

# Background

- Jackson Rocha
  - Remy International – Finance Director Global Operations
  - Remy Brazil – Finance Director
  - Cummins Brazil – Sr Analyst
- MBA
- Post Graduation in Controllershship
- Accounting

# Doing Business in Brazil

- Brazil overview
- Two main events
- Tax
- Logistics
- Conclusion

November - 2011

# Doing Business in Brazil

- Brazil Overview



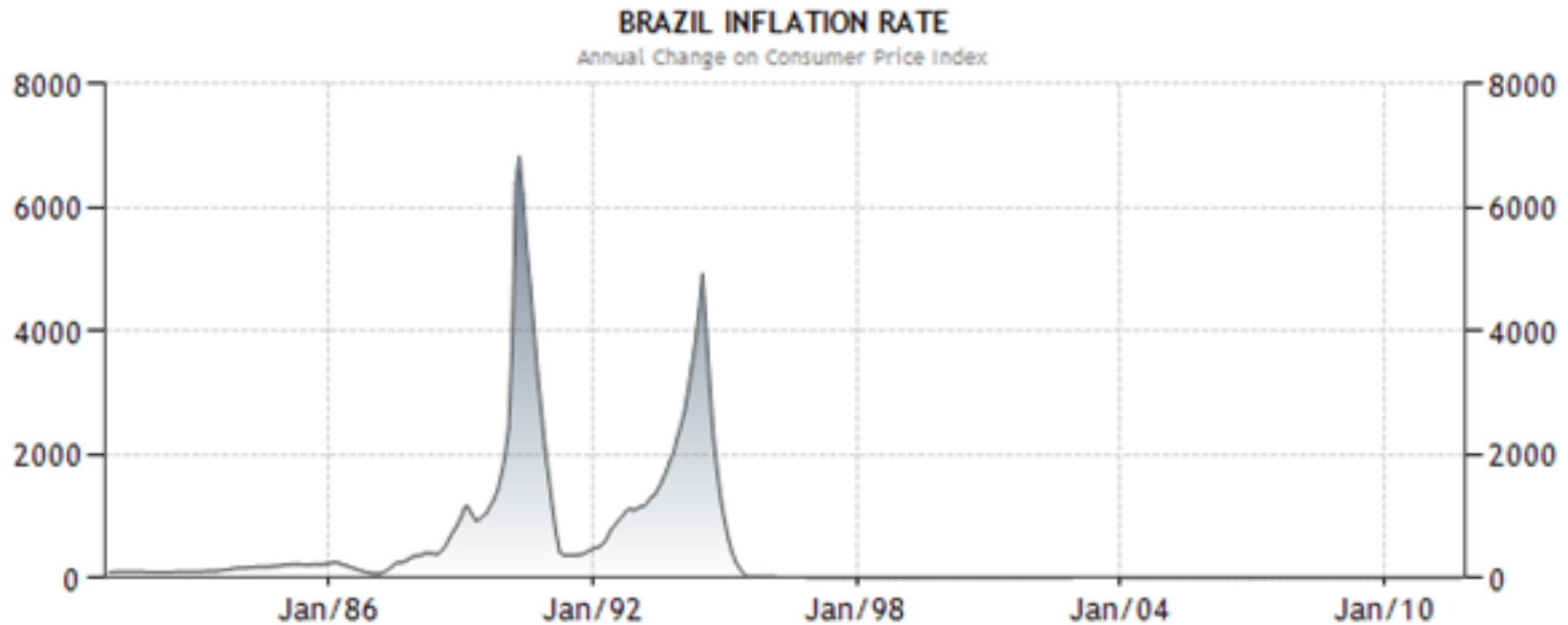
# Brazil Map



# Some statistics

- Size 3.3 m. sq. mi.
- Population 200 m.
- GDP (2010) \$2.2 trillion
- Regions (North, Northeast, Central, **Southeast and South**) .
- Ethnicities Portuguese, Italian, German, Spanish, African, Japanese, Indigenous people.
- Religion: Roman Catholic 73.6%, Protestant 15.4%, Other 11%
- President Dilma Rousseff

