

## **Brazilian Federal Government announces new round of concessions**

The Brazilian Federal Government announced last week (March 7) a new round of public concessions within the Program of Investment Partnerships (PPI). The new round comprises projects for port terminals, railways, highways, energy power plants and public sanitation services. Total investments will come to over US\$ 15 billion.

The projects announced include new concessions, renewals and rebidding of existing concession agreements and the privatization of state-owned companies. Although some of the projects had been previously divulged, Brazilian Government, based on the PPI investment directives and on the recent recovery of Brazilian economy, will endeavor the best efforts to attract new investors. Forecast is that most of the requests for proposals (RFPs) will be announced in 2017.

The first projects have already been approved: Brazilian Electricity Regulatory Agency (ANEEL) made the RFPs for the concession of 35 lots of energy transmission lines available on March 9. The investments are estimated at US\$ 4,5 billion.

Regarding the highway sector, two RFPs are expected to be published in the first semester of 2017, concerning 30-year grants for two federal highways in Brazilian central and southern regions. Additionally, highway concession agreements that have terms close to their ends – such as Nova-Dutra highway (between Rio de Janeiro and Sao Paulo), CRT highway (in Rio de Janeiro) and CONCEL highway (between Rio de Janeiro and Minas Gerais) – will be rebid.

Before the end of the year, Brazilian Government expects to auction three major railway stretches, including the North-South railway, which goes from Sao Paulo to the Brazilian

North region. The new concession model will grant the concessionaire construction and operation rights, and the entitlement to provide cargo transportation services as well.

The Federal Government has also started the procedures for the renewal of several railway agreements, and it will soon do the same for the port terminal agreements of Santos (Sao Paulo), Vila do Conde (Pará) and Niteroi (Rio de Janeiro). Also with regards to ports sector, public procurement procedures will take place for areas in the ports of Santana (Para), Itaqui (Maranhao) and Paranagua (Parana), granting the winners concession agreements that will last for 35 years.

With respect to water and sewage sector, several state-owned public sanitation companies will be privatized. Brazilian Development Bank (BNDES) will publish in April the RFPs of studies to determine the partnership model to be adopted for the provision of water and sewage supply services.

At last, with regards to the electricity sector, the Government announced also the concession of three hydro power plants and the sale of six power distributor companies, which are currently under the administration of state-owned Eletrobrás.

RSMC team will remain attentive to the unfolding of PPI projects. We will keep our partners informed about these and other future opportunities in Brazil.

Renata Meireles - [renata.meireles@rsmc.com.br](mailto:renata.meireles@rsmc.com.br)

Júlio César Moreira Barboza – [julio.barboza@rsmc.com.br](mailto:julio.barboza@rsmc.com.br)

*Published in March, 13th, 2017. RSMC Advogados, all rights reserved.*