Business opportunities in the State of Rio de Janeiro: beyond World Cup and Olympics

Luiz Carlos T. de Carvalho
Chief Advisor for Foreign Trade and Investments
Undersecretary for International Relations
Chief of Staff Secretariat
Government of the State of Rio de Janeiro
The Rio de Janeiro you know or heard about
... And the Rio de Janeiro you must know...

... A fast growing economy with many business opportunities.
LOCATION: Southeast of Brazil (57% of national GDP)

AREA: 43,780 km² (0.5% of the Brazilian territory)

POPULATION: 16.00 M (8.4% of total)

GDP: US$ 192,0 B (10.9% of Brazil’s GDP)
US$ 11,9 (GDP per capita)
GDP of State of Rio de Janeiro
2000 - 2009

GDP OF THE STATE OF RIO DE JANEIRO

Source: IBGE (2010)
GDP of the State of Rio de Janeiro

Projection of GDP Growth for 2020

Source: IBGE (2012) / Austiin Ratings
STRONG SUSTAINABLE GROWTH
2000 - 2009

BRAZIL

2000: 4.3
2001: 1.3
2002: 2.7
2003: 1.1
2004: 5.7
2005: 3.2
2006: 4.0
2007: 5.7
2008: 5.1
2009: -0.2

Source: World Bank/IBGE - All numbers refer to the year 2008
STRONG SUSTAINABLE GROWTH
2000 - 2009

BRAZIL VS CHINA

Source: World Bank/IBGE - All numbers refer to the year 2008

Source: IMF/IBGE (2010)
STRONG SUSTAINABLE GROWTH 2000 - 2009

BRAZIL VS CHINA VS RIO DE JANEIRO

Source: World Bank/IBGE - All numbers refer to the year 2008

Source: IMF/IBGE (2010)
INFLATION RATE
2000 - 2009

BRAZIL
RIO DE JANEIRO

Source: IBGE/IPCA
GROSS DOMESTIC PRODUCT (PPP)

Purchasing Power Parity
Cross-country comparison with the State of Rio de Janeiro

<table>
<thead>
<tr>
<th>Country</th>
<th>US$ PPP (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ireland</td>
<td>174.2</td>
</tr>
<tr>
<td>Finland</td>
<td>180.3</td>
</tr>
<tr>
<td>Dinamarca</td>
<td>197.7</td>
</tr>
<tr>
<td>Israel</td>
<td>209.8</td>
</tr>
<tr>
<td>Rio de Janeiro</td>
<td>220.6</td>
</tr>
<tr>
<td>UAE</td>
<td>239.1</td>
</tr>
<tr>
<td>Portugal</td>
<td>243.6</td>
</tr>
</tbody>
</table>

Source: World Fact Book / CIA / GPD PPP Per Capita 2009
GROSS DOMESTIC PRODUCT PER CAPITA (PPP)

Purchasing Power Parity
Cross-country comparison with the State of Rio de Janeiro

Source: World Fact Book / CIA / GPD PPP Per Capita 2009
PRE-SALT OIL PERSPECTIVES

Corcovado

Pre-Salt

Source: SEDEIS
PRE-SALT OIL PERSPECTIVES
PRE-SALT OIL PERSPECTIVES

- Perspective of more than 50 billion barrels of light oil
- Investments: US$ 600 billion up to 2020
- Pre-Salt Region: 800 km long and 200 km wide in 3 basins: Espírito Santo, Campos and Santos

Source: ANP/Petrobras
Main Challenges:

- Logistics = 300km offshore
- New materials = corrosion
- Gas outflow = ELNG
- National content = local talent pool
Oil Production (2000-2011)
Brazil and the State of Rio de Janeiro (B.O.E./day)

Source: ANP
Gas Production (2000-2011)
Brazil and the State of Rio de Janeiro (millions/m3/day)

Source: ANP
Human Resources

- Important center for postgraduate education
  (50 PhDs per 100,000 inhabitants)

- Strong professional education network:
  - 6 technological education institutions
  - 134 universities
  - 21 technological centers

- Research centers:
  - Biomedical
  - Engineering
  - Energy:
    - Oil and Gas
    - Electricity
Logistics

Roads – 27,000 Km (17,000 miles)
Railways – 3,000 Km (1,900 miles)
- 6 Ports (1 project)
- 12 Airports
  - 10 Regionals
  - 02 Internationals

