BRAZILIAN PORTS
A SAFE HAVEN FOR
INTERNATIONAL INVESTMENT
The two centuries since Opening of the Ports, in 1808, have witnessed progressive transformations in the Brazilian ports sector, enabling better service of the Nation’s development needs. This challenge has encompassed efforts to affirm Brazilian interests, within the broader context of international economic relations.

The Government of President Lula has taken a vigorous stance at various levels, in its quest to reduce inequality and combat barriers that distort fair trade, an indispensable underlying component of any development policy.

The Ministry of External Relations has actively contributed toward this process. Alongside other public and private players, it has supported Brazil’s vocation as a global protagonist in international trade with a diversified product portfolio and an increasing varied array of markets. The ports sector, specifically, is of utmost importance for modern, secure, and balanced participation in the world economy.

At the international level, ports throughout the world have been undergoing intense and swift processes of technological and managerial modernization, with the emergence of new paradigms of excellence. Regardless of the economic scenario, these changes need to be taken into account by countries.

In the case of Brazil, where over 80% of our trade is handled by the ports, our participation in worldwide trade flows is heavily dependent upon infrastructure and logistics. To maintain competitiveness, the Brazilian ports must address challenges, such as increasing efficiency, reducing operating costs, and effective attraction of investments and know-how to sustain expansion of the sector, in order to ensure that their capacity accommodates increasing Brazilian production. Moreover, Brazil needs to develop responsible environmental management capacities, and achieve more harmonious port-city integration.

It was with these objectives in mind that, in 2007, the Ministry of External Relations launched a project in support of the modernization of Brazil’s ports. Trade missions were dispatched to the world’s main ports, with the aim of attracting investments, technology, and knowledge. Strategic partners were selected to enter into cooperation agreements with Brazil. Work groups have been set up with these partners, to identify new opportunities for cooperation and to pursue other specific goals.

The "Seminar: Opening of the Ports to Friendly Nations: 200 Years of Trade and Cooperation" is yet another initiative targeted at contributing toward a veritable "re-opening of the Brazilian ports." As agreed, in coordination with the Special Secretariat for Ports and the National Water Transport Agency ANTAQ, the aim of this meeting is to identify the main bottlenecks in Brazil’s port logistical systems, and to propose solutions for further development of the sector. The experience of the world’s main international ports is to be presented by experts in the field, and debated by Brazilian specialists.

Brazil’s Ministry of External Relations operates on many fronts. On all of them, Brazilian diplomacy seeks to promote articulation in defense of our commercial interests. Likewise, in the fields of logistics and infrastructure, we have sought to assist and provide depth for Brazil’s project for economic development with social justice. Through solid partnerships, and with much work, we aim to reopen the doors to a new era of international cooperation.
The Brazilian infrastructure sector is gearing up to support the strong growth of the country's foreign trade. In the last 10 years exports have more than tripled, while imports have more than doubled. In order to handle the trade boom Brazilian ports – which handle 95% of the country's trade by volume and 85% by value – have been receiving significant public and private investments.

At the same time, large-scale projects in transportation logistics (railroads, highways, waterways and airports) are now underway or will be starting in the short or medium term and will promote greater integration with the country's ports system. For its part the federal government has made the rules in the ports sector more flexible with the recent publication of Decree 6,620, which allows Brazilian and international private companies to build and operate new public ports under concession. Ports Minister Pedro Brito said he hopes Brazilian ports will receive investments totaling R$19 billion through the coming years. Investments are needed to expand and modernize Brazilian ports to handle the growth of foreign trade. From 1998 to 2008 Brazil's total trade flow, counting imports and exports, jumped from US$108 billion to an estimated US$400 billion, an increase of no less than 268%. In the same period exports jumped from US$51 billion to a projected US$208 billion, an increase of 306%, while imports rose from US$57 billion to an estimated US$183 billion, growth of 220%. The country's 40 principal seaports and four principal river ports stretching along the 8,200 km Atlantic coastline and including 17 states handled a total of 754 million tonnes of cargo worth a total of US$281 billion in 2007. Brazil is also expanding the number of countries with which it trades. From January to September of 2008 Brazil exported to 224 countries and imported from 109. While Brazilian exports still include a strong element of commodities (petroleum, iron ore, soy, grains, coffee and sugar as well as newcomers such as ethanol and bio-diesel) they now also include high-value-added items such as airplanes, vehicles, engines, auto parts, processed meat and steel products.

Brazilian imports have risen significantly this year but the country nevertheless continues to run a significant trade surplus. “We will generate a very important surplus this year”, said Miguel Jorge, Brazil's Minister for Development, Industry and Foreign Trade (MDIC). In September the ministry announced a plan entitled “Brazilian Export Strategy”. This foresees investments of R$34 billion through 2010 to expand the participation of Brazilian exports in international markets and to stimulate small and medium sized companies to export.

At the same time that Brazilian exports are winning new markets they are also increasing their presence in traditional trading partners such as the United States, European countries, Asia and Latin America. Brazil's increasingly dynamic presence in international trade is rooted amongst other things in the increasing level of globalization of the Brazilian economy. Foreign companies are operating with complete security in Brazilian port terminals and Brazilian companies are becoming more and more international.

The Bunge group is Brazil’s fourth biggest exporter, with sales of US$4.1 billion moving through Brazilian ports in the period January to September this year. Cargill, the seventh largest, exported US$1.79 billion. French group Louis Dreyfus was the 10th biggest exporter with sales of US$1.5 billion, while Dutch group Shell exported US$1 billion. Foreign companies operating in Brazil are also major importers, for example Motorola is the fifth biggest importer with purchases of US$1.3 billion while Samsung of Korea is the seventh ranked importer on US$1.2 billion and

**AN OCEAN OF OPPORTUNITIES**

**BRAZILIAN EXPORTS HAVE TRIpled IN THE LAST TEN YEARS AND NOW THE COUNTRY REQUIRES HUGE INVESTMENTS IN PORT INFRASTRUCTURE. INVESTMENT PROJECTS IN THE COMING YEARS ARE LIKELY TO EXCEED R$19 BILLION**

Brazil has numerous fine ports along its Atlantic seaboard.
Brazil’s biggest port for liquid bulks, located on the north coast of the State of São Paulo in the Southeast of the country, São Sebastião handles 24% of all of Brazil’s liquid cargos. It is a Petrobas terminal that is very important for handling petroleum and derivatives, in particular for imports.

The creation of the Special Secretariat for Ports (SEP) in 2007 and the 2008 commemoration of the Bicentennial of the Opening of Brazilian Ports to Friendly Nations were two events that fell close together and were particularly important for the transformation of the ports sector in Brazil. This is because they provided an opportunity for government officials, businessmen and labor leaders to think about the sector, and this is producing innovative decisions and stimulating a great national movement to “renew” the ports once again, this time to efficiency and professional management.

Various steps have already been taken. Amongst the most relevant are the new rules for contracting dredging services, which can now include international participation. This is a move to increase the scale and reduce the costs. Various tenders such as those at the ports of Recife, Rio Grande, Santos and Rio de Janeiro are now underway, and the prospect is that in the first weeks of 2009 these works will be getting underway.

There are various examples of the new era which the government wants to bring to port management in Brazil, for example: excluding port authorities from the national privatization program (an action agreed with the Ministry of Development, Industry and Foreign Trade); speeding up the projects that are listed in the ports section of the federal government’s Program for Faster Growth; improved regulatory definitions and heightened environmental concern; a 2007 budget that was executed at levels the sector has never before experienced; the nationwide and international promotion of projects and business opportunities; and the establishment of professional management in the federal port companies.

