

CALL FOR EXPRESSIONS OF INTEREST

- Port and Bonded Warehouse
- Posadas Dry Dock
- Santa Ana Port

The Government of the Province of Misiones, together with the Port Administration of Posadas and Santa Ana (Administración Portuaria de Posadas y Santa Ana, APPSA) and the SAPEM Posadas Industrial Park (PIP SAPEM), hereby call any potential parties interested in operating the above-mentioned facilities, based on the features and conditions set forth in this document.

This is an open and public call effective until October 31, 2016 at 12 p.m.

PRELIMINARY INFORMATION DOCUMENT

The bidding conditions will be those set out in the respective terms of reference that the Port Administration of Posadas and Santa Ana and the SAPEM Posadas Industrial Park will make available upon holding the relevant bidding calls.

Learn more at:

www.industria.misiones.gov.ar/appsa



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1. ABOUT THIS CALL

ENTITIES MAKING THE CALL

This joint call is made by the following entities created by the Government of the Province of Misiones:

- The Port Administration of Posadas and Santa Ana (APPSA), for both ports.
- The SAPEM Posadas Industrial Park (PIP SAPEM) for the Posadas Dry Dock.

This joint call is made to disseminate information on and facilitate all related processes.

PURPOSE AND MODALITY

This call to submit “Expressions of Interest” intends to:

- 1) Widely disseminate information about the next bidding processes for port infrastructure in Posadas and Santa Ana so potential parties interested in the operation of such ports learn about the next calls for bids and the preliminary conditions with sufficient time in advance, and so they can start preparing their bids.
- 2) Engage in an open technical dialogue with potential interested parties in order to make the calls for bids under the best conditions, drive port development in the Province of Misiones, and boost the development of economic activity.

Expressions of interest, including the information requested herein, may be submitted on business days from 7 a.m. to 12 p.m. until October 31, 2016. They may be submitted in hard copy or by electronic means:

For Posadas and Santa Ana Ports, to:

- Administración Portuaria de Posadas y Santa Ana.
Ministerio de Industria de Misiones.
San Martín No. 1495, Posadas Misiones.
E-mail: appsa.misiones@gmail.com

For the Posadas Dry Dock, to:

- Parque Industrial Posadas SAPEM.
Ministerio de Industria de Misiones.
San Martín No. 1495, Posadas Misiones.
E-mail: pip.sapem@gmail.com

After the closing date of this invitation, APPSA and PIP SAPEM will call all interested parties to technical/consultation dialogue rounds, as specified further below.

BIDDING PROCESSES TO BE HELD

Once expressions of interests have been submitted and technical dialogue rounds have been held, the following bidding processes are expected:

	ESTIMATED DATE FOR CALL
a) Posadas Port and Bonded Warehouse.	November 30, 2016
b) Santa Ana Port.	TBD / 2017
c) Posadas Dry Dock.	TBD / 2017

TERMS AND CONDITIONS

The companies or groups interested in taking part in the bidding processes, whose basic conditions are described in this call, are hereby invited to express their interest through a presentation that includes the following:

- An expression of their interest in taking part in future bidding process(es), specifying the calls they are interested in.
- The expected integration of the company, group or consortium.
- A summary of the technical and financial background of the company, group or consortium.
- Remarks, considerations or recommendations they believe should be taken into account upon making the Call for Bids, which may be alternatively put forward or submitted during consultation rounds.

NON-MANDATORY NATURE

Any party interested in the operation of the proposed facilities is not bound to answer this call. However, any party that does answer this call will have the possibility to interact with the calling entities at the technical dialogue rounds described further below. Furthermore, the score secured after the analysis of bids will be increased by a 1.05 coefficient for companies or groups that replied this call, in recognition of the previous knowledge of possible bidders, constructive technical dialogue, and compliance with the goals set in this call.

