

PERNAMBUCO

DEVELOPMENT IS OUR
BUSINESS



RECIFE, FEBRUARY, 2012



Secretaria de
Desenvolvimento
Econômico

PERNAMBUCO
GOVERNO DO ESTADO

BRAZIL TODAY

- **World's 6th biggest economy in 2011 (US\$ 2,144 bi)**
(The Economist - Economist Intelligence Unit; Central Bank)
- **Population of 190,7 million inhabitants in 2010**
(84.4% in urban areas) (IBGE)
- **GDP grew 7.5% in 2010** (Central Bank)
- **GDP in 2011 has grown 3.2% until the 3th trimester** (Central Bank)
- **GDP per capita in 2010 of US\$11,093.88** (Central Bank)
- **US\$ 354,6 billion of International Reserves in 2012/Jan** (Central Bank)
- **US\$ 360 billion invested between 2007-2010 (US\$ 20 bi in PE) (Federal Government - PAC)**
- **US\$ 555 billion to be invested between 2011-2014 (PAC2)**



BRAZIL NEW ECONOMIC CYCLE

- Economic and political stability (long term investment planning, confidence, recovery of the purchase power of wages, internal market)
- World growth and commodity prices
- Income distribution (internal market)
- Expansion of credit (private investment rate and internal market)
- Infrastructure investments
- Federal incentives

THE NEW CONSUMERS...

EVOLUTION IN CURRENT PRICES OF THE SELLS OF CONSUMER GOODS IN BRAZIL (2003 --> 2010)

Retail - Supermarkets	Retail - Textile, Apparel and Shoes	Retail - Furniture and Appliances	Retail - Medicines and perfumary	Retail - vehicles, motorcycles and parts
56,21%	41,00%	159,41%	82,10%	123,03%

Source: IBGE (own table construction)

C-Class represents 40% of the Brazilian population

NORTHEAST BRAZIL

- 1.6 million Km².
- 53 million population in 2010 (27.8%).
- Fastest growing economy in Brazil (8.3% growth 2010) (Central Bank).
- GDP about US\$ 300 billion (2010).
- GDP per capita about US\$5,600.
- US\$80 billion invested in PAC 1.



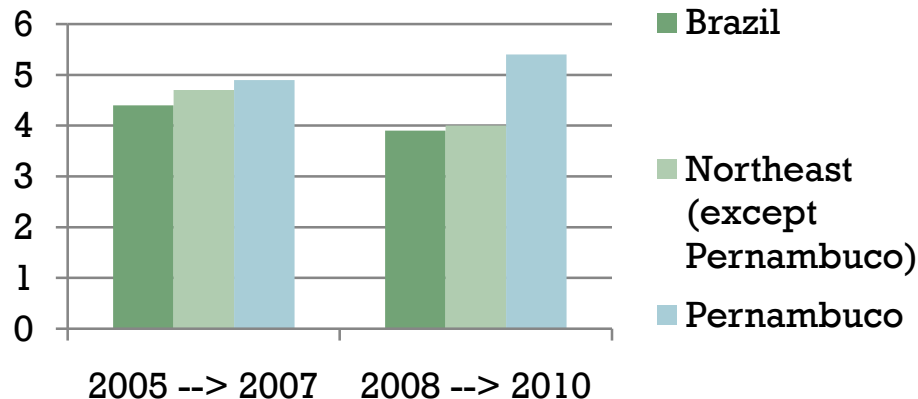
PERNAMBUCO

- 8.8 million population (80.5% urban)
- 2nd biggest economy in the Northeast Region
 - GDP of almost US\$ 50 billion
(2.3% of Brazil GDP; 16.7% of Northeast GDP)
 - GDP per capita about US\$ 5,700



