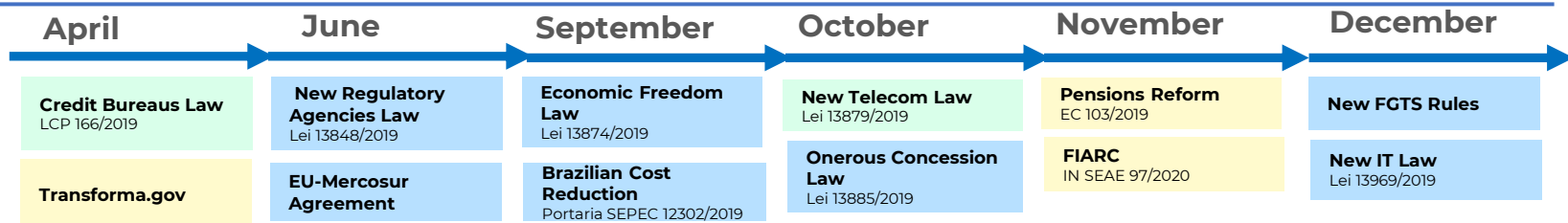


# BRAZIL TRANSFORMATION AND OPPORTUNITIES

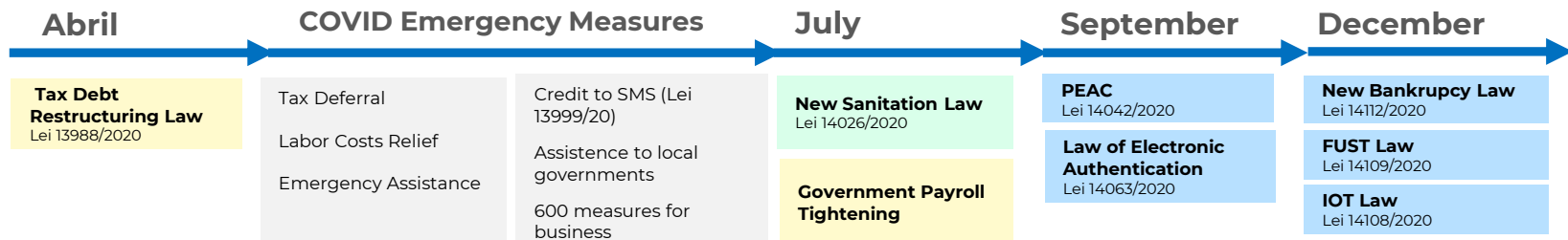
A BUSINESS-FRIENDLY CONTINENTAL COUNTRY

# Major Economic Reforms

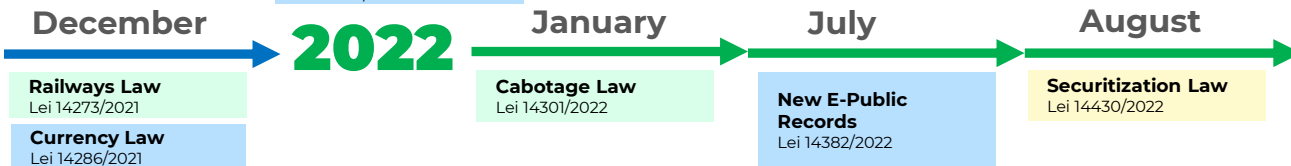
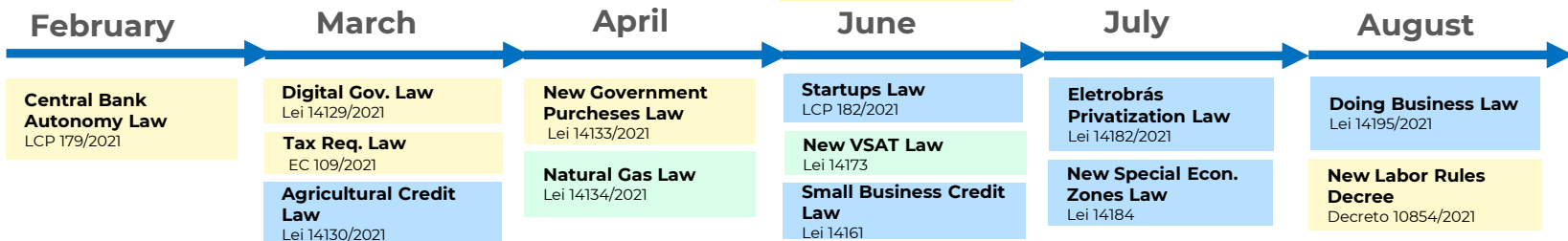
## 2019



