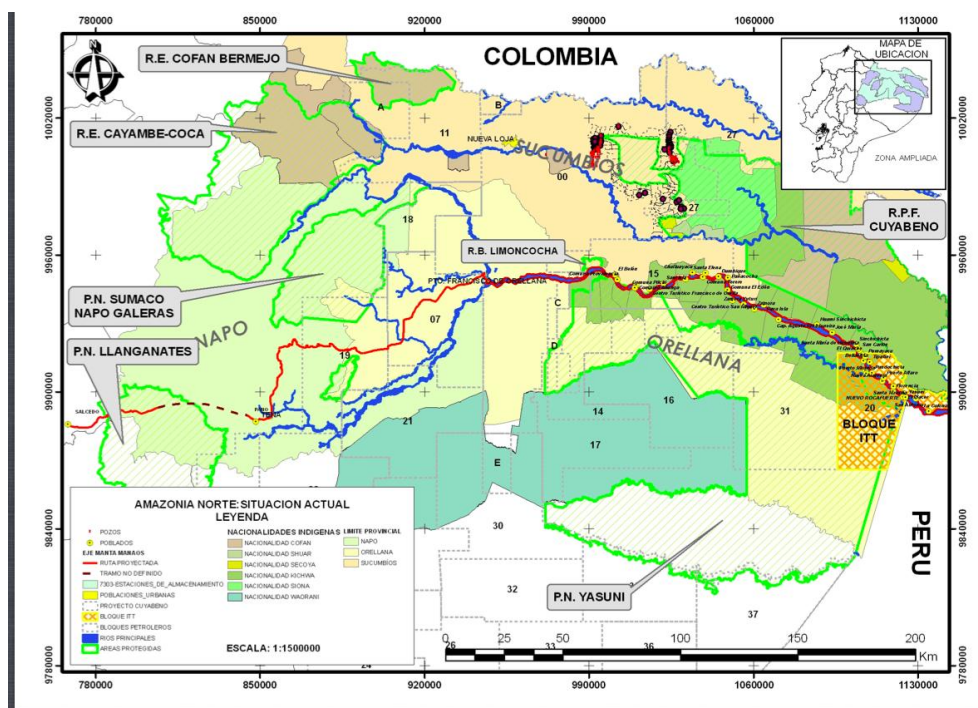
In spite of Ecuador having several international treaties on environmental issues, its important to emphasize the Amazon Cooperation Treaty (ACT), and the Convention on Biological Diversity.

Unfortunately, since Ecuador is a primary export country, it has based its economy on the exploitation of natural non-renewable resources which has caused an impact on Ecuadorian biodiversity.

In a study done by the Corporation for the Management and Environmental Rights ECOLEX, there has been identified different natural areas of the

Amazon. As we can see, the Amazon area is very extensive and much of the Multimodal Corridor is developed in this area.

**Graphic 20. Position of the native communities in the Ecuadorian Amazon.**



Source: ECOLEX, Corporación de Gestión y Derecho Ambiental <sup>49</sup>

Additionally, in the analysis by Gonzalo Varillas, many sensitive natural areas have been identified that are part of the Manta - Manaos Multimodal Corridor. They are:

- Salcedo – Tena Section: National Park Llanganates.
- Tena – Coca Section: National Park Sumaco Napo – Galeras
- Pompeya Fluvial Section – Itaya: Biocultural Reserve Limoncocha
- Tiputini – Nuevo Rocafuerte Fluvial Section: Faunistic Production Reserve of Cuyabeno

Varillas expressed that the biodiversity, flora and fauna along the Corridor will have impacts. Firstly, if the commercial traffic increases endemic fauna species like jaguar, puma, ocelot, tapir anteater, may be altered. And secondly, plant species, including 280 species of birds and 180 species of amphibians and reptiles, will be affected too. The different activities like

<sup>49</sup><http://www.bicusa.org/en/Document.102245.pdf>

charging ports infrastructure will also affect the boundaries of the various parks and reserves. (Varillas, 2008)

Finally, its important to emphasize that the Napo River Basin provides environmental services for all habitants of the planet which is why the government must carefully analyze the future implications of the Corridor.

### 3.3.2.1 Impacts at the Yasuní National Park.

**Graphic 21** Areas of possible enviornmental impacts of the Manta-Manaos fluvial route.



Source: <http://www.bicusa.org/en/Document.102167.pdf>

In the graphic we can distinguish the different areas that would be compromised; however, the Itaya – Garzacochoa fluvial section is a key point because it would affect the communities of Indilama near Itaya, Garzacochoa, and even to the boundaries of the National Park.

