



STATE GOVERNMENT OF  
**RIO GRANDE DO SUL**

STATE DEPARTMENT OF ECONOMIC  
DEVELOPMENT, SCIENCE AND TECHNOLOGY

# **DOING BUSINESS IN RIO GRANDE DO SUL**

**JETRO**

Japan External Trade Organization

# PROGRAMME

## October 22

### **MORNING – Piratini Room I e II**

11:30 - Welcome Lunch

Statements:

- Atsushi Okubo, President of JETRO SP
- Fábio de Oliveira Branco, State Secretary SDECT
- José Ivo Sartori, Governor of the State

### **AFTERNOON - Guaíba Room III**

13:15 - Accreditation

13:45 - Opening: JETRO

14:00 - Presentation by the Secretary Fábio Branco

14:30 - Coffee-break - **Minuano Room**

15:00 - Start of Business Rounds

18:00 - Closing

## October 23

### **Visits to companies**

8:30 a.m. **GM**

9:30 a.m. **Magna Cosma**

1:30 p.m. **AGCO**

1:30 p.m. **Navistar**

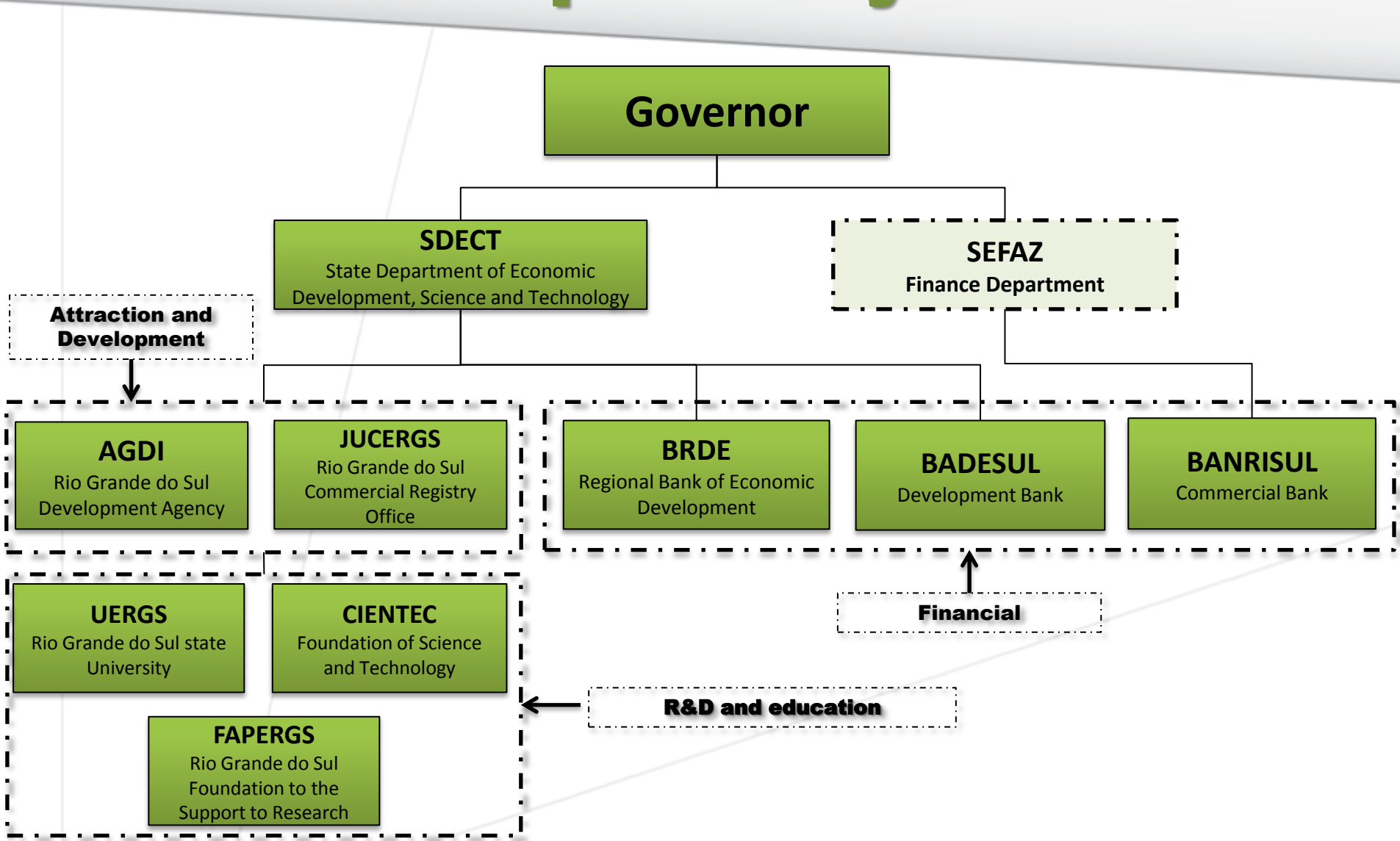


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# Rio Grande do Sul Development System



# RIO GRANDE DO SUL'S **STRATEGIC POSITION**

**IN THE CENTER OF  
SOUTH AMERICA'S  
MAIN MARKETS**

**LATIN AMERICA'S  
BIGGEST  
POPULATIONAL  
CONCENTRATION**

**INTEGRATION WITH  
MERCOSUR THROUGH  
HIGHWAYS, RAILWAYS,  
WATERWAYS AND  
INTERNATIONAL FLIGHTS**



# OVERVIEW OF BRAZIL

**POPULATION**  
**5th BIGGEST**  
206.1 MILLION  
INHABITANTS (2014)

**CONTINENTAL  
COUNTRY**  
**5th LARGEST**  
8 MILLION KM<sup>2</sup>

**GDP – ONE OF THE  
TEN BIGGEST IN  
THE WORLD**  
US\$ 2.3 TRILLION (2014)

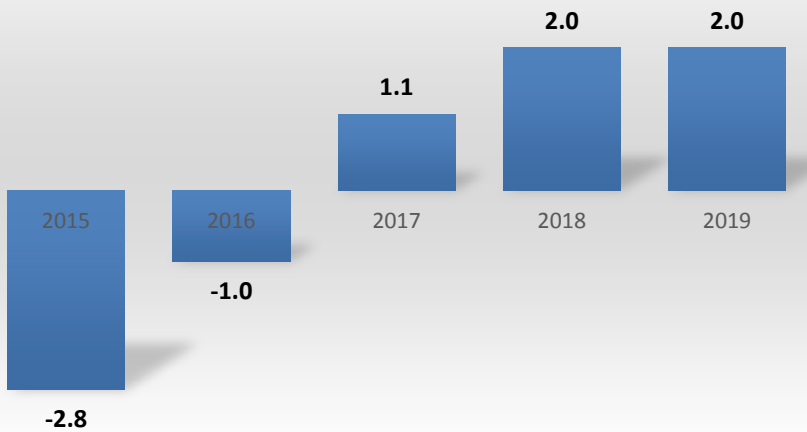
Brazil is the largest  
recipient of FDI in  
Latin America and the  
fifth largest recipient  
in the world.  
**US\$ 62 BILLION**  
(2014)



