



THE STATE
and the
PRIVATE SECTOR
in **LATIN**
AMEICA

MAURICIO FONT



The State and the Private Sector in Latin America

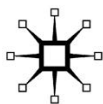
This page intentionally left blank

The State and the Private Sector in Latin America

The Shift to Partnership

Mauricio Font

palgrave
macmillan



THE STATE AND THE PRIVATE SECTOR IN LATIN AMERICA
Copyright © Mauricio Font, 2015.

Softcover reprint of the hardcover 1st edition 2015 978-0-230-11140-0

All rights reserved.

First published in 2015 by
PALGRAVE MACMILLAN®
in the United States—a division of St. Martin's Press LLC,
175 Fifth Avenue, New York, NY 10010.

Where this book is distributed in the UK, Europe and the rest of the world, this is by Palgrave Macmillan, a division of Macmillan Publishers Limited, registered in England, company number 785998, of Houndmills, Basingstoke, Hampshire RG21 6XS.

Palgrave Macmillan is the global academic imprint of the above companies and has companies and representatives throughout the world.

Palgrave® and Macmillan® are registered trademarks in the United States, the United Kingdom, Europe and other countries.

ISBN 978-1-349-58477-2 ISBN 978-1-137-01576-1 (eBook)
DOI 10.1057/9781137015761

Library of Congress Cataloging-in-Publication Data is available from the Library of Congress.

A catalogue record of the book is available from the British Library.

Design by Newgen Knowledge Works (P) Ltd., Chennai, India.

First edition: June 2015

10 9 8 7 6 5 4 3 2 1

C O N T E N T S

<i>List of Figures</i>	vii
<i>List of Tables</i>	ix
<i>List of Abbreviations</i>	xi
<i>Preface</i>	xv
One State and Market in Global Development	1
Two State and Liberalization in Latin America	21
Three Liberalization/Anti-Liberalization	59
Four Commodities and Rail in Globalizing Brazil	103
Five Subnational Brazil	133
Six Transantiago: Urban Development in Chile	157
Seven Conclusion: Changing States	179
<i>Appendix A Tables and Graphs</i>	191
<i>Appendix B Framework</i>	203
<i>Appendix C Brazil: Planning for New Infrastructure</i>	213
<i>Appendix D About Transantiago</i>	219
<i>Notes</i>	225
<i>Bibliography</i>	253
<i>Index</i>	291

This page intentionally left blank

F I G U R E S

2.1	Mexico and Argentina, GDP and growth, 1970–2013	29
2.2	Brazil and Chile, GDP and growth, 1970–2013	45
3.1	Ecuador and Bolivia, GDP and growth, 1970–2013	71
3.2	Colombia and Peru, GDP and growth, 1970–2013	80
3.3	Uruguay and Paraguay, GDP and growth, 1970–2013	92
4.1	Soybean production in Brazil's five regions, 2007–2013	104
4.2	Growth of the soy frontier in Central-West, 1990–2014	106
4.3	Ferronorte Railroad	117
4.4	North–South Railway (FNS)	121
4.5	Metropolitan São Paulo Rail Bypass (Ferroanel)	128
5.1	São Paulo's Rodoanel and main highways	144
5.2	São Paulo's metro, 2014	146
6.1	Air contamination events, 1997–2013	158
6.2	Approval rating for Michelle Bachelet's handling of Transantiago, 2007–2009	170
6.3	Transantiago's deficit in \$ millions	171
B.1	Basic analytical framework	204
D.1	Transantiago and metro	220

This page intentionally left blank

T A B L E S

1.1	Expansion of the state, government spending as percent of GDP	3
1.2	Government spending in Latin America, as percent of GDP	4
1.3	Latin America, country profile, 2012	7
2.1	Public-private investment in infrastructure in Latin America, 1990–2013, in \$ millions	22
2.2	Mexico and Argentina, 1990–2013, by sector, in \$ millions	23
2.3	Brazil and Chile, 1990–2013, by sector, in \$ millions	23
3.1	Impact of El Niño, 1997–2001, Andean region, in \$ million	63
3.2	Public-private investment in infrastructure in Andes and Southern Cone, 1990–2013, in \$ millions	65
3.3	Public support for “privatization,” 1998–2013, as percent of polls	67
3.4	Andes, 1990–2013, by sector, in \$ millions	87
4.1	Soy Production in the <i>Cerrado</i> , main states, in million tons, 1970–2014	105
4.2	Post-reforms railroad concessions, as of 2013–2014	109
4.3	Federal institutional framework for transportation	112
4.4	Two new railroads for Brazil’s central plateau	119
4.5	Ferronorte and FNS, cargo in thousand tons (TU) and million ton/km (TKU), 2006–2014	120
5.1	Public-private investment in Brazilian states, 1990–2013, in \$ millions	134
5.2	State of São Paulo public-private investments, by source and sector, 1990–2013, in \$ millions	139
5.3	Total state investment by sector, other top states, 1990–2013, in \$ millions	142