TECHINICAL DIALOGUE ROUNDS

Technical dialogue rounds will be useful for interested parties to make contact with the Bidding Authority and share their remarks, considerations and/or recommendations in connection with the following bidding processes. In addition, these meetings will provide feedback to the technical groups in charge of writing the final version of the terms of reference so they can adjust them, as much as possible, to the terms generally available, thus strengthening the industry, trade, logistics and competitiveness of the economy in Misiones. To that end, APPSA and PIP SAPeM will call technical meetings with the respective Boards of Directors in each case and the technical advisors they deem fit. These meetings are going to be held with each proposer from the seventh day following each presentation, until

POSADAS PRODUCTIVE LOGISTICS PLATFORM

November 15, 2016. The invitation to the meeting will be made at least six calendar days in advance by means of a letter sent to the mail addresses and phone numbers indicated by the interested parties in their presentations.

2. TERMS AND CONDITIONS APPLICABLE TO ALL BIDS

MODALITY AND AWARD TERM

30-year concession, with an initial base period and an extension, as specified in the respective terms of reference.

SIMULTANEOUS CONCESSIONS

In all cases, a given company or group may be awarded more than one of the concessions proposed, provided it complies with the economic and technical terms and conditions, and has the necessary capacity, thus contributing to greater efficiency in the system, as well as the Province's economy and development. Likewise, each bidding process may be awarded to different operators, if this were deemed convenient.

CONCESSION FEE

A fixed or minimum concession fee will be set in all cases, as well as a variable concession fee based on the volume of operations/economic activity. All specifications are going to be set out in the terms of reference.

The purpose of the concession fee is to fund grantor's activity as well as to perform works and provide services designed to improve port activity and inland navigation in Misiones. At the early stages of the concession, such fee will be reduced to enable investment in infrastructure by the awardee for the facilities under its charge.

AWARDING CRITERIA

The awards will result from an analysis performed following mechanisms based on the terms of reference of the bidding processes which will show which Bidders, on account of their background information and business, technical, economic, and financial capacity, are in good shape to submit a bid to secure the concessions.

The following will be considered:

- a) **TECHNICAL BACKGROUND:** Experience in similar operations to those proposed. Positive or negative feedback the company or companies (if it were a Joint Venture) may have received, as well as the shareholders/partners and/or technical staff proposed.
- b) **ECONOMIC AND FINANCIAL SOLVENCY** of the proposer and performance bonds offered.
- c) **RELATIONS AND PARTNERSHIPS** with companies and entities that would contribute to the operations, related documents, agreement letters.
- d) **LOGISTICS COMPLEMENTARITY:** Connections and relations with logistics areas, ports, and other transportation means.
- e) **EQUIPMENT** available immediately and improvement proposal in the medium term (2-3 years).

- f) TERM for effective start up.
- g) FEATURES OF THE SERVICE BEING OFFERED: Conditions, performance bonds and guarantees offered to allow for the provision of regular, frequent service with operational volume fit to promote the competitiveness of the industry and economy of Misiones.
- h) PROPOSED RATES of operation, in order to enable the greatest level of activity and competitiveness for the production of the Province and the region.
- i) INVESTMENT AND WORK PLAN for the medium and long terms.
- j) ECONOMIC BID: Proposed concession fee.

The analysis will be performed based on the information provided by bidders and secured by the entities calling the bid from consultation and research done by themselves or through third parties, which will be duly documented. Non-binding consultation with professionals and entities related to the sector may also be held.

3. POSADAS PORT

PURPOSE

Comprehensive concession for the development and operation, for a profit, of the Port of the City of Posadas, Province of Misiones.



See location on Google maps at: <http://bit.ly/2cwZp3Z>

GENERAL FEATURES

The Posadas Port has been conceived as a public-private, collaborative venture where the provincial state – through APPSA – contributes the infrastructure while private entrepreneurs contribute the superstructure and the operational-business activity performed and exploited through rates. These will be regulated by the Port Administration in the case of port services, and non-regulated for non-port activities only.

