



America Latina INVESTMENT FORUM

Milano 16 novembre 2016
Sede Gruppo 24 Ore


LIDE
LAVORO INNOVATIONE EQUILIBRIO
ITALIA

In collaborazione con:

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America Latina Investment Forum
BRAZIL
Investment opportunities

November 16, 2016

BRASILE PROGETTI DI INVESTIMENTO



Territorial extension:

- 8.5 million km²- 5th in the world

Population:

- 205 million people (2015) – 4th in the world

Borders 9 countries in South America

Argentina

Bolivia

Colombia

French Guiana

Guiana

Paraguay

Peru

Suriname

Uruguay

Venezuela

MERCOSUL-MERCOSUR

It is part of Mercosul and is the biggest market in Latin America



Why Brazil?

- Brazil is focusing on a new cycle of sustainable growth, based on an extensive adjustment process and the adoption of measures to improve competitiveness and productivity.
- Brazil has increased its investment in technological infrastructure and in the training of qualified professional and has been working continuously to improve its legal framework to make it more investor-friendly and to encourage innovation.
- In the past years, Brazil has consolidated its position as a strong and attractive global player: today Brazil is the 7th largest economy in the world
- High degree of economic diversification
- Brazil is a vigorous democracy, with free multiparty elections and strong institutions.
- Huge Domestic market, expanded by the economic development of recent years: it is estimated that nearly 40 million Brazilian experienced significant improvements in their life conditions

Fonte: Apex-Brasil

BRASILE PROGETTI DI INVESTIMENTO



- Privileged location in the east-central part of South America, where it borders 9 of the 11 South American countries: companies can easily access Latin American and African markets.
- Brazil is currently one of the most attractive countries for foreign investors. It received US\$ 75 billion in foreign direct investment in 2015, and was the sixth biggest FDI recipient in the world in 2014 according to UNCTAD's last data

Some of the Country's main competitive advantages are:

- Major infrastructure projects
- Energy and Agricultural powerhouse
- Biggest and most diversified science, technology and innovation system of Latin America
- One of the largest producers and exporters of agricultural products
- Competitive differential in the sector of aircraft building
- Competitive differential in the sector of oil exploration in depth water and large offshore oil fields.