## 2020

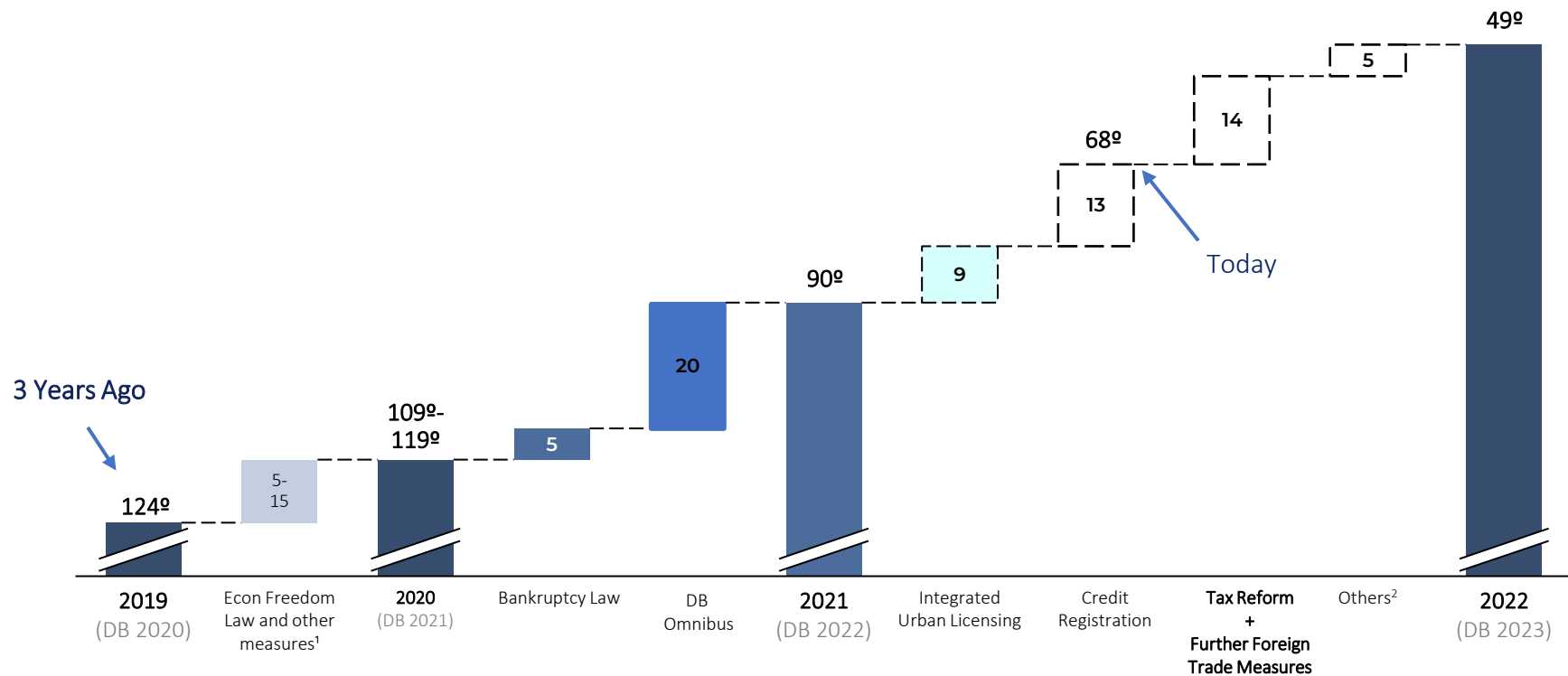


## 2021



■ Regulatory  
■ Bus Environment  
■ Public Admin

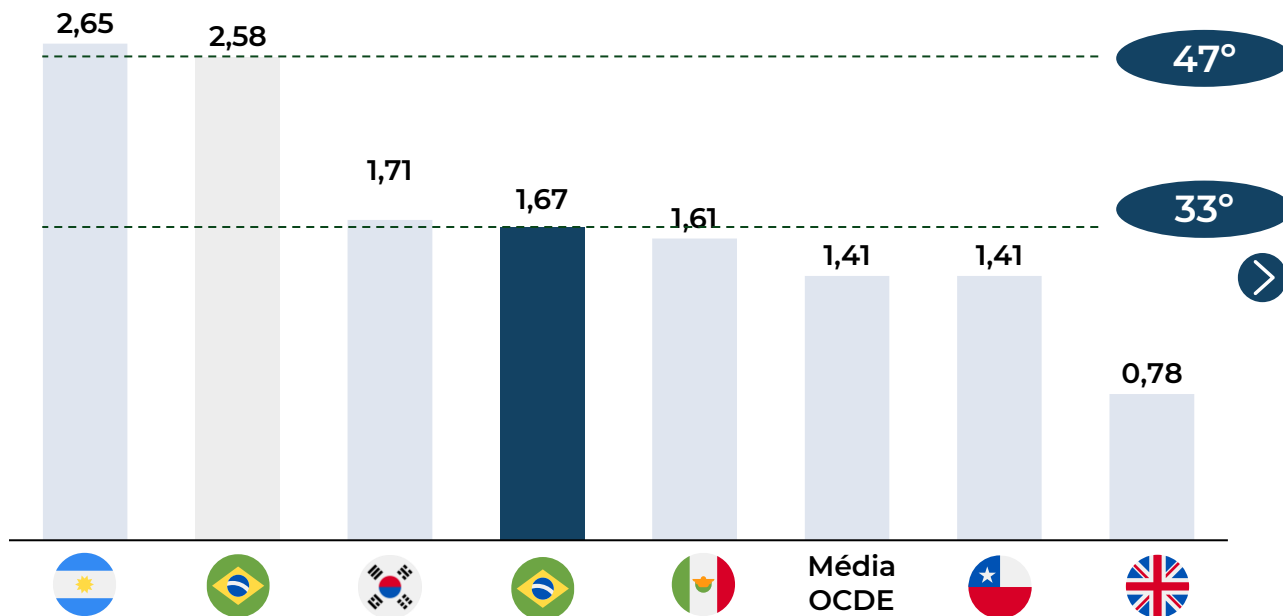
## Doing Business Ranking Estimate



# OECD PMR Estimate

## Brazil's projected score in the PMR Ranking

Estimate based on SEPEC analysis



## Regulatory Overview - PMR

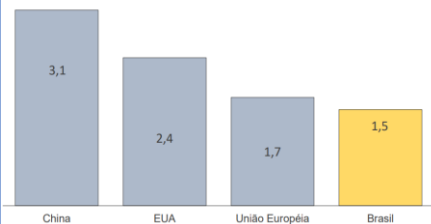
- ✓ Rationalizing regulations for O&G (Law 14,134/2021)
- ✓ End of restriction on foreign capital in the airline industry (Law 13,842/2019)
- ✓ End of restriction on foreign capital in the Telecommunications sector (Law 14,195/2021)
- ✓ New broadband law, with enhanced legal certainty for investments (Law 13,879/2019)
- ✓ Incentives to carry out cost-benefit analyses (Regulatory Burden Calculator – CalReg)
- ✓ Reduction of red tape and regulatory burden (Decree 10,411/2020)

