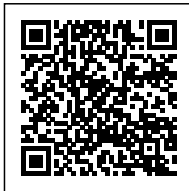


INVESTING IN BRAZILIAN INFRASTRUCTURE

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Brazil is likely to be a permanent fixture in the headlines over the coming years as it prepares to host the World's two biggest sporting events – the 2014 FIFA World Cup and the 2016 Olympics.

Antonio Corrêa Meyer, Founding Partner of leading local firm Machado Meyer Sendacz & Opice Advogados, however, is quick to warn that the country must make major investments in its infrastructure if it is to fulfil its ambitions.

"The government seriously needs to update the country's infrastructure, and not just those related to the World Cup and Olympics," he says. "We need to improve airports, roads, ports and energy projects otherwise Brazil will never be genuinely able to expand."

The Government has nonetheless made ambitious soundings, particularly with the announcement last year of plans to invest \$350bn into the country's infrastructure. This programme includes major projects such as the proposed \$19bn high speed rail link between Rio de Janeiro and Sao Paulo.



Meyer says that the authorities are looking closely at the best way to finance such schemes but, inevitably, they will require a large amount of private finance. With the Brazilian Real being so strong and Brazilian banks offering high interest rates, the hope is that more international sponsors and financiers will get involved and drive the market forwards.

"BNDES, the state-owned bank, has so far played an important role financing infrastructure developments but the Government is now looking at new instruments, such as PPPs and better tax regimes, to help international companies get more involved in projects."

With concern mounting that infrastructure for both the World Cup and the Olympics may yet hit delays, ensuring the right developers and financing mechanisms are in place is crucial, Meyer concludes. "Brazil needs to invest in its infrastructure if it is to invest in its future."