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## Temer to define new package of concessions on the 25th

By **Daniel Rittner** | Brasília

Interim President Michel Temer called for August 25 the first meeting of the Investment Partnerships Program's council. Advised by aides, he is likely to approve the launch of a new package of infrastructure concessions.

Four airports, two railways and a passenger port terminal are on the list that will be taken to Mr. Temer. Because of the limited private-sector interest, the first highway concession will be left for next year.

People close to the Palácio do Planalto, the presidential palace, say the government intends to offer a very-long-term contract to enable the Ferrogrão, a railway link between the cities of Sinop in Mato Grosso, a big hub for grain production, and Miritituba in Pará, a gateway for exports.

The project was presented to the Planalto in 2013 by agribusiness leaders and represents an alternative to transportation of grains through the North region's ports. The difficulty, however, is to find an equation that allows amortizing the necessary investments to take them off the drawing board. Because of this, the railway concession will certainly last more than 50 years. The final duration is not defined and Mr. Temer will receive several alternatives, but Valor has learned that it could reach up to 70 years.

The other railway chosen is North-South, which has a stretch ready between Palmas in Tocantins and Anápolis in Goiás, but still without operation. Another stretch, from Ouro Verde in Goiás to Estrela d'Oeste in São Paulo, has more than 90% of its physical work concluded, and state company Valec committed to conclude the work before the concession. These two portions will be auctioned jointly to the private sector.

Aides to the president say the government received indications that there are companies interested in North-South. One would be Rumo ALL. Another would be Russian Railways International, or RZD, which sent representatives to a meeting at the Planalto.

Initially, Mr. Temer's staff considered including the lot of federal highway BR-364/365 (between Goiás and Minas Gerais) in the plan, but gave up because of mixed signs it got from potential investors. At least two infrastructure groups had indicated the intention of bidding for this highway, but the government didn't feel secure enough and would prefer to have more candidates to operate it. To lower the maximum toll rate, there were changes such as the end of the obligation of widening the road in five years and the adoption of a demand "trigger" even for operational services, such as roadside assistance. But the authorities wanted more competition to make possible a bigger discount in the toll rate.

Four airports will be offered — Salvador, Fortaleza, Porto Alegre and Florianópolis — in which Brazilian and foreign groups have demonstrated interest. A smaller asset will also be put on the auction block: the passenger terminal of the Port of Recife, in Pernambuco, which had been revamped for the 2014 World Cup.

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