# Brazil historical inflation rate



source: TradingEconomics.com; IBOE

# Brazil start to change

- Fernando Collor
- 1990 – 1992



- Itamar Franco
- 1992 - 1994



- Fernando H Cardoso
- 1995 – 2002



- Luis Inacio Lula
- 2003 - 2010



- Dilma Russeff



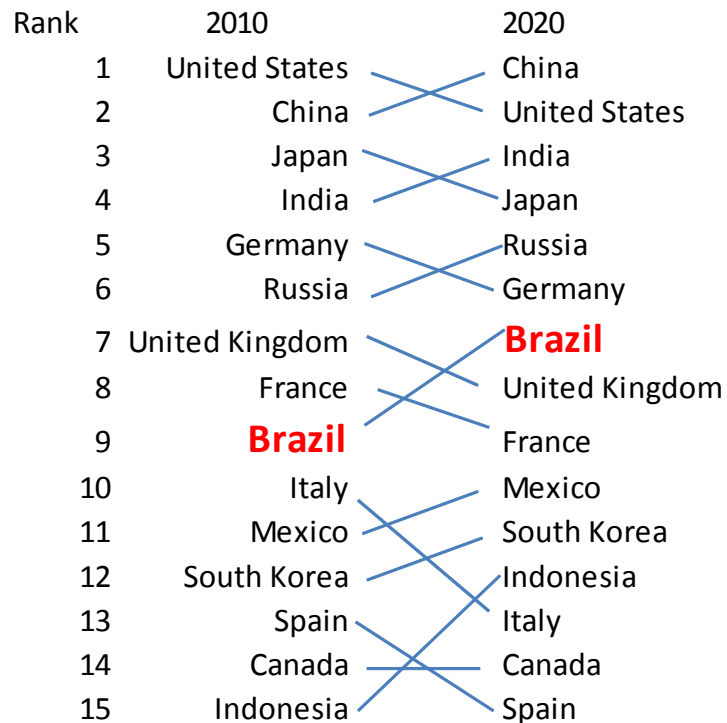
# Main Business by Industry

- agriculture: 5.8%
- industry: 26.8%
- services: 67.4% (2010 est.)

Since Lula became president, a huge amount of income shift to poverty; for the first time majority of Brazilians are now middle-class and domestic market became an important driver of Brazilian growth.

# Top 10 World Economies: 2010 vs 2020

Rank Shift in GDP  
2010 vs 2020, PPP in \$



Source: Euromonitor International from IMF, International Financial Statistics and World Economic Outlook/UN/national statistics PPP is a method of measuring the relative purchasing power of different countries currencies over the same types of goods and services, thus allowing a more accurate comparison of living standards.

# Doing Business in Brazil

- Soccer World Cup
- Olympics
- Energy Matrix

# Business Opportunities

- 2014 Soccer World Cup
  - \$105b Investment
  - 600k tourist
  - 3m people expected