To measure countries' regulatory stance and to track reform progress over time, since 1998 the OECD has been producing a set of indicators of product market regulation (PMR).

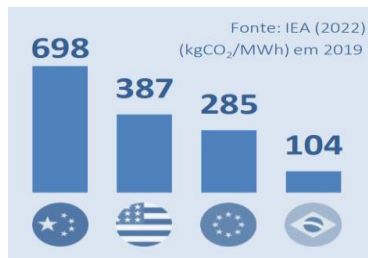
Examples of Regulatory Improvements

# Clean, Efficient Energy

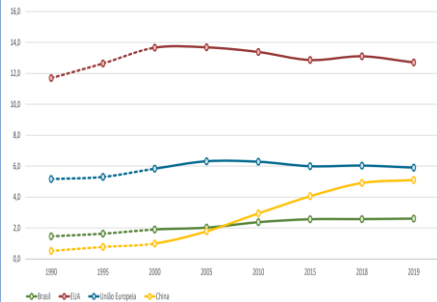
Carbon Footprint: Energy  
(tCO<sub>2</sub>/toe)  
Brazil in the margin: <0.8



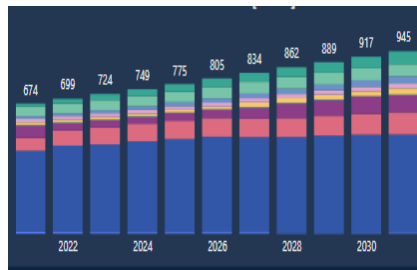
Carbon Footprint: Electricity  
(kCO<sub>2</sub>/MWh)  
Brazil in the margin: <0.8



Energy Consumption  
(MWh per capita)



Electricity Generation  
(TWh: Hydro-Wind-NGas-Nuclear-Others-Cane-Solar)



84% renewables in electricity matrix, with low cost

Law 14120 (MP 998/2020): streamlines incentives

- Decrease in cross-subsidies
- Allows for payment for capacity in bids
- Advances towards consumer choice of generation co

Law 14300: distributed generation

- Legal safety for all players
- From 7 to 31 GW 2031

Privatizations (Eletrobrás, CEEE-T&D, CEB, CELG-T etc)