Fonte: Apex-Brasil



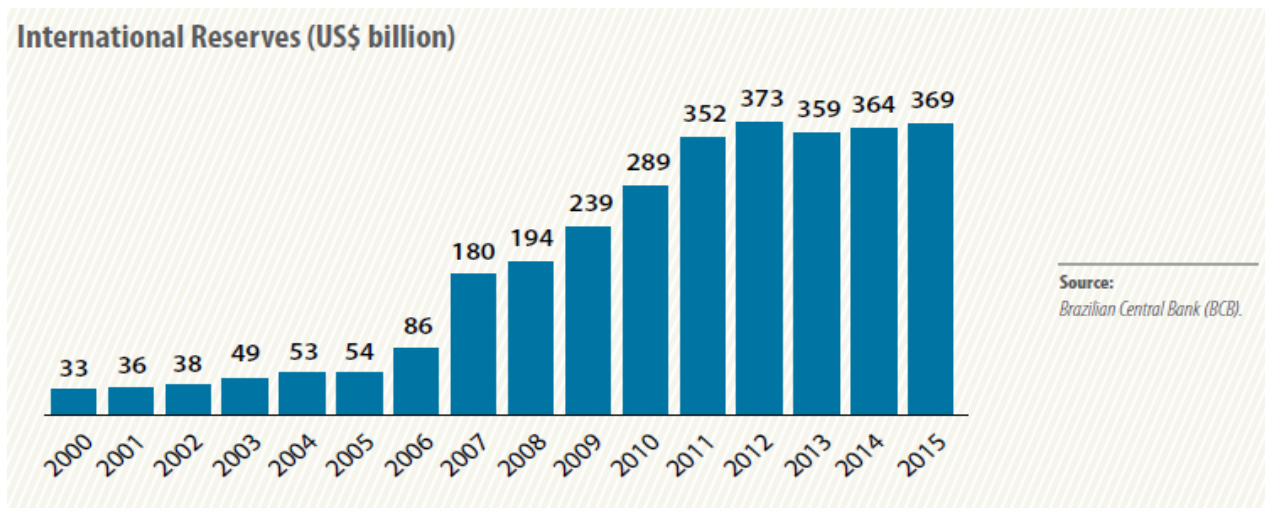
MACROECONOMIC OUTLOOK

- 2015 was a challenging year for the Brazilian economy with negative growth of 3,8% according to data from the World Bank. Brazil's GDP in 2015 was US \$1.775 trillion
- This subdued economic growth imposed macroeconomic policy actions to absorb several shocks, in order to sustain investment and employment.
- The Brazilian Government is also working actively to face the challenges imposed by shocks that affected its economy in the past few years such as monitored prices, hydropower constraints, exchange rate, among others.
- Fiscal adjustment and fiscal reform are the cornerstones of the current macroeconomic realignment, ensuring predictability and sustainability of the public sector accounts and debt dynamics, improving spending effectiveness and improving confidence conditions both in the investor and consumer side.
- It is expected that the economy will return to a healthier position in 2016, with a growth of 1.10% and 2,0% in 2017, according to the Central Bank.
- The Brazilian economic structure remains solid

BRASILE PROGETTI DI INVESTIMENTO



- Between July of 2014 and January of 2016, the Real currency experienced a depreciation of around 82% compared to the US dollar and of around 38% considering the real effective exchange rate
- This triggered trade balance recovery and made Brazilian assets financially attractive when measured in US dollars
- In 2015 there was a reduction of 40% in the current account deficit, while FDI remained robust
- The external sector of the Brazilian economy has enjoyed a comfortable position for several years. The Central Bank currently has over US\$ 369 billion in international reserves, which can be used to address any turbulence in the financial markets.



Fonte: Apex-Brasil



Priority sectors for investment attraction RENEWABLE ENERGY

Generation and Transmission of Electrical Power

10-Year Energy Expansion Plan (PDE) 2024 - Investment Opportunities

Overview

The economic and energy outlook adopted in Brazil's "Energy Expansion Plan 2024" is based on long-term studies carried out by Brazil's Energy Research Agency (EPE) under the National Energy Plan, taking into account the following main objectives:

- (a) Reducing local and global impact in the use of energy sources, especially hydroelectric power generation.
- (b) Use of renewable sources.
- (c) Minimizing environmental impact.
- (d) National and international dialogue on climate change Based on this long-term vision.
- e) Expand and diversify the Brazilian current energy mix

Fonte: Apex-Brasil



Priority sectors for investment attraction RENEWABLE ENERGY

Brazil's population is estimated to grow from the current 205 million in 2015 to 217.8 million in 2024, representing a growth of 0.7% per year. As a consequence of the economic and demographic baseline assumptions, Brazil's GDP per capita should grow at a rate of 2.5% p.a. between 2014-2024, which is a lower average pace than forecast in previous studies for the 2024 Energy Expansion Plan.

The economic outlook over the coming ten years is based on a scenario of moderate growth in the global economy, while Brazil is expected to go through a period of initial adjustment that will allow for a stronger rate of growth in the following years.

