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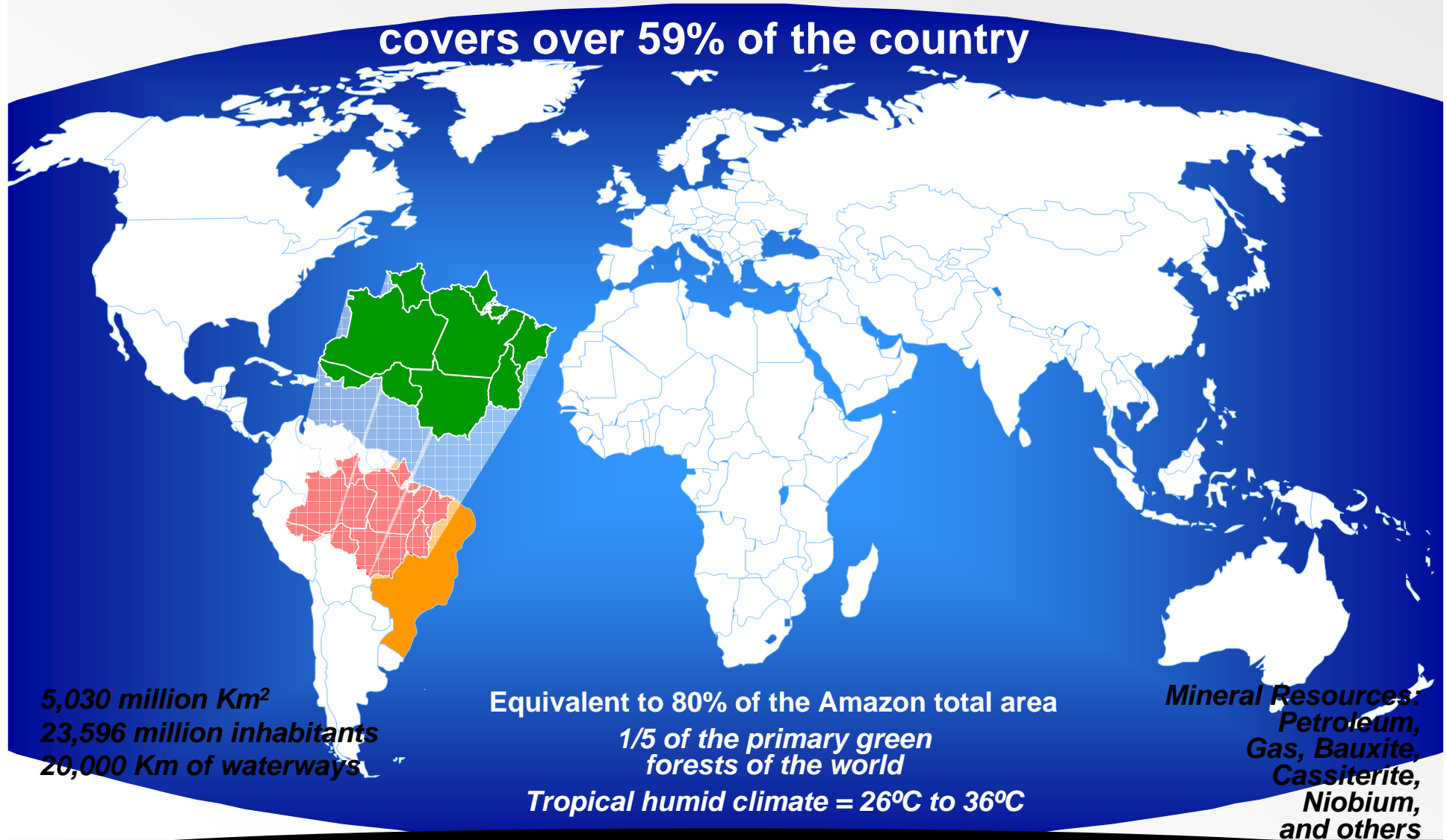
# Manaus Free Trade Zone: Business Opportunity and Investment in Amazon

July

2008

# BRAZILIAN AMAZON

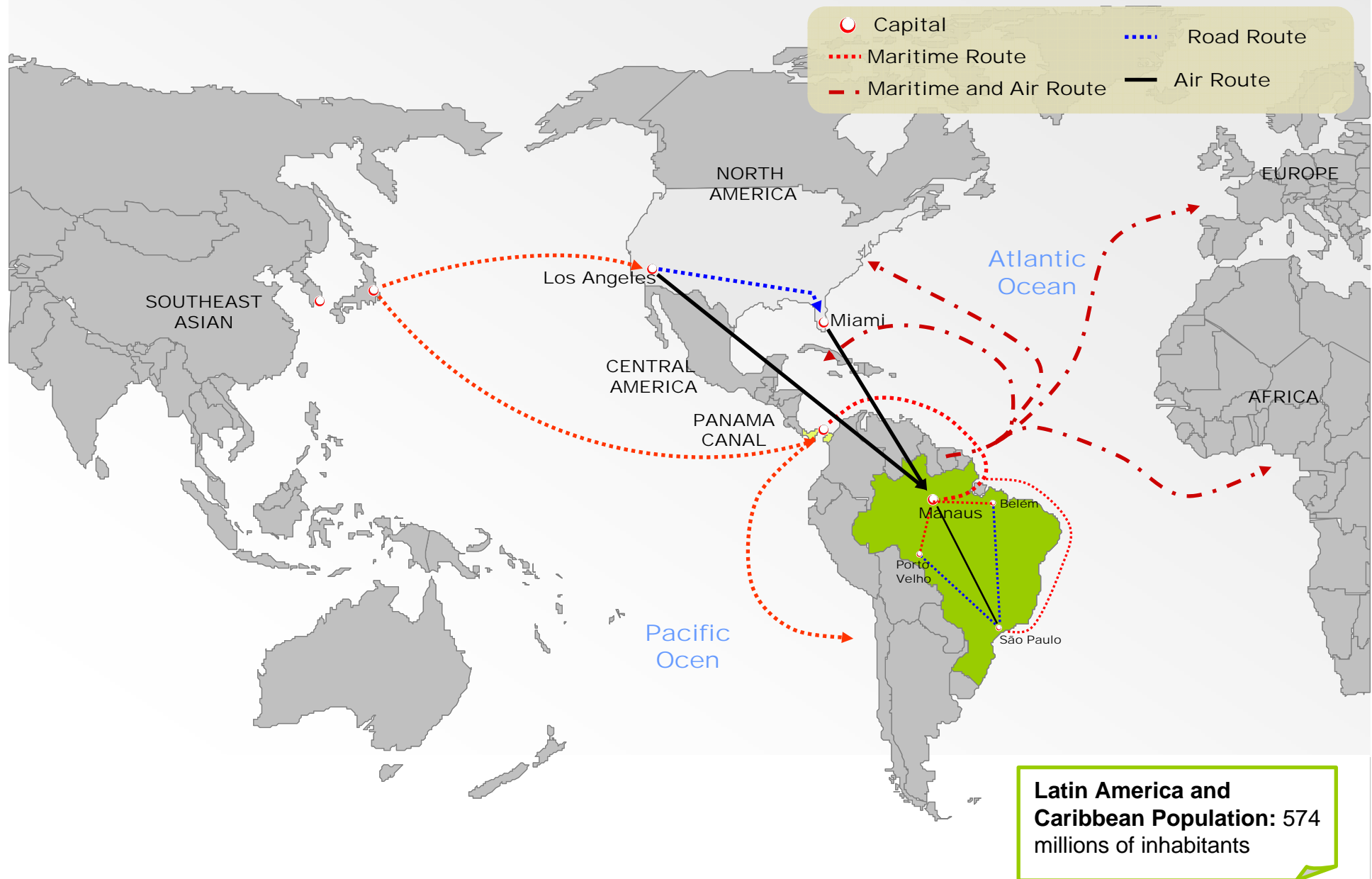
**covers over 59% of the country**



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# PROXIMITY TO THE MAIN INTERNACIONAL MARKETS



# CREATION OF THE MANAUS FREE TRADE ZONE

(Law no. 3.173/1957 amended by article 1st. of Decree-Law no. 288/1967)

“The Manaus Free Trade Zone is a free import and export trade area where special fiscal incentives apply, set up with the objective of creating in the Amazon Region an industrial, commercial and agricultural center under economic conditions that allow its development, given local factors and the great distance separating it from its markets”.