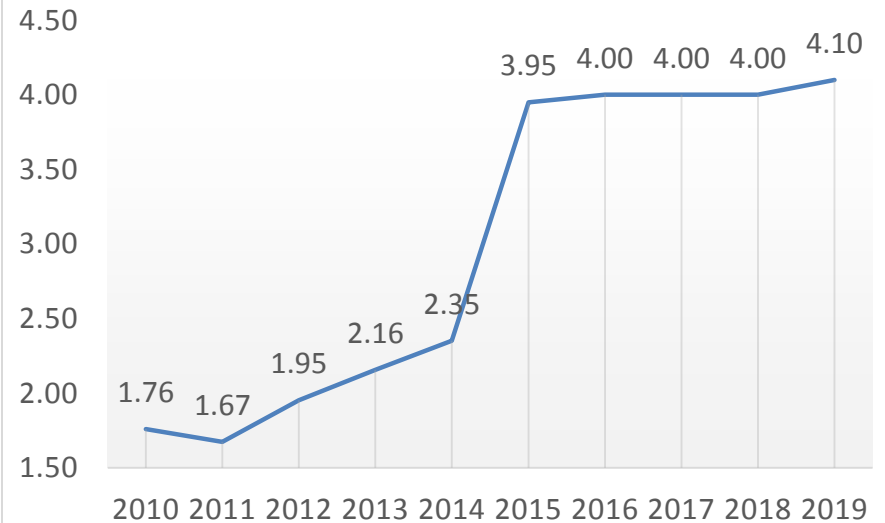
**CRISIS**  
**x**  
**OPPORTUNITIES**

# Brazil Economy

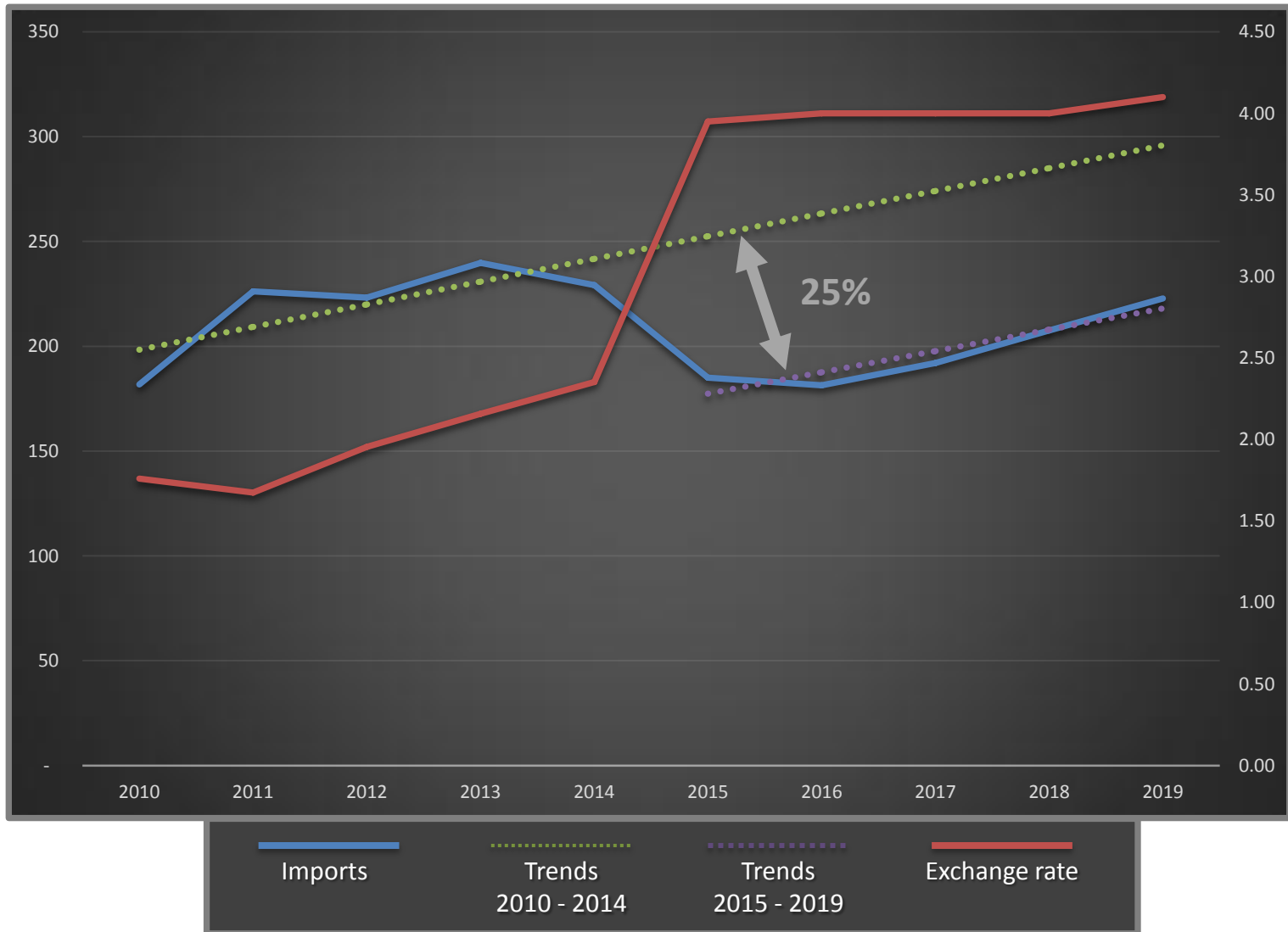
Brazil GDP Growth (%)  
Median Market Forecast (25/09/2015)



Exchange Rate  
Median Market Forecast (25/09/2015)



# Brazil Trends





# WHY INVEST IN RIO GRANDE DO SUL?

**11 million inhabitants**

(5.43% of Brazilian population)

**Multicultural Immigration**

(German, Italian, Polish, Portuguese and many more)

**Diversified  
Industrial  
Park**

**GDP (2014): US\$ 195.6 billion**

(R\$ 331,508 billion)

**GDPpc (2014): US\$ 17,474**

(R\$ 29,560)



**State Capital:**

**Porto Alegre**

(4 million inhabitants including metropolitan area)