Logistics
4 of the top 9 universities of Brazil are in Rio

**Education Ministry Ranking - Undergrad**

<table>
<thead>
<tr>
<th>University</th>
<th>City</th>
<th>Grade</th>
<th># Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>UFRJ</td>
<td>RJ</td>
<td>5</td>
<td>119</td>
</tr>
<tr>
<td>UFMG</td>
<td>BH</td>
<td>5</td>
<td>104</td>
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<tr>
<td>UFRGS</td>
<td>P. Alegre</td>
<td>5</td>
<td>71</td>
</tr>
<tr>
<td>UNIFESP</td>
<td>SP</td>
<td>5</td>
<td>41</td>
</tr>
<tr>
<td>IBMEC - RJ</td>
<td>RJ</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>USJ - SC</td>
<td>São José</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>FACAMP</td>
<td>Campinas</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>IME</td>
<td>RJ</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>FGV</td>
<td>RJ</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

**Education Ministry Ranking – Grad**

<table>
<thead>
<tr>
<th>University</th>
<th>City</th>
<th>Grade</th>
<th># Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>UFRJ</td>
<td>RJ</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>UNICAMP</td>
<td>Campinas</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>UFRGS</td>
<td>P. Alegre</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>USP</td>
<td>SP</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>UFMG</td>
<td>BH</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>PUC-RIO</td>
<td>RJ</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>CBPF</td>
<td>RJ</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>IMPA</td>
<td>RJ</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>UNESP</td>
<td>SP</td>
<td>7</td>
<td>1</td>
</tr>
</tbody>
</table>

**Research Centers**

- **CENPES**
  Petrobras Research Center

- **FIOCRUZ**
  Brazilian Health Research Center

- **CEPEL**
  Electricity Research Center

- **CTEX**
  Army’s Technology Center

- **INT**
  National Institute of Technology

- **IMPA**
  Inst. of Pure and Applied Mathematics

- **CBPF**
  Brazilian Center for Physics Research

- **IEN**
  Nuclear Engineering Institute

- **INMETRO**
  National Institute of Metrology

**R&D Centers established in the last 24 months**

<table>
<thead>
<tr>
<th>Company</th>
<th>Investment (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USIMINAS</td>
<td>12M</td>
</tr>
<tr>
<td>FMC</td>
<td>30M</td>
</tr>
<tr>
<td>BAKER HUGHES</td>
<td>30M</td>
</tr>
<tr>
<td>Schlumberger</td>
<td>36M</td>
</tr>
<tr>
<td>Tenaris</td>
<td>450M</td>
</tr>
<tr>
<td>HALLIBURTON</td>
<td>21M</td>
</tr>
<tr>
<td>Halliburton</td>
<td>15M</td>
</tr>
<tr>
<td>EMC²</td>
<td>50M</td>
</tr>
<tr>
<td>g</td>
<td>50M</td>
</tr>
<tr>
<td>SIEMENS</td>
<td>120M</td>
</tr>
<tr>
<td>IBM</td>
<td>N/A</td>
</tr>
<tr>
<td>L’ORÉAL</td>
<td>70M</td>
</tr>
</tbody>
</table>
The State of Rio de Janeiro becomes the first and only to have two Investment Grades.

- **March 2010**: The State of Rio de Janeiro becomes the first in South America to receive Investment Grade.
- **December 2011**: The State of Rio de Janeiro becomes the first and only to have two Investment Grades.
Energy Supply

- **Oil production**
  1.5 million barrels / day (79.3% of the national production)

- **Gas production**
  21 million m$^3$/ day (44.2% of the national production)

- **Self sufficient in electricity**
  Installed capacity: 7,400 MW
  6 thermoelectric plants: 4,320 MW
  2 nuclear plants: Angra I and II

- **Under construction**
  Açú Coal Fired Power Plant: 2,100 MW
  Angra III Nuclear Power Plant: 1,350 MW
  Simplicio Hidroelectric Power Plant: 333.7 MW

Source: SEDEIS
Major Investment Projects

<table>
<thead>
<tr>
<th>Industry</th>
<th>Investment (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil and Gas</td>
<td>60.7</td>
</tr>
<tr>
<td>Petrochemical Industry</td>
<td>6.5</td>
</tr>
<tr>
<td>Steel Industry</td>
<td>2.0</td>
</tr>
<tr>
<td>Shipyards</td>
<td>6.6</td>
</tr>
<tr>
<td>Transformation Industry</td>
<td>0.7</td>
</tr>
<tr>
<td>Logistics</td>
<td>1.7</td>
</tr>
<tr>
<td>Energy</td>
<td>8.2</td>
</tr>
<tr>
<td>Urban Development</td>
<td>1.7</td>
</tr>
<tr>
<td>World Cup and Olympics</td>
<td>6.5</td>
</tr>
</tbody>
</table>

