

Nobody Wants to Invest in Brazil's Infrastructure: Too Risky, Too Much Red Tape

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High risks, low returns, excessive or inadequate regulation, currency risk, inflation, and lack of markets are some of the factors making private investments in infrastructure increasingly scarce in the countries of Latin America and the Caribbean.

This is the assessment made by the chief executive of the Infrastructure Fund for Latin America and the Caribbean, Everett Santos.

He and other speakers took part in the debate on "A Better Climate for Private Sector Investment in Infrastructure in Latin America and the Caribbean," which was part of the preparatory encounter for the meeting of the Inter-American Development Bank (IADB) in Belo Horizonte, capital of the state of Minas Gerais.

According to Santos, in 1996 Latin America received US\$ 1 billion in investments in infrastructure, more than it is able to attract now.

Two other concerns identified by Santos were the large percentage of the population that lives in extreme poverty in the region and the absence of infrastructure projects that provide immediate benefits to the population.

"If you are trying to expand the infrastructure, you have to reach more people. You can't request investments without the support of society."

The Brazilian Minister of Planning, Paulo Bernardo, said that the government's goal is to create an atmosphere that is increasingly predictable for investors.

"We consider it essential that whoever wants to discuss investing in our country be able to know how his investment will be spent over the next five or ten years."

Despite the deceleration in investments in recent decades, the president of the National Economic and Social Development Bank (BNDES), Demian Fiocca, pointed out that there has been growth on a year-to-year basis.

According to Fiocca, the bank lent US\$ 10.8 billion to the petroleum and energy sectors in 2001. This amount rose to US\$ 15.8 billion last year.

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