

MANAUS FREE TRADE ZONE

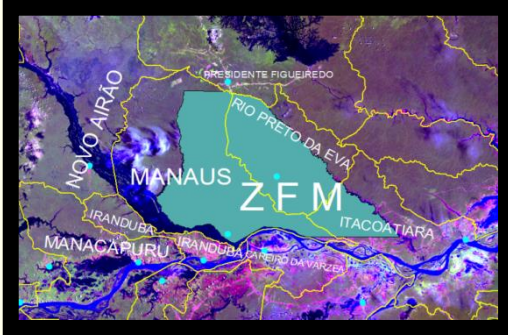
March, 17th



Ministério do
Desenvolvimento, Indústria
e Comércio Exterior



SUPERINTENDENCE OF THE MANAUS FREE TRADE ZONE - SUFRAMA



MANAUS FREE TRADE ZONE:
Industry - Trade - Agriculture
until 2073



**WEST AMAZON
2023**



**FREE TRADE AREAS
2050**

SUPERINTENDENCE OF THE MANAUS FREE TRADE ZONE - SUFRAMA

Suframa is an independent federal agency under the Ministry of Development, Industry and Foreign Trade (MDIC). Its objective is to manager and control the tax incentives granted to companies that set up in the Manaus Free Trade Zone, as well as to promote development strategies for the Western Amazon, assuming in this way the role of an investment stimulation agency.

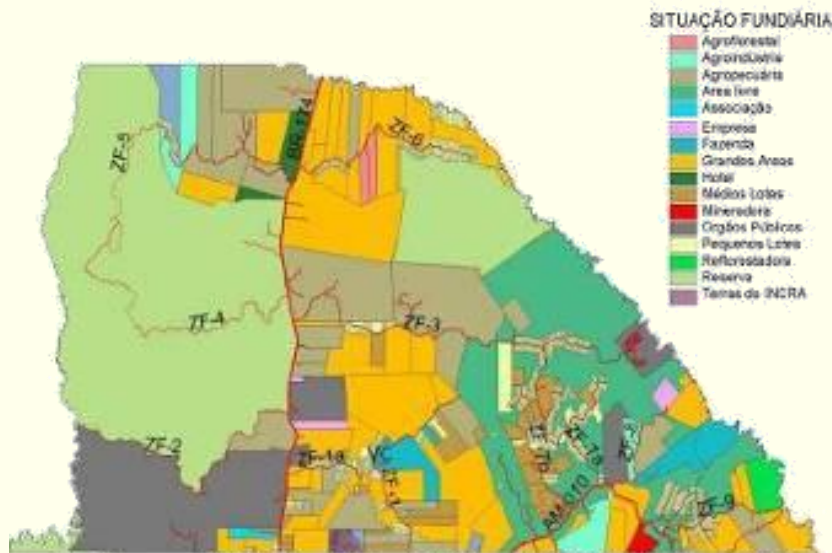


THE CREATION OF THE MANAUS FREE TRADE ZONE

(Law No 3,173/1957 modified by article 1st of Decree Law No. 288/1967)

“The Manaus Free Trade Zone is a free trade area for import and export operations. It enjoys a few special tax incentives established for the purpose of promoting regional development by rising the industrial, commercial and agricultural activities, creating an economic environment that allows the growth regardless of regional factors and the far distances from the markets where its goods are consumed.”

DISTRICT FARMING AND CATTLE RAISING



THE CONTEXT OF THE MFTZ IN BRAZIL

BRAZIL

Area: 8,502,365 km²

GDP 2014*: 2,35 (trillion – US\$)