# Business Opportunities

- 2016 Olympics
  - \$17b Investment which \$14b in infrastructure

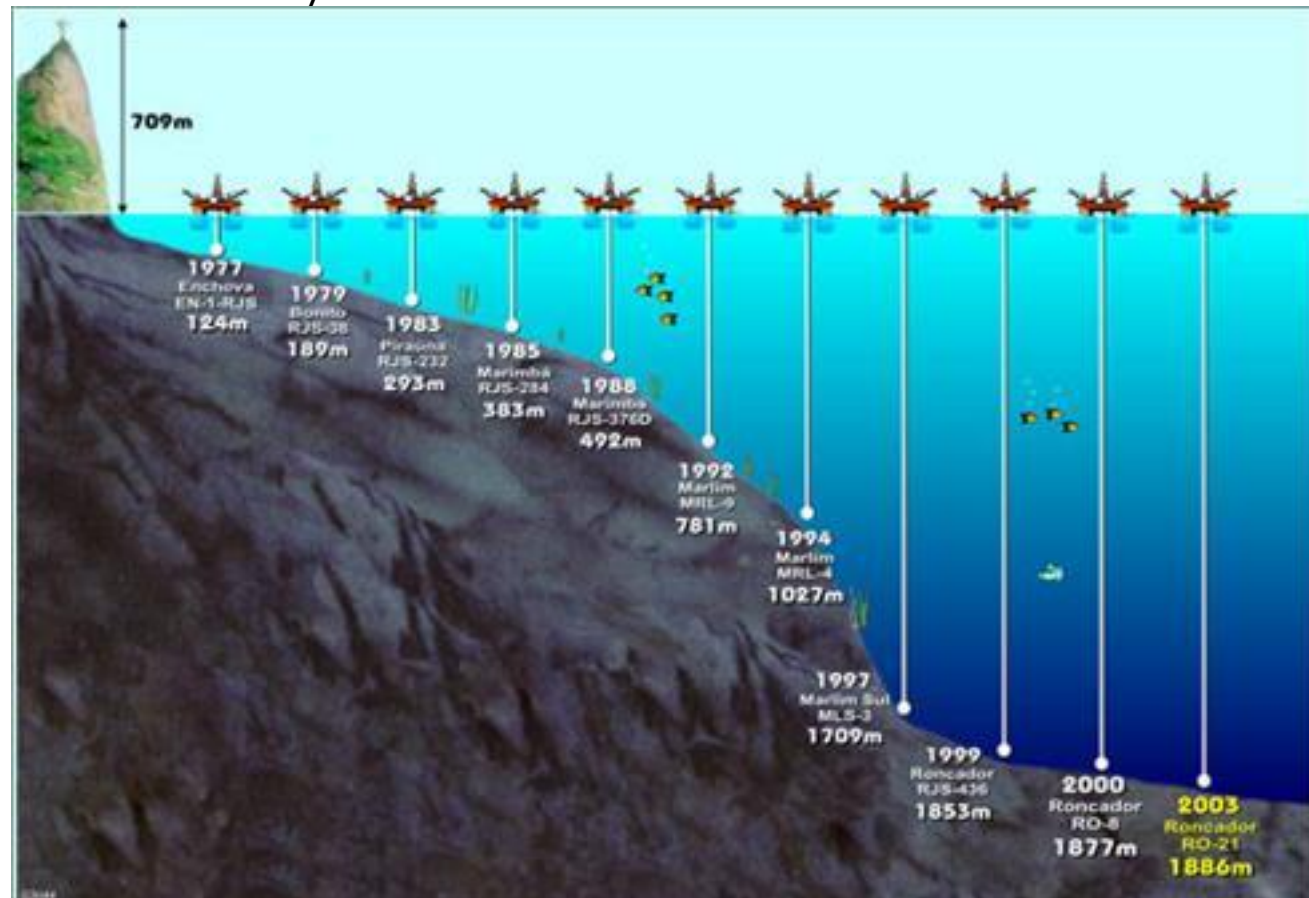


Rio 2016



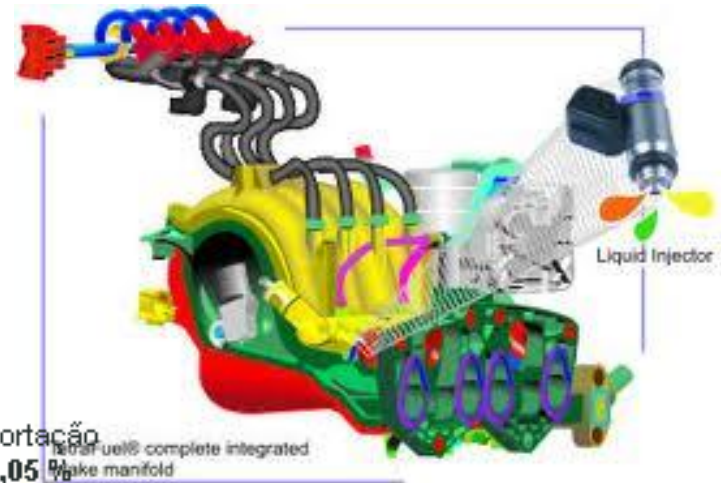
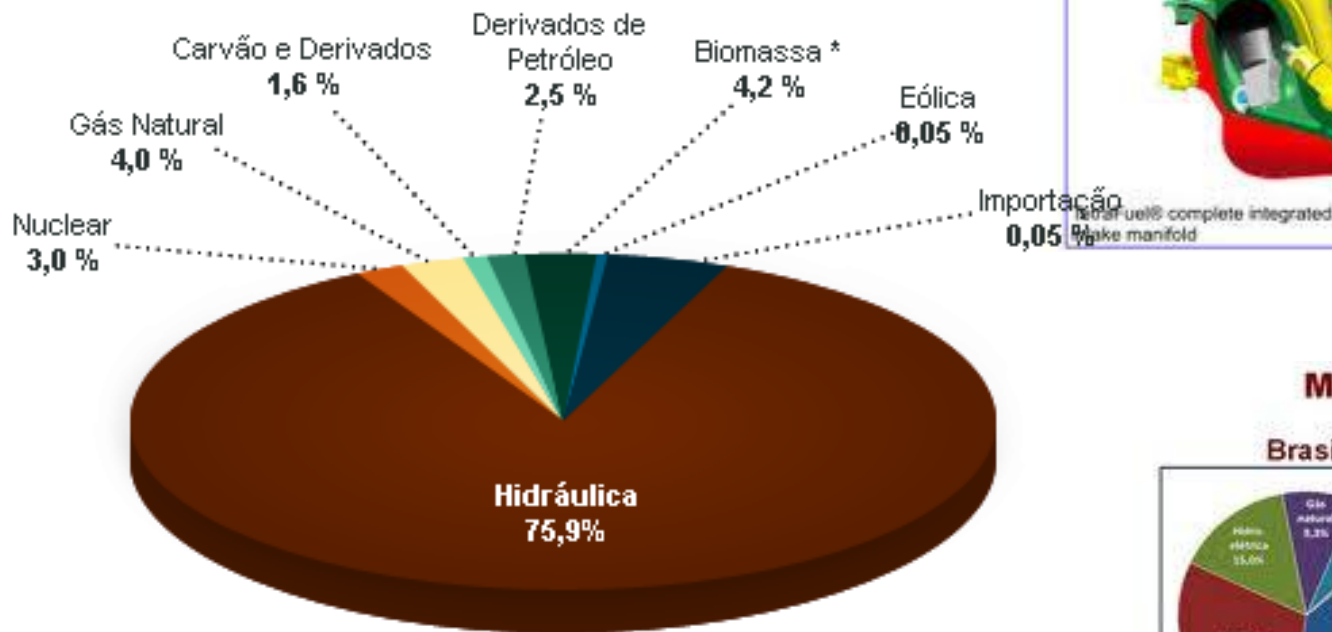
# Business Opportunities

- Oil and Petroleum industry
  - \$250b to \$1t investment in 10 years



# Business Opportunities

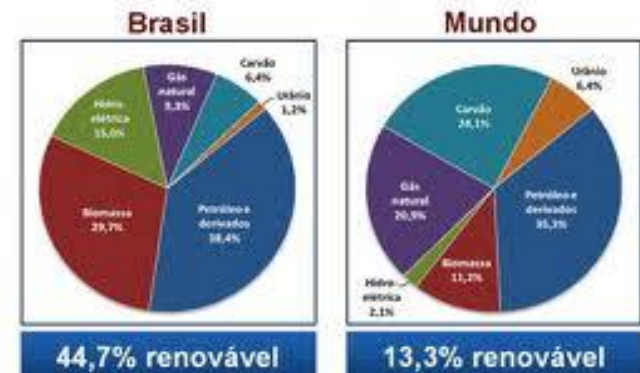
## ■ Energy Matrix



### Nota

\* Incluir lenha, bagaço de cana-de-açúcar, lixívia e outras recuperações.

### Matriz energética



# Doing Business in Brazil

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- Tax

# Tax overview

According to Abimap (Mar-2010)  
Brazil production cost is 37%  
higher than Germany, or EUA.

interest	8.0%
raw matl	19.0%
Taxes	3.0%
payroll	3.0%
logistics	2.0%
burocracy	0.5%
Capex	1.0%
Energy	0.5%
Total	37.0%

<b>VAT</b>	<b>47%</b>
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ICMS	18%
IPI	20%
Pis / Cofins	9.25%

<b>Payroll</b>	<b>38%</b>
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INSS	20%
FGTS	8.50%
Payroll	9%

<b>Corporate Tax</b>	<b>34%</b>
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IRPJ	25%
CSLL	9%

Property Tax	2.50%
Tax on interest	20%
Vehicle Tax	1.50%
Import Tax	20%

# Pro-emprego – VAT Benefit



Offered by the Santa Catarina State  
(South region)

Zero (0%) ICMS when import goods  
in the Santa Catarina ports.

