The Brazilian Regime of Export Processing Zones - EPZ
**BRAZILIAN EPZ – CHALLENGES & BUSINESS OPPORTUNITIES**

**The Situation**
- 9th World Economy (IMF 2015)
- 25th World Exporter (WTO 2015)

**Unbalance**

**The Challenge**
- How can Brazil increase its share in the world trade?

**The Potential**
- Huge Domestic Market
- One of The Most Attractive Countries for FDI
- Leading Regional Economy
- Gateway to Latin America

**EPZ Contribution**
- Brazilian Potentialities
  - Mining Production (Global Player)
  - Agricultural Production (Global Player)
  - Biodiversity
- Business Opportunities
- Direct Investments
  - Employment
  - Income
  - Exports

**Demand from International Markets**
BRAZILIAN EPZ - CONCEPT & INCENTIVES

**Concept**
EPZ: industrial areas intended for exports (Export Revenue ≥ 80%) under customs control (Primary Zones).

**Tax Incentives**
Purchases of goods and services in the domestic market – Supension:
- **IPI** (Tax on Manufactured Products)
- **COFINS** (Social Contribution – Tax Presumptive Profit)
- **PIS/PASEP** (Social Contribution on Gross Revenue).

Purchases of goods and services in the external market – Supension:
- **II** (Import Tax)
- **AFRMM** (Additional Freight Charge for the Renovation of the Merchant Navy)
- **IPI**
- **COFINS - Import**
- **PIS/PASEP – Import**

**Administrative Benefits**
Exemption of licenses or authorizations for import (raw materials and capital goods) and export operations.
⇒ Except: sanitary, national security, and environmental measures.

**Long-Term Legal Certainty**
Period Granted: 20 years extendable for 20 years.

**Others Incentives**
Regional Tax Incentives (North & Northeast)
Reduction of The Corporate Income Tax (Limit = 75%)

Free Import of Used Capital Goods

No State Value-Added Tax (ICMS)

IT – R&D Incentives
The continuation of company in an EPZ depends on the minimum export of 80% of its total gross sales revenue.

Note: Products sold to the domestic market will be subject to the payment of all taxes and contributions normally granted by the EPZ regime.

The tax suspension provided for the EPZ Regime applies only to the acquisition of capital goods, raw materials, intermediate products, and packaging materials.

Examples:

- Capital Goods
- Raw Materials
- Intermediate Products
- Packing Materials

The companies authorized to operate in EPZs are subjected to the same legal and regulatory provisions applicable to all national companies.
Adding value to the exportable production.

### BRAZIL – WORLD RANKING 2015

<table>
<thead>
<tr>
<th>Main Products</th>
<th>Productions</th>
<th>Export</th>
<th>Number of Destinations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Sugar</td>
<td>1º</td>
<td>1º</td>
<td>80</td>
</tr>
<tr>
<td>Coffe Grains</td>
<td>1º</td>
<td>1º</td>
<td>90</td>
</tr>
<tr>
<td>Orange Juice</td>
<td>1º</td>
<td>1º</td>
<td>76</td>
</tr>
<tr>
<td>Soybeans</td>
<td>2º</td>
<td>1º</td>
<td>41</td>
</tr>
<tr>
<td>Beef¹</td>
<td>2º</td>
<td>3º</td>
<td>87</td>
</tr>
<tr>
<td>Chicken Meat¹</td>
<td>3º</td>
<td>1º</td>
<td>135</td>
</tr>
<tr>
<td>Maize</td>
<td>3º</td>
<td>2º</td>
<td>73</td>
</tr>
<tr>
<td>Soybean Meal</td>
<td>4º</td>
<td>2º</td>
<td>67</td>
</tr>
<tr>
<td>Crude Soybean Oil</td>
<td>4º</td>
<td>2º</td>
<td>23</td>
</tr>
<tr>
<td>Pork¹</td>
<td>4º</td>
<td>4º</td>
<td>62</td>
</tr>
<tr>
<td>Cotton</td>
<td>5º</td>
<td>3º</td>
<td>37</td>
</tr>
</tbody>
</table>

Source: Ministry of Agriculture, Livestock and Food Supply (MAPA).