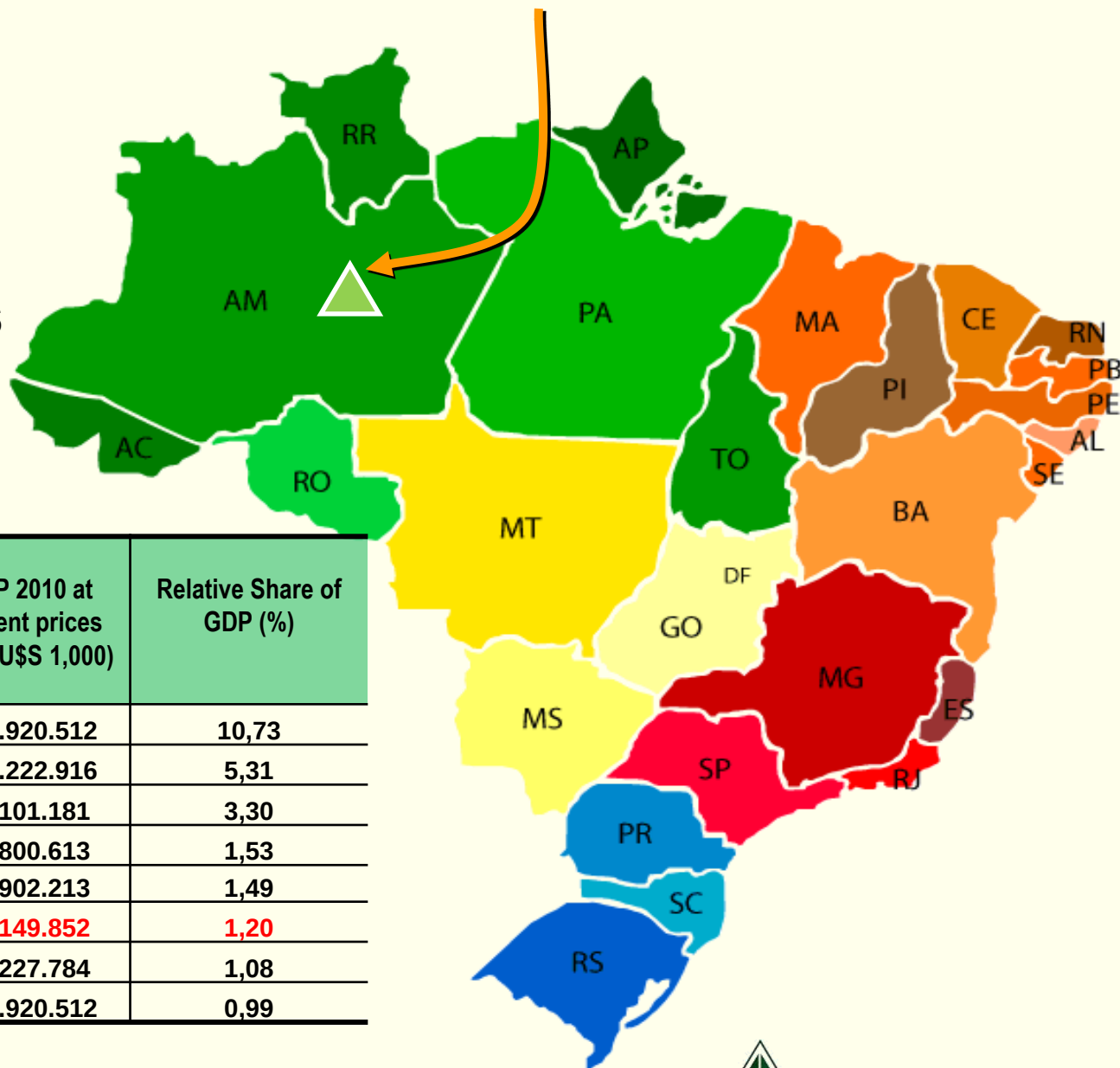
GDP *per capita* 2014*: 11,384 US\$

Population:** 202 million

Current Prices

*Source: World Bank 2014

** Source: IBGE – Estimate 2014



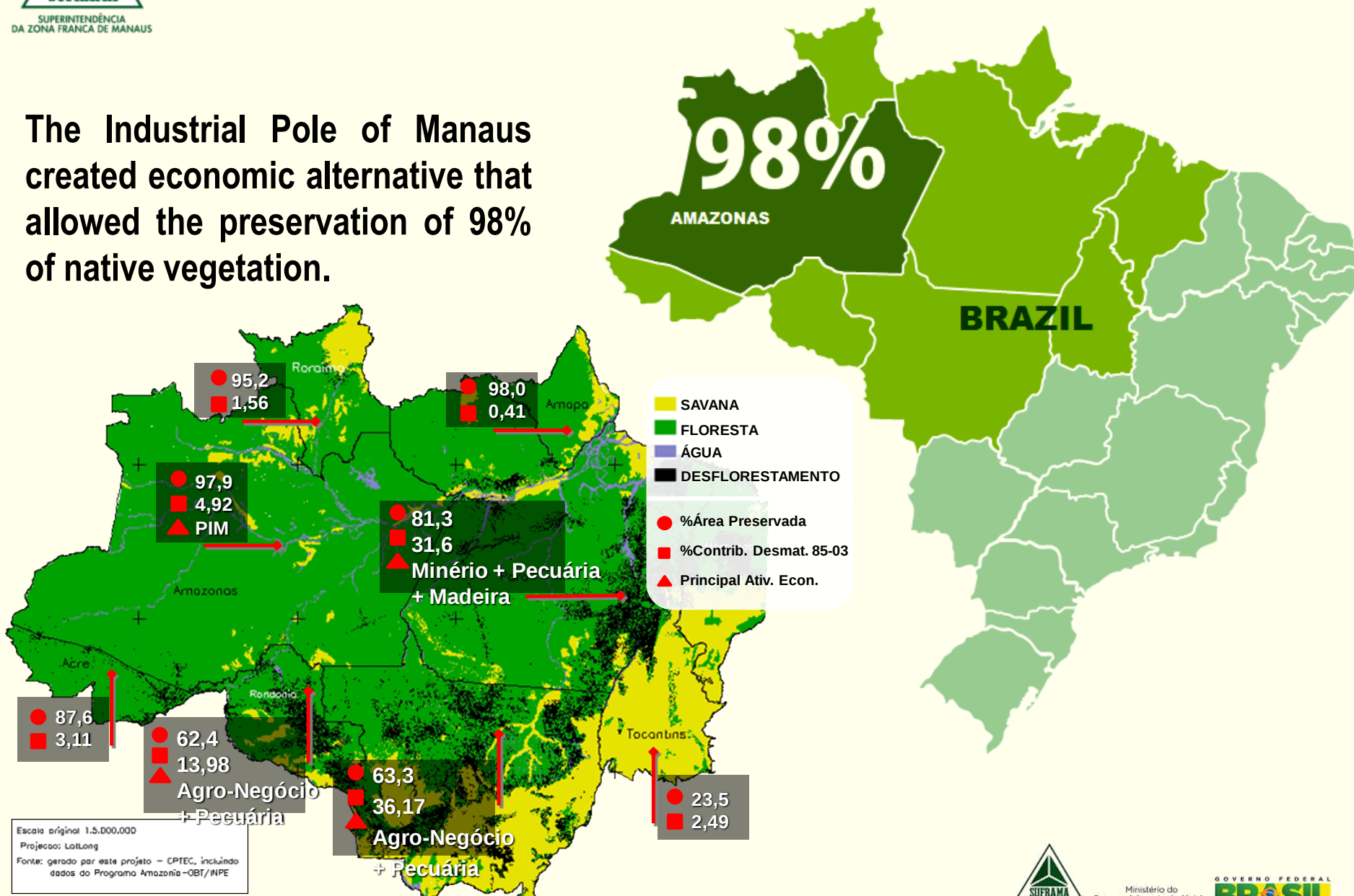
Municipalities of the State Capitals	Position held in the 100 largest capitals	GDP 2010 at current prices (PPP U\$S 1,000)	Relative Share of GDP (%)
São Paulo/SP	1	250.920.512	10,73
Rio de Janeiro/RJ	2	124.222.916	5,31
Brasília/DF	3	77.101.181	3,30
Belo Horizonte/MG	4	35.800.613	1,53
Curitiba/PR	5	34.902.213	1,49
Manaus/AM	6	28.149.852	1,20
Porto Alegre/RS	7	25.227.784	1,08
Salvador/BA	8	250.920.512	0,99

