

# U.S. BUSINESS OPPORTUNITY

## BRAZIL: CEARÁ NEW AIRPORT

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### Promoting U.S. Exports, Supporting U.S. Jobs

Agencies across the U.S. government are partnering to help U.S. companies connect with buyers worldwide. Through a variety of resources, federal agencies can provide U.S. firms with the information and tools they need to compete for foreign contracts. From trade advocacy and export promotion efforts to matchmaker services and promoting the availability of export credits, federal agencies can support U.S. companies in selling their goods and services to the 95% of the world's consumers, who are located outside of the United States, by helping to create opportunities and to level the playing field.

For more information on this project, possible financing options and export opportunities in Brazil, contact:

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### Overview

The State of Ceará's economy is the third largest in Brazil's Northeast region, with a GDP that nearly doubled between 2002 and 2008. The state has over eight million inhabitants with 2.5 million people living in the capital of Fortaleza. The total amount of agricultural cargo alone reached close to 300,000 tons in 2009 and is expected to reach 558,279 tons by 2015. The existing infrastructure in Ceará is not able to meet the state's growing cargo demand.

The U.S. Trade and Development Agency (USTDA) has provided a grant in the amount of \$480,000 to the Agency for Development of the State of Ceará (ADECE) to fund the costs of a feasibility study for the Ceará New Airport Project.

### Project Description

The runway at the Pinto Martins International Airport is not long enough to support cargo flights and there is no room to add cargo capability. Additionally, the airport has limited connectivity with Ceará's main port, Port of Pecém. Brazil's two main cargo airports are located in the southeast of the country. As such, most air cargo traffic in the Northeast is rerouted through Sao Paulo in the Southeast, which is a 3.5 hour flight from Fortaleza. This not only increases transportation costs for most goods but also increases risk for perishable products.

The objective of the project is to establish an implementation plan for a new airport facility that would serve both cargo and passenger traffic and would complement the expansion currently underway at the port and increase the efficiency of cargo.

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USTDA

U.S. TRADE AND DEVELOPMENT AGENCY

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A new airport would provide the infrastructure necessary to allow for a greater number of direct routes to and from Ceará and foster multimodality between the port, rail and road systems.

Among the objectives of the project are to provide a market analysis that will determine the most likely products and clients for the new facility and establish a master plan based on identified demand.

ADECE identified the need to increase the efficiency of air cargo for export of local products, particularly perishables such as flowers, fish and fruits. ADECE also identified the need to make the development of the port of Pecém into a multimodal cargo system that will allow Ceará to benefit from its geographical proximity to the United States and Europe.

At this time, there are a limited number of dedicated cargo flights and most of the cargo is moved through passenger planes from Fortaleza Airport. Increased cargo demand, as well as timing and quality issues related to the movement of perishable products, are exerting pressure at this facility and have made the project a priority for ADECE.

Furthermore, cargo flights are currently rerouted to and from Sao Paulo from Europe and the United States, but ADECE believes that near-term levels of demand will require direct flights to destinations such as Atlanta (9 hours) and Lisbon (11 hours).

The study provides recommendations to ADECE regarding the potential technical and financial viability of the project and conduct a market assessment to determine potential users and likely products moved through the facility. The Study provides Technical Assistance for developing a conceptual facility requirement/infrastructure development program based on estimated capital expenditures and anticipated types of demand. While this study will provide ADECE with a roadmap for development of this new airport, it will also provide them with adequate tools to engage local industries, foreign investors, and other important stakeholders.

The Louis Berger Group was selected to perform this Study. Work is currently underway and completion is expected during 2013. This Study will establish facility requirements and a 15 year development program, including conceptual drawings and initial navigational equipment specifications; assess the technical and financing viability of projected implementation based on market opportunities; determine potential demand, uses and capital investments costs associated with the project; Assess the types and volumes of cargo that will be moved through the airport; identify potential facility users (local and U.S. companies); provide preliminary assistance for selection of one of two proposed sites; conduct a financial analysis to determine the most adequate financing sources and potential opportunities for Public-Private Partnerships (PPPs); and assess developmental and environmental impacts of the project and proposed mitigation strategies.

## U.S. Export Potential

The proposed airport will provide good opportunities for the U.S. export of goods and services, including cargo handling equipment, security devices, refrigeration and cold storage, navigational aids, lighting and others. It is anticipated that potential exports will be over \$17 million for this project. The project will also open new job opportunities in many of these areas for the local community and increase competitiveness among local exporters.

## Project Cost and Financing

It is anticipated that the project will be financed through a combination of public and private funds. ADECE is especially interested in assessing the viability of structuring the financing under a PPP scheme.