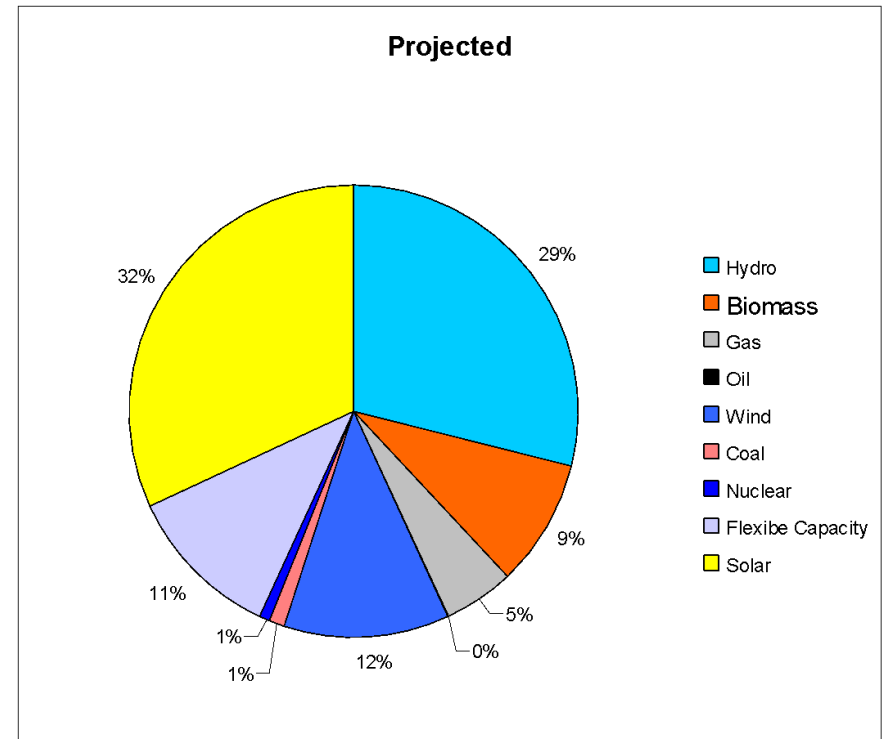
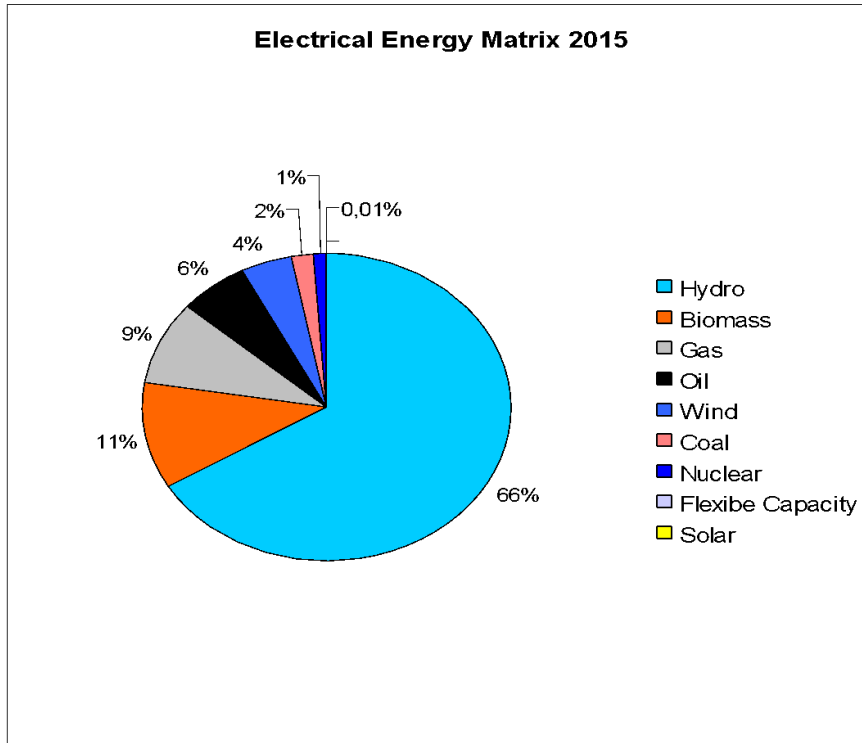
Fonte: Apex-Brasil



Investment in energy infrastructure in order to meet demand by 2024 – and to enable the possibility of running energy surpluses – is in the region of R\$1,407 billion.