Source: IBGE, GDP of municipalities in 2013

Conversion– Purchasing Power Parity for household Consumption Index - dec/2013 - IPEADATA

INDUSTRIAL POLE OF MANAUS - PIM

The Industrial Pole of Manaus created economic alternative that allowed the preservation of 98% of native vegetation.



MAIN TAX INCENTIVES (MANAUS INDUSTRIAL POLE - PIM)

SUFRAMA

1. FEDERAL

IMPORTS (II) TAX - 88% reduction on inputs for the industrialization and proportional to the national added value when it comes to information technology goods.

EXCISE TAX (IPI) – Exempt

SOCIAL INTEGRATION PROGRAM (PIS) and SOCIAL SECURITY FINANCING (COFINS) - Zero rate at the entrances and in domestic sales inter-industry and 3.65% in sales of finished products to the rest of the country.

SUDAM

TAXES ON INCOME (IR) - Reduction of 75% of Income Tax and non-refundable, exclusively for re-investment. Common throughout the Legal Amazon.

2. STATE

SEFAZ/AM

TAX ON THE MOVEMENT OF GOODS AND SERVICES (ICMS) – Credit Stimulus between 55% to 100%. In all cases the companies are required to contribute to financing funds to higher education, tourism, R & D and small and micro enterprises.