**Nation's 4<sup>th</sup> most  
populated region**

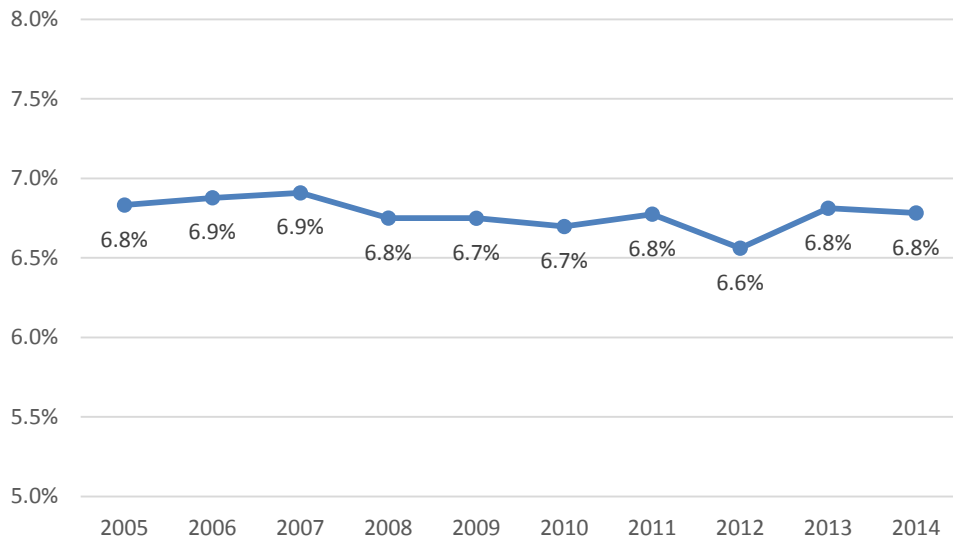
Sources: FIRJAN; FEE; IBGE

Converted using the exchange rate purchasing power parity (ppp)

US\$/R\$ 1.7 (World Bank)

# RS ECONOMY

RS Participation in Brazil GDP



- **Constant share of GDP, despite having one of the highest GDP per capita**
- **Should behave similarly to BR in the coming years**

# DIVERSIFIED INDUSTRY

**1st**

**INDUSTRIAL  
PARK  
IN BRAZIL FOR**

- Truck and bus bodies, trailers for motor vehicles
- Machinery and agricultural implements
  - Biodiesel
  - Automation
- Leather and footwear
- Wines

**3rd**

**INDUSTRIAL  
PARK  
IN BRAZIL FOR**

- Chemical products

**2nd**

**INDUSTRIAL  
PARK  
IN BRAZIL FOR**

- Metal products
- Rubber & plastics
- Machines & equipment
  - Furniture
- Wind power generation

**4th**

**INDUSTRIAL  
PARK  
IN BRAZIL FOR**

- Information and communication services
- Motor vehicles



# GLOBALIZED INDUSTRY



**LANXESS**



**KIRIN**

**TRAMONTINA**



**JOHN DEERE**



# GLOBALIZED INDUSTRY



**HYUNDAI**  
ELEVATOR CO., LTD.



**GERDAU**

**Braskem**



 **MITSUBISHI**  
HEAVY INDUSTRIES, LTD.  
Our Technologies. Your Tomorrow

**DENSO**



**FOTON**



**TOYOTA**



 **MITSUBISHI**  
**ELECTRIC**  
Changes for the Better



**HONDA**





Aware of the opportunities that will arise when the crisis comes to an end, General Motors (GM) announced in 2015 an investment of R\$ 13 billion in Brazil for the 2014-2019 period. The GM Complex in Gravataí/RS will benefit from a significant part of this investment, which will be used to expand its car assembly lines.

# HIGH LEVEL OF EDUCATION

## TOP UNIVERSITIES IN BRAZIL



**Federal University  
of Rio Grande do Sul**  
**1st  
UNIVERSITY**

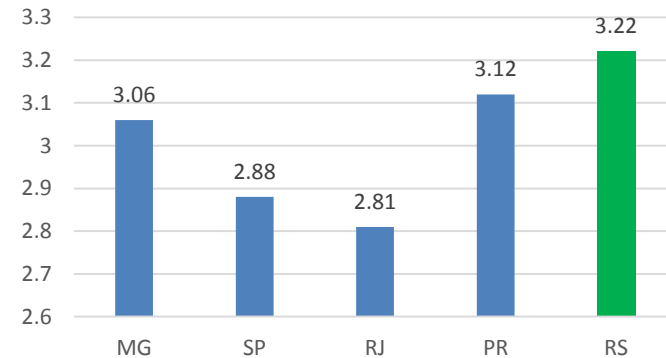


**University of Vale  
do Rio dos Sinos**  
**2nd PRIVATE**



**Pontifical Catholic University  
of Rio Grande do Sul**  
**3rd PRIVATE**

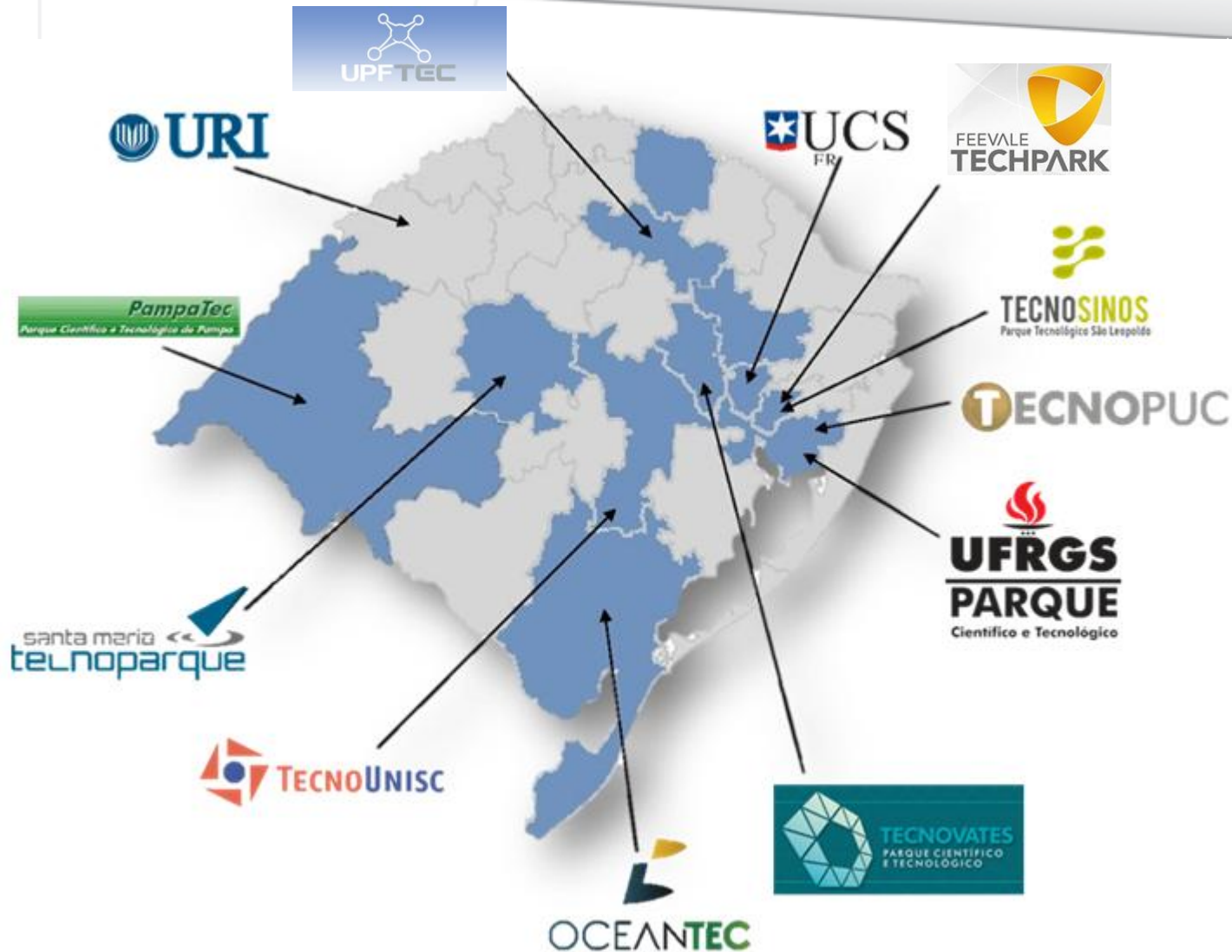
## GCI Index - Quality of Universities (2014)



