

Brazil launches Public Hearings for Privatization of Airports

Last October 28, Brazil's National Aviation Agency (ANAC) disclosed the draft RFP in connection with the privatization of the international airports of Florianópolis, Fortaleza, Porto Alegre, and Salvador, (the "Airports"), as part of the Brazil's Investment Partnership Plan (the "Plan"). The winning bidders will be awarded with long-term concession contracts providing for the expansion, maintenance, and exploration of the Airports. The draft will be open for public consultation and comments through November 7.

Foreign companies are allowed to bid, individually or jointly as part of a consortium. The bidding consortia must indicate the consortium member that will act as the Airport Operator, which must retain at least 15 percent of the consortium share.

The award criteria will be the highest amount offered for the "Initial Fixed Contribution" payable to the government. Bidders may submit offers for all the four Airports; however, the bidder cannot be awarded more than one airport within the same "region". For this purpose, Florianópolis and Porto Alegre airports are in the "South region", while Fortaleza and Salvador airports are in the "Northeast region".

State-owned company INFRAERO (which currently operates the Airports), will not hold any equity participation in the Airports' new concession companies. INFRAERO will turn over the operation of the Airports to the new concession companies under a transition plan composed of several stages including: (i) transfer of contracts signed by INFRAERO in connection with the use of the airport area; as well as (ii) transfer of INFRAERO's employees working in the Airports to the new concession holders.

Among other aspects that could raise discussions during the public consultation process, one could highlight: (i) the minimum amount of the Annual Fixed Contribution as well as its annual adjustment and form of payment; (ii) costs related to the transfer of INFRAERO's employees; (iii) responsibility for expropriation of land required for the expansion of Salvador airport (both in terms of costs and expropriation proceeding); (iv) delivery of the expansion project; and (v) criteria for adjustment of the Airports' tariffs.

The schedule for the auction has not yet been disclosed.

Public Law,
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