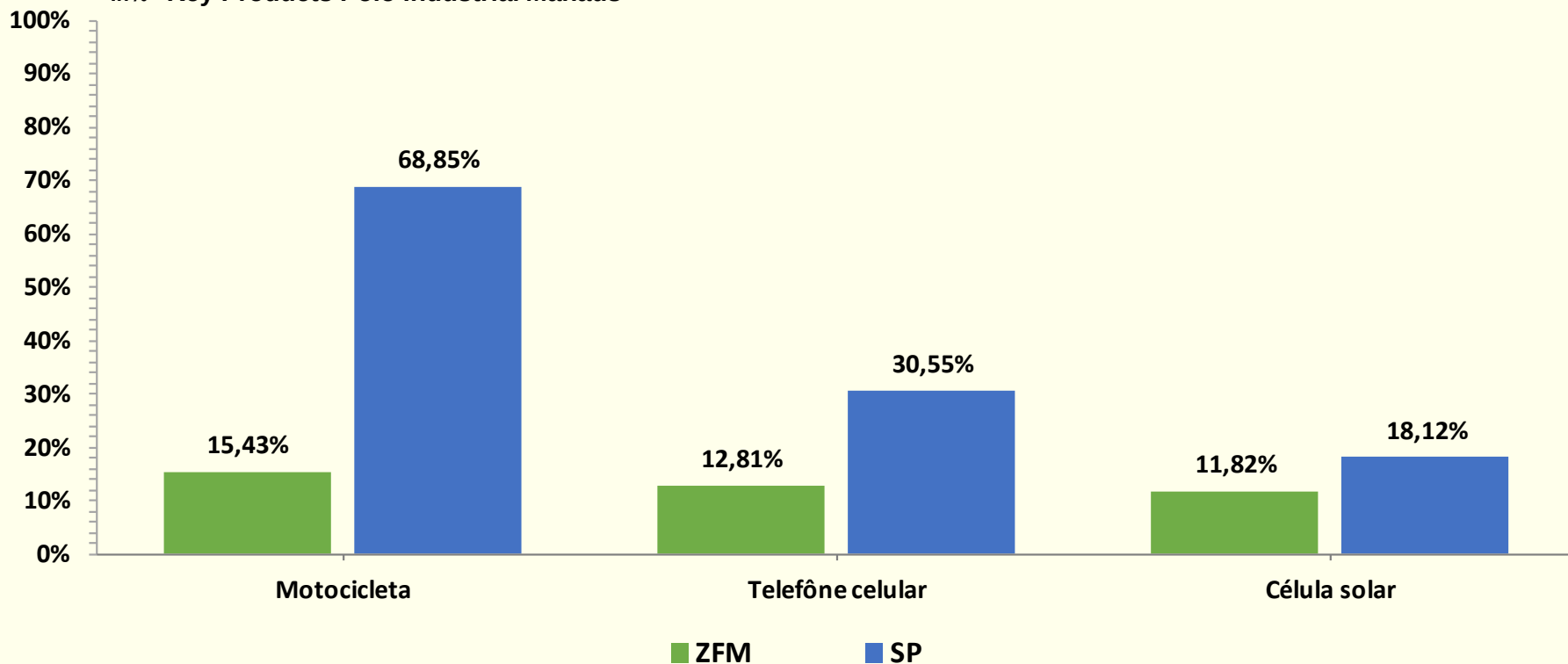
COUNTERPARTS REQUIRED BY COMPANIES CONCESSIONS GRANTED INCENTIVES

- Process compliance Basic Productive (PPB);
- Job creation in the region;
- Granting social benefits to employees;
- Incorporation of product technology and production processes compatible with state of the art;
- Increasing levels of productivity and competitiveness;
- Reinvestment of profits in the region;
- Investment in training of human resources for the scientific and technological development; and

TAX BURDEN OF BUSINESS OPERATIONS AS A PERCENTAGE OF PRICE AND COST FACTORS (KEY PRODUCTS POLO INDUSTRIAL MANAUS)

