



UPDATE ON BRAZIL'S GOVERNMENT INFRASTRUCTURE CONCESSIONS AND INVESTMENTS PROGRAM

June/2020



SECTOR INTEREST NEWS

RENEWAL OF THE CONTRACT FOR MALHA PAULISTA BRINGS MAJOR REGULATORY ADVANCE

The new contract for the railroad concession of Malha Paulista was signed between the National Land Transport Agency (ANTT) and the company Rumo. The original contract, which was due to expire in 2028, was renewed for another 30 years. For the Minister of Infrastructure, Tarcísio Gomes de Freitas, the renewal represents a new chapter in the history of the railway sector, through the creation of mechanisms that will make it possible to increase investments and expand the Brazilian railway network. “We are providing a modern contract, from a regulatory standpoint. We have a model that can be replicated in other sectors”, says Freitas.

MINISTRY AND BNDES SIGN CONTRACT FOR TECHNICAL STUDIES OF HIGHWAYS

The National Bank for Social Economic Development (BNDES) signed a contract with the Ministry of Infrastructure to carry out technical studies related to the structuring of road concessions. The studies will contemplate 15 road sections in 13 Brazilian states, located in the five regions, amounting to 7,213.7 km, which would represent an increase of up to 71% in the current federal network granted. The forecast is that the first results will be presented in the first quarter of 2021 and that the auctions will take place from 2022 onwards.

SITUATION OF BRAZILIAN AIRLINES IS UNDER CONTROL

When referring to the request for judicial reorganization submitted by the Latam Airlines group to the United States, Minister Tarcísio Gomes de Freitas evaluated the movement of the company as strategic because there is enough cash strength. “When a company does that, financing debts are frozen and go through a discussion within a committee of creditors. Therefore, it is able to cancel contracts that are not important for the operation. It’s a movement that we are monitoring. In Brazil, it has not yet happened because the companies are confident in the financing available through BNDES. The situation is under control”, evaluated the minister.



NOTÍCIAS DO SETOR

BRAZIL STANDS OUT IN THE GLOBAL DISCUSSION ON RESUMPTION OF THE AIRLINE SECTOR


At the invitation of the International Air Transport Association (IATA), which represents 290 companies from all over the World, Brazil will be one of 21 countries comprising the newly created Aviation Leaders Council. The immediate objective of the new group is to discuss and align measures for the resumption of the airline sector in the context of coping with the Covid-19 pandemic. The Brazilian government appointed as representatives, Ronei Glanzmann, National Secretary of Civil Aviation at the Ministry of Infrastructure and the deputy CEO of the National Civil Aviation Agency (ANAC), Juliano Noman.

AUCTION NOTICES FOR CELLULOSE TERMINALS IN PORT OF SANTOS PUBLISHED

The Ministry of Infrastructure published the notices of the auctions for cellulose terminals in the Port of Santos (SP): STS14 and STS14A. Together, the two terminals have planned investments of around R\$ 420 million. The concession contract will run for 25 years and the assets are expected to be auctioned on August 28th. "The publication of the public notices is the first major mark for the implementation of a new logic to optimize the use of areas in the Port of Santos", appraises the National Secretary for Ports and Waterways, Diogo Piloni.

CONCESSION PROJECT OF BR-163/230/MT/PA IS SENT TO TCU

The concession project for stretches of the BR-163 / MT, BR-163 / PA and BR-230 / PA highways was submitted to the Federal Audit Court (TCU). The total segment connects the city Sinop (MT) to the ports of Miritituba in the municipality of Itaituba (PA). This is considered the main logistical corridor on the north axis of the country. The concession term will be of 10 years and the criterion for the auction will be the lowest rate, which means that whoever offers the highest discount on the referential rate (R\$ 8.97 per 100km) will win. A total of R\$ 1.89 billion in private investment and another R\$ 1.02 billion in costs and operating expenses.



NOTÍCIAS DO SETOR

THE GOVERNMENT STARTS PRIVATIZATION PROCESS OF THE PORTS OF SANTOS AND SÃO SEBASTIÃO

The BNDES will carry out studies for new management and commercial exploitation models in the Port of Santos (SP) and the Port of São Sebastião (SP) according to a contract signed with the Ministry of Infrastructure. The forecast is that the results of the studies will be known in the first quarter of 2021 and that the auction will take place in 2022. The expectation is that the entry of the private sector in the management of ports will generate a greater flow of investments and more dynamism in port activity as well as modernization and improvement of service levels.

EIGHT CONTRACTS FOR THE COMMERCIAL EXPLOITATION OF TUPS ACROSS THE COUNTRY ARE SIGNED

The Ministry signed eight contracts for the commercial exploitation of private use terminals (TUPs) in different regions of the country: North, Northeast, South and Southeast were signed. Four refer to new areas and the other four are additives for existing areas / area expansion / load profile rectification. In just under one year and a half of the current administration, there has already been 31 new TUPs contracts signed by the Ministry and 21 additives, totaling 52 signatures.

INFRASTRUCTURE PANEL MONITORS MEASURES RELATED TO THE NEW CORONAVIRUS

In order to give transparency to the actions and efforts to mitigate the impacts caused by the coronavirus crisis in the country, the Ministry of Infrastructure launched the "MInfra Monitoring Panels about the Coronavirus". The virtual tool has the objective of informing the population about the main actions and measures taken by the Ministry together with the Federal Government to guarantee the functioning of transport logistics operations in Brazil, avoiding the risk of shortages for the population and ensuring distribution of medicines, health supplies and hospital items.

