

U.S. BUSINESS OPPORTUNITY

BRAZIL: BAHIA STATEWIDE AIRPORT MODERNIZATION

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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:

U.S. Trade and Development Agency

Nathan Younge

Regional Director, Latin America and the Caribbean
(703) 875 - 4357 // nyounge@ustda.gov

Rodrigo Mota

Country Representative, Brazil Office
rmota@ustda.gov

U.S. Commercial Service (In-Country)

Brian Brisson

Senior Commercial Officer
(011-55-11-5186-7401 // brian.brisson@trade.gov

International Trade Administration / Manufacturing & Services

Alexis Haakensen

International Trade Specialist
(202) 482-6235 // Alexis.Haakensen@trade.gov

U.S. Export-Import Bank

Xiomara Creque

Regional Director Americas
(202) 565 - 3477 // xiomara.creque@exim.gov

Overview

The U.S. Trade and Development Agency (USTDA) has provided a grant in the amount of \$345,060 to the Secretaria de Infraestrutura do Estado da Bahia to fund the cost of goods and services required for a Technical Assistance on the proposed Bahia Statewide Airport Modernization Project in Brazil.

Project Description

Bahia is the largest state in north/northeastern Brazil in terms of economic output, the fifth largest in size, and the fourth most populous in the country. In order to keep up with demand and to allow safer air transport within the state, the Bahia State Infrastructure Secretariat (SEINFRA) has initiated a state-wide airport network modernization plan that aims to bring state airports up to modern safety standards.

SEINFRA is responsible for the planning, coordination, supervision, and implementation of studies, programs and public works in the transport, energy and communications sectors in the state, including airport infrastructure, as well as cargo and logistics projects. Given the state's extensive territorial area, SEINFRA views this project as a means to attract economic development, particularly to areas that are not easily accessible and/or removed from the major developed markets.

The USTDA Technical Assistance grant will fund two portions of SEINFRA's airport network modernization and expansion plan.

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USTDA

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The Technical Assistance first helps Bahia to prioritize upgrades for the Feira de Santana Airport, which will serve as a key logistics hub for the state once the development of highways and rail lines in the region are completed. The second portion of the Technical Assistance provides a program to upgrade eight priority airports within the state. The recommendations and technologies identified would then be replicated to the remainder of the state's airport network in order of priority.

This Technical Assistance covers several critical areas for SEINFRA. First, it will help the State of Bahia to prioritize upgrades for Feira de Santana Airport, located in the state's second largest municipality. Due to its proximity to the state capital and to important highways and rail lines under development, this airport could serve as a key logistics hub for the state. SEINFRA's priority is to bring the airport infrastructure up to domestic and international safety norms in order to serve General Aviation aircraft and allow regional commercial passenger and cargo services. More than 20% of the commercial passengers utilizing Bahia's main airport, located in the capital city of Salvador, now have origins or are destined to the Feira de Santana area, which serves as the urban center for approximately 25 different nearby municipalities.

Second, the Technical Assistance also provides a program to update the remainder of the state's airport network by identifying modernization needs and key technologies to allow night operation capabilities at eight priority airports identified by SEINFRA. These technologies would then be replicated to the entire state's airport network in order of priority. This component would contribute to the state's effort to assure that all municipalities are not more than 150 kilometers from an airport with night operations. Night operations and improved communications at these airports would increase access for passengers, perishable cargo service, Medivac services, donor organ shipment programs, and faster allocation of assistance programs during droughts, and forest fire safety, among others. Also, the company conducting this Technical Assistance would develop a procurement schedule and specifications for the safety, night operations, and communications/navigation equipment.

U.S. Export Potential

U.S. export potential by investment category includes:

- Aircraft Lighting for Night Operation
- Nav aids (VHF Omnidirectional Radio Range - VOR, Doppler Very-High-Frequency Omnidirectional Range - DVOR, Precision Approach Path Indicator - PAPI, and VHF Radio)
- Automated Weather Observation System (AWOS)
- Passenger and Cargo Terminal Equipment
- Aircraft Assembly Equipment
- Other (trucks, fuel distribution, etc.)

Project Cost and Financing

The State of Bahia has access to a number of dedicated sources of funding that can be used to finance the proposed airport program. First, the Statewide Airport Transportation Program would provide access to the R\$100 million Federal Airport Assistance Program (PROFAA) of the Brazilian Government. In addition, the Brazilian Federal Government has announced its intention to use some of the funds from the concession of the larger INFRAERO airports for regional airport development through a new fund known as the National Fund for Civil Aviation (FNAC). A third source is the State of Bahia's own funds that are budgeted every year for air transport infrastructure improvements and expansion.

The World Bank is also currently preparing a \$1 billion loan for the State of Bahia, part of which could definitely be used for the Feira de Santana airport development project if the Government of the State of Bahia makes it a priority.