**23 UNIVERSITIES**

**113 TECHNICAL EDUCATION INSTITUTIONS**

# TECH PARKS IN RS



**SOME  
PLAYERS  
ALREADY  
HERE**



**Microsoft**





# TECH PARKS IN RS



**14,781 EMPLOYEES IN THE  
THREE MAIN TECH PARKS**

**TECNO PUC: 120 companies**  
**TECNOSINOS: 75 companies**  
**FEEVALE TECHPARK: 35 companies**



## Awards (2014)



**BEST BRAZILIAN  
TECHNOLOGY PARK**

**National Award for Innovative  
Entrepreneurship**

**TECNOSINOS**  
Parque Tecnológico São Leopoldo



**BEST BRAZILIAN  
INCUBATOR**



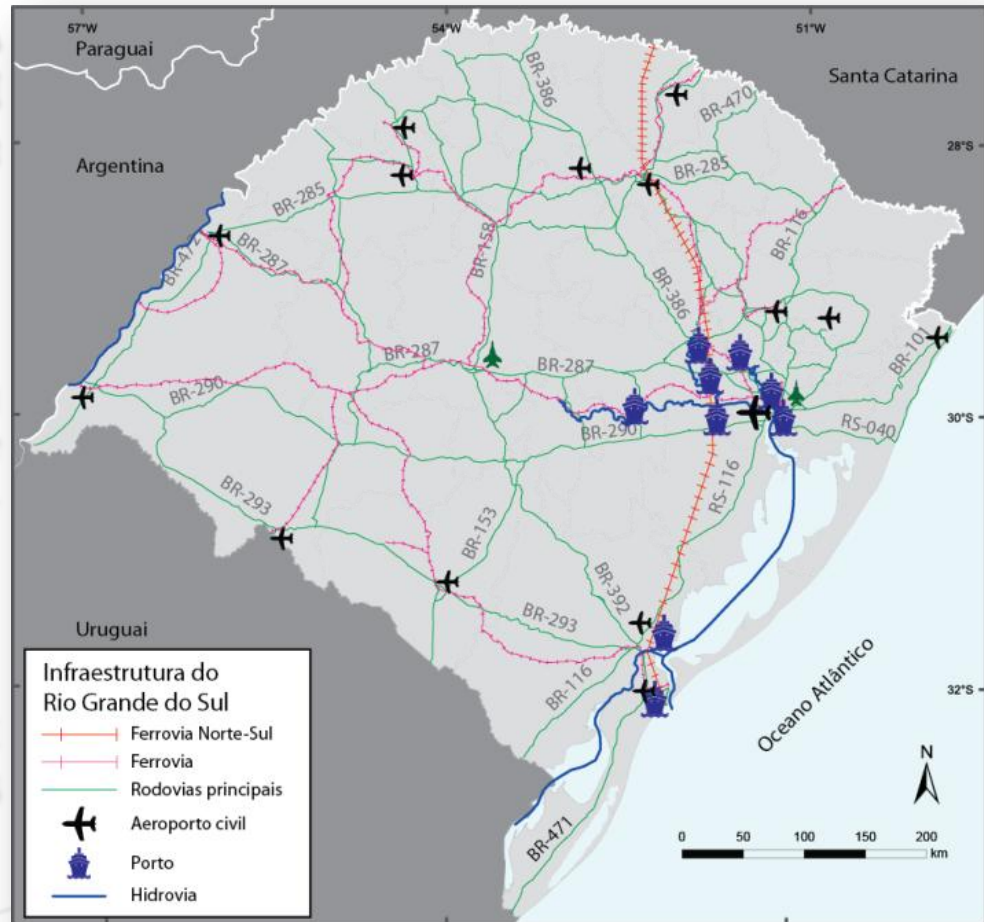
**National Award for Innovative  
Entrepreneurship**

# INTEGRATED LOGISTICS

**PORT OF RIO GRANDE HAS A DRAUGHT ABLE TO RECEIVE ANY WORLD'S CONTAINER SHIP: 40 FEET**

**RS HAS GREAT POTENTIAL IN WATERWAYS WITH 2,154 KM OF NAVIGABILITY POTENTIAL, OF WHICH 1,100 KM ARE USED**

**THE WATERWAYS OF RIO GRANDE DO SUL MOVE 6.5 MILLION TONS OF CARGO PER YEAR**



# PORT OF RIO GRANDE CONNECTION WITH THE WORLD



# PORT OF RIO GRANDE

## Main Advantages

- . Full operational infrastructure, with specialized terminals**
- Competitive rates**
- Commitment to the environment**
- Total adaptation to the new international port concepts**
- Connection to the Rio Grande do Sul, Brazil and the Mercosur countries**
- Operates the largest shipowners in the world**
- Provides destinations to major national and international ports**
- Capacity Of Expansion**