TAX BURDEN OF BUSINESS OPERATIONS AS A PERCENTAGE OF PRICE AND COST FACTORS

In% - Key Products Polo Industrial Manaus

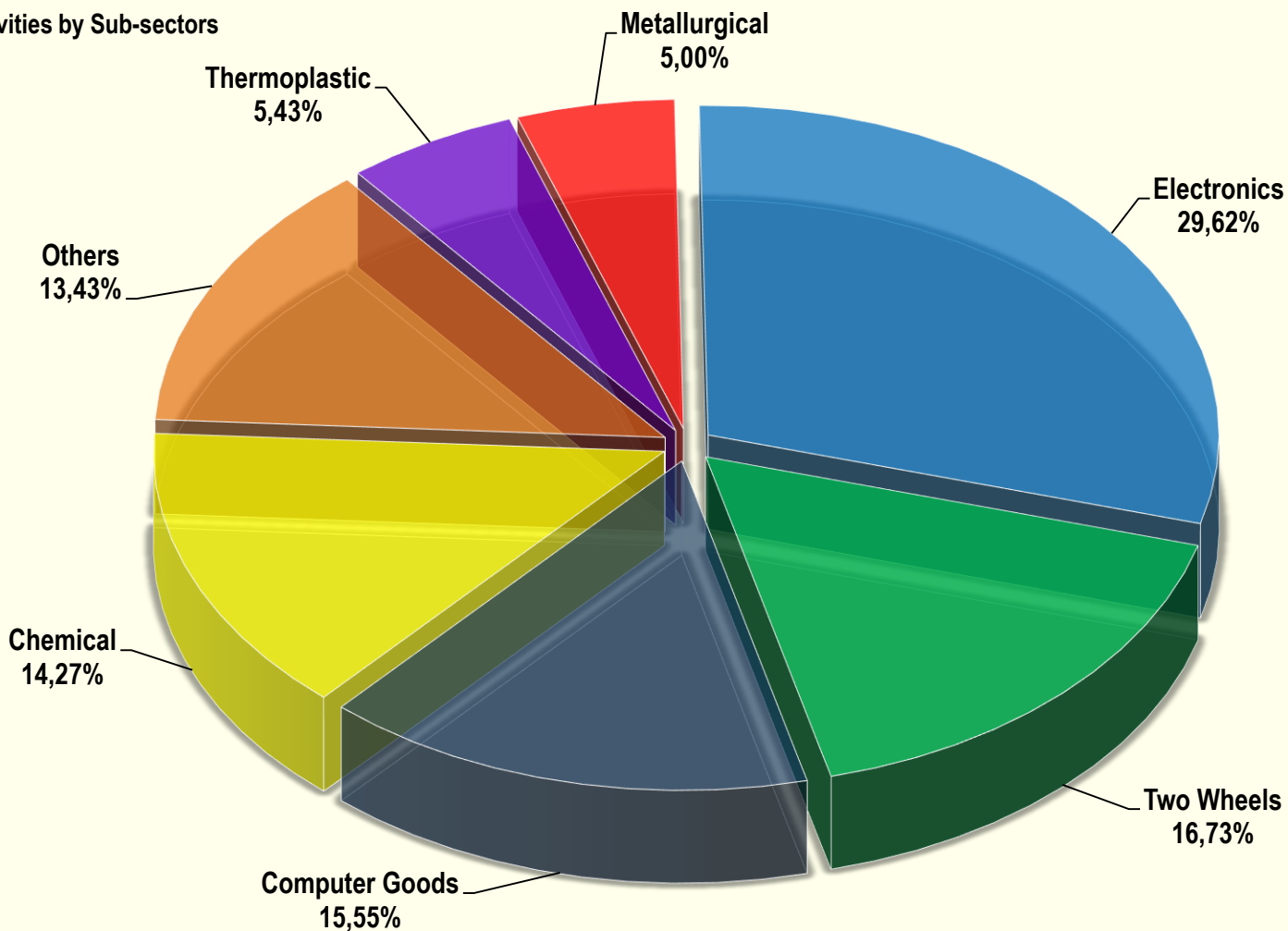


Source: SUFRAMA, prepared by the author.