Collect 12% vat from customers

Pay 3% to Santa Catarina State

Keep 9%

Sao Paulo is tried to invalidate the  
right to get 12% credit from  
companies that has not paid it in  
full in the origin state.

# Brazil tax war

Manaus (North)

Free trade zone  
35% cheaper

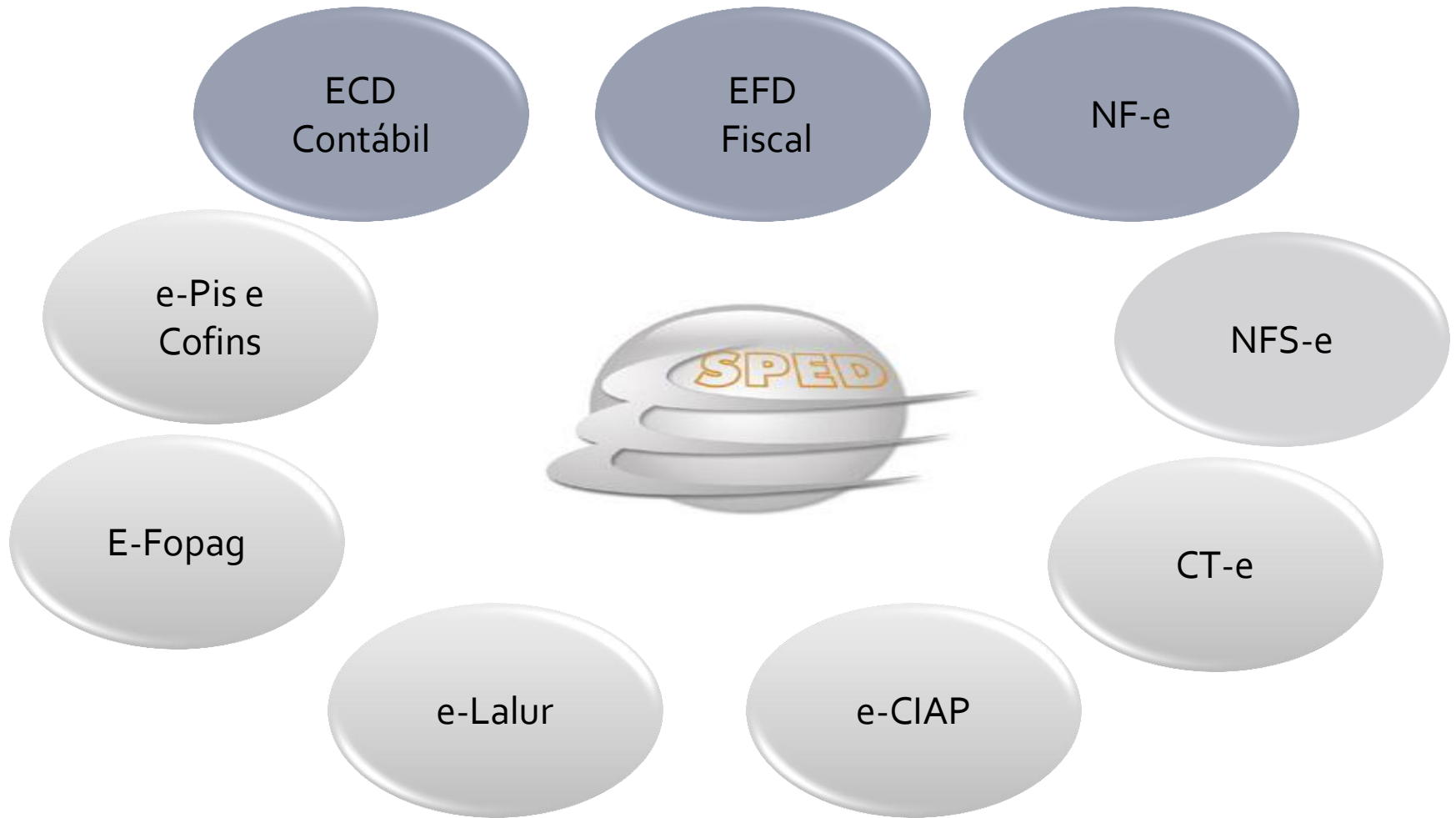
Zero duties  
Zero ICMS  
Zero IPI

\$12bn investment  
plan to produce  
