



THE RAIL MARKET IN BRAZIL - 2014

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Freight carried by rail in Brazil	<i>Freight tonnes (million)</i>	<i>Freight tonne-km (billion)</i>
<i>2012</i>	481.0	297.7
<i>2011</i>	475.0	290.5
<i>2010</i>	471.1	280.1
<i>2009</i>	395.5	243.4

Minerals (principally iron ore and coal) are the main source of traffic. In 2012 iron-ore accounted for 73.9 per cent of the total rail freight. Rail's total market share in 2012 was 20.7 per cent.

Container traffic has increased significantly since privatisation. The number of containers carried increased from 3,459 in 1997 to 241,000 in 2012. The upward trend in intermodal traffic is expected to continue as access to ports and handling facilities is improved and recent entrants to the haulage market consolidate their position.

América Latina Logística SA (ALL)

www.all-logistica.com.br

President: Alexandre J Santoro

Latin America's largest rail operator, ALL was established as Ferrovia Sul Atlântico in 1997 with a 30-year concession to operate freight over the southern network. Expansion followed in 2006 when it acquired Brasil Ferrovias, which held concessions for Ferrovia Novoeste SA (Novoeste), Ferrovias Bandeirantes SA (Ferrobán); and Ferrovias Norte do Brasil (Ferro Norte).

In early 2014 negotiations involving BNDES were held with a view to Rumo Logística SA (subsidiary of Cosan SA) acquiring a shareholding in ALL leading to a merger.

Investment in infrastructure and rolling stock since 1997 has totalled around BRL6.7 billion. In 2014 it operated nationwide over 9,481 route-km (1,000 mm gauge), 1,963 route-km (1,600 mm gauge) and 294 route-km (1,600 mm/1,000 mm dual-gauge) systems. Operationally it is structured into four units: ALL Malha Norte SA, ALL Malha Oeste SA, ALL Malha Paulista SA and ALL Malha Sul SA. Its operations extend to road haulage, logistics and warehousing. ALL ceased rail operations in Argentina after its concessions were revoked by the government on 5 June 2013.

Freight tonne-km

<i>2013</i>	<i>2012</i>	<i>2011</i>
44.70 billion	45.22 billion	42.96 billion

A 1.2 per cent fall in volume in 2013 was attributed by ALL to capacity restrictions at the ports served by it (Paranaguá, Rio Grande, Santos and São Francisco) and a series of derailments which interrupted operations. Principal commodities are agricultural products, petroleum, construction materials, timber, steel, chemicals and container traffic.

Projects

Under the terms of a 2009 agreement with Rumo Logística, ALL began carrying raw sugar and derivatives between São Paulo and the Port of Santos. This resulted in rail's market share between the two points increasing to 52 per cent in 2013 (compared to 12 per cent in 2009). In return Cosan committed investment of BRL1.17 billion to the rail operation. Upgrading infrastructure along the São Paulo-Bauru/Santos corridor accounted for BRL535 million, locomotive and wagon acquisition to BRL 435 million and terminal construction and expansion BRL206 million. This included a new dry port at Itiripina, covered rail reception facilities at Santos and an order for 50 AC44i locomotives from GE Transportation and 929 freight wagons including 739 from Amsted Maxion and Randon. The locomotives were assembled by GE Transportation's Contagem factory with engine parts imported from Grove City, Pennsylvania. (The Contagem factory fulfilled orders also from Vale (nine locomotives for its Rio Colorado project in Argentina) and MRS Logística).

In 2013 around 25 per cent of the target of nine million freight tonnes was carried by ALL. Fines were levied on ALL by ANTT for alleged mismanagement including lack of infrastructure and rolling stock maintenance and a poor safety record. In October 2013 faced with contractual penalties ALL withdrew from the contract and began legal proceedings against Rumo Logística to contest the fines. Negotiations in 2014 concerning a possible merger of the two companies were seen as a way to resolve the contractual dispute.

Investment by ALL of BRL110 million in 2012 to reinstate services along a 174 km section between Araraquara and Colina was aimed at further exploiting the potential to carry sugar to the Port of Santos. The project included construction of a new terminal at Barretos (São Paulo) and is expected to generate annual traffic of 2.5 million freight tonnes from the start of operations in 2014.

A project to double the ALL Malha Paulista 164 km track section between Boa Vista Velha (Campinas) and Evangelista de Souza (São Paulo) received government approval in early 2014.