SUBSECTORS PARTICIPATION IN ACTIVITIES OF BILLING PIM

BILLING FROM JAN/ 2016 – PIM

In% of Activities by Sub-sectors



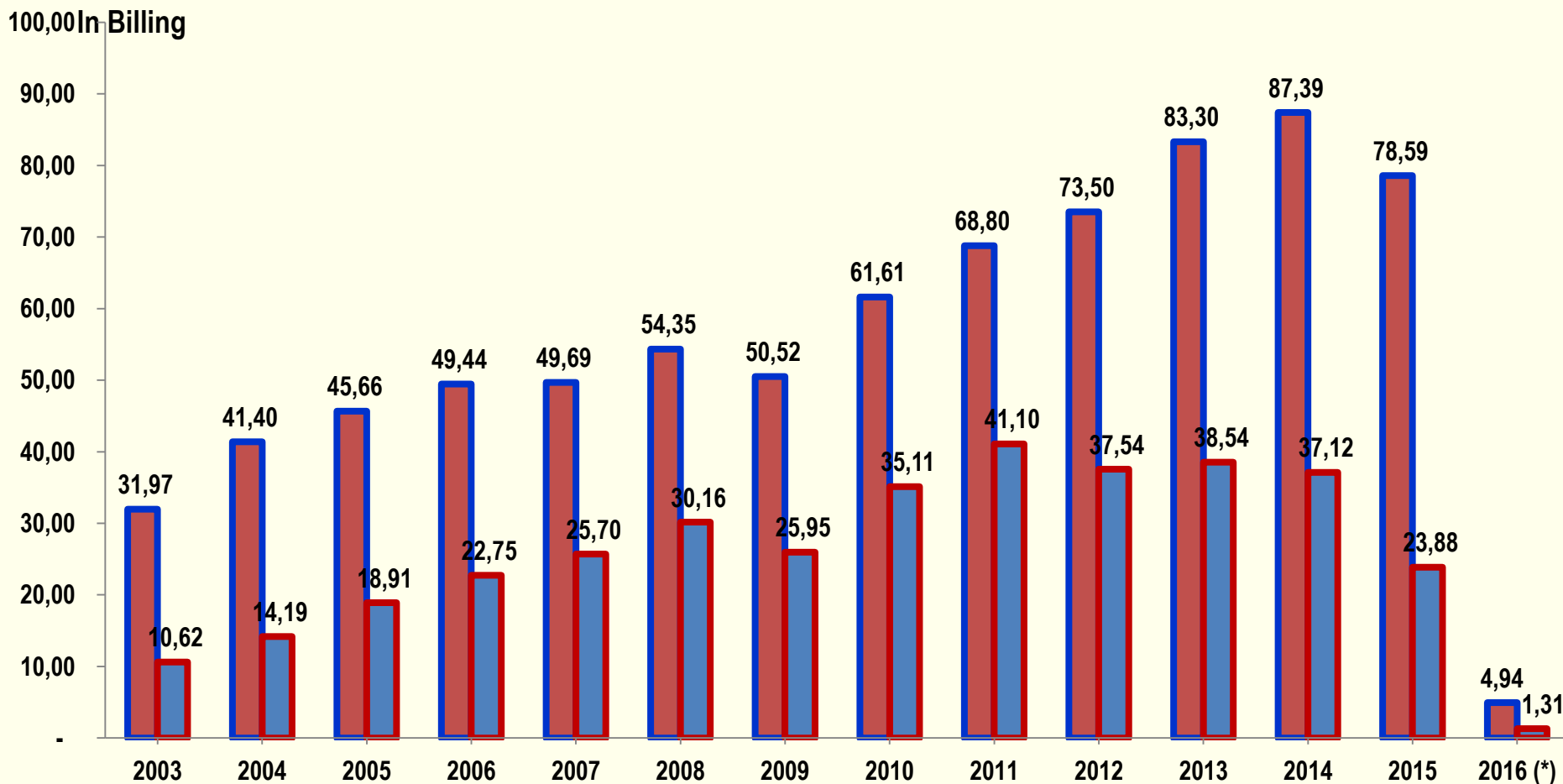
Source: COISE/CGPRO/SAP – SUFRAMA

Available in: Industrial Polo Performance Indicators Manaus, updated publication on 07/03/2016

INDUSTRIAL SECTOR

BILLING OF INDUSTRIAL POLE MANAUS – PIM

BILLING OF INDUSTRIAL POLE MANAUS – PIM

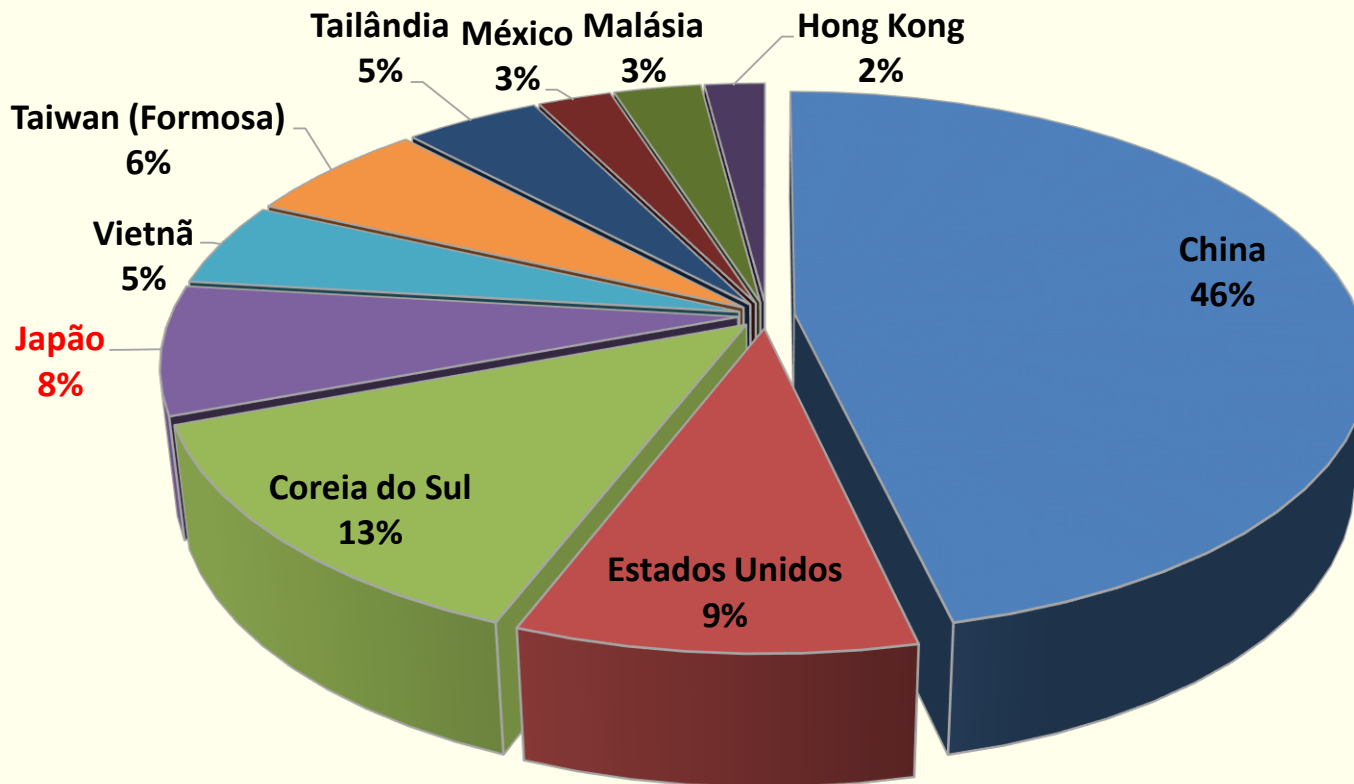


Source: COISE/CGPRO/SAP – SUFRAMA

* Until Jan/2016

Available in: Industrial Polo Performance Indicators Manaus, updated publication on 07/03/2016