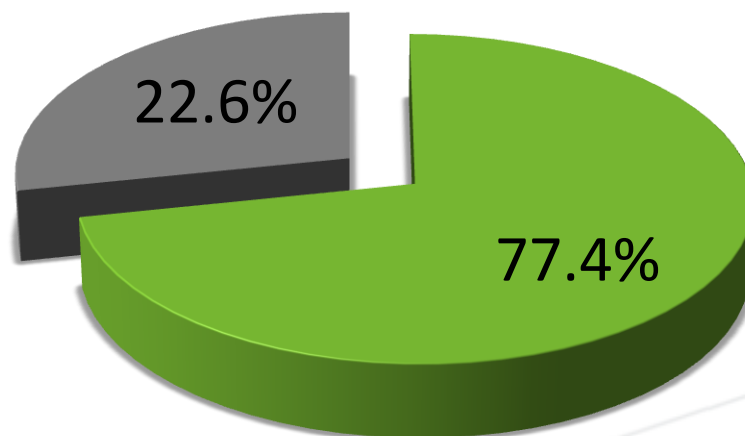
# ELECTRIC POWER INFRASTRUCTURE

**THE INSTALLED GRID IS TOTALLY CONNECTED TO THE REST OF BRAZIL**

**MOST ENERGY USED IN RS COMES FROM HYDROELECTRIC PLANTS: 71.4%**

**RENEWABLE ENERGY RESPONDS FOR 77.4% OF THE INSTALLED CAPACITY**

Renewable Energy Generation in RS –  
Installed Capacity (%) - 2013



■ Renewable    ■ Non-renewable

# **RENEWABLE ENERGY**

# **WIND POWER**

## **RS 18%**

**OF BRAZILIAN  
WIND GENERATION**

# **US\$ 2,32 Bi**

**2017 PROJECTED INVESTMENT  
ON WIND POWER**

**INVESTMENT  
OPPORTUNITIES:**

**SUPPLY CHAIN (TURBINES,  
BLADES, SMALL WIND TURBINES)  
AND WIND POWER AUCTIONS**

## GROWING INDUSTRY

RS WIND FARMS HAVE INSTALLED  
CAPACITY TO GENERATE 1.34 GW

THE LARGEST WIND FARM COMPLEX OF  
LATIN AMERICA, “CAMPOS NEUTRAIS  
COMPLEX”, IS IN RS.

# HONDA

HONDA ENERGY JUST STARTED OPERATING ITS  
OWN WIND FARM IN THE CITY OF XANGRI-LÁ.

THIS WIND FARM GENERATES **95.000 MW/YEAR**  
FOR HONDA’S FACTORY IN SUMARÉ/SP (1,200  
KM AWAY).



**AUTOMOTIVE**

# AUTOMOTIVE MARKET IN BRAZIL

**4<sup>th</sup> LARGEST  
GLOBAL CAR  
MARKET**

Annual revenue: more than **US\$ 110.9 billion**  
Production capacity: **4.5 million vehicles**  
Consumption of new vehicles: **3.5 million**

**8<sup>th</sup> LARGEST  
AUTOMAKER**

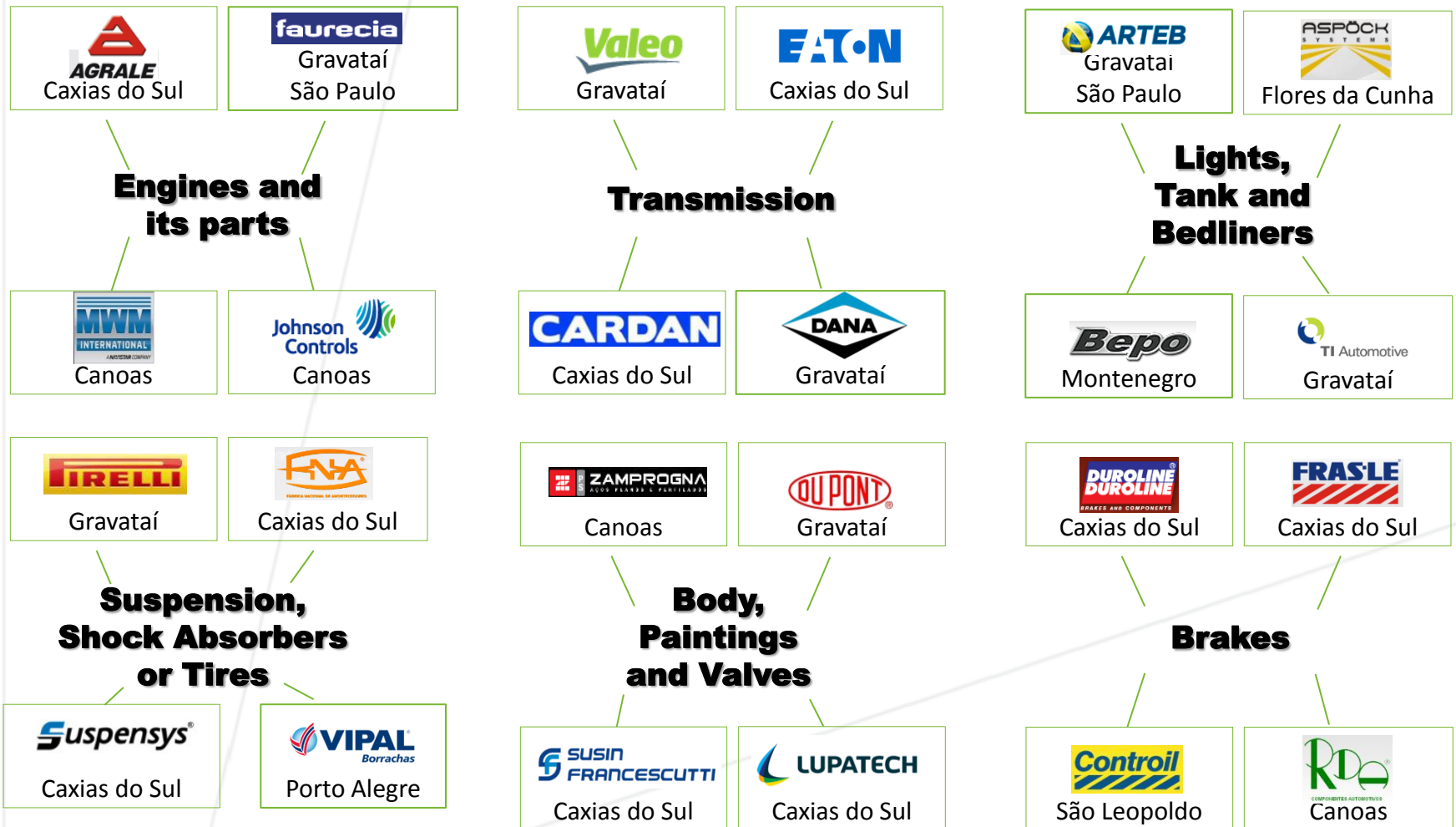
Annual production of vehicles  
2014: **3.14 million**