Notes:
1 – In Natura.
2 – Cotton, not carded nor combed.
### Main Producers of Agricultural Products – 2022/2023

*Projections of Brazilian Ministry of Agriculture, Livestock and Food Supply*

<table>
<thead>
<tr>
<th>Products</th>
<th>Volume (million ton)</th>
<th>% Participation in International Trade</th>
<th>Ranking (World)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>18.6</td>
<td>13.4%</td>
<td>4th</td>
</tr>
<tr>
<td>Wheat beans</td>
<td>63.8</td>
<td>44.2%</td>
<td>1st</td>
</tr>
<tr>
<td>Beef</td>
<td>1.9</td>
<td>19.9%</td>
<td>2nd</td>
</tr>
<tr>
<td>Chicken meat</td>
<td>4.8</td>
<td>41.7%</td>
<td>1st</td>
</tr>
</tbody>
</table>

- **Local Processing** increases
- **Generation of employment and income** increases
- **Economic and Social development** increases
**FOCUS = Adding value to primary goods exports.**

<table>
<thead>
<tr>
<th>Supply Chains</th>
<th>Description</th>
<th>Total of Brazilian Exp. (US$ Millions)</th>
<th>Part. % on Total Brazilian Exportations</th>
<th>Average Price (US$/Ton)</th>
<th>Potencial Added Value in Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>191.134</td>
<td>100,00%</td>
<td>386,27</td>
<td>-</td>
</tr>
<tr>
<td>Soya</td>
<td>Soya beans</td>
<td>20.984</td>
<td>10,98%</td>
<td>679,19</td>
<td>75,83%</td>
</tr>
<tr>
<td></td>
<td>Crude soyabean oil</td>
<td>1.055</td>
<td>0,55%</td>
<td>850,73</td>
<td>120,24%</td>
</tr>
<tr>
<td></td>
<td>Refined soybean oil</td>
<td>99</td>
<td>0,05%</td>
<td>4.563,09</td>
<td>1081,32%</td>
</tr>
<tr>
<td></td>
<td>Soy proteins, peptones and their derivatives</td>
<td>23</td>
<td>0,01%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Maize</td>
<td>Grain maize</td>
<td>4.938</td>
<td>2,58%</td>
<td>170,83</td>
<td>368,40%</td>
</tr>
<tr>
<td></td>
<td>Crude maize oil</td>
<td>16</td>
<td>0,01%</td>
<td>800,17</td>
<td>660,42%</td>
</tr>
<tr>
<td></td>
<td>Refined maize oil, in containers holding 5 litres or less</td>
<td>1</td>
<td>0,00%</td>
<td>1.299,03</td>
<td>-</td>
</tr>
<tr>
<td>Coffe</td>
<td>Raw coffe beans</td>
<td>5.555</td>
<td>2,91%</td>
<td>2.770,72</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Roasted coffee, decaffeinated or not</td>
<td>10</td>
<td>0,01%</td>
<td>6.001,96</td>
<td>116,62%</td>
</tr>
<tr>
<td></td>
<td>Soluble coffe</td>
<td>556</td>
<td>0,29%</td>
<td>7.123,08</td>
<td>157,08%</td>
</tr>
<tr>
<td>Cotton</td>
<td>Raw cotton</td>
<td>1.290</td>
<td>0,68%</td>
<td>1546,77</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Cotton yarns</td>
<td>8</td>
<td>0,00%</td>
<td>4941,47</td>
<td>219,47%</td>
</tr>
<tr>
<td></td>
<td>Cotton fabrics</td>
<td>151</td>
<td>0,08%</td>
<td>6710,31</td>
<td>333,83%</td>
</tr>
</tbody>
</table>

Source: SECEX/MDIC.
Brazilian EPZ – The Most Developed Projects

- **Acre/AC EPZ**
- **Parnaíba/PI EPZ**
- **Pecém/CE EPZ**

- 19 EPZs in effective deployment (18 STATES)
- EPZs are in different stages.
- Acre (AC), Parnaíba (PI) and Pecém (CE): the most advanced EPZs
- EPZs of Acre (AC) and Pecém (CE): bonded by Customs Authority.