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# SUFRAMA - THE GOVERNING BODY OF THE MANAUS FREE TRADE ZONE

SUFRAMA is a Public Administration agency affiliated to the Ministry of Development, Industry and Foreign Trade (MDIC). It manages and controls the fiscal incentives granted to the companies established in the Manaus Free Trade Zone, besides promoting development strategies for Western Amazon. It thus has the role of an investment promoting agency for the area.



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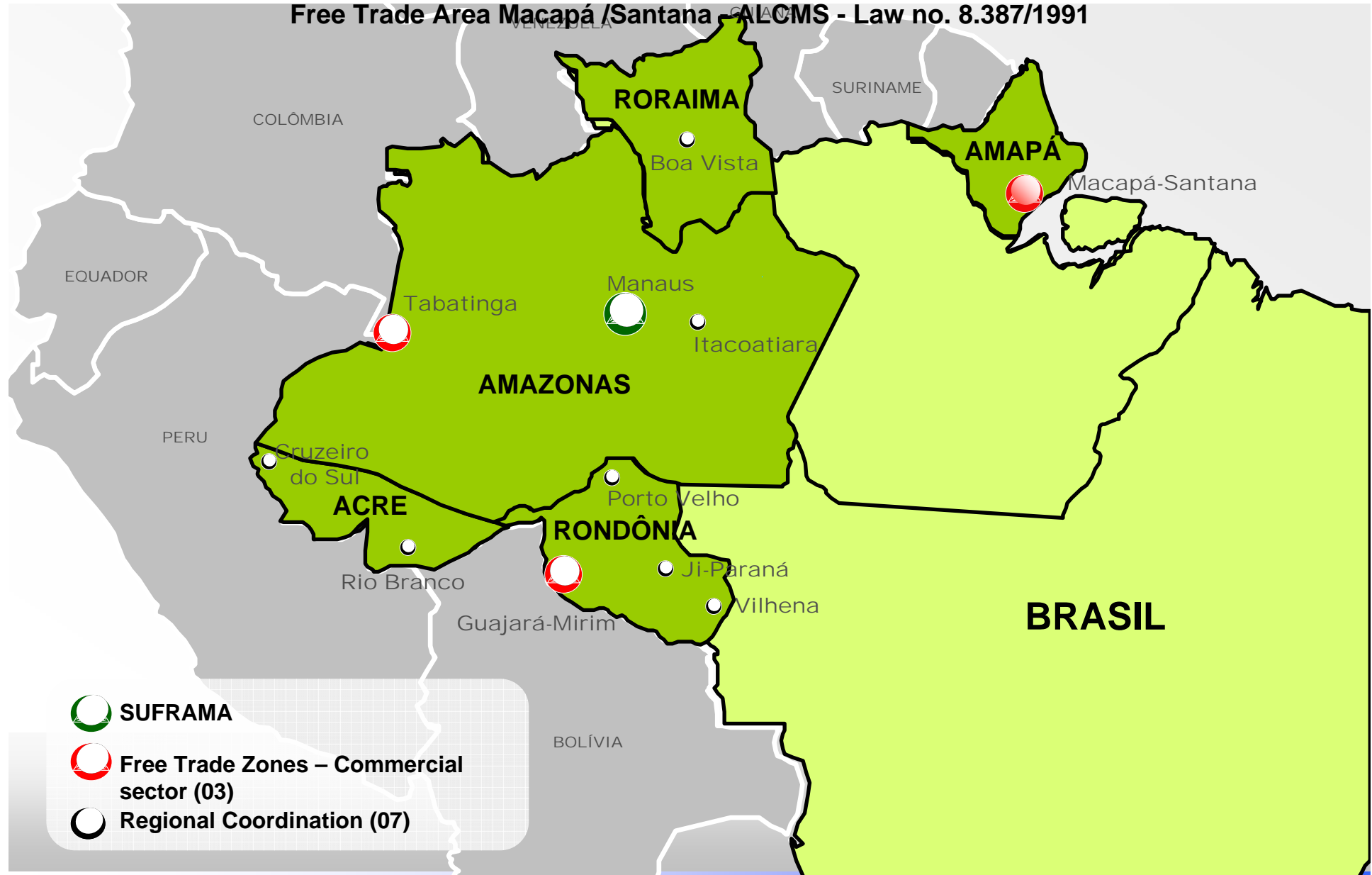


# AREA OF THE MODEL – WESTERN AMAZON

ZFM – Decree-Law no. 288/1967 (10.000 Km<sup>2</sup> - Manaus)

Western Amazon Region – Decree Law No. 291/67 and no. 356/68

Free Trade Area Macapá /Santana - ALCMS - Law no. 8.387/1991



# FISCAL INCENTIVES

## FEDERAL

**IMPORT TAX (II)** - 88% reduction on the inputs of industrial goods. In the case of informatic goods, reduction is proportional to the national added value.

**TAX ON INDUSTRIAL PRODUCTS (IPI)** – Total exemption.

**INCOME TAX (IR)** - 75% reduction on the income tax. Exclusively for reinvestments. Common to all Legal Amazon Region.

**SOCIAL INTEGRATION PROGRAM (PIS) and SOCIAL SECURITY FINANCING CONTRIBUTION (COFINS)** – Zero-rated tariff for incoming goods and inter-industry internal sales, and an aliquot of 3, 65% (with exceptions) on the finished goods sales to the rest of the country.

## STATE (IN EACH STATE OF THE UNION)

**VALUE ADDED TAXES ON SALES AND SERVICES (ICMS)** – Incentive credit from 55% to 100%. In all cases there are some contributions to funds for support of high education, tourism, R&D and others.

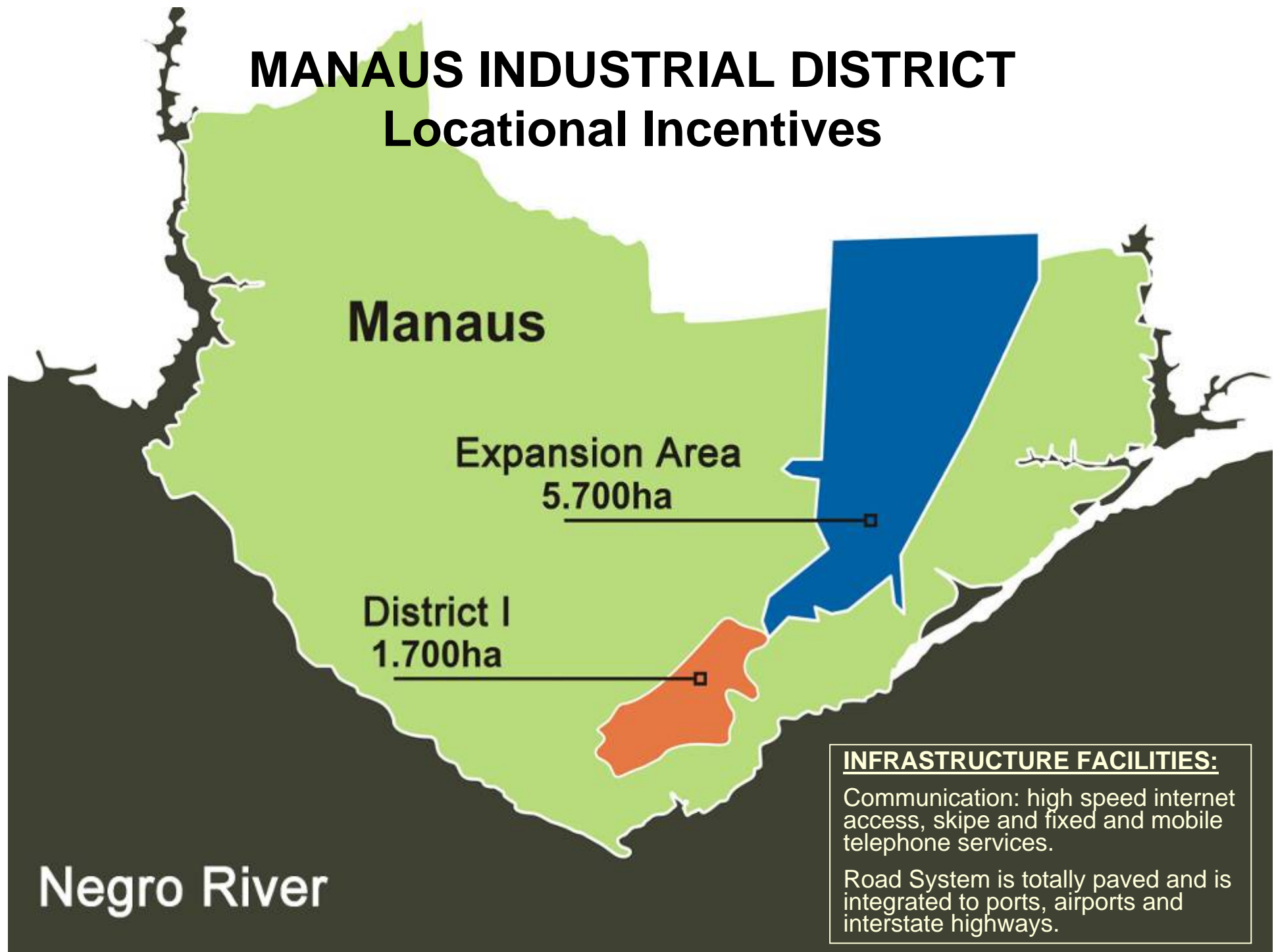


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# MANAUS INDUSTRIAL DISTRICT