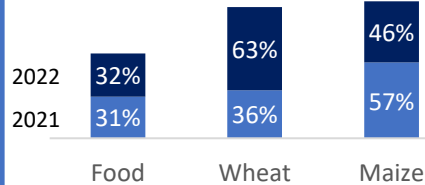
Next: PL 414

## Main Opportunities

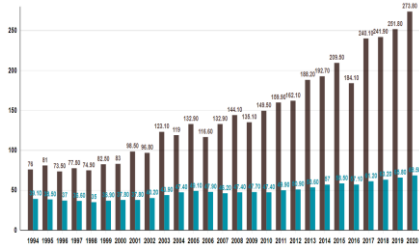
- Green generation (\$65 B -2031)
- Transmission bottlenecks (\$21 B -2031)
- Energy for the world

# Food Security

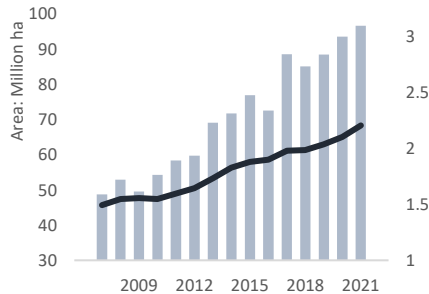
Global Food Crisis  
Price increase, 2021-2022



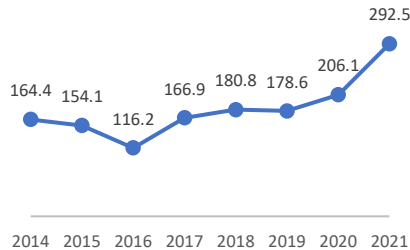
Brazil: Grains Production and Area  
(1994-2020)  
+261% Tons  
+74% Acres



Brazil Agro Production and Area  
(2007-2021)



Agro Credit  
(R\$ Bi)



Brazil is key to the food crisis challenge

Acreeage can double in degraded and pasture areas, with no damage to environment

Irrigation and new technologies have the potential to increase 50% productivity

Credit instruments have grown 61% in the last three years, with significant growth potential.

Law of Agro: more and better credit+guarantees instruments

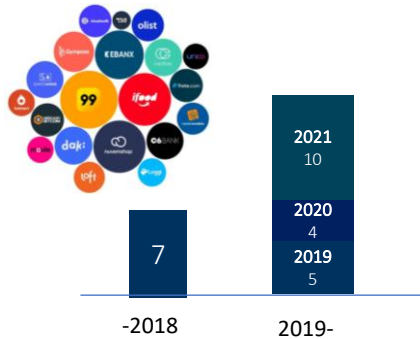
Law of FIAGRO: investment funds for agribusiness

## Main Opportunities

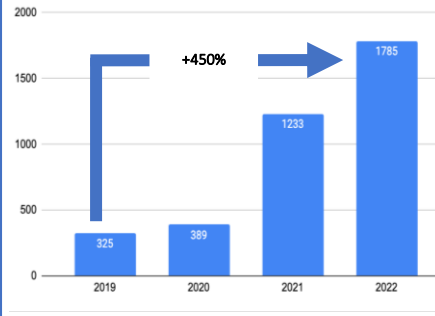
- Credit is key
- Warehousing bottlenecks
- Instruments backed by land

# Startups

## # of Unicorns



## Support for Acceleration Federal Government Programs



Startups Act: statutory freedom, sandboxes, government purchases, R&D subsidies, labor simplification etc

InovAtiva: 2nd largest in the world, “by InovAtiva”, IdeiAZ

Regional hubs: São Paulo, Santa Catarina, Rio de Janeiro, Recife, Salvador, Porto Alegre, Manaus, Campina Grande

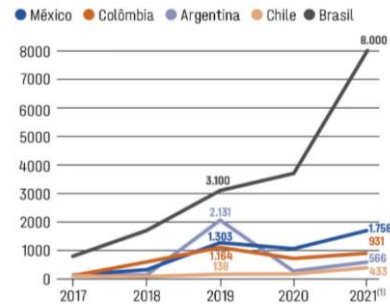
## Main Opportunities

- Regional hubs
- Outsourcing technological activities
- The entrepreneurial large country: CVC, VC, PE, IPOs

## Startups: Investment and Rounds



## Latam: Investment in Startups



# Regional Industrial Powerhouse

Economic Freedom Law + Doing Business Law

Decrease in logistics costs (concessions, cabotage, railways laws)

Special Economic Zones Law

Credit cost decrease (basic interest rates, spreads)

Reskilling and upskilling programs

Laws with subsidies for IT and Innovation

Amazon Region incentives

Tax decreases: IPI and Import Tariffs

Main Opportunities

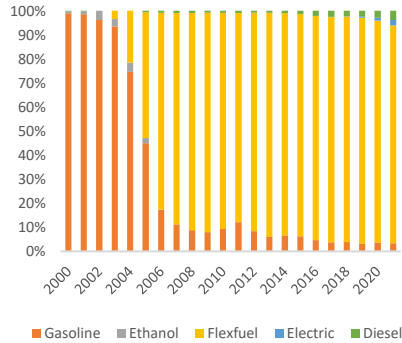
- Nearshoring in a mature industry
- Regional zones
- Industry 4.0