The Posadas Port is intended not only for port activities but also for a wide range of logistics services, in conjunction with the Posadas Industrial Park, both part of the Posadas Productive Logistics Platform.

Its main features are:

- Port for public use.
- Multipurpose Terminal.
- Private operation through a concession for work and public service.

The Multipurpose Terminal project of the Posadas Port should include an area for operations with containers and a Bonded Warehousing zone.

The port's main features are:

- Dock size: Length: 251m - Width: 37m. The dock design considered is for operation with gantry cranes with a 10-m span, 130-ton weight, and 30-ton loading capacity.
- Mooring: The front side of the dock should have mooring bitts for lines of 30-60 tons at full length, each separated every 25m.
- Height Level: Water mirror: + 83.00m, dock higher level: + 85.00m, dockside: 20 feet. It should be noted that the water mirror will always have the same level (height level + 83.00).
- Defense system: Elastic, placed alongside the dock.
- Type of vessels: 60m long, 12.20m side and 1,500-2,500 ton barges, feeders (container vessels), pushers.
- Lighting: Four lighting towers were installed at the operation zone which light up the entire premises adjacent to the dock.
- Mineral – crushed rock sector: Separated from the dock (outside the 250m) is the crushed-rock loading and unloading sector for different particle sizes. The mineral yard will be used mainly for storage, vessel loading and distribution through inland navigation of crushed rock in the region. Two short, metallic gangways are installed for berth of mineral-carrying barges.
- Berth: Outside this place, dolphins were placed for the mooring of loaded barges, stand-by barges or to form a convoy for pushing.



PREMISES TO BE AWARDED

Located 10 kilometers from the capital city of the Province, at the confluence of the Apepú stream and the Paraná river, downstream from Posadas, next to the Airport and adjacent to the Posadas Industrial Park, with a direct exit to National Route No. 12 and connection to National Route No. 14 through a bypass. Around 18 hectares will be awarded, as indicated in the above scheme, which will be accurately delimited later on.

Cadastral Data of Premises:

- Cadastral survey 32758, Department 04, District 59, Section 25, Parcels 25c, 25d, and 25e, Plots 28b1, 28b2, and 28b3.

Excluded Spaces:

A reservation area, within the plots mentioned above, for future expansion or other uses to be determined. The area to be awarded through this call is limited by the river and the dashed lines, as shown in the picture further above.

APPLICABLE LAW

Under National Law No. 24.093/92 Port Activities were decentralized, transferring all ports in the country to their respective provinces, which are in charge of the essential services provided by each port.

The Province of Misiones created Provincial Port Law No. 155. Section 9 of such Law enables the creation of the Port Administration.

By means of Decree No. 850/16, the Provincial Executive Branch created “Administración Portuaria de Posadas y Santa Ana” (APPSA) and approved its Bylaws, whereby the Executive gave such entity powers to grant concessions, leases, permits, and to issue rules and regulations to regulate port activities. APPSA will take all measures necessary to ensure exploitation, protection and maintenance of port facilities.

INVESTMENT MADE

The Provincial State has already made the following investments on the premises, including the reconditioning of the Posadas Port performed by the Yacyretá Binational Entity:

- Expropriation of plots.
- Construction of a 251-m dock with mooring bitts and defenses.
- Construction of operation area for containers.
- Paved access road.
- Gantry cranes rails.
- Electric wiring and lighting posts.
- Marker lights on the ends of the dock.

INVESTMENT TO BE MADE

The parties interested in the concession should offer any supplementary facilities and equipment they deem convenient for optimal port operation. The higher the speed and technology of the equipment, the higher the valuation will be.

ADDITIONAL AWARDING CRITERIA

In addition to the criteria indicated above for all bidding processes, the following will be considered:

- FLEET: Availability for the operation of the Posadas Port, in volume, seniority and technology, either owned by the bidder itself or through agreements entered into with third-party companies with proven quality and responsibility.