## Locational Incentives



### INFRASTRUCTURE FACILITIES:

Communication: high speed internet access, skype and fixed and mobile telephone services.

Road System is totally paved and is integrated to ports, airports and interstate highways.



# COMPENSATIONS DEMANDED BY THE MODEL

In order to obtain the approval of industrial projects with annual limits of import by the Administration Council (composed by members of 10 Ministries of the Brazilian Government) the following itens should be observed:

- Execution of Basic Productive Process;
- Job creation in the area, with the concession of social benefits to the workers;
- Compliance with demands of product technology incorporation and of compatible production process with the state of art;
- Permanent training of the workforce in order to obtain growing levels of productivity seeking increasing competitiveness;
- Reinvestment of profit in the region;
- Investment for scientific and technological development.



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# MANAUS INDUSTRIAL PARK

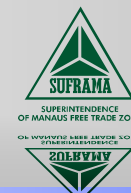


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# SOME OF THE OVER 600 INDUSTRIAL COMPANIES ESTABLISHED IN MANAUS

## INTERNATIONAL



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# SOME OF THE OVER 600 INDUSTRIAL COMPANIES ESTABLISHED IN MANAUS NATIONAL

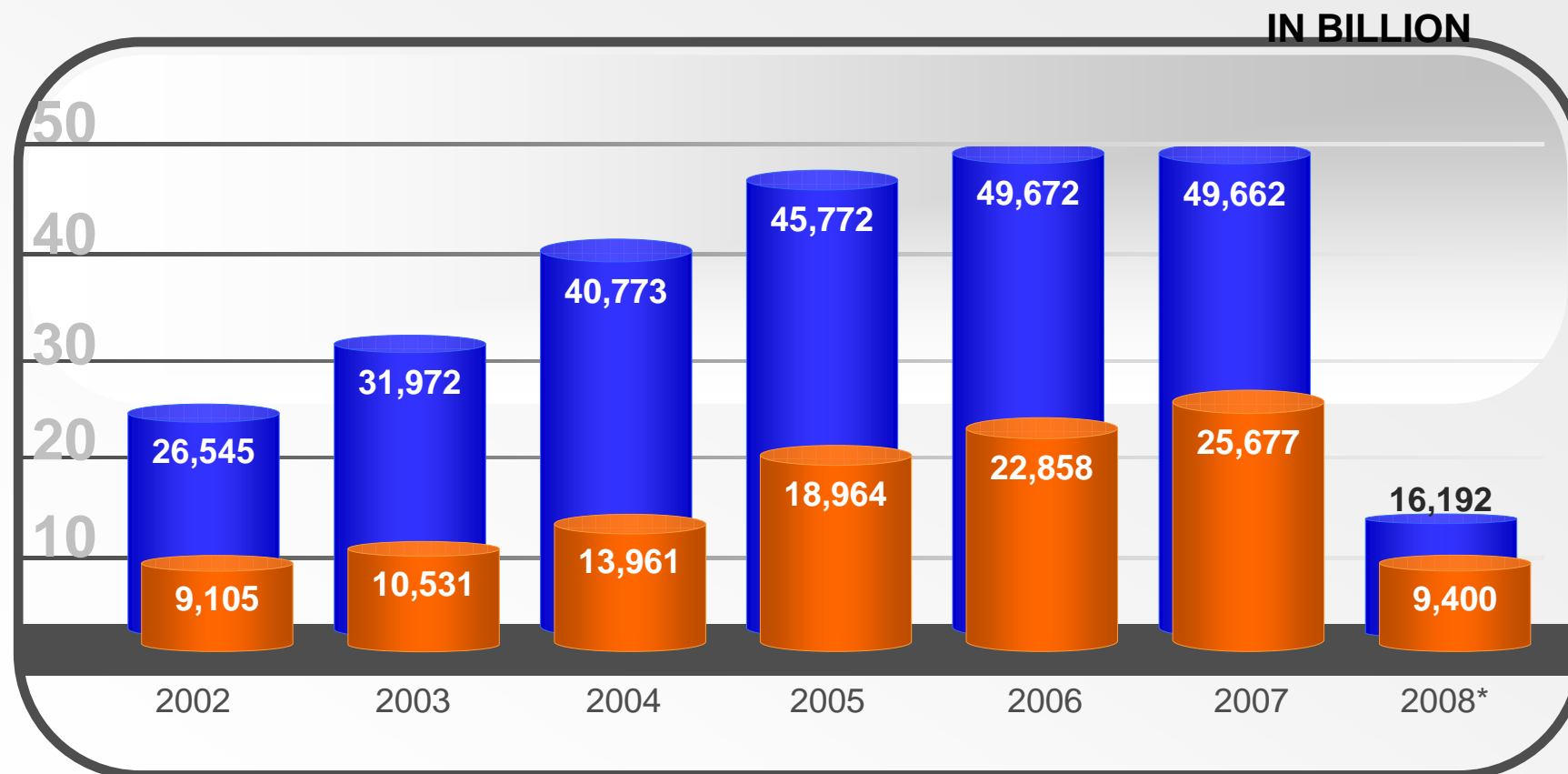


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# SALES EVOLUTION



## Growth Highlights

2002 to 2007: In Real = 87,09% In dollar = 182,01%

2006 to 2007: In Real = -0,02% In dollar = 12,33%

Real  
Dólar

Source: COISE/CGPRO/SAP – SUFRAMA

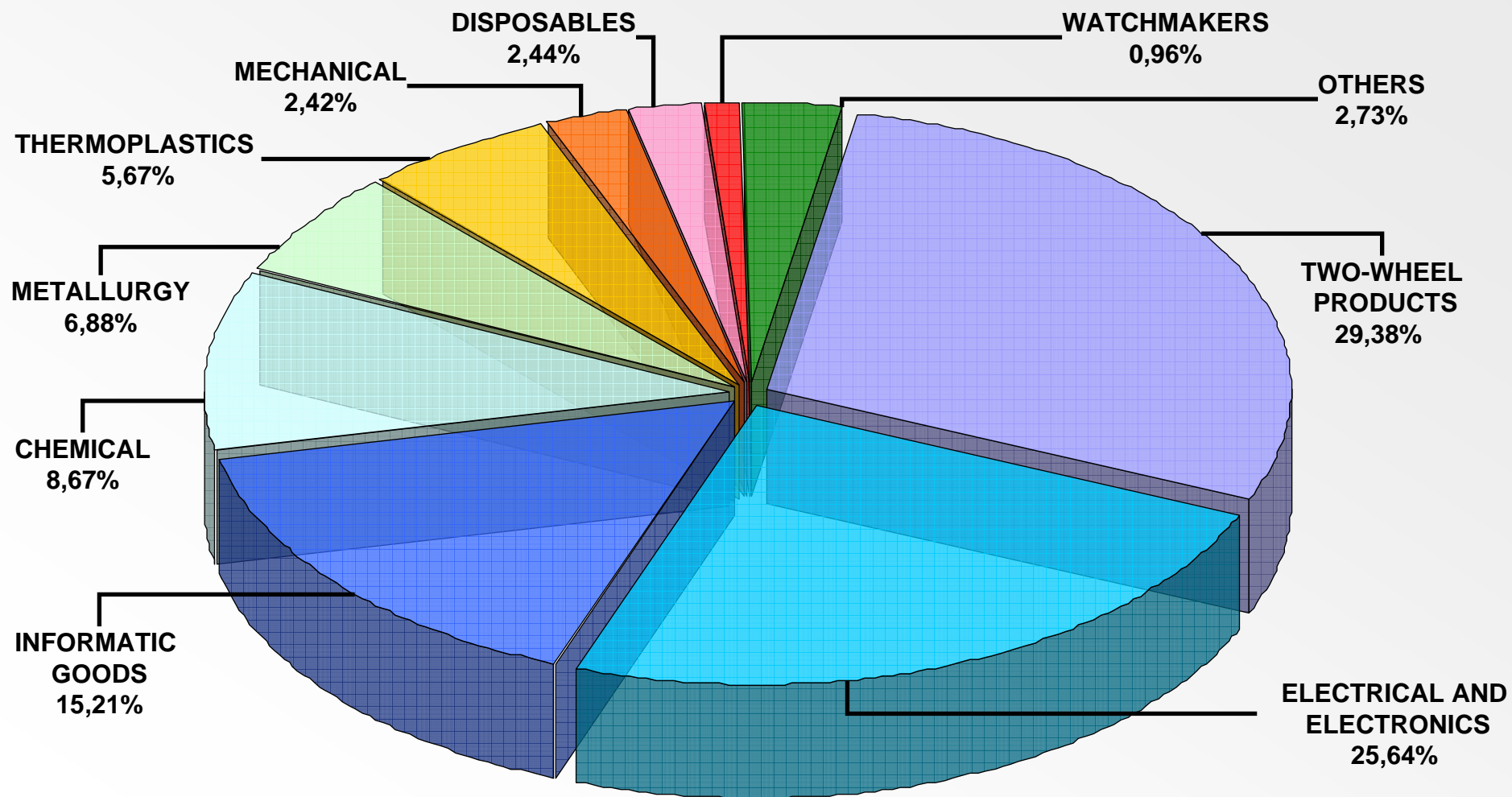
\* Partial data up to April 2008



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# MAIN SECTORS



Source: COISE/CGPRO/SAP – SUFRAMA

\* Partial data up to April 2008

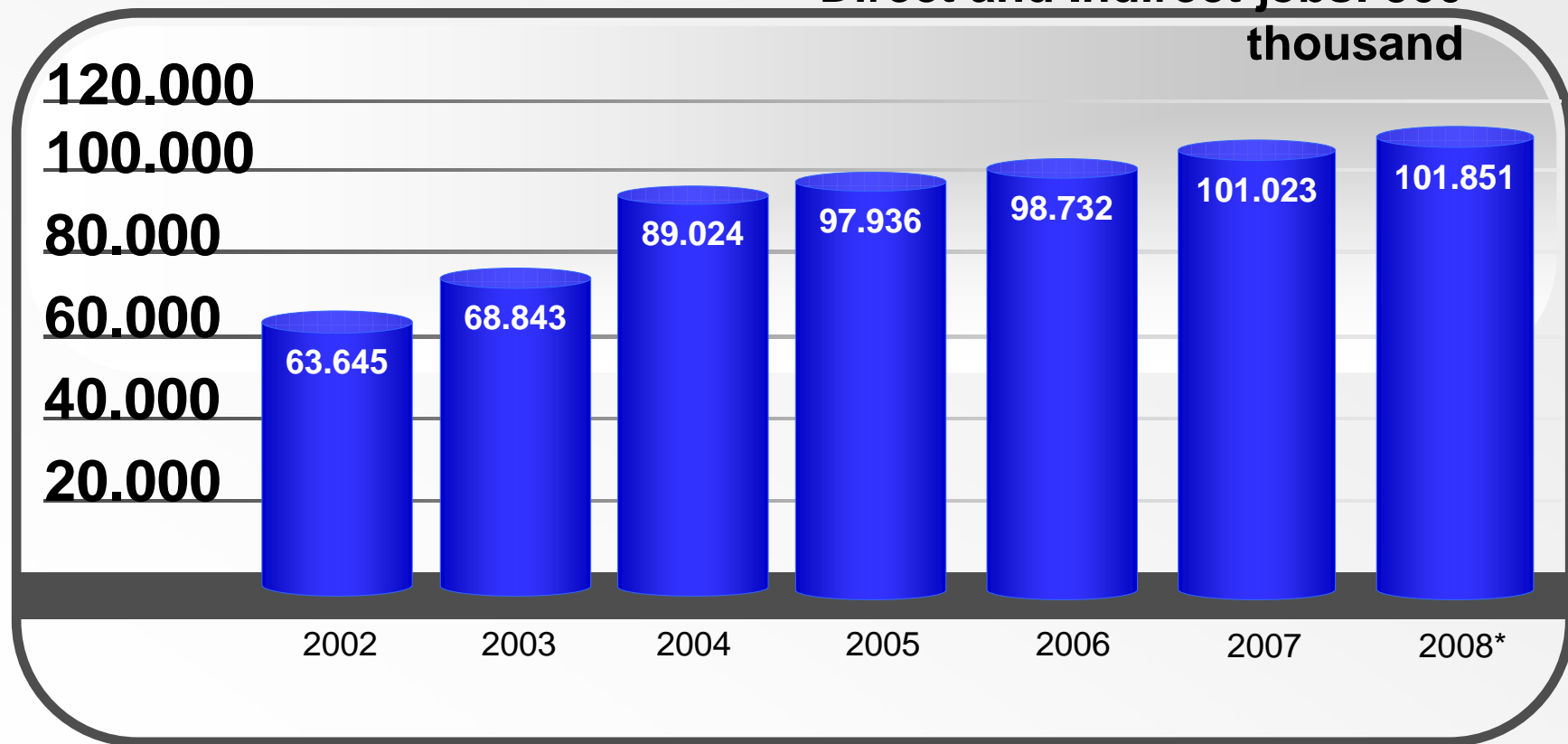


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# EMPLOYMENT EVOLUTION (DIRECT LABOUR FORCE)