In order that all these activities should be coherent and not dispersed, it is essential that we hire an international consortium of consulting companies to draw up a long-term strategic plan for development of the ports sector.

However, other challenges also await society and the users of the ports system. These have led the SEP to a greater involvement in questions related to the Brazilian economic outlook and the social policies of the Lula government. Amongst these challenges I would highlight: the increase in the volume of public and private investments in port infrastructure and access; the complex questions related to port labor and pension entitlements, including complementary pensions; the greater and better promotion of business and investment opportunities; and the speeding up and simplification of cargo clearing, under the so-called “Paper-Free Port” project.

From the naval procession staged by the Brazilian Navy in January of this year in front of the city of Rio de Janeiro, to the International Seminar promoted by the Ministry of External Affairs in Brasília in November, there have been innumerable events at all the ports in the country to recall the innumerable events at all the ports in the country to recall the community for government officials, businessmen and labor leaders to think about the sector, and this is producing innovative decisions and stimulating a great national movement to “renew” the ports once again, this time to efficiency and professional management.

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Vale mining company is Brazil's second biggest exporter with sales of US$10 billion this year through September. Vale operates through six terminals in Brazil. It is one of the world's leading mining groups and generates 30% of Brazilian port movement.

This rate of growth places significant pressure on Brazil's port logistics and transportation infrastructure and this in turn creates interesting investment opportunities. In September of this year Arnauld Schmitz, the superintendent of Tiajú port, presented the Federal Government with plans for port improvements totalling R$152 million. “The expansion in turn creates interesting investment opportunities. In September 2007, the company took control of the Nansei Sekiyu Kabushiki Kaisha oil terminal in Incheo, South Korea,” Schmitz said.

Schmitz submitted his plans to technical staff at Antaq, the National Agency for Water Transportation which is the official body regulating the sector, and to executives at the Special Secretariat for Ports (SEP), a presidential agency responsible for investments in Brazil’s Foreign Trade, Selected Years

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Fluctuously 160 business groups generating 15% of GDP, public and private investments in energy, transportation, logistics, communication and infrastructure should reach R$86.6 billion this year. Of this, R$3.1 billion goes to transportation and logistics. Total investments in 2009 and 2010 should be around R$100 billion. However, this may not be enough. “Demand for infrastructure in Brazil is growing much faster than the speed at which services are expanding,” said ABIDB President Paulo Godoy.

Over the coming years Brazilian ports are set to invest an estimated R$19 billion of public and private funding in projects to expand, modernise, dredge, construct new quays, build terminals, expand access and so on.

Santos Port is the largest in Latin America and handles around 25% of Brazil’s foreign trade, by value. In the period January through September this year Santos moved total cargo US$68.8 billion representing growth of 30% over the same period in 2007, with exports of US$38 billion and imports of US$30 billion. Santos plays a central role for trade.

“With the Federal Government planning an estimated R$19 billion of public and private funding in port investments in 2009, 2010 and 2011 this would represent an estimated total cost of around R$59 billion. The expansion will take place in a region called Barnabé-Bagres and will add another 120 million tonnes to the current 110 million tonnes annual cargo capacity. One of the main priorities of the expansion will be to meet the needs of the massive petroleum and gas fields recently discovered offshore in the Santos basin.

Santos is this year moving ahead with investment projects estimated to total R$1 billion with another R$1 billion planned for 2009. Work includes dredging, constructing access highways and improving existing terminals and building new ones. Today Santos has 64 berths and 20 will be provided in the short term.

International opportunities

The Faster Growth Program for ports has allocated R$2.2 billion of federal funding to develop the port system throughout the country. It also encourages private investment in the

important for cargos of greater added value,” said José Ro-berto Serra, president of Companhia Docas, the São Paulo State company responsible for running the port. He said that containerized cargo was becoming increasingly important for increasing the average value of cargo handled.

Given the importance of Santos, the Federal Government has authorized the private sector to carry out feasibility studies to duplicate port capacity at an estimated cost of around R$59 billion. The expansion will take place in a region called Barnabé-Bagres and will add another 120 million tonnes to the current 110 million tonnes annual cargo capacity. One of the main priorities of the expansion will be to meet the needs of the massive petroleum and gas fields recently discovered offshore in the Santos basin.

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International opportunities

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This port handles large volumes of grains, frozen meat and petroleum. It is located on the left bank (south side) in the north coast of the State of São Catarina, in Southern Brazil. Its 101st ranked port in terms of the total volume handled. 2/3 of the total cargo is handled by the Petroleum terminal.

**INVESTMENTS AND MAIN PROJECTS**

- **Shipping:** US$30 million – Petro-Pan -- dredging to 14 meters.
- **TOTAL TRADE:** US$30 million
  - Exports: US$15.1 million
  - Imports: US$14.9 million

**MAIN CARGOS**

- Loading: Soy, motor compressors, synthetic blackheads, synfuel, synthetic rubber, iron, steel, aluminum, machinery for meal preparation.

**CARGO VOLUME (in million tonnes/year)**

- Total: 10.7
  - Port: 9.8
  - Petro-Pan: 0.9

**PORT AUTHORITY**

- Administration of the Port of São Francisco do Sul
- Self-governing state company

**LOCATION**


**DIRECTORS**

Paulo Cesar Cortez Corsi – President
Tel: 55 (47) 3471-1200 – Site: www.apsfs.sc.gov.br

Arnaldo Schmitt – Superintendent
Tel: 55 (47) 3341-8000; 2104-8000 – Site: www.portoitajai.com.br

Rua Blumenau, 05 – Itajaí, Santa Catarina – CEP 88305-101 – Site: www.portoitajai.com.br

**MAJOR CARGOS**

- Loading – Soy, motor compressors, synthetic blackheads, synfuel, synthetic rubber, iron, steel, aluminum, machinery for meal preparation.

**CARGO VOLUME (million tonnes/year)**

- Total: 3.1
  - Soy: 1.1
  - loading: 2.3

**SELECTED TERMINALS**

- Public quays, Terminals, Stone Chemicals, Brazilians and Portoville terminals.

**PORT AUTHORITY**

- Superintendency of the Port of Itajaí Municipal government
- City of Itajaí

**LOCATION**

Av. Portugal, Km 10 on Highway PE-060 – Engenheiro Marçal, Itajaí (Santa Catarina) – CEP: 88200-000 – Tel: (55) 47 3577-0000 – Site: www.portoitalai.com.br

**DIRECTORS**

Fernando Ribeiro Coelho – Director-President
Sidnei Aires – Director of New Business
Fernando Coelho – Director-Sea
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**CARGO VOLUME (million tonnes/year)**

- Total: 6.7
  - Loading: 2.1
  - Unloading: 2.6

**SELECTED TERMINALS**

- General cargo, fertilizer, grains, frozen meat, pig iron, steel, aluminum, machinery for meal preparation.