The Amazon Conservation Initiative expressed that the Yasuni National Park, declared in 1989 as a Biosphere Reserve of the UNESCO "has the greatest diversity of the planet, as the number and variety of species is greater than any other terrestrial ecosystem. And it is an area of great scientific interest with a potencial for tourism, its forests are home of many species of trees and

*shrubs per hectare in the world (664 species) and therefore assumes even greater faunal diversity".(Iniciativa para la Conservación Amazónica)*

As we can see the natural richness of Yasuni National Park is huge and it is a valuable natural heritage for Ecuador and for the world . Currently, there is a lot of controversy in this area because of the president's decision was to exploit Yasuni block 31. This defined a new scenario for the Amazon and related projects such as the Manta -Manaos Multimodal Corridor. It is crucial to ask what are we looking for and who we are affecting. Its the responsibility of the Ecuadorian state to protect the local communities, natural resources and promote sustainable development based on responsible environmental impact studies .

### **Conclusion.**

The Corridor will have a great impact especially on the communities and biodiversity of the area where is developed. But the question is whether Ecuador would be able to pay this cost to achieve a bilateral route. I mention bilateral, since, after the analysis, we can notice that much is still uncertain as to its becoming a bioceanic alternative. There are several areas including internal and foreign and other pending issues to be solved.

Receiving goods through the Manta-Manaos Corridor--The Pacific-Atlantic bridge, is based on a very optimistic vision because this route would enhance, more than anything, the internal trade of Ecuador.



## **FINAL CONCLUSIONS**

Throughout the document I have analyzed the different variables that are part of the Manta - Manaos Multimodal Corridor . The Corridor is part of the Initiative for Regional Infrastructure in South America (IRISA) within the framework of UNASUR and is one of the most important projects developed by the national government.

Its complexity goes beyond infrastructure because its development involves communities, countries and natural resources. That is why the Manta - Manaos project, is perhaps one of the most ambitious projects that has been planned, due to the stakeholders and areas involved.

In relation to the social environment, although we discuss the right of communities to be consulted, we cannot fail to take into account the conflicting situations of Ecuadorian people that live in the fluvial section of the Corridor.

Some people agree with the project while others do not. However, in this disagreement I can see that even each position has strong arguments and many local communities defend them with certainty; both sides converge at a single point, they talk about the need of education for development whether the existence of the route becomes a reality or not.

In relation to the environmental topic, the fact is that the route involves a leading actor--nature, which is recognized in the Constitution of the Republic of Ecuador in 2008, as a subject of law, and in spite of not having representation, cannot be ignored .

Moreover, in the economic field, it is important to emphasize that the Bilateral Trade Balance of Ecuador and Brazil, is not positive for Ecuador, because Ecuador's importations are higher than their exportations. However, issues such as the changing of the production matrix could boost bilateral trade. But, the key is the way to become part of this market, especially

considering that Peru as well as Colombia are empowering their treaties and trade agreements every day, having as a goal, the conquest of the South American giant.

Reaching total consolidation of the bilateral trade between Ecuador and Brazil through this route, could be viable in 10 years time. First, it will be necessary to consolidate the infrastructure, transportation and domestic production. Also, the route must be developed in such a way that it promotes the internal commerce of the country and facilitates the communities that have access to its many resources .

On the other hand, after analyzing the trade-logistics topic, it is clear that besides presenting the Manta- Manaus Corridor as an alternative to the Panama Canal, in the case of heading into the Amazon, I've seen that to make this alternative viable, previous issues must be solved .

The discussion of the cost-benefit relation, is the topic of discussion on the table of Ecuadorian development and the key question is whether the benefit would justify the investment which will be needed to implement the project.

We must consider that, due to the present conditions, at the moment, Ecuador cannot be the Hub Connection Point. To reach this, we must solve issues such as the high risk of multimodal transportation and the transshipment of cargo which goods would suffer, especially in the fluvial section. Moreover, we must take into account the inexperience that Ecuador has in this type of transportation in relation to the Panama Canal. We are beginners.

In the future, when the expansion of the Manta Port is completed and with the development of 100% of the roads; the construction and expansion of the Coca and Tena airports; the study of Napo River navigability, and the study of mitigation of social environment impact of the Corridor are done then we can start talking about a regional connection in all areas, that in the

long term would become the connection point between Atlantic and Pacific Ocean.

Additionally, we can not forget that we are not the only ones searching for the bioceanic union. Peru is currently developing plans and there are projects on Chinese tables of negotiation to enhance and become a Hub point in South America. In this context, Peru as well as Ecuador also has inexperience in the development of multimodal transportation; however, Peru's direct and advantageous position in the Amazon, gives a bonus to the viability of the IIRSA –NORTH Corridor.