Direct and Indirect jobs: 500  
thousand



**Growth Highlights**  
2002 to 2007: 58,73% 2006 to 2007: 2,32%

Source: AP/CGPRO/COISE – SUFRAMA

\* Partial data up to April 2008

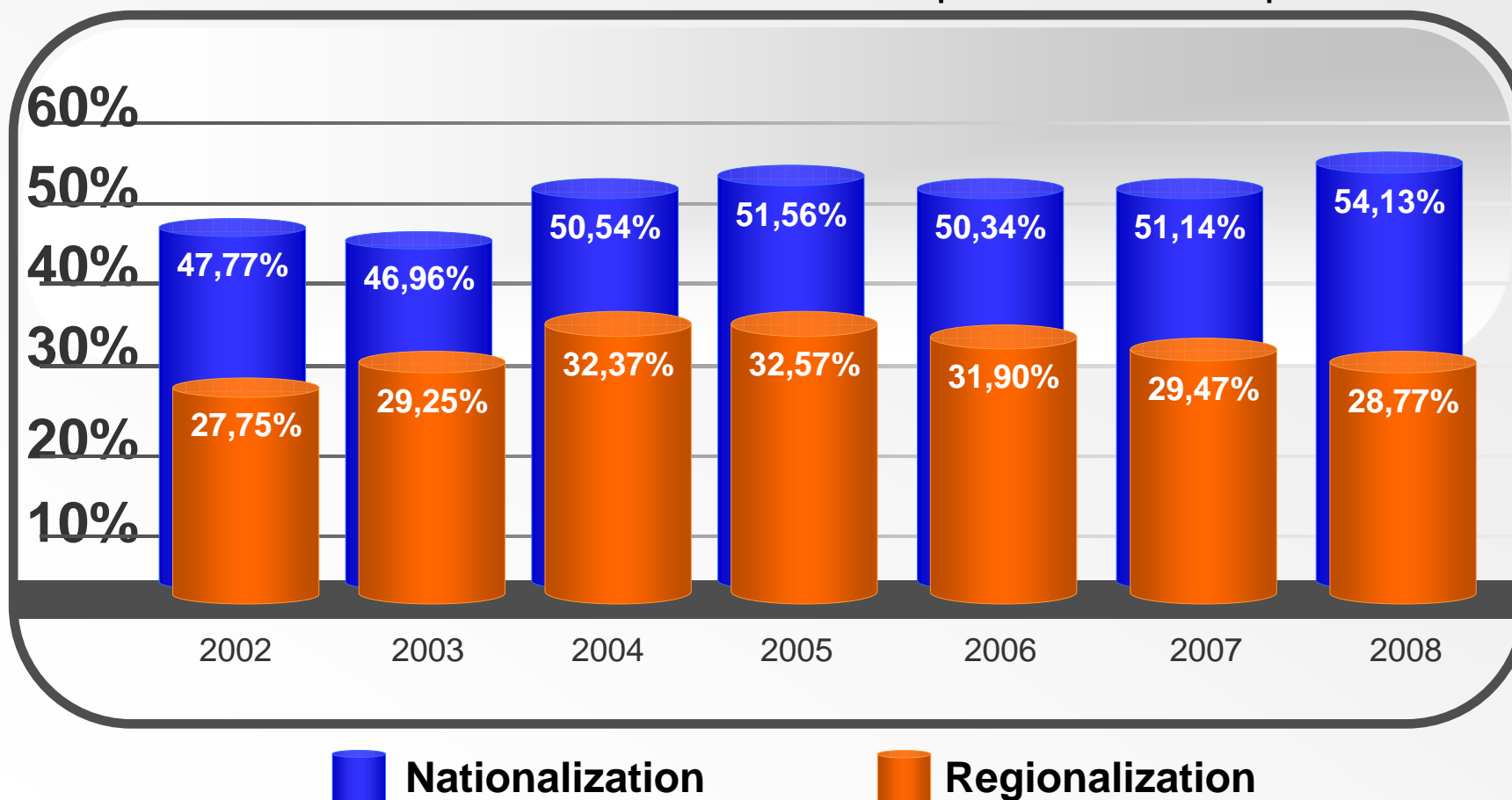


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# PRODUCTION NATIONALIZATION

Parts, pieces and components



Source: AP/CGPRO/COISE – SUFRAMA

\* Partial data up to April 2008



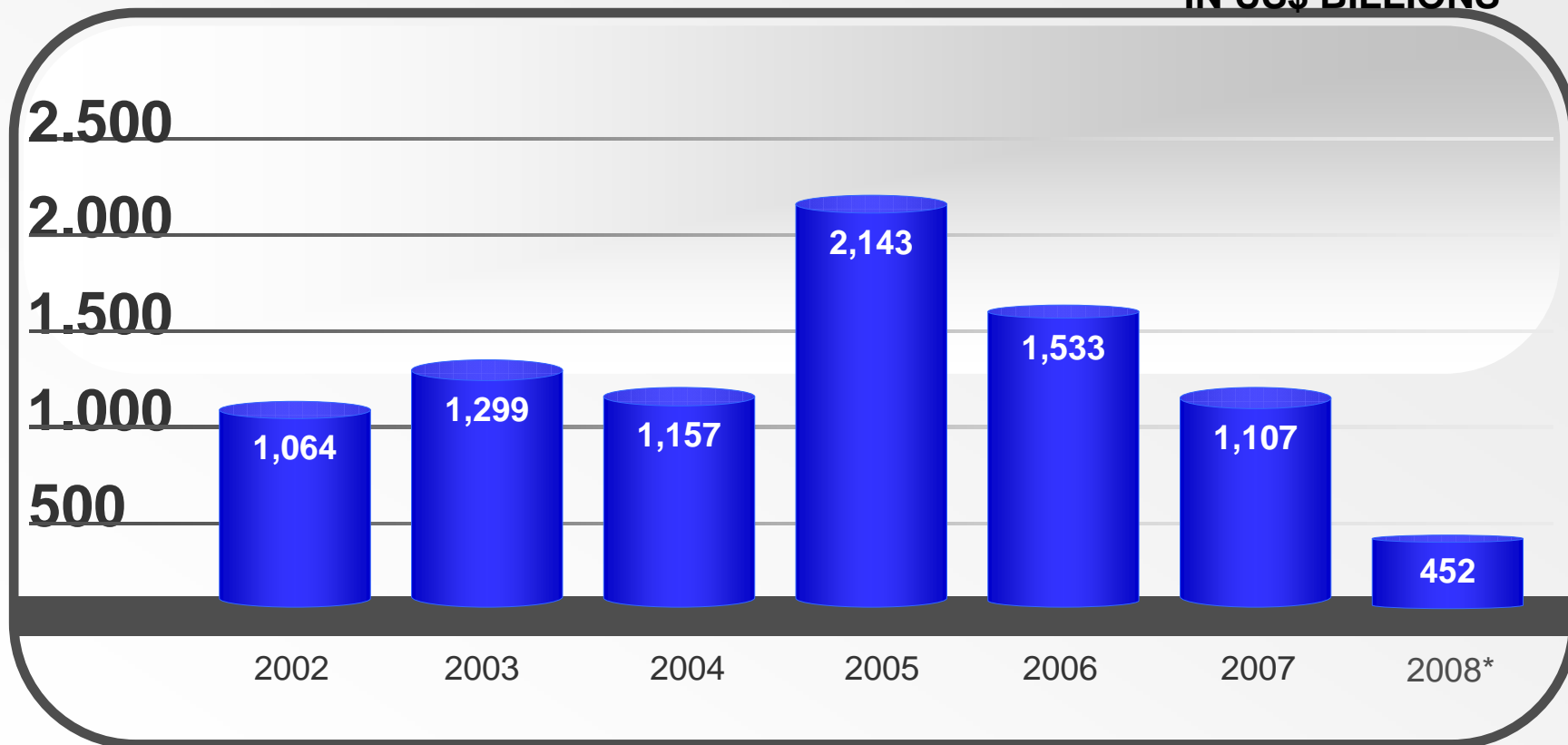
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# EXPORTS EVOLUTION

IN US\$ BILLIONS



## Growth Highlights

2002 to 2007: 4,04%

Source: Sistema Alice / MDIC

\* Partial data up to May 2008



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# MAIN EXPORTED PRODUCTS IN 2007

- 1º CELLULAR PHONES
- 2º MOTORCYCLES
- 3º SOFT DRINKS CONCENTRATES
- 4º COLOR TVS
- 5º NON ELECTRIC SHAVERS
- 6º PHOTOGRAPHIC PAPERS
- 7º RAZOR BLADES
- 8º DIGITAL SIGNAL RECEIVERS-DECODERS
- 9º CAR AUDIO
- 10º PHOTOGRAPHIC FILMS