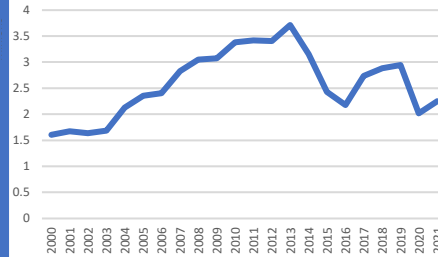


# Environmentally-Responsible Automotive

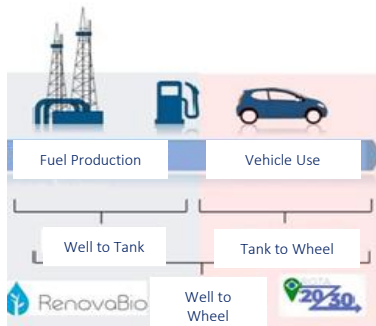
## Automobile Production per Fuel



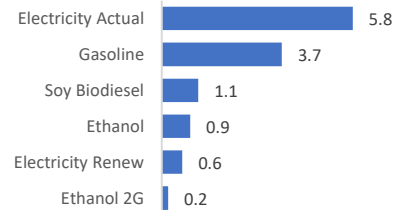
## Total Vehicle Production (Million Units)



## Automotive Production



## Carbon Footprint



Rota 2030

RenovaBio

IPI Decrease

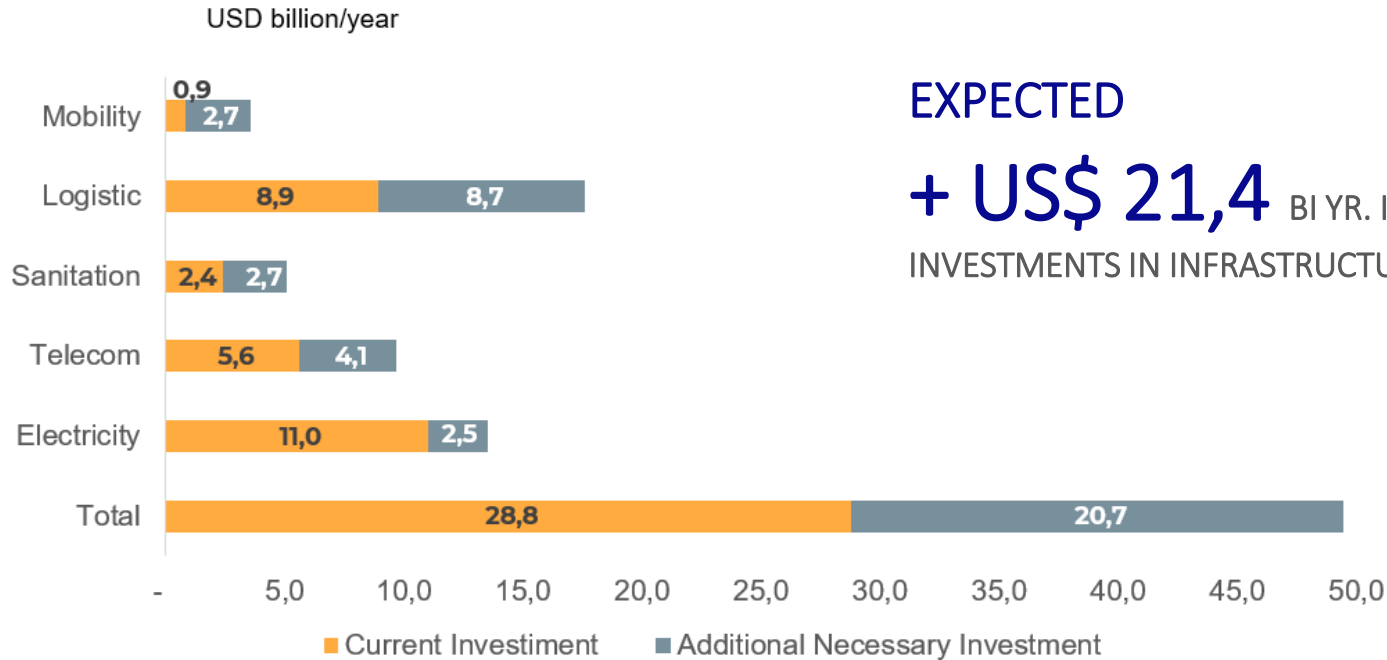
Non-tariff Decree

Agreement with India

### Main Opportunities

- Fuel of the future: flexibility
- Recovery and consolidation

## Infrastructure Investment: Leapfrogging



EXPECTED

**+ US\$ 21,4** BI YR. IN PRIVATE  
INVESTMENTS IN INFRASTRUCTURE

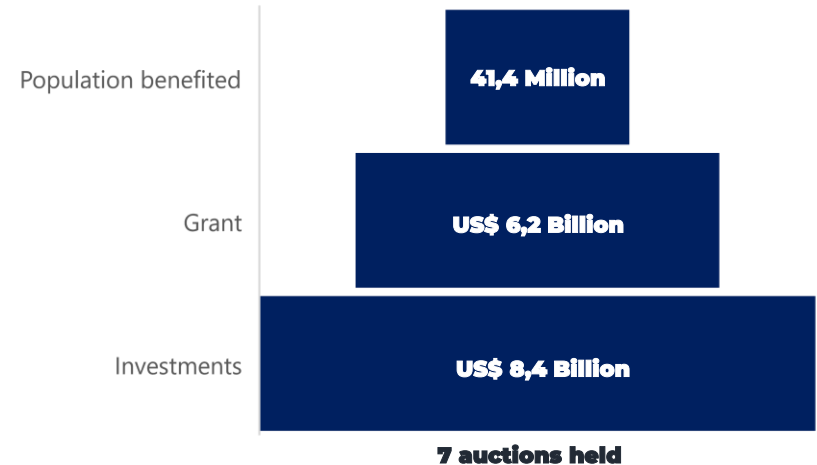
## Example Sanitation 2021/2022



- **+ 41 million people benefited.**
- **+ US\$ 6,2 billion in concessions.**
- **7 auctions held with + US\$ 8,4 billion in investments.**

With these actions, the federal government has increased the legal security for private investments, and will allocate its resources to places that adopt efficient regulation rules and demand financial health from the companies that provide water and sewage services. All this to make the universalization of basic sanitation in Brazil by 2033 a reality.