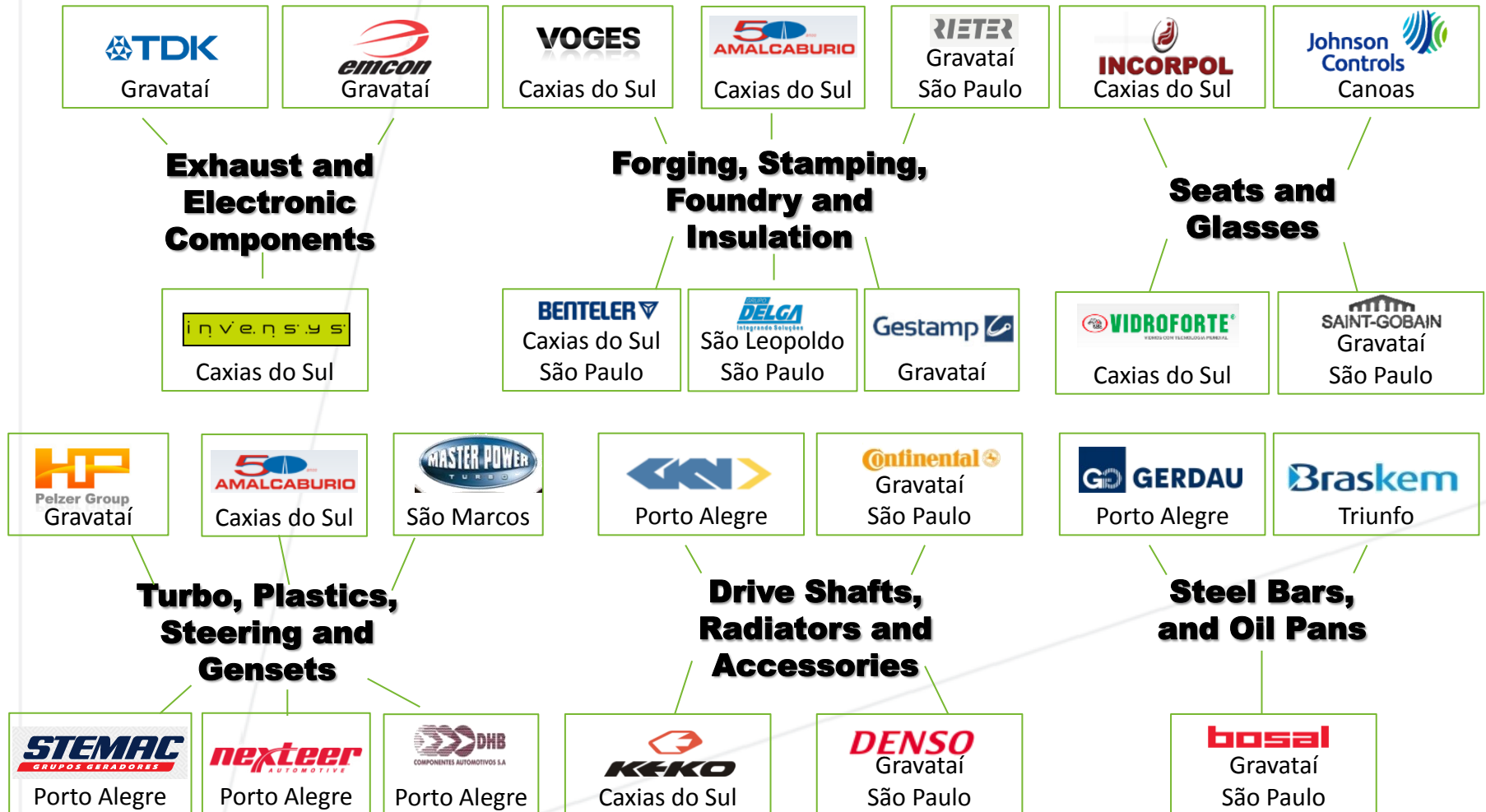
# RIO GRANDE DO SUL STRATEGIC POSITION



# SUPPLY CHAIN IN RS



# SUPPLY CHAIN IN RS



# RS AUTOMOTIVE INDUSTRY

**MORE THAN  
500 COMPANIES**

**MORE THAN  
77,000 EMPLOYEES**

**63% NATIONAL PRODUCTION  
BUS BODIES**

**50% DOMESTIC MARKET SHARE  
ROAD IMPLEMENTS**

**48% NATIONAL PRODUCTION  
AGRICULTURAL MACHINERY**

**12% NATIONAL PRODUCTION  
BUS CHASSIS**



*Source: ANFAVEA (2011; 2013), FEE (2011)*

# RS: LONG TRADITION

## 50s e 60s:

1954: first bus bodies



1960: first truck trailers



1962: first power tiller



1965: first automated harvest machine



## 2000s:

2000: inauguration of GM's manufacturing plant



2005: inauguration of Toyota's DC



2009: diesel engines for harvest machines



## 2010s:

2012: engine production line specially for GM



2013: truck assembly plant installed in Canoas



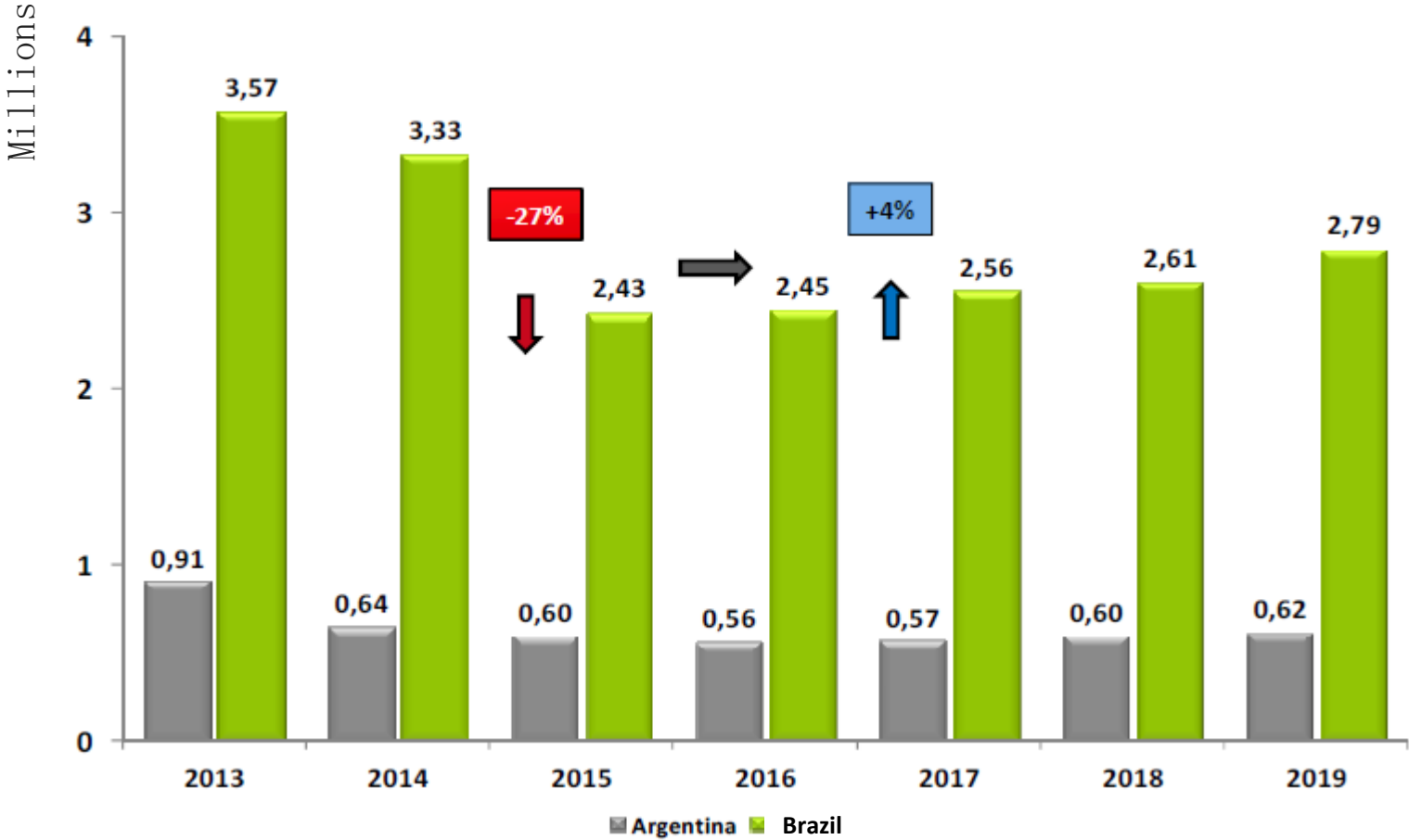
2014: FOTON started the construction of the manufacturing plant in Guaíba