Source: SUFRAMA – MDIC/SISTEMA ALICE

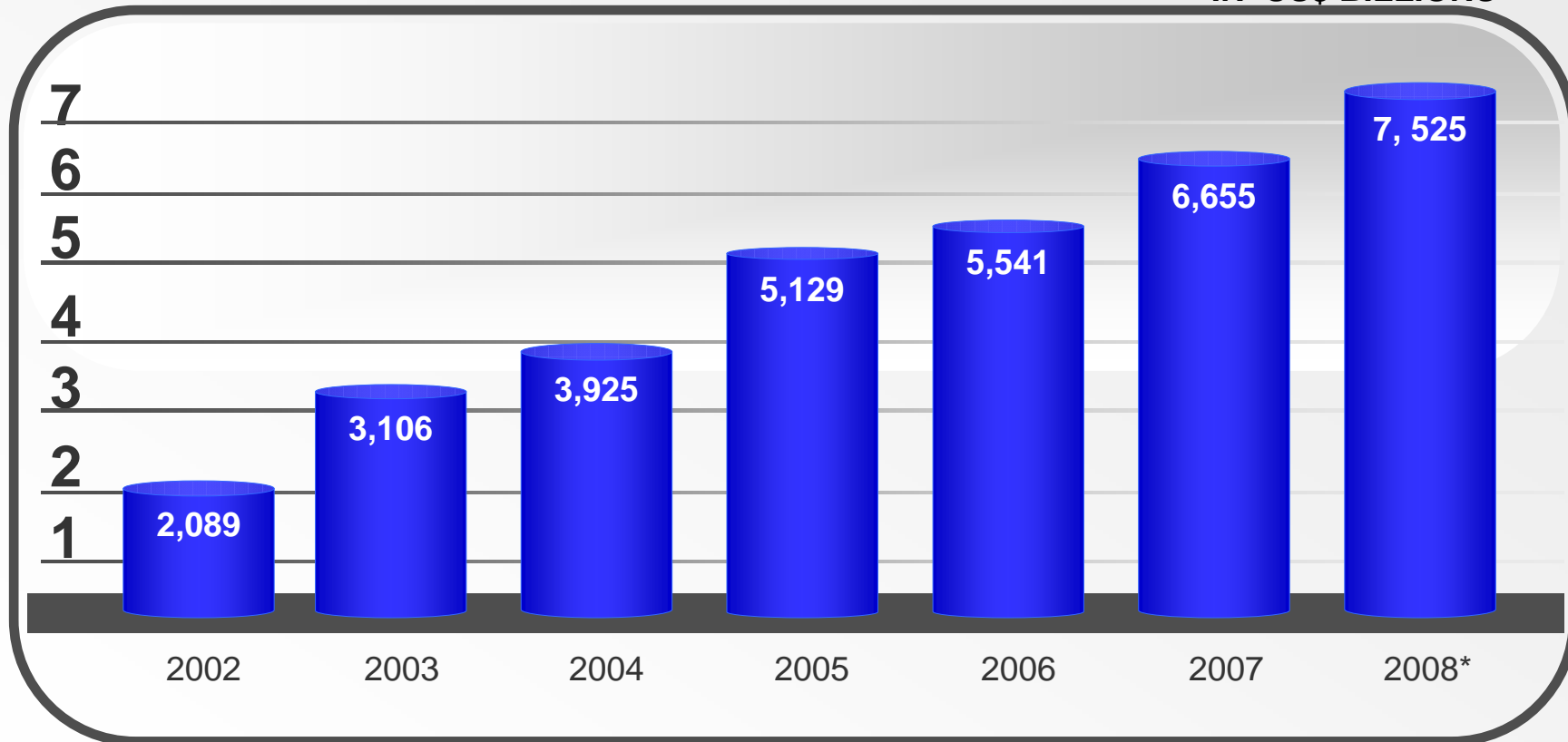


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# PIM's CONSOLIDATED INVESTMENTS

IN US\$ BILLIONS



## Highlights in Growth

2002 to 2007: 218,57%      2006 to 2007: 20,10%

Source: AP/CGPRO/COISE – SUFRAMA

\* Partial data up to April 2008



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Fonte: INPE

# NINETY-EIGHT PERCENT OF THE AMAZONAS STATE FOREST PRESERVED



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# SUFRAMA'S STRATEGIC PRIORITIES



MANAUS INDUSTRIAL PARK'S SCIENCE,  
TECHNOLOGY AND INNOVATION CENTER (CT-PIM)

AMAZON BIOTECHNOLOGY CENTER (CBA)



GAS CHEMICAL POLE

LOGISTIC FACILITIES

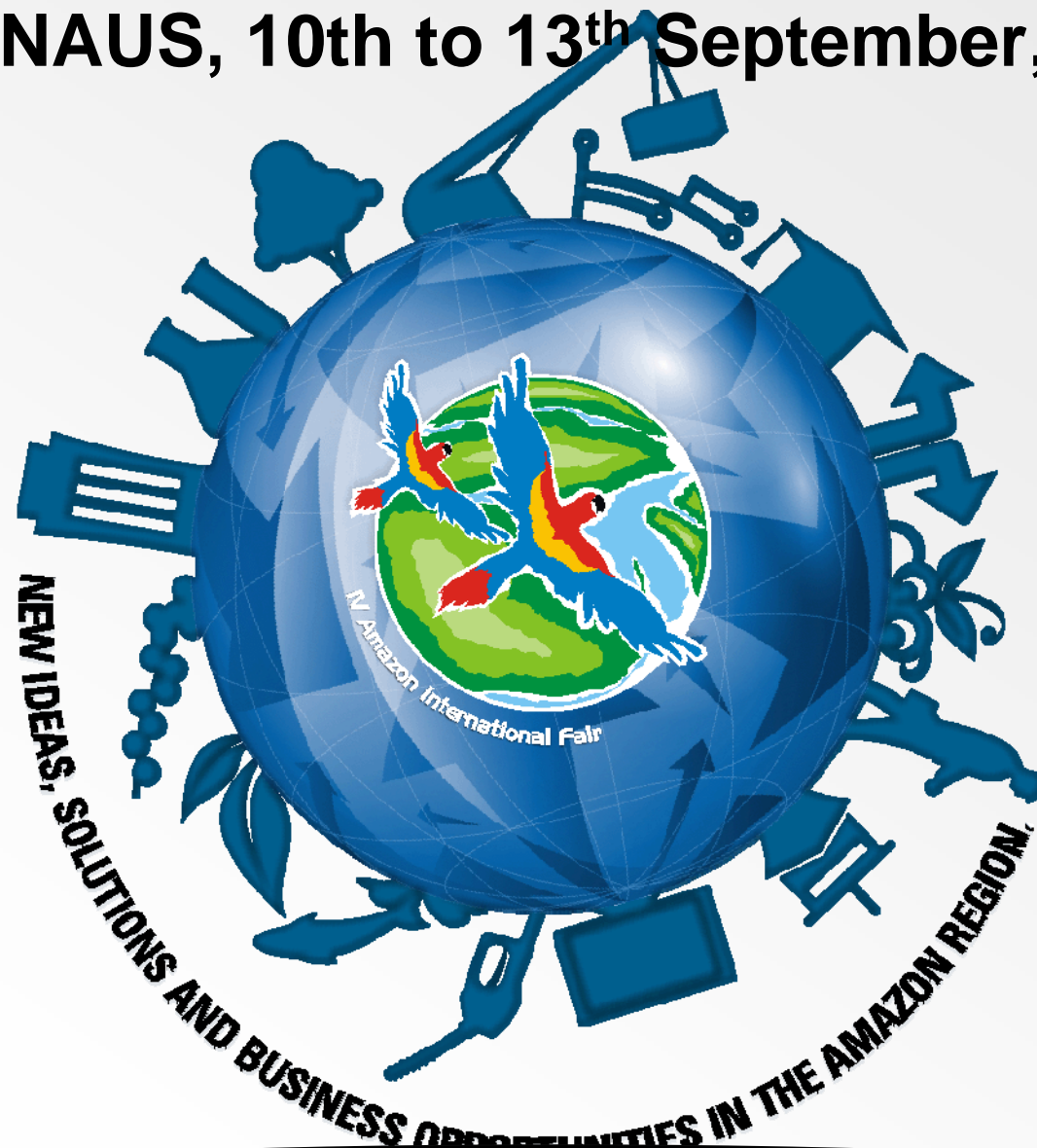


REGIONAL POTENTIALITIES

INTERNATIONAL INSERTION OF THE MANAUS FREE TRADE  
ZONE MODEL - AMAZON INTERNATIONAL FAIR (FIAM)



# MANAUS, 10th to 13th September, 2008



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# Come to Manaus Amazon - Brazil

## THANK YOU



[www.suframa.gov.br](http://www.suframa.gov.br)



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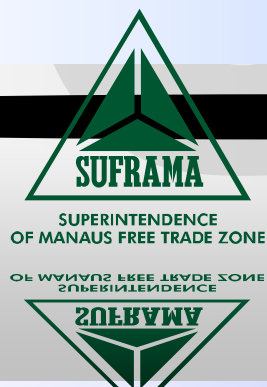


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## Mission

To promote the generation, the domain and the application of advanced and innovative scientific and technological knowledge, in partnership with local, national and international institutions, contributing to the sustainable, economical, environmental and social development of the Western Amazon and, in particular of Manaus Industrial Park.