4. POSADAS BONDED WAREHOUSE

PURPOSE

Concession of land for construction, installation and exploitation of the Posadas Bonded Warehouse. This warehouse is considered part of the Posadas Port, so it is going to be awarded together with such port.

DEFINITIONS

Bonded warehouses are the operational places authorized by this Agency to perform customs activities - under customs service control - inherent to the storage of solid, liquid and gaseous goods. All storage areas authorized hereunder will be the only places authorized to operate as bonded warehouses.

The following may be authorized as bonded warehouses:

- Covered enclosures.
- Open Yards.
- Tanks.
- Silos and Cells.

The concessionaire will build the Bonded Warehouse facilities as described in the draft project and final project prepared by the bidder and awardee, respectively, as approved by APPSA.

NATURE OF THE AUTHORIZATION

- All prefeasibility statements and authorizations granted hereunder shall not be transferred, leased or exploited in any way other than as determined in the document that contains the authorization, nor used for a purpose other than that defined in such document.
- The bonded warehouse is intended exclusively for goods earmarked for foreign trade operations.
- The authorization will be considered a temporary administrative permit.

5. POSADAS DRY DOCK

PURPOSE

Concession of the Posadas dry dock intended for the maintenance of vessels, at an early stage, and construction thereafter.

JUSTIFICATION

From different studies and presentations from specialists it follows that there will be an increasing need for barges as a result of a lower number of shipyards for construction. Thus, it is possible to deduce there is wide room in the market for new construction and repair shipyards.

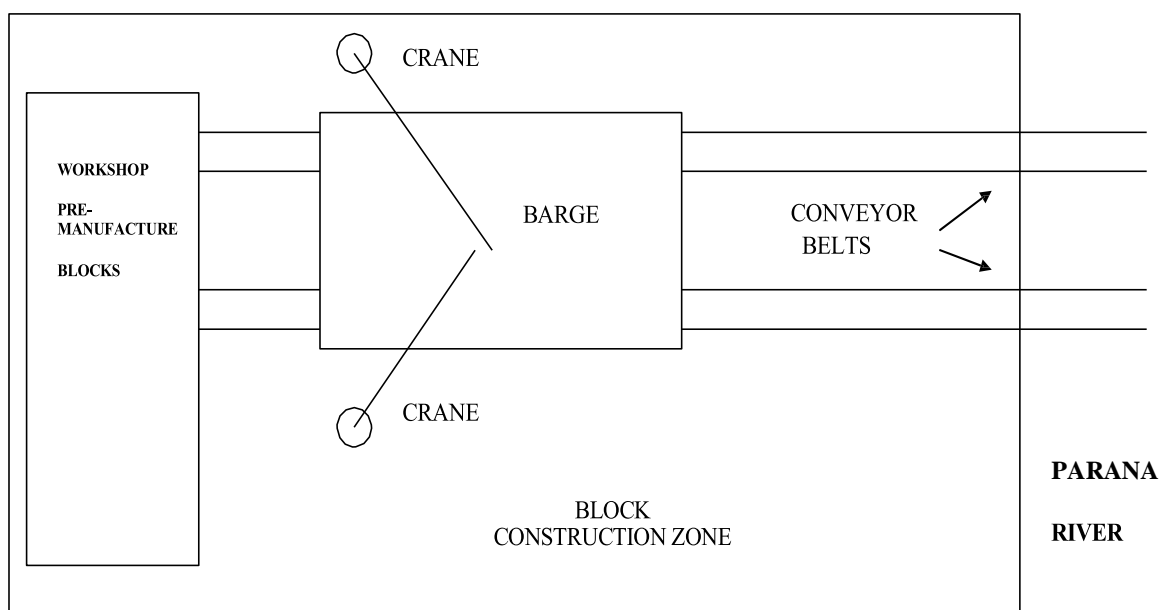
Moreover, the need for a dry dock for repairing vessels navigating the Alto Paraná has been detected: sand barges, barges, towboats, among others. The installation of a dry dock will allow, at its earliest stage, to meet the demand for maintenance and repair.