# **FORECAST FOR THE AUTOMOTIVE SECTOR IN BRAZIL**



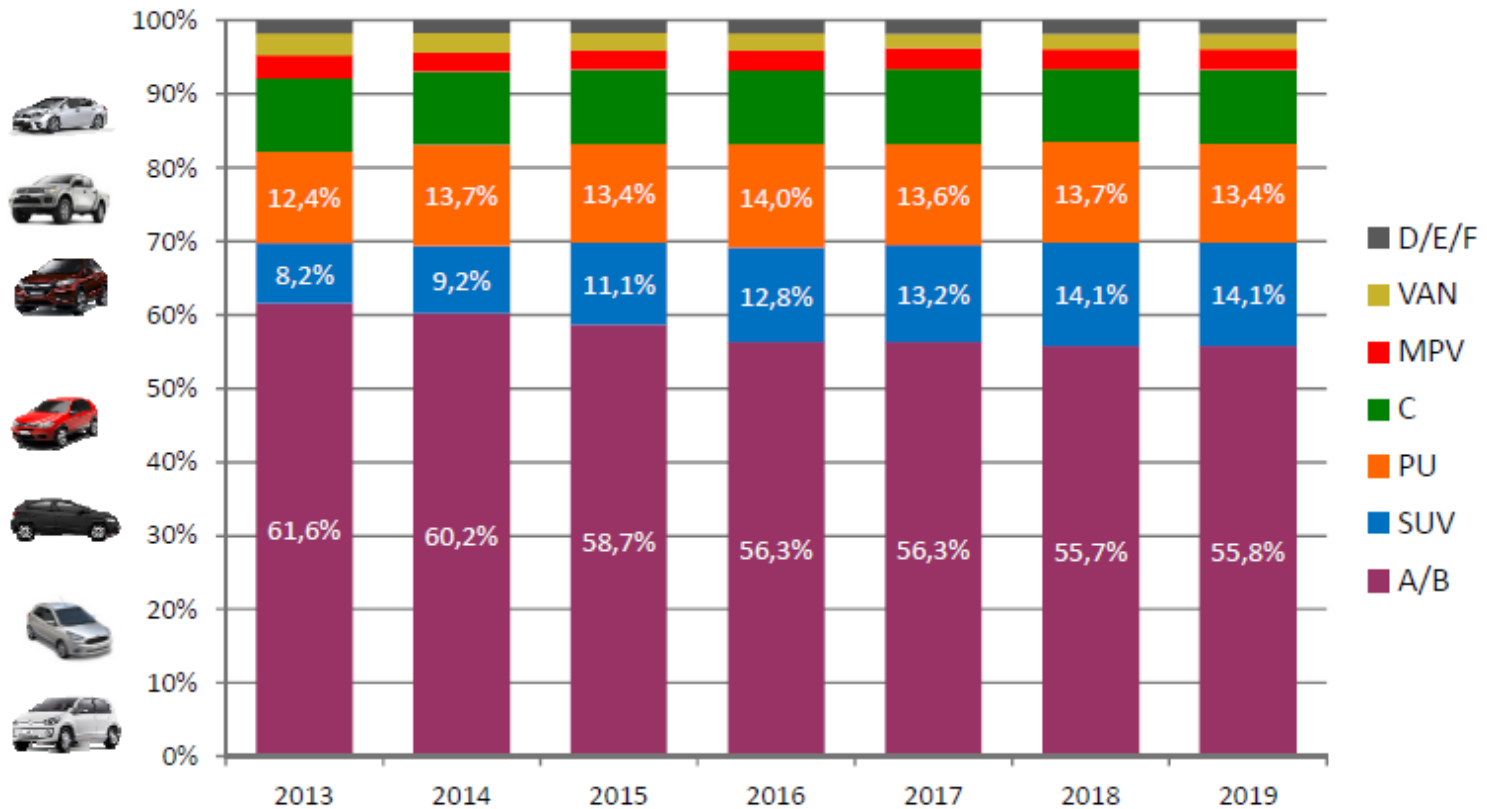
# LIGHT VEHICLES SALES



Sources: CARCON Automotive

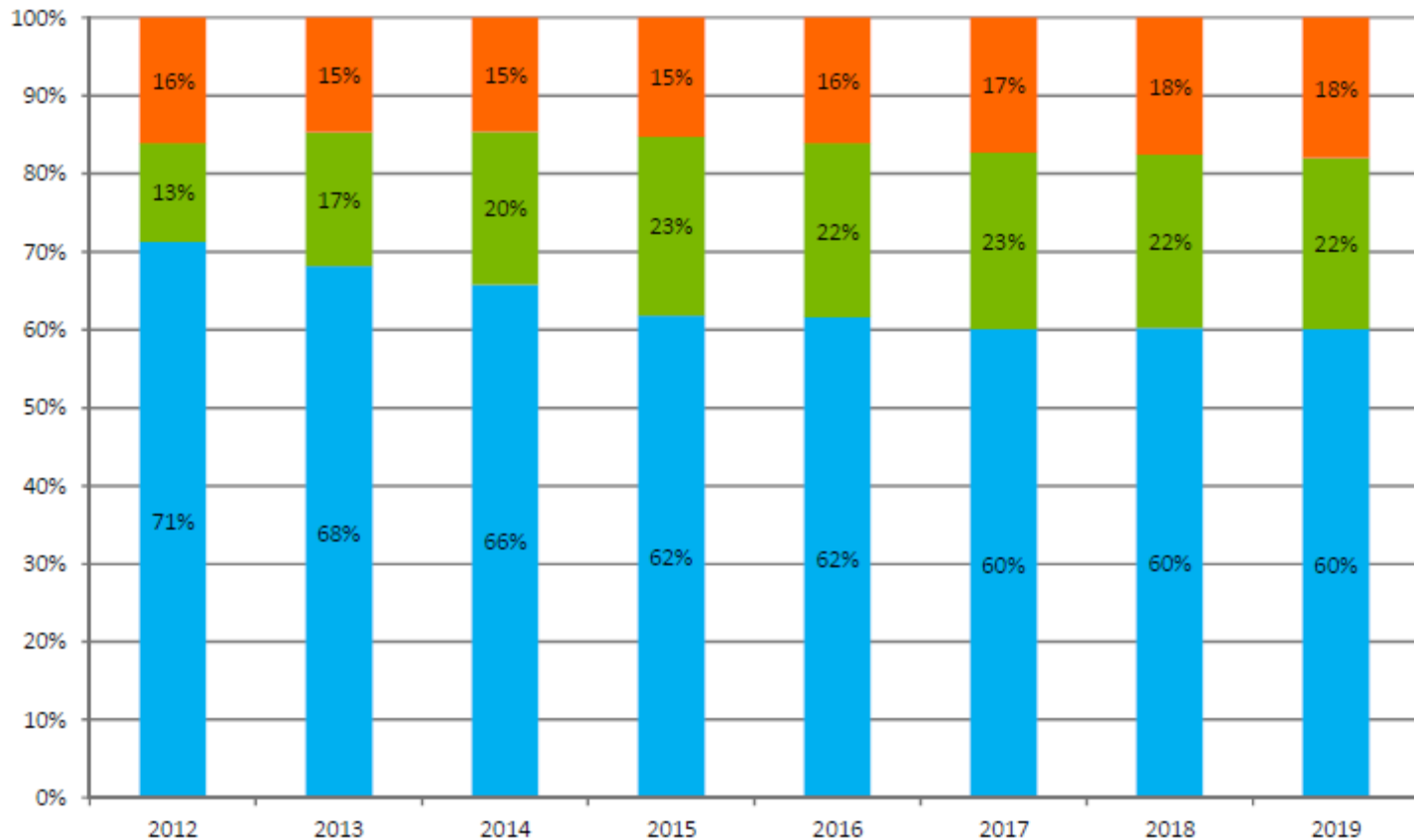
# LIGHT VEHICLES SALES

## BY MARKET SEGMENTATION



# LIGHT VEHICLES SALES

## BY MANUFACTURERS



**CONCLUSION**

# RS Advantages Summary

- **Strategic position in Latin America;**
- **Diversified Industrial Park;**
- **Already existing supply chain ;**
- **Consolidated local market;**
- **Low Cost and High Qualification of Human Resources ;**
- **Available resources: natural gas, electric power, water treatment, network fiber optics, among others;**
- **Tax incentive of the state and the municipalities;**
- **Area of purchase with subsidized cost;**
- **Low cost Logistics and**
- **Other available incentives.**

# INOVAR AUTO

Increasing the **competitiveness** of  
companies installed in **Brazil**

Encouraging companies to manufacture  
**more economic and safer cars**

## Opportunities for the Autoparts Manufacturers

A run for capacity to  
meet INOVAR-AUTO

**INVESTMENT  
IN CAPACITY**

Opportunities for Joint-Ventures  
and Technology transfer

**HIGHER  
LOCAL  
DEMAND**

**PARTNERSHIP  
ORIENTATION**

Investments to follow auto-  
manufacturers on new product  
development

**TECHNOLOGY  
UPGRADE**