## Goals

To create and consolidate a Technological Center for Manaus Industrial Park two fundamental goals:

- 1 – Contribution for the strenghtening of S&T&I Regional System
- 2 – Microsystems competence generation



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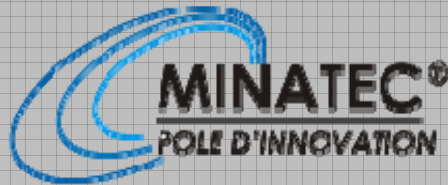
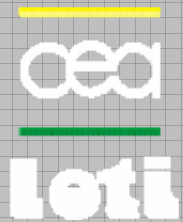


# COOPERATION BETWEEN CT-PIM AND INTERNATIONAL SCIENTIFIC INSTITUTIONS



**VDI/VDE Innovation + Technik GmbH (VDI/VDE/IT) –  
ALEMANHA**

**Experimental manufacturing of MEMS and of specific  
semiconductors. Technologists' Training.**



**Le Pôle Minatec – Laboratoire d'Electronique de  
Technologie de l'Information (Leti-Minatec) – FRANCE**

**Europe's biggest laboratory for training in micro and  
nanotechnology and MEMS development.**

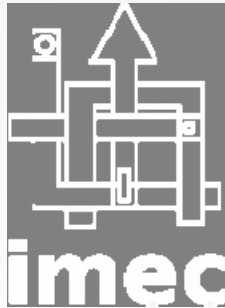
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# OTHER COOPERATIONS



**Interuniversity MicroElectronics Center (IMEC) – BELGIUM**  
World-referent laboratory in microtechnology.



**Design House** - CT-PIM opened a laboratory  
to develop integrated circuits.

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# OTHER COOPERATIONS



**Fraunhofer Gesellschaft** – Fraunhofer Gesellschaft – Unit in Manaus to research and development in areas such as system integration, MEMS and encapsulation.

Escola Superior de  
Tecnologia de Viseu



**Escola Superior de Tecnologia de Viseu** – Objetiva intercâmbio de tecnologias e conhecimento na produção moveleira e a implantação, em Manaus, do Centro Amazônico de Design Industrial.

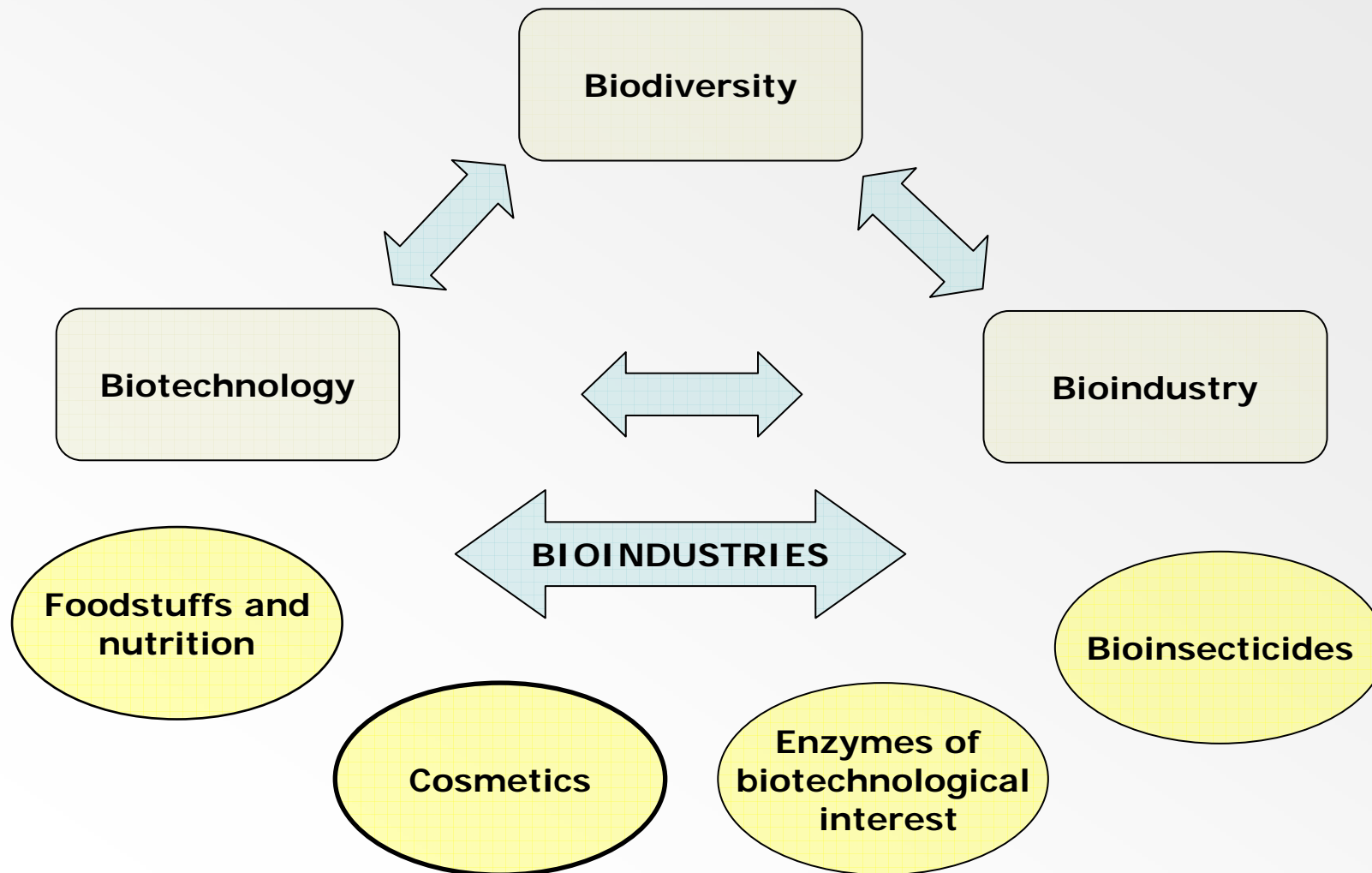
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# CENTER OF BIOTECHNOLOGY OF THE AMAZON



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# GAS CHEMICAL POLE

## INDUSTRIAL SEGMENTS

Family of Products	Final Products	Foreseen Investment (US\$)	Annual Revenue (US\$)
Fractioning of Natural Gas	Ethano and Gas without Ethano	235 millions	140 millions
Complex of Steryne	Etilbenzene Steryne	120 millions 40 millions	700 millions 80 millions
Complex of Methanol	Methanol	400 millions	400 millions
Complex of Fertilizers	Uria	300 millions	310 millions

