Public Transportation Overview of Brazil

FIFA World Cup in 2014 Creates New Opportunities

September 17, 2009

Presentation by: Miguel Hernández
Commercial Officer
São Paulo, Brazil
WHY BRAZIL?

- 190 million consumers with increased purchasing power
- GDP of over US$1.5 trillion in 2008
- Trade between the US and Brazil was $50 billion in 2008.
- Inflation Rate: 4.5 % year
- Achieved investment grade status (S&P Rating Services – April 2008)
- Falling inflation rate
- Declining interest rates
- Appreciating currency
- Over US$200 billion in reserves
- Brazil’s economy is growing in 2009 unlike many other economies in the world.
Opportunities

- Brazil will host the FIFA World Cup in 2014

- Regardless of the global economic situation, Brazil must invest significantly in its infrastructure to successfully host the games.

- On top of the US$240 billion in infrastructure investments announced by Brazil’s federal government through the Growth Acceleration Program (PAC), even more infrastructure investments have been pledged to stimulate the economy and create jobs.

- Brazil is seeking to increase private concessions and Public Private Partnerships (PPP’s) to generate new funds for investment in roads, rails, ports and airports.
<table>
<thead>
<tr>
<th>SECTOR</th>
<th>MINISTRY</th>
<th>FUNDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>Civil Cabinet, Ministry of Transportation and</td>
<td>USD 240 Billion</td>
</tr>
<tr>
<td></td>
<td>Ministry of Finance</td>
<td></td>
</tr>
<tr>
<td>Sanitation</td>
<td>Ministry of Cities</td>
<td>USD 19 Billion</td>
</tr>
<tr>
<td>Science and Technology</td>
<td>Ministry of Science and Technology</td>
<td>USD 16 Billion</td>
</tr>
<tr>
<td>Education</td>
<td>Ministry of Education</td>
<td>USD 3.8 Billion</td>
</tr>
<tr>
<td>Security</td>
<td>Ministry of Justice</td>
<td>USD 3 Billion</td>
</tr>
<tr>
<td>Youth Programs</td>
<td>Ministry of Labor</td>
<td>USD 2.5 Billion</td>
</tr>
<tr>
<td>Heath Care</td>
<td>National Health Foundation</td>
<td>USD 1.9 Billion</td>
</tr>
<tr>
<td>Transportation</td>
<td>Ministry of Cities</td>
<td>USD 214 Million</td>
</tr>
</tbody>
</table>

**TOTAL PLANNED PAC EXPENDITURES**

USD 287 Billions
World Cup Host Cities

1. Fortaleza (Ceará) - Estádio: Castelão
2. Natal (Rio Grande do Norte) - Estádio: Cidade das Dunas
3. Recife (Pernambuco) - Estádio: Cidade da Copa
4. Salvador (Bahia) - Estádio: Fonte Nova
5. Brasília (Distrito Federal) - Estádio: Estádio Nacional de Brasília
6. Belo Horizonte (Minas Gerais) - Estádio: Mineirão
7. Rio de Janeiro (Rio de Janeiro) - Estádio: Maracanã
8. São Paulo - (São Paulo) - Estádio: Morumbi
9. Curitiba (Paraná) - Estádio: Arena da Baixada
11. Manaus (Amazonas) - Estádio: Vivaldão
12. Cuiabá (Mato Grosso) – Estádio: Verdão
Highway Projects Connecting World Cup Host Cities

Recife
Natal
Manaus
Cuiabá
Brasília
Belo Horizonte
Rio de Janeiro
São Paulo
Porto Alegre
Curitiba
Salvador
Fortaleza
Natal
Recreio
BR-319
BR-364
BR-070
BR-020
BR-242
BR-101
BR-304
BR-101
BR-116
BR-104
BR-070
BR-040
BR-116
BR-101
BR-304
REGIONAL DISPARITIES

GDP share - % of total GDP - 2008

Source: International Monetary Fund
Bus Rapid Transit (BRT) Projects
**Bus Rapid Transit (BRT) Projects**

- The bus rapid transit (BRT) system – such as the one installed in Curitiba in the 1970s – can be an efficient solution for smaller host cities.

- In the BRT system, fees are charged at stations and not on the buses, making it faster. Implementation of the system is also much cheaper than a subway.

- While 1km of metro costs about US$100mn, a BRT system costs US$10mn.

- In addition, it can be implemented in 24-36 months, whereas subway lines can vary enormously.

- The Belo Horizonte subway has been under construction for 27 years.

- In addition to Brazil, BRT is used in countries such as Colombia and Chile.

The metropolitan transport expansion plan aims to provide the system with 99 new trains, new rail and metro lines, and new transport technology, such as hydrogen-run buses.

In the metro system, US$500 million will be invested by the São Paulo municipal government to expand a metro line. When ready, the line will transport 22,000 people/day.

The state will invest another US$4 billion in the metro system, with support coming from the federal transport budget, the Inter-American Development Bank, the World Bank, DB, World Bank and the Japan Bank for International Cooperation. The plan is to expand two lines by a total 17.8 km.
PRIVATE SECTOR ROLE

- Decisions about the privatization of airports (INFRAERO), ports, a high speed train and more road concessions are being considered in Brazil this year.

- These privatizations will create many new opportunities for suppliers in the industries.

- Brazil has laws that establish the general rules for public-private partnerships (PPP) and is supplementary to the existing public bidding and concession laws.

- A PPP is defined as a concession agreement and is essentially a build-operate-transfer concession designed for projects that require additional government support to take off.
Thank you!

Miguel Hernández, Commercial Officer
U.S. Consulate General
R. Thomas Deloney, 381
São Paulo, Brazil
miguel.hernandez@mail.doc.gov
Phone: 55-11-5186-7402
Fax: 55-11 5186-7410