Newcomers as well  
as established OEM's  
will be forced to  
localize

**FISCAL  
BENEFITS**

Support for the development  
of local supplier chain

# MAIN INCENTIVE TOOLS

A State Government Partnership tool with the private sector in order to promote the integrated and sustainable socio-economic, development through the partial funding of the monthly incremental due ICMS generated from its operation

## FUNDOPEM

**Rio Grande do Sul State Company Operating Fund**

## AREAS AND DISTRICTS



## FINANCIAL INCENTIVES

**Financing lines**



JOHN DEERE



AGCO



AGRALE



## INSTALLED AUTOMOTIVE CHAIN

# room for **Investor**

Rio Grande do Sul State Government

**ONE  
STEP ONLY**

**KEY PERSON  
(PROJECT MANAGER)**

- LAND
- INFRASTRUCTURE
- ENVIRONMENT
- TAXES
- FINANCING

- INTERFACE WITH IMPORTANT PLAYERS

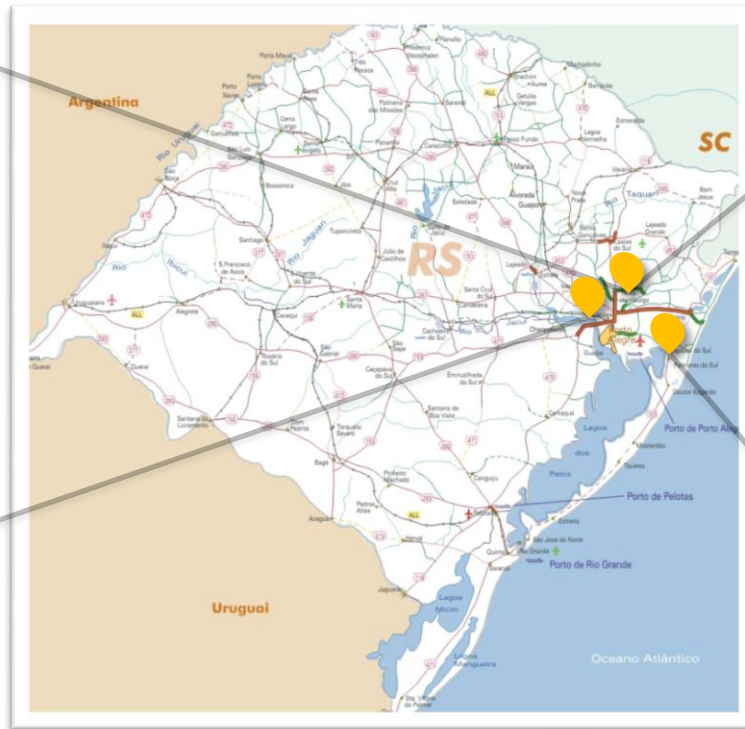
FEDERAL GOVERNMENT  
MUNICIPALITIES  
PRIVATE SECTOR  
POTENTIAL PARTNERS  
SUPPLIERS  
R&D PARTNERS  
UNIVERSITIES AND  
TRAINING INSTITUTES



# VISITS MAP



**Canoas**



**Canoas**



**Gravataí**



**Santo Antônio da Patrulha**





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**Fábio de Oliveira Branco**

Secretary of Economic Development,  
Science and Technology

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**THANK YOU!**