**PORT AUTHORITY**

- Superintendency of the Port of Rio Grande Municipal government
- City of Rio Grande

**LOCATION**

Tel: 55 (54) 3341-8000; 3342-8000 – Site: www.portoitalai.com.br

**DIRECTORS**

Sidnei Aires – Director of New Business
Arnaldo Schmitt – Superintendent

**PORT AUTHORITY**

- Superintendency of the Port of Porto Alegre
- City of Porto Alegre

**LOCATION**


**DIRECTORS**

José Carlos de Oliveira – Director-President

**CARGO VOLUME (million tonnes/year)**

- Total: 12.9
  - Port: 8.38
  - Petrobras: 8.71

**PORT OF PONTA MANAUS**

Fast growing port and industrial complex (logistics, chemicals, distribution centers and engineering projects for refinery and shipbuilding and, amongst others). Good infrastructure and fiscal incentives have already attracted over 70 companies, making investments in excess of US$7.2 billion. Suape is located at Itaipu. 40 km south of Recife, the capital of the State of Pernambuco on the Brazilian northeast coast.

**INVESTMENTS AND MAIN PROJECTS**

- **Shipping:** US$10 million – Petropan – dredging, 172 meters
  - **TOTAL TRADE:** US$10 million
  - Exports: US$5.7 million
  - Imports: US$4.3 million

**MAIN CARGOS**

- Loading: Sugar, sweeteners, coffee, rice, corn, tobacco, cardboard, wood, plywood, metal products.

**CARGO VOLUME (in million tonnes/year)**

- Total: 2.0
  - Sugar: 1.3
  - Loading: 2.0

**SELECTED TERMINALS**

- General cargo, iron, steel, aluminum, machinery for meal preparation.

**PORT AUTHORITY**

- Superintendency of the Port of Porto Alegre
- City of Porto Alegre

**LOCATION**


**DIRECTORS**

Carlos Werneck – Director-President
Josué Alves – Director of New Business

**CARGO VOLUME (million tonnes/year)**

- Total: 6.4
  - Loading: 2.0
  - Unloading: 4.4

**PORT AUTHORITY**

- Superintendency of the Port of Manaus
- City of Manaus

**LOCATION**

Av. Portuária, Km 10 on Highway PE-060 – Engenheiro Marçal, Itajaí (Santa Catarina) – CEP: 88200-000 – Tel: (55) 47 3577-0000 – Site: www.portoitalai.com.br

**DIRECTORS**

Fernando Ribeiro Coelho – Director-President
Sidnei Aires – Director of New Business

**CARGO VOLUME (million tonnes/year)**

- Total: 12.3
  - Port: 9.2
  - Alumar terminal: 3.1

**PORT OF ITAJAÍ**

The Port of Itajai is in the municipal district of Santa Catarina, in the State of Santa Catarina, Southern Brazil. The 102nd ranked port in terms of total volume handled. 2/3 of the total cargo is handled by the Petroleum terminal.

**INVESTMENTS AND MAIN PROJECTS**

- **Shipping:** US$30 million – Petro-Pan -- dredging to 14 meters.
- **TOTAL TRADE:** US$30 million
  - Exports: US$15.1 million
  - Imports: US$14.9 million

**MAIN CARGOS**


**CARGO VOLUME (million tonnes/year)**

- Total: 3.1
  - Soy: 1.1
  - loading: 2.3

**SELECTED TERMINALS**

- General cargo, fertilizer, grains, frozen meat, pork iron, steel, aluminum, machinery for meal preparation.

**PORT AUTHORITY**

- Superintendency of the Port of Porto Alegre
- City of Porto Alegre

**LOCATION**


**DIRECTORS**

José Carlos de Oliveira – Director-President

**CARGO VOLUME (million tonnes/year)**

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  - Port: 8.38
  - Petrobras: 8.71

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- Total: 3.1
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- General cargo, fertilizer, grains, frozen meat, pork iron, steel, aluminum, machinery for meal preparation.

**PORT AUTHORITY**

- Superintendency of the Port of Porto Alegre
- City of Porto Alegre

**LOCATION**


**DIRECTORS**

Carlos Werneck – Director-President
Josué Alves – Director of New Business
already attracted 70 companies investing US$1.7 billion. This is where the R$10 billion Abreu e Lima Refinery will be built at Ilhéus Port was initially linked to cacao production in the region around the municipality of Ilhéus on the southern coast of the State of Bahia, in the northeast of Brazil. Today the port exports grains, in particular soy. There is potential to increase the shipment of soy pulp, mineral ores and fruit. In 2009 Ilhéus could become the first organized port in Brazil to be awarded under concession to private management, given that it was included in the federal government’s concessions programme in October of 2008.

The Brazilian government has improved the regulatory structure for the country’s port system to allow Brazilian and foreign private companies to invest in constructing and operating ports and marine terminals under concession, awarded via public tender. Decree 6,620, signed at the end of October by President Luiz Inacio Lula da Silva, should help attract private investment of around US$5 billion in the coming years.

Law existing since 1994 has allowed private companies to operate port terminals that are destined for private use. Before that, port terminals had to have the involvement of the public sector.

Companies operating public and private port terminals are investing heavily; sector driven by reduction of logistics cost and entry of new players.

The new model uses criteria similar to those existing in the Brazilian hydroelectric power sector, where companies take part in tenders to manage or construct a project.

According to Pedro Brito, the minister in charge of the Special Secretariat for Ports (SEP), “the federal government is responsible for investing in infrastructure because the Union is the concessionary power, but private capital is absolutely necessary for the ports and we cannot do without it.” The government is also preparing a Concessions Plan for new private terminals which should be ready in the coming months. Private companies already operate the so-called exclusive-use or own-use private terminals, where they can handle their own cargo, and mixed-use private terminals, where they can handle cargo of third parties provided they also handle their own cargo at the same location. Companies such as Vale, Petrobras, Cargill and Bunge, amongst, others are already operating private terminals.

According to Fernando Antonio Brito Falho, the director-general of the National Water Transportation Agency (Antaq), various challenges are involved in preparing the new port regulations. These include implementing a new policy for concessions and issuing a new general plan of new concessions, which is currently being finalized. Other challenges include creating new areas at

Sainto, Brazil’s biggest port: a focus on investment by operators of private terminals

**Growth of Foreign Trade Stimulates Private-Sector Interest in Ports**

**Companies Private Investment**

**PORT OF IULÉUS (State of Bahia)**

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**PORT OF ARARU (State of Bahia)**

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**PORT AUTHORITY**

Companhia das Docas do Estado da Bahia (Codeba)

**LOCATION**

Ilhéus Port was initially linked to cacao production in the region around the municipality of Ilhéus on the southern coast of the State of Bahia, in the northeast of Brazil. Today the port exports grains, in particular soy. There is potential to increase the shipment of soy pulp, mineral ores and fruit. In 2009 Ilhéus could become the first organized port in Brazil to be awarded under concession to private management, given that it was included in the federal government’s concessions programme in October of 2008.
organized ports that can be offered in concession to private companies, and constitute a further measure of privatization for private terminals. Antaq is responsible for regulating and monitoring port activities in Brazil. In 2008, it expected to monitor and control 47 public ports and 100 private use terminals (TUPs) - including both maritime and waterway terminals, making a total of 147 port installations under Antaq control.

Brazil has 155 container terminals which are currently operated by private companies in areas leased within public ports. The country’s private terminals are responsible for shipping the greater part of solid bulk (mineral ore, particularly iron ore, and grains, particularly soy) and liquid bulks (petroleum and derivatives, ethanol and biodiesel). Public-use terminals handle the lighthouse, general and containerized cargo, which has higher value added.

