

Brazil to close loophole for private container terminals

Minister targets ports that employ non-union labour and pay no rent

Rainbow Nelson - Quinta-feira 23 Outubro 2008

BRAZIL'S Ports Minister Pedro Brito has pledged to close a legal loophole that in effect rules out the development of privately-owned container terminals in Latin America's largest economy.

The minister told investors in London that a presidential decree would be issued at the end of this month clarifying the conditions for port development along Brazil's 8,500 km coastline and 40,000 km network of inland waterways.

The decree stems from controversy surrounding Brazil's most modern container terminal, Portonave in Navegantes, which opened for business in November last year.

It was developed by Brazilian infrastructure specialist Triunfo, with funding from private equity firm GE Capital and private investment vehicle Back Moon Investments, understood to belong to the port's largest customer, Mediterranean Shipping Co.

Portonave and other large-scale ports including Coimex's Embraport development in Santos and Hamburg Süd's Itapoa project in Santa Catarina, are being developed under existing guidelines, which permit development of private terminals that do not need to employ unionised labour or pay rent to the government if they handle their own cargoes.

The new decree will ensure that investors will not be able to repeat the formula in Brazil.

"We are separating private ports that do not undergo a bid process and are simply authorised under the condition that these private ports attend directly to the needs of the company," Mr Brito said.

"Private ports are an extension of the company, part of the vertical integration of the business, in the case of Vale, Bunge, Petrobras, and importers and exporters that need a port as a cost centre as an integral part of the business."

As such, containerlines and container terminal operators that facilitate shippers will need to go through a public bidding process to develop new facilities in Brazil.

"In the case of general cargo and container ports they could also be awarded to the private sector, but only with a bid process," said Mr Brito.

"Navegantes will not exist any more because Navegantes is a container port that was not tendered, it was simply authorised and it did not go through a bid process. We do not want a case like Portonave any more."

Portonave has been an instant success, handling 160,000 teu in its first nine months of this year and attracting shipping lines including Hamburg Süd, NYK Line, Zim Line, Hapag-Lloyd and MSC.

Shipping lines and private investors had been lobbying for investment rules to be freed up with more than \$10bn of investment in these types of terminals on the drawing board.

LLX, the port arm of Brazilian billionaire Eike Batista's mining group, had proposed an ambitious \$1.9bn development in Peruibe, Sao Paulo, that would have competed with the country's leading port, Santos, for up to 3.2m teu a year on similar terms to Portonave's operation.

The project was dropped at the start of this month amid financial turmoil and repeated opposition from environmentalists and Mr Brito.

Under the new model, Brazil's coastline would be zoned to determine what type of ports could be developed and where, Mr Brito said.

Brazil to close loophole for private container terminals

Minister targets ports that employ non-union labour and pay no rent

Rainbow Nelson - Quinta-feira 23 Outubro 2008

BRAZIL'S Ports Minister Pedro Brito has pledged to close a legal loophole that in effect rules out the development of privately-owned container terminals in Latin America's largest economy.

The minister told investors in London that a presidential decree would be issued at the end of this month clarifying the conditions for port development along Brazil's 8,500 km coastline and 40,000 km network of inland waterways.

The decree stems from controversy surrounding Brazil's most modern container terminal, Portonave in Navegantes, which opened for business in November last year.

It was developed by Brazilian infrastructure specialist Triunfo, with funding from private equity firm GE Capital and private investment vehicle Back Moon Investments, understood to belong to the port's largest customer, Mediterranean Shipping Co.

Portonave and other large-scale ports including Coimex's Embraport development in Santos and Hamburg Süd's Itapoa project in Santa Catarina, are being developed under existing guidelines, which permit development of private terminals that do not need to employ unionised labour or pay rent to the government if they handle their own cargoes.

The new decree will ensure that investors will not be able to repeat the formula in Brazil.

"We are separating private ports that do not undergo a bid process and are simply authorised under the condition that these private ports attend directly to the needs of the company," Mr Brito said.

"Private ports are an extension of the company, part of the vertical integration of the business, in the case of Vale, Bunge, Petrobras, and importers and exporters that need a port as a cost centre as an integral part of the business."

As such, containerlines and container terminal operators that facilitate shippers will need to go through a public bidding process to develop new facilities in Brazil.

"In the case of general cargo and container ports they could also be awarded to the private sector, but only with a bid process," said Mr Brito.

"Navegantes will not exist any more because Navegantes is a container port that was not tendered, it was simply authorised and it did not go through a bid process. We do not want a case like Portonave any more."

Portonave has been an instant success, handling 160,000 teu in its first nine months of this year and attracting shipping lines including Hamburg Süd, NYK Line, Zim Line, Hapag-Lloyd and MSC.

Shipping lines and private investors had been lobbying for investment rules to be freed up with more than \$10bn of investment in these types of terminals on the drawing board.

LLX, the port arm of Brazilian billionaire Eike Batista's mining group, had proposed an ambitious \$1.9bn development in Peruibe, Sao Paulo, that would have competed with the country's leading port, Santos, for up to 3.2m teu a year on similar terms to Portonave's operation.

The project was dropped at the start of this month amid financial turmoil and repeated opposition from environmentalists and Mr Brito.

Under the new model, Brazil's coastline would be zoned to determine what type of ports could be developed and where, Mr Brito said.

Brazil to close loophole for private container terminals

Minister targets ports that employ non-union labour and pay no rent

Rainbow Nelson - Quinta-feira 23 Outubro 2008

BRAZIL'S Ports Minister Pedro Brito has pledged to close a legal loophole that in effect rules out the development of privately-owned container terminals in Latin America's largest economy.