GENERAL FEATURES

The installation of a dry dock/shipyard is being analyzed in an area to be determined on the shore of the Parana River, on the premises of the Posadas Industrial Park and/or Posadas Port, working in conjunction with the workshops located in the Park.

The shipyard is basically a reinforced concrete dry dock mounted on sheet pile walls with a rail system and bogies to lift, remove and move vessels that need building and repair.

SCHEME PROPOSED FOR THE POSADAS DRY DOCK



WORKS THAT MIGHT RECEIVE STATE CONTRIBUTIONS

Considering the impact on the potential of inland navigation development in the Province, job creation, and technical skill generation, the Provincial State might consider investing in the following:

- Concrete platform of approximately 6,000 square meters.
- Tracks for lifting, lowering and moving vessels.
- Electric power supply up to the entrance of the premises.

INFRASTRUCTURE UNDER THE CHARGE OF THE AWARDEE

The awardee is expected to fund:

- Buoys and hydraulic support for vessels.
- Hook to lift and lower vessels.
- Lifting cranes.
- Warehouses for workshops and other facilities.
- Medium and low voltage electric installation.

PREMISES TO BE AWARDED

For the dry dock/shipyard, a surface area will be awarded – its exact location is to be determined – based on the preliminary studies underway. The location might be on land of the Posadas Industrial Park and/or Port, according to the results of a technical study that takes into account, among other factors, the topography of the different possible areas.

6. SANTA ANA PORT



See location on Google maps at: <http://bit.ly/2d07a30>

PURPOSE

Concession of primary area located on public land in the Santa Ana Port area, in the town of Santa Ana, Province of Misiones.

The Santa Ana Port has been designed to be a large storage center that will accommodate bulk cargo transportation. In particular, it is supposed to be fit for the cereal cargo coming from the south of Brazil shipping to Rosario (Santa Fe) or other locations to be determined.

In the event of accelerated growth, expansion and duplication of the operational capacity of this port is expected.

GENERAL FEATURES

The port may be divided into four sectors: Storage warehouses, operation yard, bridge or viaduct, and mooring station.

- **Storage warehouse:** The premises have 4 warehouses that were once used to store Yerba Mate. They provide this area with the storage capacity of a covered surface of over 5,000 square meters, approximately.
- **Operation Yard:** The port is expected to have an operation yard or maneuver area with a surface of 11,500 square meters, approximately. The area adjacent to the viaduct is expected to have a finished floor elevation of +88.50 and access to the highest point of the yard, with a height of +90.50, will be through a ramp. This level difference resulted from topography studies and facilities already in place.
- **Bridge or viaduct:** The viaduct is 64.00 meters long and 8.50 meters wide. It consists of seven equal spans of 9.35 meters of light each. The bridge has a catwalk, room for vehicle circulation and a place for the assembly of a conveyor belt.
- **Mooring Station:** The mooring station is formed by four blocks, two of them identical to those in the Posadas Port while the remainder sit on four posts, each with 0.80 meters of diameter and 12.00 m long, approximately, all of them built into the rock. Finally, the blocks are connected with each other and with the viaduct through metallic walkways.



PREMISES TO BE AWARDED

The premises are located 50km away from the capital city of the Province, Posadas, and 7km away from the city of Santa Ana. The port is directly connected to National Route No. 12 and Provincial Route No. 103. The premises have 18 hectares in total, from which the areas described further below will be excluded.

Cadastral Data: New Santa Ana Port – Cadastral survey: 30770, Department 03, District 69, Section 1, Parcels 10A and 10B, Plots 33A and 33B.

Areas to be excluded:

Before holding the bidding process, the premises will be delimited, excluding:

- a) Operation areas of authorized sand companies.
- b) Areas where poor households are located.

The available surface, excluding the above areas, enables port operation. The exclusion of such areas will remain as such until relevant relocation is carried out.

APPLICABLE LAW

The same indicated for the Posadas Port.