### Contracted Investment



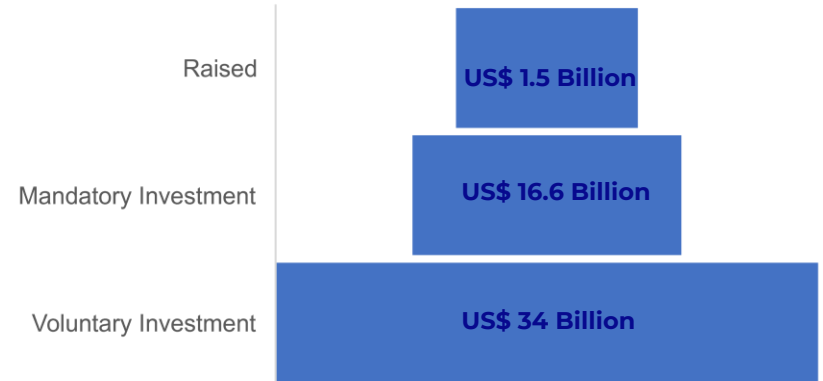
## Example 5G



- **+ US\$ 1.5 billion raised.**
- **+ US\$ 16.6 Billion in mandatory investment.**
- **+ US\$ 34 Billion in voluntary investment.**

With these actions, the federal government has reduced bureaucracy, barriers and taxes to implement 5G more quickly. The greater the speed of incorporation of the new mobile telecommunication generation technology, the greater the productivity and job generation in the Brazilian economy.

### 5G in Brazil



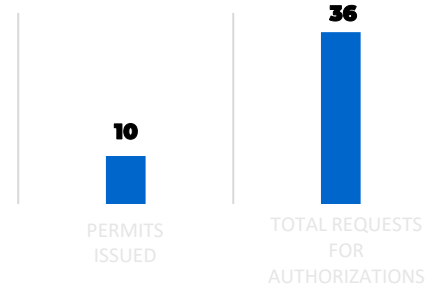
## Example first round Railroad Law



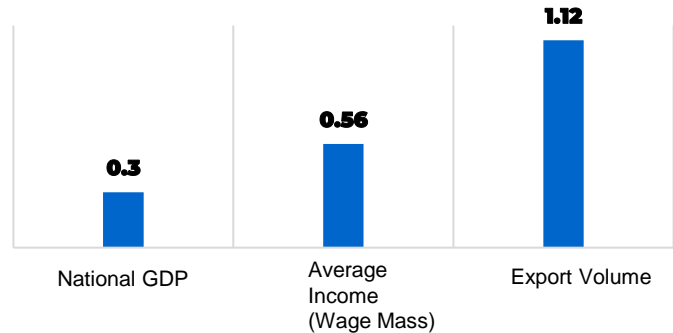
- **+ US\$ 10 billion in investments.**
- **30% reduction in transportation costs.**
- **Impact of 0.3% on GDP.**

With these actions, the federal government has reduced bureaucracy, impediments and barriers that for decades prevented a more effective participation of railroads in the transport matrix and a more efficient flow of agribusiness products.

