

## **The federal government's recent announcement on the privatization of state-owned companies: what we know so far**

The Brazilian federal government announced last week a plan to privatize nine state-owned companies, including the Brazilian postal service Correios and telecommunications company Telebras.

This announcement is part of Brazil's Investment Partnership Program – PPI that already had sights on eight other companies, such as energy giant Eletrobras, the Brazilian mint and rail company CBTU. The complete list of companies also includes social security data services Dataprev, Santos port authority Codesp and Espírito Santo port authority Codesa.

The federal government's announcement did not set any dates for the bidding processes: the government clarified that it is still conducting studies to decide on the privatization proceedings of each of the announced companies. The proceedings may include the sale of assets, partnerships with private companies, IPOs and the execution of concession agreements.

It is important to bear in mind that not all of the announced companies may freely undergo a privatization proceeding – some of them depend upon Congressional approval. According to Brazilian law and as recently confirmed by the Brazilian Supreme Court – STF, the transfer of control of state-owned companies depends on the Brazilian Congress' approval. That should be the case of Correios, Telebras, Eletrobras and Dataprev, for instance. Congressional approval may only be dismissed in case of transfer of control of subsidiaries of state-owned companies.

On that account, success of the announced privatizations will depend on the final determination of the structure of each one of them, as well as on the approval by the Brazilian National Congress whenever applicable.

We will continue to monitor these proceedings and remain available for any clarifications on the matter.