

UPDATE ON BRAZIL'S GOVERNMENT INFRASTRUCTURE CONCESSIONS AND INVESTMENTS PROGRAM

March/April 2021





MINISTÉRIO DA INFRAESTRUTURA

SECTOR INTEREST NEWS

Infra Week will represent a milestone in the history of MInfra concessions

In a webinar promoted by Necton Investiments, the Minister of Infrastructure, Tarcísio de Freitas, spoke about the importance of the upcoming "Infra Week", in which 28 auctions will be held at the headquarters of B3 (Brazilian Stock Exchange) in São Paulo. The series of asset auctions will take place between the 7th and the 9th of April. The expectation is to raise R\$ 10 billion in private investments with the concessions. The list includes 22 airports, the West-East Integration Railway (Fiol), in Bahia, and five port terminals.

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Paraná highway concession project details are presented to entrepreneurs from the state

Representatives of the Ministry of Infrastructure (MInfra) and EPL (Planning and Logistics Company) presented the details of the works foreseen for the "Lot 1" of the Paraná highway concession project to Fiep (Federation of Industries of the State of Paraná). The 473 km stretch will receive almost R\$ 10 billion in investments including duplication works, capacity expansion and improvements, and the contracting of services to the users.

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Federal Government institutes federal highway modernization program

The Federal Government instituted the Policy for the Modernization of the Federal Road Transport Infrastructure (Inov @ BR) and qualified it under the Presidency's Investment Partnerships Program (PPI). The policy aims to promote modernization and ensure security and logistical efficiency of federal highways, whether conceded or not. Through Inov @ BR, investments will be made in new signage, road monitoring, wi-fi coverage on highways and implementation of free flow system.

Executive Secretary of MInfra presents concession projects to investors from Credit Suisse

The executive secretary of MInfra, Marcelo Sampaio, presented the concession portfolio foreseen for 2021 to investors from Credit Suisse and talked about the main auctions that will take place next month. In addition, Sampaio spoke about the regulatory frameworks that are in the National Congress for approval, which will guarantee the legal certainty necessary for the execution of all contracts, such as PLS 261 (Federal Senate Bill).

Draft of the public notice and contract for rebidding of Natal Airport go to public consultation

The National Civil Aviation Agency (ANAC) approved the drafts of the public notice and the concession contract for the rebidding of the São Gonçalo do Amarante Airport (ASGA), which serves the municipality of Natal/RN. The documents will be submitted to public consultation for 45 days from the date of publication in the Official Press (D.O.U.). A public hearing session will also be held, by videoconference, for the participation of those interested in getting to know the process better.

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Works in the Northern Arc will be fundamental for the cargo flow in Brazil

In a live conference with entrepreneurs, the Minister of Infrastructure, Tarcísio de Freitas, gave an overview of the works of the Northern Arc, a region that comprises the states of Rondônia, Amazonas, Amapá, Pará and continues to Maranhão. He highlighted Ferrogrão, a 933 km long railway which will connect the grain-producing region of the Midwest to the state of Pará ending at the Port of Miritituba. It will become a green corridor and will reduce emissions by 1 million tons of CO2 from the atmosphere.

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2021 will have a revolution in waterway infrastructure, says Minister

With concession auctions and the first privatization of the sector, the year 2021 will be marked by a boom in the Brazilian waterway infrastructure. The auction of four terminals is scheduled for April in the Port of Itaqui, in Maranhão, and one in the Port of Pelotas (RS). In the coming months, there is an expectation of the privatization process of Espírito Santo's Dock Company (Codesa) – for which the the public consultation phase ended last February.

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Investments made in concessions will be invested in road safety

During a webinar that discussed issues related to traffic and sustainability the executive secretary of MInfra, Marcelo Sampaio, declared that, through the concession projects, a large part of the investments will be reverted to road safety. "We have been looking to work with adequate infrastructure, traffic engineering, increasing the offer of services to the users and rest stop areas, in an intense and active way, to reduce accidents and save lives," he declared.