According to Antaq, private terminals handle 63.1% of total cargo flowing through public ports. However, cargo at the public ports is handled almost entirely by terminals rented by private companies. This means, according to the Brazilian Association of Port Terminals (ABTP), that private companies are responsible for shipping over 90% of the country’s total cargo.

The Brazilian Association of Public-Use Container Terminals (Abratec), which has 13 members who between them own 15 terminals and handle 96% of container traffic through Brazilian ports, says that the sector is growing fast. The country has evolved from 1.19 million containers in 1996 to four million containers in 2010. According to Abratec president Sergio Salomão, the companies operating container terminals have invested US$2 billion since 1995 in the purchase of equipment and training of specialized labor.

“Brazilian ports have improved but they still need a lot of investment,” said Roberto Giannetti da Fonseca, an economist who is Director of Interna-
tional Relations and Foreign Trade at the São Paulo Federation of Industries. “The main reason for this is that we have tripled our foreign trade in the last seven years and port investments have not kept pace with this growth.”

Despite the significant demand for investments in the coming years the Brazilian ports have been improving their competitiveness. Césio Quintanilha, the Ports Superintendent at Antaq, said during a seminar at the Federal Accounts Court (TCU) that in the period 2003-2007, the cost of handling a container in Brazil dropped by around 33% while the cost of handling general cargo fell 59% and solid bulks 56%.

Loading containers of German group Hamburg Sud: investments of R$320 million to build a terminal in partnership with the Brazilian company at the Port of Suape in Perímetro. Wisburn declined to disclose the size of the project.

The Santos Ethanol Export Terminal is the fourth biggest in the country. The Brazilian Cosan Group, a major producer of sugar and ethanol, paid R$116 million this May to buy the Aracruz Celulose Gerais port terminal to export sugar at the Port of Santos in São Paulo State. Vendor was the Nova America company. The companies announced the creation of a new venture called Rumo Logística to be controlled by Cosan Portuária. Rumo will have the world’s largest shipping capacity for sugar: 8.5 million tonnes per year. The Santos Ethanol Export Terminal (Teaol) is a partnership between Cosan, Cimedos and Carigli and is dedicated to ethanol exportation. In August Co-
san announced it will construct and operate an ethanol pipeline costing R$1.64 billion to connect sugar produc-
ing regions in upstate São Paulo to the port terminal in Santos. In addition to reducing ethanol prices by 25% to 40%, the ethanol pipeline could in-
crease Brazilian ethanol exports from 3.5 billion liters a year to over 14 billion liters per year, the company said.

At the end of last year the Brazilian group Copec started building Embra-
port Terminal which is projected to be the largest multi-use port installation in Brazil. Investments will be US$500 mil-
lion and the project is due to be finished in two years. Embraport will be able to operate around 10 million tonnes per year mainly in solid and liquid bulks, containers and motor vehicles.

Dutch company Vopak Brastem-
iais, which specializes in liquid bulks (petroleum and derivatives, gases and vegetable oils), operates four liquid bulk port terminals in Brazil and is awaiting authorization to expand its berthing quay. “We are very interested in in-
vesting in Brazilian infrastructure, par-
ticularly in ports,” said Frank Wisburn, director-president of Vopak. “We have told Codesp (the company which ad-
misters Santos) that we are ready to invest in the port.”

Vopak is the world leader in tank storage with installations in 30 countries including the United States, Europe and Asia. The company has two termi-

nals in Santos Port, one at Paranaguá in Paraná and another in Atuá in Bahia. It is also evaluating the purchase of a company at the Port of Spaue in Per-
ambuco. Wisburn declined to disclose the value but said that significant portion of the company’s global invest-
ment budgeted at R$320 million. When Maersk merged with the A.P. Moller group, control passed to APM. Moller-Maersk currently has container operations at the Port of Itajaí (Santa Catarina) and is looking for new areas in the South and Southeast.

Norwegian company Odfjell Termi-

nals will invest US$30 million to build a new port in the Fortaleza Port, 18 km from Barra do Riacho in the municipality of Aracruz, on the northern coast of Espíri-
to Santo State. The terminal will have initial capacity for 35,000 cubic meters of ethanol tankage.

Interchange

In addition to the growing volume of private partnerships between com-
panies of different origins, Brazil is also seeing growing interchange with international port administrators. Port authorities from Holland, Belgium, Ger-
many and the United States, amongst others, have visited Brazilian ports this year to exchange experiences and ana-
lyze investments. In April, a Dutch mis-

sion including representatives of almost all Dutch ports came to Brazil in the wake of a port cooperation agreement signed between the two countries. One result was the start of a partnership between the ports of Rotterdam and Santos.

“Together with the Rotterdam Port Authority we established three priori-
ties: revitalizing the port area of Santos; labor training, and technical questions related to port expansion,” said José Di Bella, the former president of Codesp.

“We will receive technical counseling from the Dutch port about this last item. We hope that this interchange will allow us to use the successful ex-
perience of Rotterdam in the expansion of the Barnabé-Bagres area in Santos (a project to double the size of the port).”

According to Ivo W. Opstelten, the mayor of Rotterdam whose city includes two thirds of the Dutch port, the recent port agreements signed between Brazil and the United States have significant results. “The memorandums will pro-
duce close cooperation and consulting. Rotterdam and Santos are on opposite sides of the Atlantic, one in Europe and the other in South America, and we need each other. I am particularly talk-
ing about ethanol, iron ore, fruit, grains, fruit juices, meat and other products.”

Among the factors explaining the drop in operating costs were private sector investments in productivity and the im-
proved regulatory structure.

Investments

Quintanilha said that private-use ter-
minals require greater investments be-
cause they do not have the pre-existing infrastructure that is available at public ports. Massive investments are being undertaken by companies both at pub-
lic-use and private-use terminals. Addi-
tionally, Petrobras operates 15 private terminals in Brazil and is responsible for the great majority of petroleum, deriva-
tives, biodiesel and ethanol shipments.

In 2008, Brazilian mining company Vale announced investments of US$4 billion through 2012 to expand its six ports and port terminals in Brazil. The company is the manager of the Tubarão Port in Espírito Santo State. Tubarão is the world’s biggest iron ore terminal and Brazil’s biggest port in terms of tonnage. Tubarão is receiving modern-
ization investment costs. In 2007 Tubarão handled 104 million tonnes of cargo of which iron ore con-
stituted 103.5 million tonnes. Another terminal operated by Vale is Forta da Madeira in São Luis, Maranhão State where the company shipped 81 million tonnes of iron ore.

BHP Billiton, the Anglo-Australian competitor of Vale, is preparing to build a port terminal with capacity for 50 mil-
lion tonnes of iron ore a year. This will cost an estimated R$900 million and will be located in Sepetiba Bay, within the area of influence of Itaguaí Port (RJ), the fourth biggest in the country.

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crease Brazilian ethanol exports from 3.5 billion liters a year to over 14 billion liters per year, the company said.
New rules will allow Brazilian and foreign private companies to construct and operate ports under concession

The decree eliminates the need for the investor to operate his own cargo through the port. In other words any type of investor may bid for and be awarded such a concession. Until now, a private company could only construct a private terminal to handle his own cargo plus that of third parties. Removing this constraint should boost investments in the sector.

Minister Pedro Brito, responsible for the SEP, said he hopes that with this new operational model Brazilian ports will attract private investments of around R$19 billion through the next five years. The first ports to be offered to private investors under the new model in 2009 will be in Manaus, in the State of Amazonas, and Ilheus, in the State of Bahia.