IPAD

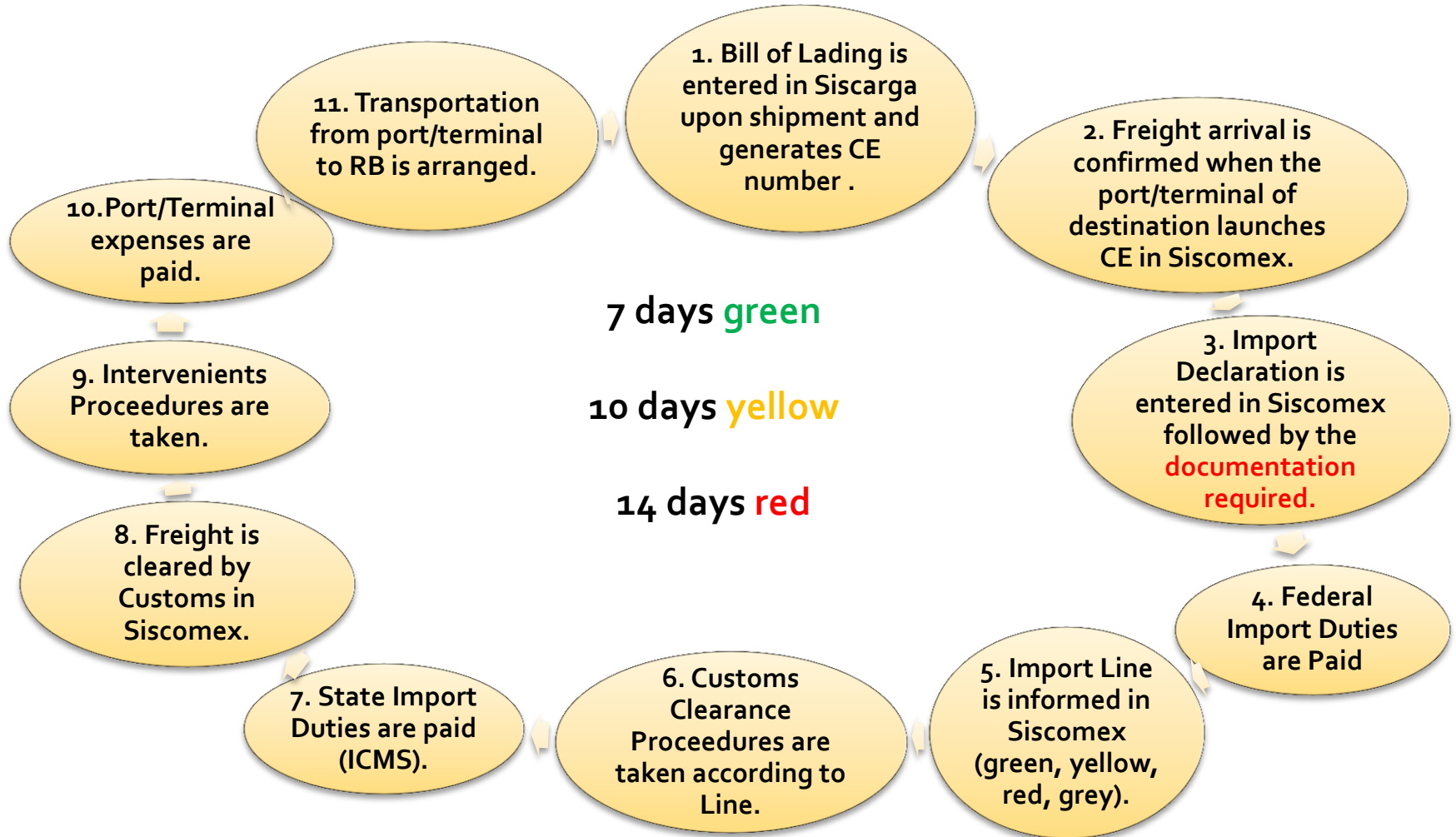
Manaus is suing Sao  
Paulo



# Tax electronic obligation



# Process step by step to import goods



# Conclusion

Brazil is a country with innumerable opportunities.

Economy environment has improved, but lack of major reforms at Labor/Tax low and infrastructure investment to enhance Brazil industry to compete in a global basis.