### Investments (US\$ Bi)



### Impact: GDP, Income and Exports (%)

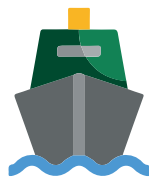


# PPI: 21 AUCTIONS IN 2022

## TRANSPORT and ENERGY

Expected Investments

USD 10,96 bi



### PORTS AND PORT TERMINALS (4)

- CODESA • MAR, 30
- 1 in Santos/SP (STS11) • MAR, 30
- 1 in Paranaguá/PR (PAR32) • MAR, 30
- 1 in Recife/PE (SUA07) • MAR, 30

**Investments**  
USD 428 million

**Concession fee**  
USD 220 million

**Jobs**  
38,400 new jobs



### HIGHWAYS (1)

- BR-116/493/RJ/MG (Rio-Valadares) • MAY/20

**Investments**  
USD 2,25 bi

**Opex**  
USD 1,97 bi

**Jobs**  
126,9 mil



### ENERGY (3)

- Energy generation (1):
  - New Energy (LEN A-4) • MAI/27
- Privatization (1):
  - Eletrobras • JUN/14
- Energy Transmission (1) • JUN/30

**Investments**  
USD 3,4 bil

**Concession fees**  
USD 5 bi

**Resource for tariff moderation**  
USD 6,4 bi (CDE)



# Current PPI portfolio

Updated  
on  
July 01

## Ports (36)

- 4 Concession (2 privatizations)
- 29 Port Terminals/Ports
- 1 Concession of waterway
- 1 Concession of an access channel
- 1 Tunnel for port access

## Highways (21)

- 21 projects for concession

## Airports (27)

- 16 Infraero Airports
- 8 regional airports
- 3 airports rebidding

## Railways (8)

- 3 Contract renewals
- 4 Concessions
- 1 Privatization with concession

## Oil and gas (2)

- 1st Cycle of Open Acreage
- PPSA (under studies)

## Energy (6)

- 1 Transmission line auctions
- 4 Generation Auctions
- 1 Privatization (Nuclep)

## Mining (11)

- 7 CPRM's mineral rights
- 4 bid rounds of ANM available areas

## Regional Development (8)

- 7 irrigation projects
- 1 water infrastructure Project (PISF)

## National Forests and Parks (27)

- 18 Concessions of parks and forests for visitation
- 9 Forest concessions for sustainable use

## Tourism (6)

6 Concessions of historical and touristical sites (states of CE, MG, PB, PE, SP and RJ)

## Fishery Terminals (4)

4 Concessions of Public Fishery Terminals

## Supply (2)

- 1 Privatization (Ceasaminas)
- 1 CONAB (148 warehouses / real state)

## Urban mobility (3)

- Line 2 – Belo Horizonte subway
- Trensurb
- CBTU

## Defense and Security PPPs (1)

- 1 Vehicle impoundment – Federal Highway Police

## Health (1)

- 1 Femina Hospital

## ICT (3)

- 3 Privatizations (Telebras, Postal Sector and EBC)

## Economy (4)

4 Privatizations (ABGF, EMGEA, Serpro and Dataprev)

170  
Projects

# Digital Country

---

## Some facts

- 7<sup>th</sup> most digital government in the world
- 3<sup>rd</sup> fastest digitizing country in the world
- More smartphones than people

## Law of ITC

## Telecommunications Regulatory Framework

## Antennas Decree

## Brasil+ Program

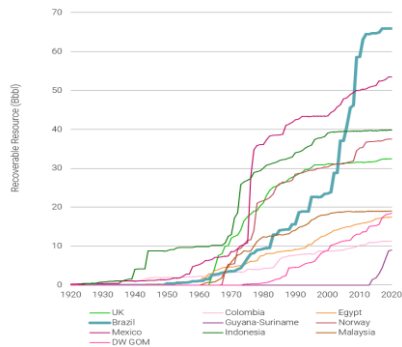
## Main Opportunities

- Digital transformation of businesses and governments
- Brazilians as digitized citizens/workers/consumers

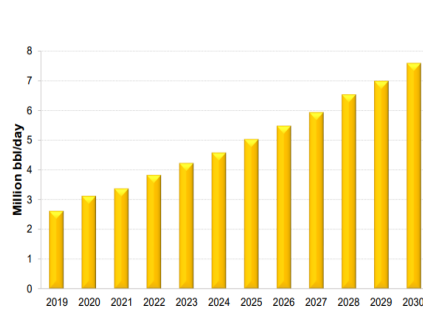


# Oil & Gas

## Pre-salt Discovery: Proven Reserves



## Oil Production Forecast



## Investments for Natural Gas

Classification	Indicatives(New Gas Market)	
	Projetos	US\$ bi
Flow Pipelines	10	2.7
Transportation Pipelines	11	3.4
LNG Regasification Terminals	2	0,16
UPGNs	4	2.26
<b>TOTAL</b>	<b>27</b>	<b>8.5 Billion</b>

