

Federal Government sets the date for auction of the Brazilian Bullet Train

Kluwer Construction Blog

November 17, 2010

Júlio César Bueno (Pinheiro Neto)

Please refer to this post as: Júlio César Bueno, 'Federal Government sets the date for auction of the Brazilian Bullet Train', Kluwer Construction Blog, November 17 2010, <http://kluwerconstructionblog.com/2010/11/17/brazilianbullettrain/>

Auction date has been defined

The meeting held between Dilma Roussef, the Brazilian President-elect and members of the State Office and the Government transport sector sealed the date for the auction for the bullet train that will connect Campinas-São Paulo-Rio de Janeiro. According to Dilma's decision, it will take place on **November 29, 2010**.

Requests had been made by businessmen to postpone this date, and in view of this, the meeting was held yesterday between the President-elect and the members of the government responsible for the auction.

According to allegations of interested parties, the administration had delayed in disclosing the rules due to the electoral process, which allegedly had impaired companies from taking this decision and from concluding feasibility studies on the project.

Notwithstanding these complaints, the decision was made to maintain the date set on the invitation to bid. Bids will be delivered by the November 29 and the winner will be disclosed 18 days afterwards.

The works, which are now estimated to cost **US\$ 20 billion** awakened the interest

of South Korea, China, Japan, Germany, France and Spain.

Funding

The Government published a provisional measure to guarantee funding of up to US\$ 12 billion for Banco Nacional de Desenvolvimento Econômico e Social - BNDES financing for the project.

Provisional Measure 511 included a clause that permits the Federal Government cover up to **US\$ 3 billion** should income for the project fall below what has been forecast for the first 10 years of operation. This measure seeks to guarantee the interests of foreign investors in the project.

BNDES has held discussions with Japanese, Korean, Chinese, Spanish, German and French investors. The cap for the tariff has been set at **US\$ 115** for the segment between Rio and São Paulo. The trip will take one hour and thirty minutes (1:30) and the extension of the bullet train is 511 km.