GENERAL INVESTMENT

Special infrastructure for tourist vessels is also considered, given the importance of tourist activities in the area (Jewish Missions and Theme Park De La Cruz). Accessibility from a new trace of port entrance, which will circumvent the urban area with an alternative trace for the exclusive use of cargo transportation.

Six lighting towers with an 8-meter free height are expected to be installed in addition to the two other towers. Those towers will be located mostly on the viaduct for access to the mooring area.

As with the Posadas Port, the fire network will feed from the Parana river through a FLYGHT-type submersible pump located inside a sleeve pipe.

On the lighting posts with a 16.00-meter free height, 25.00-meter long fire hoses will be installed, as well as power take-offs.

INVESTMENT TO BE MADE

Any potential concessionaire is expected to offer the equipment it deems fit for optimal operation of the port. The greater the speed and technology of the equipment, the higher the valuation will be. The minimum equipment expected to be offered should be:

1. Drinking water services, fire network, power take-off, lighting and marking, as set out in the technical specifications of the terms of reference.
2. Administrative offices for the services rendered by the customs office, S.E.N.A.S.A., and the Coast Guard. Landlines, fax lines, Internet, phone booths, business offices, information offices, maritime agencies, custom clearance agencies, cafeteria, restrooms.
3. Two lighting towers with a free height of 16.00 meters.
4. Scale to weigh trucks, loading and unloading equipment for goods, conditioning and control.
5. Access portal.

6. Delimitation of primary area with perimeter fence.
7. Yards for loading and unloading of bulk goods and paved roads for truck circulation within the premises, with maneuver areas and access roads fit for vehicle circulation.
8. Conveyor belt to take cargo to the dock.
9. Reconditioning of warehouses for storage and conversion into silos for cereal storage, conditioning, drying and transportation Services.

ADDITIONAL AWARDDING CRITERIA

Similar to Posadas Port.

7. ESTIMATED CARGO

APPSA is performing analyses and holding consultation meetings to gain insight on the volume of cargo expected to be serviced at the ports of the Province. While these analyses are underway, we hereby present a summary of the information available so far, in order to offer a preliminary picture of the situation. We will timely provide additional information in this regard.

All data provided are for information purposes and result from consultation with cargo generators. The Government of the Province and APPSA are not undertaking any commitment in connection with cargo volumes or study results, or the future evolution of cargo.

All interested parties are expected to perform their own studies, verification and analyses while preparing their bid.

EXPORT CARGO FROM MISIONES

The approximate volume of cargo intended for export from the Province of Misiones is listed below per sector. A detailed report as well as other specifications are still being prepared.

	TON/YEAR APPROX.
1. YERBA MATE	
Destined to different Latin American countries, Europe, USA, & Asia	29/32,000
2. TEA	
Chile. USA. Europe.	73,000
3. PULP AND PAPER	
Brazil	171/190,000
4. WOOD AND MANUFACTURE	
USA AND CANADA	80/150,000
5. TOBACCO	<u>6/9,000</u>

**PRELIMINARY TOTAL of cargo for EXPORT originated in the
Province of Misiones, based on exported
volumes, years 2014 and 2015**

359,000-454,000 tn/year

DOMESTIC CARGO FROM AND TO MISIONES

Potential cargoes include, primarily:

- a) **CRUSHED ROCK – BASALT:** Misiones is a great producer of Basalt for construction purposes, concrete, foundations, large structures, railroads, highly demanded in the Argentine northeast and northwest regions where there is no production. This is a high unmet demand or partially served by trucks. An annual demand of 150,000 tons is expected.
- b) **FUELS:** It is also possible to develop a fuel storage and distribution network based on the Posadas port.
- c) **CEMENT AND IRON:** Cement and iron reach Misiones from the Pampean region, in the center of the country, with very large volumes. This could translate into a primary type of cargo that could reach Misiones by river.
- d) **MINERAL WATER:** The AGUA DE LAS MISIONES company has transported between January and July 2016 around 160 trucks with 22 tons of water each to the central area of the country. This accounts for approximately 3,500 tons and an annual projection of 6,000 tons, without considering the production and sales growth expected in the following years.

