How can improving transportation infrastructure increase agricultural productivity in Brazil?

Transporting a ton of steelworks from one of Brazil’s production areas to the port of export is almost three times more expensive and takes twice as long as it would if transported by rail over a similar distance in the United States.

Brazil now ranks behind geographically similar nations in terms of infrastructure quality.

PROBLEMS

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

HIGHWAYS

Complete road networks are expensive to build and maintain, making it difficult to compete against rail and air transportation on a cost basis. With poor quality and frequent road closures in large parts of Brazil, road transportation is expensive and unreliable.

RAILWAYS

Railways are the most efficient transportation mode in terms of cost and environmental impact. However, the existing rail transport system in Brazil is inadequate, with poor infrastructure and regulatory barriers.

PORTS

The port system in Brazil is also inefficient, with high costs and delays. The port of Santos, for example, has a long history of inefficiency and was recently identified as the world’s third-most congested port.

RECOMMENDATIONS

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

HIGHWAYS

Changing the existing regulatory framework to reduce the number of required permits and simplify the permitting process would make highway transport more efficient and cost-effective.

RAILWAYS

Invest in rail infrastructure and rail services to leverage the cost and environmental efficiency of rail transport. Focus on improving railway networks in less developed areas of Brazil.

PORTS

Modernization of port facilities, including the development of new terminal and docking facilities, would decrease costs and improve efficiency. Better logistics management and the establishment of public-private partnerships would also help.

Changes in the regulatory framework and in the investment environment can improve transportation infrastructure, which in turn can improve productivity – the better farmers can access markets, the more productive they become.