## Estimated Employment (all segments)

Implementation phase	Direct Employment	Indirect Employment
8,000	2,000	35,000

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Fonte: SUFRAMA/UFAM

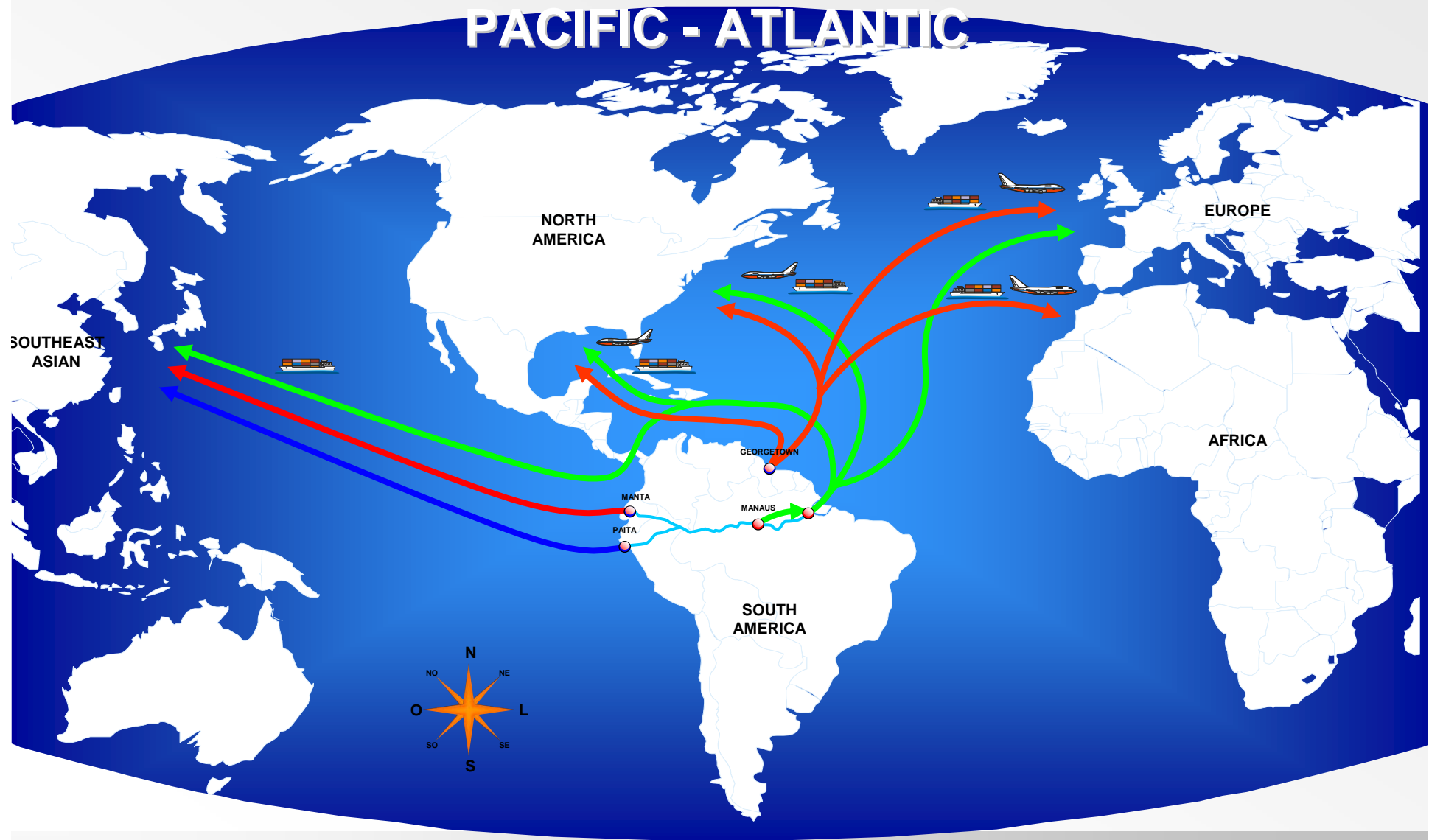


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# MULTIMODAL BIOCEANIC CORRIDOR

## PACIFIC - ATLANTIC



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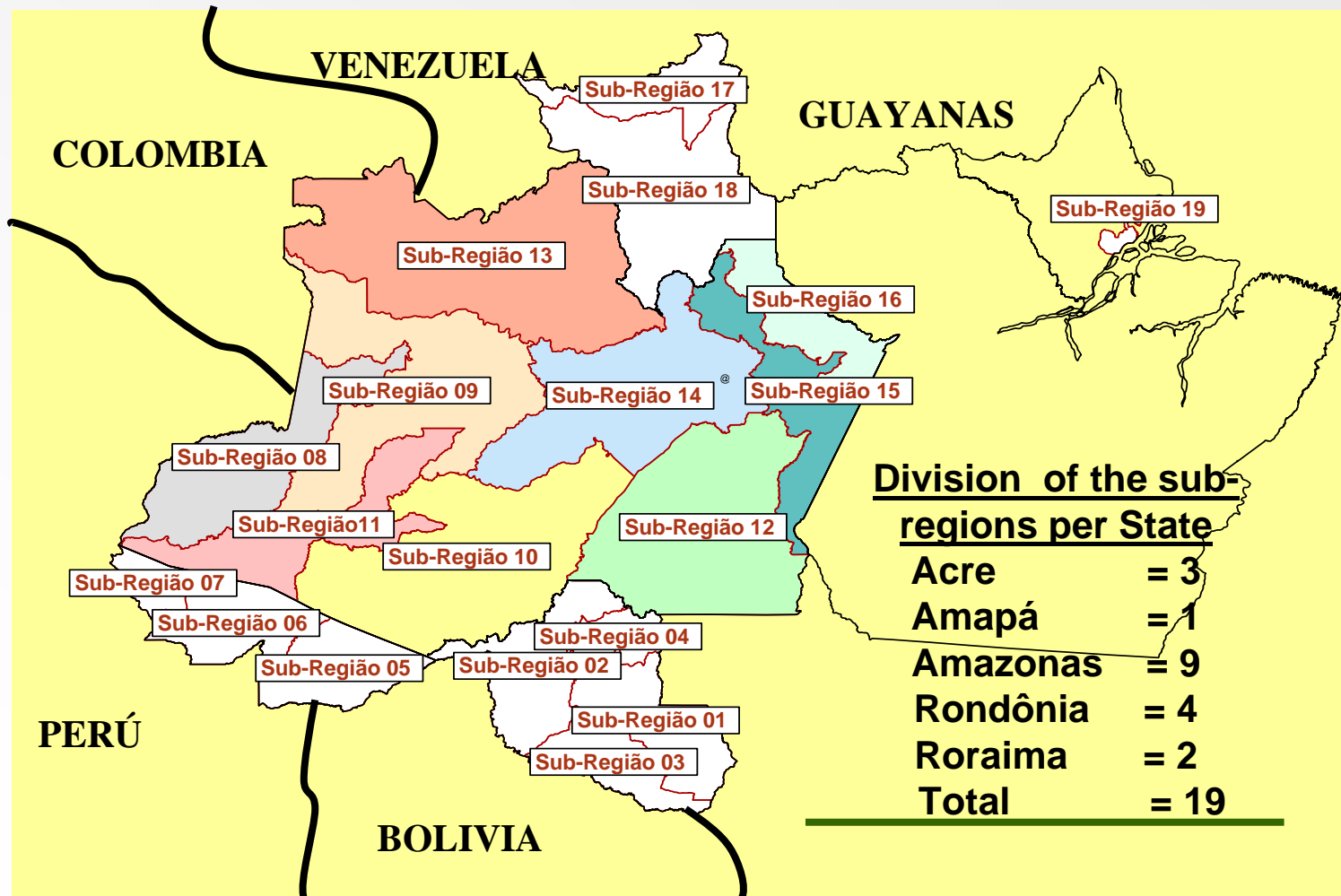
SUPERINTENDENCE  
OF MANAUS FREE TRADE ZONE



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# REGIONAL POTENTIALITIES PROJECT



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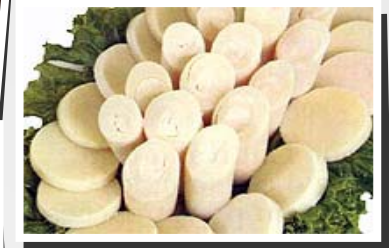
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# PRODUCTS OF AMPLE MARKET

- Manioc Starch (all States)
- Palm heart from pupunheira (all States)
- Fish Farming (all States)
- Guaraná (Amazonas and Roraima)
- Tropical Fruits (all States)
- Sustainable exploitation of wooden products (all States)
- Ecological Tourism (all States)
- Palm oil (Amapá, Amazonas and Roraima)



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# INTERNATIONAL INSERTION OF THE MANAUS FREE TRADE ZONE MODEL

1. Participation in international trade negotiations;
2. Trade promotion of the Manaus Free Trade Zone through Commercial Missions and Events such as Seminars, Conferences, Meetings;
3. Development of relationships with Science, Technology and Innovation institutions; and
4. Holding of the Amazon International Fair – FIAM – and its promotion through precursor missions.



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# INTERNATIONAL INSERTION OF THE MANAUS FREE TRADE ZONE MODEL

**Inter and intra-bloc commercial negotiation forums with the participation of SUFRAMA:**

- Intra-Mercosur;
- Mercosur / Andean Community of Nations;
- Mercosur / Peru;
- Mercosur / European Union;
- Mercosur / SACU (Southern African Customs Union);
- Mercosur / India;
- Mercosur / Egypt;
- Mercosur / Japan;
- Brazil / Mexico;
- Brazil / Cuba; and
- The ALCA Negotiating Group on Market Access.

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# INTERNATIONAL INSERTION OF THE MANAUS FREE TRADE ZONE MODEL

## Participation in Trade Promotion Missions and Events

	2003	2004	2005	2006	2007
International Missions	10	14	27	25	18
Domestic Events	49	38	54	28	17

**International:** United States, Germany, Peru, Panama, Egypt, Cuba, Mexico, India, Turkey, Japan, Hong Kong, France, Belgium, England, Spain, China, Portugal, Venezuela, Switzerland, United Arab Emirates, Egypt, Finland, Argentina, Aruba.

**National:** São Paulo, Rio de Janeiro and the Federal District

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# **Amazon International Fair III**

## **Manaus, August, 30th to September 02nd, 2006**



### **III FIAM results**

- **More than 100.000 visitors**
- **175 foreign and national guests**
- **318 exhibitors**
- **11 seminars with 200 lecturers and 1.600 participants**

### **Business rounds:**

- **20 anchor companies (national and foreign)**
- **182 fluctuating companies**
- **More than US\$ 7,5 million in transactions**

**Delegations of 32 countries**

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