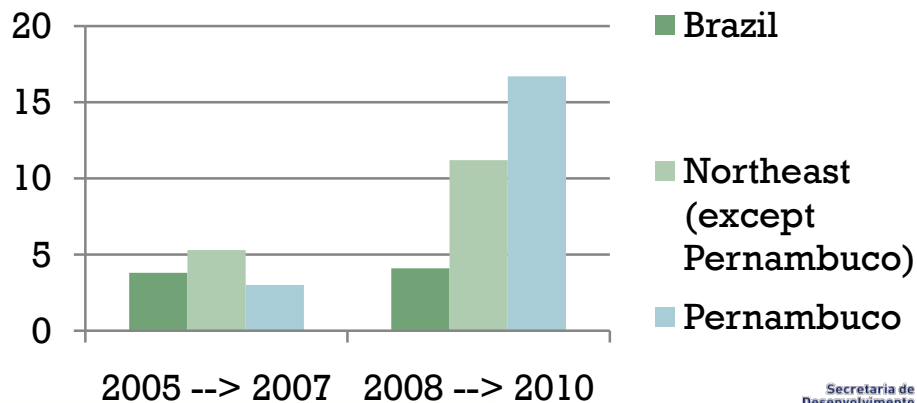
PERNAMBUCO GDP EVOLUTION

GDP growth average rate (% per year)