Source: Firjan, SEDEIS e PCRJ
Major Investment Projects

Total of Investments | US$ 102,0

Source: Decision Rio/FIRJAN
## New Investments Announcements - 2010

<table>
<thead>
<tr>
<th>Country/State</th>
<th>Announcements</th>
<th>Value (US$ Million)</th>
<th>Part. (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brasil</td>
<td>794</td>
<td>268.000</td>
<td>-</td>
</tr>
<tr>
<td>Rio de Janeiro</td>
<td>63</td>
<td>18.457</td>
<td>6.87</td>
</tr>
<tr>
<td>Minas Gerais</td>
<td>39</td>
<td>10.607</td>
<td>3.95</td>
</tr>
<tr>
<td>São Paulo</td>
<td>129</td>
<td>10.471</td>
<td>3.90</td>
</tr>
</tbody>
</table>

Source: RENAI/MDIC
Foreign Direct Investment

Foreign Direct Investments
Brazil X Rio de Janeiro
2007-2010

2007
BR U$ 33,7
RJ U$ 5,45B

2008
BR U$ 43,9B
RJ U$ 11,1B

2009
BR U$ 30,4B
RJ U$ 7B

2010
BR U$ 48b
RJ U$ 25b
**OIL AND GAS BLOCKS**

<table>
<thead>
<tr>
<th></th>
<th>280 km</th>
<th>150 km</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DISTANCE</strong></td>
<td>280 km</td>
<td>150 km</td>
</tr>
<tr>
<td><strong>SPEED</strong></td>
<td>12 knots</td>
<td>12 knots</td>
</tr>
<tr>
<td><strong>TIME</strong></td>
<td>12.6 hours</td>
<td>6.8 hours</td>
</tr>
</tbody>
</table>

Source: SEDEIS
Açu Industrial District

- 150 km from Campos oil basin (85% of Brazil oil production);
- Natural workshop for the pre salt in Brazil: one stop shop for the oil and gas industry;
- Açu Superport: Brazil’s new route to China (Source: FT; May 9th, 2011).

- Up to 350 million tons port complex with 2 terminals (TX1 and TX2), to be ranked among the largest in the world.
  - 17 km of quay, able to receive 40 very large carriers (including Chinamax) thanks to its 26m draft.

- More than 80 contracts and MoUs signed with companies from sectors such as:
  - Steelmaking;
  - Heavy Industry Machinery
  - Light Machinery and Components
  - Power Generation;
  - Oil and Gas;
  - Metal Mechanic;
  - Dry & Liquid Bulk Handling;
  - Automotive;
  - Cement;
  - Offshore Industries;
  - Shipyards and Repairyards;
  - General Cargo & Services.

- Resources and cheaper energy supply security, operating and logistic efficiencies, truly just in time practices and 2% VAT instead of 18%.

Largest and most efficient port-industry complex in Latin America: total investments of US$ 40 billion

Source: SEDEIS
Açu Industrial District

Offshore Industries/
Bulk Cargoes

Source: SEDEIS
Incentives

- **Research and Development**

- **Tax Incentives**
  - IT LAW (Law 8.248, 10.176, 11.077): manufactures and goods

- **Programs (BNDES)**
  - Innovative Capital Program: R$ 200 million per economic group of maximum support
  - Technological Innovation line: R$ 1 million of minimum support
  - Production Innovation line: R$ 3 million of minimum support
  - Technology Fund line - non-reimbursable fund: Investment of up to R$ 1.5 million per company
  - Program for Software Development: R$ 1 million and above of financing
  - Program for Aeronautics: R$ 1 million and above of financing
Incentives

- Research and Development
  - Programs (FINEP)
    - Inova Brasil: R$ 1 million of minimum support
    - Economic Subvention – non-reimbursable fund
    - Zero interest rates: R$ 100,000 of minimum support
  - Programs (CNPQ/ MCT)
    - Company Researchers Grants Program – non-reimbursable
Insurance and Reinsurance in Rio de Janeiro

- **Regulation**
  - SUSEP

- **Representation**
  - CNSEG

- **Training**
  - FUNENSEG

- **Main Players**
  - IRBRe
  - Lloyd’s
  - Bradesco Seguros
  - Korean Re
  - ACE Property
  - Everest Reinsurance
  - Hannover Re
  - Scor Reinsurance
  - Transamérica Reinsurance
  - Transatlantic Reinsurance
  - XL Re Latin America
  - 24+ Hedge Funds
Foreign Trade

Export x Import

US$ FOB

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>11.6</td>
<td>16.7</td>
<td>19.0</td>
</tr>
<tr>
<td>Import</td>
<td>13.5</td>
<td>20.0</td>
<td>29.4</td>
</tr>
</tbody>
</table>

Source: AliceWeb/MDIC

Record: +47%
Thank You and Welcome!

www.casacivil.rj.gov.br
lcarvalho@casacivil.rj.gov.br
Phone: + 55 (21) 2334 3259
Fax: + 55 (21) 2334 3512