New investments will be protected by the legal structure which the government has put in place for ports sector, which is regulated by specific legislation which defines the role of the state. The Ports Law (No. 8,630 of 1993, with subsequent alterations) gives the Union the right to exploit, either directly or via concession, the organized ports in the country – note that Brazil uses the term “organized port” to define one where the traffic and operations are under the jurisdiction of a port authority, supervised by the Port Authority Council to regulate port operations. The port is defined to include anchorages, docks, quays, bridges, berthing quays, wharves, adjacent land, warehouses, buildings and internal circulation ways in addition to the infrastructure which protects and provides maritime access to the port, for example groynes, breakwaters, locks, maneuvering area and anchorages areas. The law also lays down the norms which govern private initiative acting in the ports sector. Investors enjoy the right to construct, refurbish, expand, improve, lease or otherwise derive commercial benefit from port installations. Companies may sign leasing contracts with the Union, in cases where they will be directly exploiting port infrastructure, or with a port concessionaire. However, such contracts must always be awarded via public tender when the company will be carrying out activities in an area which is located within the port.

Brazilian legislation also determines that investors must require authorization from the government to install a small-scale public port, a cargo terminal facility or a private-use termi- nal when these are outside the area of an authorized port, or when the interested company holds legal title to the land even within the area of an organized port.

Prior to signing a lease contract with the Union or receiving authorization to offer port services the interested company must obtain formal approval from the customs authorities and the appropriate municipal authorities where the undertaking will be installed. Additionally, investors must obtain prior approval of the Environment Secretary of the appropriate state, in the form of an Environmental Impact Report (RIMA).

Brazil has created the National Program for Leasing Port Areas and Installations as a move to expand port operations and handle the growth of cargo at organized ports. The goals of the program include: increasing operational performance and improving the quality of port services, reducing port costs and consequently port charges, encouraging fair competition in the operation and exploitation of port services; and environmental preservation within the area of an organized port. Companies will also be able to present projects to exploit a potential new port zone, as for example the state energy company Furnas and the private constructor Odebrecht did on the Madeira River in the western Amazon where they are building a major hydroelectric power station. However, this does not allow for immediate construction of the terminal. “They (the future port installations) must first be offered in public tender and there is no guarantee that the company which has prepared the project will necessarily win the bidding,” the minister explained. “The fact that you own a piece of land beside a river where there is a waterfall does not give you the right to build a hydroelectric power station; you have to go through a process of public tender within a formal plan of concessions. The same thing will happen with port installations. The fact that somebody owns a piece of land beside the sea will not give him the right to build a port wherever or however he wishes; the project must be in a concessions plan and he must win a public tender,” the minister said.

According to the minister, the changes will satisfy the concerns that have prevented private investors participating more actively in the sector. “The government needs private investments and wants to encourage them,” the minister said. Before the end of this year the government is set to announce a concessions plan which has been drawn up following a detailed study of port requirements and investment opportunities.

However, Brito rejects the suggestion that all this represents a kind of privatization of ports. “This would be true only if we moved to a system of exclusively private decisions without any interference of the government, handing over all port management to the private sector. But this is something that does not happen anywhere in the world except Hong Kong,” the minister said.
LEASED TERMINALS

1) Can a foreign investor lease a port terminal?
A: Yes, a foreign company may participate as a member of a consortium provided it does so via a subsidiary properly established in Brazil or as a minority member of a consortium where the lead company is Brazilian. In either case the leasing company will be subject to the decisions of the Council of the Port Authority (CAP) at the port in question and will be required by law to hire workers via the Port Labor Management Agency (OGMO), the entity which is responsible for administering the supply of labor at a Brazilian port.

2) What are the steps an investor should take to exploit a terminal?
A: The investor should make a proposal to the port authority – the infrastructure administrator at a public port – who will initiate a tender process for a specific available area (see Article 4 of Law 8,630 – The Ports Law). Then, the investor would present a project to the port authority, which will be responsible for drawing up a final project. This final project will then be submitted to Antaq and to the Federal Courts Account (TCU) for approval. The project must also receive environmental licensing before going ahead (see details on the Antaq site – www.antaq.gov.br).

3) How is a leasing contract renewed?
A: The renewal of a leasing contract shall be the subject of an agreement between the existing investor and the port authority. This must naturally happen during the extended life of the initial contract. With respect to guarantees, the investor must demonstrate that he has the required minimum capital and that his company is financially sound. This is done by producing documents for the company itself and certificates issued by public bodies, for example tax authorities. A tender for leasing shall be won by the company that offers the greatest lease value.

MERCHANT MARINE

1) Is the sector open to any investor, irrespective of origin?
A: Yes, provided the foreign investor sets up a Brazilian company as detailed in Article 2, paragraph II of Antaq Resolution 843.

2) What are the principal legal requirements for operating in the sector?
A: To operate as a Brazilian shipping company the investor must own a Braziliaan-flag vessel of an appropriate type for the kind of shipping the company is planning (Article 5 of Antaq Resolution 843). The company must also have a sound financial and economic situation (Article 6 of Antaq Resolution 843) and demonstrate that it is up-to-date with its taxes by producing appropriate negative certificates (Article 7 of Antaq Resolution 843).

PRIVATE-USE TERMINALS

1) What must an investor do if he wishes to exploit a private-use terminal?
A: The investor must have an area of land adequate for installation of a marine or waterway terminal and lodge a request to construct and operate such a terminal with Antaq. To this end he will be required to produce a series of documents and certificates relating to the company. Authorization is granted by the appropriate marine authority after technical and legal analysis of the documents presented.

2) What are the permissible types of operation at private terminals?
A: There are two types of private-use terminals: exclusive or mixed (see Antaq Resolution 157). Exclusive private-use terminals are installations which do not form part of the area of a public port and which are constructed or will be constructed by a private company or public entity to handle and/or warehouse its own cargo or the cargo of third parties, whereas such cargos are destined to or coming from maritime transportation.

3) What are the legal requirements to operate in the sector?
A: The interested company must submit a request to Antaq accompanied by documentation which proves its legal status and shows that it is up-to-date with its tax obligations. Necessary documents include: the company charter, statute or social contract; a certificate attesting to the fact that it is solvent; proof that it is up-to-date with its obligations to the Federal, State and Municipal Public Authorities in the place where the company is constituted, a certificate of ownership for the land; a certificate stating that the company has no debts to the Federal Government; and a statement from the appropriate Municipal Public Authority agreeing to the proposed use of the land or construction of the terminal, amongst others. The company must also supply proof of technical ability. It must submit an appropriate environmental license issued by the appropriate federal or state agency, and an opinion issued by the appropriate marine authority approving the organization of marine space and the security of navigation in areas of responsibility of the terminal, amongst others. A complete list of requirements can be consulted on the site of Antaq (www.antaq.gov.br) in Resolution 157.

4) Must the investor present a detailed project of how he plans operating in the sector?
A: The investor must submit a description of the terminal installations, including amongst other things the geographical location, the access options to the terminal (highway, railroad, waterway and also by pipe); a general description of the terminal (identifying installations, areas, specifications and capacities, plus any other necessary technical, economic and legal requirements of the specific legislation.

INLAND SHIPPING (INTERSTATE OR INTERNATIONAL)

1) Which companies may operate in inland shipping in Brazil?
A: Inland shipping is defined as that using inland waterways (including rivers) for an interstate or international journey. Only those companies or businessmen legally authorized by Antaq to operate in specific hydrographic basins may offer this kind of cargo transportation service.