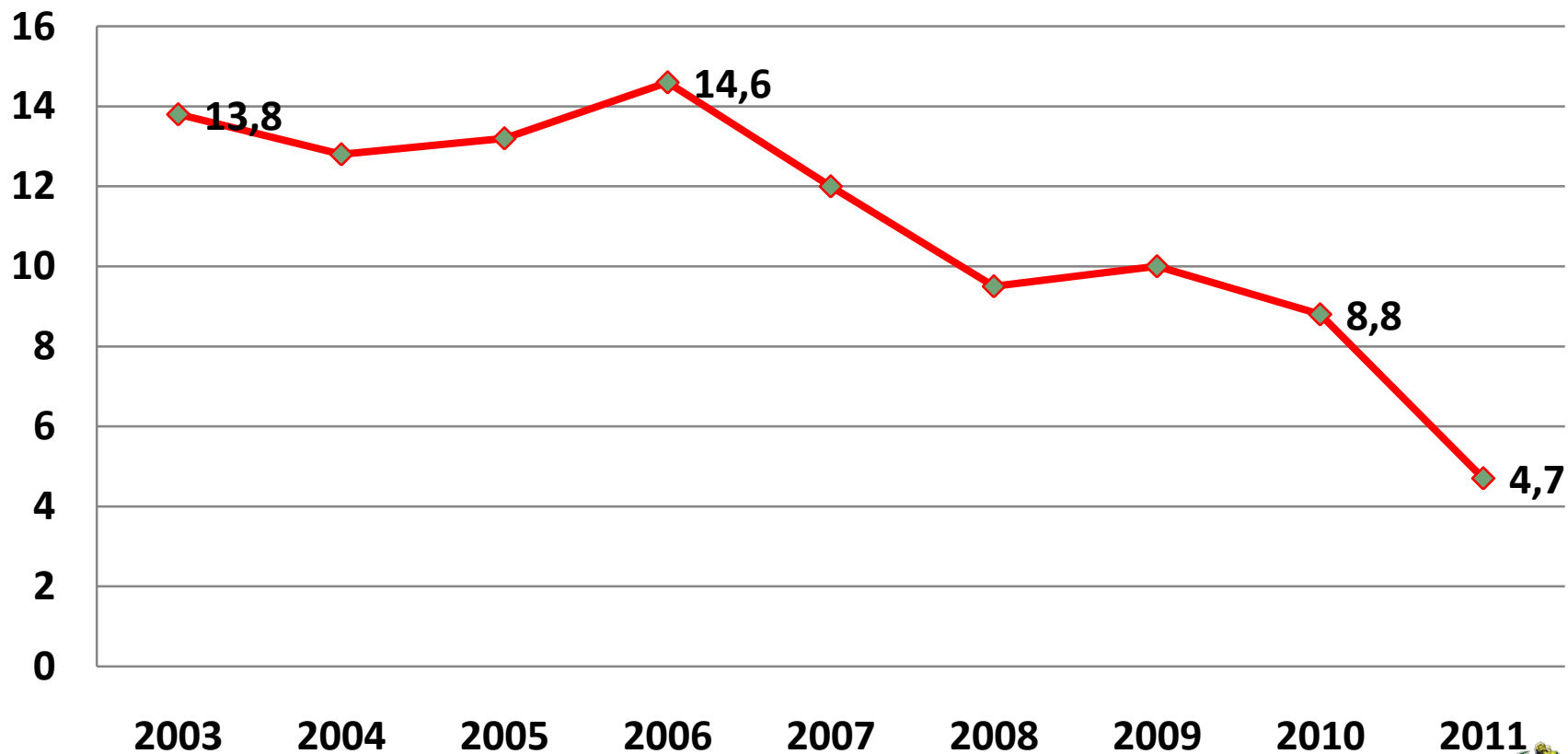


In 2010 the GDP rate growth of PE was 9,3%

Civil Construction - Value Added growth average rate (% per year)



UNEMPLOYMENT RATE RECIFE METROPOLITAN REGION



Source: IBGE

PERNAMBUCO: THE CHAMPION IN ECONOMIC GROWTH

- Being in Northeast (the most benefited Region by the income distribution federal policies, federal investments, privileged conditions of federal taxes and financial incentives)
- Strategic location
- Logistic (airports, ports, roads, storage centers, service companies)
- Differentiated human capital in the Northeast Region
- State finance health (the capacity to invest), public management, incentives and supports of the Government of the State

PERNAMBUCO



São Francisco Valley

More than 130 thousand hectares of irrigated soil (production of fruits and wines)

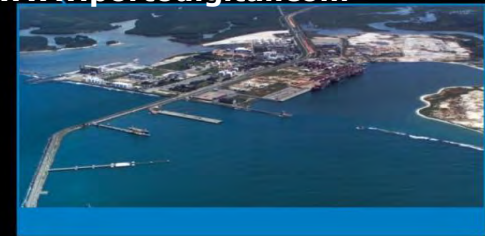
- Poultry
- Dairy products
- Sugarcane industry
- Shrimp
- Fishes



APPAREL POLE

More than 10% of the production of jeans in Brazil
About 150.000 people

Porto Digital
International reference in TI sector
The best technological park in Brazil (ANPROTEC)
www.portodigital.com

