



excellent opportunities. The bill which regulates concessions of public services to the private sector has been approved, allowing their participation in all public services which do not have constitutional impediments, including the generation, transmission and distribution of electric energy.

The government plans to sell 35 *hydroelectric* and 9 *thermoelectric plants* by 1999. The plants are capable of producing 23,700 megawatts. Total investment is estimated at R\$22 billion.

The government will auction 60% of voting stock in Light in the second quarter of 1996, the Rio de Janeiro state power utility, owned by Eletrobrás. The auction calls for selling for cash at least 51% of Light. No minimum price was disclosed, but it is estimated at R\$1.2 billion for the 51% portion.

The arrival of *natural gas* from Bolivia or Argentina, or both, will spur enormous investments in gas-fired co-generation projects as all indications point to southern Brazil being electricity-deficient in the coming 2 or 3 years.

### Mining

Brazil is one of the five most important mineral producers in the world although it remains largely unexplored with less than 20% of the country mapped in detail. After the 1988 constitution, investments in the sector dropped from US\$160 million to US\$47 million per year. The government hopes to change this picture with the recent changes made to the Brazilian mining legislation.

These changes now allow companies constituted with foreign capital to prospect for minerals and to mine in Brazil. The immediate impact has been a spate of visits from foreign companies. In the last six months, fifty large corporations have arrived to survey the market and 30 small

companies are exploring mines in several areas of the country. Canadian companies are and have been some of the first to invest, with gold mining attracting companies such as TVX Gold, Barrick Gold (has been installed in Brazil since Dec 95), Echo Bay and Placer Dome. It is expected that overall foreign investment will total US\$ 1 billion by the end of 1996.

### Transportation

Privatization is probably the only way out of the crisis of the transportation sector. Neither the federal nor the state governments can pay for urgent repairs, let alone the expansion of highway networks. Something similar will no doubt happen with the railways, whose finances are in even worse shape than the highways and ports. Port charges were recently identified by a senior Brazilian economist as one of the main impediments to further increases in Brazilian export competitiveness.

The National Development Bank (BNDES) plans to release more than R\$1 billion so that São Paulo state government can proceed with construction work on the São Paulo subway system. Work was stopped during the previous state administration. Japan's Eximbank is also expected to grant a loan for São Paulo's subway.

The first segment of the railway system, the West subsystem (Mato Grosso do Sul - São Paulo) was auctioned on March 5, 1996. The price was R\$53 million, in cash, but financed over a 30 years.

Investors are needed to fund the Ferronorte railroad which will connect the North and Central West to the ports of Santos and Sepetiba. The first phase of the project is estimated at \$1.2 billion.