- Amazon Biodiversity
- Transoceanic Road
- Access to Ports in the Pacific Ocean
- Food Production
- New Brazilian Agricultural Area MATOPIBA
- Pharmachemical Raw Materials
- Pecem Port Infrastructure
- Multinational Companies
- Global Production Chains
THE MOST ADVANCED BRAZILIAN EPZ IN DEVELOPMENT

ACRE EPZ
(SENADOR GUIOMARD CITY/ACRE STATE)

- Size (ha*): 130.17
- Potentialities:
  - Amazon biodiversity
  - Wood processing
  - Brazilian nuts
  - Rubber (latex)
  - Fruits
  - Fish farming
- Industrial Projects Approved:
  - Amazon Polímeros: plastics
  - Anawa: soybean oil and sugar
  - Acreprarquet: wood furniture
  - Superfuits: açaí berry (fruit flakes/freeze-dried powder)

* The use of raw materials available in the region
* Transoceanic Road
* Access to Ports in the Pacific Ocean

* 1 “hectare” (ha) = 2.4710439 American acres
THE MOST ADVANCED BRAZILIAN EPZ IN DEVELOPMENT

ACRE EPZ
(SENADOR GUIOMARD CITY/ACRE STATE)
THE MOST ADVANCED BRAZILIAN EPZ IN DEVELOPMENT

PARNAÍBA EPZ
(PARNAÍBA CITY/PIAÚÍ STATE)

- **Size:** 348.80 ha
- **Potentialities:**
  - Grains (soyabean)
  - Food processing (fruits, honey)
  - Pharmachemicals
  - Waxes and fibers
  - Fish

- **Industrial Projects Approved:**
  - **DK Frutas:** food processing
  - **KTAFarma:** salts of pilocarpine
  - **Agrocera:** wax (carnaúba)
  - **Ecopellets:** pellets (carnaúba)

**Grains & Food Processing (Fruits)**

**New Agricultural Frontier**

**MATOPIBA**

**Regional companies with regional export operations.**
THE MOST ADVANCED BRAZILIAN EPZ IN DEVELOPMENT

PARNAÍBA EPZ
(PARNAÍBA CITY/PIAUÍ STATE)
**THE MOST ADVANCED BRAZILIAN EPZ IN DEVELOPMENT**

**PECEM EPZ**
(SÃO GONÇALO DO AMARANTE CITY/CEARÁ STATE)

- **Size (ha):** 4,271.41
- **Potentialities:**
  - Steel mill
  - Leather & footwear
  - Textiles
  - Ceramics
  - Granite
  - Food processing (fruits and fish)
- **Industrial Projects Approved:**
  - Companhia Siderúrgica do Pecém – CSP: steel plates
  - Vale Pecém: ores
  - White Martins Pecém: industrial gases
  - Phoenix do Pecém: waste

*1 “hectare” (ha)= 2.4710439 American acres*
THE MOST ADVANCED BRAZILIAN EPZ IN DEVELOPMENT

PECEM EPZ
(SÃO GONÇALO DO AMARANTE CITY/CEARÁ STATE)
THE MOST ADVANCED BRAZILIAN EPZS IN DEVELOPMENT

ZPE DO PECÉM
(SÃO GONÇALO DO AMARANTE CITY/CEARÁ STATE)

Pecém Steel Company (CSP)

- **Investment**: US$ 5.4 billion
- **Annual Production** (1st phase): 3 million tons of steel plate
- **Direct employees** (1st phase of plant operations): 2,800
- **Joint venture**: Vale (50%), Dongkuk (30%) e Posco (20%)
- **Impacts on regional development** (potential increase)
  - GDP of the state of Ceará: 12%
  - Ceará´s industrial GDP: 48%

**Categories:**

- **Winner**
  - Large tenants – Latin America and Caribbean

- Bespoke awards:
  - Supporting education and training
  - Infrastructure upgrades
  - Expansions
National Council of the Exporting Processing Zones – CZPE
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