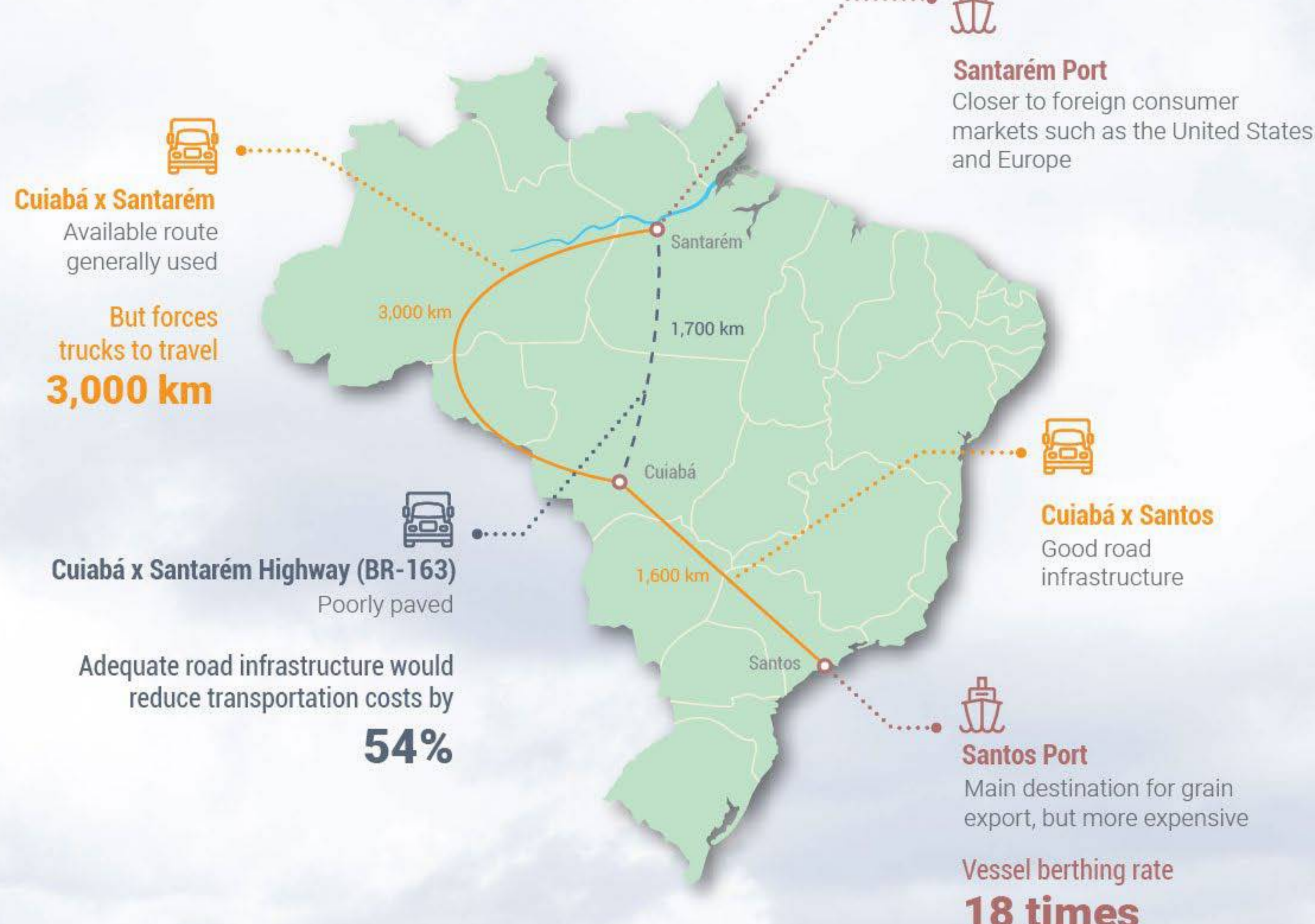
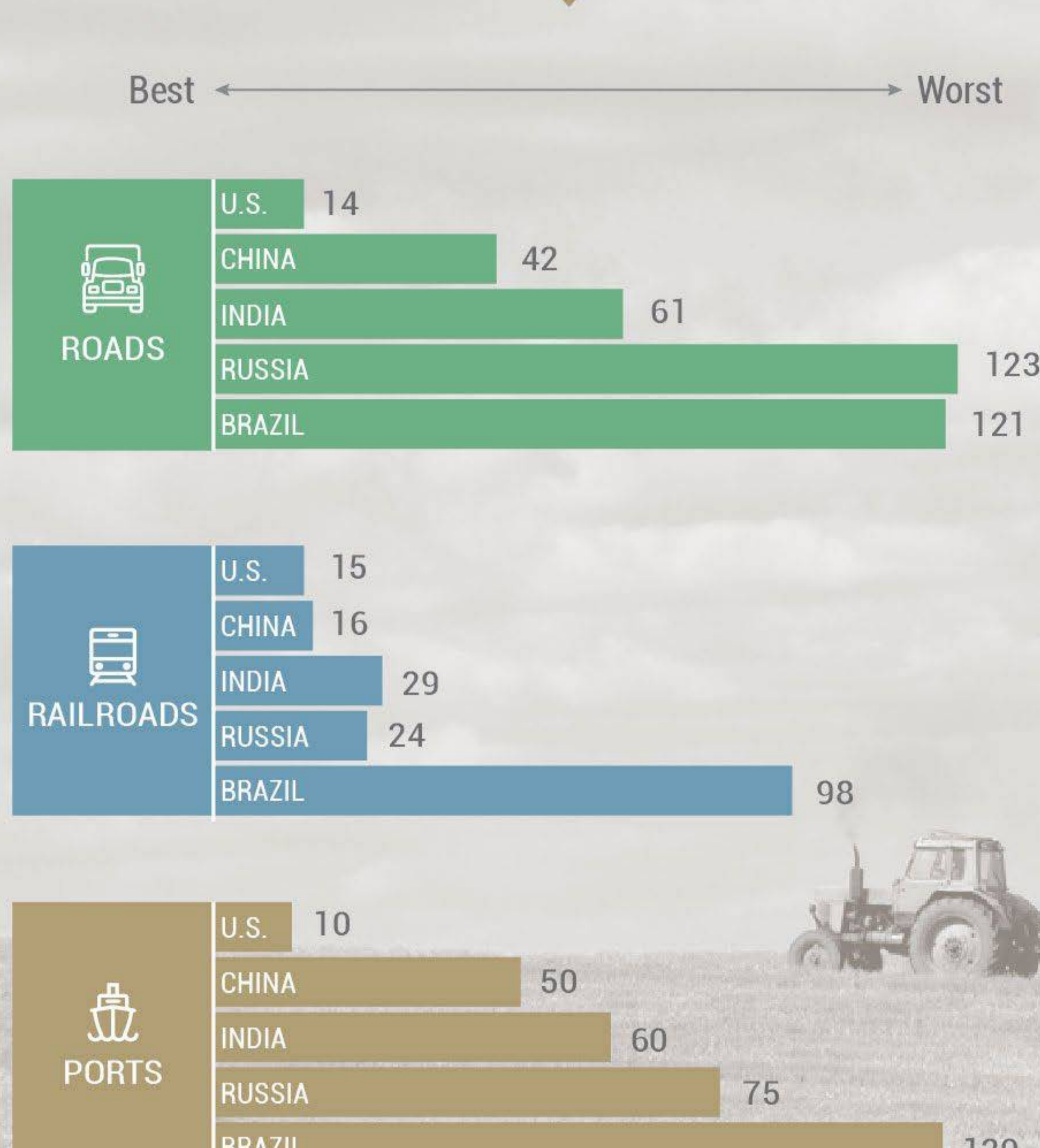