At present we must analyze the priorities step by step to achieve real sustainable development. Besides becoming the bridge of the commercial impetus of great flows of transportation "the link between Pacific and Atlantic", we must first focus on achieving the development of Ecuador and the Amazon region.

Finally, we must consider that, under the given circumstances, I think that the Manta – Manaus project can only happen at the internal level. Considering the route as a point of bioceanic connection at the moment is not possible. Currently, the project does not have articulation due to the lack of total development of the sections involved.

We cannot expect to become the bridge between the Pacific and the Atlantic due to the big economies, especially the Asian ones, that manage huge volumes of goods. These are monumental and excessive for the capacity of a river, which has low and insubstantial water levels throughout the year. However, if the water level inconsistency issue can be solved the risk still persists; due to the goods handling and the lack of fluvial border controls which would guarantee the security and delivery of goods.

## **RECOMMENDATIONS**

The promotion of regional integration projects is a big contribution for the development of countries and South America. However, we cannot go beyond the limitations we have in Ecuador.

I consider it important to give priority to the internal development of the country, and focus on the different efforts in topics that will give us a big framework of action. Topics such as changes in the production matrix, infrastructure and diversification of the Ecuadorian goods and services portfolio which could be important steps.

To have an effective development we must first reach the consolidation of the different necessary economic and social sectors. It is suggested that for the total and effective development of the Manta – Manaus Route we first need to solve the different aspects mentioned along this present work and thereby obtain better results for the country and the region.

## **GLOSSARY**

- APA.EC

Partial Agreement of Economic Complementation .

- AAP.TP

Partial Agreement of Trade Promotion .

- LAIA

Latin American Integration Association.

ALALC

- Latin American Free Trade Association.

-API

Agenda of Integration Projects.

-AR.MO.

Regional Agreements to Markets Opening.

- IAT

Integrated Andean Tariff.

-CAN

Andean Community of Nations.

- CLACE

Community of Latin American and Caribbean States.

-CKD

Kit assembly / mounting kit , Complete Knock Down (CKD).

- SACIP

South American Infrastructure and Planning Council.

- IDAs

Integration and Development Axis ( EIDs ).

-IRISA

Initiative for Regional Infrastructure in South America.

-CMS

Southern Common Market.

- NALADISA

Nomenclature of the Latin American Integration Association based on the Harmonized Commodity Description and Coding System .

- WTO

World Trade Organization .

-SAP

Strategic Action Plan .

- TIPS

Territorial Integration Programs .

-PTN .

Protocol On Trade Negotiations .

- SACU

Southern African Customs Union .

- GSTP.

Global System of Trade Preferences among Developing Countries .

- AAGR

Average Annual Growth Rate

-TEU

Twenty Feet Equivalent Unit .

- USAN

Union of South American Nations.

-UNCTAD

United Nations Conference on Trade and Development

## **APENDIX**

### **APENDIX 1. Instruments of Commerce of Brazil, as a funder member of the Southern Common Market.**

- International Commercial Arbitration Agreement of CMS.
- International Commercial Arbitration Agreement between CMS and the Republic of Bolivia and Chile.
- Preferential Trade Agreement between CMS and the Republic of India.
- Framework of Trade Agreement between CMS and the Kingdom of Morocco.
- Preferential Trade Agreement between CMS and the Southern African Customs Union (SACU) - Appendix I, II , III , IV , V.
- Framework of the Agreement for the Establishment of a Free Trade Area between CMS and the Republic of Turkey.
- Free Trade Agreement between CMS and the Arab Republic of Egypt.
- Framework of the Agreement for the creation of a free trade area between CMS and the Arab Republic of Syria.
- Framework Agreement of Trade between CMS and the Islamic Republic of Pakistan.
- Agreement on the Establishment of a Free Trade Area between the States Parties of CMS and South Africa.
- Framework for the Agreement of trade and economic cooperation between CMS and the Palestine Liberation Organization, on behalf of the

Palestine National Authority.

- Free Trade Agreement between CMS and the state of Palestine.

- Jurisdictional Protocol on Cooperation and Assistance in Civil, Commercial, Labor and Administrative Agreement (Protocol of Leñas).

- Supplementary Protocol on Cooperation and Judicial Assistance in Civil, Commercial, Labor and Administrative Agreement.

-Framework for Trade Agreement between CMS and the State of Israel.

- Free Trade Agreement between CMS and the State of Israel.

(MERCOSUR)

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<sup>50</sup>[http://www.SCM.int/t\\_ligaenmarco.jsp?contentid=4823&site=1&channel=secretaria](http://www.SCM.int/t_ligaenmarco.jsp?contentid=4823&site=1&channel=secretaria)



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