INVESTMENT IN ENERGY		
	R\$ billions (R\$2.65/US\$)	%
Oil And Natural Gas	993	70.6
Elettricity	376	26.7
Biofuels	39	2.6
<i>Investment Total</i>	1,407	100.0

Fonte: Apex-Brasil



Fonte: Apex-Brasil



INFRASTRUCTURE

Infrastructure development

- In the past years, the country's demand for infrastructure services has increased sharply.
- Between 2000 and 2014, grain production in Brazil increased by 129%. The number of passengers on commercial flights increased by 154%, or 7.2% per year, while the vehicle fleet increased by 184.6%. The seaport cargo transport, in turn, had an average increase of 5% per year from 2003 (cumulative growth of 69.9%).
- Brazil is promoting the modernization of its infrastructure, based on concessions, private financing and the participation of banks and investment funds.
- The expansion and improvement of infrastructure services will increase the competitiveness of the economy, reducing logistics costs for industry, expanding exports, promoting efficiency in the flow of agricultural production and providing an answer to the growth of national and international travel demand.
- The infrastructure sector in Brazil offers plenty of opportunities for investment in airport, port, highways and railways management and construction, as well as in telecommunications

Fonte: Apex-Brasil



Logistics and Transportation

Logistics investment program – second phase

- In June 2015, the Brazilian Government launched the second phase of the Brazilian federal government's Logistics Investment Program (PIL), which includes investments expected to total R\$200 billion in railways, highways, ports and airports, of which almost R\$70 billion is forecast to be committed during the period from 2015 to 2018.
- The program is designed to expand and increase efficiency in Brazil's logistics infrastructure network by means of encouraging private investment in the sector. This is to ensure synergies between investment made through concessions of public infrastructure and public works funded from the federal budget.

Telecommunications, oil and gas sectors

Brazil is also working on regulatory measures in the telecommunications and oil and gas sectors, in order to improve their business environment and long-term perspective, a required step to allow for adequate sector corporate planning for the next decades and for investments to resume.

- Increasing investment and improving management in Brazil's infrastructure is one of the prerequisites for relaunching economic growth and making productivity gains. Taking into account the current economic climate and fiscal restraints, partnerships involving the private sector are a fundamental condition for making efficiency gains for the management of assets, as well as the necessary know-how for expanding and improving infrastructure

Fonte: Apex-Brasil



AGROBUSINESS

Brazil and Agrobusiness

- Brazil has become one of the largest producers and exporters of agriculture products in the world during the last two decades.
 - Productivity gains, efficient management, investments in research and innovation as well as technological development caused a revolution in the agrobusiness section in Brazil.
- Brazil has the biggest area in farmable land in the world with **388 million hectares** (or 3.8 million km² and almost 960 million acres).
- Brazilian leadership in the agrobusiness sector was reached as a result of favourable conditions of growth and long term investment in research of tropical agriculture technologies
 - The climate is conducive to agricultural production, with a large portion of the country receiving more than 1.200 milliliters of rain per year and abundant sunlight. This allows for two growing cycles per year without the need of irrigation in some regions.

Agriculture in Brazil is extremely diversified and varies from small producers to huge rural properties. A considerable part of agrobusiness in Brazil is organized in cooperatives, mainly in the southern part of the country. Family agriculture also plays an strategic role, producing almost half of the corn crops and more than one third of coffee crops consumed in Brazil each year. Nevertheless, big international corporations such as ADM, Agrium, Bunge, Cargill, Louis Dreyfus e Syngenta established important operations in Brazil.



USEFUL LINKS

<http://www.investexportbrasil.gov.br>



Guia de Comércio Exterior e Investimento

BRASILE PROGETTI DI INVESTIMENTO



The Brazilian Agency for the Promotion of Exports and Investments **APEX-BRASIL** is the federal agency which seeks to promote Brazilian products and services abroad and attract foreign investment to strategic sectors of the Brazilian economy, launched the **“Brazilian Official Guide On Investment Opportunities”**, which contains detailed information about investment opportunities and specific projects.

<http://www.apexbrasil.com.br>





**THANK YOU VERY MUCH FOR YOUR
ATTENTION**



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