A.1	Public-private investments (1990–2013), developing/ emergent countries, in \$ billions	191
A.2	Competitiveness ranking, 2005–2014. Based on WEF Global Competitiveness Index	192
A.3	PPP Readiness Index 2012	193
A.4	Brazil and Chile, public-private collaboration in infrastructure by subsector, 1990–2013	194
A.5	Argentina and Mexico, public-private investment in infrastructure by subsector, 1990–2013	194
A.6	Andes countries, private collaboration in infrastructure by subsector, 1990–2013	195
A.7	Uruguay and Paraguay, public-private collaboration in infrastructure by sector, 1990–2013	195
A.8	Trade patterns, Brazil, Mexico, Chile, as percent of total trade, 2012	196
A.9	Trade patterns, Argentina, Colombia, Peru, as percent of total trade, 2012	196
A.10	Main commodity exports, 2012	197
A.11	GDP growth (G), inflation (I), external debt (D, as % GNI)	198
A.12	GDP growth (G), inflation (I), external debt (D, as % GNI)	200
A.13	GDP growth (G), inflation (I), external debt (D, as % GNI)	202
B.1	Risk allocation in typical concession and partnerships contracts	210
C.1	Brazil's national plans since 1992	215
D.1	Transantiago: institutional and other actors	219
D.2	Transantiago timeline, 2004–2010	221

ABBREVIATIONS

ADB	Asian Development Bank
ALL	Latin American Logistics (America Latina Logística)
ALLMN	Latin American Logistics, Northern Network (América Latina Logística Malha Norte S.A)
ANAC	National Civil Aviation Agency (Agência Nacional de Aviação Civil)
ANI	National Infrastructure Agency (Agencia Nacional de Infraestructura)
ANTT	National Ground Transport Agency (Agência Nacional de Transportes Terrestres)
BDP	Bureau for Development Policy
BNDES	Brazilian National Development Bank (Banco Nacional de Desenvolvimento Economico e Social)
BOT	Build-Operate-Transfer
CEF	Federal Savings Bank (Caixa Econômica Federal)
CEPAL	Economic Commission for Latin America and the Caribbean (Comisión Económica para América Latina y el Caribe)
CONAIE	Confederation of Indigenous Nationalities of Ecuador (La Confederación de Nacionalidades Indígenas del Ecuador)
CONAMA	National Environmental Commission (Comisión Nacional del Medio Ambiente)
COREMA	Regional Environmental Commission (Comisión Regional del Medio Ambiente)
CVRD	Brazilian Mining Company (Companhia Vale do Rio Doce)
DNIT	National Department of Transport Infrastructure (Departamento Nacional de Infraestrutura de Transportes)

DNP	National Planning Department (Departamento Nacional de Planeación)
DTPM	Metropolitan Public Transportation Board (Directorio de Transporte Público Metropolitano)
ECLAC	Economic Commission for Latin America and the Caribbean (Also known as CEPAL)
EFC	Estrada de Ferro Carajás
EMBRAPA	Brazilian Agricultural Research Corporation (Empresa-Brasileira de Pesquisa Agropecuaria)
EPL	Brazilian Logistics and Planning Company (Empresa de Planejamento e Logística)
FARAC	Mexican Toll Road Bailout Fund (Fideicomiso de Apoyo para el Rescate de Autopistas Concesionadas)
FCA	Ferrovia Centro Atlântica
FEPASA	Paulista Railways (Ferrovia Paulista S.A.)
Ferroanel	Metropolitan São Paulo Rail Bypass
Ferrobán	Ferrovias Bandeirantes S.A.
Ferronorte	Ferronorte Railroad (Ferrovia Ferronorte)
FNS	North-South Railway (Ferrovia Norte-Sul)
IBGE	Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística)
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IIRSA	Regional South American Infrastructure (Iniciativa para la Integración de la Infraestructura Regional Suramericana)
IMF	International Monetary Fund
INCO	National Institute of Concessions (Instituto Nacional de Concesiones)
Infraero	Brazilian Airport Infrastructure Company (Empresa Brasileira de Infraestrutura Aeroportuária)
ISI	Import Substitution Industrialization
MAS	Movement toward Socialism (Movimiento al Socialismo)
NAFTA	North American Free Trade Agreement
OECD	Organization for Economic Co-operation and Development
PAC	Growth Acceleration Program (Programa de Aceleração do Crescimento)
PAN	National Action Party (Partido Acción Nacional)
PEMEX	Mexican Petroleums (Petróleo Mexicanos)

PIAPPEM	Program to Promote Public-Private Partnerships in Mexican States (Programa para el Impulso de Asociaciones Público-Privadas en Estados Mexicanos)
PIL	Logistics Investment Plan (Programa de Investimentos em Logística)
PPA	Pluriannual Plan (Plano Plurianual)
PPI	Private Participation in Infrastructure
PPP	Public-Private Partnerships
PPS	Projects for the Provision of Services (Proyectos para Prestación de Servicios)
PRD	Party of the Democratic Revolution (Partido de la Revolución Democrática)
PRI	Institutional Revolutionary Party (Partido Revolucionario Institucional)
PSDB	Brazilian Social Democratic Party (Partido da Social Democracia Brasileira)
PSP	Private Sector Participation
PTUS	Plan for Santiago's Urban Transportation (Plan de Transporte Urbano para Santiago)
RFFSA	Federal Railroad Network (Rede Ferroviária Federal S. A)
RMSP	São Paulo's Metropolitan Region (Região Metropolitana de São Paulo)
SAC	Civil Aviation Secretariat (Secretaría de Aviación Civil)
SCT	Ministry of Communications and Transport (Secretaría de Comunicaciones y Transportes)
SEP	Ports Secretariat (Secretaria Especial de Portos)
TCU	Federal Auditing Court (Tribunal de Contas da União)
VALE	Brazilian Mining Company (Companhia Vale do Rio Doce, formally known as CVRD)
Valec	Construction, Engineering and Railways S. A
WB	World Bank
WEF	World Economic Forum
WTO	World Trade Organization
YPF	Treasury Petroleum Fields (Yacimientos Petrolíferos Fiscales)

This page intentionally left blank