

## Brazil Doubles Investments in Railroads, But Problems Abound

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Between 2001 and 2004 there was a significant increase in investments in Brazilian railroads, reports the Terrestrial Transport Agency (ANTT) as the result of a revitalization project. Before the project, investments in 2001 were US\$ 352 million. In 2004, they had climbed to US\$ 821 million.

The ANTT director general, José Alexandre Resende, says that Brazilian Development Bank (BNDES) investments were fundamental in the improvement of the investment profile and that further BNDES funding is expected.

Resende said there had also been an increase in cargo transported, rising from 305 million tons in 2001, to 378 million tons in 2004.

The railroad sector in Brazil is recovering its dynamism, assured, recently, the president of the National Rail Transport Association (ANTF), Elias David Nigri.

"The government is presently trying to restore the importance of railroads in the Brazilian transportation system."

According to Nigri, all the railroads are expanding their transportation capacity, and lines are being repaired and better equipped.

"The current annual demand is for 8 thousand railway cars." He recalled that, in 2002, the number of railway cars manufactured in Brazil amounted to only 300.

"It is a sector that is being regenerated, that is visibly recovering. So, the thing to do is continue this growth campaign, which is sustained."

In his view, the development that Brazil is experiencing under the current economic model depends on railroads. He contends that "the transportation of commodities, iron ore, the fruits of agribusiness, and steel products is only possible and efficient by rail.

"So there is no way to discuss development without the participation of railroads. The government is aware that, without infrastructure, there is no development, and that depends on the railroads."

Among the principal problems that still hamper the development of the Brazilian railroad sector, the president of the ANTF mentioned port access facilities, which he considers inadequate for the volume of cargo transported by rail.

He also referred to invasions of rights-of-way, where irregularly and illegally built houses dispute the area with the railroads, clogging transportation and destroying efficiency.

Another problem is grade crossings (where roads and railways intersect), Nigri observed. He revealed that the country's 28 thousand kilometers of railway are cut by 11 thousand grade crossings. This represents a grade crossing every 2.5 kilometers.

"These are problems that need to be resolved. If we desire an efficient, modern country, with adequate transportation, we must discover solutions to these problems." Labor and regulatory issues also demand solution, he commented.

Rail cargo volume attained 370 million tons last year. For 2005, Nigri projects an increase of between 10% and 15%, the

average annual rate of growth that has been maintained in recent years.

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