2) How can a company obtain such an authorization?
A: The applicant must be a Brazilian company involved in inland shipping. This means a company properly constituted under Brazilian law, with its headquarters in Brazil, which has as its stated objective providing services of water-borne transportation. Antaq may also grant authorization to a private individual – a businessman who offers such services in a professional and structured manner and who has obtained the necessary technical, economic and legal requirements of the specific legislation.

3) How can an applicant receive authorization from Antaq?
A: The applicant must first submit a request to Antaq. This application must include proof that the applicant is the owner of at least one self-propelled cargo vessel or a barge and pusher-boat tow, flying the Brazilian flag and duly registered with both the Marine Traffic System (SSTA) of the Brazilian Navy and the Marine Property Registry held by the Marine Court. The request must be submitted in a standardized format and directed to the director-general of Antaq. This format is available on the site of the agency (www.antaq.gov.br).

4) What are the operating conditions?
A: In other words, how must a company or businessman operate in inland shipping?
A: The authorization requires that the authorized company or businessman accepts to the principals of free competition, and it is the responsibility of Antaq to repress all practices which are prejudicial to free competition. Additionally the authorized company or businessman is obliged to carry out the authorized services in accordance with the specific operational characteristics, norms and regulations for the sector. For the transportation of petroleum, including bulk petroleum, petroleum derivatives and natural gas, the authorized company or businessman must also comply with the norms established by the National Petroleum Agency (ANP).
Road-rail integration: Brazil is investing in improved logistics

**Airports, Railroads and Highways Help Make Brazilian Ports More Dynamic**

**By Luiz Gonzaga S. Neto**

The expansion of the Brazilian ports system which handles 90% of the country’s foreign trade occurs at the same time as a vigorous process of investment in the modernization and expansion of the national transportation and logistics infrastructure. Through 2010 the Brazilian government predicts investments of R$58.3 billion in highways, railroads, waterways, ports and airports, as specified in its Faster Growth Program (PAC). The country is conducting a major program of concessions under which private companies will assume responsibility for the management of services and the construction of new infrastructure in various modes of transportation.

The so-called “Transportation PAC” – that part of the total PAC which is dedicated to the sector – signals the resumption of investments in Brazilian logistics, with the goal of expanding intermodal connections in the country, integrating the domestic transportation networks and promoting the physical integration of South America. Projects currently underway involve the construction, upgrading, division and/or renovation of 42,000 km of highways and 2,518 km of railroads, plus the expansion of 12 ports and 20 airports.

At the end of 2006, the Brazilian government launched the National Logistics and Transportation Plan (PNLT), the result of a partnership between the Brazilian ministries of transportation and defense. The program was prepared by the Center for Excellence in Transportation Engineering (Cen-tran) and lays down the bases and the guideline for investments in the logistic structure in the next 15 years. The PNLT provides the Brazilian transportation sector with a long-term strategic plan, something it has lacked for many years. The plan foresees a demand for investments totaling R$172.4 billion in transportation and logistics infrastructure in Brazil in the next 15 years, with R$72 billion of that due through 2011. At the end of September, during a speech about the plan in São Paulo, the PNLT coordinator Marcelo Perrupato, who is also secretary for National Transportation Policy at the Ministry of Transportation, explained: “The plan is a detailed socioeconomic x-ray of Brazil and identifies the investments that account for large freight movements such as agriculture, agribusiness and mining that will see their share of waterway, pipeline and railroad transportation increase to 72%, with just 25% of this cargo continuing to move by road. This will happen with growing participation from private initiative.”

According to information from the National Department for Transportation Infrastructure (DNIT), the Brazilian railroad network (excluding urban trains) has a track network of 29,800 km of which 28,500 km is operated by private companies. Various projects are underway to improve the rail network including rail loops around major ports, lines to connect specialized production in some regions directly to the port system and connections between rail networks and ports, cities and States.

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In the fourth annual report on the

**How the Cargo Transportation Matrix Will Change**

<table>
<thead>
<tr>
<th>Year</th>
<th>Highways</th>
<th>Pipelines</th>
<th>Railroads</th>
<th>Airports</th>
<th>Maritime + waterways</th>
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<td>2007</td>
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<td>10%</td>
<td>40%</td>
<td>5%</td>
<td>2%</td>
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<tr>
<td>2015</td>
<td>30%</td>
<td>5%</td>
<td>65%</td>
<td>10%</td>
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**Source:** National Plan for Logistics and Transportation (PNLT) – Brazilian Ministry of Transportation and Defense

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In the fourth annual report on the PAC, published in June of this year, the federal government foresees concessions to private initiative of 1,524 km of railroad in 2009 and 2010. Various major structural railroad projects are currently underway, two of which are the North-South Railroad with a budget of R$6.4 billion and the New Trans-Northeast Railroad with private investments projected at R$4.5 billion, both through 2010. The North-South Railroad has a planned length of 3,100 km and cuts through the Center-West of Brazil. Hooking up with other rail networks, it will connect the port of Itaquí, in the State of Maranhão in the North of the country, and the port of Belém in Para State also in the North, with the port of Santos in the Southeast. Main cargos to benefit from the North-South Railroad are mineral ores, in particular iron ore, and grains, in particular soy. Some stretches of the North-South Railroad have already been placed under private concession and others will be privatized in the coming years. The Southern stretch of the railroad with three sub-stretches cuts through the States of Tocantins, Goiás and São Paulo totaling approximately 1,500 km and is the subject of a concession auction planned for March of 2009.

The New Trans-Northeast railroad measuring 1,718 km will connect the ports of Pecém, in the State of Ceará, and Suape, in the State of Pernambuco, to the port of Eliseu Martins, in the

**Imigrantes Highway: connecting Santos Port to São Paulo, Brazil’s biggest city**
Brazil's third most important agribusiness grain. The new terminal will offer neighboring Mercosul countries (Argentina, Paraguay, and Uruguay) an additional outlet to the Atlantic.

“Making this project a reality is essential to developing the Paraná coast and to expanding public ports in the state,” said Eduardo Requião, superintendent of the Paranaguá and Antonina Ports Administration (APPA), which is the state agency responsible for port administration.

Highways

Brazilian highways are currently the country’s most important means of cargo transportation and will receive PAC investments of R$3.3 billion through 2010. This will go to making divided highways, to upgrading highways and to building new ones. A major process is now underway to privatize the management of federal highways, it involves the concession to private operators of 4,083 km of highways in 2009. The government will pass three more federal highways totaling 2,066 km in the states of Minas Gerais and Goiás and in the Federal District to the private sector. Investments in these concessions are estimated to reach R$4.1 billion.

In February of 2008, the National Agency for Land Transportation signed concession agreements with private companies for six stretches of highways totaling 2,600 km. Five of these highway stretches were won in auction by Spanish company Obrascon Huarte Lain (OHHL Brasil) and include some of the country’s principal federal highways, for example Regis Bittencourt between the state of São Paulo and Paraná, and Ferradura between São Paulo and Minas Gerais.

“Brazil is developing and there is a lot to do, particularly in the infrastructure sector,” said José Carlos Ferreira Coelho, minister of Transportation and Defense. “We believe in the potential of Brazil,” he said.

The private companies taking on these six highway concessions will make initial investments estimated at R$706 million, while total investments through the 25-year contracts are predicted to reach R$17.3 billion. Other important projects involving federal, state and private funding are underway, for example the Highway Loop around Rio de Janeiro and the Beltway around São Paulo.