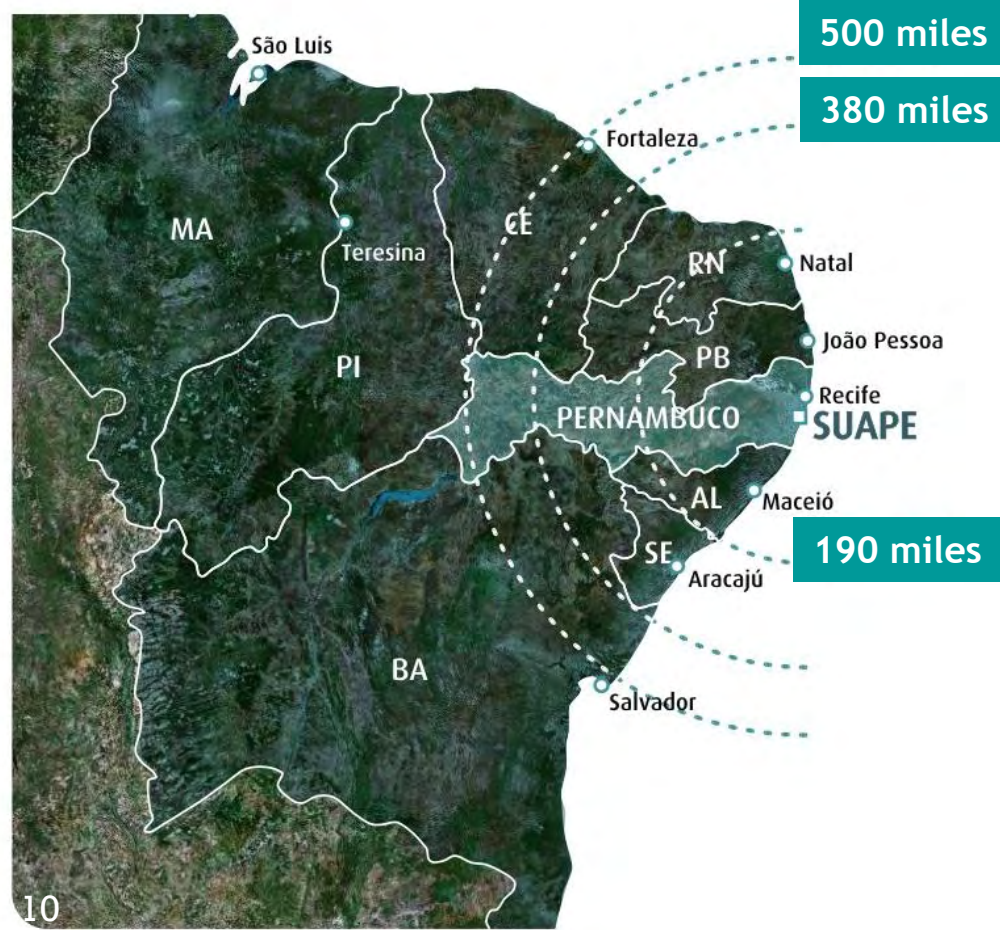


Suape
Industrial and Port Complex
located 40 km far from Recife
Oil and gas, naval and off shore,
wind energy

www.suape.pe.gov.br
Dynamic Economic Centers



Logistic Center In Brazilian Northeast



- 7 state capitals
- 7 international airports
- 8 international ports
- 1 river port
- 30 million people
- 90% of Northeast's GDP

- 4 state capitals
- 4 international airports
- 5 international ports
- 12 million people
- More than 35% Northeast's GDP

STRATEGIC LOCATION SHIPPING DISTANCES





US- Miami
7:00

Europa
7:00

PERNAMBUCO

***STRATEGIC
LOCATION
AIR DISTANCES***

2:30

2:45

2:45

Brasília

São Paulo

Rio de Janeiro

São Luiz

Fortaleza

Natal

João Pessoa

Recife

Maceió

Aracaju

Salvador

MA

PI

CE

RN

PB

PE

AL

SE

BA

Logistic

**Industrial and Port Complex of SUAPE - our
gate to the world**

Outer and Inner Port



LOGISTIC

TRANSNORDESTINA RAILWAY

Beginning of the operations Suape –
Elizeu Martins: 2013
Investment: about US\$ 3,14 billion

Patch	Km
Missão Velha – Salgueiro (PE)	96
Missão Velha – Pecém (CE)	527
Salgueiro – Suape (PE)	522
Salgueiro- Trindade (PE)	116
Trindade – Elizeu Martins (PI)	420
Total	1.728



Multimodal logistic platform of Sertão Central (Salgueiro):

- Location: junction of BR-232, BR-116 and Transnordestina Railway (518 km far from Recife)
- Available Area: 301,5 hectares
- Areas for distribution centers, production plants, industrial airport and dry(inland) port.

THE BIGGEST COMPANY STRUCTURAL PROJECTS IN PERNAMBUCO

SUAPE

Refinery Abreu e Lima:	US\$	15,05 bi -	1.300 direct jobs
PetrochemicalSuape:	US\$	2,03 bi -	1.800 direct jobs
Mossi & Guisolf:	US\$	0,36 bi -	370 direct jobs
Shipyard Atlântico Sul:	US\$	1,22 bi -	10.000 direct jobs
Other shipyards	US\$	0,87 bi -	2.800 direct jobs
Steel industry CSS:	US\$	0,75 bi -	800 direct jobs
Total:	US\$	20,27 bi -	17.070 direct jobs



THE BIGGEST COMPANY STRUCTURAL PROJECTS IN PERNAMBUCO (OUT OF SUAPE)