## Refineries Petrobras

	RLAM	RNEST	REPAR	REFAP	REGAP	REMAN	LUBNOR	SIX
Diesel	37%	68%	46%	49%	45%	23%	9%	-2%
Gasoline	23%	0%	28%	26%	24%	45%	0%	0%
QAV	3%	0%	3%	3%	8%	6%	-2%	0%
GLP	7%	2%	9%	7%	8%	3%	0%	4%
Nafta	2%	19%	0%	3%	0%	14%	0%	0%
OC+ Bunker	24%	-1%	5%	5%	5%	6%	29%	87%
Other	4%	11%	11%	6%	11%	4%	64%	10%

## Presalt Rampup

### Law for Concessions of Oil Fields

Divestiture of Petrobras controlled companies in distribution, transportation and refineries (Breakup Resolution)

### Natural Gas Legal Framework

### Main Opportunities

- Production in pre-salt
- Acquisitions
- Natural gas value chain
- New refineries

# Finance Transformation

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Capital Markets: new Securities Framework

Insurance modernization

Credit Markets

- Credit Bureaus Law
- PRONAMPE: \$12.4 Bi to 600k small businesses
- PEAC: \$19 Bi to 130k small and medium businesses
- New Guarantees Framework
- E-registration of securities

Main Opportunities:

- Fintechs / insurtechs
- Information is credit
- Insurance modernization
- Capital Markets emergence

# Construction and Real Estate

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Economic Freedom Law and Doing Business Law unleashed the construction sector in Brazil

10% growth in 2021, keeps growing two-digits in some areas/segments

Casa Verde e Amarela

Federal Government Real Estate Funds

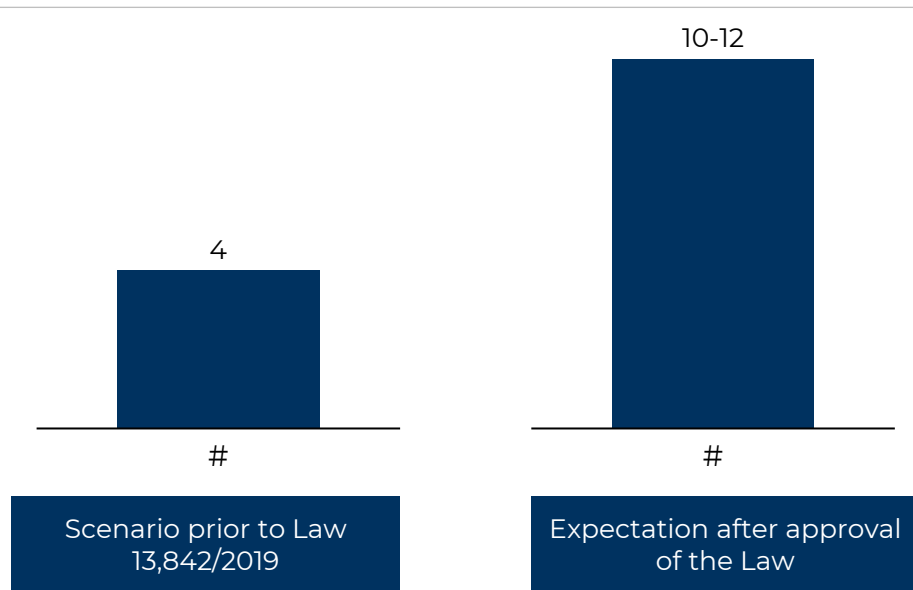
Main Opportunities

- Real Estate in high growth regions
- Construction for low and middle income families
- Infrastructure construction

## AVIATION SECTOR: market incentives to expand supply

### Number of airlines in operation in Brazil

# units



- **Law 13842/19 eliminates restriction on foreign capital in Brazilian airlines.**
- This encourages investment in the airline industry, expanding supply and competition in this market.

### **With more investment and competition, it is expected:**

- increase in the number of routes and cities served by scheduled air transport;
- adoption of new managerial practices and technologies; and
- reduction of prices to the consumer..

**Jair Messias Bolsonaro**  
Presidente da República Federativa do Brasil

**Paulo Roberto Nunes Guedes**  
Ministro da Economia

**Carlos Alexandre Da Costa**  
Chefe do Escritório do Ministério da Economia no Exterior

**Fernando Freire Dutra**  
Assessor Especial do Escritório do Ministério da Economia no Exterior

