

TERMINALES PORTUARIAS ARGENTINAS

(AR-0196)

Project Name: Terminales Portuarias Argentinas

Country: Argentina

Total Project Cost: US\$50.3 million

Total IDB Loan: US\$10 million

As in many sectors of the economy, in recent years the Government of Argentina ("GOA") has moved to radically reshape the structure and operations of the port sector in Argentina. One of the key components of this process was the restructuring and privatization of cargo handling operations in the port of Buenos Aires. Long operated as an open-access public port, the port of Buenos Aires has recently been transformed into a terminal-based operation where each privately run terminal is responsible for all activities within its own enclosed terminal area. This transformation has already led to increased efficiency, reduced costs and better customer service in the port. The cost of moving a container through the port has decreased from a pre-privatization high of US\$400-500 per container to an average of less than US\$300 per container today. Over time, these changes will help to increase the efficiency of the Argentine economy.

In order to effect these changes, GOA divided the principal cargo handling area in the port of Buenos Aires into five stand-alone terminals and held a competitive bidding process for the operation of each. Through a competitive bidding process, Terminales Portuarias Argentinas ("TPA") was awarded a 25-year concession to redevelop and operate Terminal 3. TPA signed the Concession in June 1994 and assumed operating control of the Terminal in November 1994. Since that time, the Company has been actively handling port operations and has begun to implement a major renovation and modernization program designed to develop the terminal into a modern, efficient multi-purpose facility with container handling capacity (the "Project").

The Project is estimated to cost a total of US\$50.3 million and will consist of the repair of existing terminal infrastructure, the addition of new cargo storage facilities and the purchase of a variety of cargo handling equipment. Terminal 3 is located on 15 hectares of land, has a total berth length of 1,340 meters

and an annual capacity of 1.8 million tons of cargo. The Project will increase the efficiency of Argentina's transportation infrastructure and reduce the cost of transporting goods to/from Argentina. The Project Sponsors include Autotransportes Antartida ("ATA") with 64% ownership of TPA, Lanco Products ("Lanco") with 10%, Arpetro with 10% and Rogge Marine Consulting ("RMC") with 5% ownership.

By participating in this transaction, the Bank will actively support economic growth and trade expansion through the provision of competitive, efficient, environmentally sound, safe and user-friendly port services. It is anticipated that the Bank's involvement will also help to reduce the perceived sector risks which limit the availability of private funding sources. This Project also fosters synergy with a major public sector ports loan, scheduled to be submitted for Board consideration this year, which will address issues under GOA and provincial jurisdictions, such as land and water access to ports, water side pollution control, and repair of breakwaters and other coastal defense structures.