

# A strategic investment opportunity

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**B**razil is standing in the spotlight. The country has managed to zero-out its external debt and achieved world-class investment grade status. The nation's economy has maintained an accelerated rhythm of growth for the last 24 consecutive quarters, despite the global economic slowdown. Its internal market is thriving – consumption in Brazil increased more than 6 per cent over the past year and the creation of new jobs in 2007 was the strongest the country has seen for many years. At no previous time has the country ever experienced such a tremendous expansion of credit as is being experienced today: in the last seven years the total jumped from US\$198 billion (R\$320 bn) to more than US\$550 billion (R\$935 bn). Inflation has finally been vanquished and all contracts are being honoured.

The whole country has become an excellent opportunity for investment thanks to its sustainable economy. By 2012, Brazil will be manufacturing close to five million automobiles per year. Many other sectors such as domestic electrical products, computers, the food industry, cosmetics and personal hygiene have all consolidated their ambitious growth plans.

In the midst of this long succession of good news, the State of Rio de Janeiro has assumed an outstanding position. Well-known for its natural beauty and the cosmopolitan charm of its inhabitants, Rio de Janeiro is advancing strongly in terms of its economic indicators and diversification, today reaching a total GNP of close to US\$146 billion, greater than the combined GNPs of Chile, Colombia and Peru.

The powerful performance of the state is also reflected in its external markets. In 2007, exports from producers in Rio de Janeiro exceeded US\$14 billion, an increase of more than 678 per cent since 2000, and Rio presently occupies fourth place in the ranking among the top Brazilian exporting states.

These numbers will gain a new perspective as of this year. On the map of forecast investments, Rio de Janeiro is going to become the centre of Brazil, the new capital for productive enterprises. The state will receive a massive injection from both public and private sectors over the next three years, in the order of US\$51 billion, which will create approximately 310 thousand direct and indirect jobs.

The mapping of private and public initiatives and new workstations forecast for the development of the state

was recently consolidated by the Federation of Industries of the State of Rio de Janeiro (FIRJAN), in an updated version of a document entitled *Decision Rio* that for the first time will be presented in a new visual format, thanks to the use of the Google Earth program, and can be accessed at the website: [www.firjan.org.br/decisionrio.asp](http://www.firjan.org.br/decisionrio.asp)

Of the total resources forecast, 51 per cent will go to the construction of new enterprises while the balance, 49 per cent, will be used for the modernisation and expansion of existing infrastructure, as well as the construction of new maritime vessels. The purpose of the report is to act as an instrument to orient industries in the country and abroad who intend to set up business activities in the state as well as to aid public administration in its action planning activities.

The largest share of the investments is targeted towards the processing industries and the infrastructure sector; each of these areas will receive 27 per cent of the total forecasted investment package. Petrobras is going to allocate US\$18.8 billion over the next three years, equivalent to 37 per cent of the investment total. The tourism industry, one of Rio de Janeiro's natural vocations, will receive US\$4.3 billion representing 8 per cent of the total projected investment for the state. Highlights include major tourist enterprises to be built in the Sun Coast region, mainly in the municipalities of Búzios, Cabo Frio and Maricá.

Many other projects are in their consolidation phase such as the Companhia Siderúrgica do Atlântico (CSA), an association between the German giant ThyssenKrupp Steel and Vale, which has become the largest private enterprise underway in Brazil at this time, with a value of US\$4.5 billion. Nearly 14,000 workers have been employed in this steel mill project under construction in the satellite city of Santa Cruz. Furthermore, other national industries are also inaugurating new industrial plants such as the Companhia Siderúrgica Nacional (CSN), Votorantim and Gerdau, which is representative of the solid participation of new investments being made in the area.

The Petrochemical Complex of Rio de Janeiro (COMPERJ) is another project of mega-proportions involving a massive investment, work on which is scheduled to begin this year. The Complex will cover an area of 45 million square metres located in the municipality of Itaboraí, less than an hour's drive from downtown Rio de Janeiro. The investment forecast

