



BRAZIL

Water and Waste Water Industry 2008

Brazil: Important Links & Contacts

National Secretariat of Environmental Sanitation of the Ministry of the Cities: www.cidades.gov.br

Brazilian Association of State-owned Environmental Sanitation Companies: www.aesbe.org.br

Brazilian Association of Private Water and Wastewater Concessionaires: www.abcon.com.br

Brazilian Association of Infra Structure Industries- www.abdib.org.br



Market Overview

Brazil's population is 183.9 million inhabitants and is expected to reach 228 million by 2025. Water distribution is currently available for 93% of the Brazilian urban population, whereas only 48.3% of Brazil's inhabitants have access to sewage collection services, of which only 32.2% is treated. As a result of the low treatment rate, most of the rivers and beaches at Brazil's largest cities are highly polluted.

The water utility sector in Brazil consists of 27 state owned companies, plus a number of autonomous municipal firms and municipal water departments. The private sector participates in this market through concession contracts, private-public partnerships or joint management contracts with the municipal or state water utilities. The private participation is still quite limited, but increasing. Of the 5,562 municipalities in Brazil, private firms provide sanitation services to only 202.

Recent events had a positive impact in the sanitation sector and increased investments in the business. Law 11455 of January 2007 established the regulations, defined the national policy for the sector, enabled states and municipalities to make their sanitation plans, to create consortiums and establish private-public partnerships. A Federal Government social program, known as the *Economic Acceleration Program* (PAC), attracted R\$40 billion (US\$18.4 billion) to the sanitation sector from 2007 to 2010, using funds from the federal government, state, municipal and private investors. The sector's major challenge is the expansion of sewage collection and treatment which is expected to attract most of the investments.

Private Sector Investments

As a result of Law 11455, the private sector is increasing its direct participation in the business by operating water and wastewater utilities. The entrance of private companies in the business is expected to increase the demand for higher technology equipment used in the water and wastewater utilities. According to industry specialists, Law 866 of June 1993, which disciplines and regulates procurements of public sector companies in Brazil, determines that the purchase criteria be the lower bid. This legislation discouraged local water / wastewater product manufacturers and exporters to offer sophisticated technologies, thus more expensive products.

Business opportunities for international companies in Brazil's market are mostly for innovative solutions and technologies, instead of supplies. Some of the critical segments in Brazil's water industry that offer potential for international technologies are in the areas of water loss and water reuse.

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