MAIN COUNTRIES OF IMPORTS ORIGIN AMAZONAS – 2015 %



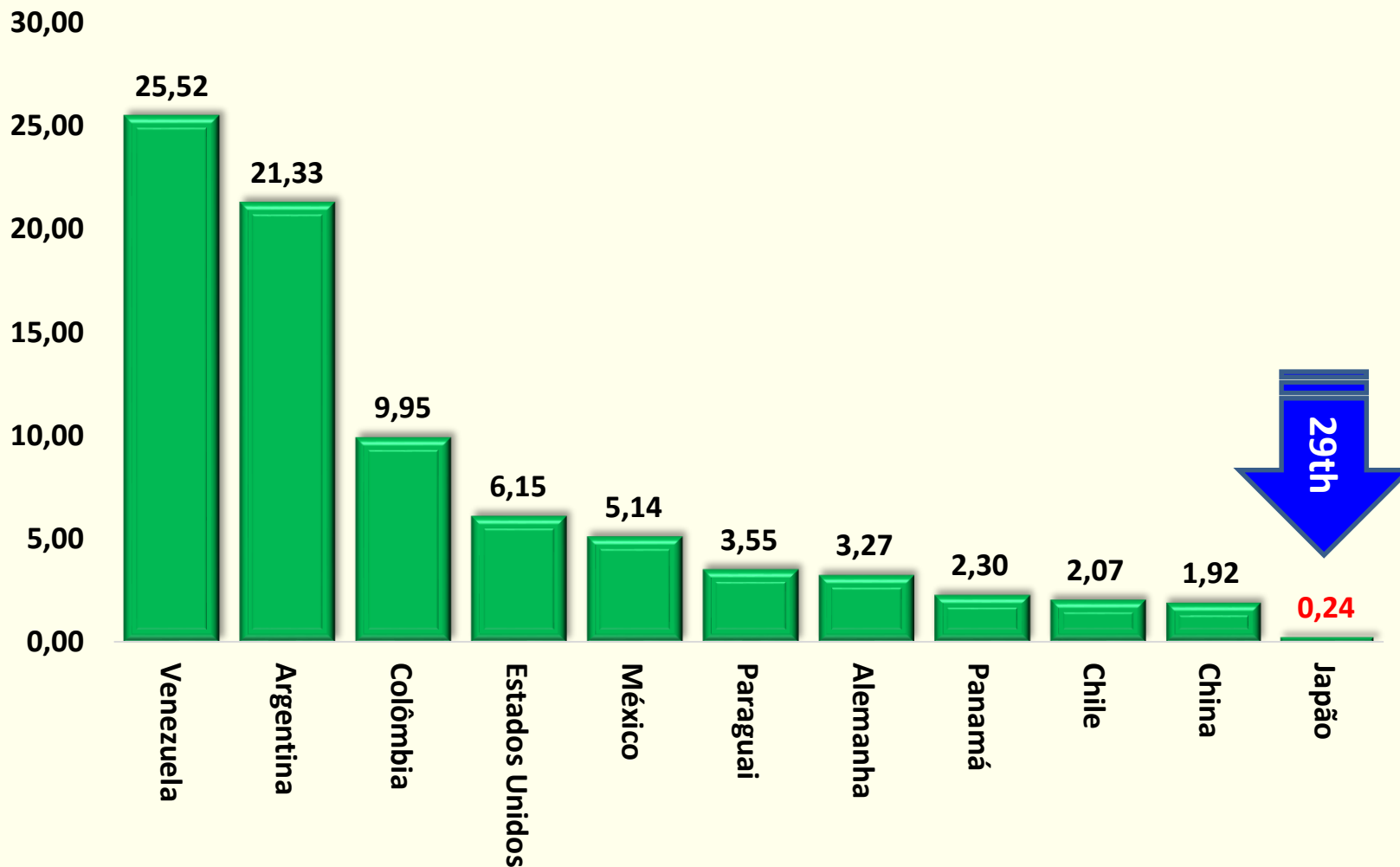
Source: Own elaboration based on the data system ALICEWEB

MAIN COUNTRIES OF IMPORTS ORIGIN AND VARIATIONS AMAZONAS – 2016 – 2015 (JAN-FEB)

Importação			2 0 1 5 (Janeiro - Dezembro)		2 0 1 5 (Janeiro a Fevereiro)		2 0 1 6 (Janeiro a Fevereiro)		Var %
			US\$ FOB	Part.%	US\$ FOB	Part.%	US\$ FOB	Part.%	16/15
									Jan. a Fev.
1	160	China	3.567.032.734	40,36	756.185.302	40,89	335.520.458	34,85	-55,63
2	249	Estados Unidos	724.013.522	8,19	112.256.156	6,07	105.151.827	10,92	-6,33
3	190	Coreia do Sul	1.028.100.212	11,63	260.706.118	14,10	93.691.177	9,73	-64,06
4	399	Japão	588.439.867	6,66	113.332.798	6,13	71.320.611	7,41	-37,07
5	858	Vietnã	384.410.485	4,35	69.510.003	3,76	65.660.574	6,82	-5,54
6	161	Taiwan (Formosa)	474.596.837	5,37	113.423.744	6,13	64.514.718	6,70	-43,12
7	776	Tailândia	347.621.820	3,93	56.645.048	3,06	34.008.042	3,53	-39,96
8	493	México	189.581.419	2,15	22.382.539	1,21	26.476.000	2,75	18,29
9	455	Malásia	224.650.824	2,54	41.798.536	2,26	23.377.709	2,43	-44,07
10	351	Hong Kong	155.105.343	1,76	33.360.765	1,80	21.784.579	2,26	-34,70

