

Speech given by the President of Brazil Dilma ROUSSEFF

Opening of the UIC 81st General Assembly

Paris, 12 December 2012

The spoken word alone prevails

Greetings and thanks for the invitation to attend the 81st General Assembly:

- Satoshi Seino – UIC Chairman
- Jean-Pierre Loubinoux - UIC Director General
- Mauro Moretti, UIC Vice Chairman
- Guilherme Quintella - Chairman of UIC Latin America

Guilherme Quintella made an accurate and clear framework of the characteristics of the Brazilian railway system and its challenges.

The fact is that Brazil has an unbalanced transportation matrix. A continental country like Brazil cannot be fundamentally connected by highways. There should be a way of being able to articulate different modes: highways, waterways and railways, mainly due to the geographical difficulties of the country. In the Amazon, for example, the waterway is the predominant mode, and it is important to connect it to the rest of the transport network.

Therefore, 2007 is very important year. In that year, the importance of the rail system became clear, as well as reforming it and rebuilding it, because for many years the system was somewhat stressed and little was invested.

From there, we launched an Investment Plan in Railways, which was within the PAC (Growth Acceleration Program), with 5,000 km: The North-South Railway, cutting the country lengthwise, hinged with some railroads in the transverse direction, the east-west axis, which transport ore and grains production in Brazil, making them more "flowable by Brazil."

More recently (August 2012), we took a step forward, and to do so:

We launched the EPL - Enterprise Planning and Logistics, responsible for thinking and planning and modal integration of the Brazilian port system. It will help build the next challenge, 10,000 km of railways, in a Logistic Plan for \$91 billion (USD 40 billion) in short-term loans, beyond the 5,000 km already included in PAC.

The EPL has worked on a model for private investor-friendly frameworks.

- It assumes the risk of demand
- The Government acquires the entire rail capacity (which then is resold to operators)
- The right of passage between railways is ensured by the track rights

Thus, investment is safer and interesting.

We believe in the importance of private sector in all phases of these projects, both Brazilian and foreign investors.

This is very important, especially in a country the size of Brazil, and its vocation for grain and ore.

We can also integrate with the railroads waterways, where we have much to gain, both in the south, mainly Argentina and Uruguay, as well as the connection of the central-western Brazil, a major producer of grain in the world, to the biggest international markets.

We think the Brazilian railway project has just begun. 10,000 km of railways are too little for Brazil. We are still at the early stage, which basically consists of freight.

As for passengers, a bidding process will be released on August 13, notice for the choice of TAV (High Speed Train) technology and operator, linking the two largest producing regions of Brazil, in the industry, and the two largest GDPs of Brazil: São Paulo and Rio de Janeiro.

As rightly said Guilherme Quintella, we will not stop on that line. We will complete the investment in passenger transport. TAV is also critical to attack the urban question in the two largest cities in Brazil, which will allow new reallocations along the 510 km alignment linking Rio and Sao Paulo. People can perfectly work and live along the axis, or even in Rio de Janeiro.

Moreover, as the TAV is the first high-speed system in Latin America, and it will serve as a demonstration of the viability of these systems on the continent. In addition, it will structure both urban and regional transport.

Another aspect is the need for light rail systems. The federal government has been investing in five (5) major cities in the past year:

- Porto Alegre
- Curitiba
- Belo Horizonte
- Salvador
- Fortaleza

All with significant investments.

Brazil has decided to invest in the subway lately.

Today we have "medium" cities with 2 million people, and for them the passenger rail system is the only solution to the congestion and chaos in urban transport, especially in Brazil, where individual transport has long been privileged, which is extremely wasteful in terms of restructuring of urban space in cities like São Paulo, Rio de Janeiro and Belo Horizonte and other 6 or 7 Brazilian cities. They need transportation based on subways and trains.

So I'm very pleased to be here today and I accepted the invitation. I believe that UIC has a great dialogue to be established with Brazil, which will give its members opportunities, that will enable stability and security for investments, and will ensure the conditions necessary to Brazil not only to structure their transportation system capable of fitting its challenges to the 21st century, but also to allow its people to have more efficient transportation, either for their companies, with regard to freight, where Brazil is a major producer of food, minerals, energy (oil) and manufacturing, and with regard to passengers.

Therefore, I believe that this partnership between Brazil and the UIC has everything to yield strong results. We would like you to participate in this huge effort, which after the investments in China, may be the biggest investment in railways in the world.

I'm sure that due to the size and importance of UIC, our interests coincide and converge to a future of opportunities.

I wanted to thank you once again.

I am accompanied by Prof. Luciano Coutinho, president of BNDES (National Bank for Social and Economic Development), a key institution to facilitate investments in 10,000 km of railways. Besides allowing the reduction of the demand risk, we also reduce the exposure of railroads to credit risks.

Thank you.