

## Brazil's Lula Goes to Davos in Search of Investors

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The Brazilian government estimates that at least US\$ 3.3 billion may be invested by the private sector, domestic and international, in the 23 infrastructure projects forecasted in the Multi-Year Plan (PPA) and that are considered feasible for Public-Private Partnerships (PPP's).

The total cost of these enterprises - which include construction, duplication, recovery and expansion of highways, railways, ports and irrigation systems -, is evaluated at around US\$ 4.8 billion.

"The government does not have a precise estimate (about foreign investment), but believes that of the US\$ 4.8 billion forecasted in the PPA up to 2007, at least 70% may be invested by the private sector," stated the deputy head of Analysis and Government Policies at the Chief of Staff's Office, Luiz Alberto dos Santos.

According to him, although the maximum assets of the PPP Guarantee Fund (FGP) are US\$ 2.2 billion, nothing impedes private investment of reaching figures greater than this value.

The FGP is going to work as a kind of Government guarantor in the PPP projects, paying the private partner the amount forecasted in case the state goes default.

"If we consider the total estimated (of 70% of the US\$ 4.8 billion), we would have US\$ 3.3 billion in the next three years, up to 2007. Part of these funds may come from the foreign market and the federal government intends to attract this money by advertising the new legislation on the foreign market," added Santos.

In this sense, one of the main objectives of the meeting Brazilian president Luiz Inácio Lula da Silva is going to have with foreign investors - to take place in parallel to the World Economic Forum in Davos, Switzerland, at the end of the month -, will be to present the Public-Private Partnership law that has recently been enacted.

The law was approved by the Brazilian Congress on December 20 and was passed by the Brazilian President on the 30th of the same month.

Lula met with foreign investors on other opportunities, in New York and Geneva, in 2004, but at those occasions the PPP's were just a promise. Now, for the first time, he may address them as a reality.

The PPP's are seen by the government as essential for support of country growth and as an opportunity to significantly increase investments in infrastructure, especially in the transport sector.

Of the 23 projects forecasted in the PPA, 19 are turned to highways, railways and ports.

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