



# Brazilian Airport Privatization – First Concessions Announced

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## Summary

Among a number of infrastructure upgrades Brazil is investing in for the World Cup in 2014, the renovation of the country's busiest airports is on the top of the list. As a result, U.S. firms that supply products and services such as airport management services, passenger terminal equipment, cargo and luggage handling equipment, maintenance equipment, X-ray equipment, air traffic control equipment, radar systems and passenger bridges have strong potential to succeed in the market.

## Market Opportunity

On February 6, 2012, the Brazilian federal government, which currently owns and operates Brazil's major airports, announced the first round of concessions of the country's three largest airports: São Paulo-Guarulhos, Brasilia and Campinas-Viracopos, awarding contracts to three private-sector international consortiums, in an auction that rose over US\$ 14 billion.

The Brazilian Civil Aviation Agency (ANAC), who is in charge of awarding the concessions, received 11 offers total including bids from international firms who have had experience in major airport renovations in preparation for large events such as previous World Cup and Olympic events. Together, the three airports handle 30% of Brazil's air passenger traffic and 57% of air cargo.

The results of the bids were awarded as follows:

### **São Paulo Guarulhos:**

Guarulhos Int'l is the busiest airport in Latin America. The concession was won by the consortium formed by the Brazilian Infrastructure company Invepar (*along with the Brazilian construction firm OAS*), with a 90% stake, and Airports Company South Africa (ACSA) with a 10% stake.

The winning bid was US\$ 9.5 billion, almost five times the minimum amount set by the Brazilian government. The consortium was awarded a 20-year contract to run Guarulhos international airport.

Major renovation projects include the enlargement and refurbishment of the runway, ramp and apron areas, the implementation of Terminal 4 (already in course) and Terminal 3 renovations.

### **Campinas Viracopos:**

Viracopos concession was won by Aeroportos Brasil consortium, formed by the Brazilian tollroad operator Triunfo Participações, the Brazilian engineering company UTC and the French airport operator Egis, with a bid of US\$ 2.2 billion. The consortium will operate Viracopos for 30 years.

Major renovation projects include the construction of a new terminal and ramp and apron areas, the renewal of the existing terminal and the enlargement and refurbishment of the runway, ramp and apron areas.

### **Brasilia:**

The right to operate Brasilia's International Airport was won by the InfrAmerica consortium, formed by the Brazilian engineering company ENGEVIX and the Argentine Corporacion America holding company, with a stake of 50% each. The consortium's bid was US\$ 2.6 billion.

Major renovation projects include a project to renew and enlarge Terminal 1, the construction of a 2<sup>nd</sup> viaduct for aircrafts, the enlargement and refurbishment of the runway, ramp and apron areas and improvements to the transportation system.

The same consortium won the bid for the state of Rio Grande do Norte's São Gonçalo do Amarante airport in August 2011.

**Future tenders:**

It is expected that due to the success of this tender the government will move quickly to announce the auction of two additional major airports: Rio de Janeiro's International Airport and Belo Horizonte's Confins airport forecasted to be announced in late 2012. According to sources at the federal government quoted by Rio's daily newspaper O Globo, Salvador's Airport in the state of Bahia could also be auctioned this year.

INFRAERO, the Brazilian state-owned agency that operates airports, currently responsible for designing, building, operating and managing 67 national and international airports, will retain a 49 percent stake in the privatized airports.

**Best prospects for U.S. firms**

It is expected that U.S. firms that supply products and services such as airport management services, passenger terminal equipment, cargo and luggage handling equipment, maintenance equipment, X-ray equipment, air traffic control equipment, radar systems and passenger bridges have potential to export to the winning consortiums.

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**For further information about exporting goods and services to Brazil for the 2014 World Cup and 2016 Olympic Games please also contact:**

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