GOIANA

Fiat Factory :	US\$	2,31 bi -	4.500 direct jobs
Fiat suppliers:	US\$	1,74 bi -	6.000 direct jobs
Hemobras:	US\$	0,31 bi -	300 direct jobs
CBVP/CBVA:	US\$	0,48 bi -	800 direct jobs
Total:	US\$	4,84 bi -	13.100 direct jobs

SÃO FRANCISCO RIVER TRANSPOSITION

DEVELOPMENT OF THE COUNTRYSIDE

- It's aimed at suppling water to nearly 12 million of people who live in small, intermediaty or big citys of semi-arid region of Pernambuco, Ceará, Paraíba and Rio Grande do Norte.
- The biggest investment conducted nowadays by the Federal Government in the Northeast Region: US\$ 3,5 billion.



RENEWABLE ENERGY

Wind energy:

- It is the beginning of the structuring of wind energy generation productive chain.
- Pernambuco already has turbine plants of the Argentine group Impsa Wind and wind towers of the Spanish group that holds the RM Eólica in Pernambuco, both of them installed in Suape. It was announced a wind shovel plant this year.



Sources: Associação Brasileira de Energias Alternativas e Meio Ambiente (Abeama) and Eólica Tecnologia Associação Mundial de Energia Eólica

WHY PERNAMBUCO WILL STILL HAVE A BETTER PERFORMANCE

- Preexisting anchor projects - refinery, petrochemical complex , shipyard and automobile companies
- Conclusion of the started infrastructure projects (Transnordestina Railway, São Francisco River transposition, Pharmaceutical Pole)
- New public infrastructure projects (north logistic complex, new investments in Suape, Metropolitan Arch, Sertão Channel)
- New economic dynamics generated by the public infrastructure projects (Transnordestina Railway, duplication of roads)
- Education investments (basic and professional ones)
- Integrated, organised & efficient structure for labour training
- Long-term vision of development shared by private & public sectors