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TCU approves auction of the bulk terminal of Porto do Mucuripe (CE)

The Federal Court of Accounts (TCU) approved the studies related to the project to lease the MUC01 terminal, in the Port of Mucuripe, in the state of Ceará. Aimed at handling solid bulk (cereals and non-cereals), vegetables and especially wheat, the project is expected to raise R\$ 56.7 million in investments, generating 946 direct and indirect jobs.

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PARTNERSHIP PROJECTS MAIN UPDATES (March/2021)

In this section, the main advances in the schedule proposed by the Ministry of Infrastructure for the implementation of partnerships are presented.

MODE	PROJECT	ACTIVITY
AIRPORT	Airport of São Gonçalo of Amarante/RN - ASGA	Public Hearing No. 02/2021 opened on 15/Mar/2021. https://www.gov.br/anac/pt-br/assuntos/concessoes/ relicitacao-do-aeroporto-de-sao-goncalo-do-amarante-rn
PORT	Port of Mucuripe/CE - MUC01 (Sólid Bulk)	Project approved by the Federal Court of Accounts - TCU on 24/Mar/2021
	Port of Maceió/AL - MAC14 (Wood)	Protocoled at the Federal Court of Accounts - TCU on 18/Mar/2021.
	Port of Areia Branca/RN - TERSAB (Salineiro)	Project approved by the Federal Court of Accounts - TCU on 31/Mar/2021
ROAD	BR-163/230/MT/PA	Public Notice No 02/2021, published on 31/Mar/2021: https://portal.antt.gov.br/br-163-230-mt-pa
	BR-116/493/RJ/MG - CRT	Approved Addendum that extends the Concessionaire's contract for another 18 months. Conclusion of the period of analysis and responses to contributions related to the Public Hearing.
	BR-163/MS	Qualification Decree No. 10.647 Published on 11/Mar/2021.
RAIL	West-East Integration Railway - FIOL	The National Land Transport Agency - ANTT Published responses to the requests for clarification regarding the Public Notice 05/Mar/2021
	Renewal - Ferrovia - MRS Logística S.A.	UNDP - (United Nation Development Program) Public Notices published for hiring railway consultants to assist in the analysis of projects
	Renewal - Ferrovia Centro Atlântico S.A - FCA	Published the Simplified Public Hearing Report: https://participantt.antt.gov.br/Site/AudienciaPublica/ VisualizarAvisoAudienciaPublica.aspx?CodigoAudiencia=441
	Renewal – Malha Sul	Public Notice for contracting services for analysis of renewal studies published. Link for RCE 03/2021: <u>https://www.epl.gov.br/rce-eletronico-n-03-2021</u>

MAIN ADVANCES LEGISLATIVE IN 2020

MEASURES, PROPOSALS AND ACTIONS THAT ARE UNDER DISCUSSION IN THE FEDERAL GOVERNMENT AND THE NATIONAL CONGRESS FOR INFRASTRUCTURE

REINFORCEMENT MEASURES FOR THE IMPLEMENTATION OF THE 'FREE FLOW' SYSTEM.

The substitute for PLC 008/2013 by the Federal Senate creates legal enforcement mechanisms for the implementation of the toll collection modality operated through free passage systems without the need for toll plazas.

► **Status:** Approved by the Federal Senate. Awaiting the decision on the substitute by the Chamber of Deputies.

DEBENTURE LAW

PL 2646/2020 provides for debentures issued for infrastructure projects considered priority by the Government of Brazil.

Status: Opinion presented in Senate's Commission.

NEW RAILWAY FRAMEWORK

(PLS 261/18): It institutes "authorization" as a modality the expansion of railways by the private sector. Opinion was presented by the rapporteur to the Senate Infrastructure Committee.

Status: Opinion presented in Senate's Commission.

GERENAL LAW OF CONSESSIONS, PPP AND PUBLIC CONSORTIUMS:

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

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

NEW BIDDING LAW

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

► **Status:** Approved by the Federal Senate. Awaiting sanction by the President of the Republic.

NEW ENVIRONMENTAL LICENSING FRAMEWORK:

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.

BR DO MAR

Bill No. 4199/2020 creates norms to encourage cabotage that promote market opening, increase in supply, incentive to competition, creation of new routes and cost reduction.

► **Status:** Approved by the Chamber of Deputies. Awaiting deliberation by the Federal Senate.