Source: Own elaboration based on the data system ALICEWEB

MAIN COUNTRIES EXPORTS DESTINATION AMAZONAS- 2015 (%)



Source: Own elaboration based on the data system ALICEWEB

BALANCE OF TRADE

AMAZONAS – JAPAN – 2015

US\$ 1,00

Mês	Exportação	Importação	Saldo	Corrente
JAN	41.222	62.431.385	-62.390.163	62.472.607
FEV	79.186	50.901.413	-50.822.227	50.980.599
MAR	107.780	65.576.155	-65.468.375	65.683.935
ABR	361.918	48.887.747	-48.525.829	49.249.665
MAI	360.895	55.096.724	-54.735.829	55.457.619
JUN	50.532	56.858.331	-56.807.799	56.908.863
JUL	156.130	49.802.177	-49.646.047	49.958.307
AGO	138.853	43.110.746	-42.971.893	43.249.599
SET	48.937	58.135.121	-58.086.184	58.184.058
OUT	83.105	39.295.823	-39.212.718	39.378.928
NOV	419.357	35.049.179	-34.629.822	35.468.536
DEZ	33.547	23.295.066	-23.261.519	23.328.613
Acumulado	1.881.462	588.439.867	-586.558.405	590.321.329

Source: Own elaboration based on the data system ALICEWEB

MAIN IMPORTS

AMAZONAS – JAPAN - 2015

Period	US\$ FOB	Share in Total %
87141000 - Partes e acessórios de motocicletas (inclusive ciclomotores)	102.150.664	17,36
84099190 - Outras partes para motores de explosão	24.043.862	4,09
72105000 - Produtos laminados planos, de ferro ou aço não ligado, de largura igual ou superior a 600 mm, revestidos de óxidos de cromo ou de cromo e óxidos de cromo	16.009.901	2,72
84099112 - Blocos de cilindros, cabeçotes, etc, para motores de explosão	15.080.605	2,56
85423939 - Outros circuitos integrados monolíticos	14.376.014	2,44
73181500 - Outros parafusos e pinos ou parafusos, mesmo com as porcas e arruelas, de ferro fundido, ferro ou aço	14.352.635	2,44
85299020 - Outras partes para aparelhos receptores de radiodifusão, televisão, etc.	13.802.439	2,35
84798999 - Outras máquinas e aparelhos mecânicos com função própria	12.451.656	2,12
85076000 - Acumuladores eletricos de ion de litio	11.264.927	1,91
85423120 - Processadores e controladores, mesmo combinados com memórias, conversores, circuitos lógicos, amplificadores, circuitos temporizadores e de sincronização, ou outros circuitos, montados, próprios para montagem em superfície (SMD - Surface Mounted Device)	10.829.257	1,84

Source: Own elaboration based on the data system ALICEWEB

MAIN EXPORTS

AMAZONAS – JAPAN - 2015

Período	US\$ FOB	Share in Total %
81039000 - Outras obras de tântalo	971.826	51,65
03011190 - Outros peixes ornamentais, vivos, de água doce	248.038	13,18
87112020 - Motocicletas com motor a pistão alternativo, de cilindrada superior a 125 cm ³	109.244	5,81
21069010 - Outras preparações para elaboração de bebidas	109.200	5,80
91021110 - Relógios de pulso, funcionando eletricamente, mesmo com contador de tempo incorporado, de mostrador exclusivamente mecânico, com caixa de metal comum	96.111	5,11
87141000 - Partes e acessórios de motocicletas (inclusive ciclomotores)	49.813	2,65
87113000 - Motocicletas, etc, com motor a pistão alternativo, 250 < cilindrada <= 500 cm ³	40.536	2,15
87112010 - Motocicletas com motor a pistão alternativo, de cilindrada inferior ou igual a 125 cm ³	27.815	1,48
12119090 - Outras plantas e partes, para perfumaria, medicina e semelhantes	20.000	1,06
84099190 - Outras partes para motores de explosão	18.751	1,00

Source: Own elaboration based on the data system ALICEWEB

INSTITUTOS DE PESQUISAS



A FEW OF THE MORE THAN 600 COMPANIES IN THE INDUSTRIAL POLO MANAUS - PIM

FOREIGN ENTERPRISES



SONY



SEMP TOSHIBA



Panasonic



P&G



A FEW OF THE MORE THAN 600 COMPANIES IN THE INDUSTRIAL POLO MANAUS - PIM

NATIONAL ENTERPRISES



SUPERINTENDENCE OF THE MANAUS FREE TRADE ZONE - SUFRAMA

Thank You!

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