INFRASTRUCTURE – NEW PROJECTS

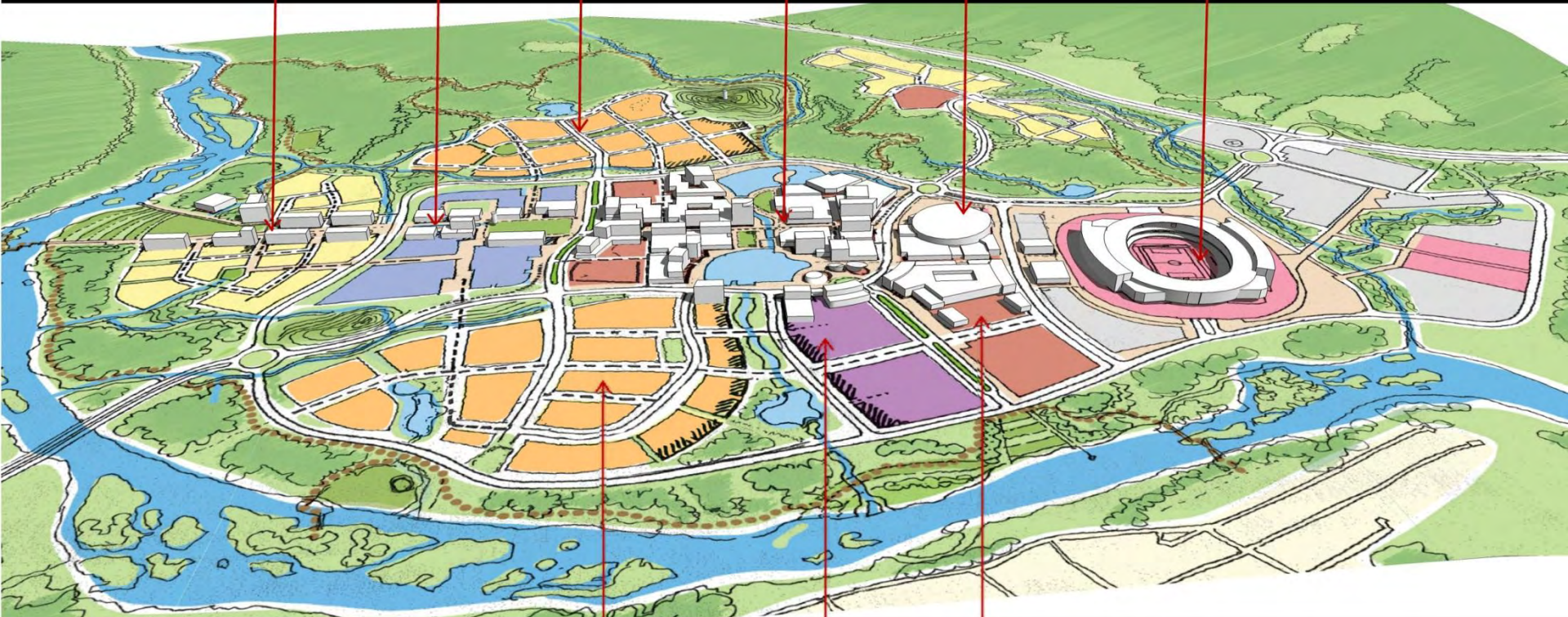
METROPOLITAN ARCH



- A 100 km link between Itapissuma and Suape, bypassing Recife
- Importance: it will integrate north areas of Recife Metropolitan Region to Suape Port and Industrial Complex, alleviating traffic congestion and enhancing urban mobility
- Investment: US\$ 1,05 billion

WORLD CUP CITY

Residencial Campus Educacional Res/Escrit. Usos Mistos Entretenimento Distrito de Usos Mistos Arena Indoor Arena da Copa



Res/Escrit. Usos Mistos Industria Tecnologia Hotel & Convenções

PERNAMBUCO – BUSINESS OPPORTUNITIES

- Infrastructure projects
- Port Operation (new terminals of containers, minerals, grains, vehicles, regaseification powerplant)
- Naval and off shore Industries
- Transportation & Logistics
- Petroleum and Petrochemical Industry
- Consumer goods industry
- Metalmechanic industry
- Automobile industry
- Energy industry
- Steel industry
- Textiles

HUMAN CAPITAL

- Excellent academic infrastructure in specific areas of knowledge, such as: information and communication technology, chemistry, physics, mathematics, engineering, health, social, human and biological sciences.
- Pernambuco has 107 Higher Education Institutions (HEIs) accredited and authorized (MEC, 2009) such as:
 - Federal de Pernambuco (UFPE);
 - Federal Rural de Pernambuco (UFRPE);
 - Vale do São Francisco (UNIVASF);
 - Estadual de Pernambuco (UPE).
- Technical Schools: 30 (Federal and State ones)
- Research Institutions:
 - ITEP, CETENE and IPA
 - S System
 - Porto Digital



MODERN SERVICES - INFORMATION TECHNOLOGY

Porto Digital in numbers:

- Almost 200 companies
- About 6.000 jobs in IT activities
- 90% of the workforce with high education level
- 8 km of optical fiber
- Almost US\$ 600 million total billing