POSADAS INDUSTRIAL PARK - PORT COMPLEMENTARITY

Several domestic and foreign companies are in the process of establishing in the Posadas Industrial Park, at an advanced stage, while others are considering doing so. These companies will require the entry of materials and supplies from within and outside the country and inland navigation is optimal for most of them, while it also serves as a shipping route for the products to be manufactured, either with domestic or foreign destinations. More information is going to be provided during the technical dialogue rounds.

CARGOES FROM BRAZIL

A preliminary report prepared by Mr. Alceu Van der Sand and Mr. Pedro Búttembender, both from the state of Rio Grande do Sul, is transcribed below. The report addresses the potential cargoes expected from the west area of Rio Grande do Sul. These professionals are currently performing the study and getting in touch with cargo generators in order to provide more accurate information and determine the actual possibilities and willingness to ship those cargoes from the ports of the Province of Misiones.

CARGO POTENTIAL FROM RIO GRANDE DO SUL

The large region called the Northwest of the state of Rio Grande do Sul, Brazil, is formed by a surface of 27,455 square kilometers. The population in this area currently amounts to nearly 800,000 people.

From a production viewpoint, agribusiness leads the local productive activity in this area.

In terms of agricultural crops, there is soy, wheat, corn and oats. There are two other large production chains in the area: hog production and the dairy sector.

As evidence of its productive capacity, some data on current production and a quick analysis of the productive reality found in the area are presented per production chain.

1 – SOY

Soy is the most traditional chain found in the region.

According to data from 2014, 3.64 million tons of soy are produced. This accounts for 23% of the total soy produced in the state of Rio Grande do Sul.

In average, 60% of this production is exported. Therefore, in the area under study, 1.83 million tons are exported.

The largest regional problem for product competitiveness is logistics. Out of all exports, 90% of the production is shipped on trucks to the Rio Grande port. This is the only feasible exit alternative. In average, the distance to the port is 650 km. Freight costs, road infrastructure costs and delays at the port are the daily challenges for operators.

The freight cost amounts to nearly USD35.00 per ton for transportation from the productive area to the port.

It is valid to consider the lower costs involved in shipping products through inland navigation at the Santa Ana port. The road cost – considering the distance only, which in this case would be 160 km in average – would imply a significant drop in road transportation costs.

Such drop would be around USD12.00 per ton. Thus, the Santa Ana Port could become a large competitor because profits from soy exportation in this area would increase.

A significant point to consider is that soy farming is very demanding in terms of chemical fertilizers. All these fertilizers are imported from other markets. Taking these supplies to the Posadas or Santa Ana port would be a great opportunity for the sector, mainly because it ensures a return freight for the soy shipped at Santa Ana.

Moreover, considering an open economy, this region also exports corn and wheat, in lower volumes but still considerable.

2 – HOGS

The region under analysis has four hog slaughter facilities. Considered together, these four slaughterhouses slaughter around 10,800 animals daily. About 20% of that production is shipped to international markets. In the same way as soy, it is shipped in containers through the Rio Grande Port.

Offering an alternative for the shipping of products with high added value is a great opportunity to increase the competitiveness of the meat sector in the region. If the area leverages the potential of the Posadas Port, this could be a very interesting alternative for the entire hog production chain.

3 – DAIRY SECTOR

This sector has received many investments in the past few years. Nowadays, in the large northwest region of Rio Grande do Sul, 6.0 million liters of milk are processed daily. An average of 3.0 million liters are processed for milk powder. Out of that amount, at some points during the year, 30% is exported. The main destination markets are East Europe and China.

Increasing the competitiveness of this sector by lowering logistics costs is a great challenge today. Shipping milk powder from Argentine ports calls for further analysis.