The minister told investors in London that a presidential decree would be issued at the end of this month clarifying the conditions for port development along Brazil's 8,500 km coastline and 40,000 km network of inland waterways.

The decree stems from controversy surrounding Brazil's most modern container terminal, Portonave in Navegantes, which opened for business in November last year.

It was developed by Brazilian infrastructure specialist Triunfo, with funding from private equity firm GE Capital and private investment vehicle Back Moon Investments, understood to belong to the port's largest customer, Mediterranean Shipping Co.

Portonave and other large-scale ports including Coimex's Embraport development in Santos and Hamburg Süd's Itapoa project in Santa Catarina, are being developed under existing guidelines, which permit development of private terminals that do not need to employ unionised labour or pay rent to the government if they handle their own cargoes.

The new decree will ensure that investors will not be able to repeat the formula in Brazil.

"We are separating private ports that do not undergo a bid process and are simply authorised under the condition that these private ports attend directly to the needs of the company," Mr Brito said.

"Private ports are an extension of the company, part of the vertical integration of the business, in the case of Vale, Bunge, Petrobras, and importers and exporters that need a port as a cost centre as an integral part of the business."

As such, containerlines and container terminal operators that facilitate shippers will need to go through a public bidding process to develop new facilities in Brazil.

"In the case of general cargo and container ports they could also be awarded to the private sector, but only with a bid process," said Mr Brito.

"Navegantes will not exist any more because Navegantes is a container port that was not tendered, it was simply authorised and it did not go through a bid process. We do not want a case like Portonave any more."

Portonave has been an instant success, handling 160,000 teu in its first nine months of this year and attracting shipping lines including Hamburg Süd, NYK Line, Zim Line, Hapag-Lloyd and MSC.

Shipping lines and private investors had been lobbying for investment rules to be freed up with more than \$10bn of investment in these types of terminals on the drawing board.

LLX, the port arm of Brazilian billionaire Eike Batista's mining group, had proposed an ambitious \$1.9bn development in Peruibe, Sao Paulo, that would have competed with the country's leading port, Santos, for up to 3.2m teu a year on similar terms to Portonave's operation.

The project was dropped at the start of this month amid financial turmoil and repeated opposition from environmentalists and Mr Brito.


Under the new model, Brazil's coastline would be zoned to determine what type of ports could be developed and where, Mr Brito said.

An international consultant will work with authorities to draw up the country's first comprehensive port plan within the next six months. The plan will determine where new 'organised ports', which will include container terminals, can be developed. Port developers keen to move ahead with container terminal projects are being encouraged to draw up feasibility studies that will be analysed by the ministry and other authorities before deciding whether the plan merits a public bid. The party that devises the project will not receive any extra weighting in a tender, but will be compensated for any expenses incurred in drawing up the project by the party that wins the bid.

Mr Brito forecast that Brazilian ports would handle more than 800m tonnes of cargo and 8m teu this year, and 900m tonnes and 10m teu by 2010. The Brazilian government is investing \$2.6bn in ports over the next four years, including a \$1bn dredging programme.



 [Send to
Colleague](#)

 [Printer Friendly
Format](#)

 [Email the
Editor](#)

Article from Lloyd's List:

www.lloydslist.com/art/1224667730697

Published: 23/10/2008 GMT


© 2008 Informa plc. All rights Reserved. Lloyd's is the registered trademark of the Society incorporated by the Lloyd's Act 1871 by the name of Lloyd's

An international consultant will work with authorities to draw up the country's first comprehensive port plan within the next six months. The plan will determine where new 'organised ports', which will include container terminals, can be developed. Port developers keen to move ahead with container terminal projects are being encouraged to draw up feasibility studies that will be analysed by the ministry and other authorities before deciding whether the plan merits a public bid. The party that devises the project will not receive any extra weighting in a tender, but will be compensated for any expenses incurred in drawing up the project by the party that wins the bid.

Mr Brito forecast that Brazilian ports would handle more than 800m tonnes of cargo and 8m teu this year, and 900m tonnes and 10m teu by 2010. The Brazilian government is investing \$2.6bn in ports over the next four years, including a \$1bn dredging programme.



 [Send to
Colleague](#)

 [Printer Friendly
Format](#)

 [Email the
Editor](#)

Article from Lloyd's List:

www.lloydslist.com/art/1224667730697

Published: 23/10/2008 GMT


© 2008 Informa plc. All rights Reserved. Lloyd's is the registered trademark of the Society incorporated by the Lloyd's Act 1871 by the name of Lloyd's

An international consultant will work with authorities to draw up the country's first comprehensive port plan within the next six months. The plan will determine where new 'organised ports', which will include container terminals, can be developed. Port developers keen to move ahead with container terminal projects are being encouraged to draw up feasibility studies that will be analysed by the ministry and other authorities before deciding whether the plan merits a public bid. The party that devises the project will not receive any extra weighting in a tender, but will be compensated for any expenses incurred in drawing up the project by the party that wins the bid.

Mr Brito forecast that Brazilian ports would handle more than 800m tonnes of cargo and 8m teu this year, and 900m tonnes and 10m teu by 2010. The Brazilian government is investing \$2.6bn in ports over the next four years, including a \$1bn dredging programme.



 [Send to
Colleague](#)

 [Printer Friendly
Format](#)

 [Email the
Editor](#)

Article from Lloyd's List:

www.lloydslist.com/art/1224667730697

Published: 23/10/2008 GMT

© 2008 Informa plc. All rights Reserved. Lloyd's is the registered trademark of the Society incorporated by the Lloyd's Act 1871 by the name of Lloyd's