Areas of Competence

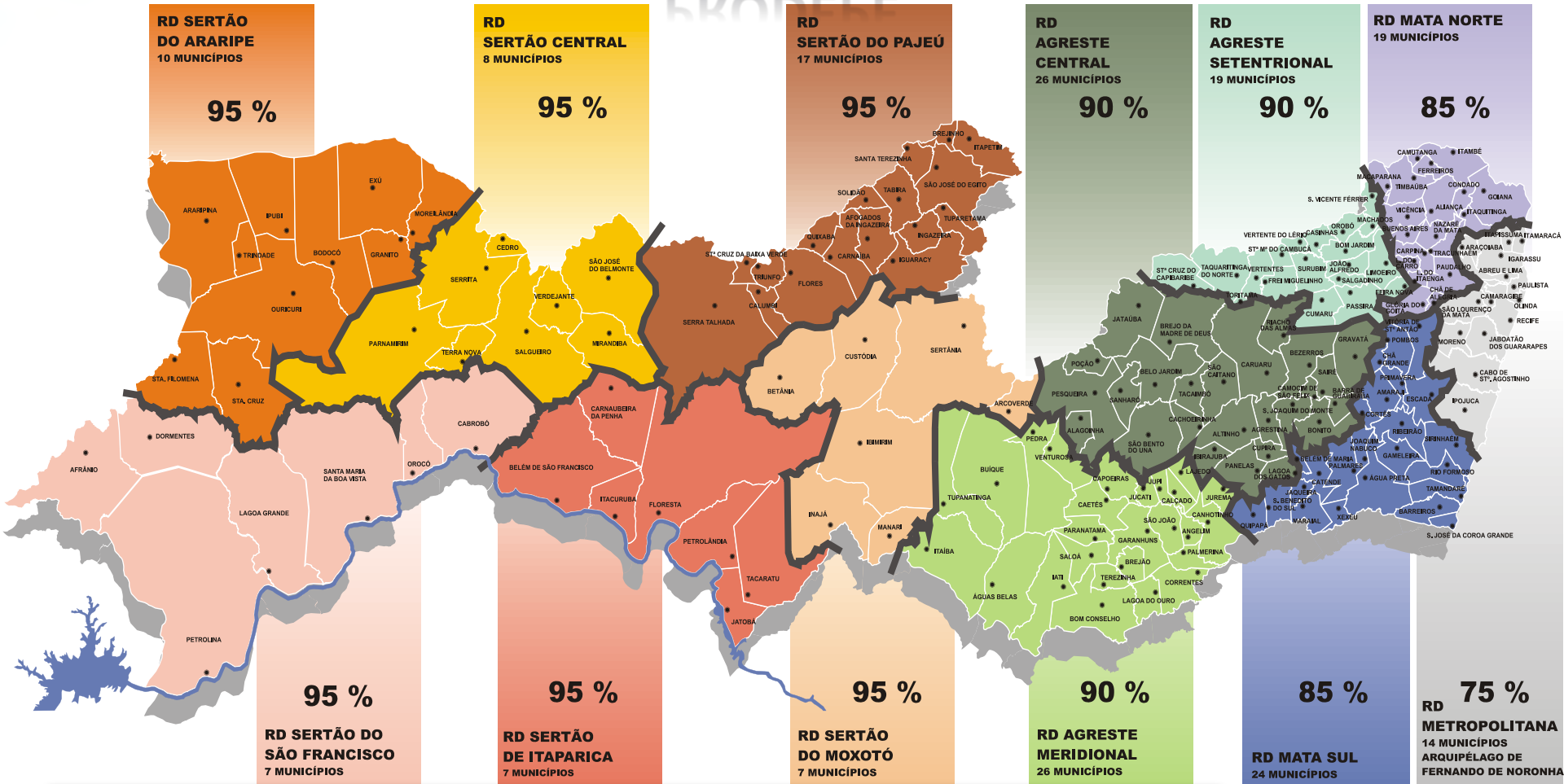
- Development of software (solutions and products)
- Geomatics
- Traffic Management
- Biometric
- Games
- Neural Nets/ Artificial Intelligence
- E-business
- Mobility/Wi-Fi



Porto Digital

STATE TAX (ICMS) INCENTIVES - INDUSTRY

PRODEPE



Naval industry: exemption
Energy industry: exemption

Automobile industry: 95% and deferral for the suppliers

FEDERAL TAX INCENTIVES

Main incentives for industries:

- Reduction of 75% of the Income Tax of the Company (IRPJ) for 10 years;
- Possibility of reinvestment of 30% of the IRPJ to be paid;
- Exemption of the Additional Fare for the Renewal of the Merchant Marine – AFRMM;

MUNICIPAL TAX INCENTIVES

- Reduction of taxes over services, over real state and exemption of business license costs

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