In May of 2008 the federal government started work on the main stretch of the R$1.12 billion Rio Highway Loop which will connect the Port of Itaguaí, fourth largest in Brazil, in the State of Rio de Janeiro, with the city of Rio and with seven states in the Southeast and Center-West. The project will reduce truck traffic in urban areas and will generate around 5,000 jobs during construction.

The São Paulo Beltway is a major highway circle around the country’s biggest city. It will avoid cargo vehicle traffic having to pass through the São Paulo capital when heading for Santos Port on the coast. The total project is budgeted at R$3.6 billion using federal and state funding. In March of this year the now-open western stretch of the Beltway, the first to be built, was auctioned as a concession to the company Construtor Integrado Oeste, led by the Companhia de Concessiones Rodoviárias (CCR). The company will pay the state R$2 billion over two years for the concession.

Airports

Air freight still accounts for just a small proportion of the Brazilian cargo transportation matrix but the PAC includes investments totaling R$3 billion for the sector through 2010. The goal is to increase capacity of Brazilian airports by 40 million passengers per year, from 118 million to 158 million per year, and to increase cargo capacity from 100 million to 191 million tonnes per year with the construction of four new cargo terminals and the expansion of others.

At Porto Alegre in the capital of Rio Grande do Sul State, the federal government is investing R$220 million to build a new logistics complex in the airport and to lengthen the runway. At Vitória, the capital of Espírito Santo State, new passenger and cargo terminals are under construction for a total investment of R$380 million. The project should enhance multimodal transportation using the port of Vitória, the second most important in the country, increasing the volume and value of cargos handled.

Waterways

Here, the priority is to construct more waterway terminals, to undertake maintenance to ensure the navigability of waterways, and to improve the quality of waterway fleets. Investment will come from the Merchant Marine Fund. Most of the investments are destined to the Amazon region with the construction of 40 waterway terminals, the duplication of access to Maqueti Port, and the completion of locks at the Tucuruí Dam on the Tocantins River.

“The infrastructure projects included in the PAC, the construction of 40 waterway terminals, the modernization of the railroad sector, the Merchant Marine Fund and other initiatives are detailed in the National Plan for Transportation and Logistics (PNLT) anciennes of federal government actions to improve infrastructure logistics in the country,” said Marcelo Ferrupato of the Ministry of Transportation.
Arteries for Development

HOME TO THE WORLD’S LARGEST RIVER SYSTEM, BRAZIL IS INVESTING TO DEVELOP ITS WATERWAYS NETWORK. THE GOAL IS TO GREATLY EXPAND CARGO VOLUMES

BY JOÃO CARLOS RODRIGUES

Brazil has no less than 42,800 km of rivers, of which some 30,000 km is potentially navigable but is underused and could make a much greater contribution to economic development. Just a little over 10,000 km is used commercially, transporting around 45 million tonnes/year on eight waterways. Now, the government is carrying out a series of investments in an effort to promote commercial navigation on the other 20,000 km, seeking to boost total cargo capacity on the country’s rivers to no less than 160 million tonnes/year.

Part of the money being invested to modernize the sector is detailed in the federal government’s Faster Growth Plan (Plano de Aceleração do Crescimento – PAC). This allocates R$1.8 billion to ports and waterways in the period 2007-2010. Using these funds, the country will carry out work on seven waterways: the Tietê-Paraná and Paraná-Pará (both of which are in the South and Southeast of the country); the Amazonas-Solimões, Madeira and Paráiba (in the North); the Tocantins-Araguaia (in the Center-West) and the São Francisco (in the Northeast). Additionally, another waterway is in the planning stage, the Tapajós-Telles Pires in the Center-North of the country.

“Brazil is working to expand the use of waterway transportation because it is more economical and better from an environmental point of view,” said Adalberto Tokarski, the engineer who manages the Department for Development and Regulation of Inland Navigation (GDI) at the National Water Transportation Agency (Antraq). “Barge transportation emits 90% less carbon monoxide into the atmosphere (compared with highway transportation),” he said, underscoring the environmental advantages of waterways.

The GDI is responsible for projects now being carried out and those still under study. Tokarski coordinates a group of technicians who monitor progress and assess the opportunities for carrying out new projects in the sector.

Tokarski emphasized how the waterway sector in Brazil is evolving and creating investment opportunities. One good example of this is the country’s largest waterway system, the Tietê-Paraná Waterway, which has been enjoying annual cargo growth averaging around 12% a year since 1998. “The government is investing in rock removal and channel widening in the southern stretch of the waterway between the Paraguay and Paraná rivers to permit navigation for vessels drawing 2.5 meters,” he said.

In 2007 the waterway handled 4.3 million tonnes of cargo, including grain (650,000 tonnes of soy and 43,000 tonnes of wheat), sugar, fertilizer, diesel and other products. The works will allow for navigation from Hernandezas on the Paraguay to the Itapu Dam on the Paraná River. From there, it will be possible to go up the Paraná and Tietê rivers as far as the Ilha Bonita dam 225 km northwest of São Paulo city. Expectations are that this will increase the volume of cargo handled.

“In addition to rock removal and channel widening, we are also investing in dredging projects to make it possible to operate larger tows and provide greater operational safety,” Tokarski said.

Working with the support of the National Department of Transport Infrastructure (DNIT), a branch of the Ministry of Transportation, Antraq is also conducting studies for extending various other waterways: the Paraná on the border of Goiás and Minas Gerais states; the Rio Grande on the border of Minas Gerais and São Paulo states; and the Paraná River on the stretch between Paraná and São Paulo states. “We are looking at the possibility of building locks to extend the waterway by at least 1,000 km,” Tokarski said.

At Peace With the Sea

BY TIMÓTEO LOPES

Brazil has been blessed with enormous biodiversity, amongst the greatest and most valuable of any country in the world. Now it is paying close attention to environmental requirements and taking action to protect its marine system. At the same time the country is investing to modernize and expand its ports, putting into practice an environmental management policy which gives pride of place to prevention and the minimization of damage. In the same way that the country is treating port modernization as an urgent matter, Brazil has recently discovered it has enormous petroleum riches lying beneath the seabed and has started a campaign to preserve ecosystems in the South Atlantic.

Strong environmental legislation and good programs by companies, NGOs and public institutions all help ensure that Brazil preserves its marine biodiversity.

The Environment

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Researchers in many countries, the consequences may be irreversible. The inescapable logic is that Brazilian seas face the same kind of risk.

Given the imminent threats there have been some speedy actions to restrict environmental damage. In October of last year for example Governor José Serra of São Paulo State created three protection areas covering over one million hectares of ocean lying along the São Paulo State coastline. In practice, the state government gained the power to ban predatory fishing in these places and to block activities which could damage or pollute the

Fernando de Noronha: the archipelago is protected by federal legislation
Sanctuary. The idea is that everyone who visits or lives in such an ecological area increases the responsibility of all those living in the area. The archipelago of Fernando de Noronha, located some 350 km off the Northeast coast of Brazil and is protected as a National Marine Park and an Environmental Protection Area. In each year, it receives tourists. The island is a focal point for constant research and environmental education.