How can improving transportation infrastructure increase agricultural productivity in Brazil?

Transporting a ton of soybeans from one of Brazil's leading production municipalities to its point of export is almost **three times more expensive** as it is to transport the same amount of soybeans over a similar distance in the United States



Brazil now ranks far behind geographically similar nations in infrastructure quality



2015-2016 World Economic Forum Competitiveness Rankings for Quality of Transport

PROBLEMS

Constant changes in the regulatory environment, a shifting mix of incentives for private investors, and hidden subsidies create **inefficiencies** and erode the overall quality of transportation infrastructure



HIGHWAYS

Complex regulation combines hidden subsidies with limits on long-term profitability, reduces investor interest, worsens the quality of roads, and erodes the effectiveness of concession auctions



RAILWAYS

Major changes in the concession rules suppress necessary monopolies in the sector and adopt a fragile concession model that creates legal uncertainty and could lead to the unbundling of the operational framework of the trains



PORTS

The outdated regulation of public ports creates inefficiencies (such as redundant facilities and low competition) and decreases public access to ports



RECOMMENDATIONS

Regulatory changes should focus on an appropriate **balance** between public and private sectors and ensure **incentives** to attract investors



HIGHWAYS

Change the existing regulation to eliminate hidden subsidies funded by taxpayers and replace them with conditions that allow concessionaires to make fair returns on their investments to better select projects and to improve the quality of service delivery



RAILWAYS

Reinstate previous regulation that allowed returns on the vertical integration framework, where concessionaires manage the tracks and operate the trains, and which was more efficient than the current, de-bundled regulatory approach



PORTS

Following what has been done with the independent ports, deregulate public ports to reduce redundant facilities, promote competition, and increase public access

Changes in the regulatory framework and in the investment environment can improve transportation infrastructure, which is at the foundation of improving productivity – the better farmers can access markets, the more productive they become