

PROJECT ABSTRACT

Project Number: UR-0142
Project Name: Port of M'Bopicua
Borrower: Terminal Logística e Industrial de M'Bopicua S.A.
Country: Uruguay
Sponsor: Grupo Empresarial ENCE S.A. - Spain
Total Project Cost: Approximately US\$35.2 million
IDB Participation: A-Loan for up to US\$10.5 million
B-Loan for approximately US\$10.5 million
Status: Approved by the IDB's Board of Executive Directors
Date: November 13, 2002

The Inter-American Development Bank ("IDB") has been approached by Terminal de Logística e Industrial de M'Bopicuá S.A. ("TLM" or the "Company") pursuant to its intention to construct and operate a privately-owned port facility known as the Port of M'Bopicuá (the "Project" or the "Port"). The Project is to be located on the Uruguay River, 12 kilometers ("km") east of Fray Bentos, in the northwest region of Uruguay (Departamento de Rio Negro). TLM is a private Uruguayan company owned by Eufores S.A., an Uruguayan subsidiary of Grupo Empresarial ENCE S.A. from Spain ("ENCE"). ENCE is a forestry corporation, which segregates its operations into cellulose pulp production and forestry development. Following the privatization of the remaining 51 percent of government equity ownership in July 2001, ENCE became the leading private forest landowner in the Iberian Peninsula. ENCE is also the number one European eucalyptus timber forestry company, as well as, the prime European producer of eucalyptus cellulose pulp. The Project is being created in order to service recent growth in the sustainable forestry industry in northern Uruguay and Argentina, but is also expected to service other bulk cargoes such as agricultural products.

The Project will be established under the guidelines of Law 12.246, the "Ley de Puertos" of the Ministerio de Transporte y Obras Públicas ("MTOP"), which regulates standards regarding any port facility that endeavors to provide services to the general public.

The Port will consist of separate receiving, processing and loading facilities necessary for the export of the products mentioned above. The terminal itself will include the following basic components: (i) single berth with associated cranes and loading equipment with the capacity to service large (Panamax) ocean vessels; (ii) areas for the receipt and storage of wood and other products; (iii) a wood chip processing facility; (iv) various conveyor belt

systems to transport products within the Port area; and (v) various systems for the administration and maintenance of the whole facility (fire prevention, effluent prevention and management, potable water systems, communications systems, etc). In addition, the Project will also include the construction of a 7 km access road that will allow truck traffic to connect safely and efficiently to the national highway network.

The construction is expected to be completed in the third quarter of 2003. The total Project cost is estimated at approximately US\$35.2 million. The Bank's participation in the Project will take the form of an A/B Loan for approximately US\$21.0 million.

The Port will provide safe, reliable and efficient port services for the wood and agriculture sectors while alleviating port congestion and deterioration at other neighboring port facilities in the region. In addition, the region surrounding M'Bopicuá and Fray Bentos will benefit from increased economic activity generated by the port and secondary activities.