PROGRESS OF MINISTRY OF INFRASTRUCTURE PROJECTS

This section presents the main advances in the portfolio schedules proposed by the Ministry of Infrastructure for implementing partnerships.

MODO	PROJETO	ATIVIDADE
AIRPORT	Viracopos	Qualified project in the partnership and investment program - PPI on 06/10/2020.
	São Gonçalo do Amarante	Qualified project in the partnership and investment program - PPI on 06/10/2020.

ROAD	BR-163/230/MT/PA	Studies protocolled at TCU on 05/13/2020.
	Integrated Highways of Paraná	Project included in the National Privatization Plan on 06/10/2020.
	Highways 7.200 km	Contract signed between MInfra and BNDES and published in the Official Press (DOU) on 05/19/2020.
	BR- 135/316/MA	Qualified project in the partnership and investment program - PPI on 06/10/2020.

RAILWAY	Renovation Rumo Malha Paulista	Addendum Term of Early Renewal signed on 05/27/2020.
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PORTS	Port of Santos/SP STS13A (Liquid bulk)	Contract signed on 05/19/2020.
	Port of Santos/SP - STS 14 /STS14A (General Cargo - Cellulose)	Notice published in the Official Press (DOU) on 05/08/2020 - Notices of bidding Auctions nº 01/2020 and nº 02/2020.
	Port of Santos/SP - STS08/STS08A (Liquid bulk)	Receipt of Contributions Period: 05/04/2020 to 06/17/2020. Qualified project in the partnership and investment program - PPI on 06/10/2020.
	Salineiro Terminal of Areia Branca / RN - TERSAB (Sea salt)	Qualified project in the partnership and investment program - PPI on 06/10/2020.
	Port of Maceió/AL - MAC13 (General cargo - sugar).	Public Hearing published in the Official Press (DOU) on 06/02/2020. Qualified project in the partnership and investment program - PPI on 06/10/2020.
	Port of Mucuripe/CE MUC01 (Solid bulk - wheat grain)	Public Hearing published in the Official Press (DOU) on 06/01/2020. Qualified project in the partnership and investment program - PPI on 06/10/2020.
	Port of Maceió/AL - MAC11 (Liquid bulk)	Qualified project in the partnership and investment program -PPI on 06/10/2020
	Port of Maceió/AL - MAC12 (Liquid bulk)	Qualified project in the partnership and investment program - PPI on 06/10/2020.
Organized Port of Itajaí / SC Privatization	Qualified project in the partnership and investment program - PPI on 06/10/2020	

GET TO KNOW WHAT ARE THE MEASURES, PROPOSALS AND ACTIONS THAT ARE BEING DISCUSSED IN THE FEDERAL GOVERNMENT AND IN THE NATIONAL CONGRESS FOR INFRASTRUCTURE

DEBENTURES LAW

Proposal for a new law that provides for debentures issued for infrastructure projects considered a priority by the Brazilian Government.

- ✓ **Status:** Under discussion by the economic team.

NEW RAIL LANDMARK (PLS 261/18)

Institutes "authorization" as a modality for the commercial exploration of railways by the private sector. Opinion was presented by the rapporteur to the Senate Infrastructure Committee.

- ✓ **Status:** Statement given in the Federal Senate committee

AUTHORIZATION TO IMPLEMENT THE "FREE FLOW" SYSTEM

The substitute for PLC 008/2013, approved by the Infrastructure Committee of the Federal Senate, Toll collection method operated through free passage systems, without the need for highway toll booths.

- ✓ **Status:** Awaiting the rapporteur's opinion at the Federal Senate Economic Affairs Committee

BR DO MAR ("OCEAN HIGHWAY"):

Cabotage incentive package with market opening to increase supply, encourage competition, create new routes and reduce costs.

- ✓ **Status:** Under discussion in the Ministry of Infrastructure

GENERAL LAW ON CONCESSIONS, PPP AND PUBLIC CONSORTIUMS

PL 7063/17 reformulates and updates the legal mark for concessions and public-private partnerships.

- ✓ **Status:** Opinion approved by a special committee of the Chamber of Deputies. It will be appreciated by the plenary.

NEW MARK OF SANITATION

Modernization of the regulation of public basic sanitation services opening more space for private investments (PL 3261/19).

- ✓ **Status:** Final text was approved in the Chamber of Deputies and forwarded to the Federal Senate on 12/19/2019

NEW BIDDING LAW

PL 1292/1995 updates general rules for bidding and contracting for the Government of Brazil, states and municipalities.

- ✓ **Status:** Pending before the Senate

NEW ENVIRONMENTAL LICENSING LANDMARK

Simplification and modernization of procedures necessary to obtain environmental licensing for works in Brazil (PL 3729/2004).

- ✓ **Status:** in progress in the Chamber of Deputies

PROVISIONAL MEASURE IN RESPONSE TO THE PANDEMIC IN THE PORT SECTOR

A MP 945/2020 establishes special measures in response to the pandemic resulting from Covid-19 in order to guarantee the preservation of port activities, considered essential.

- ✓ **Status:** awaiting appointment of rapporteur and presentation of opinion in the plenary of the Chamber of Deputies

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