Another good example comes from the Rocas Archipelago, located in the South of Brazil, where modernization and environmental concern have gone hand-in-hand since 1997 when the port received the first operational license granted for port activities by Ibama, the Brazilian Institute for the Environment and Renewable Resources. Rocas Grande was also the first Brazilian port to conduct environmental studies and prepare reports of environmental impact, and this has made it a national benchmark. The port also created an environmental department which is responsible for various projects and preservation programs. "The principle function is to monitor the quality of the water, the sediment and organisms," explained Celso Elias Corrêa, a technical environmental advisor. "Environmental management is not seen here as an expense, but rather as an investment."

Acelor Mittal Tubarão, a steelworks operating in the steel products terminal in the Port of Praia Mole, next to Tubarão in the State of Espírito Santo, is also investing in environmental protection. The port area is now a feeding and breeding ground. The area is home to Brazil’s largest colony of marine birds, totaling 150,000. The atoll is also the second most important place in Brazil for Green Turtles to lay their eggs. For all these reasons, the area is a focus for constant research and environmental education.

At Santos, Brazil’s biggest port, it is easy to see the care being taken with environmental management. Environmental policies and activities are developed by Codesp, the São Paulo State Port Authority which has responsibility for Santos and which reinstated its internal operations to incorporate an environmental management program. It created a specific environmental area which evaluates different ways to conduct dredging, manage the risk of accidents and take precautions about the ballast water which ships making unladen international journeys often take on board in restricted areas, and then pump out again while in the port of Santos. Other concerns for the Codesp environmental area include increasing vigilance about disease and establishing a channel of communication with society to provide information about environmental solutions so that local people know what is really being done.

Environmental concern isn’t limited to the seas. Brazilian seaports are also increasingly protected. Another good example comes from the Port of Rio Grande, which modernization and environmental concern have gone hand-in-hand since 1997 when the port received the first operational license granted for port activities by Ibama, the Brazilian Institute for the Environment and Renewable Resources. Rocas Grande was also the first Brazilian port to conduct environmental studies and prepare reports of environmental impact, and this has made it a national benchmark. The port also created an environmental department which is responsible for various projects and preservation programs. "The principle function is to monitor the quality of the water, the sediment and organisms," explained Celso Elias Corrêa, a technical environmental advisor. "Environmental management is not seen here as an expense, but rather as an investment."

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The Brazilian Ministry of External Relations is organizing a meeting with 20 international and national specialists to identify bottlenecks and opportunities at Brazilian ports

BY JOSÉ CARLOS RODRIGUES

The Brazilian ports sector is responsible for handling 95% of all the country’s foreign trade. Last year Brazilian imports and exports totaled US$217 billion, comprising US$132 billion in exports and US$85 billion in imports. With 8,500 km of Atlantic coast and almost 43,000 km of rivers Brazil wants to make these numbers even greater. As part of the strategy to maximize this potential the Ministry of External Relations (MRE) is promoting a major event, an international seminar called “Opening of the Ports to Friendly Nations: 200 Years of Trade and Co-operation.”

The seminar will bring together 20 Brazilian and international specialist in the sector, plus Brazilian and foreign authorities, to debate subjects such as port technology, logistics, the integration between ports and cities and commercial management.

Cruise liners

Iquetal, a municipal port, is proceeding in a similar manner. In October of this year it used the monthly meeting of the Port Authorities Council (CAP) to announce a project for a port and tourism complex. The project includes revitalizing a piece of land measuring 30,000 m², building a new pier to receive ocean liners, and providing all the necessary infrastructure for embarkation and disembarkation of tourists. The São Sebastião Port Authority, which is responsible for administration of the Port of São Sebastião on the São Paulo coast, has two objectives for its port development project. These are to improve operational efficiency and to improve the quality of life of the surrounding community. In May of this year the port authority signed an agreement with the São Paulo development company (Companhia Paulista de Desenvolvimento – CPD) which is an agency of the São Paulo State Government, and with the state secretariat of transportation, to prepare licensing projects and a development plan for the port.

In Rio de Janeiro, Antonio Luiz Barboza Correa is another urban planner who draws inspiration from the Spanish experience, and seeks to emulate it. Director of urban planning at the Pereira Passos Institute, Correa believes that the revitalization of the Rio de Janeiro port can be even better than Barcelona. After all, he says, the Rio port has an area of 170 hectares which is a considerable urban asset and is in a prime geographical location. Also, Correa thinks that — just like Barcelona — Rio de Janeiro could make use of major sporting events to jump-start the revitalization of the port region.

and the demolition of the Mercado Quadrado — literally, the “Square Market” — substituting this with a seafood restaurant to be run by a fisherman’s co-operative. The project also calls for renovation of the Casa Laranjeira, built in 1832. City authorities are granting exemption from building taxes for local residents and shopkeepers who restore the frontage of their buildings in the historic center.

In another venture, the Angra dos Reis city authorities will offer the local port authority an area of 300,000 m² in the sapucaí neighborhood to build a new storage patio for port cargo. This will replace the existing patio in the city center. Once this area becomes free, a two-kilometer wall currently separating the historic city center from the sea along the Lapa Quay will be demolished.

According to Fernando Jordão, the mayor of Angra dos Reis, this will effectively turn the city more towards the sea, improving access for beachgoers and fisherman and as a consequence encourage the growth of tourism.
discussing the environmental advantages of waterway transportation as compared to highways, railroads and air transportation. Experts say that preserving the environment has a direct impact on the efficiency and competitiveness of ports. This, they say, will make it easier to obtain environmental licensing and will improve the integration between ports and cities. The Brazilian government and the businessmen in the sector want to hear the experience of other countries and apply this in Brazilian ports where appropriate.

Another matter that will figure largely during the discussions is the role of ports in the day-to-day life of the cities where they are located. Specialists in the ports sector and in urban development say that public policies for cities with ports must include projects and actions that take into account the activities undertaken by the ports. This synergy is essential to developing the regions around the ports.

One of the speakers to address this question will be Jorn Walters, of Germany. In his working paper, Walters will also explain various measures need to be taken so that there can be synergy between port activities and day-to-day life in the places where ports are located.

The historic seminar commemorates an important landmark in the end of the colonial system, when Brazil became free from Portuguese domination and could effectively integrate with international production and trade systems as a sovereign nation, and the DPR has been working for almost a year to mark this moment. In 2007 the department organized business missions to Singapore, Shanghai (China), Hamburg (Germany) and Le Havre (France) to promote the event. Ports Minister Pedro Brito and Antaq Director-General Fernando Filho participated in these missions.

This year Itamaraty has promoted additional missions to spread the word about the mega-event. Brazilian government officials and businessmen from the sector have visited ports in Los Angeles, Houston and New York in the USA, Dubai (United Arab Emirates), Copenhagen (Denmark) and Tokyo (Japan) to invite their directors and operators to participate in the seminar. In this process of establishing contacts, Brazil has also sought bilateral cooperation to further develop its ports sector.

“We have organized business missions to the leading international port centers to attract investments, technology and know-how,” the minister said. The MRE said that promoting the Brazilian ports sector in such leading international centers has helped to modernize it, and the growth in cargo movement is a demonstration of this. In 2007 Brazilian ports and terminals handled around 754.7 million tonnes representing an increase of 10.9% over the previous year, while the total volume of cargo transported by the national ports network was 692.8 million tonnes.

Thanks to the foreign missions, Sardinha said, Brazil has established an agreement with Holland and is negotiating one with Spain. “Working groups are being created with these strategic partners to identify and recommend cooperation projects. By means of such initiatives, the Ministry of External Affairs has contributed to the process of modernizing Brazilian ports.”